

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.

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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**

The resolution in respect of the above proposal will be tabled as Special Business at the Thirtieth Annual General Meeting (“**30th AGM**”) of KPJ Healthcare Berhad (“**KPJ**” or the “**Company**”) which will be conducted virtually using the remote participation and voting (“**RPV**”) facilities to be provided by the poll administrator via TIIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: DIA282781) on Thursday, 22 June 2023 at 11:00 a.m. or any adjournment thereof. The Notice of the 30th AGM together with the Proxy Form are set out in the Integrated Annual Report 2022 of the Company which are available for download from the Company’s website together with this Circular at <https://kpi.listedcompany.com/ar.html>.

As a shareholder, you are encouraged to go online, participate, and vote at the 30th AGM using the RPV facilities. 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://tjih.online>, not less than forty-eight (48) hours before the time set for holding the 30th AGM as indicated below or any adjournment thereof.

Last date and time for lodging the Proxy Form : Tuesday, 20 June 2023 at 11:00 a.m.

Date and time of the 30th AGM : Thursday, 22 June 2023 at 11:00 a.m.

This Circular is dated 27 April 2023

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 2022”	:	Integrated Annual Report of the Company for the financial year ended 31 December 2022
“Board”	:	Board of Directors of KPJ
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This Circular to Shareholders of KPJ dated 27 April 2023
“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”	:	31 March 2023, 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 Shareholders’ Mandate”** : Proposed renewal of existing shareholders’ mandate for KPJ Group to enter into recurrent related party transactions of a revenue or trading nature
- “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.

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A JCORP Company

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

27 April 2023

Board of Directors:

Datuk Md Arif bin Mahmood	<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>

To: The Shareholders of KPJ

Dear Sir/Madam,

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

1. INTRODUCTION

At the Twenty-Ninth AGM of the Company held on 28 June 2022, 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 Thirtieth ("30th") AGM, unless authority for its renewal is obtained from the shareholders of KPJ.

On 17 February 2023, 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 30th 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 30TH 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 30TH 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 30th 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 shall 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 university college. 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
Bandar Baru Klang 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
PT Khidmat Perawatan Jasa Medika	80	Operating as a specialist hospital
Perlis Specialist Hospital Sdn. Bhd.	80	Operating as a specialist hospital
PT KPJ Medica	75	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
Healthcare IT Solutions Sdn. Bhd.	100	Providing healthcare information technology services

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>		
Healthcare Technical Services Sdn. Bhd.	51	Providing management and engineering maintenance services for specialist hospital
KPJ Ambulatory Care Centre Sdn. Bhd.	100	Management and operation of ambulatory care centre
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 College Sdn. Bhd.	100	Operating as a private university college of nursing and allied health
KPJ HealthShoppe Sdn. Bhd.	100	Operating as pharmacy retail outlet
KPJ MedikTV Sdn. Bhd.	100	Operating as medical service provider
Kuantan Wellness Center Sdn. Bhd.	100	Operating as a dialysis and aged-care centre
Lablink (M) Sdn. Bhd.	51	Providing pathology and laboratory services
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
Sibu Geriatric Health & Nursing Centre Sdn. Bhd.	100	Operating and managing an aged care facilities
Sterile Services Sdn. Bhd.	100	Providing sterile services
Fabricare Laundry Sdn. Bhd.	98	Providing laundry services
DTI Resources Sdn. Bhd.	94	Providing information technology related services and rental of software
Pride Outlet Sdn. Bhd.	75	Providing maintenance services for medical equipment

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. (Cont'd)</u>		
Total Meal Solution Sdn. Bhd.	100	Providing central kitchen services
Jeta Gardens (Qld) Pty Ltd	57	Providing retirement village and aged care facilities
Massive Hybrid Sdn. Bhd.	100	To be operating as a specialist hospital
UTM KPJ Specialist Hospital Sdn. Bhd.	100	To be operating as a specialist hospital
Damansara Specialist Hospital Sdn. Bhd.	100	Dormant
Skop Yakin (M) Sdn. Bhd.	100	Dormant
Seremban Specialist Hospital Sdn. Bhd.	100	Dormant
Taiping Medical Centre Sdn. Bhd.	100	Dormant
Bayan Baru 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
Pharmacare Surgical Technologies (M) 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>	<u>Effective interest %</u>	<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 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>Subsidiary of Crossborder Aim (M) Sdn. Bhd. and Crossborder Hall (M) Sdn. Bhd.</u>		
PT Al-`Aqar Bumi Serpong Damai	100	Operating as building management company
PT Al-`Aqar Permata Hijau	100	Operating as building management company
<u>Associates of KPJ</u>		
Damansara REIT Managers Sdn. Berhad ^(a)	-	Manager of Al-`Aqar Healthcare REIT
Al-`Aqar Healthcare REIT	40	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 ▪ Landscape ▪ Rental payable for renting of land for car park 	<p>Major Shareholder</p> <ul style="list-style-type: none"> ▪ JCorp <p>KPJ is a 44.99%-owned subsidiary of JCorp as at LPD via its direct (35.42%) and indirect interest (9.57%).</p> <p>KPJ and JCorp (via KPJ) 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>
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 and lease of hospitals together with the land.	<p>Directors</p> <ul style="list-style-type: none"> ▪ Datuk Md Arif bin Mahmood ▪ Dato’ Mohd Redza Shah bin Abdul Wahid ▪ Rozaini bin Mohd Sani ▪ Shamsul Anuar bin Abdul Majid <p>Datuk Md Arif bin Mahmood 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.</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 Puteri Nursing College and Malaysian College of Hospitality and Management.	<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>
Damansara Holdings Berhad (“DBhd”) and its subsidiaries and associated companies (collectively, “DBhd Group”). JCorp has an indirect interest of 83.45% in DBhd.	<ul style="list-style-type: none"> ▪ Rental income for renting of land for car park ▪ Housekeeping contract fees payable ▪ Rental income for renting of office 	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.

Note:-

^(a) Based on position as at LPD.

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

The Proposed 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 28 June 2022 (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 29 April 2022 "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	300	150	400	-
	• Building management service fees payable for Menara KPJ in Kuala Lumpur	1,400	1,060	1,400	-
	• Insurance coverage payable	400	220	500	-
	• Security services fees payable	450	360	750	-
	• Purchase of food and beverage consumables	90	44	365	-
	• Training and seminars	100	40	100	-
	• Medical services provided to JCorp Group's employees as panel hospital	4,000	3,762	4,000	-
	• Landscape	0 ^(b)	0	200	-
• Rental payable for renting of land for car park	264	178	264	-	
Al-`Aqar and its subsidiary, Al-`Aqar Australia	• Rental payable for renting of retirement village building and aged care facility in Australia and lease of hospitals together with the land	11,000	9,200	11,000	-
Al-Salām	• Rental payable for renting of premises for the operations of Puteri Nursing College and Malaysian College of Hospitality and Management	2,300 ^(c)	1,885	2,300	-
DBhd Group	• Rental income for renting of land for car park	2,700	2,000	2,751	-
	• Housekeeping contract fees payable	30,000	14,260	30,000	-
	• Rental income for renting of office	60	30	20	-
Total		53,064	33,189	54,050	-

Notes:-

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

^(b) The Board has considered that no shareholders' mandate is sought for this transaction at the forthcoming AGM.

^(c) The Board has considered that no shareholders' mandate is sought on the rental payable for renting of premises for the operations of Malaysian College of Hospitality and Management for this transaction at the forthcoming AGM.

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

As at 31 December 2022, 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 RM1,000,000.00 must be reviewed and approved by KPJ Group Management Committee;
 - value above RM1,000,000.00 but below RM5,000,000.00 must be reviewed and approved by the Investment Committee;
 - value above RM1,000,000.00 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 impact 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 30th 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 30th 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 30th AGM in respect of their direct or indirect interests in the Company.

(ii) Directors' Interests

Datuk Md Arif bin Mahmood 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.

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.

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.

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.

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

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 30th AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM (Cont'd)

(ii) Directors' Interests (Cont'd)

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 30th 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	1,545,916	35.42	417,760 ^(b)	9.57
<u>Interested Directors</u>				
Datuk Md Arif bin Mahmood	60,000	-	-	-
Dato' Mohd Redza Shah bin Abdul Wahid	-	-	-	-
Rozaini bin Mohd Sani	-	-	-	-
Shamsul Anuar bin Abdul Majid	-	-	-	-

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, Johor Ventures Sdn. Bhd., RHB Nominees (Tempatan) Sdn. Bhd. for 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 30th AGM.

8. AGM

The 30th AGM of the Company will be conducted virtually using the remote participation and voting ("RPV") facilities to be provided by the poll administrator via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Thursday, 22 June 2023 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 Notice of the 30th AGM and the Proxy Form which are available to be downloaded from the Company's website at <https://kpj.listedcompany.com/ar.html>.

8. AGM (Cont'd)

As a shareholder, you are encouraged to go online, participate, and vote at the 30th AGM using the RPV facilities. 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 or alternatively, you may lodge your Proxy Form by electronic means via TIIH Online website at <https://tiih.online>. The completed Proxy Form must be deposited/lodged not less than forty-eight (48) hours before the time set for holding the 30th AGM or any adjournment thereof.

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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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) Lease Agreement dated 22 June 2021 entered into between AmanahRaya Trustees Berhad (as trustee of Al-`Aqar Healthcare REIT) (“**Trustee**”), Ampang Puteri Specialist Hospital Sdn. Bhd. and Damansara REIT Managers Sdn. Berhad (as manager of Al-`Aqar Healthcare REIT) (“**Manager**”) for the lease of KPJ Ampang Puteri Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (b) Lease Agreement dated 22 June 2021 entered into between the Trustee, Rawang Specialist Hospital Sdn. Bhd. and the Manager for the lease of KPJ Damansara Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (c) Lease Agreement dated 22 June 2021 entered into between the Trustee, Ipoh Specialist Hospital Sdn. Bhd. and the Manager for the lease of KPJ Ipoh Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (d) Lease Agreement dated 22 June 2021 entered into between the Trustee, Johor Specialist Hospital Sdn. Bhd. and the Manager for the lease of KPJ Johor Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (e) Lease Agreement dated 22 June 2021 entered into between the Trustee, Pasir Gudang Specialist Hospital Sdn. Bhd. and the Manager for the lease of KPJ Puteri Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (f) Lease Agreement dated 22 June 2021 entered into between the Trustee, Selangor Specialist Hospital Sdn. Bhd. and the Manager for the lease of KPJ Selangor Specialist Hospital for contractual term commencing from 30 June 2021 to 29 June 2036 at a rental rate determined under the terms of the said lease agreement;
- (g) Amendment to Lease dated 15 October 2021 between Al-`Aqar Australia Pty Ltd and Jeta Gardens (Qld) Pty Ltd to vary the existing lease agreement dated 25 October 2011 to reflect among others, the terms of the rental rate revision in respect of the Jeta Garden Aged Care Facility, Jeta Gardens Retirement Village and the development land where the rental has been revised from 8.5% per annum to 6.5% per annum to be applied on the market value of the said properties. The said revised rental rate took effect from 2 October 2021 and will end on 1 November 2026;

APPENDIX I – FURTHER INFORMATION (CONT'D)

- (h) Three (3) separate conditional sale and purchase agreements dated 2 September 2022 (“**SPAs**”) entered between the following wholly-owned subsidiaries of KPJ listed below (collectively “**Subsidiaries**”) with AmanahRaya Trustees Berhad (“**ART**”), being the trustee of Al-`Aqar Healthcare REIT (“**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)
Pasir Gudang Specialist Hospital Sdn. Bhd.	KPJ Pasir Gudang Specialist Hospital property	Land and building	93,000,000
Penang Specialist Hospital Sdn. Bhd.	TMC Health Centre building	Building only	14,300,000
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 a conditional lease agreement with the Trustee (acting on behalf of Al-`Aqar), and Damansara REIT Managers Sdn. Berhad, being the manager of Al-`Aqar (“**DRMSB**” or “**Manager**”), for the lease of the abovementioned properties back to the respective subsidiaries (“**Lease Agreements**”) upon the terms and conditions agreed between the aforesaid parties (“**Proposed Leaseback**”). The Proposed Sale and Proposed Leaseback were inter-conditional and are collectively referred to as “**Proposed Sale and Leaseback**”). The Proposed Sale and the Proposed Leaseback have been completed.

- (i) 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 wholly-owned 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 is ongoing.
- (j) In connection with the Proposed Jeta Land Disposal, a supplemental letter dated 17 January 2023 issued by Jeta Gardens, a subsidiary of KPJ to JLAND Australia (“**Supplemental Letter**”) to vary the CCLB and to include additional terms and conditions into the CCLB, which include inter-alia that the CCLB is conditional upon the shareholders’ approval of KPJ on the Proposed Disposal being obtained by the settlement date (“**Shareholders’ Approval Condition**”). The Supplemental Letter has been acknowledged and agreed by JLAND Australia, and received by KPJ on 27 January 2023. The Proposed Jeta Land Disposal is ongoing.
- (k) Share Sale Agreement (“**SSA**”) dated 1 March 2023, entered between KPJ’s subsidiaries, namely Kumpulan Perubatan (Johor) Sdn. Bhd. (“**KPJSB**”), Crossborder Aim (Malaysia) Sdn. Bhd. (“**CAMSB**”) and Crossborder Hall (Malaysia) 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**”) (“**The 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 is ongoing.

3. MATERIAL LITIGATION

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.

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 30th AGM:-

- (i) Constitution of KPJ;
- (ii) Audited consolidated financial statements of the KPJ Group for the past two (2) FYE 31 December 2021 and 2022; and
- (iii) Material contracts referred to in Section 2 of Appendix I.

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