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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 Part A of this Circular, as they fall under the category of Exempt Circulars pursuant to Practice Note No. 18 of the Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



KPJ HEALTHCARE BERHAD

(Company No. 247079-M)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

PART B

PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

IN CONJUNCTION WITH THE SPECIAL BUSINESS AT THE TWENTY-FOURTH ANNUAL GENERAL MEETING

Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Twenty-Fourth (24th) Annual General Meeting (“**AGM**”) of KPJ to be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Thursday, 20 April 2017 at 11.00 a.m. together with the Form of Proxy are set out in our 2016 Annual Report.

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. The Form of Proxy should be lodged at the Registered Office of the Company at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than twenty-four (24) hours before the time of the AGM. The last day and time for lodging the Form of Proxy is on Wednesday, 19 April 2017 at 11.00 a.m. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 19 April 2017 at 11.00 a.m.

Date and time of AGM : Thursday, 20 April 2017 at 11.00 a.m.

DEFINITIONS

For the purpose of this document, except where the context otherwise requires, the following definitions shall apply throughout this document:-

Act	:	The Companies Act, 2016
AGM	:	Annual General Meeting
AmInvestment Bank	:	AmInvestment Bank Berhad
Annual Report	:	The annual report of KPJ for FY 2016
Board	:	The Board of Directors of KPJ
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Director	:	Shall have the same meaning given in Section 2(1) of the CMSA, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the listed issuer, its subsidiary or holding company
EPS	:	Earnings per Share
ESOS	:	Employee share option scheme of KPJ, being the scheme for the granting of ESOS Options to eligible employees (including Executive Directors and Non-Executive Directors of KPJ) of the KPJ Group to subscribe for new KPJ Shares pursuant to terms and conditions of the by-laws
ESOS Option(s)	:	Options offered to eligible employees of KPJ Group to subscribe for the new KPJ Shares pursuant to the ESOS
FY(s)	:	Financial year(s) ended / ending, as the case may be
JCorp	:	Johor Corporation, a body corporate established under the Johor Corporation Enactment No.4, 1968 (as amended under Enactment No. 5, 1995)
KPJ or the Company	:	KPJ Healthcare Berhad (247079-M)
KPJ Group or the Group	:	KPJ and its subsidiary companies
KPJ Share(s) or Share(s)	:	Ordinary share(s) in KPJ
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	28 February 2017, being the latest practicable date prior to the printing of the Circular
Maximum Scenario	:	Assuming that all of the Outstanding Warrants and 39,098,077 ESOS Options are exercised

DEFINITIONS (CONT'D)

Major Shareholder	: Any person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of the share, or the aggregate of the nominal amounts of those shares, is:- (i) 10% or more of the aggregate of the total number of voting shares in the corporation; or (ii) 5% or more of the aggregate of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of KPJ or any other company which is its subsidiary or holding company. For the purpose of this definition, “interests in shares” has the meaning given in Section 8 of the Act.
Minimum Scenario	: Assuming that none of the Outstanding Warrants and 39,098,077 ESOS Options are exercised
NA	: Net assets
Outstanding Warrants	: 86,575,294 outstanding warrants as at LPD which were issued on 29 January 2014 by KPJ with each warrant convertible into one (1) Share at an exercise price of RM4.01 per Share.
PAT	: Profit after taxation
PBT	: Profit before taxation
Proposed Share Buy-Back	: Proposed purchase by the Company of its own shares of up to ten percent (10%) of its total number of issued Shares in the Company
Proposed RRPT Mandate	: Proposed shareholders’ mandate for RRPT
Related Party / (ies)	: A director, major shareholder and/or person(s) connected with such director or major shareholder as defined under the Listing Requirements
RM and sen	: Ringgit Malaysia and sen respectively
RRPT	: Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to day operations of the Group and which are in the ordinary course of business of the Group
Rules	: Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016
SC	: Securities Commission Malaysia
Treasury Shares	: The treasury shares held by KPJ

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/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

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 or guidelines. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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PART A

**SHARE BUY-BACK STATEMENT IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**



KPJ HEALTHCARE BERHAD

(Company No. 247079-M)

(Incorporated in Malaysia under the Companies Act, 1965)

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (“SHARE BUY-BACK STATEMENT”)

1. INTRODUCTION

At the Twenty-Third (23rd) AGM of the Company held on 19 May 2016, the shareholders of KPJ had, inter-alia, approved the renewal of the authority granted to the Company to purchase up to ten per cent (10%) of its enlarged issued share capital of the Company.

In accordance with the Listing Requirements, the aforesaid authority is subject to annual renewal and will lapse at the conclusion of the forthcoming AGM, unless renewed by the shareholders of KPJ.

On 27 February 2017, the Board announced that the Company is proposing to renew the authority granted to the Company by its shareholders to purchase up to ten per cent (10%) of its total number of issued Shares in the Company.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING AGM.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS SHARE BUY-BACK STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

2.1 Quantum and Funding

The Board is proposing to seek a renewal of mandate from the shareholders to purchase up to ten per cent (10%) of the total number of issued shares in the Company at any point in time subject to the compliance with the provisions of the Act and the requirements of Bursa Securities and/or any other relevant authorities.

For illustration purposes, the maximum number of Shares that may be purchased under the Proposed Share Buy-Back based on the existing total number of issued Shares as at LPD and assuming full exercise of all Outstanding Warrants and 39,098,077 outstanding ESOS Options are as follows:-

	<u>No. of Shares</u>
Total number of issued Shares as at LPD (including Treasury Shares)	1,063,969,197
Assuming full exercise of all Outstanding Warrants	86,575,294
Assuming full exercise of 39,098,077 ESOS Options ^(a)	<u>39,098,077</u>
Total number of issued Shares	1,189,642,568
10% of the total number of issued Shares	118,964,256
Less: Treasury Shares held as at LPD	(15,590,000)
Maximum number of Shares that may be purchased pursuant to the Proposed Share Buy-Back	<u>103,374,256</u>

Note:-

- (a) 39,098,077 ESOS Options are exercisable as at LPD. Each ESOS Option is exercisable into one (1) KPJ Share at an exercise price of RM3.64 each.

The purchase of the Shares by the Company from the open market on Bursa Securities will be made through stockbroker(s) to be appointed by the Company.

Pursuant to the Listing Requirements, the maximum amount of funds to be utilised for any purchase of its own Shares should not exceed the retained profits of the Company. The retained profits of the Company based on the latest audited balance sheet of the Company as at 31 December 2016 is RM111.19 million.

The Proposed Share Buy-Back will be financed through internally generated funds and/or external borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of the internally generated funds and/or external borrowings at the time of the purchase(s). The actual number of KPJ Shares to be purchased will depend on the market conditions, the share market sentiments, the sufficiency of retained profits as well as the availability of the financial resources available to the Company.

In the event the Company decides to utilise external borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient financial capability to repay the external borrowings and that the external borrowings will not have any material impact on the cash flow of the Company.

2.2 Effective Period

The Proposed Share Buy-Back, if approved by the shareholders at the forthcoming AGM of KPJ, will be effective immediately from the passing of the ordinary resolution for the Proposed Share Buy-Back and shall continue to be in force until: -

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurring first.

2.3 Treatment of Shares Purchased by KPJ

The Shares purchased by the Company will be dealt with by the Directors in accordance with Section 127 of the Act, in the following manner:-

- (i) cancel the Shares so purchased; or
- (ii) retain the Shares so purchased as Treasury Shares and held by the Company; or
- (iii) retain part of the Shares so purchased as Treasury Shares and cancel the remainder; or
- (iv) distribute all or part of the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
- (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

In the event the Company wishes to purchase its own Shares, the Company is required to lodge a declaration of solvency to Bursa Securities and release an immediate announcement on the day the purchase is made.

An appropriate announcement will also be made to Bursa Securities in respect of the intention of the Board whether to retain the Shares so purchased as Treasury Shares or cancel them or both.

While the purchased Shares are held as Treasury Shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares, in the Company for any purposes including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.4 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company shall purchase its own Shares on Bursa Securities at a price which is not more than 15% above the weighted average market price of the Company's Shares for the 5 market days immediately before the purchase.

In addition, pursuant to Paragraph 12.18 of the Listing Requirements, in the case of a re-sale of Treasury Shares, the Company may only re-sell the purchased Shares held as Treasury Shares on Bursa Securities at:-

- (i) a price which is not less than the weighted average market price for the Shares for the 5 market days immediately before the re-sale; or
- (ii) a discounted price of not more than 5% to the weighted average market price for the Shares for the 5 market days immediately before the re-sale provided that:-
 - (a) the re-sale takes place not earlier than thirty (30) days from the date of purchase; and
 - (b) the re-sale price is not less than the cost of purchase of the Shares being resold.

2.5 Public Shareholding Spread

As at LPD, the Company's public shareholding spread stood at 55.56% comprising of 4,159 public shareholders holding 582,458,824 Shares.

Assuming that the Company purchases up to a maximum of 90,806,919 Shares from the public shareholders, representing up to 10% of the total number of issued Shares as at the LPD (less Treasury Shares), assuming none of the Outstanding Warrants and 39,098,077 ESOS Options are exercised, and that all Treasury Shares purchased are cancelled, the public shareholding spread will be approximately 51.34%.

The Directors will ensure that the Company complies with the public shareholding spread requirement and will not buy back the Shares if the purchase results in the Company not meeting the public shareholding spread requirement.

2.6 Purchase and Re-sale Made in the Previous Twelve (12) Months

Shareholders of KPJ should refer to Compliance Information on page 180 of the 2016 Annual Report which was despatched on 28 March 2017 for information on any purchase, re-sale and cancellation of shares in the previous twelve (12) months up to 31 December 2016.

3. RATIONALE / POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back, if implemented, may potentially benefit the Company in the following ways:-

- (i) the Proposed Share Buy-Back enables the Company to utilise its financial resources to purchase the Shares when the Shares are undervalued, which in turn would stabilise the supply and demand of the Shares and thereby, supporting the fundamental value of its Shares;
- (ii) all other things being equal, the Proposed Share Buy-Back will result in a lower number of Shares being used for the purpose of computing EPS, if the Shares purchased are subsequently cancelled or are held as Treasury Shares. Therefore, the Proposed Share Buy-Back will enhance the EPS of the Company, which in turn is expected to have a positive impact on the market price of the Shares; and
- (iii) if the Shares so purchased are kept as Treasury Shares, the Company may have the opportunity to realise capital gains if these are resold on Bursa Securities at price(s) higher than their purchase price(s). Alternatively, the Shares so purchased may be distributed as share dividends to reward the shareholders of the Company, or transferred for purposes of an employees' share scheme, or as purchase consideration.

However, the Proposed Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group's foregoing future investment opportunities and/or any income that may be derived from alternative uses of such funds.

The financial resources of the Group may increase pursuant to the re-sale of the purchased Shares held as Treasury Shares at prices higher than the purchase price. In that regard, the Company would buy back the Shares only after the Board has given due consideration to the potential impact on the Group's earnings and financial position and the Board is of the opinion that it will be in the interest of the Company and minority shareholders to do so.

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4. EFFECTS OF THE PROPOSED SHARE BUY-BACK

Pursuant to the Company's ESOS, 39,098,077 ESOS Options are exercisable as at the LPD. Each ESOS Option is exercisable into one (1) KPJ Share at an exercise price of RM3.64 each.

4.1 Share Capital

The effect of the Proposed Share Buy-Back on the share capital of the Company will depend on the treatment of the Shares purchased, whether such Shares purchased are cancelled, retained as Treasury Shares, resold on the open market, distributed as share dividends, or transferred for purposes of an employees' share scheme or as purchase consideration.

The Proposed Share Buy-Back will result in the reduction of the issued share capital of the Company if all Shares purchased are cancelled as shown below:-

Minimum Scenario : Representing the scenario assuming that none of the Outstanding Warrants and 39,098,077 ESOS Options are exercised

Maximum Scenario : Representing the scenario assuming that all of the 86,575,294 Outstanding Warrants and 39,098,077 ESOS Options are exercised

Total Number of Issued Shares	Minimum Scenario No. of Shares	Maximum Scenario No. of Shares
Existing as at LPD (including Treasury Shares)	1,063,969,197	1,063,969,197
Assuming full exercise of Outstanding Warrants and ESOS Options	-	125,673,371
Enlarged total number of issued shares	1,063,969,197	1,189,642,568
Assuming cancellation of Shares purchased under the Proposed Share Buy-Back	(90,806,919) ^(a)	(103,374,256) ^(a)
Assuming the cancellation of the Treasury Shares held as at LPD	(15,590,000)	(15,590,000)
Upon completion of the Proposed Share Buy-Back	957,572,278	1,070,678,312

Note:-

(a) Being 10% of the total number of issued Shares less 15,590,000 Treasury Shares held by the Company as at LPD.

However, the Proposed Share Buy-Back will have no effect on the issued share capital of the Company if all the Shares purchased are retained as Treasury Shares, re-sold on the open market, distributed as share dividends or transferred for purposes of an employees' share scheme or as purchase consideration.

4.2 NA

The effect of the Proposed Share Buy-Back on the consolidated NA per Share will depend on the number of Shares purchased, the effective funding costs to finance the purchase of the Shares and the treatment of the Shares so purchased by the Company.

The Proposed Share Buy-Back is likely to reduce the consolidated NA per Share at the time of purchase if the purchase price exceeds the consolidated NA per Share and conversely will increase the consolidated NA per Share at the time of purchase if the purchase price is less than the consolidated NA per Share.

Should the Shares purchased under the Proposed Share Buy-Back be held as Treasury Shares and later resold, the consolidated NA per Share will increase if the Company realises a gain from the resale, and vice versa.

4.3 Working Capital

The Proposed Share Buy-Back will reduce the cash flow and financial resources available for working capital depending on the purchase price and the number of the Shares purchased.

However, the cash flow position and financial resources of the Company will be restored if the purchased Shares are resold at least at the purchase price.

4.4 Earnings

The effect of the Proposed Share Buy-Back on the earnings and EPS of the Group is dependent on the purchase price(s) of the Shares, the number of Shares purchased, and the effective funding cost or loss in interest income to the Group, or the opportunity cost in relation to other investment opportunities.

On the assumption that the Shares so purchased are treated as Treasury Shares and subsequently resold, the extent of the effect on earnings of the KPJ Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or interest saving arising.

4.5 Dividends

The Proposed Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends to the shareholders of the Company. However, as stated in Section 3(c) above, the Board may distribute future dividends in the form of the Treasury Shares purchased pursuant to the Proposed Share Buy-Back.

5. IMPLICATIONS RELATING TO THE RULES

In the event that the Proposed Share Buy-Back results in any major shareholder and/or persons acting in concert with him/her obtaining control in a Company pursuant to the Rules, the affected major shareholder and/or persons acting in concert with him/her will be obliged to make a mandatory offer for the remaining Shares not held by him/her.

In the event the Proposed Share Buy-Back results in any major shareholder and/or persons acting in concert with him/her who already holds more than 33% but less than 50% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Rules, the affected major shareholder and/or persons acting in concert with him/her will be obliged to make a mandatory offer for the remaining Shares not held by him/her.

It is not the intention of the Company to cause any shareholders to trigger an obligation to undertake a mandatory general offer under the Rules and the Company will be mindful of the above implications of the Rules in making any purchase of its own Shares pursuant to the Proposed Share Buy-Back.

However, the affected major shareholder and/or persons acting in concert with him/her may apply for a waiver from the SC under the Paragraph 4.15 of the Rules.

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6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the directors or substantial shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Share Buy-Back. The percentage shareholdings of directors and substantial shareholders will however increase as a consequence of the Proposed Share Buy-Back.

The proforma effects of the Proposed Share Buy-Back on the directors and substantial shareholders' shareholdings in the Company based on the Register of Directors and Register of Substantial Shareholders as at LPD respectively, assuming all Shares purchased are not purchased from its substantial shareholders and are cancelled, are as follows:-

Minimum Scenario

	(I)				(II)			
	As at LPD				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)
<u>Substantial Shareholders</u>								
JCorp	305,575,416	29.15	158,245,414 ^(b)	15.09	305,575,416	31.91	158,245,414 ^(b)	16.53
Waqaf An-Nur Corporation Berhad	76,143,909	7.26	-	-	76,143,909	7.95	-	-
Employees Provident Fund Board	136,951,495	13.06	-	-	136,951,495	14.30	-	-
<u>Directors</u>								
Dato' Kamaruzzaman Abu Kassim	-	-	-	-	-	-	-	-
Dato' Amiruddin Abdul Satar	6,266	*	-	-	6,266	*	-	-
Aminuddin Dawam	11,197	*	-	-	11,197	*	-	-
Tan Sri Datin Paduka Siti Sa'diah Sh Bakir	1,200,000	0.11	-	-	1,200,000	0.13	-	-
Zainah Mustafa	200,000	0.02	-	-	200,000	0.02	-	-
Datuk Azzat Kamaludin	94,000	0.01	-	-	94,000	0.01	-	-
Dr Yoong Fook Ngian ^(c)	293,666	0.03	-	-	293,666	0.03	-	-
Dr Kok Chin Leong	280,100	0.03	-	-	280,100	0.03	-	-
Prof Dato' Dr Azizi Haji Omar	-	-	-	-	-	-	-	-
Ahamad Mohamad	1,125	*	-	-	1,125	*	-	-
Zulkifli Ibrahim	-	-	-	-	-	-	-	-

Notes:-

- * Negligible
- (a) Based on the total number of issued shares of KPJ (excluding treasury shares)
- (b) Deemed interested by virtue of its shareholdings in RHB Nominees (Tempatan) Sdn Bhd, Waqaf An-Nur Corporation Berhad, Kulim (Malaysia) Berhad, Johor Ventures Sdn Bhd and Maybank Nominees (Tempatan) Sdn Bhd for AmanahRaya Investment Management Sdn Bhd for Johor Land Berhad pursuant to Section 8 of Act
- (c) Held via Maybank Nominees (Tempatan) Sdn Bhd - A/C Yoong Fook Ngian

Maximum Scenario

	(I)				(II)				(III)			
	As at LPD		After (I) and assuming full exercise of Outstanding Warrants and ESOS Options		Direct		Indirect		Direct		Indirect	
	Direct No. of Shares	% ^(a)	Indirect No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)
Substantial Shareholders												
JCorp	305,575,416	29.15	158,245,414 ^(b)	15.09	305,918,116	26.06	216,451,598 ^(b)	18.44	305,918,116	28.57	216,451,598 ^(b)	20.22
Waqaf An-Nur Corporation Berhad	76,143,909	7.26	-	-	78,146,253	6.66	-	-	78,146,253	7.30	-	-
Employee Provident Fund Board	136,951,495	13.06	-	-	136,951,495	11.66	-	-	136,951,495	12.79	-	-
Directors												
Dato' Kamaruzzaman Abu Kassim	-	-	-	-	24,000	*	-	-	24,000	*	-	-
Dato' Amiruddin Abdul Satar	6,266	*	-	-	506,798	0.04	-	-	506,798	0.05	-	-
Aminuddin Dawam	11,197	*	-	-	211,197	0.02	-	-	211,197	0.02	-	-
Tan Sri Datin Paduka Siti Sa'diah Sh Bakir	1,200,000	0.11	-	-	1,309,498	0.11	1,666 ^(c)	*	1,309,498	0.12	1,666 ^(c)	*
Zainah Mustafa	200,000	0.02	-	-	200,000	0.02	-	-	200,000	0.02	-	-
Datuk Azzat Kamaludin	94,000	0.01	-	-	302,000	0.03	-	-	302,000	0.03	-	-
Dr Yoong Fook Ngian ^(d)	293,666	0.03	-	-	493,698	0.04	-	-	493,698	0.05	-	-
Dr Kok Chin Leong	280,100	0.03	-	-	450,300	0.04	-	-	450,300	0.04	-	-
Prof Dato' Dr Azizi Haji Omar	-	-	-	-	82,500	0.01	-	-	82,500	0.01	-	-
Ahamad Mohamad	1,125	*	-	-	1,125	*	-	-	1,125	*	-	-
Zulkifli Ibrahim	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

- * Negligible
- (a) Based on the total number of issued shares of KPJ (excluding treasury shares)
- (b) Deemed interested by virtue of its shareholdings in RHB Nominees (Tempatan) Sdn Bhd, Waqaf An-Nur Corporation Berhad, Kulim (Malaysia) Berhad, Johor Ventures Sdn Bhd and Maybank Nominees (Tempatan) Sdn Bhd for AmanahRaya Investment Management Sdn Bhd for Johor Land Berhad pursuant to Section 8 of the Act
- (c) Deemed interested by virtue of her daughter, Amy Nadzlina Binti Mohamed's shareholdings in KPJ pursuant to Section 8 of the Act
- (d) Held via Maybank Nominees (Tempatan) Sdn Bhd - A/C Yoong Fook Ngian

7. APPROVALS REQUIRED

The renewal of the authority for the Proposed Share Buy-Back is subject to and conditional upon approvals being obtained from the following:-

- (i) the shareholders of the Company; and
- (ii) any other relevant parties or regulatory authorities, where applicable.

8. DIRECTORS' RECOMMENDATION

The Board is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company, and therefore recommends that you vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

9. AGM

The AGM, (the notice of which is set out in KPJ's 2016 Annual Report and an extract of which is also enclosed in this Circular), will be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday, 20 April 2017 at 11.00 a.m. for the purpose of considering, and if thought fit, passing the resolution to give effect to the Proposed Share Buy-Back.

If you are unable to attend and vote in person at the AGM, you may complete and return the Form of Proxy in enclosed in the 2016 Annual Report accordance with the instructions therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least twenty-four (24) hours before the time set for the AGM. The lodging of a Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

This statement is dated 28 March 2017.

PART B

**LETTER TO THE SHAREHOLDERS OF KPJ IN RELATION TO THE
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE**



KPJ HEALTHCARE BERHAD

(Company No. 247079-M)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 11
Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

28 March 2017

Board of Directors:

Dato' Kamaruzzaman Abu Kassim	<i>(Non-Executive Chairman)</i>
Dato' Amiruddin Abdul Satar	<i>(President/Managing Director)</i>
Tan Sri Datin Paduka Siti Sa'diah Sh Bakir	<i>(Independent Non-Executive Director)</i>
Aminudin Dawam	<i>(Executive Director)</i>
Datuk Azzat Kamaludin	<i>(Independent Non-Executive Director)</i>
Zainah Mustafa	<i>(Independent Non-Executive Director)</i>
Ahamad Mohamad	<i>(Non-Independent Non-Executive Director)</i>
Dr Kok Chin Leong	<i>(Independent Non-Executive Director)</i>
Dr Yoong Fook Ngian	<i>(Independent Non-Executive Director)</i>
Zulkifli Ibrahim	<i>(Non-Independent Non-Executive Director)</i>
Prof Dato' Dr Azizi Haji Omar	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of KPJ

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")

1. INTRODUCTION

At the Twenty-Third (23rd) AGM of the Company held on 19 May 2016, the Company obtained a general mandate from its shareholders for the Company and/or its subsidiaries to enter into recurrent related party transactions with Related Parties that are necessary for the day-to-day operations in the ordinary course of business carried out on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public.

In accordance with the Listing Requirements, the aforesaid authority is subject to annual renewal and will lapse at the conclusion of the forthcoming AGM, unless renewed by the shareholders of KPJ.

On 27 February 2017, the Company announced that it will be seeking its shareholders' approval for a general mandate in relation to RRPT in line with Paragraph 10.09 of the Listing Requirements.

THE PURPOSE OF PART B OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED RRPT MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT A SPECIAL BUSINESS AT THE FORTHCOMING AGM.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART B OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RRPT MANDATE TO BE TABLED AT THE FORTHCOMING AGM.

2. PROPOSED RRPT MANDATE

2.1 Details of the Proposed RRPT Mandate

The Company proposes to seek a general mandate from the shareholders for the Company and/or its subsidiaries to enter into arrangements or transactions with the Related Parties, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made available to the public.

2.2 Principal Activities of the Group

KPJ is principally an investment holding company while the principal activities of its subsidiaries include the operation 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 of LPD are set out below:-

Name of company	Group effective equity interest %	Principal activities
Johor Specialist Hospital Sdn Bhd (“ JSHSB ”)	100	Operating as a specialist hospital
Ipoh Specialist Hospital Sdn Bhd (“ ISHSB ”)	98	Operating as a specialist hospital
Kumpulan Perubatan (Johor) Sdn Bhd (“ KPJSB ”)	100	Management and investment holding company for medical sector
Puteri Specialist Hospital (Johor) Sdn Bhd	100	Operating as a specialist hospital
Tawakal Holdings Sdn Bhd (“ THSB ”)	100	Investment holding company
Point Zone (M) Sdn Bhd	100	Providing treasury management services to the companies within the group
<u>Subsidiary of JSHSB</u>		
Bandar Dato Onn Specialist Hospital Sdn Bhd (“ BDOSHSB ”)	100	To be operating as specialist hospital
<u>Subsidiary of KPJSB</u>		
Ampang Puteri Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital
Kuantan Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital

<u>Name of company</u>	<u>Group effective equity interest %</u>	<u>Principal activities</u>
<u>Subsidiary of KPJSB - cont'd</u>		
KPJ HealthShoppe Sdn Bhd (formerly known as Bukit Mertajam Specialist Hospital Sdn Bhd)	100	To be operating as a pharmacy retail outlet
Perdana Specialist Hospital Sdn Bhd	61	Operating as a specialist hospital
Damansara Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital
Seremban Specialist Hospital Sdn Bhd (“SSHSB”)	100	Operating as a specialist hospital
Bayan Baru Specialist Hospital Sdn Bhd	55	Dormant
Bandar Baru Klang Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital
Sterile Services Sdn Bhd	100	Providing sterile services
Kuching Specialist Hospital Sdn Bhd	70	Operating as a specialist hospital
Kota Kinabalu Specialist Hospital Sdn Bhd	97	Operating as a specialist hospital
Selangor Specialist Hospital Sdn Bhd (“SlgSHSB”)	60	Operating as a specialist hospital
Sentosa Medical Centre Sdn Bhd	100	Operating as a specialist hospital
Kajang Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital
Teraju Farma Sdn Bhd	65	Marketing and distributing of medical and pharmaceutical products
Puteri Nursing College Sdn Bhd (“PNCSB”)	100	Operating as a private university college of nursing and allied health
Lablink (M) Sdn Bhd	100	Providing pathology and laboratory services
Diaper Technology Industries Sdn Bhd	94	Providing information technology related services and rental of software
Pharmaserv Alliances Sdn Bhd (“PASB”)	100	Marketing and distributing medical and pharmaceutical products
Freewell Sdn Bhd	80	Dormant
Pharmacare Surgical Technologies (M) Sdn Bhd	100	Dormant
Maharani Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital
PharmaCARE Sdn Bhd (“Pharmacare”)	100	Providing human resource, training services and rental of human resource information system

Name of company	Group effective equity interest %	Principal activities
<u>Subsidiary of KPJSB - cont'd</u>		
Fabricare Laundry Sdn Bhd	95	Providing laundry services
KPJ Medik TV Sdn Bhd	100	Dormant
PT Khasanah Putera Jakarta Medica (“ PT KPJ Medika ”)	75	Operating as a specialist hospital
PT Khidmat Perawatan Jasa Medika (“ PT KPJ Medika ”)	80	Operating as a specialist hospital
Taipng Medical Centre Sdn Bhd	100	Operating as a specialist hospital
Penang Specialist Hospital Sdn Bhd (“ PgSHSB ”)	100	Operating as a specialist hospital
Pusat Pakar Kluang Utama Sdn Bhd	100	Operating as a specialist hospital
Pasir Gudang Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn Bhd	100	Operating as a specialist hospital
Healthcare IT Solutions Sdn Bhd	70	Providing healthcare information technology services
Skop Yakin (M) Sdn Bhd	70	Marketing and distributing general merchandise
Pahang Specialist Hospital Sdn Bhd	70	Operating as a specialist hospital
SMC Healthcare Sdn Bhd (“ SMCHSB ”)	100	Operating as a specialist hospital
KPJ Eyecare Specialist Sdn Bhd	100	Providing medical and consultancy services
Jeta Gardens (Qld) Pty Ltd (“ JGPL ”)	57	Providing retirement village and aged care services
Total Meal Solution Sdn Bhd (formerly known as Renal-Link Sentosa Sdn Bhd)	70	Providing central kitchen services
Sibu Geriatric Health & Nursing Centre Sdn Bhd	100	Operating and managing an aged care facilities
Perlis Specialist Hospital Sdn Bhd	60	To be operating as a specialist hospital
KPJ Education Services Sdn Bhd	100	Dormant
Advanced Healthcare Solution Sdn Bhd	100	Providing healthcare information system services
Miri Specialist Hospital Sdn Bhd	70	To be operating as a specialist hospital

<u>Name of company</u>	<u>Group effective equity interest %</u>	<u>Principal activities</u>
<u>Subsidiary of KPJSB - cont'd</u>		
Energy Excellent Sdn Bhd	100	Dormant
Rawang Specialist Hospital Sdn Bhd	100	Operating as a specialist hospital
Massive Hybrid Sdn Bhd	100	To be operating as a specialist hospital
BDC Specialist Hospital Sdn Bhd	100	To be operating as a specialist hospital
KPJ Dhaka (Pte) Ltd	100	Providing management services to a specialist hospital
UTM KPJ Specialist Hospital Sdn Bhd	100	To be operating as a specialist hospital
Pride Outlet Sdn Bhd	90	Providing maintenance services for medical equipment
Crossborder Aim (M) Sdn Bhd	100	Investment holding company
Crossborder Hall (M) Sdn Bhd	100	Investment holding company
PT Al-Aqar Bumi Serpong Damai	100	Operating as a building management company
PT Al-Aqar Permata Hijau	100	Operating as a building management company
<u>Subsidiary of ISHSB</u>		
Sri Manjung Specialist Centre Sdn Bhd	100	Operating as a specialist hospital
<u>Subsidiary of SlgSHSB</u>		
Hospital Pusrawi SMC Sdn Bhd	51	Dormant
<u>Subsidiary of Pharmacare</u>		
Open Access Sdn Bhd	100	Dormant
<u>Subsidiary of THSB</u>		
Pusat Pakar Tawakal Sdn Bhd (“PPTSB”)	100	Operating as a specialist hospital
<u>Subsidiary of PASB</u>		
FP Marketing (S) Pte Ltd	100	Dormant
Medical Supplies (Sarawak) Sdn Bhd	75	Marketing and distributing medical pharmaceutical products
Malaysian Institute of Healthcare Management Sdn Bhd	75	Dormant

Name of company	Group effective equity interest %	Principal activities
<u>Subsidiary of SMCHSB</u>		
Amity Development Sdn Bhd	100	Dormant
<u>Subsidiary of PNCSB</u>		
KFCH Education (M) Sdn Bhd	100	Operating as a college and training centre
<u>Subsidiary of JGPL</u>		
Jeta Gardens Aged Care (Qld) Pty Ltd	100	Operating and managing an aged care facility
Jeta Gardens Management (Qld) Pty Ltd	100	Providing management to an aged care facility
<u>Associate of KPJ</u>		
Al-`Aqar Healthcare REIT	38	Real estate investment trust
<u>Associate of KPJSB</u>		
Kedah Medical Centre Sdn Bhd	46	Operating as a specialist hospital
Healthcare Technical Services Sdn Bhd	30	Providing management and engineering maintenance services for specialist hospital
Vejthani Public Company Limited	23	Operating as an international specialist hospital

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2.3 Classes of RRPT for the Proposed RRPT Mandate

The Proposed RRPT Mandate applies to the following classes of Related Parties:-

<u>Nature of RRPT</u>	<u>Transacting Party</u>	<u>Classes of Related Party and Nature of Interest</u>
Rental income for renting of land for car park	Metro Parking (M) Sdn Bhd (“ MPSB ”), a 100%-owned subsidiary of Damansara Realty Berhad, (“ DBhd ”), of which JCorp is a major shareholder of DBhd via its direct and indirect shareholdings of 3.45% and 10.75% ^(a) respectively in DBhd.	<p><u>Major Shareholder:-</u></p> <ul style="list-style-type: none"> ▪ JCorp <p>KPJ is a 44.24% associate company of JCorp as at LPD.</p> <p><u>Directors:-</u></p> <ul style="list-style-type: none"> ▪ Dato’ Kamaruzzaman Abu Kassim ▪ Dato’ Amiruddin Abdul Satar ▪ Aminudin Dawam ▪ Ahamad Mohamad ▪ Zulkifli Ibrahim <p>Dato’ Kamaruzzaman Abu Kassim, Dato’ Amiruddin Abdul Satar, Ahamad Mohamad, Zulkifli Ibrahim and Aminudin Dawam are deemed as persons connected to JCorp by virtue of them being Directors of the Company nominated by JCorp and being part of the senior management of JCorp.</p>
Rental payable for renting of retirement village building and aged care facility in Australia	Al-‘Aqar Healthcare REIT (“ Al-‘Aqar ”), a listed trust fund managed by Damansara REIT Managers Sdn Berhad, a wholly - owned subsidiary of Damansara Assets Sdn Bhd (“ DASB ”), which in turn is a wholly-owned subsidiary of JCorp.	
Housekeeping contract fees payable	HC Duraclean Sdn Bhd (“ HCD ”), a 75%-owned subsidiary of DBhd, of which JCorp is a major shareholder of DBhd via its direct and indirect shareholdings of 3.45% and 10.75% ^(a) respectively in DBhd.	
Registrar fees payable	Pro Corporate Management Services Sdn Bhd (“ PCMS ”), a wholly-owned subsidiary of JCorp Hotels and Resorts Sdn Bhd (“ JCorp Hotels ”), which in turn is a wholly-owned subsidiary company of JCorp.	
Secretarial fees payable	JCorp	
Security services fees payable	Teraju Fokus Sdn Bhd (“ TFSB ”), a 30% associated company of JCorp.	
Fees payable for both project management services for the construction of hospital buildings and maintenance of non-medical equipment such as lifts and fire fighting equipment	Healthcare Technical Services Sdn Bhd (“ HTS ”), a 70%-owned subsidiary of DBhd, of which JCorp is a major shareholder of DBhd via its direct and indirect shareholdings of 3.45% and 10.75% ^(a) respectively in DBhd.	

<u>Nature of RRPT</u>	<u>Transacting Party</u>	<u>Classes of Related Party and Nature of Interest</u>
Fees payable for project management and maintenance of lab premises	TMR Urusharta (M) Sdn Bhd (“ TMRU ”), a 75%-owned subsidiary of DBhd, of which JCorp is a major shareholder of DBhd via its direct and indirect shareholdings of 3.45% and 10.75% ^(a) respectively in DBhd.	
Insurance coverage payable	MIT Insurance Brokers Sdn Bhd (“ MIT ”) is a 75%-subsidiary of Sindora Berhad, which in turn is a wholly-owned subsidiary of Kulim (M) Berhad, which in turn is a wholly-owned subsidiary of JCorp.	
Building management service fees payable for Menara 238 in Kuala Lumpur	DASB is a wholly-owned subsidiary of JCorp.	
Rental payable for renting KFCH International College	Al-Sālam Real Estate Investment Trust (“ Al-Sālam REIT ”), is a 66.77%-owned subsidiary of JCorp via its direct (4.06%) and indirect interest (62.71%) ^(b)	

Notes:-

- (a) Indirect interest via JCorp’s interest in Kulim (Malaysia) Berhad and Sindora Berhad pursuant to Section 8 of Act
- (b) Indirect interest via JCorp’s interest in KPJ, Kulim (Malaysia) Berhad, DASB, Johor Land Berhad, Kumpulan Bertam Plantation Berhad, Waqaf An-Nur Corporation Berhad and Tenaga Utama (Johor) Berhad

2.4 Nature of RRPT for the Proposed RRPT Mandate

Shareholders' approval is sought for the Proposed RRPT Mandate on normal commercial terms which 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 of the Company with any of the following classes of Related Parties:-

Transacting Party	Nature of RRPT	Estimated aggregate value during the validity of the mandate ^(a) (RM'000)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 27 April 2016 "Estimated Value" (RM'000)	Actual value transacted from 19 May 2016 (date existing mandate was obtained) up to the LPD "Actual Value" (RM'000)	Frequency of transactions
Al-'Aqar	Rental payable for renting of retirement village building and aged care facility in Australia	11,000	11,500	11,570	Monthly
JCorp	Secretarial fees payable	609	385	377	Monthly
PCMS	Registrar fees payable	300	250	255	Monthly
HTS	Fees payable for project management and maintenance of non-medical equipment	8,189	9,913	5,481	Contract basis
MIT	Insurance coverage payable	4,800	5,000	4,389	Contract basis
HCD	Housekeeping contract fees payable	16,638	14,271	15,596	Monthly
DASB	Building management service fees payable	1,103	1,331	1,203	Monthly
MPSB	Rental income for renting of land for car park	2,300	3,000	2,588	Monthly
TFSB	Security services fees payable	6,000	5,372	5,547	Monthly
TMRU	Fees payable for project management and maintenance of lab premises payable	-	139	-	Contract basis
Al-Salam REIT	Rental payable for renting KFCH International College	2,532	-	2,321 ^(b)	Monthly
Total		53,471	51,161	49,327	

Notes:-

- (a) However, the said values are merely estimates for the period from the forthcoming AGM to the next AGM and are subject to changes.
- (b) This is a new RRPT in relation to rental payable by KFCH Education (M) Sdn Bhd, an indirect wholly-owned subsidiary of KPJ, to Al-Salām REIT for the lease of KFCH International College commencing on 1 May 2016, totalling RM2.32 million up to LPD.

2.5 Basis of estimates

The abovementioned estimated value in respect of each transaction referred to in Section 2.4 above are based on prevailing prices obtained from the Related Parties which are reasonably market-competitive prices and are derived from the sums incurred or received during the past years, based on the normal level of transactions entered into by the Group. The estimated amounts are further based on the assumptions that current level of operations will continue and all external conditions remain constant.

The rental sum in respect of the land rented out for car park was arrived at based on the going market rate for the properties at the time the tenancy agreement was executed. The rental for the retirement village building and aged care facility was decided after taking into consideration, inter-alia, cash flows from the retirement village and aged care facility as well as the prevailing interest rate in Australia.

2.6 Details of the sums due and owing to KPJ by its Related Parties pursuant to a RRPT which exceeded the credit terms as at FY 2016.

There is no amount due and owing to KPJ by its related parties which has exceeded the credit terms imposed by KPJ on them pursuant to the RRPT.

2.7 Review procedures in relation to RRPT

The Company has established the following internal control systems to ensure that the RRPT 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 no more favourable to the interested parties than those extended to third parties/public and are not to the detriment of the minority shareholders:

- (i) in determining the pricing for the RRPT, 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. Other than pricing, the level of service, quality of products and other factors are also considered;
- (ii) at least 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 for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third party cannot be obtained, the transaction price will be determined by the Group based on that offered by/to other unrelated third parties for the same or substantially similar type of transaction to ensure that the RRPT is not detrimental to the Group;
- (iii) all RRPT of value below RM1,000,000 must be reviewed and approved by the EXCO (Executive Committee comprising fifteen members namely, the Managing Director, Executive Director, Vice President 1 & 2 and the Senior Managers of the Company). Where the value exceeds RM1,000,000, the RRPT will be available to the Audit Committee for its review and approval;

- (iv) if any Director 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 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 entered into pursuant to the shareholders' mandate to ensure accurate disclosure thereof. Disclosure shall be made in the 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 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 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. In that event, such procedures may be implemented without the approval of the shareholders, provided that they are more stringent than the existing procedures.

2.8 Audit Committee Statement

The Audit Committee has seen and reviewed the procedures set out in Section 2.7 above and is of the view that the procedures are sufficient to ensure that the RRPT are not more favourable to the interested parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee reviews these procedures on an annual basis.

2.9 Disclosure in Annual Report

A disclosure will be made in the Company's Annual Report pursuant to the Proposed RRPT Mandate and in the annual reports of the Company for the subsequent years that the Proposed RRPT Mandate continues to be in force in accordance with the Listing Requirements, which requires a breakdown of the aggregate value of the recurrent related party transactions made during the financial year, based on, amongst others, the following information:-

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

3. RATIONALE FOR THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will eliminate the need to convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the Group into such transactions. This will reduce the associated expenses, improve administrative efficiency and allow manpower, resources and time to be better channelled towards achieving other corporate objectives.

The RRPT entered into by the Group are intended to meet business needs at the best possible terms. It also enhances the ability of the Group to explore beneficial business opportunities and promote cross-selling between the Group and the JCorp group of companies.

4. VALIDITY PERIOD FOR THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate, if approved at the forthcoming AGM, will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by a resolution passed at the meeting;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

5. EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will not have any effects on the issued share capital of the Company, substantial shareholders' shareholdings in the Company, NA per share, gearing, EPS and dividend of the Group.

Nevertheless, the Proposed RRPT Mandate is in relation to transactions which relate to the KPJ Group's day to day operation and hence, it will impact KPJ Group's financial performance.

6. APPROVALS REQUIRED

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

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save and except as disclosed below, none of the other Directors, major shareholders and persons connected to them, have any interests, direct or indirect in the Proposed RRPT Mandate:-

(i) Major Shareholders' Interest

JCorp ("**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 RRPT Mandate at the forthcoming AGM. JCorp has undertaken to ensure that persons connected with it shall abstain from voting on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM in respect of their direct or indirect interests in the Company.

(ii) Directors' Interests

Dato' Kamaruzzaman Abu Kassim, Dato' Amiruddin Abdul Satar, Ahamad Mohamad, Zulkifli Ibrahim and Aminudin Dawam (collectively referred to as "**Interested Directors**") are deemed interested in the Proposed RRPT Mandate by virtue of them being Directors of the Company nominated by JCorp and persons being part of the senior management of JCorp.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed RRPT Mandate at all Board meetings. They will also abstain from voting in respect of their direct and indirect interests, if any, on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM.

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

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

	←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	% ^(a)	No. of Shares	% ^(a)
<u>Interested Major Shareholder</u>				
JCorp	305,575,416	29.15	158,245,414 ^(b)	15.09
<u>Interested Directors</u>				
Dato' Kamaruzzaman Abu Kassim	-	-	-	-
Dato' Amiruddin Abdul Satar	6,266	*	-	-
Aminudin Dawam	11,197	*	-	-
Ahamad Mohamad	1,125	*	-	-
Zulkifli Ibrahim	-	-	-	-

Notes:-

* Negligible

(a) Based on the total number of issued shares of KPJ (excluding treasury shares)

(b) Deemed interested by virtue of its shareholdings in RHB Nominees (Tempatan) Sdn Bhd, Waqaf An-Nur Corporation Berhad, Kulim (Malaysia) Berhad, Johor Ventures Sdn Bhd and Maybank Nominees (Tempatan) Sdn Bhd for AmanahRaya Investment Management Sdn Bhd for Johor Land Berhad pursuant to Section 8 of Act.

8. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors mentioned above), having considered all aspects of the Proposed RRPT Mandate, is of the opinion that the Proposed RRPT Mandate is in the best and long term interests of KPJ Group and its shareholders.

Accordingly, the Board (save for the Interested Directors), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming AGM.

9. AGM

The AGM, (the notice of which is set out in KPJ's 2016 Annual Report and an extract of which is also enclosed in this Circular), will be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday, 20 April 2017 at 11.00 a.m. for the purpose of considering, and if thought fit, passing the resolution to give effect to the Proposed RRPT Mandate.

If you are unable to attend and vote in person at the AGM, you may complete and return the Form of Proxy enclosed in the 2016 Annual Report in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least twenty-four (24) hours before the time set for the AGM. The lodging of a Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendix for further information.

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

ZAINAH MUSTAFA
Independent Non-Executive Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board which individually and collectively 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 herein misleading.

2. CONSENT

The written consent of AmInvestment Bank for the inclusion in this Circular of its name and all references thereto in the form and context in which it appears has been given and has not been subsequently withdrawn.

AmInvestment Bank is not aware of any circumstances that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser to the Company for the Proposed Share Buy-Back and Proposed RRPT Mandate.

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company (“**AmBank Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

The AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for the KPJ Group and/or their connected parties, in addition to the roles involved in the Proposed Share Buy-Back and Proposed RRPT Mandate. In the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its account or otherwise) with the KPJ Group and/or their connected parties, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of KPJ Group and/or their connected parties. This is a result of the businesses of AmBank Group generally acting independently of each other and accordingly there may be situations where parts of AmBank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of the KPJ Group and/or their connected parties.

3. MATERIAL CONTRACTS

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

- (i) the Sale and Purchase Agreement dated 19 November 2015 entered between Kumpulan Perubatan Johor Sdn Bhd (“**KPJSB**”) and Coronade Properties Sdn Bhd (formerly known as Arab Asia Properties Sdn Bhd) (“**Coronade**”) for the proposed acquisition by KPJSB of commercial parcel(s) representing approximately 125,000 square feet in gross floor area in a multi storey building (“**Proposed KPJSB Property**”) to be erected on part of a piece of land held under Master Title HS(D) 401452 PTB 21602, Bandar Johor Bahru, Daerah Johor Bahru, Johor measuring approximately 2.5589 hectares (approximately 6.323 acres) in area and will be part of a mixed commercial development provisionally known as “Coronation Square” for RM90,000,000. As at LPD the acquisition of the Proposed KPJSB Property is still ongoing.

4. MATERIAL LITIGATION

As at LPD, there are no material litigations, claims or arbitration, either as a plaintiff or a defendant, which will have a material and/or adverse effect on the financial position or business of our Group and our Board is not aware of any proceedings pending or threatened against our Group or of any fact which is likely to give rise to any proceedings which may materially and/or adversely affect the position or business of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of KPJ following the date of this Circular from Mondays to Fridays (except public holidays) during business hours up to the date of the AGM:-

- (i) the Memorandum and Articles of Association of KPJ;
- (ii) the audited consolidated financial statements of the KPJ Group for the past two (2) FY 2015 and FY 2016; and
- (iii) the material contract referred to in Section 3 above.



KPJ HEALTHCARE BERHAD

(Company No. 247079-M)
(Incorporated in Malaysia under the Companies Act, 1965)

EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth (24th) Annual General Meeting (“AGM”) of KPJ Healthcare Berhad (“KPJ” or the “Company”) will be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Thursday, 20 April 2017 at 11.00 a.m. for the following purposes:-

As Special Business

ORDINARY RESOLUTION 3

PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY (“PROPOSED SHARE BUY-BACK”)

“THAT, subject to Section 127 of the Companies Act, 2016 (“Act”), the provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

- (a) The maximum number of shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being subject to the restriction that the issued capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company; and
- (c) Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manner:-
 - (i) cancel the shares so purchased; or
 - (ii) retain the shares so purchased as treasury shares and held by the Company; or
 - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
 - (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
 - (v) transfer all or part of the treasury shares for purposes of an employees’ share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the authority conferred by this resolution shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution passed at the AGM either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities.

AND THAT the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and the guidelines issued by Bursa Securities and any other relevant authorities.” (See Note i)

(Resolution 12)

ORDINARY RESOLUTION 4

PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)

“**THAT** subject always to the provisions of the Act, the Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries, to enter into and give effect to the Recurrent Related Party Transactions of a Revenue or Trading nature; all with the particulars of which are set out in Part B of the Circular to Shareholders dated 28 March 2017 (“**Circular**”) with the Related Parties as described in the Circular, provided that such transactions are:-

- (a) recurrent transactions of a revenue or trading nature;
- (b) necessary for the day-to-day operations of the Company and/or its subsidiaries;
- (c) carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm’s length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
- (d) not detrimental to the minority shareholders of the Company;

AND THAT such authority shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM, at which time the authority will lapse unless by a resolution passed at the AGM, such authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date that 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
- (c) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Proposed Shareholders' Mandate." (See Note j)

(Resolution 13)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 24th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 58 of the Company's Articles of Association and Paragraph 7.16 of the Listing Requirements to issue a General Meeting Record of Depositors ("ROD") as at 12 April 2017. Depositors whose names appear on the ROD as at 12 April 2017 are entitled to attend, speak and vote at the said meeting.

**By Order of the Board,
KPJ HEALTHCARE BERHAD**

**SALMAH BINTI HJ ABD WAHAB (LS 0002140)
HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)**
Secretaries

Johor Bahru
28 March 2017

Notes:-

Proxy

- a. A member entitled to attend and vote at this meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at this AGM.
- b. If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorize a person or persons to act as its representative or representatives at this AGM.
- c. A certificate of authorization by the corporation shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative under Section 333(5) of the Act.
- d. Where a member of the Company is an Authorised Nominee as defined under the Central Depositories Act 1991, he may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- e. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, shall be deposited at the registered office of the Company at: KPJ HEALTHCARE BERHAD, Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

- i. The proposed Resolution 12 if passed will enable the Company to utilise any of its surplus financial resources to purchase its own shares from the market.
- j. The proposed Resolution 13 if passed is primarily to authorise the Company and/its unlisted subsidiaries to enter into arrangements or transactions with Related Parties, particulars of which are set out in the Circular to Shareholders dated 28 March 2017 circulated together with this Annual Report, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made to the public.