

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

### PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 ORDINARY SHARE IN KPJ INTO 4 ORDINARY SHARES IN KPJ HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED SHARE SPLIT”)

---

#### 1. INTRODUCTION

On behalf of the Board of Directors of KPJ (“**Board**” or “**Directors**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that the Company proposes to undertake a proposed share split involving the subdivision of every 1 ordinary share in KPJ (“**Existing Share(s)**”) into 4 ordinary shares in KPJ (“**Subdivided Share(s)**” or “**KPJ Share(s)**”) held on an entitlement date to be determined and announced later (“**Entitlement Date**”) (“**Proposed Share Split**”).

Further details on the Proposed Share Split are set out in the ensuing sections of this announcement.

#### 2. DETAILS OF THE PROPOSED SHARE SPLIT

##### 2.1 Basis and number of Subdivided Shares

The Proposed Share Split entails the subdivision of every one 1 Existing Share into 4 Subdivided Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors (“**Entitled Shareholder(s)**”) on the Entitlement Date.

As at 18 April 2017, being the latest practicable date prior to this announcement (“**LPD**”), the number of issued shares of KPJ is 1,064,370,787 Existing Shares (including 15,590,000 treasury shares). Additionally, as at the LPD, there are a total of 86,575,294 outstanding warrants 2014/2019 (“**Warrants 2014/2019**”) (“**Outstanding Warrants**”) and 38,696,487 outstanding options pursuant to the existing employees’ share option scheme of the Company (“**Outstanding ESOS Options**”).

Assuming the full exercise of the Outstanding Warrants and Outstanding ESOS Options prior to the Entitlement Date, the enlarged number of issued shares of the Company shall be 4,758,570,272 Subdivided Shares upon completion of the Proposed Share Split.

Fractional entitlements arising from the Proposed Share Split, if any, shall be dealt with in such manner as the Board shall in its absolute discretion deem fit and expedient, and in the best interest of the Company.

##### 2.2 Ranking of the Subdivided Shares

The Subdivided Shares will, upon allotment and issue, rank *pari passu* in all respects with each other, save that the Subdivided Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid where the entitlement date precedes the Entitlement Date.

##### 2.3 Listing of and quotation for the Subdivided Shares, Additional Warrants, as well as the new KPJ Shares arising from the exercise of the Additional Warrants

An application will be made to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Subdivided Shares, additional Warrants 2014/2019 (consequential securities to be issued pursuant to the Proposed Share Split) (“**Additional Warrants**”) and new KPJ Shares to be issued arising from the exercise of the Additional Warrants.

The actual number of Subdivided Shares and any Additional Warrants to be issued pursuant to the Proposed Share Split will be determined based on the Company's issued share capital and total number of Outstanding Warrants respectively as at the Entitlement Date.

No suspension will be imposed on the trading of the Existing Shares on the Main Market of Bursa Securities for the purpose of implementing the Proposed Share Split.

Subject to obtaining all the relevant approvals, the Subdivided Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date.

The notice of allotment for the Subdivided Shares will be issued and despatched to the Entitled Shareholders no later than 4 market days after the date of listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Subdivided Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), the Subdivided Shares will be subjected to the SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd. Accordingly, the Subdivided Shares will be credited into the respective Central Depository System accounts of the Entitled Shareholders and no physical share certificate will be issued.

### **3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED SHARE SPLIT**

The Proposed Share Split is expected to improve the trading liquidity of KPJ Shares on the Main Market of Bursa Securities by increasing the number of shares in issue.

The Proposed Share Split will result in an adjustment to the market price of the ordinary shares of KPJ and will result in the Subdivided Shares being more affordable, thus potentially appealing to a wider group of public shareholders to participate in the growth of the Company.

The Proposed Share Split will also enable the existing shareholders of the Company to have a larger number of ordinary shares in KPJ while maintaining their percentage of equity interest in KPJ.

### **4. EFFECTS OF THE PROPOSED SHARE SPLIT**

The pro forma effects of the Proposed Share Split are out below, assuming the following scenarios:-

Minimum Scenario : Assuming the treasury shares are retained within the Company and none of the Outstanding Warrants or Outstanding ESOS Options are exercised into new KPJ Shares prior to the Entitlement Date.

Maximum Scenario : Assuming all treasury shares are resold to the market and the Outstanding Warrants and Outstanding ESOS Options are exercised into new KPJ Shares prior to the Entitlement Date.

#### 4.1 Share capital

For illustrative purposes, the pro forma effects of the Proposed Share Split on the share capital of KPJ are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of ordinary shares in KPJ	RM	No. of ordinary shares in KPJ	RM
Share capital of the Company as at the LPD <sup>(1)</sup>	1,064,370,787	534,134,277	1,064,370,787	534,134,277
Assuming full exercise of the Outstanding ESOS Options	-	-	38,696,487	140,855,213
Assuming full exercise of the Outstanding Warrants	-	-	86,575,294	347,166,929
	1,064,370,787	534,134,277	1,189,642,568	1,022,156,419
<b>Share capital after the Proposed Share Split</b>	<b><sup>(2)</sup>4,257,483,148</b>	<b>534,134,277</b>	<b>4,758,570,272</b>	<b>1,022,156,419</b>

**Notes:-**

- (1) After taking into consideration the following:-
  - (a) 181,596 ESOS Options exercised into KPJ Shares listed on 23 January 2017 at the par value of RM0.50 per KPJ Share;
  - (b) 200 Warrants exercised into KPJ Shares listed on 7 February 2017 at the issue price of RM4.01 per KPJ Share; and
  - (c) 620,440 ESOS Options exercised into KPJ Shares listed on 24 February 2017 and 23 March 2017 at the issue price of RM3.64 per KPJ Share.
- (2) Including 15,590,000 existing treasury shares held as at the LPD which will be subdivided to 62,360,000 Subdivided Shares (also held as treasury shares) pursuant to the Proposed Share Split.
- (3) The above table excludes the effect of any reversals of the ESOS Option reserve or Warrants 2014/2019 reserve.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 4.2 NA per share and gearing

Based on the audited consolidated balance sheet of KPJ as at 31 December 2016, the pro forma effects of the Proposed Share Split on the NA per share and gearing of KPJ and its subsidiaries (“**KPJ Group**”) are as follows:-

Minimum Scenario	Audited consolidated as at 31 December 2016 (RM'000)	Pro forma I After adjustments for subsequent events (RM'000)	Pro forma II After Pro forma I and the Proposed Share Split (RM'000)
Share capital	531,784	<sup>(2)(3)</sup> 534,761	534,761
Share premium	178,141	<sup>(2)(3)</sup> 178,895	178,895
Treasury shares	(54,777)	(54,777)	(54,777)
Warrant reserve	31,692	<sup>(3)</sup> 31,692	31,692
Share option reserve	50,111	<sup>(3)</sup> 49,301	49,301
Merger, exchange and revaluation reserves	82,396	82,396	82,396
Retained earnings	775,741	<sup>(4)</sup> 752,668	<sup>(5)</sup> 752,318
<b>Shareholders' equity / NA</b>	<b>1,595,088</b>	<b>1,574,935</b>	<b>1,574,585</b>
Non-controlling interest	89,641	89,641	89,641
<b>Total equity</b>	<b>1,684,729</b>	<b>1,664,576</b>	<b>1,664,226</b>
No. of ordinary shares in issue ('000)	<sup>(1)</sup> 1,047,979	<sup>(1)</sup> 1,048,781	4,195,123
Borrowings (RM'000)	1,575,758	1,575,758	1,575,758
NA per ordinary share (RM)	1.52	1.50	0.38
Gearing (times)	0.99	1.00	1.00

### Notes:-

- (1) Excluding 15,590,000 treasury shares.
- (2) After taking into consideration the following:-
- (a) 181,596 ESOS Options exercised into KPJ Shares listed on 23 January 2017 at the issue price of RM3.64 per KPJ Share, of which the then par value of RM0.50 per KPJ Share would be credited to the share capital account and the remaining RM3.14 per KPJ Share would be credited to the share premium account;
- (b) 200 warrants exercised into KPJ Shares listed on 7 February 2017 at the issue price of RM4.01 per KPJ Share; and
- (c) 620,440 ESOS Options exercised into KPJ Shares listed on 24 February 2017 and 23 March 2017 at the issue price of RM3.64 per KPJ Share.

- (3) After taking into consideration the conversion of:-  
 (a) 200 warrants into ordinary KPJ Shares at a fair value of RM0.72 each; and  
 (b) 802,036 ESOS into ordinary KPJ Shares at fair value of RM1.01 each.
- (4) Reduction in retained earnings pursuant to the distribution of approximately RM23.0 million on 28 April 2017 as interim dividend for the financial year ended ("FYE") 31 December 2017.
- (5) After deducting estimated expenses amounting to RM350,000.

		Pro forma I	Pro forma II	Pro forma III
Maximum Scenario	Audited consolidated as at 31 December 2016 (RM'000)	After adjustments for subsequent events (RM'000)	After Pro forma I and assuming the resale of treasury shares, the full exercise of the Outstanding Warrants and Outstanding ESOS Options (RM'000)	After Pro forma II and the Proposed Share Split (RM'000)
Share capital	531,784	<sup>(2)(3)</sup> 534,761	<sup>(5)(6)</sup> 1,103,776	1,103,776
Share premium	178,141	<sup>(2)(3)</sup> 178,895	178,895	178,895
Treasury shares	(54,777)	(54,777)	-	-
Warrant reserve	31,692	<sup>(3)</sup> 31,692	-	-
Share option reserve	50,111	<sup>(3)</sup> 49,301	-	-
Merger, exchange and revaluation reserves	82,396	82,396	82,396	82,396
Retained earnings	775,741	<sup>(4)</sup> 752,668	752,668	<sup>(7)</sup> 752,318
<b>Shareholders' equity / NA</b>	<b>1,595,088</b>	<b>1,574,935</b>	<b>2,117,734</b>	<b>2,117,384</b>
Non-controlling interest	89,641	89,641	89,641	89,641
<b>Total equity</b>	<b>1,684,729</b>	<b>1,664,576</b>	<b>2,207,375</b>	<b>2,207,025</b>
No. of ordinary shares in issue ('000)	<sup>(1)</sup> 1,047,979	<sup>(1)</sup> 1,048,781	1,189,643	4,758,570
Borrowings (RM'000)	1,575,758	1,575,758	1,575,758	1,575,758
NA per ordinary share (RM)	1.52	1.50	1.78	0.44
Gearing (times)	0.99	1.00	0.74	0.74

**Notes:-**

- (1) *Excluding 15,590,000 treasury shares.*
- (2) *After taking into consideration the following:-*
  - (a) *181,596 ESOS Options exercised into KPJ Shares listed on 23 January 2017 at the issue price of RM3.64 per KPJ Share, of which the then par value of RM0.50 per KPJ Share would be credited to the share capital account and the remaining RM3.14 per KPJ Share would be credited to the share premium account;*
  - (b) *200 warrants exercised into KPJ Shares listed on 7 February 2017 at the issue price of RM4.01 per KPJ Share; and*
  - (c) *620,440 ESOS Options exercised into KPJ Shares listed on 24 February 2017 and 23 March 2017 at the issue price of RM3.64 per KPJ Share.*
- (3) *After taking into consideration the conversion of:-*
  - (a) *200 warrants into KPJ Shares at a fair value of RM0.72 each; and*
  - (b) *802,036 ESOS into KPJ Shares at fair value of RM1.01 each.*
- (4) *Reduction in retained earnings pursuant to the distribution of approximately RM23.0 million on 28 April 2017 as interim dividend for the FYE 31 December 2017.*
- (5) *Assuming the exercise of:-*
  - (a) *86,575,294 Outstanding Warrants into KPJ Shares at an exercise price of RM4.01; and*
  - (b) *38,696,487 Outstanding ESOS Options into KPJ Shares at an exercise price of RM3.64.*
- (6) *After transferring Warrant reserve and ESOS Option reserve to share capital following the exercise of Outstanding Warrants and Outstanding ESOS Options.*
- (7) *After deducting estimated expenses amounting to RM350,000.*

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

#### **4.3 Earnings and earnings per share (“EPS”)**

The Proposed Share Split is not expected to have any material effect on the earnings of the KPJ Group for the FYE 31 December 2017. However, there will be a corresponding dilution in the EPS of the Group upon the completion of the Proposed Share Split.

#### **4.4 Substantial shareholders’ shareholdings**

The Proposed Share Split will not have any effect on the percentage of the substantial shareholders’ shareholdings in the Company. However, the number of shares held by the substantial shareholders in the Company will increase proportionately as a result of the Proposed Share Split.

#### **4.5 Convertible securities**

As at the LPD, save for the 86,575,294 Outstanding Warrants and 38,696,487 Outstanding ESOS Options, there are no other options, warrants or convertible securities issued by the Company.

### **5. ADJUSTMENT TO THE OUTSTANDING WARRANTS AND OUTSTANDING ESOS OPTIONS**

The Proposed Share Split will give rise to adjustments to the exercise price and number of Outstanding Warrants and Outstanding ESOS Options pursuant to the provisions of the memorandum to the Deed Poll dated 11 December 2013 (“**Deed Poll**”) and ESOS By-laws dated 27 February 2015 (“**By-laws**”).

The adjustments will be made in accordance with the provisions of the Deed Poll and By-laws to mitigate any potential equity dilution resulting from the Proposed Share Split to ensure that the status of the existing holders of the Outstanding Warrants and Outstanding ESOS Options are not prejudiced after the Proposed Share Split.

The details of the actual adjustments to the Outstanding Warrants and Outstanding ESOS Options shall be announced at a later date and shall be set out in a notice of adjustments to the holders of Outstanding Warrants and Outstanding ESOS Options, if any, which shall be despatched within stipulated period as provided in the Deed Poll and By-laws respectively.

### **6. APPROVALS REQUIRED**

The Proposed Share Split is conditional upon the following approvals being obtained:-

- (i) Bursa Securities for the following:-
  - (a) the Proposed Share Split; and
  - (b) the listing of and quotation for the Subdivided Shares and Additional Warrants, as well as the new KPJ Shares to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities;
- (ii) the shareholders of KPJ at an extraordinary general meeting to be convened; and
- (iii) any other relevant authority and/or party, if required.

The Proposed Share Split is not conditional upon any other corporate exercise undertaken or to be undertaken by KPJ.

**7. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

None of the Directors and major shareholders of the Company and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Share Split, save for their respective entitlements as shareholders of the Company under the Proposed Share Split which are also available to all other shareholders of the Company on a pro-rata basis.

**8. BOARD'S RECOMMENDATION**

The Board, having considered all aspects of the Proposed Share Split, is of the opinion that the Proposed Share Split is in the best interest of the Company.

**9. ADVISER**

RHB Investment Bank has been appointed by the Company to act as the Principal Adviser for the Proposed Share Split.

**10. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Board expects the Proposed Share Split to be completed by the third quarter of 2017.

**11. APPLICATION TO RELEVANT AUTHORITIES**

Barring any unforeseen circumstances, the applications to the relevant authorities for the Proposed Share Split is expected to be submitted within 1 month from the date of this announcement.

**This announcement is dated 20 April 2017.**