

KPJ HEALTHCARE BERHAD

Registration No. 199201015575 (247079-M)

MINUTES OF THE 29th ANNUAL GENERAL MEETING OF KPJ HEALTHCARE BERHAD (“KPJ” OR THE “COMPANY”) HELD VIRTUALLY VIA TIIH ONLINE WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) OR [HTTPS://TIIH.COM.MY](https://tiih.com.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D1A282781) ON 28 JUNE 2022 AT 10.00 A.M.

ATTENDANCE VIA VIDEO CONFERENCING

DIRECTORS:	Datuk Md Arif Bin Mahmood (Chairman) (Non-Independent Non-Executive Director) Dato’ Mohd Shukrie Bin Mohd Salleh (President and Managing Director) Dato’ Mohd Redza Shah Bin Abdul Wahid (Senior Independent Non-Executive Director) Encik Khairuddin Bin Jaflus (Independent Non-Executive Director) Encik Mohamed Ridza Bin Mohamed Abdulla (Independent Non-Executive Director) Encik Hisham Bin Zainal Mokhtar (Independent Non-Executive Director) Encik Shamsul Anuar Bin Abdul Majid (Non-Independent Non-Executive Director) Encik Rozaini Bin Mohd Sani (Non-Independent Non-Executive Director) Prof Dato’ Dr Azizi Bin Haji Omar (Non-Independent Non-Executive Director) Puan Annie Binti Rosle (Non-Independent Non-Executive Director)
SENIOR MANAGEMENT:	Puan Norhaizam Binti Mohammad (Chief Financial Officer) Mr Suriaghandi a/l Suppiah (Chief Operating Officer) Puan Ariesza Noor (Chief Corporate Officer)
SHAREHOLDERS & PROXIES	As per Annexure 1
COMPANY SECRETARIES	Ms Teh Peng Peng Puan Hana Ab Rahim
INDEPENDENT MODERATOR	Mr Krishman Vargès (KPMG Management & Risk Consulting Sdn Bhd)
OTHERS	Encik Ismed Darwis Bin Bahatlar (Audit Partner from Ernst & Young PLT) Ms Jasmine Chan Yoke Peng (Adviser from Boardroom Corporate Services Sdn Bhd for the Proposed Renewal of the Existing Shareholders’ Mandate for the Recurrent Related Party Transactions (“RRPTs”) Puan Nadiah Abdul Haleem Shah (Legal Adviser from Messrs Abdul Raman Saad & Associates for the Proposed Renewal of the Existing Shareholders’ Mandate for the RRPTs)

1. CHAIRMAN'S WELCOMING ADDRESS

- 1.1 Datuk Md Arif Bin Mahmood presided as Chairman of the meeting ("**Datuk Chairman**") and welcomed shareholders and all those present at the 29th Annual General Meeting ("**AGM**" or "**Meeting**") of KPJ.

2. MODE OF CONDUCT FOR THE 29TH AGM

- 2.1 Datuk Chairman briefed all participants that the virtual 29th AGM would be conducted using the remote participation and voting facilities of TIIH Online, Malaysia website. The Directors, senior management, auditors, advisers, poll administrators, scrutineer, shareholders, proxies and corporate representative are joining the AGM remotely from different locations.
- 2.2 Datuk Chairman highlighted that the virtual AGM is recorded by the Company for the Company's reference and safe-keeping. He further directed that all shareholders, proxies and participants of the AGM are not permitted to take any images, audio or visual recording or reproduction in any form of the proceedings of the 29th AGM.
- 2.3 Datuk Chairman went on to introduce the Board of Directors, key management personnel and others in attendance at the AGM.

3. QUORUM

- 3.1 Datuk Chairman called upon the Company Secretary to confirm the presence of a quorum. The Company Secretary confirmed that in accordance with Rule 61.1 of the Constitution of the Company, the quorum for the AGM was present.
- 3.2 As the requisite quorum was present, the Chairman called the AGM to order.

4. NOTICE OF MEETING

- 4.1 The Chairman briefed that the Notice of the 29th AGM setting out the agendas and the text of the proposed resolutions was sent to all shareholders of the Company as well as published on the Company's website and the national edition of The Star on 29 April 2022. The Notice was sent to all shareholders together with the Annual Report 2021 and the Circular to Shareholders in relation to the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature. The Notice was taken as read.

5. SEQUENCE OF MEETING

- 5.1 Datuk Chairman apprised the AGM attendees of the sequence of events arranged for the AGM as follows:-
- Tabling of the summary report on the proxy forms received;
 - Playing the video recording of the remote poll voting procedures;
 - Chairman's macro view on KPJ's healthcare business;
 - Laying the audited financial statements to shareholders under Agenda 1;
 - Playing the video presentation on the 2021 Group performance;
 - Presentation by the President and Managing Director ("**PMD**") on KPJ's Growth Outlook under its Transformation Plan;
 - Presentation of the Minority Shareholders Watch Group's Question & Answer by the PMD;

- Tabling of the 14 proposed resolutions set out in the AGM Notice;
- Poll voting session; and
- Announcement of the poll results.

6. PROXY

- 6.1 Datuk Chairman called upon the Company Secretary to report on the number of proxy forms received. Accordingly, the Company Secretary elucidated that 156 valid proxy forms were received from shareholders, representing 74.92% of the total number of issued shares of KPJ.
- 6.2 The Company Secretary added that the holders of 510,540,233 ordinary shares, equivalent to 11.75% of the total number of issued shares of the Company have appointed Datuk Chairman to be their proxy.

7. GENERAL INSTRUCTIONS ON THE VOTING PROCEDURES

- 7.1 Datuk Chairman briefed shareholders that all the proposed resolutions to be tabled at the 29th AGM are to be voted by poll in accordance with paragraph 8.29A(1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**MMLR**").
- 7.2 Datuk Chairman added that the remote poll voting would take place via TIIH Online, Malaysia and that online poll voting had commenced since the start of the AGM at 10:00 a.m.
- 7.3 Datuk Chairman apprised attendees that in addition to the facilitation accorded by Tricor Investor and Issuing House Services Sdn Bhd ("**TIIH**") as poll administrator, an independent scrutineer, namely Asia Securities Sdn Bhd ("**Asia Securities**") had been appointed to verify the votes cast as well as the poll results. Datuk Chairman went on to add that in the spirit of good governance and to uphold the central tenets of objectivity and independence, the Question & Answer session will be facilitated by an independent moderator namely, KPMG Management & Risk Consulting Sdn Bhd ("**KPMG MRC**").
- 7.4 Datuk Chairman clarified that KPJ will attempt to answer all questions posed by shareholders, and should there be any questions unaddressed, the responses to the questions will be posted on KPJ's website within 30 days upon the conclusion of the AGM.
- 7.5 A short video by TIIH was then played to demonstrate to the shareholders, corporate representative and proxies who were present at the AGM on the remote polling procedures via TIIH Online.

8. CHAIRMAN'S MACRO VIEW ON KPJ'S HEALTHCARE BUSINESS

- 8.1 In his remarks, Datuk Chairman highlighted that 2021 represented KPJ's 40th anniversary in delivering exceptional healthcare and treatment to all patients under KPJ's care. Zooming into the present day, Datuk Chairman highlighted that KPJ's footprint spanned 5 countries and that KPJ is the country's leading provider of private healthcare services.

- 8.2 Datuk Chairman explained that amidst the pandemic, KPJ had answered the Government's call to accelerate country-wide vaccination rate through the National Immunisation Programme ("NIP"). To this end, the Chairman accentuated that 22 of KPJ's hospitals nationwide worked closely with the Ministry of Health ("MOH") and Protect Health Corporation Sdn Bhd in establishing Vaccination Administration Centres or *Pusat Pemberian Vaksin* ("PPV") at these locations. Datuk Chairman highlighted that KPJ is the single largest private healthcare provider supporting the NIP, administering a total of 539,219 doses of the vaccines to the general public by the end of 2021. Datuk Chairman further elucidated that KPJ had assisted the MOH in alleviating the stress on the public health system by offering more than 100 types of services and procedures to MOH-decanted non-Covid-19 patients.
- 8.3 It was brought to the fore that as the nation transitions to post-pandemic life, KPJ remains committed to doing what it does best – caring for life. The Chairman also highlighted that the KPJ team had worked tirelessly to push forward the Company's transformation programme, coined as "Re-Energising KPJ". As a result of these efforts, Datuk Chairman added that the KPJ of today stood in a robust position to continue delivering sustainable value to stakeholders.
- 8.4 Datuk Chairman apprised attendees that the Company had already begun to see signs of post-pandemic recovery by the growth in Bed Occupancy Rate ("BOR") of 50% at the end of May 2022. To sustain this momentum of higher utilisation rates, Datuk Chairman added that the Company has kick-started various initiatives including intensifying marketing efforts, introducing new packages for patients and continuing collaboration with the MOH.
- 8.5 Given the pick-up in economic activities, Datuk Chairman added that KPJ has a positive outlook on the health tourism segment which will position itself as a key focus area for the Company. The Chairman concluded his remarks by explicating that as KPJ ventures to new heights under its transformation programme, the Company is cognisant of contemporaneous business segments that are ripe with opportunities and can deliver the best value to stakeholders.
- 9. AGENDA 1: TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021**
- 9.1 The Chairman informed the Meeting that the first item on the agenda is to receive the audited financial statements of the Company for the year ended 31 December 2021 and the reports of the Directors and auditors thereon, which were circulated to shareholders on 29 April 2022.
- 9.2 Datuk Chairman explained that the audited financial statements are laid pursuant to Section 340(1)(a) of the Companies Act 2016. As such, the agenda item is up for discussion only and it did not require a resolution to be put to vote by the shareholders of the Company.
- 9.3 The attendees were then shown a video presentation of KPJ's 2021 highlights.
- 9.4 Thereafter, Datuk Chairman called upon the PMD, Dato' Mohd Shukrie Mohd Salleh to present updates on KPJ's Growth Outlook under its Transformation Plan as well as to address questions posed by the MSWG.

Presentation by the PMD

- 9.5 The PMD began his presentation by apprising attendees on an overview of KPJ's present-day operational footprint. The PMD highlighted that KPJ currently operates 28 hospitals nationwide. In addition, the Company runs ambulatory care centres, a university college, senior and assisted living care centres as well as laboratory and pathology centres. The PMD added that KPJ currently enlists roughly 1,300 medical consultants and boasts an operating capacity of about 3,500 beds against the total capacity of 5,030 beds in the Group. The PMD went on to highlight that in 2021, KPJ had served more than 3,000,000 patients. As an exciting development, the PMD added that in 2022, KPJ would be opening its 29th hospital.
- 9.6 Dato' Mohd Shukrie proceeded to share the strategic thrusts that form the bases of KPJ's Transformation Programme. These strategic thrusts are as follows:
- Strengthening the Core – Ensuring operational excellence and revisiting portfolio management especially on overseas assets
 - Relentless Growth – Maintaining a robust business model as well as tapping into new growth areas
 - Digital Transformation – Personalising healthcare through adoption of new technologies
- 9.7 Under the “Strengthening the Core” strategic thrust, the PMD highlighted KPJ's intent on strengthening financial performance moving forward. To this end, the PMD shared that in 2021, there were 11 underperforming (i.e. loss-making) hospitals. The PMD apprised shareholders that for the 2022 financial year, KPJ forecasts that 5 of these hospitals will become profitable while the remaining 6 are forecasted to be positive in terms of earnings before interest, depreciation and amortisation (“**EBITDA**”). The PMD shared that this turnaround was made possible from the recruitment of more medical consultants and overall manpower, expanding insurance panelships as well as ensuring operational efficiency.
- 9.8 Dato' Mohd Shukrie said that KPJ intends to rationalise its international business footprint and has identified 2 operations, namely the Jeta Gardens retirement and aged care resort in Australia as well as the 2 KPJ hospitals in Indonesia. The PMD referenced that the intent to divest the Jeta Gardens and Indonesian operations was due to poor performance impacting the Group and that KPJ intends to complete its divestment of these businesses within the next 12 to 24 months.
- 9.9 Under the “Relentless Growth” strategic thrust, the PMD indicated that KPJ intends to extend its existing hub and spoke business model to move towards providing quaternary level care to patients. The PMD shared that this would be done by offering certain sub-specialties in selected hospitals designated as “Super Hubs”. The Super Hubs will be equipped with state-of-the-art medical equipment and facilities, as well as specialist medical consultants and will work with renowned institutions. Super Hubs as well as Centres of Excellence (“**COE**”) shall be utilised to drive KPJ's revenue intensity. The current COE under KPJ's management is KPJ Damansara – Stroke Centre. Looking ahead, the PMD shared that KPJ Ampang Puteri – Cardiology Centre is set to launch in late 2022 while the launches of other COEs are in the pipeline for 2023 and beyond. Dato' Mohd Shukrie added that KPJ has identified the following 6 existing hospitals to be designated as Super Hubs:

- KPJ Ipoh Specialist Hospital;
 - KPJ Ampang Puteri Specialist Hospital;
 - KPJ Damansara Specialist Hospital 2 (“**DSH 2**”);
 - KPJ Tawakkal KL Specialist Hospital;
 - KPJ Johor Specialist Hospital; and
 - KPJ Puteri Specialist Hospital.
- 9.10 The PMD continued to apprise shareholders on the role of Ambulatory Care Centres (“**ACCs**”) under the “Relentless Growth” thrust. Dato’ Mohd Shukrie shared that ACCs focus on pre-care and post-care services. The PMD highlighted the suite of services available under pre-care and post-care before adding that KPJ is expanding the ambit of ACCs to also cover eye care. The ACCs will also act as referrals to KPJ hospitals.
- 9.11 Dato’ Mohd Shukrie elucidated KPJ’s promising outlook for the health tourism segment. Some of the promising performance metrics referenced by the PMD included the following:
- Medical tourism forecasted to grow by 20% over the years 2021 to 2027. Comparatively, the forecasted growth for the years 2013 to 2018 was just 10%.
 - Asia is likely to be the largest beneficiary of the boom in health tourism due to the easy access to innovative and affordable treatment options.
 - The Malaysian Healthcare Travel Council (“**MHTC**”) is targeting health tourism to achieve a revenue of RM1.7 billion by 2025.
 - KPJ has established contact with 12 main insurance and Third-Party Administrators (TPA) partners including Prudential Indonesia, AIA Indonesia, AXA, Generali Indonesia, MSH China, Asian Assistant Thailand, Panin Insurance and Cigna.
- 9.12 The PMD added that KPJ is focused on expanding its capabilities and exploring new business opportunities. The PMD highlighted 3 specific areas, namely in home nursing, radiology as a service and decanting through public-private partnerships (“**PPP**”). Dato’ Mohd Shukrie proceeded to provide KPJ’s strategy to address each of the following areas in turn:
- Home nursing:
- Leveraging existing strengths as healthcare experts
 - Addressing market demand to support elderly care, chronic disease programmes and early supported discharge
 - Growing the nurse and caregiver base
- Radiology as a service:
- Positioning KPJ as a 3rd party provider of radiology services, enabling capabilities to external doctors
 - Keeping costs low and maximising utilisation of radiology equipment
 - Unlocking greater convenience and referrals for radiology
- Decanting through PPPs:
- Providing greater autonomy for public hospitals to solve capacity deficit challenges
 - Reducing waiting times in the public health system
 - Utilising the strong position KPJ is in and its existing capacity which is the largest system outside MOH

- 9.13 Dato' Mohd Shukrie then explained that KPJ would be fostering partnerships aimed at generating more advanced healthcare capabilities in the areas of genomics, precision medicine, stem cells and telemedicine.
- 9.14 The PMD said that under the "Digital Transformation" strategic thrust, KPJ aims to put more emphasis on adopting digital technologies to drive a seamless patient experience. Dato' Mohd Shukrie shared that DSH 2 is a testament to KPJ's unique value proposition, as it is anchored on digital transformation. Salient features of DSH 2 includes that DSH 2 is a quaternary level hospital that offers a comprehensive range of services and adopts a patient-centric private healthcare approach. DSH 2 is also KPJ's first 'smart hospital', driven by technology on top of boasting international affiliations as well as international accreditation.
- 9.15 The PMD shared the following digital initiatives that will be launched by KPJ soon to enhance customer experience:
- **eGuarantee Letter & eBilling** aimed at improving admission and discharge turnaround by 83% from more than 3 hours to less than 30 minutes, on top of improving general ledger approval and billing accuracy.
 - **Bill Estimator** aimed at improving accuracy of bill estimation of patients as well as increasing transparency to payers.
 - **Patient HI-Story or Electronic Medical Records** aimed at providing patients with convenient access to their medical records and enhancing ease of referrals and collaboration.
- 9.16 Dato' Mohd Shukrie availed KPJ's new environmental, social and governance ("**ESG**") framework which was developed with the help of an external consultant and is aligned to the United Nations' Sustainable Development Goals, the FTSE4Good Index as well as frameworks by the Employees Provident Fund ("**EPF**") and Permodalan Nasional Berhad ("**PNB**"). The PMD shared salient targets and initiatives that KPJ has instituted under the new framework.
- 9.17 Dato' Mohd Shukrie concluded his presentation and proceeded to respond to the questions posed by the MSWG prior to the AGM. To this end, the PMD outlined KPJ's responses to the questions as follows:

Question 1: KPJ became the single largest private services provider to assist the Malaysian Government in the treatment of decanted Covid-19 cases. However, due to the high costs involved in equipping its hospitals to deal with Covid-19 cases as well the implementation of stringent standard operating procedures ("SOPs") throughout its operations, its bottom-line was impacted in 2021. On top of this, there was lower demand for medical treatment/non-essential treatment during the pandemic period, while the number of non-Covid patient cases at its hospitals declined due to its coverage of Covid-19 cases and the general public's hesitation to approach hospitals during the pandemic. (Page 37 of Annual Report 2021)

What are the measures taken by the Company to tap into the revival of the medical services environment in the country as the pandemic enters the endemic stage?

Response:

Our planned capacity addition for the past 3-4 years and the retention of our workforce throughout the pandemic will allow us to cater for the strong pent-up demand of our services.

In addition, we have also embarked on initiatives to enhance our clinical and service quality by embracing digital and technology to improve our processes. We have also intensified our promotional activities in order to attract more patients into our system.

Question 2: BORs declined to 43% in the financial year ending (“FYE”) 2021 from 47% in FYE 2020. As the pandemic’s impact wanes and the people’s confidence is restored to seek treatment at hospitals, the BOR is expected to be on the upward trajectory.

- a) **What are the measures taken by the Company to enhance BORs in FYE 2022?**
- b) **What is the projected BORs for FYE 2022?**

Response:

- a) *Measures taken to enhance BOR in FYE 2022 includes:*
 - *Appointment of new consultants and opening of new services;*
 - *Securing new panel ship from insurance and corporate companies;*
 - *Offering new and attractive screening and treatment packages for patients; and*
 - *Promotion for health tourism.*
- b) *With the improvement in market post-pandemic, we are projecting BOR for FYE 2022 to be above 50%.*

Question 3: The Company aspires to build a digital ecosystem that will help integrate all its hospitals onto a single holistic platform. This will see it moving beyond just looking at mobile apps, to delving deep into the smart hospital environment to ensure it is able to build a fully digitalised framework over the next couple of years. This will be a key ongoing initiative. (Page 44 of Annual Report 2021)

- a) **Please elaborate further on the Company’s digital transformation plan.**
- b) **What would be the cost allocated to the digital transformation plan?**

Response:

- a) *The main purpose of KPJ’s digital transformation plan is to move towards a more patient centric and personalised approach to healthcare delivery. This will involve adopting the smart hospital approach that leverages on digital and technology to improve efficiencies and patient experience. The digital transformation plan will include the implementation of new hospital information system (“NHIS”) across KPJ’s hospital network. From the digital transformation plan, patients can expect efficiencies in the hospital with reduced wait times, greater accessibility to their own medical records, ease of virtual consultation, convenience in performing online bookings for appointments, packages and medicine prescription. With technology and Artificial Intelligence (“AI”), data can also be captured that will allow for better diagnosis and treatment.*

- b) *The total cost allocated for NHIS under the digital transformation plan is estimated to be RM150 million over the next five years.*

Question 4: Net profit margin of the Company declined substantially to 2.5% in FYE 2021 from 4.6% in FYE 2020. (Page 52 of Annual Report 2021). What were the reasons for the substantial decline and what are the measures taken by the Company to improve its net profit margin for FYE 2022?

Response:

The decline in net profit margin is due to:

- *Increase in material costs from Covid-19 related expenses*
- *Higher tax expense for the year mainly due to non-recognition of tax benefits arising from the new hospitals still in their gestation period.*

Question 5: The Travel and Health tourism sector is expected to perform better in 2022 as travel restrictions are being eased and also with borders re-opening around the region. (Page 85 of Annual Report 2021)

- a) **What are the measures taken by the Company to promote travel and health tourism at its hospitals in FYE 2022?**
- b) **What is the projected revenue from this segment for FYE 2022?**

Response:

a) *Measures taken to promote health tourism in FY2022 include:*

- *Providing cashless facilities to international patients via collaboration with foreign banks;*
- *Securing new international insurance panel ship;*
- *Actively promoting services through various platforms in targeted markets in their local language; and*
- *Actively participating in roadshows and events organized by MHTC.*

b) *In FY2022, MHTC estimates RM800 million of revenue from health tourism. KPJ expects to capture more revenue from this segment by positioning its 12 hospitals for health tourist market.*

Question 6: Impairment for Trade Receivables increased significantly to RM11.6 million in FYE 2021 from a reversal of RM21,000 in FYE 2020. (Page 195 of Annual Report 2021)

- a) **What were the reasons for the significant increase?**
- b) **Have the credit policies of the Company been reviewed to ensure only credit-worthy customers are given credit?**
- c) **Do you foresee a further spike in impairment as the economy is still weak?**

Response:

a) *The higher impairment for trade receivables in FY2021 were mainly from the Indonesian operations.*

b) *Yes, this is a standard practice that the Group adopts.*

- c) Presently, we do not foresee the need to carry out any impairment, however, impairment testing will be performed when required.

Question 7: Practice 5.2 of MCGG 2021 stipulates that a Large Company should have more than 50% of its directors as Independent Directors. As of December 31, 2021, the Company had 45.5% of its Board as Independent Directors. This is not in line with the Practice.

Does the Company plan to apply Practice 5.2 and if yes, by when?

Response:

The present composition of the Board is as follows:

- Independent Directors (INED) : 5 (i.e. 45.5%)
- Non-Independent Directors (NINED) : 5 (i.e. 45.5%)
- Executive Director (PMD) : 1 (i.e. 9%)

This is also in compliance with Bursa Malaysia's Main Market Listing Requirements (MMLR), of at least 1/3 of Board being INEDs.

10. AGENDA 2: RE-ELECTION OF DIRECTORS

- 10.1 Datuk Chairman informed the AGM attendees that the next item on the agenda comprises 7 proposed ordinary resolutions concerning the re-election of Directors. The Chairman clarified that 5 Directors who were appointed since the last AGM were retiring under Rule 96 of the Constitution while 2 Directors were retiring by rotation under Rule 95(i) of the Constitution as below:

- Proposed Ordinary Resolution 1 – Re-election of Datuk Md Arif Bin Mahmood
- Proposed Ordinary Resolution 2 – Re-election of Dato' Mohd Shukrie Bin Mohd Salleh
- Proposed Ordinary Resolution 3 – Re-election of Puan Annie Binti Rosle
- Proposed Ordinary Resolution 4 – Re-election of Encik Hisham Bin Zainal Mokhtar
- Proposed Ordinary Resolution 5 – Re-election of Ms Lydia Anne Abraham
- Proposed Ordinary Resolution 6 – Re-election of Prof Dato' Dr Azizi Bin Haji Omar
- Proposed Ordinary Resolution 7 – Re-election of Encik Khairuddin Bin Jaflus

- 10.2 For Proposed Ordinary Resolution 1, Datuk Chairman relinquished his position as the Chairman of the meeting since he was the party concerned. Encik Hisham Bin Zainal Mokhtar ("**Encik Hisham**") was appointed to chair this agenda item. Encik Hisham took the chair and went on to apprise attendees on the agenda item by providing a brief profile of the Director up for re-election. Encik Hisham then put the motion to vote after the Question & Answer session later that day. The chairmanship was then passed back to Datuk Chairman.

- 10.3 For Proposed Ordinary Resolution 5, Datuk Chairman explained that Ms Lydia Anne Abraham had expressed to the Board of her intention not to seek for re-election and therefore, would retire at the conclusion of the AGM. Accordingly, Proposed Ordinary Resolution 5 was withdrawn. On behalf of the Board, Datuk Chairman recorded his appreciation to Ms Lydia Anne Abraham for her contribution and support to the Company.

- 10.4 For all other proposed ordinary resolutions on the re-election of Directors, Datuk Chairman explained that the profiles of the Directors are made available from pages 110 to 120 of KPJ's Integrated Annual Report 2021.
- 10.5 Datuk Chairman then put the motions on the re-election of Directors under Proposed Ordinary Resolutions 2, 3, 4, 6 and 7 to vote after the Question & Answer session.
- 11. AGENDA 3: RATIFICATION OF DIRECTORS' FEES FROM 1 JANUARY 2022 UNTIL THE CONCLUSION OF THE 29TH AGM**
- 11.1 The Chairman tabled Proposed Ordinary Resolution 8 pertaining to the ratification of Directors' fees of up to RM800,000 for the Non-Executive Directors from 1 January 2022 until the conclusion of the 29th AGM.
- 11.2 Datuk Chairman then put the motion to vote, to take place following the Question & Answer session.
- 12. AGENDA 4: PAYMENT OF DIRECTORS' FEES FROM THE CONCLUSION OF THE 29TH AGM UNTIL THE CONCLUSION OF THE NEXT AGM**
- 12.1 The Chairman tabled Proposed Ordinary Resolution 9 which sought shareholders' approval for the payment of Directors' fees of up to RM1,600,000 for the Non-Executive Directors from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.
- 12.2 The Chairman then put the motion to vote, to take place following the Question & Answer session.
- 13. AGENDA 5: PAYMENT OF OTHER DIRECTORS' REMUNERATION**
- 13.1 Datuk Chairman proceeded to table Proposed Ordinary Resolution 10 which sought shareholders' approval for the payment of other remuneration comprising committee fees, committee allowances and meeting allowances of up to RM1,800,000 for the Non-Executive Directors from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.
- 13.2 Datuk Chairman then put the motion to vote, to take place following the Question & Answer session.
- 14. AGENDA 6: DIRECTORS' BENEFITS PAYABLE**
- 14.1 Datuk Chairman tabled Proposed Ordinary Resolution 11 which sought shareholders' approval on the benefits payable to the Non-Executive Directors from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.
- 14.2 Datuk Chairman proceeded to put the motion to vote, to take place following the Question & Answer session.
- 15. AGENDA 7: RE-APPOINTMENT OF AUDITOR**
- 15.1 Datuk Chairman then tabled Proposed Ordinary Resolution 12 concerning the re-appointment of Ernst & Young PLT as the Company's auditor for the ensuing FYE 31 December 2022 and the authority for the Directors to fix their remuneration.

15.2 Datuk Chairman proceeded to put the motion to vote, to take place following the Question & Answer session.

16. AGENDA 8: SPECIAL BUSINESS – AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

16.1 Datuk Chairman informed the AGM attendees that the next agenda was a special business seeking approval for Proposed Ordinary Resolution 13 pertaining to the authority for the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

16.2 The Chairman highlighted that this proposed general mandate is a renewal of the existing general mandate granted to Directors at the preceding 28th AGM held on 22 June 2021.

16.3 Datuk Chairman added that as clarified in the Explanatory Notes to the AGM Notice, the proposed resolution if passed, would give flexibility to the Company to raise funds under the general mandate sought through the issuance and allotment of new shares, grant of rights to subscribe for shares, conversion of any security into shares or allotment of shares under an agreement or option or offer for purposes of funding future investment(s), project(s), working capital and/or acquisitions.

16.4 Datuk Chairman proceeded to put the motion to vote, to take place following the Question & Answer session.

17. AGENDA 9: PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF REVENUE OR TRADING NATURE

17.1 Datuk Chairman announced that since he was deemed as an interested Director in the Proposed Ordinary Resolution 14 pertaining to the proposed renewal of the existing shareholders' mandate for RRPTs of revenue or trading nature, he would be relinquishing the position as Chairman to Encik Hisham who has no interest in the proposed resolution.

17.2 Encik Hisham took over the chair. Encik Hisham highlighted that the renewal of the mandate sought under the proposed resolution will empower KPJ Group to enter into RRPTs of revenue or trading nature as set out in the Circular to Shareholders dated 29 April 2022. The RRPTs are necessary for the day-to-day operations of KPJ Group, are carried out in the ordinary course of business of the KPJ Group, are on normal commercial terms not more favourable to the Related Parties than those generally available to the public in addition to not being detrimental to the minority shareholders of the Company.

17.3 Encik Hisham also pointed out that Johor Corporation, being the Interested Major Shareholder and Datuk Md Arif bin Mahmood, Encik Rozaini bin Mohd Sani, Encik Shamsul Anuar bin Abdul Majid and Dato' Mohd Redza Shah bin Abdul Wahid being the Interested Directors, as well as persons connected to the Interested Major Shareholder and the Interested Directors, are deemed interested in the RRPTs. In view of this, the Interested Directors have abstained and/or will continue to abstain from deliberating and voting on the RRPTs. The Interested Major Shareholder and the persons connected to the Interested Major Shareholder and the Interested Directors are also to abstain from deliberating and voting on the RRPTs.

- 17.4 Encik Hisham proceeded to put the motion to vote, to take place following the Question & Answer session, before passing the chairmanship of the AGM back to Datuk Chairman.

18. ANY OTHER BUSINESS

- 18.1 Datuk Chairman sought confirmation from the Company Secretary whether the Company Secretary had received due notice relating to any other special business. To this end, the Company Secretary confirmed that no such notice had been received from shareholders.

19. QUESTION & ANSWER SESSION

- 19.1 Datuk Chairman opened the Question & Answer session to the floor. He remarked that the Board and Management will attempt to answer as many live questions received as possible. The Chairman added that any questions posed that remained unanswered would be responded to and subsequently published on the Company's website within 30 days of the AGM's conclusion.
- 19.2 The Chairman clarified that KPMG MRC, being the duly appointed independent moderator, had objectively streamed the questions received. Datuk Chairman proceeded to respond to the 2 questions received prior to the AGM, as outlined below:

Question 1: Will the hardcopy of the Annual Report be provided to shareholders?

Response:

Kindly make a request to our share registrar and it will be arranged accordingly.

Question 2: Will the Company consider providing door gifts to shareholders?

Response:

This year, we will be emailing out discount vouchers from KPJ Healthshoppe as well as basic health screening voucher to be redeemed at our hospitals.

- 19.3 Datuk Chairman proceeded to invite the independent moderator, Mr Krishman Varges of KPMG MRC, to present questions received during the course of the AGM.
- 19.4 The independent moderator proceeded to read questions received at the AGM and directed it to Datuk Chairman for KPJ's responses as follows:

Question 1: Can details be provided on the Company's succession plan to replace retiring Directors?

Response:

The NRC actively maintains a database of potential candidates for directorship. If the NRC anticipates that a director position shall become vacant within the next 12 months (whether by reason of an announced intent to retire or otherwise), or if a director position suddenly becomes vacant (whether by death or otherwise), the NRC shall as soon as reasonably practicable recommend to the Board a list of nominees for election as director. When identifying potential candidates for nomination as director, the NRC may consult whatever sources it deems appropriate, including, but not limited to,

referrals from existing directors or officers, recommendations from third-party search firms, or suggestions from shareholders.

Question 2: How much did the Company spend for the conduct of this virtual AGM?

Response:

Our virtual AGM is a more effective platform in terms of cost and we shall be spending half of what we would normally spend for a physical AGM which is around RM50,000.

Question 3: Would the Company consider the following investor relation enhancements on its website:

- a) Publication of a Financial Calendar which could include future tentative dates for Quarterly Reports and other events;
- b) Publication of detailed investor relation slide decks, particularly from 2019 onwards; and
- c) Publication of updates on Analyst Reports, particularly since August 2021?

Response:

We are in the midst of updating our website and will take your suggestions into consideration. We will only be able to publish/display our materials on KPJ's corporate website.

Question 4: The following paragraph is an extract from KPJ's Quarter 1 Prospects:

"In tandem with prioritising patient care by leveraging on digital technology for the provision of quality and affordable healthcare, the Group is also on the lookout for viable investments to expand its capabilities in preventive care and wellness to complement its existing services".

Can explanation be provided on – "Preventive Care and Wellness Business"?

Response:

In line with "Care for Life", we are looking at medical technology and genomics to establish a more precise and anticipatory diagnosis of what is the issue with the patient.

KPJ has also invested in high technology equipment that are more targeted. Additionally, KPJ will also be expanding our ACCs. To echo the PMD's presentation earlier, that ACC is akin to a 'mini hospital'. The ACCs provide prevention and wellness services and facilities for primary and secondary care with the Pre-Care and Post Care model.

Question 5: In view of rising costs, is KPJ considering to raise prices in the near future to maintain a healthy profit margin? If yes, what is the quantum of this rise in prices?

Response:

In running any business, pricing will be considered in light of cost. As far as pricing is concerned, a balance will be struck between patient care and profitability. Cost optimisation initiatives are in place and ongoing, for example:

- *process improvement in operations through efficiency; and*
- *leveraging technology.*

KPJ will look at value added services (e.g. through Superhub and Centre of Excellence) rather than just increasing price.

Question 6: What is the Company's projection for patient volume recovery for this year following the aftermath of the Covid-19 pandemic?

Response:

We are projecting for the patient volume to increase by about 7% by the end of this year.

The current average BOR of most hospitals is above 60% in June. Some of our hospitals have started registering BOR >80%. With the shift to the endemic phase of Covid-19 and the increase in domestic economic activities, we expect the BOR to normalize at above 50% in the next 2 quarters. The expectation is coupled with our efforts in promoting the services and establishing a strategic collaboration with partners, including insurers, corporate clients, and MOH via outsourcing programmes.

Question 7: When does KPJ expect BORs, Surgeries and Outpatient volumes to normalise to pre-pandemic levels (or Quarter 4, 2019 levels)?

Response:

We expect the BOR, surgeries and patient volume to normalise to pre-pandemic levels as targeted to be within the next 2 quarters of this year.

Question 8: What are the impact of high inflation and the minimum wage increase on KPJ? What are the steps taken to address the impacts on staff retention?

Response:

The impact is an increase of about 6% to our current salary costs. We will lessen the impact with other cost optimisation efforts and higher patients activities. Price revision will also be considered.

We have measures to retain staff under our Human Resource Policy which include:

- *Salaries have been adjusted to be on par with the market;*
- *Medical coverage for employees has been improved; and*
- *Reviews of and improvements in policies, procedures and steps to keep selected critical employees from being poached.*

In addition, we are looking at their career development.

Question 9: What is the Company's strategy for KPJ University College ("KPJUC")? Is there any expansion on the cards or is it going to remain as a non-core, supporting business focus?

Response:

KPJUC is a highly strategic investment for KPJ given that it supplies the nurses and specialists to our hospitals.

Question 10: Are there any plans to expand operations in overseas markets?

Response:

We have no immediate plans to invest in overseas markets at this time. We are looking at rationalisation of two of our overseas investments.

We will look into hospital management operations at present but will not necessarily ignore the options to invest overseas, if any.

Question 11: Are there any updates on disposal of loss-making assets? Apart from the Jeta Gardens aged care facility and Indonesian operations – are there any other asset disposals in the pipeline?

Response:

At the moment, it will only be Jeta Gardens and the Indonesian operations.

Question 12: Can the Company provide an update on the shareholding of 23% in a Thailand hospital. Is this a key asset or a non-core asset?

Given that our core business is in the operation of Malaysian hospitals, should we consider buying out our minority partners (at the right price) versus expansion via the building of new hospitals?

Response:

Vejthani Hospital in Thailand is an associate of KPJ Group, which has generated profit amounting to RM7 million in 2021.

We are consistently reviewing all our investments and partnerships with minority partners and are open to the options to buy their shares at the right time and at the right price. It will be part of our portfolio review from time to time.

Currently, most of them are our strategic partners that have been instrumental in growing the private hospital business in those states.

Question 13: What is the amount of capital expenditure required to transform hospitals into Super Hubs over the next 2 to 3 years?

Response:

Around RM1 billion capital expenditure is projected for the next 5 years and this is inclusive of the capital expenditure to transform hospitals into Super Hubs which will cost around RM40 million.

Question 14: What has been KPJ's market share in the Health Tourism segment?

Response:

In the past, KPJ's market share in Health Tourism has been approximately 10%. However, we are positioning to grow this segment of the market going forward with a concerted effort.

Question 15: Can the presentation slides used during the AGM be emailed to shareholders or made available?

Response:

The AGM presentation slides will be uploaded onto KPJ's website. This will be available together with KPJ's AGM presentation slides from previous years which are also available for download.

Question 16: As the Chairman possesses strength in branding and retailing, how can his core competency be harnessed to win the mass market?

Response:

Datuk Chairman elucidated from his visits to our hospitals, he believes that KPJ has a lot more to offer, given our committed and experienced set of KPJ staff and consultants. KPJ will focus on strengthening both its internal and external communication to reflect our full potential. We shall also be leveraging digital to create a pleasant and individualised patients/customers experience, starting with KPJ Damansara Specialist Hospital 2 (DSH2).

- 19.5 Having obtained confirmation from the independent moderator that all moderated questions have been addressed, Datuk Chairman declared the closure of the Question & Answer session. He reiterated that any unaddressed questions will be dealt with via written responses on the website.

20. POLL VOTING SESSION

- 20.1 Datuk Chairman reminded AGM attendees that online poll voting had been opened since the start of the AGM at 10:00 a.m. and for those shareholders who had yet to cast their votes, to do so within the next 5 minutes.
- 20.2 Following the lapse of 5 minutes, the Chairman declared the closure of the online poll voting and that the AGM would be adjourned for the vote counting process by the poll administrator as well as verification by the scrutineer. Resumption of the AGM proceedings would take place 20 minutes later whereby the voting results would be announced.

21. ANNOUNCEMENT OF POLL RESULTS

- 21.1 After the 20 minutes, Datuk Chairman called for the AGM proceedings to resume. Datuk Chairman informed the attendees that he has received the verified poll results from Asia Securities, the duly appointed scrutineer. Datuk Chairman announced and requested for the verified poll results to be displayed on the screen for the attendees.

21.2 Datuk Chairman proceeded to declare that all resolutions tabled at the AGM as carried save for Proposed Ordinary Resolution 5 which had been withdrawn. The results of the poll are set out below:

Resolution	For		Against		Total	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	3,215,992,526	99.1600	27,242,431	0.8400	3,243,234,957	100.0000
Ordinary Resolution 2	3,230,729,854	99.2217	25,341,103	0.7783	3,256,070,957	100.0000
Ordinary Resolution 3	3,230,730,154	99.2217	25,340,803	0.7783	3,256,070,957	100.0000
Ordinary Resolution 4	3,220,244,490	98.8997	35,825,967	1.1003	3,256,070,457	100.0000
Ordinary Resolution 6	3,167,279,524	97.2730	88,791,433	2.7270	3,256,070,957	100.0000
Ordinary Resolution 7	3,219,689,790	98.8827	36,381,167	1.1173	3,256,070,957	100.0000
Ordinary Resolution 8	3,255,598,271	99.9901	322,772	0.0099	3,255,921,043	100.0000
Ordinary Resolution 9	3,255,590,570	99.9899	330,273	0.0101	3,255,920,843	100.0000
Ordinary Resolution 10	3,255,581,871	99.9847	499,072	0.0153	3,256,080,943	100.0000
Ordinary Resolution 11	3,255,579,371	99.9846	501,772	0.0154	3,256,081,143	100.0000
Ordinary Resolution 12	3,250,434,525	99.8315	5,486,532	0.1685	3,255,921,057	100.0000
Ordinary Resolution 13	3,213,280,488	98.6855	42,800,869	1.3145	3,256,081,357	100.0000
Ordinary Resolution 14	1,292,310,071	99.9928	93,066	0.0072	1,292,403,137	100.0000

22. CLOSURE OF MEETING

- 22.1 With the announcement of the poll results, Datuk Chairman declared that the AGM proceedings came to an end. Datuk Chairman recorded his appreciation to the Board, Management, KPJ staff, auditors, advisers and shareholders for their attendance, participation and continuous support to the Company. On this note, Datuk Chairman declared the AGM proceedings closed.

The meeting ended at 12:15 p.m.

23. UNANSWERED QUESTIONS RECEIVED AFTER THE CLOSURE OF THE QUESTION & ANSWER SESSION

- 23.1 The following questions were received after the closure of the Question & Answer session, prior to the end of the AGM. As such, the questions that remained unanswered during the AGM is produced below with written responses.

Question 1: Will KPJ hold virtual, physical or hybrid AGMs in the future?

Response:

KPJ will abide by guidance issued by regulators and authorities on the format for hosting all of our future AGMs. However, we do see many benefits in continuing with the current virtual format, especially with regard to efficiency, lower costs and ease of access for shareholders.

Question 2: From 2020 to 2021, KPJ experienced many members of Senior Management retiring. What impact will this have on near-future growth of KPJ?

Response:

"The retirement of KPJ experienced Senior Management will not impact the near-future growth of KPJ. Currently, we are actively promoting internal staffs and recruiting external hires to fill the vacant positions. We have recently welcomed on board our new Chief Digital Officer and we plan to onboard our new Chief Human Resource Officer soon.

Question 3: How will KPJ be going to fund the RM5 billion of capital expenditure over the next 5 years given that the current level of gearing is quite high at 0.87 times on top of rising interest rates?

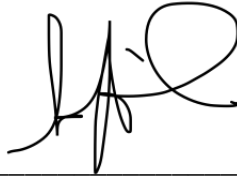
Response:

The projected capital expenditure for the next 5 years is estimated to be around RM1 billion. Our business model is asset light strategy, whereby our properties will be injected to Al-Aqar Healthcare REIT. New injections are planned over the short to mid-term to capitalise the value of our assets and improve gearing position.

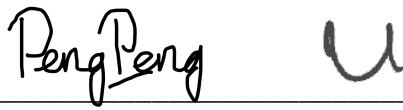
27 July 2022

Confirmed on _____

Confirmed by,



YBhg Datuk Md Arif Bin Mahmood
Chairman



Puan Teh Peng Peng / Puan Hana Binti Ab Rahim
Joint Company Secretaries