

CAREPLUS GROUP BERHAD (“CAREPLUS” OR THE “COMPANY”)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE

1. INTRODUCTION

The Board of Directors of Careplus (“**Board**”) wishes to announce that Careglove Global Sdn Bhd (“**Careglove**”), a 50% plus 1 share-owned subsidiary of Careplus had entered into recurrent related party transactions of a revenue or trading nature (“**RRPT**”) with the group of companies of Descarpack Descartaveis do Brasil Ltda. (“**Descarpack**”) (“**Descarpack Group**”), which Descarpack is currently a joint venture partner of Careplus in Careglove, holding the remaining 50% less 1 share in Careglove.

2. INFORMATION ON CAREGLOVE AND DESCARPACK

2.1 Information on Careglove

Careglove was incorporated in Malaysia on 24 February 2011 under the Companies Act, 1965 as a private limited company. It was initially a wholly-owned subsidiary of Careplus. However, subsequent to the completion of the joint venture arrangement between Careplus and Descarpack on 7 September 2011 (“**JV Arrangement**”), which was approved by the shareholders of Careplus on 25 July 2011, Careglove is currently a 50% plus 1 share-owned subsidiary of Careplus, while the remaining 50% less 1 share in Careglove is held by Descarpack. Careglove is principally involved in manufacturing of rubber gloves.

As at the date of this announcement, the authorised share capital of Careglove is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 575,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The directors of Careglove are Lim Kwee Shyan, Loo Teck Looi and Renato Silveira Joiozo.

2.2 Information on Descarpack

Descarpack was incorporated in Brazil in 1990 under the laws of Brazil, which started off in selling disposable products to hospitals, for the protection of health professionals. In the following year, the first product of the company, namely Descarpack waste collecting container for perforating/cutting material, was introduced in the Brazilian market.

The waste collector consolidated the Descarpack trademark has been used in all large and renewed hospitals, such as the Hospital das Clínicas, Hospital Sírío Libenês, Hospital Alemão Oswaldo Cruz, Incor-Instituto do Coração, Instituto do Câncer and 25,000 other hospitals in Brazil.

Today, Descarpack Group’s products include perforating/cutting collector container, surgical procedure gloves, disposable pleated caps, disposable caps, disposable shoe covers, disposable and surgical gowns, surgical field cloth, sterilisation packaging material, rigid collectors for chemotherapy, toxic and perforating-cutting material and disposable syringes, with or without needles. With Descarpack Group’s established partnership with large distributors of hospital materials in the market, its products are sold not only within the Brazilian territory, and some countries of South America.

The authorised share capital of Descarpack is BRL150,000 (equivalent to approximately RM355,600) comprising 1,500 ordinary shares of BRL100 each, all of which have been issued and fully paid-up. Descarpack is a 99%-owned subsidiary of Reansi Empreendimentos e Participacoes S.A. (“**Reansi**”), an investment holding company which is controlled by Renato Silveira Joiozo and family. The directors of Descarpack are Antonio Jose Joiozo and Simone Silveira Joiozo.

(Source: The management of Descarpack)

3. RELATED PARTY AND NATURE OF RRPT

The details of the related party and the nature and details of RRPT for the period from from 1 February 2013 to 31 January 2014 are tabulated as follows:

Nature of transaction	Transacting party	Interested related party	Nature of relationship	(Estimated)/ Transacted aggregate value (RM'000)
From 1 February 2013 to 31 January 2014				
Selling of rubber gloves	Descarpack Group	Interested director of Careglove: Renato Silveira Joiozo	Renato Silveira Joiozo is a director of Careglove and an indirect shareholder of Descarpack through his and his family interests in Reansi, a holding company of Descarpack	RRPT sales to Descarpack are approximately RM 113,548, however the actual total transaction amounts are subjected to the selling prices of the gloves, which will be significantly impacted by the natural rubber latex prices, which is a world commodity.

4. RATIONALE FOR THE RRPT

The RRPT entered into by Careglove are of revenue or trading nature which are necessary for the day-to-day operations and within the ordinary course of business of Careplus and its group of companies ("Careplus Group"). The RRPT have been entered into on arm's length basis and undertaken at the prevailing prices and market rates which are based on normal commercial terms consistent with Careplus Group's usual business practices and policies, and on terms which are not more favourable to the related party than those generally available to the public.

As disclosed in its circular to the shareholders of Careplus dated 1 July 2011, the JV Arrangement is consistent with Careplus Group's objective in expanding its market coverage, i.e. to export its products to other countries within the South American region. As such, through the JV Arrangement and by selling the rubber gloves to the Descarpack Group (vis-à-vis the RRPT), Careplus Group will be able to tap onto the strong distribution network of Descarpack Group in Brazil as well as Descarpack's renowned brand name. The RRPT vis-à-vis the JV Arrangement therefore provides a good opportunity to Careplus Group to further increase its revenue generated from exports of its glove products to the South American region.

5. EFFECTS OF THE RRPT

The RRPT will not have any effect on the issued and paid-up share capital and shareholdings of Careplus and will not have any effects on the gearings of Careplus Group. The RRPT vis-à-vis the JV Arrangement is expected to contribute positively to the earnings, earnings per share and net assets of Careplus Group, as a result of the expected sales to be derived from Careglove through tapping onto Descarpack Group's distribution network in Brazil.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

Renato Silveira Joiozo, who is a director of Careglove, is also an indirect shareholder of Descarpack through his and his family interests in Reansi, a holding company of Descarpack.

Save as disclosed above, none of the directors, major shareholders of Careplus and/or persons connected to them, as defined in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, has any interest, direct or indirect, in the RRPT.

7. DIRECTORS' RECOMMENDATION

The Board, having considered the terms of the RRPT and all aspects of the RRPT, is of the opinion that the RRPT is fair, reasonable and on normal commercial terms, is in the best interest of the Company and is not detrimental to the interests of the non-interested shareholders of Careplus.

The Board did not seek an independent advice in forming its view in respect of the RRPT.

8. AUDIT COMMITTEE'S RECOMMENDATION

The audit committee of Careplus, having considered the terms of the RRPT and all aspects of the RRPT, is of the opinion that the RRPT is fair, reasonable and on normal commercial terms, is in the best interest of the Company and is not detrimental to the interests of the non-interested shareholders of Careplus.

The audit committee of Careplus did not seek an independent advice in forming its view in respect of the RRPT.

9. APPROVALS REQUIRED

The RRPT is not subject to the approval of shareholders and the relevant government authority as the RRPT falls under Rule 10.08 (9) of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad.

This announcement is dated 06 February 2013.