

## **ALLIANZ MALAYSIA BERHAD (12428-W) ("AMB" or "Company")**

Minutes of the 41st Annual General Meeting ("Meeting") of the Company held at Ballroom A, Level 6, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur on Tuesday, 9 June 2015 at 10.00 a.m.

PRESENT : As per Attendance List

CHAIRMAN : Y. Bhg. Tan Sri Razali Bin Ismail ("Chairman")

IN ATTENDANCE : Ng Siew Gek (Company Secretary)

The Chairman welcomed all shareholders, proxies and invitees present at the Meeting.

### **1. QUORUM**

There being a quorum, the Meeting was duly convened.

The Chairman informed that pursuant to Article 69 of the Articles of Association of the Company, a poll could be demanded by the Chairman of the Meeting or by at least 5 members or by a member or members holding or representing by proxy or entitled to vote in respect of at least one-fifth part of the capital represented at the Meeting.

The Chairman further informed that the shareholders as projected on the screen have appointed him as their proxy and he would vote in accordance with their directives. A list of the shareholders who have appointed Chairman as proxy was attached as Annexure A.

The Chairman requested all the shareholders and proxies present at the Meeting to raise the "hand fan" distributed earlier to cast their vote.

### **2. NOTICE OF MEETING**

The Chairman with the permission of the members present at the Meeting declared that the Notice of Meeting dated 15 May 2015 was taken as read.

### **3. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 AND THE DIRECTORS' AND AUDITORS' REPORTS – ORDINARY RESOLUTION 1**

The Chairman tabled the Ordinary Resolution 1 which is to receive the Audited Financial Statements for the financial year ended ("FYE") 31 December 2014 and the Directors' and Auditors' Reports.

The Ordinary Resolution 1 was duly proposed by Ms. Manogari A/P S Murugiah and seconded by Mr. Wang Wee Keong.

The Chairman invited the Management to present the financial highlights of the Allianz Malaysia Berhad Group ("Group").

The presentation covered the following as annexed herewith as Annexure B was presented to the shareholders:-

- (a) 2014 financial highlights of the Group and dividend and capital requirement presented by Mr. Ong Eng Chow, the Chief Financial Officer ("CFO") of the Company;
- (b) Life insurance business presented by Mr. Tapan Kumar Rangam Bir, Chief Executive Officer ("CEO") of Allianz Life Insurance Malaysia Berhad; and
- (c) General insurance business, strategic priorities, sustainable development and first quarter 2015 results presented by the Executive Director and CEO of the Company and Allianz General Insurance Company (Malaysia) Berhad, Mr. Zakri Bin Mohd Khir.

At the end of the presentation, the Chairman informed that the Company has received questions from the Minority Shareholder Watchdog Group ("MSWG") and he invited the CFO to read out the questions and the Company's responses in respect thereto. Copies of the MSWG's letter together with the Company's response were attached herewith as Annexure C.

The Chairman invited questions from the floor.

Mr. Ng Aik Pheng, a shareholder, sought the Board's opinion whether the Company is considering investing in plantation/oil palm.

Mdm. Esther Ong Chen Woon, the AMB's Chief Investment Officer responded that the plantations sector were underweight and that the AMB Group had reduce its exposure by 50% when crude palm oil price began to fall in 2Q14. Nevertheless, the AMB Group would re-look into the plantations investment portfolio and increase the weightage in the plantations sector should the likelihood of El Nino, weather phenomenon, materialising becomes more apparent.

Mr. Sai Yee @ Sia Say Yee, a shareholder, congratulated the Board and the Management on the sterling results. The Group showed overall improvement particularly, achieving the highest Return on Equity, highest earning per share and highest net book value in the last five years. It shows that the Group is growing and driving on the right path and improving year to year.

Mr. Sai Yee @ Sia Say Yee enquired on how does the Company mitigate the fraudulent claims and whether the Group has a robust risk management system in place to identify and address this issue so that the profits of the Group would not be affected.

Mr. Sai Yee @ Sia Say Yee complimented the Board that the shareholders are pleased with the performance of the Company. However, he was of the view that the shareholders will be happier if the Company can increase the quantum of the dividend rate. He noticed that the Company has undistributed profit of RM666 million. He understood that the Company needs the money for new business growth and to fulfill the solvency requirements imposed by Bank Negara Malaysia. He suggested that the Company may utilise some of the undistributed profit to increase the quantum of the dividend as he believed that the Company can afford it.

Mr. Zakri Mohd Khir replied that fraud is an inherent risk, hence the insurance subsidiaries can only mitigate this risk. The Company has appointed Fraud Managers to continuously and consistently monitor any spike, trend or unusual pattern in claims as well as healthcare providers. He opined that the Group's fraudulent rate is at a level where fraud cases are at a manageable level.

In respect of the question on the dividend, Mr. Ong Eng Chow explained that altogether the Group has RM666 million cash reserves, the Company however only has approximately RM12.3 million cash retained for its working capital. The remaining cash reserves of RM654 million are mostly residing in the insurance subsidiaries as assets to back policyholders' liabilities/future claims and to meet the solvency requirements of the insurance subsidiaries. Hence, the cash reserves are not available for distribution to shareholders.

Mr. Ong Eng Chow informed that AMB is a holding company and the dividend capacity of AMB is dependent on dividend stream from its insurance subsidiaries. The dividend policy of its insurance subsidiaries is driven by regulatory solvency. The insurance subsidiaries need to strike a balance between up streaming dividend to AMB for payout to shareholders and retaining surpluses to meet its solvency requirements.

Mr. Ong Eng Chow highlighted that the Company had in 2010 requested for additional capital through rights issue and was fully supported by the shareholders. The additional capital raised via the rights issues was used by the Group to meet the minimum solvency requirements. For the past 5 years, the Group managed to register double digit growth.

Mr. Ong Eng Chow mentioned that it is the Board's intention to pay better dividend, if allowed.

Mr. Ng Aik Pheng mentioned that there was a prediction that catastrophes may strike the country. Since last year, there have been a number of catastrophes happened in the country such as the missing airplane, floods and the earthquake in Sabah. He enquired whether these catastrophes have impacted the Group.

Mr. Zakri Mohd Khir replied that Malaysia is outside of the Pacific Ring of Fire. Nevertheless, for the Eastern part of the country, Sabah and Sarawak, the chances of being jolted by at least one moderate earthquake cannot be ruled out. In Peninsular Malaysia, save for Bagan Datoh area which may encounter some shocks, other areas are not considered as earthquake zone.

Mr. Zakri Mohd Khir informed that as an insurance company, it needs to be protected as well. Hence, the Group's risk has been ceded out via reinsurance, against such catastrophes. The amount is very significant and the premium is paid yearly to the reinsurers. He further informed that he considers that the Group is adequately covered.

Mr. Ng Aik Pheng further enquired on whether there were many cases where the car workshops engineered accidents and making fraudulent claims.

Mr. Zakri Mohd Khir responded that the industry and regulators have carried out research and endeavoured to mitigate fraudulent claims. Most of the workshops that involved in the fraudulent claims had been eradicated.

In response to Mr. Ng Aik Pheng's enquiry on whether the insurance subsidiary of the Company provides insurance coverage for light rail transit and mass rapid transit, Mr. Zakri Mohd Khir replied that the express rail link, light rail transit and mass rapid transit are high speed trains that operate on high level of safety. Most of the mass rail transits bought public liability insurance from the Company's general insurance subsidiary. The general insurance subsidiary also provides risk mitigation advices to the customers.

Further to the query on fraud, Mr. Sia commented that fraud is not only committed by criminals but also by individuals and legitimate businesses such as hospitals. If no proper control is put in place, fraud can increase cost of business and destroy a business. He further enquired on the following:-

- (a) How effective were the Group's fraud prevention measures?
- (b) The frequency and quantum of increase in insurance premium in the past 5 years. This will indicate whether the mitigating measures and the fraud prevention measures are effective.

- (c) For the past few years, the medical insurance and motor insurance claims are on increasing trends. For hospital claims, higher fees will be charged by hospitals for patients with insurance covers. How does the Company deal with this issue?

Mr. Zakri Mohd Khir replied that the Group has zero tolerance on fraud. If a provider is defrauding, the Company will immediately cancel the agreement with the said provider. For individual, it will depend on the severity of the fraud. If it is severe, a police report will be lodged against the individual.

He informed that overall, the Group's fraud rate is below 5%.

On question relating to increase in insurance premium, Mr. Zakri Mohd Khir explained that motor insurance in Malaysia is subject to tariff. There is a ceiling for pricing for motor insurance and hence, the Group cannot charge more than the tariff.

For health insurance, Mr. Zakri Mohd Khir highlighted that there have been 2 repricings in the last 5 years arising from medical inflation. The medical inflation rate was between the average of 16% and 18% year on year basis.

He highlighted that medical insurance is important as it will ease the process of admission. It is a constant battle for the Group of not to over claim and not denying proper medical care for individuals.

Mr. Sia commented that prevention of fraud is a competitive advantage so that the business cost will not be increased and more profit can be sustained.

Mr. Tapan Kumar Rangam Bir responded on the medical fraud. He mentioned that the Management took fraud issue seriously and applied zero tolerance on fraud. This includes recognising claims made by individual or hospitals. Thus, as part of the risk management philosophy, agents and distributors are trained on zero tolerance on fraud. In this instance, agents and distributors will be able to detect fraud at the front end and take appropriate action.

On the question with regard to increase in medical insurance premium, Mr. Tapan Kumar Rangam Bir informed that increase in medical insurance is depending on the claim cost. Increase in claim cost could due to various factors such as increase in cost of medical treatment, improvement in technology used for specific disease, increase in cost of pharmaceutical and increase in cost of medical services. As a result of increases in these costs and in order to maintain the profitability, repricing of premium has to be made but in a prudent basis. In projecting the increase in medical insurance premium, the Management took into consideration different aspects for example, product pricing, to ensure the affordability of the product for consumers. The Group proactively embarked on various control measures to ensure that the overall cost for the claims are maintained at a reasonable level on ongoing basis, for example, monitoring the fees charged by the hospitals by examining the appropriateness of medical treatments provided by the hospitals to the patients to ensure no abuses.

He added that the Group managed the claims cost on a proactive basis and has a dedicated team working on this issue or example, analyse claims pattern across the country. The team analyse the average cost of particular time of treatment, average duration of stay in hospital and on certain specific case such as dengue.

Mr. Ng Aik Pheng commented that apart from the increase in mosquito, there is also increase in mice or rat. He applauds the good initiative under the Company's corporate responsibility. He also expressed his appreciation to the Company for providing the 1 year Group Personal Accident insurance coverage to shareholders present during the Meeting. He suggested that the Company to consider paying 2 cents for each mosquito captured. With this method, there will be no more dengue.

On the zero tolerance on fraud, he suggested for the Actuarial to calculate the provision for claims as high claims will result in higher cost and lower profit for the Company.

With regards to the travel insurance, he enquired whether the Company will compensate customers who are being quarantined due to Middle East Respiratory Syndrome virus.

Mr. Zakri Mohd Khir thanked Mr. Ng Aik Pheng for his suggestions. In respect of the travel insurance, he responded that the Company will compensate the medical treatment received by the customer during his visitation. However, for quarantine, it is the government duty to provide.

At the end of the question and answer session, the Chairman put the motion to vote by show of hands.

The motion was passed unanimously.

The Chairman declared that the Audited Financial Statements for the FYE 31 December 2014 and the Directors' and Auditors' Reports thereon were duly received.

**4. PAYMENT OF DIRECTORS' FEES – ORDINARY RESOLUTION 2**

The Chairman tabled the Ordinary Resolution 2 on payment of Directors' fees of RM325,413 for the FYE 31 December 2014 for the shareholders' approval.

The Ordinary Resolution 2 was duly proposed by Mdm. Chin Yien Ping and seconded by Ms. Ong Char Kwee.

The Chairman invited question from the floor.

Since there was no question raised, the Chairman put the motion to vote by show of hands.

The motion was passed unanimously.

The Chairman declared that the Ordinary Resolution 2 was duly passed.

**5. RE-ELECTION OF MR. FOO SAN KAN IN ACCORDANCE WITH ARTICLE 96 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY – ORDINARY RESOLUTION 3**

The Chairman tabled the Ordinary Resolution 3 on the re-election of Mr. Foo San Kan who retired by rotation in accordance with Article 96 of the Articles of Association of the Company and being eligible, offers himself for re-election, for the shareholders' approval.

The Ordinary Resolution 3 was duly proposed by Mr. Andrew Sim Kok Soon and seconded by Ms. Lee Poh Goek.

The Chairman invited question from the floor.

Since there was no question raised, the Chairman put the motion to vote by show of hands.

The motion was passed by majority of votes.

The Chairman declared that Mr. Foo San Kan duly re-elected to the Board.

Mr. Foo San Kan thanked the shareholders and proxies for their support.

**6. RE-ELECTION OF DIRECTOR APPOINTED TO THE BOARD DURING THE YEAR AND RETIRES IN ACCORDANCE WITH ARTICLE 102 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY - ORDINARY RESOLUTION 4**

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The Chairman tabled the Ordinary Resolution 4 on re-election of Y.A.M. Tunku Zain Al-Abidin Ibni Tuanku Muhriz, who was appointed during the year and retired in accordance with Article 102 of the Articles of Association of the Company and being eligible, offers himself for re-election, for the shareholders' approval.

The Ordinary Resolution 4 was duly proposed by Mdm. Wong Mong Ling and seconded by Ms. Tan Pei Yen.

The Chairman invited question from the floor.

Since there was no question raised, the Chairman put the motion to vote by show of hands.

The motion was passed unanimously.

The Chairman declared that Y.A.M. Tunku Zain Al-Abidin Ibni Tuanku Muhriz duly re-elected to the Board.

Y.A.M. Tunku Zain Al-Abidin Ibni Tuanku Muhriz thanked the shareholders and proxies for their support.

**7. RE-APPOINTMENT OF DIRECTORS OVER 70 YEARS OF AGE PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965 - ORDINARY RESOLUTIONS 5 and 6**

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**7.1 Re-appointment of Y. Bhg. Tan Sri Razali Bin Ismail (Ordinary Resolution 5)**

The Chairman informed that the Ordinary Resolution 5 was to consider his re-appointment as the Director of the Company. Since he is the interested party to the motion, the Chairman proposed that Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim ("Tan Sri Rafiah") to chair the proceedings of Ordinary Resolution 5.

The Chairman with the permission of the Meeting handed the chairmanship of the Meeting to Tan Sri Rafiah.

Tan Sri Rafiah tabled the resolution on the re-appointment of Y. Bhg. Tan Sri Razali Bin Ismail as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965, for the shareholders' approval.

The Ordinary Resolution 5 was duly proposed by Mr. Mok Kian Tong and seconded by Mr. Ng Aik Pheng.

Tan Sri Rafiah invited question from the floor.

Mr. Ng Aik Pheng complimented the leadership portrayed by Y. Bhg. Tan Sri Razali Bin Ismail. With his leadership, the shareholders placed their confidence in the Company. He hopes that Y. Bhg. Tan Sri Razali Bin Ismail will take a step to promote human rights especially on the issue of Rohingya.

Tan Sri Rafiah thanked Mr. Ng Aik Pheng for his kind words. She mentioned that the issue of human rights is indeed very close to Y. Bhg. Tan Sri Razali Bin Ismail's heart, but this issue is not appropriate to be discussed during the Meeting.

Since there was no further question raised, Tan Sri Rafiah put the motion to vote by show of hands.

The motion was passed by majority of votes.

Tan Sri Rafiah declared that Y. Bhg. Tan Sri Razali Bin Ismail, be re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965.

Tan Sri Rafiah handed over the chair of the Meeting to Tan Sri Razali.

The Chairman expressed his sincere thanks to the shareholders and proxies for their support and he will remain dedicated to the Company.

## 7.2 Re-appointment of Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy (Ordinary Resolution 6)

The Chairman tabled the resolution on the re-appointment of Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965, for the shareholders' approval.

The Ordinary Resolution 6 was duly proposed by Mr. Mok Kian Tong and seconded by Mdm. Malathy A/P Ramakrishnan.

The Chairman invited question from the floor.

Since there was no question raised, the Chairman put the motion to vote by show of hands.

The motion was passed unanimously.

The Chairman declared that Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy be re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965.

Y. Bhg. Dato' Dr. Thillainathan A/L Ramasamy expressed his sincere thanks to the shareholders and proxies for their support and he will endeavour to act in the best interest of the stakeholders.

**8. RE-APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION 7**

The Chairman tabled the Ordinary Resolution 7 on the re-appointment of Messrs KPMG as auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration, for the shareholders' approval.

The Ordinary Resolution 7 was duly proposed by Mdm. Chan Miew Sum and seconded by Mdm. Safridah Binti Shafii.

The Chairman invited question from the floor.

Since there was no question raised, the Chairman put the motion to vote by show of hands.

The motion was passed unanimously.

The Chairman declared that Messrs KPMG be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.

**SPECIAL BUSINESS**

**9. CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – ORDINARY RESOLUTION 8**

The Chairman tabled the Ordinary Resolution 8 for Mr. Foo San Kan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, for the shareholders' approval.

The Ordinary Resolution 8 was duly proposed by Mdm. Cheok Chiew Huai and seconded by Ms. Shereen Ch'ng Mei Lian.

The Chairman invited question from the floor.

Since there was no question raised, the Chairman put the motion to vote by show of hands.

The motion was passed unanimously.

The Chairman declared that Mr. Foo San Kan continues to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

Mr. Foo San Kan thanked the shareholders and proxies for their support.

**10. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ALLIANZ SE GROUP – ORDINARY RESOLUTION 9**

The Chairman tabled the following Ordinary Resolution 9 for the shareholders' approval:-

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the category of Recurrent Related Party Transactions of a revenue or trading nature which are



necessary for its day-to-day operations with Allianz SE Group as specified in Section 2.2 (A) of the Company's Circular to shareholders dated 15 May 2015, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or
- (ii) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

The Ordinary Resolution 9 was duly proposed by Mdm. Cheok Chiew Huai and seconded by Mdm. Yee Siew Yong.

The Chairman invited question from the floor.

Since there was no question raised, the Chairman put the motion to vote by show of hands.

The motion was passed unanimously.

The Chairman declared that the Ordinary Resolution 9 was duly passed.

**11. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH SHOOK LIN & BOK – ORDINARY RESOLUTION 10**

The Chairman tabled the following Ordinary Resolution 10 for the shareholders' approval:-

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the category of Recurrent Related Party Transactions of a revenue or trading nature which are necessary for its day-to-day operations with Shook Lin & Bok as specified in Section 2.2 (B) of the Company's Circular to shareholders dated 15 May 2015, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or
- (ii) the expiration of the period within which next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

The Ordinary Resolution 10 was duly proposed by Ms. Manogari A/P S Murugiah and seconded by Mdm. Chin Yien Ping.

The Chairman invited question from the floor.

Mr. Ng Ai Pheng congratulated the Board for successfully managing the related party transactions which were reflected in the Group's performance. He enquired on the incentive for having such a successful relationship.

Mr. Zakri Bin Mohd Khir responded that the Management practiced arm's length principle. The Group also ensured that all related party transactions are evaluated to ensure that they are benefited the Group.

Since there was no further question raised, the Chairman put the motion to vote by show of hands.

The motion was passed by majority of votes.

The Chairman declared that the Ordinary Resolution 10 was duly passed.

## 12. OTHER BUSINESS


The Chairman informed that he has been advised that the Company did not receive any notice of other business to be transacted at the Meeting.

**13. CLOSE OF MEETING**

There being no other business to be transacted, the Chairman declared the Meeting closed at 11.50 a.m. and the Chairman thanked shareholders or proxies for present at the Meeting and their participation and continuing support to the Company.

The Chairman highlighted that an enquiry box was placed at the registration counter and the shareholders were welcomed to submit their questions, the Management will response to the questions within 7 working days.

**SIGNED AS A CORRECT RECORD**



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CHAIRMAN