

NOTICE OF ANNUAL GENERAL MEETING



KPJ Healthcare Berhad
(247079-M)

NOTICE IS HEREBY GIVEN that the Twenty-Sixth (26th) Annual General Meeting (**AGM**) of KPJ Healthcare Berhad (**KPJ** or the **Company**) will be held at Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday, 18 April 2019 at 12.00 p.m for the following purposes:-

AGENDA

ORDINARY BUSINESS

- To receive the Audited Financial Statements for the year ended 31 December 2018 and the Reports of the Directors and Auditors thereon. **Please refer to Note (4)(i)**
- To re-elect the following Directors of the Company who will retire in accordance with the Constitution of the Company:-

(i) Dato' Kamaruzzaman Bin Abu Kassim	- Rule 95 (i)	(Ordinary Resolution 1)
(ii) Dato' Amiruddin Bin Abdul Satar	- Rule 95 (i)	(Ordinary Resolution 2)
(iii) Zulkifli Bin Ibrahim	- Rule 95 (i)	(Ordinary Resolution 3)
(iv) Dato' Muthanna Bin Abdullah	- Rule 96	(Ordinary Resolution 4)
(v) Dato' Dr. Bajit Kor A/P Teja Singh	- Rule 96	(Ordinary Resolution 5)
(vi) Christina Foo	- Rule 96	(Ordinary Resolution 6)
(vii) Jasimah Binti Hassan	- Rule 96	(Ordinary Resolution 7)
- To approve the Proposed Directors' fees of RM1,540,000 (Proposed Directors' Fees) for the financial year ending 31 December 2019 (2018: RM976,458) (Note (4)(ii)) **(Ordinary Resolution 8)**
- To approve the payment of Directors' Remuneration (excluding Proposed Directors' Fees) to Non-Executive Directors (NED) for the period from 19 April 2019 until the conclusion of the next AGM of the Company (Relevant Period). (Note (4)(ii)) **(Ordinary Resolution 9)**
- To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 10)**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

- AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016** **(Ordinary Resolution 11)**

THAT pursuant to Section 75 of the Companies Act, 2016 (Act), and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company, (See Note (5)(i))

- PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY (PROPOSED SHARE BUY-BACK)** **(Ordinary Resolution 12)**

THAT, subject to Section 127 of the Act, the provisions of the Main Market Listing Requirements of the Bursa Securities (**Listing Requirements**) 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:-

- 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;
- 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
- 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:-
 - cancel the shares so purchased; or
 - retain the shares so purchased as treasury shares and held by the Company; or
 - retain part of the shares so purchased as treasury shares and cancel the remainder; or,
 - distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
 - 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, the Listing Requirements and other relevant guidelines issued by 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:-

- 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
- the expiration of the period within which the next AGM is required by law to be held; or
- 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 and other relevant guidelines issued by the Bursa Securities or any other relevant authorities.

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of KPJ with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Shares Buy-Back contemplated and/or authorised by this ordinary resolution." (Note 5(ii))

- PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (PROPOSED SHAREHOLDERS' MANDATE)** **(Ordinary Resolution 13)**

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 (**Group**), 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 19 March 2019 (**Circular**) with the Related Parties as described in the Circular, provided that such transactions are:-

- recurrent transactions of a revenue or trading nature;
- necessary for the day-to-day operations of the Company and/or its subsidiaries;
- 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
- not detrimental to the minority shareholders of the Company;

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

- 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
- the expiration of the period within which the next AGM is required by law to be held; or
- revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of KPJ with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Shares Buy-Back contemplated and/or authorised by this ordinary resolution." (Note (5)(iii))

By Order of the Board,

KPJ HEALTHCARE BERHAD

HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)
HASLINDA BINTI MD NOR @ MOHD NOAH (LS 0005697)
Secretaries

Johor Bahru
Dated: 19 March 2019

NOTES:

- Members Entitled to Attend**
Only members whose names appear on the Record of Depositors as at 11 April 2019 are entitled to attend, speak and vote at the meeting.
- Appointment of Proxy**
 - 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.
 - 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.
 - 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 Companies Act 2016 (**Act**).
 - Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, (**SICDA**), it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
 - Where a member of the Company is an exempt authorized nominee, as defined under the SICDA, which holds shares in the Company for multiple beneficial owners in one securities account (**omnibus account**), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
 - Where a member appoints more than one (1) proxy, the proxies shall not be valid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.
 - 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 16, 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.
- Voting by Poll**
Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the resolutions set out in this Notice shall be put to vote by poll.
- EXPLANATORY NOTES ON ORDINARY BUSINESSSES:**
 - Agenda 1 - Audited Financial Statements**
This item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the Company to obtain shareholders' approval for its Audited Financial Statements. Henceforth, this Agenda is not put forward for voting.
 - Agenda 3 and Agenda 4**
Pursuant to Section 230(1) of the Companies Act 2016 (**Act**) which came into force on 31 January 2017, the fees and benefits (**Remuneration**) payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby agree that the shareholders' approval shall be sought at the Twenty Sixth (26th) AGM commencing 19 April 2019 until the conclusion of the next AGM of the Company in 2020.
The proposed Resolution 9, if passed will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NED of the Company on a monthly basis and/or when incurred within the Relevant Period.
In view of the increasing challenges that the Company faces to grow its business, the Nomination and Remuneration Committee (NRC) saw the need to review its current rates of remuneration of the Chairman and NEDs to be able to maintain its competitiveness and sufficiency to attract and retain individuals with strong credentials and high calibre to serve on the Board of the Company. A review is also essential to be at par with the prevalent market practice, and to commensurate with the Directors' responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's business and increased expectations from various stakeholders.
An external consultant, Messrs KPMG Management & Risk Consulting Sdn Bhd (KPMG), was engaged to conduct a Remuneration Benchmarking for Board and Board Committees of the Company (Benchmarking) to assist the NRC to make recommendation to the Board on whether an increase in Chairman and NED's remuneration is advisable. KPMG has been producing a series of reports on the remuneration of NEDs of top public listed issuers on Bursa Malaysia Securities Berhad and the latest update is the 2017 edition.
In its review, KPMG has adopted comparators which includes similar representative healthcare provider across all Public Listed Companies on Bursa Malaysia Securities Berhad and also among other private healthcare providers. The outcome of the benchmarking indicated that the current Directors' remuneration lagged behind the Company's key comparators when normalised and the average remuneration of the NEDs is higher across the other private healthcare providers when normalised. In contrast with market norms, KPMG also noted that the Company's existing remuneration framework does not include a component for Board Committee fees. KPMG indicated that the Company can consider revising the remuneration framework of its NEDs with due consideration to the Company's nuances.
Having considered the positioning of the Board's remuneration for the past 4 years from 2015 to 2018, the Board on 12 March 2019 approved the NRC's recommendation for the proposed revision to the NEDs' fees as set out in the right column of the table below:

1. Directors' Fees

ANNUAL FEES	CURRENT RATE PER ANNUM (RM)	PROPOSED NEW RATE PER ANNUM (RM)
BOARD OF DIRECTORS		
Chairman	150,000.00	220,000.00
Other Members (<i>per person</i>)	75,000.00	120,000.00

NOTE:

- The payment of the Directors' fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.

2. Directors' Remuneration

a. Committee Fees

ANNUAL FEES	CURRENT RATE PER ANNUM (RM)	PROPOSED NEW RATE PER ANNUM (RM)
COMMITTEES		
Audit:		
Chairman	-	35,000.00
Member	-	25,000.00
Risk & Sustainability		
Chairman	-	20,000.00
Member	-	15,000.00
Building & Tender Board		
Chairman	-	20,000.00
Member	-	15,000.00
Medical Advisory		
Chairman	-*	216,000
Member	-	15,000.00

ALLOWANCE FOR PROFESSIONAL ADVISORY SERVICES	2019
*Monthly Allowance as Chairman of Medical Advisory Committee	RM18,000

NOTE:

- The payment of the annual fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.
- The payment of the Committees' annual fees are extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.
- The payment of Committee annual fees is not applicable to Nomination and Remuneration Committee and ESOS Committee.

b. Meeting Allowances

MEETING ALLOWANCES FOR BOARD/ COMMITTEES (PER MEMBER/ PER MEETING)	CHAIRMAN		MEMBERS	
	CURRENT RATE (RM)	PROPOSED RATE (RM)	CURRENT RATE (RM)	PROPOSED RATE (RM)
Board of Directors	3,500.00	4,000.00	2,500.00	3,000.00
Committees:				
Audit	3,500.00	4,000.00	2,500.00	3,000.00
Risk & Sustainability	1,000.00	3,000.00	500.00	2,000.00
Nomination and Remuneration	1,000.00	3,000.00	500.00	2,000.00
Building & Tender Board	1,000.00	3,000.00	500.00	2,000.00
Medical Advisory	500.00	4,000.00	400.00	3,000.00
ESOS	1,000.00	3,000.00	500.00	2,000.00

NOTE:

- i. The payment of the are extended to all Directors except for the Managing Director and Executive Directors of the Company.

c. Other Benefits

DESCRIPTION	CHAIRMAN	NED
Other benefits (no change)	Medical benefits	Medical benefits and company car for 1 NED

The above recommendation by the NRC is for the Company to do a calibration to align its directors' remuneration to that of the prevailing competition by increasing its annual remuneration to the normalised annual remuneration of similar representative healthcare provider across all Public Listed Companies on Bursa Malaysia Securities Berhad.

The Board is of the view that it is just and equitable for the NED to be paid the Directors' Remuneration on a monthly/quarterly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

In the event that the Directors' Remuneration (excluding Proposed Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval of the shareholders of the Company will be sought at the next AGM for the additional remuneration to meet the shortfall. The estimated amount of RM951,188 for the Relevant Period is derived from a total of RM749,150 for FY2019 and a total of RM202,038 for the period from 1 January 2020 until the next AGM in 2020.

Details of the estimated Directors' Remuneration for NEDs for the Relevant Period are as below:-

(a) Directors' Fees

	2019	2018
Non-Executive Chairman	RM220,000 per annum	RM150,000 per annum
NED	RM120,000 per annum	RM75,000 per annum

NOTE:

The payment of the Directors' fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.

(b) Directors' Remuneration (excluding Directors' fees)

(1) Other Benefits

DESCRIPTION	CHAIRMAN	NED
Other benefits	Medical benefits	Medical benefits and company car for 1 NED

(2) Committee Fees

COMMITTEE FEES	CHAIRMAN	NED
Audit Committee	RM35,000 per annum	RM25,000 per annum
Medical Advisory Committee	.*	RM15,000 per annum
Nomination and Remuneration Committee	Nil	Nil
Building and Tender Board Committee	RM20,000 per annum	RM15,000 per annum
Risk and Sustainability Committee	RM20,000 per annum	RM15,000 per annum

ALLOWANCE FOR PROFESSIONAL ADVISORY SERVICES

	NED
*Monthly Allowance as Chairman of Medical Advisory Committee	RM18,000

NOTE:

- i. The payment of the annual fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.
- ii. The payment of the Committees' annual fees are extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.
- iii. The payment of Committee annual fees is not applicable to Nomination and Remuneration Committee and ESOS Committee.

(3) Meeting Allowance

MEETING ALLOWANCE (PER MEETING)	CHAIRMAN	NED
Board of KPJ	RM4,000	RM3,000
Audit Committee	RM4,000	RM3,000
Medical Advisory Committee	RM4,000	RM3,000
Nomination and Remuneration Committee	RM3,000	RM2,000
Building and Tender Board Committee	RM3,000	RM2,000
Risk and Sustainability Committee	RM3,000	RM2,000

NOTE:

- i. The payment of the Meeting Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company.

(5) EXPLANATORY NOTES ON SPECIAL BUSINESS:-

(i) Agenda 6 - Authority to Issue Shares Pursuant to Section 75(1) and 76(1) of the Act

The proposed Ordinary Resolution 11 if passed is primarily to give flexibility to the Directors of the Company to issue up to maximum amount not exceeding in total ten percent (10%) of the total number of issued shares in the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within the next AGM required by law to be held, whichever is earlier.

- (i) The mandate sought under proposed Ordinary Resolution 11 is a renewal of an existing mandate particularly on the conversion of KPJ ESOS into ordinary shares at the price of RM0.91 per ordinary share.
- (ii) The proceeds raised from the previous mandate were RM114,998,952.
- (iii) The proceeds were utilized for working capital purposes.
- (iv) The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding future investment(s), project(s), working capital and/or acquisitions.

(ii) Agenda 7 - Proposed Renewal of the Share Buy-Back Authority (Proposed Share Buy Back)

The proposed Ordinary Resolution 12 if passed will empower the Directors of the Company to utilise any of its surplus financial resources to purchase the Company's own shares through Bursa Malaysia at any time within the time stipulated by utilizing the funds allocated out of the audited retained profit of the Company.

(iii) Agenda 8 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Proposed Shareholders' Mandate)

The proposed Ordinary Resolution 13 if passed, is primarily to authorise the Company and its subsidiaries (Group) to enter into arrangements or transactions with Related Parties, particulars of which are set out in the Circular to Shareholders dated 19 March 2019 (Circular) circulated together with this Integrated 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.

The procurement of the Proposed Shareholders' Mandate would reduce substantially administrative time, effort and expenses associated with the convening of separate general meetings to seek shareholders' approval as and when potential Recurrent Related Party Transactions arise.

(iv) For the Proposed Share Buy Back and Proposed Shareholders' Mandate, please refer the details in the Circular to Shareholders dated 19 March 2019.