

KPJ HEALTHCARE BERHAD (“KPJ” OR “COMPANY”)

ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN FOR THE ELIGIBLE EMPLOYEES OF KPJ AND ITS SUBSIDIARIES AND EXECUTIVE DIRECTORS OF KPJ (“LTIP”)

1. INTRODUCTION

On behalf of the Board of Directors of KPJ (“**Board**”), KAF Investment Bank Berhad (“**KAF IB**”) wishes to announce that the Company had on 16 January 2025 establish and implement the LTIP of up to three-point five percent (3.5%) of the Company’s total issued share capital (“**KPJ Shares**” or “**Shares**”) (excluding treasury shares, if any) at any point of time during the duration of the LTIP for the award of the KPJ Shares to:

- (i) the eligible director(s) of KPJ and its non-dormant subsidiaries (“**KPJ Group**” or the “**Group**”); and
- (ii) the eligible employees of KPJ Group,

who fulfil the eligibility criteria as set out in the By-Laws (as defined hereinafter) of the LTIP (“**Eligible Persons**”) and subject to such LTIP not contravening any applicable laws, regulatory requirements and/or administrative constraints of the KPJ Group.

For the avoidance of doubt, the non-executive directors of the Group are not eligible to participate in the LTIP.

Under the terms and conditions governing the LTIP (“**By-Laws**”), the executive director of the Company, namely Chin Keat Chyuan (*President and Managing Director*) (“**Interested Director**”) is eligible to participate in the LTIP.

The Board proposes to offer and grant the LTIP Awards (as detailed in Section 2.1 of this announcement) to the Interested Director, subject to the provisions of the By-Laws (“**LTIP Allocations**”). Accordingly, the Company proposes to seek its shareholders’ approval for the LTIP Allocations at an extraordinary general meeting (“**EGM**”) to be convened.

The circular in relation to the LTIP Allocations will be despatched to the shareholders of the Company (“**Shareholders**”) in due course. Further details on the LTIP are set out in the ensuing sections of this announcement.

2. THE LTIP

2.1 Details of the LTIP

The implementation of the LTIP serves as a long-term incentive plan that aligns employee goals with the Group’s long-term success by offering rewards linked to performance over an extended period. This approach motivates key talent to drive sustainable growth and enhances employee retention.

The LTIP is administered by the Nomination and Remuneration Committee of the Board to implement and administer the LTIP, in accordance with the By-Laws (“**LTIP Committee**”). The LTIP Committee will have absolute discretion in administering the LTIP including prescribing financial and performance criteria and such other conditions as it may deem fit.

The LTIP, when implemented shall be in force for a period of ten (10) years from its effective date (“**LTIP Period**”). The LTIP involves the granting of awards made in writing by the LTIP Committee to the Eligible Persons (“**LTIP Awards**”) during the LTIP Period, in accordance with the provisions of the By-Laws.

Upon acceptance of the LTIP Awards by the Eligible Persons (“**LTIP Participants**”), the LTIP Awards will be vested to the LTIP Participants at no consideration over the LTIP Period, subject to the LTIP Participants fulfilling the vesting conditions as may be determined by the LTIP Committee in accordance with the By-Laws. The reference price of the LTIP Awards to be awarded will be determined based on the fair value of the KPJ Share, which will take into account, among others, the market price of the Shares as at or prior to the award date of the LTIP Awards.

2.2 Salient terms of the LTIP

(i) Mode of settlement

The LTIP Awards will be satisfied by way of transfer of Shares held in treasury.

(ii) Maximum number of KPJ Shares available under the LTIP

As at 31 December 2024, which is the latest practicable date prior to the date of this announcement (“**LPD**”), KPJ has an issued share capital of RM999,189,570 comprising 4,526,608,066 KPJ Shares (including 162,306,700 Shares held in treasury).

The maximum number of KPJ Shares, which may be made available pursuant to the LTIP shall not exceed in aggregate three-point five percent (3.5%) of the total number of issued KPJ Shares (excluding treasury shares, if any) at any point in time over the LTIP Period.

(iii) Basis of allocation and maximum allowable allocation

Subject to the By-Laws and any adjustments which may be made under By-Laws, the aggregate number of KPJ Shares that may be allocated to any of the Eligible Persons who are entitled to participate in the LTIP are subject to the following parameters:

- (a) the total number of Shares made available under the LTIP shall not exceed the amount stated in 2.2(ii) above;
- (b) not more than ten percent (10%) of the total number of issued shares of the Company made available under the LTIP shall be allocated to any Eligible Person who, either singly or collectively through person(s) connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”)) with the Eligible Person, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any); and
- (c) any Eligible Person shall not participate in the deliberation or discussion of their own allocation and/or allocations to persons connected with them,

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time. For purposes of clarity, up to a maximum of one hundred percent (100%) of the total number of the KPJ Shares made available under the LTIP could be allocated to the eligible director and senior management of the KPJ Group who are Eligible Persons (where “senior management” shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time) provided that such allocation does not exceed three-point five percent (3.5%) of the issued Shares of the Company (excluding treasury shares) at any point in time during the LTIP Period.

The basis for determining the aggregate number of KPJ Shares that may be offered and/or allocated under the LTIP to an Eligible Person shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, among others, the Eligible Person’s seniority, job grading, performance, length of service and/or contribution to the Group and/or such other matters which the LTIP Committee may in its sole and absolute discretion deem fit and the maximum allowable allocation as decided by the LTIP Committee.

The LTIP Committee has the sole and absolute discretion in determining whether the total number of KPJ Shares which may be made available under the LTIP shall be made on staggered basis over the duration of the LTIP or in a single grant.

(iv) Eligibility

Subject to the discretion of the LTIP Committee, only Eligible Persons who meet the following conditions as at the date of which the LTIP Awards are awarded to the Eligible Persons (“**Award Date**”) shall be eligible to participate in the LTIP:

- (a) in respect of an employee, the employee must fulfil the following criteria as at the Award Date:
 - (I) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (II) is employed by the Group on a full-time basis or under an employment contract within the Group, and is on the payroll of any company within the Group;
 - (III) must have been in employment of the Group for such period as may be determined by the LTIP Committee prior to and up to the Award Date;
 - (IV) he/she has not served a notice of resignation or received notice of termination or has otherwise ceased or had his/her employment terminated; and
 - (V) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee at its sole and absolute discretion from time to time.

- (b) in respect of a director, the director must fulfil the following criteria as at the Award Date:
 - (I) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (II) has been appointed as director of the Group for such period as determined by the LTIP Committee prior to and up to the Award Date and has not served a notice of resignation or received a notice of termination;
 - (III) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee at its sole and absolute discretion from time to time.

Notwithstanding the above, the selection of any director or employee for participation in the LTIP shall be at the sole and absolute discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding. In determining the eligibility of an Eligible Person to participate in the LTIP, the LTIP Committee may take into account among other factors as stated in Section 2.2(iii) above and/or such other factors that the LTIP Committee may in its sole and absolute discretion deem fit.

The LTIP Committee shall have the discretion to determine whether any vesting condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, and further to amend any vesting conditions if the LTIP Committee decides that a changed performance target would be a fairer measure of performance. Eligibility under the LTIP does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the LTIP and an Eligible Person does not acquire or have any rights over or in connection with the LTIP Award unless the LTIP Award have been made

by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the LTIP Award in accordance with the provisions of the By-Laws.

(v) Duration and termination of the LTIP

The LTIP, when implemented, shall be in force for a period of ten (10) years from the effective date of the LTIP. On the expiry of the duration of ten (10) years (“**Date of Expiry**”), any LTIP Award which have yet to be vested (whether fully or partially) shall automatically lapse and be deemed cancelled and be null and void.

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the LTIP may be terminated by the LTIP Committee at any time before the Date of Expiry provided that the Company makes an announcement immediately to Bursa Securities.

(vi) Utilisation of proceeds

No proceeds will be received by the Company pursuant to the LTIP as the LTIP Participants will not be required to pay for the Shares that they are entitled to receive upon vesting of the LTIP Awards.

(vii) Rights attached to the treasury shares transferred pursuant to the vesting of the LTIP Awards

The treasury shares to be transferred pursuant to the vesting of the LTIP Awards will be subject to the provisions of the Companies Act 2016 and/or constitution of KPJ and until the LTIP Awards granted are satisfied via the transfer of existing KPJ Shares, the LTIP Participants will not be entitled to any entitlement attached to such KPJ Shares in respect of which the entitlement date is prior to the effective date of the transfer of such KPJ Shares to the LTIP Participants.

The LTIP Awards shall not carry any rights to vote at any general meeting of KPJ. The LTIP Participants will not in any event be entitled to any dividends, rights, allotments and/or other distributions in respect of his/her unvested LTIP Awards.

(viii) Retention period

The KPJ Shares to be allotted and issued or transferred to the LTIP Participants upon vesting of the LTIP Awards pursuant to the LTIP will not be subject to any retention period or restriction on transfer, save as otherwise provided in the Listing Requirements, the By-Laws or unless the LTIP Committee at its sole discretion stipulates otherwise. The expression “retention period” shall mean the period in which the Shares awarded and issued pursuant to the LTIP must not be sold, transferred, assigned or otherwise disposed of by the LTIP Participants.

(ix) Fees, costs and expenses

All fees, costs and expenses incurred in relation to the administration and management of the LTIP including but not limited to the fees, costs and expenses relating to the allotment and issuance and/or transfer of the Shares pursuant to the exercise or vesting of any LTIP Awards shall be borne by the Company. Notwithstanding this, the LTIP Participants shall bear any fees, costs and expenses incurred in relation to his/her acceptance of the LTIP Award, and any holding or dealing of the Shares after the Shares have been successfully issued and allotted or transferred to the LTIP Participants pursuant to the LTIP Award, including but not limited to the opening and maintaining of his/her central depository system account, brokerage commissions and stamp duties.

(x) Modification, Variation and/or Amendment to the LTIP

Where required, subject to the compliance with the Listing Requirements and/or the requirements of any other relevant authorities and their approvals being obtained, the LTIP Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of the By-Laws as it shall in its sole discretion think fit and the Board shall have the power, at any time, by resolution to add, amend or delete all or any of the terms of the By-Laws upon such recommendation provided always that no additions or amendments to or deletions of the By-Laws shall be made which will:

- (i) prejudice any rights which would have accrued to any LTIP Participants without the prior consent or sanction of that LTIP Participants;
- (ii) increase the number of KPJ Shares available under the LTIP beyond the maximum number of KPJ Shares available as stated in 2.2(ii) above without prior approval of the shareholders in a general meeting;
- (iii) prejudice any rights of the shareholders of the Company without their prior approval in a general meeting; or
- (iv) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the By-Laws by virtue of the Listing Requirements, without the prior approval of the shareholders of the Company in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

3. RATIONALE FOR THE LTIP

The LTIP is intended to:

- (i) Serve as a long-term incentive plan to reward the Eligible Persons to align their interest with the corporate goals and objectives of the Group and allowing Eligible Persons through the LTIP Awards to have equity participation in the Group;
- (ii) Recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (iii) Attract and reward the Eligible Persons by allowing them through the LTIP Awards to participate in the Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Shares;
- (iv) Motivate the Eligible Persons towards achieving improved performance through greater productivity and loyalty;
- (v) Inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- (vi) Retain the Eligible Persons, hence ensuring that the loss of key senior personnel is kept to a minimum level.

4. PREVIOUS FUND-RAISING EXERCISES UNDERTAKEN

The Company has not conducted any fund-raising exercises for the past twelve (12) months up to the LPD.

5. EFFECTS OF THE LTIP

5.1 Share capital

Save for the differences in fair value of the LTIP Awards at the point of granting and the carrying value of the treasury shares in the Company, the LTIP is not expected to have any immediate material effect on the issued share capital of the Company as it does not involve any issuance of new Shares.

However, the potential effect of the LTIP on the issued share capital of the Company cannot be determined at this juncture as it will depend on, amongst others, the number of LTIP Awards granted and the various factors that affect the fair value of the LTIP Awards at the relevant point in time.

5.2 Earnings and earnings per Share (“EPS”)

The LTIP is not expected to have any immediate material effect on the earnings and EPS of the KPJ Group until such time when the LTIP Awards are granted. In accordance with the Malaysian Financial Reporting Standards 2, the LTIP will result in a change to the earnings of the Group during the period from the grant date to the vesting date of the LTIP Awards.

Any transfer of the treasury shares that are vested to Eligible Participants will result in a dilutive effect on the EPS of the Company due to the resultant increase in the number of issued Shares (excluding the remaining treasury shares, if any).

However, the potential effect of the LTIP on the future earnings and EPS of the Group cannot be determined at this juncture as it will depend on, amongst others, the number of LTIP Awards granted and the various factors that affect the fair value of the LTIP Awards at the relevant point in time.

5.3 Net assets (“NA”) and gearing

The LTIP is not expected to have any immediate effect on the NA and NA per Share of the Group. Any potential effects on the NA and NA per Share of the Group will depend on the actual number of LTIP Awards vested. Any transfer of the treasury shares that are vested to Eligible Participants will result in a dilutive effect on the NA per Share of KPJ due to the resultant increase in the number of issued Shares (excluding the remaining treasury shares, if any).

The LTIP is not expected to have any material effect on the KPJ Group’s gearing level.

5.4 Substantial shareholders’ shareholdings

The LTIP is not expected to have any immediate effect on the shareholdings of KPJ’s substantial shareholders. The dilution to the substantial shareholders’ shareholding in the Company will depend on the number of Shares transferred to the LTIP Participants at the relevant point in time pursuant to the LTIP.

5.5 Convertible securities

As at the LPD, KPJ does not have any other convertible securities.

6. APPROVALS REQUIRED AND CONDITIONALITY

The establishment of the LTIP is not subject to the approval of the shareholders or any regulatory authorities.

The LTIP Allocations are subject to the approval of the shareholders of the Company at an EGM to be convened.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON CONNECTED WITH THEM

The executive director of the Company, namely Chin Keat Chyuan is entitled to participate in the LTIP and is therefore deemed to be interested in the LTIP to the extent of his specific allocations of LTIP Awards as well as the specific allocations to persons connected with him (if any).

Accordingly, the Interested Director has abstained and will continue to abstain from all Board deliberations and voting on any subject matter pertaining to the LTIP and in respect of any specific allocations of the LTIP Awards to himself respectively as well as the specific allocations to persons connected with him (if any) under the LTIP at the relevant board meetings of the Company and will continue to abstain from voting in respect of the direct and/or indirect shareholding of Interested Director in KPJ (if any), on the resolutions pertaining to the LTIP and proposed allocation to Interested Director under the LTIP at the EGM of the Company to be convened.

The Interested Director will also abstain and have undertaken to ensure that persons connected with him (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in KPJ on the resolutions pertaining to the LTIP and their specific allocation of the LTIP Awards to themselves, as well as the specific allocations to persons connected with them (if any) at the forthcoming EGM of the Company.

Save as disclosed above, none of the directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the LTIP.

The direct and indirect shareholdings of the Interested Director in KPJ as at the LPD are as follows:

	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
Chin Keat Chyuan	700,000	0.016	-	-

8. DIRECTORS' STATEMENT

The Board (save for the Interested Director who has abstained from expressing any opinion and making any recommendation in relation to the LTIP and LTIP Allocations), after having considered all aspects of the LTIP is of the opinion that the LTIP is in the best interests of the Company.

9. ADVISER

KAF IB has been appointed by the Company to act as the Principal Adviser in relation to the LTIP.

This announcement is dated 16 January 2025.