

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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CARING PHARMACY GROUP BERHAD
(Company No.: 1011859-D)
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY
SHARES OF UP TO 10% OF THE ISSUED SHARES IN THE COMPANY**

The Notice of the Sixth Annual General Meeting ("AGM") of the Company to be convened and held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 30 October 2018 at 11.00 a.m. or at adjournment thereof, together with the Proxy Form, are enclosed in the Annual Report 2018 of the Company.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Proxy Form should be lodged at the registered office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not later than 24 hours before the time set for the AGM or any adjournment thereof as indicated below. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you wish to do so.

Last day, date and time for lodging the Proxy Form	:	Monday, 29 October 2018 at 11.00 a.m.
Day, date and time of the AGM	:	Tuesday, 30 October 2018 at 11.00 a.m.

This Statement is dated 28 September 2018

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this application:

“Act”	:	The Companies Act 2016 (as amended from time to time and any re-enactment thereof)
“AGM”	:	Annual general meeting to be convened
“Board”	:	Board of Directors of Caring
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“Caring” or “the Company”	:	Caring Pharmacy Group Berhad (1011859-D)
“Caring Group”	:	Caring and its subsidiaries, collectively
“Code”	:	Malaysian Code on Take-Overs and Mergers 2016 as amended from time to time and any re-enactment thereof
“Director(s)”	:	Director(s) of Caring
“EPS”	:	Earnings Per Share
“FYE”	:	Financial year ending/ended 31 May
“Caring Share(s)” or “Share(s)”	:	Ordinary share(s) in Caring
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities (as amended from time to time)
“LPD”	:	19 September 2018, being the latest practicable date prior to the printing of this Statement
“Market Day”	:	Any day from Monday to Friday (both inclusive) which Bursa Securities is open for trading of securities
“NA”	:	Net assets
“Proposed Renewal of Authority”	:	The proposed renewal of authority for Caring to purchase its own ordinary shares of up to 10% of the issued shares of the Company
“Purchased Share(s)”	:	Share(s) purchased pursuant to the Proposed Renewal of Authority
“Registered Office”	:	3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur
“RM and sen”	:	Ringgit Malaysia and sen, respectively

Words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

All references to the time of day in this Statement are references to Malaysian time.

All references to “you” in this Statement are to the shareholders of the Company.

CONTENTS

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY		Page
1.	INTRODUCTION	1
2.	DETAILS	1-3
3.	RATIONALE AND POTENTIAL ADVANTAGES	3
4.	POTENTIAL DISADVANTAGES	3
5.	EFFECTS	
	5.1 Share Capital	4
	5.2 NA	4
	5.3 Working Capital	4
	5.4 Earnings	5
	5.5 Dividends	5
	5.6 Interests of Directors and Substantial Shareholders	6
6.	PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES DURING THE PREVIOUS TWELVE (12) MONTHS	7
7.	HISTORICAL SHARE PRICES	7
8.	PUBLIC SHAREHOLDING SPREAD	7
9.	IMPLICATION OF THE CODE	7
10.	APPROVAL REQUIRED	8
11.	INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	8
12.	DIRECTORS' RECOMMENDATION	8
13.	AGM	8



CARING PHARMACY GROUP BERHAD

(Company No.: 1011859-D)
(Incorporated in Malaysia)

Registered Office:

3-2, 3rd Mile Square
No. 151 Jalan Kelang Lama
Batu 3½ 58100 Kuala Lumpur

28 September 2018

Directors:

Datin Sunita Mei-Lin Rajakumar	(Independent Non-Executive Chairperson)
Chong Yeow Siang	(Managing Director)
Soo Chan Chiew	(Executive Director)
Tan Lean Boon	(Executive Director)
Ang Khoon Lim	(Non-Independent Non-Executive Director)
Mazlan Bin Ibrahim	(Non-Independent Non-Executive Director)
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	(Senior Independent Non-Executive Director)

STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY

1. INTRODUCTION

At the last AGM held on 24 October 2017, the Company obtained its shareholders' approval for the renewal of authority for Caring to purchase its own ordinary shares of up to 10% of the issued shares of the Company. The said approval shall, in accordance with the Listing Requirements, expire at the conclusion of the Company's forthcoming AGM.

The Board had on 07 September 2018, announced the Company's intention to seek shareholders' approval for the Proposed Renewal of Authority at the forthcoming AGM.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Authority and to seek your approval on the ordinary resolution to be tabled at the forthcoming AGM in relation to the Proposed Renewal of Authority. The Notice of AGM and the Proxy Form are set out in the Company's Annual Report 2018.

2. DETAILS

The Company proposes to seek approval from our shareholders, a renewal of the authority to purchase up to 10% of our issued shares on Bursa Securities via stockbroker(s) to be appointed by the Board, at any time during the authorised period. The authority from our shareholders for the Proposed Renewal of Authority will be effective upon the passing of the ordinary resolution for the Proposed Renewal of Authority at the forthcoming AGM until:

- (i) the conclusion of the next AGM of the Company at which time the said authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or

2. DETAILS (CONT'D)

- (ii) the expiration of the period within which the next AGM of the Company after that date 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 general meeting;

whichever occurs first.

Pursuant to Paragraph 12.10 of the Listing Requirements, the Proposed Renewal of Authority must be made wholly out of the retained profits of the Company. The retained profits account of the Company for the last 3 financial years and as at the latest practical date were as follows:

	Retained profits (RM)
As at 31 May 2016 as per audited accounts	4,978,530
As at 31 May 2017 as per audited accounts	8,386,494
As at 31 May 2018 as per audited accounts	12,896,344

The maximum amount of the funds to be allocated for the Proposed Renewal of Authority shall not exceed 5% of the retained profits of the Company for the FYE 2018. The funding will be internally generated and will not have a significant negative bearing on the cash flow position of the Caring Group as the allocation is not substantial compared to the net current assets of the Caring Group of RM111,548,519 based on its audited financial statements for the FYE 2018.

Pursuant to the Listing Requirements, the purchase price of Caring Shares cannot be more than fifteen percent (15%) above the weighted average market price of the Shares for five (5) Market Days immediately preceding the date of the purchase. In the case of a resale of the treasury shares on Bursa Securities, the Company may only resell any treasury shares at a price, which is:

- (i) not less than the weighted average market price of Caring Shares for five (5) Market Days immediately prior to the date of the resale; or
- (ii) a discounted price of not more than five percent (5%) to the weighted average market price for Caring Shares for five (5) market days immediately prior to the date of the resale, provided that:
 - (a) the resale takes place no earlier than thirty (30) days from the date of the purchase; and
 - (b) the resale price is not less than the cost of purchase of the Shares being resold.

In accordance with Section 127(4) of the Act, the Directors are able to deal with any Purchased Shares by the Company under the Proposed Renewal of Authority in the following manner:

- (i) to cancel the Purchased Shares; or
- (ii) to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of (i) and (ii) above.

It is the proposed intention of the directors to retain the Purchased Shares as treasury shares.

In regards to the Purchased Shares and retain as treasury shares, the Board may decide to distribute the treasury shares as share dividends to our shareholders and/or resell the treasury shares on Bursa Securities and utilise the proceeds from the resale of the treasury shares for potential investment opportunities arising in the future or as working capital.

2. DETAILS (CONT'D)

If the Board decides to resell the treasury shares on Bursa Securities, the Company will make an announcement on the day the resale is made, providing details of the description of the Shares resold, the number of Shares resold, the resale price of each Share resold or where relevant, the highest and lowest resale price, the total consideration received and the cumulative net outstanding treasury shares at the date of notification, where applicable.

The Proposed Renewal of Authority will allow the Board to exercise the power of the Company to purchase its Shares at any time within the abovementioned period using the internal funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of internally generated funds, the actual number of Shares to be purchased and other relevant factors.

The actual number of Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and the financial resources available to the Company. In the event the Company purchases its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of the Company.

3. RATIONALE AND POTENTIAL ADVANTAGES

The Proposed Renewal of Authority will enable Caring to utilise any of its surplus financial resources to purchase its own Shares from the market. It may stabilise the supply and demand of Caring Shares traded on Bursa Securities and thereby support its fundamental value.

Assuming all things being equal, any purchase of Caring Shares, regardless whether its Shares so purchased were retained as treasury shares or cancelled, would result in a lower number of Caring Shares being used for the purpose of computing the EPS. The reduced issued and paid-up share capital subsequent to the Proposed Renewal of Authority may improve the Company's EPS, which in turn could be expected to benefit the shareholders.

The Purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL DISADVANTAGES

The Proposed Renewal of Authority will temporarily reduce the financial resources of the Company. This may result in the Company foregoing other investment opportunities that may emerge in the future or, at least, deprive the Company of interest income that can be derived from funds to be utilised for the Proposed Renewal of Authority.

It may also reduce the amount of resources available for distribution in the form of dividends to the shareholders as funds are utilised to purchase its own Shares. However, the financial resources of the Company may recover and increase upon the re-selling of the Purchased Shares held as treasury shares.

Notwithstanding the above, the Board is of the view that the Proposed Renewal of Authority is not expected to have any potential material disadvantage to the shareholders as well as the Company as it will be implemented only after careful consideration of the financial resources of the Caring Group and the resultant impact on the shareholders and the Company.

5. EFFECTS

The effects of the Proposed Renewal of Authority are as follows:

5.1 Share Capital

The effects of the Proposed Renewal of Authority on the issued and paid-up share capital of Caring, based on the following scenarios, are as follows:

	Minimum Scenario No of shares
As at LPD	217,706,400
Proposed Renewal of Authority (assuming all Caring Shares purchased are fully cancelled)	(21,770,640)
Balance after the Proposed Renewal of Authority	<u>195,935,760</u>

In the event Caring Shares purchased are retained as treasury shares, the Proposed Renewal of Authority will not affect the issued and fully paid-up share capital of Caring but 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 calculation of substantial shareholdings, take-overs, notices, the requisitioning of meetings, calculation of quorum for meetings and the result of a vote on a resolution at meeting.

5.2 NA

The consolidated NA of the Company may increase or decrease depending on the number of Caring Shares purchased under the Proposed Renewal of Authority, the purchase prices of its Shares, the effective cost of funding and the treatment of its Shares purchased under the Proposed Renewal of Authority.

The Proposed Renewal of Authority will reduce the consolidated NA per Share when the purchase price exceeds the consolidated NA per Share at the time of purchase. On the contrary, the consolidated NA per Share will increase when the purchase price is less than the consolidated NA per Share at the time of purchase.

If the Shares purchased under the Proposed Renewal of Authority are held as treasury shares and subsequently resold on Bursa Securities, the consolidated NA per Share would increase if the Company realises a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the Caring Group's NA by the cost of the treasury shares.

5.3 Working Capital

The Proposed Renewal of Authority will reduce the working capital of Caring Group, the quantum of which will depend on the purchase prices of its Shares, the actual number of Shares purchased and any associated costs incurred in making the purchase.

5. EFFECTS (CONT'D)

5.4 Earnings

The effect of the Proposed Renewal of Authority on the consolidated EPS of the Company will depend on the purchase prices paid for its Shares, the effective funding cost to Caring Group to finance the purchases of its Shares or any loss in interest income to Caring Group, if internally generated funds are utilised to finance the purchase of its Shares.

Assuming that any Purchased Shares are retained as treasury shares and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

5.5 Dividends

The Proposed Renewal of Authority is not expected to have any impact on the policy of the Board in recommending dividend, if any, to the shareholders. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Authority.

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5.6 Interests of Directors and Substantial Shareholders

The direct and indirect shareholdings of the Directors and Substantial Shareholders of the Company as at LPD are set out as follows:

Directors and/or Substantial Shareholders	As at the LPD			After the Proposed Renewal of Authority		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Datin Sunita Mei-Lin Rajakumar	150,000	0.07	-	150,000	0.08	-
Chong Yeow Siang	127,401	0.06	109,623,857*	127,401	0.07	109,623,857*
Soo Chan Chiew	127,301	0.06	109,623,857*	127,301	0.06	109,623,857*
Tan Lean Boon	127,301	0.06	109,623,857*	127,301	0.06	109,623,857*
Ang Khoon Lim	127,301	0.06	109,623,857*	127,301	0.06	109,623,857*
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	100,000	0.05	-	100,000	0.05	-
Motivasi Optima Sdn Bhd	109,623,857	50.35	-	109,623,857	55.95	-
Jitumaju Sdn Bhd	11,515,780	5.29	-	11,515,780	5.88	-
Perbadanan Nasional Bhd	27,777,000	12.76	-	27,777,000	14.18	-
Tan Sri Dato' Seri Vincent Tan Chee Yiuon	-	-	11,515,780^	-	-	11,515,780^
						5.88

Notes:

* Deemed interested by virtue of their direct interests in Motivasi Optima Sdn Bhd

^ Deemed interested by virtue of his direct interests in Jitumaju Sdn Bhd

6. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES DURING THE PREVIOUS TWELVE (12) MONTHS

As at the LPD, the Company has not purchase any Caring Shares during the previous twelve (12) months.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Caring Shares transacted for the past 12 months from September 2017 to August 2018 are as follows:

	High RM	Low RM
2017		
September	1.75	1.68
October	2.00	1.70
November	1.92	1.75
December	2.20	1.90
2018		
January	2.15	1.73
February	1.74	1.58
March	1.69	1.45
April	1.63	1.45
May	1.72	1.50
June	1.68	1.55
July	1.81	1.61
August	1.74	1.66

The last transacted market price of the Shares immediately prior to the announcement on 07 September 2018 RM1.64

The last transacted market price of our Shares on LPD RM1.61

(Source: quotes.wsj.com)

8. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the requirement of twenty five percent (25%) public shareholding spread under Paragraph 8.02(1) of the Listing Requirements.

As at 30 August 2018, the public shareholding spread of our Company based on the issued shares of 217,706,400 Caring Shares was 26.48%. Our Board will ensure that our Company complies with the minimum public spread of 25% in implementing the Proposed Renewal of Authority.

9. IMPLICATION OF THE CODE

It is not intended for the Proposed Renewal of Authority to trigger the obligation to undertake a mandatory general offer pursuant to the Code for any of its substantial shareholders and/or parties acting in concert with them. However, in the event an obligation to undertake a mandatory general offer is to arise with respect to any parties resulting from the Proposed Renewal of Authority, the relevant parties shall make the necessary application to the Securities Commission for a waiver to undertake a mandatory general offer pursuant to Paragraph 24.1 of Practice Note 9 of the Code.

10. APPROVAL REQUIRED

The Proposed Renewal of Authority is subject to the approval of the shareholders of the Company at the forthcoming AGM.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the proportionate increase in the percentage shareholdings of the Directors and Substantial Shareholders in the Company as a result of the Proposed Renewal of Authority, none of the Directors or Substantial Shareholders and/or persons connected to them, has any interest, direct or indirect, in the Proposed Renewal of Authority or the resale of the treasury shares, if any.

12. DIRECTORS' RECOMMENDATION

The Board, having considered all the aspects of the Proposed Renewal of Authority, is of the opinion that it is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Authority to be tabled at the forthcoming AGM.

13. AGM

An AGM will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 30 October 2018 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Renewal of Authority.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed Proxy Form, which is set out in the Annual Report 2018 of the Company, in accordance with the instructions contained herein as soon as possible and in any event, so as to arrive at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not later than 24 hours before the time fixed for holding the AGM or any adjournment thereof as Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of AGM to be put to vote by poll. The lodging of the Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Yours faithfully
For and on behalf of the Board of
CARING PHARMACY GROUP BERHAD

Datin Sunita Mei-Lin Rajakumar
(Independent Non-Executive Chairperson)

