





**Care for Life**



**KPJ HEALTHCARE BERHAD**

# PASSION INNOVATION TRUST

INTEGRATED REPORT 2019



# PASSION

We always go the extra mile to give our best and constantly make a difference in all that we do. It is a philosophy ingrained in every level of our organisation. We are focused on our inherent values and compassionate care to continuously maintain a patient-centered environment.









# INNOVATION

We will continuously leverage on the innovative use of technology and our modern state-of-the-art facilities to deliver exceptional health care, superior treatment plans and the best diagnosis to all our patients.

ON





# TRUST

We take great pride in forging solid relationships with our patients and the communities we serve. We fully nurture the trust earned by providing undivided attention and care supported by our exceptional capabilities, vast experience and efficient expertise as we are dedicated and committed in being the preferred provider of healthcare services.





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## >> OUR VISION

### THE PREFERRED HEALTHCARE PROVIDER

Our fundamental purpose is the delivery of exceptional health treatment, care and diagnosis to all our patients. We are dedicated to being the preferred provider of care, with innovative use of technology, experienced doctors and well-trained staff who collaborate to offer the best diagnosis and treatment plans.

## >> OUR MISSION

### DELIVER QUALITY HEALTHCARE SERVICES

Our mission is to improve the health of the people and the communities we serve. Led by skilled and caring medical staff, we are consistently focused on clinical excellence and innovative technology for superior patient outcomes.

## >> OUR CORE VALUES

### VALUES THAT GUIDE US

Our values represent the philosophy of our organisation and guide all our decision-making and actions. We strive to maintain a patient-centered environment, focused on compassionate care, based on the intrinsic part of our commitment to Care for Life in every aspect of our operations. Our core values are therefore.



Ensuring  
Safety



Delivering  
Service with  
Courtesy



Performing  
Duties with  
Integrity



Exercising  
Professionalism  
at All Times



Striving for  
Continuous  
Improvement

### RATIONALE

We at KPJ Healthcare will remain steadfast in our belief that with passion the impossible becomes possible. It ignites our purpose to go beyond all limitations, to perform beyond the ordinary and ultimately achieve the extraordinary. With sincerity in executing all tasks, we forge trusting relationships and create value for all our stakeholders. We are constantly innovating our offerings to exceed all expectations and realise our vision to be the preferred healthcare provider.

KPJ Healthcare is committed in delivering "Care for Life" in all aspects of our operations.



# ABOUT THIS REPORT



THIS YEAR WE CONTINUE OUR INTEGRATED REPORTING JOURNEY. THIS REPORT HIGHLIGHTS OUR VALUE CREATION MODEL, WHICH IS ALIGNED TO OUR SIX CAPITALS AND LINKED TO OUR SEVEN STRATEGIC THRUSTS AND MATERIAL MATTERS THAT ARE ALL CRUCIAL TO KPJ'S SUSTAINABLE LONG-TERM GROWTH.

THIS REPORT IS PREPARED IN ACCORDANCE WITH THE GUIDELINES OF BURSA MALAYSIA'S MAIN BOARD LISTING REQUIREMENTS.



## REPORTING SUITE

KPJ Healthcare's (KPJ or The Group) maiden Integrated Report was introduced for the financial year 2018. It detailed our commitment to transparency as a comprehensive suite of reports, comprising the 2019 Integrated Report (IR), Sustainability Report (SR) and Financial Report, which are available in both hardcopy and online. All documents are available for download from KPJ Healthcare Berhad's website at <https://www.kpjhealth.com.my>.

## REPORTING SCOPE AND BOUNDARY

This IR extends beyond financial reporting and includes non-financial performance opportunities, risks and outcomes attributable to, or associated with, our key stakeholders, which have a significant influence on our ability to create value.

The 2019 Integrated Report covers the period from 1 January to 31 December 2019 and builds on our previous publications. The report covers the primary activities of the Group, key business areas, our operations in Malaysia, Indonesia, Thailand, Bangladesh and Australia.

## REPORTING FRAMEWORKS

This report complies with prevailing regulations and is in accordance with the International <IR>

Framework by The International Integrated Reporting Council (IIRC). We apply and take into account the amendments to the Listing Requirements relating to Corporate Governance (CG) announced on the 29 November 2017 pursuant to the implementation of the Companies Act 2016 (CA 2016) and the launch of the new Malaysian Code on Corporate Governance released in 2017 (MCCG 2017) from the Securities Commission on 26 April 2017.

The financial position of the Group and of the Company is prepared in accordance with the Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the CA 2016 for the financial year ended, 31 December 2019.

Meanwhile, our non-financial information is reported against the new GRI Sustainability Reporting Standards (GRI Standards) and the information provided serves as a progress report on the implementation of 15 of the 17 United Nations Sustainability Development Goals (UN SDGs), to which we had identified our roles, actions and contribution towards the UN SDGs. These SDGs are referred to in our standalone Sustainability Report (SR) in a relevant and meaningful manner.

## ASSURANCE

Our Annual Financial Statements (FS) have been audited, as fully disclosed in the Statutory Annual Financial Report 2019. At present, we are looking forward for the external assurance of our Sustainability Report. However, as we have begun with our IR journey, we envisage that external assurance could be part of the process moving forward. This includes processes from our IR this year which contains both financial and non-financial indicators.

## MATERIALITY AND FORWARD-LOOKING STATEMENTS

### Materiality

We have conducted our materiality assessment in previous years, in line with Bursa Malaysia's listing requirements. As we revisited our material matters, we have linked them with Our Six Capitals. This underlines the relationship between our ability to create impact and the areas in which we have targeted.

## NAVIGATING THIS REPORT

Throughout this IR, we have linked Our Value Creation activities against Our Six Capitals and Seven Strategic Thrusts with the following icons:

OUR SIX CAPITALS			OUR SEVEN STRATEGIC THRUSTS			
 Financial Capital	 Manufactured Capital	 Natural Capital	 Capacity Building	 Enriched Customer Relationships	 Innovation @ The Core	 New Niches
 Human Capital	 Intellectual Capital	 Social And Relationship Capital	 Talent Management	 Business Process Improvement	 Sustainable Value For Stakeholders	

### Forward-Looking Statements

This report contains forward-looking statements on KPJ Healthcare Berhad's future direction, strategies and growth opportunities. However, due to the nature of our business which operates in an ever changing environment, the results of both the financial and non-financial performance might differ from those reflected in the forward-looking statements.

### FEEDBACK

Our reporting process is intended to move beyond compliance to general meaningful and inclusive engagement with our stakeholders. This is aligned with our desire to incorporate a culture of accountability and trust so as to further strengthen our relationships with our stakeholders. Should you have any comments and feedback, on this report, kindly contact our Investor Relations Unit at [ir@kpjhealth.com.my](mailto:ir@kpjhealth.com.my).

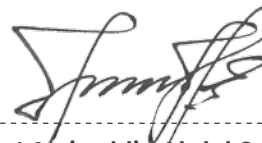
### APPROVAL BY THE BOARD

The Board has applied its collective mind in preparing and presenting the KPJ IR, as guided by the International <IR> Framework by The International Integrated Reporting Council (IIRC). The Board acknowledges its responsibility in ensuring the integrity of this report, through good governance, practices and internal reporting procedures. The Integrated Report 2019 suite has been approved by our Board.



**Dato' Yusli Mohamed Yusoff**

Chairman  
KPJ Healthcare Berhad



**Dato' Amiruddin Abdul Satar**

President and Managing Director  
KPJ Healthcare Berhad

REPORTING SUITE	INTEGRATED REPORT	SUSTAINABILITY REPORT	FINANCIAL REPORT
<b>DISCLOSURE</b>	<ul style="list-style-type: none"> <li>Management Discussion and Analysis</li> <li>Corporate Governance Overview</li> <li>Audit Committee Report</li> <li>Statement on Risk Management and Internal Control (SORMIC)</li> <li>Medical Advisory Committee Report</li> </ul>	<ul style="list-style-type: none"> <li>Reporting and Scope Boundaries</li> <li>Sustainability Material Matters and Stakeholder Management</li> <li>Management Approach</li> </ul>	<ul style="list-style-type: none"> <li>Directors' Report</li> <li>Notes to FS</li> <li>Independent Auditor's Report</li> </ul>
<b>REPORTING FRAMEWORK</b>	<ul style="list-style-type: none"> <li>Malaysian Code on Corporate Governance 2017 (MCCG 2017)</li> <li>Bursa Malaysia Securities Berhad Listing Requirement (BMLR)</li> <li>International IR Framework</li> <li>Companies Act 2016 (CA 2016)</li> </ul>	<ul style="list-style-type: none"> <li>GRI Standards</li> <li>ESG Rating Measurement Criteria</li> <li>BMLR</li> </ul>	<ul style="list-style-type: none"> <li>Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS)</li> <li>CA 2016</li> <li>BMLR</li> </ul>

# AT A GLANCE



## HOSPITALS



- 28** Malaysia
- 2** Indonesia
- 1** Bangladesh
- 1** Thailand

*\* Accredited Hospitals - 19 MSQH  
4 JCI*

## EDUCATION



### Malaysia

**1**

University College  
(3 branches)

### Bangladesh

**1**

Nursing College

## SENIOR & ASSISTED LIVING CARE



### Malaysia

**4**

### Australia

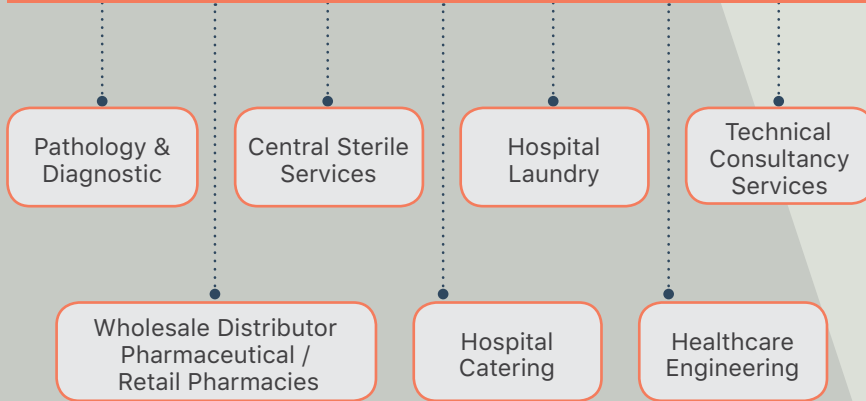
**1**

*\* By Malaysian Society for Quality in Health (MSQH)  
By Joint Commission International (JCI)*

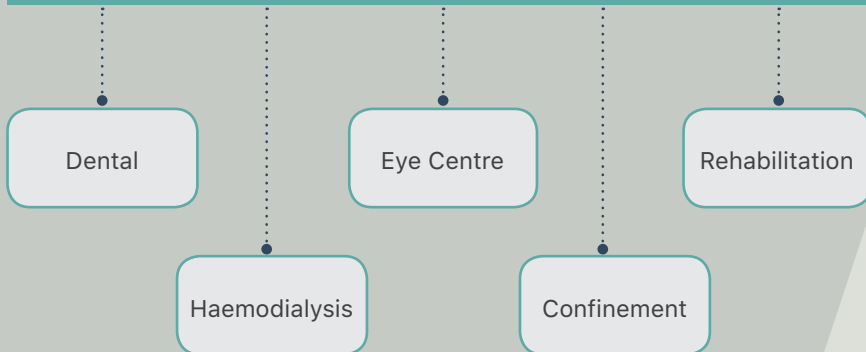




## Ancillary Services



## Ambulatory Care & Wellness



EMPLOYEES	
TOTAL	15,264
Malaysia	14,433
Indonesia	410
Bangladesh	421

MEDICAL CONSULTANTS	
TOTAL	1,259
Malaysia	1,105
Indonesia	122
Bangladesh	32



## OUTPATIENTS INPATIENTS

**TOTAL**  
2,902,555 | 331,483

**Malaysia**

2,629,878 | 315,182

**Indonesia**

130,184 | 9,693

**Bangladesh**

142,493 | 6,608



## OPERATING BEDS

**TOTAL** > 3,436

**Malaysia** > 3,200

**Indonesia** > 156

**Bangladesh** > 80



## OCCUPANCY RATE

**Malaysia** > 67%

**Indonesia** > 54%

**Bangladesh** > 60%

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# ABOUT KPJ HEALTHCARE BERHAD

## What We Do...



KPJ HAS A RESILIENT BUSINESS MODEL, DRAWN FROM OUR 39 YEARS' EXPERIENCE IN THE MALAYSIAN PRIVATE HEALTHCARE INDUSTRY. OUR VALUE ECOSYSTEM CENTRES ON MANAGING A NETWORK OF SPECIALIST HOSPITALS, SUPPORTED BY STRATEGIC INVESTMENTS IN A DIVERSIFIED PORTFOLIO. WE ARE IN A POSITION TO CREATE SUSTAINABLE LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS.



### KPJ'S VALUE ECOSYSTEM

#### HOSPITAL OPERATIONS



Our Hospital division plays an integrated role in supporting the smooth running of our network of hospitals through:

- Continuously reviewing and streamlining processes
- Enhancing hospital systems
- Expanding existing hospitals' capacities to cater to market demand
- Structured professional development

#### CLINICAL OPERATIONS



Our Clinical Operations ensures that all the components of clinical governance are in place, with the monitoring of compliance by the Group and monitored by the Medical Advisory Committee to ensure best patient outcomes and ascertaining that patients' safety is not compromised. It also monitors the outcomes of several procedures which are then used to promote KPJ's healthcare services as a preferred healthcare provider.

#### DIAGNOSTIC SERVICES



Our Diagnostic Services provides timely, cost-effective, and high quality diagnostic care in a safe environment for patients. It includes the clinical services of Pathology and Laboratory Medicine, Radiology, and Nuclear Medicine.

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AMBULATORY CARE



The provision of outpatient services include the following:

- KPJ KL Dental Specialist Centre
- KPJ KL Rehabilitation Centre
- Haemodialysis services
- Consultant clinical specialists
- KPJ Centre For Sight (Eye Centre)
- KPJ Wellness & Lifestyle Programme

NEW HOSPITAL DEVELOPMENT



The Business Development Services is responsible for the identification, evaluation and expansion of KPJ's business, encompassing both hospital-based and healthcare-related businesses, either via sole ownership, partnership, joint ventures, and/or design build and lease models.

SENIOR & ASSISTED LIVING CARE



This segment provides both short and long term care for individuals who need support in their daily activities. These services are provided at our 4 Senior and Assisted Living Centres in Malaysia and one in Australia.

EDUCATION



- KPJ Healthcare University College (KPJUC) provides a wide range of medical and healthcare qualifications.
- Malaysian College of Hospitality & Management (MCHM) trains professionals in Culinary Arts, Hotel Tourism and Restaurant Management.

ANCILLARY SERVICES



Ensure the smooth operations of our network of hospitals through:

- Supply-distribution value chain
- Reducing dependencies on outsourced third party vendors and supplies
- Intrapreneur Companies
- Pharmaceutical Companies
- Sterilisation of Surgical Equipment

HEALTH TOURISM



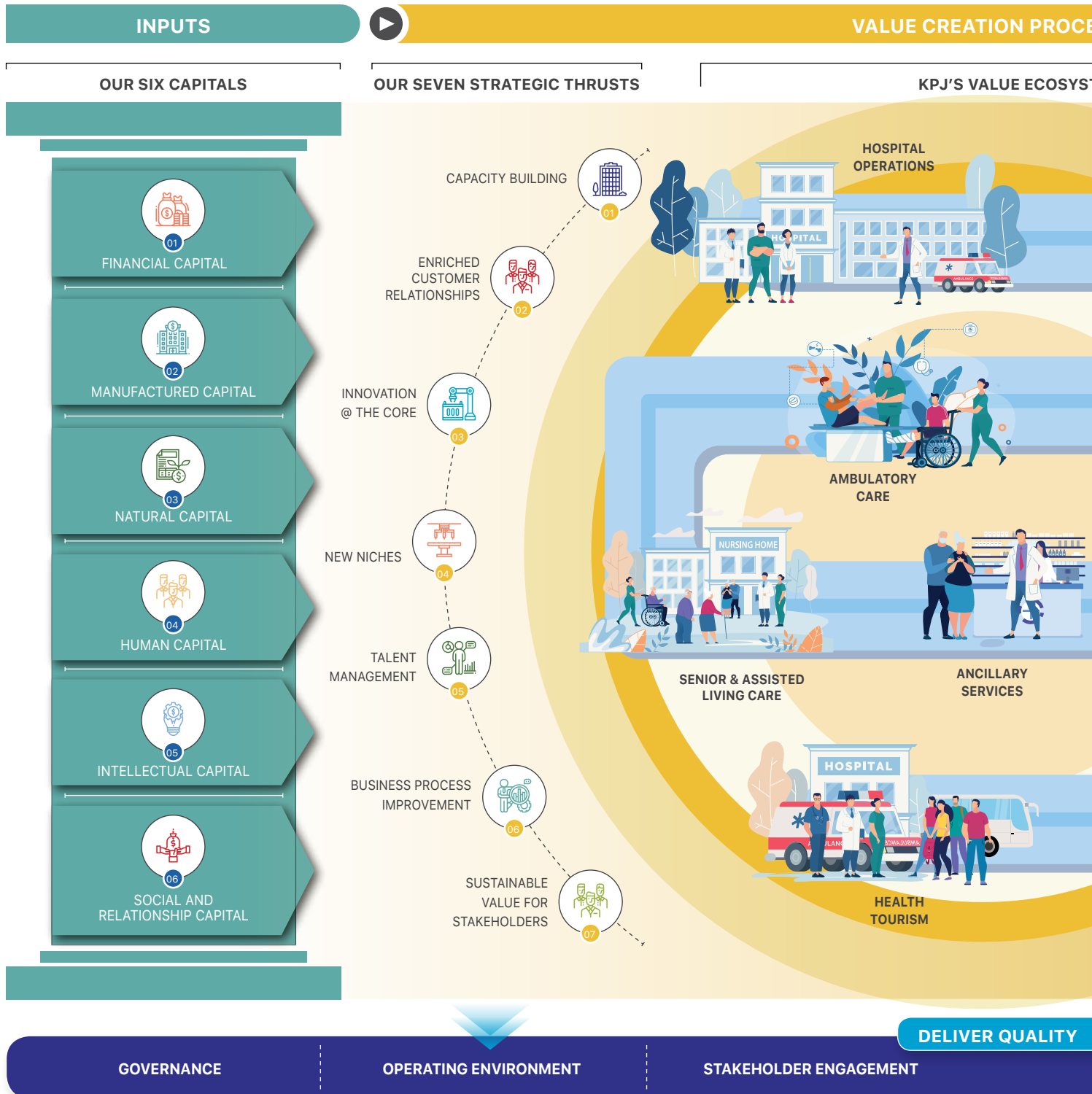
Positioning KPJ as the preferred provider among international health tourists, aimed at:

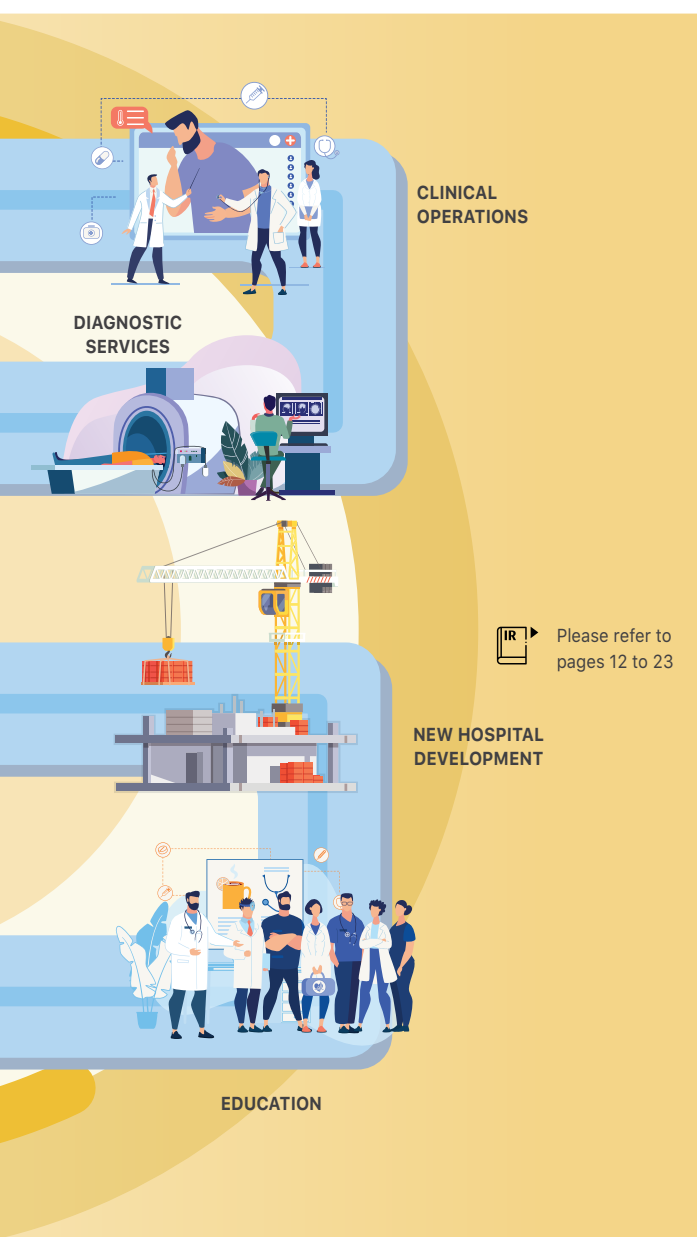
- Increasing Group revenue and patient volumes by venturing into new markets like Vietnam, Brunei and China
- Boosting KPJ brand regionally and internationally
- Enhancing international patients' healthcare experience
- Promoting Malaysia as a preferred healthcare destination with our extensive network of hospitals nationwide



# HOW WE CREATE VALUE

KPJ's value creation model is premised on our philosophy of growing our business sustainably, and is aligned with our mission TO BE THE PREFERRED HEALTHCARE PROVIDER. In creating sustainable long-term value for our stakeholders, our activities are focused on generating and obtaining outcomes that fulfil the following parameters, which are in turn crucial in driving our long-term value creation.





## OUTCOMES AND VALUE CREATED

### UN SDGs



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# VALUE CREATION

## CONTINUOUS GROWTH IN HEALTHCARE INDUSTRY

### REVENUE GROWTH

6%

RM billion

3.6

2018: RM3.4 bil

## SUPER CUSTOMER SERVICE

### PATIENT SATISFACTION INDEX

88.1%

2018: 87.0%

## LEVERAGE ON TECHNOLOGY AND INNOVATION FOR QUALITY CARE

### IT INVESTMENT

RM million

3.5

2018: RM6.4 mil

## DELIVER THE BEST POSSIBLE CLINICAL OUTCOMES

### CLINICAL SURVEY

90.1%

2018: 92.1%



# ATION 2019

ENSURE UPGRADING  
OF EMPLOYEES'  
SKILLS AND  
KNOWLEDGE

STAFF TRAINING  
AND DEVELOPMENT  
PROGRAMMES

RM million

10.9

2018: RM11.1 mil

TAKE ENVIRONMENT  
PROTECTION  
SERIOUSLY

REDUCTION IN GHG  
EMISSIONS

per square foot (sq ft) -  
Electricity Consumption

4.8%

2018: 4.6%

PROTECT THE  
SOCIO ECONOMIC  
ENVIRONMENT OF  
OUR STAKEHOLDERS

COMMUNITY  
INVESTMENT

RM million

10.3

2018: RM13.2 mil

DIVIDEND TO  
SHAREHOLDERS

RM million

86.0

2018: RM84.7 mil

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# OUR SIX CAPITALS



## FINANCIAL CAPITAL

Our Financial Capital is the pool of funds available to KPJ, as sustained by other capitals. The components of our Financial Capital are the revenue generated from our operations, market capitalisation, Government grants, the income we derive from fund raising activities such as Sukuk, as well as loans obtained.

### TRADE-OFFS

We use our Financial Capital to expand our hospital networks, and invest in medical equipment and new technologies, which increase our Manufactured and Intellectual Capitals. While this results in the reduction of our Financial Capital in the short-term, in the longer term it adds to the strength of our business and therefore our Financial Capital.

### LINK TO OUR SEVEN STRATEGIC THRUSTS



### LINK TO MATERIAL MATTERS

- Cost of Healthcare Services
- Government Regulations
- Funders for Healthcare Services

#### KEY INPUTS

##### Market Capitalisation (Bil)



##### Capital Expenditure (Mil)



##### Cash Used In Investing Activities (Mil)



##### Debt/Equity Ratio



##### Total Borrowings (Current And Non-Current) (Bil)



#### ACTIVITIES AND PROCESSES

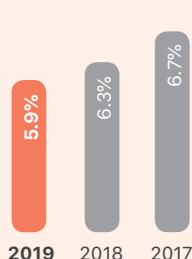
- Funding the development of new hospitals to expand our hospital network
- Funding the expansion of existing hospitals to cater to increased market demand
- Funding for new equipment
- Funding for research and development (R&D) and innovation activities
- Cost optimisation programme to reduce maintenance costs
- Appropriate management of debt and equity
- Effectively and efficiently manage the liquidity of the Group to ensure a strong balance sheet

#### KEY OUTPUTS

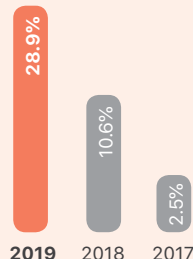
##### Net Profit (Mil)



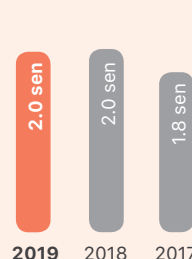
##### Revenue Growth (%)



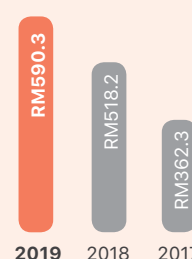
##### EBITDA Growth (%)



##### Dividend Payout Per Share (Sen)



##### Cash Generated From Operations (Mil)



For more information on our financial performance, please refer to our Chief Financial officer's Review on pages 68 to 72 of this Integrated Report.



## MANUFACTURED CAPITAL

KPJ's Manufactured Capital includes all infrastructure created and utilised within our integrated healthcare business model. These include our network of hospitals and aged care facilities within the regional footprint of our operations, as well as the medical and healthcare equipment, pharmacies, and hospital facilities we employ in the provision of healthcare services.

### TRADE-OFFS

Investment in Manufactured Capital reduces our Financial Capital in the short-term. However, it adds to our ability to generate long-term growth, thus expanding our Financial Capital in the longer term.

### LINK TO OUR SEVEN STRATEGIC THRUSTS



### LINK TO MATERIAL MATTERS

- Government Regulations

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### REGIONAL HEALTHCARE FACILITIES COMPRISING HOSPITALS, SENIOR & ASSISTED LIVING CARE CENTRES AND UNIVERSITY COLLEGE

#### HOSPITALS

##### Malaysia



##### Indonesia



##### Thailand



##### Bangladesh



#### EDUCATION

##### Malaysia

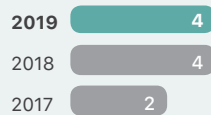


##### Dhaka



#### SENIOR & ASSISTED LIVING CARE CENTRES

##### Malaysia



##### Australia



KEY INPUTS

01

93

Operation  
theatres

02

180

Intensive  
Care Units

#### High Tech System for Diagnostic Imaging

- MRI – for soft tissue and advance imaging such as Brain, Cardiac, Abdomen and Extremities
- CT scan – fast imaging for 3D Imaging, Cardiac Imaging
- CT Simulator – for radiotherapy treatment planning
- Angiography – for Cardiac treatment

#### High Tech System for Cancer Treatment

- PET CT – combination of advance technology for better cancer detection
- Linear Accelerator (LINAC)

#### Basic Imaging with Advance Technology

- General X-Ray – using Digital Radiography and Computed Radiography
- C-Arm
- Mammography – with 3D (Tomosynthesis)
- Ultrasound
- Lithotripter and ESWL – with Ultrasound and C-Arm
- Fluoroscopy – using digital system
- Bone Densitometer

#### Special Diagnostic Services

- Heart Lung Machine
- Lasik



## MANUFACTURED CAPITAL

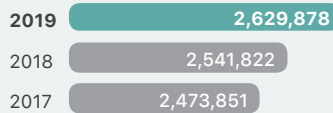
### ACTIVITIES AND PROCESSES

- Transformation from Private Owned Cloud to Managed Private Owned Cloud. This involves on a range of built IT infrastructure on Enterprise model instead of an On Premise model to achieve Shared Service
- Enabling the hardware of the Core System to integrate with Industry 4.0 initiatives such as Autonomous Robotics, Big Data and Cloud Computing
- Upgrading operational efficiency
- Focused investments in building new hospitals and expanding capacities of existing hospitals in 2019
- Expanded our retail pharmacy business through both physical outlets and an online e-commerce website for Healthshoppe based in KPJ Hospitals
- Expanded retail pharmacy presence through the new JX Pharmacy brand, located outside hospitals
- Increased capacity of hospitals in Malaysia following the opening of three new hospitals in 2019:
  - KPJ Bandar Dato' Onn: 30 beds, 10 services, 16 specialist consultants
  - KPJ Miri: 26 beds, 10 services, 11 specialist consultants
  - KPJ Batu Pahat: 25 beds, 9 services, 16 specialist consultants
- Increase in the number of beds of existing hospitals in 2019, with:
  - KPJ Seremban: 48 beds
  - KPJ Penang: 9 beds
  - KPJ Johor: 5 beds
  - KPJ Perlis: 15 beds
- Expanded hospital services by the following means:
  - Launched comprehensive private radiotherapy and oncology centre in KPJ Sabah
- Expanded our regional presence via the launch of info Centre in Vietnam, Indonesia

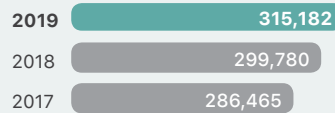
### INCREASED OPERATIONAL EFFICIENCY AND SYNERGIES WITHIN OUR NETWORK OF HOSPITALS

#### Malaysia

##### Outpatients



##### Inpatients



##### Average Bed Occupancy Rate (%)

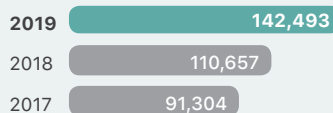


##### (Operating Beds)



#### Bangladesh

##### Outpatients



##### Inpatients



##### Average Bed Occupancy Rate (%)



##### Operating Beds





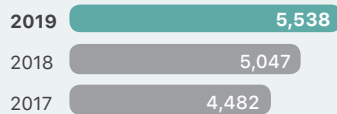
# MANUFACTURED CAPITAL

## Indonesia

### Outpatients - RSMPPH



### Inpatients - RSMPPH



### Beds - RSMPPH



### Average Bed Occupancy Rate (%) - RSMPPH



### Outpatients - RSMBSD



### Inpatients - RSMBSD



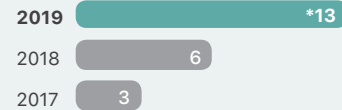
### Beds - RSMBSD



### Average Bed Occupancy Rate (%) - RSMBSD



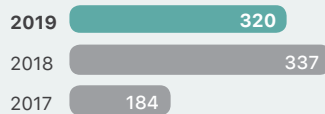
## KPJ HEALTHSHOPPE AND JX PHARMACY OUTLETS



\* and 1 online

## RESIDENTS AT SENIOR & ASSISTED LIVING CARE CENTRES

### Sibu Geriatric Health and Nursing Centre



### KPJ Tawakkal KL Health Centre



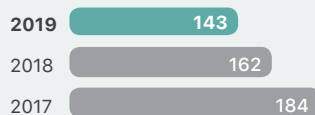
### Kuantan Wellness Centre



### Damai Wellness Centre



### Jeta Gardens, Australia



For more information, please refer to our Operational Review on page 78 to 99 of this Integrated Report.

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## NATURAL CAPITAL

Our Natural Capital refers to the renewable and non-renewable natural resources we use in delivering our healthcare services.

### TRADE-OFFS

Expansion of our Manufactured Capital impacts negatively on Natural Capital. However, by ensuring that we responsibly manage our environmental footprint, we are able to mitigate our business' impact on our Natural Capital, and add to the value of our Social and Relationship Capital.

### LINK TO OUR SEVEN STRATEGIC THRUSTS



### LINK TO MATERIAL MATTERS

- Cost of Healthcare Services

KEY INPUTS	Average Electricity Consumption Per Square Foot (sq ft) (kWh)		Average Water Consumed Per Employee (m <sub>3</sub> )		Average Hazardous Waste Generated Per Patient (kg)	
	2019	23.48	2019	117	2019	0.53
	2018	24.24	2018	106	2018	0.54
	2017	25.12	2017	111	2017	0.49
	achieved target not more than 27.69 kWh per sq ft		increased to from the target of not more than 111 m <sub>3</sub> Per employee		achieved target of not more than 0.5 kg per patient	

ACTIVITIES AND PROCESSES

- The nature of KPJ's healthcare services is energy and water intensive. As our business has increased and expanded its operations, this has led to an increase in water and energy consumptions, as well as waste generated. To mitigate this, we have measures in place and collect data to monitor our progress
- Conducting water saving initiatives such as:
  - Monitoring and tracking water leakages
  - Rainwater harvesting
- Conducting Waste Management Practices which focus on:
  - Training hospital staff on proper clinical waste disposal
  - Appointing a clinical waste disposal contractor whose operations are in compliance with MOH and DOE regulations
  - Recycling non-clinical waste such as paper and other recyclables
  - Conducting waste disposal activities according to environmental regulations such as Environmental Quality Act 1974 and subsequent legislations
- Removing daily waste using designated vehicles at special collection areas which are kept clean and locked
- Promoting paperless office
- Utilising sophisticated heating, ventilation and air-conditioning (HVAC) systems to optimise energy consumption
- Upgrading chiller systems to conserve energy
- Replacement of light bulbs with LEDs
- Installation of electricity timers within certain hospital areas
- Green building initiatives

 For more information on our environmental initiatives, please refer to Environmental Section of our Sustainability Report.

KEY OUTPUTS	GHG Emission per patient served (CO <sub>2</sub> ) - Hazardous Waste		GHG Emission per employee (CO <sub>2</sub> ) - Water Consumption		GHG emission per square foot (sq ft) (CO <sub>2</sub> ) - Electricity Consumption	
	2019	0.64	2019	490.58	2019	16.09
	2018	0.64	2018	443.31	2018	16.62
	2017	0.59	2017	466.94	2017	17.43



# HUMAN CAPITAL

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Our Human Capital refers to the skills and experience of our employees that enable KPJ to implement its strategies and deliver healthcare services that create value for all our stakeholders. Human Capital of consultants is safeguarded through the closed system model where the Group's doctors practice only in KPJ Hospitals.

## TRADE-OFFS

Our investment in Human Capital reduces our Financial Capital in the short-term. However in the long-term, it adds to our Human, Financial, and Social and Relationship Capital.

## LINK TO OUR SEVEN STRATEGIC THRUSTS



## LINK TO MATERIAL MATTERS

- Managing and Retaining Talent

### KEY INPUTS

#### A Diverse Workforce

Total staff in Group



Total staff in hospitals (Malaysia)



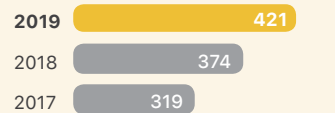
Total staff in hospitals (Indonesia)



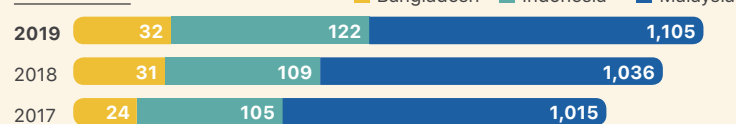
No. of trained nurses



Total staff in hospitals (Bangladesh)



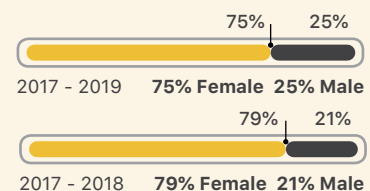
#### Consultants



#### Investment in Training and Development (Mil)



#### Male:Female Gender Diversity Ratio



### ACTIVITIES AND PROCESSES

- Competitive and fair remuneration packages
- Fair employment practices e.g. non-discriminatory
- Investing in our employees' career development, including skillset training and leadership development initiatives
- Establishment and review of succession planning to identify and guide internal talent to become leaders in the organisation
- Education sponsorship opportunities for nurses in the Post-Basic Nursing Programme at KPJ Healthcare University College (KPJUC) as well as externally to discuss latest treatments and industry trends
- Develop and organise annual

healthcare conferences/workshops of national and industry standards. In 2019, there were medical consultants and healthcare professionals (including nurses) that participated in KPJ Healthcare Conference

- Occupational health and safety management systems
- Employee engagement initiatives such as:
  - Activities conducted by the Sports and Recreational Clubs
  - Annual events such as Family Day and Sports Carnivals
  - Employee engagement programmes within our CSR initiatives
- Work-life balance initiatives such as
  - Flexible working hours

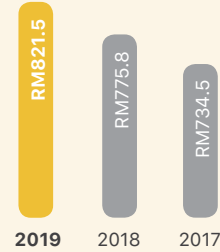
- Onsite crèches for our staff members' children with breastfeeding rooms which are open 24/7 to accommodate nurses working on shifts
- Promoting healthy living lifestyle amongst our employees through voluntary wellness and health initiatives such as the Body Mass Index (BMI) programme
- Time off during working hours to attend to urgent personal matters
- Special parking bays for pregnant employees
- Employee Share Option Scheme (ESOS) for employees
- Comprehensive benefits and welfare for all employees
- Workforce transformation policies
- Diversity and Inclusion Policy



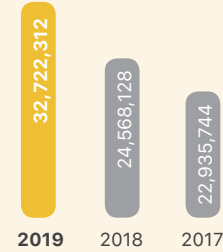
## HUMAN CAPITAL

### KEY OUTPUTS

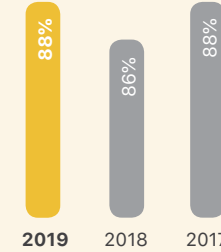
#### Employee Benefit Costs (Mil)



#### Total Man Hours Worked (Hours)



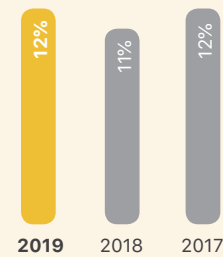
#### Staff Retention Rate (%)



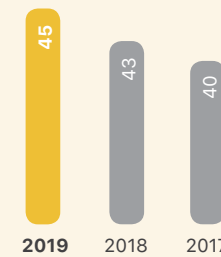
#### ESOS Expenses (Mil)



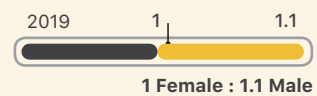
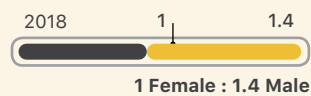
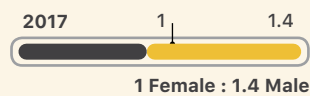
#### Staff Attrition Rate (%)



#### Average Training Hours Per Employee (Hours)



#### Ratio of Basic Salary and Remuneration of Women to Men



For more information on our employees, please refer to the Materiality People – 2 to Materiality People – 7 in the Social Section of our Sustainability Report.



## INTELLECTUAL CAPITAL

Our Intellectual Capital comprises of intangibles such as our health service offerings, as well as health quality standards, accreditations and certifications that define the Group's competitive advantage. It also includes information technology (IT) and medical technology (MedTech) innovations that we adopt to enhance our efficiencies and clinical outcomes.

### TRADE-OFFS

In the short-term, our investment in Intellectual Capital reduces Financial Capital. However it grows our Human, Financial, and Social and Relationship Capitals in the longer term.

### LINK TO OUR SEVEN STRATEGIC THRUSTS



### LINK TO MATERIAL MATTERS

- Quality of Service Standards
- Government Regulations

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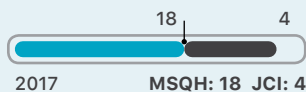
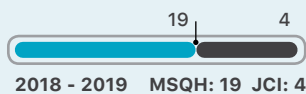
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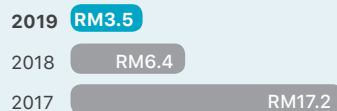
#### KEY INPUTS

##### Hospital Certification, Accreditation and Standards



More details on our Certification, Accreditation and Standards can be found within our Materiality Economic 5 - Certification, Accreditation and Standards our Sustainability Report.

##### IT Investment (Mil)



##### No. of Hospitals Integrated with KPJ Online Booking System



#### ACTIVITIES AND PROCESSES

- Clinical Services introduced new services in line with new technology or meeting customers' expectations and endeavour to provide a safe healing environment. These were some of the new services initiated and in progress:
  - Nursing Shared Governance
  - Clinical Pharmacy Services in KPJ Hospitals
  - Acute Stroke Centre
  - Remote Health Diagnostic and Monitoring System (RHDMS)
- Continued with digitisation initiatives via KCIS2 and HITS2 migration, to second generation Cloud Computing
- Doctors and nurses using KCIS2 and HITS2 which incorporate more details, enabling effective patient follow up, monitoring and tracking
- Improvements in technology and processes that deliver more integrated information within the Group, with an emphasis on information security
- Implemented a new Data Centre to prepare for the Group's consolidated Cloud Computing within our hospital network
- Cyber security and IT Risk Assessment actions were undertaken to prepare for ISO 27001
- Most hospitals continued monitoring and renewing their certifications, including:
  - Joint Commission International (JCI),
  - Malaysian Society for Quality in Health (MSQH), Integrated Management System (IMS) - ISO 9001, ISO 14001 and Occupational Health and Safety (OHSAS) 18001, Baby Friendly Hospital Initiatives (BFHI) and Quality Environment/5S.
  - As at January 2020, KPJ accounted for 31% of the MSQH accredited and 33% of JCI accredited of private hospital in Malaysia
- In-house nursing and healthcare dashboard
- Comprehensive Clinical Governance policies, structure and management in place
- Masters and PhD Programmes
- Academic Healthcare Centre (AHC) initiative as a collaborative platform for KPJUC academics and KPJ hospital clinical professionals to provide hands on skills training for KPJUC students
- The biennial KPJ Quality Convention has been the platform for employees to showcase innovative projects that can effectively improve operations. In 2019, more than 30 projects competed in the Convention and 6 digital projects were identified for possible implementation throughout the Group



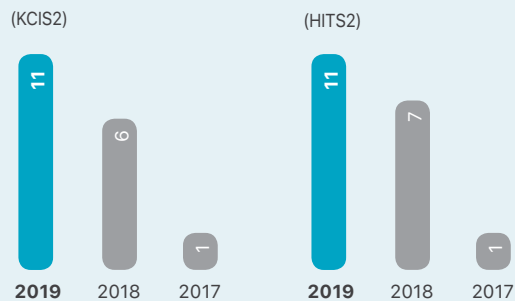


## INTELLECTUAL CAPITAL

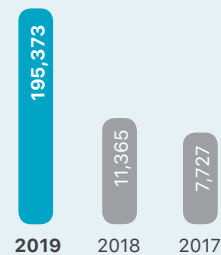
### Specialists Trained at KPJUC

PROGRAMMES	AS AT 2019
PHD IN NURSING	3
MASTER OF OTORHINOLARYNGOLOGY (HEAD AND NECK SURGERY)	5
MASTER OF SCIENCE IN PHARMACEUTICAL TECHNOLOGY	2
MASTER OF PHYSIOTHERAPY	4
MASTER IN RADIOLOGY	4
MASTER OF NURSING SCIENCE	5

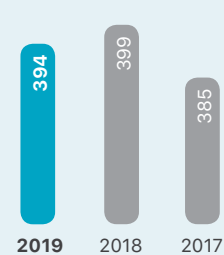
### Total No. of Hospitals Migration to KCIS2 and HITS2



### Total Number of KPJ Online Appointments



### No. of KPJUC Graduates Recruited



### Average of Innovation Received Per Hospital



### Number of Certification

	2019
JCI	4
MSQH - Hospital	19
MSQH - KWAN	8
MSQH - Dental Clinic	1
ISO 9001:2015	1
BFHI	13
Planetree	2
PDPA	28
mQuit	8
IMS (KPJ's Integrated Management System)	20



For more information on our digital healthcare innovations, technology and cyber security enhancements, KPJUC, as well as accreditations and certifications, please refer to Materiality Economic 3, 4 and 6 within the Economic section of our Sustainability Report.



## SOCIAL & RELATIONSHIP CAPITAL

Our Social and Relationship Capital refers to the long-term relationships we have cultivated with our stakeholders, including patients, suppliers, business partners, the Government and other key stakeholders. This plays a large role in the Group's reputation management.

### TRADE-OFFS

In the short-term, investment in Social and Relationship Capital reduces our Financial Capital. However through our wide spectrum of initiatives which create value for our stakeholders, we are able to grow our Social and Relationship, Human, Intellectual and Financial Capitals in the longer term.

### LINK TO OUR SEVEN STRATEGIC THRUSTS



### LINK TO MATERIAL MATTERS

- Cost of Healthcare Services
- Quality of Service Standards
- Government Regulations
- Funders for Healthcare Services

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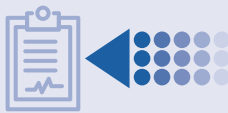
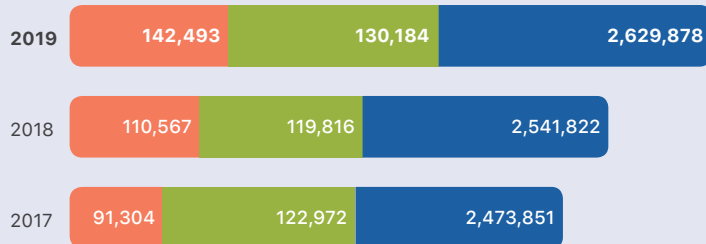
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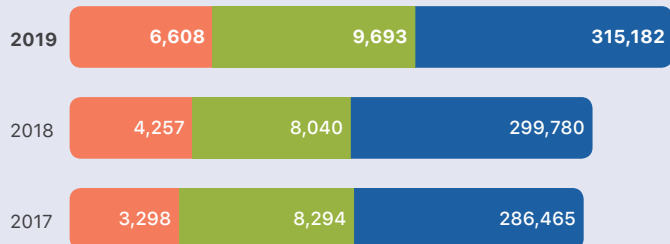
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### Outpatients



### Inpatients



■ Bangladesh ■ Indonesia ■ Malaysia

### Total No. of KWAN Clinic's Patients



### Total No. of Mobile Clinic's Patients





## SOCIAL & RELATIONSHIP CAPITAL

### ACTIVITIES AND PROCESSES

#### For our Patients

- Increased focus on KPJ Brand through specially designed onground and online campaigns
- KPJ's Customer Service Tools are:
  - KPJ Service Quality Coach
  - Customer service workshops
  - SQM Mentoring Programme
  - Standard People Practice (SPP)
  - Planetree project focusing on person centered care
  - KPJ Care Card Loyalty Programme
- Integrated SQM Portal comprising the following elements:
  - Patient Communication Management System (PCMS)
  - SQM External Survey
  - Service initiative system
- Planned Preventative Maintenance (PPM)
- Ongoing commitment to reduce admission and discharge waiting times

#### For the Government

- Active engagement with the Government on healthcare issues and legislation
- Contribute in kind to efforts by the Ministry of Health during health emergencies, e.g. to flatten the curve of pandemic Covid-19
- Representation on Government bodies such as the Malaysian Nursing Board

#### For our Intermediaries

- Conducting regular engagements with our intermediaries
- Sustaining a Corporate Client Management function for our intermediaries
- Implemented the Hospital Alliances Services (HAS) portal for the Electronic Pre-Authorization Form (E-PAF) by Prudential Assurance Malaysia Berhad (PAMB)

#### For Our Suppliers

- All suppliers required to adhere to the Corporate Integrity Agreement (CIA) and the KPJ Safety & Health standards

#### For our Vendors and Suppliers

- Efficient and streamlined procurement processes and policies
- Regular meetings with suppliers
- Fair contract negotiations with suppliers and vendors
- Assessment process with regards to suppliers and vendors
- All suppliers, vendors and other related third parties are expected to sign the Corporate Integrity Agreement (CIA)

#### For Accreditation and Industry Bodies

- Representation on accreditation and industry bodies such as the Association of Private Hospitals Malaysia (APHM) and MSQH.
- All our consultants are duly registered on the National Specialist Register

#### For the Community

- Community outreach programmes such as:
  - Klinik Waqaf An-Nur (KWAN), including Mobile Clinics and Dialysis Centres
- Baby Hatches that provide safety for babies left behind by their parents
- Public health education programmes
- Community grievance platforms and channels

#### For our Investors and Shareholders

- Investor relations presentations
- Corporate website
- Analyst meetings
- General Meetings – AGM and EGM
- Participation in investor roadshows and conferences



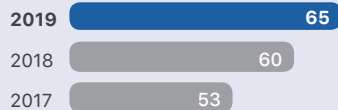
## SOCIAL & RELATIONSHIP CAPITAL

### KEY OUTPUTS

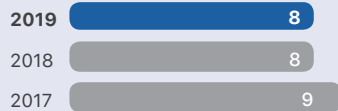
#### Customer Satisfaction Index



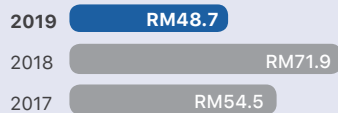
#### Service Quality Coaches



#### No. of Hospitals with Baby Hatches



#### Tax Distribution to Government/ Approved Agencies (Mil)



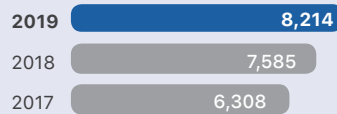
#### Total No. of Staff Trained in Customer Service



#### Total Investment in Community Outreach Programmes (Mil)

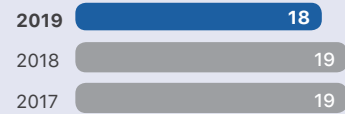


#### CIA Execution by Vendors and Suppliers



#### Klinik Waqaf An-Nur

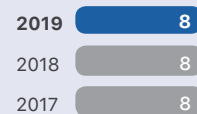
##### Clinics Operating As Dialysis Centres



##### Clinics Operating As Dialysis Centres



##### Clinics With MSQH Certification



##### Mobile Clinics



**SR** For more information on our customer service and intermediary initiatives, please refer to Materiality Economic 1 and 2 within the Economic section of our Sustainability Report. Further information on our community initiatives can be found within the Materiality People 1 in the Social section of our Sustainability Report. Full disclosures on our investor and shareholder activities can be found within our standalone Corporate Governance Overview section of our Integrated Report.

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# GROUP STRATEGY

THE FOUNDATION OF KPJ'S GROUP STRATEGY IS BUILT UPON THE LONG-TERM GOAL OF OUR BUSINESS, THAT IS TO PROVIDE QUALITY HEALTHCARE FOR ALL OUR PATIENTS. WE ENDEAVOUR TO MAXIMISE RETURNS FOR OUR SHAREHOLDERS' INVESTMENTS AND THAT OF OUR STAKEHOLDERS' THROUGH LONG TERM VALUE CREATION.

AS SUCH, OUR SEVEN THRUSTS ARE GUIDED BY OUR CORPORATE IDENTITY, VALUES, VISION AND MISSION, AND ARE IMPLEMENTED THROUGH VARIOUS INITIATIVES TO FURTHER DEVELOP OUR SIX CAPITALS WITHIN OUR BUSINESS MODEL.

## OUR GROUP TAGLINE:

### CARE FOR LIFE

As a leading provider of healthcare services regionally, KPJ is committed to offer quality par excellence across all our healthcare offerings. To achieve this, we leverage on our experienced medical professionals and state-of-the-art facilities in all markets that we operate in.

## OUR VISION :

### THE PREFERRED HEALTHCARE PROVIDER

KPJ's vision to be the preferred healthcare provider is achievable through the delivery of exceptional health treatment, care and diagnosis to all patients. Our steadfast commitment to achieving our vision can be seen through the various initiatives and actions such as innovative use of technology, having a team of experienced doctors, and well-trained medical and non-medical employees who work hand in hand wherever we operate.

## OUR FIVE

### CORE VALUES

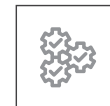
We are guided by our Core Values which underpin our dedication to "Care for Life". It is our hope that through these five core values, we can maintain and grow KPJ's patient-centered healthcare services.



Ensuring Safety



Delivering Service with Courtesy



Performing Duties with Integrity



Exercising Professionalism at All Times



Striving for Continuous Improvement

## OUR MISSION :

### DELIVER QUALITY HEALTHCARE SERVICES

We made it our mission to improve the health of the people and the communities across all markets in which we operate. Delivery of care is led by medical professionals who are committed to achieving quality patient outcomes.



# OUR SEVEN STRATEGIC THRUSTS

drive our commitment to provide a comprehensive, patient-centred care, and to maintain our position as the leader in the country's private healthcare industry



**CAPACITY BUILDING**  
Strategic investments and enhancements in project development.



**ENRICHED CUSTOMER RELATIONSHIPS**  
Employ strategic measures aimed at strengthening the KPJ brand, built on a patient-centric culture.



**INNOVATION @ THE CORE**  
Embedding a Culture of Innovation throughout the Group, ensuring KPJ keeps abreast with industry trends.



**NEW NICHEs**  
Explore new and potential opportunities, to grow the business in the medium to long term.



**TALENT MANAGEMENT**  
Focus on nurturing dependable and high integrity talents who are capable of driving positive performance, contributing to KPJ's sustainable growth.



**BUSINESS PROCESS IMPROVEMENT**  
Continuously improving our processes and systems to improve performance.



**SUSTAINABLE VALUE FOR STAKEHOLDERS**  
Ensuring long-term growth, in order to provide stakeholders with high returns, contributing to sustainable positive relationship.

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# STRATEGIC RESPONSE

FOR THE YEAR 2019, WE IDENTIFIED FOCUS AREAS THAT DRIVE OUR SEVEN STRATEGIC THRUSTS. FULL AND COMPLETE DETAIL OF OUR ACTIVITIES AND RESULTS CAN BE FOUND IN THE SECTION ENTITLED "HOW WE CREATE VALUE", PAGES 8 to 23 AND IN SECTION "OPERATIONAL VIEW", PAGE 78 to 99.

STRATEGIC THRUST/TERM	OUR STRATEGIC FOCUS IN 2019	TARGETS FOR 2019	ACHIEVEMENTS IN 2019
<b>CAPACITY BUILDING</b>    CONTINUOUS EXPANSION	<b>Continuous Growth in Healthcare Industry</b> New hospitals in greenfield and brownfield locations will be built throughout Malaysia parallel to the strategy to expand our hospital networks	On time completion of hospitals projects	<b>Achieved</b> Completion of greenfield projects:- - KPJ Bandar Dato' Onn in February 2019 - KPJ Batu Pahat in September 2019 - KPJ Miri in December 2019  Additional capacity from hospital expansion
<b>SUPERIOR CUSTOMER SERVICE</b>    CONTINUOUS IMPROVEMENT	<b>Superior Customer Service</b> Focusing on providing patient centric benefits in our Clinical Operations via: <ul style="list-style-type: none"> <li>• Patient initiatives</li> <li>• Nursing initiatives</li> <li>• Consultants initiatives</li> </ul> Continuous development on our strong service culture by focusing on: <ul style="list-style-type: none"> <li>• Talent</li> <li>• Service deliveries</li> <li>• Culture</li> </ul> <b>Intensive Marketing on Social Media</b> In reaching out to our target markets, we identify segmented marketing activities to our customers through the social media platforms	To obtain Patient Satisfaction Index of 85% rate and above	<b>Achieved</b> 88.1% of Patient Satisfaction Index
<b>INNOVATION @ THE CORE</b>    SHORT TO MEDIUM	<b>Leveraging on Technology and Innovation for Quality Care</b> Maximise the use of technology to meet patients' expectation and to improve clinical outcomes.	Integrate patient services to KPJ's online platform	<b>Achieved</b> Automated Dispensing Machines (ADM) for medication distribution and online booking system.



STRATEGIC THRUST/TERM	OUR STRATEGIC FOCUS IN 2019	TARGETS FOR 2019	ACHIEVEMENTS IN 2019
<b>NEW NICHES</b> 	<b>Continuous Growth in Healthcare Industry</b> Expanding our footprint by tapping into the local community segment  Continue driving growth in Health Tourism by strengthening the KPJ brand in Indonesia, especially in new markets such as on Java Island. In the same time exploring the new market in other regions such as China, Myanmar, Vietnam, Middle Eastern, Somalia and Bangladesh	Two Additional Operational Business  15% growth in health tourism	<b>Achieved</b> - JX Pharmacy; Three outlets i.e Bangi, Shah Alam and Damansara  - KPJ Healthshoppe: 11 outlets at KPJ's hospitals  <b>Not Achieved</b> Revenue and visits increased by 5% and 7% respectively
<b>TALENT MANAGEMENT</b> 	<b>Continue to create employment opportunities for future generations</b> KPJ Healthcare University College acts as a source in training and nurturing talents of future professionals	Commencement of Academic Health Centre (AHC) and to be the first private hospital in Malaysia to adopt this AHC concept  New programmes introduced  To maintain secured employment  Ability to produce	<b>Achieved</b> AHC in August 2019  Introduce five new programmes for further improvement in managing quality  Secured employment for 71% of KPJUC Graduates from 2017-2019  Produced first batch of three graduates PhDs in Nursing and four graduates in Master of Radiology
<b>BUSINESS IMPROVEMENT</b> 	<b>Successful Migration to KCIS2 and HITS2</b> Ongoing migration of hospital systems to KCIS2 and HITS2  <b>Take the Environment Protection Seriously</b> Demonstrate our commitment to climate change according to the laws or act	HITS2 – 28 hospitals KCIS2 – 28 hospitals  Energy used ≤ 27.69 kWh per sq ft Water utilised ≤ 111m3 per employee Hazardous waste ≤ 0.5 kg per patient	<b>In Progress</b> HITS2 – 11 hospitals KCIS2 – 11 hospitals  <b>Achieved</b> Energy used at 23.48 kWh per sq ft Hazardous waste at 0.53 kg per patient  <b>Not Achieved</b> Water utilised at 117m3 per employee
<b>SUSTAINABLE VALUE FOR STAKEHOLDERS</b> 	<b>Protect the Socio Economic Environment of Our Stakeholders</b> Aiming to conduct and operate in a responsible and sustainable manner, as a valued member of the regional community  Our objective was to offer return on investment to our stakeholders	Target > RM5 million spend on CSR activities and programmes  To maintain a dividend pay-out ratio of not less than 30% of our profit after tax	<b>Achieved</b> Spent RM10.3 million  Dividend per share of 2 sen, with total of RM 86.0 million in dividend payments, representing 38% dividend payout ratio

SHORT TO  
MEDIUMCONTINUOUS  
IMPROVEMENTCONTINUOUS  
IMPROVEMENTLONG TERM  
RELATIONSHIP

# OUR BUSINESS ENVIRONMENT

WITH NUMEROUS GEOPOLITICAL CHALLENGES STEMMING FROM THE CHANGES IN THE WORLD AROUND US, KPJ FOCUSED ON BOTH SUSTAINABILITY AND INNOVATION, IN ORDER TO ASCERTAIN LONG TERM GROWTH.

Shifting geopolitical landscape, digitalization and demographic changes are some of the global trends that impact the demand for our healthcare services. In addition other global megatrends are also expected to govern market conditions for the global healthcare industry in the next few years. Our response to the ever-evolving market trends and regulatory factors will help us invest in carefully selected capital projects that deliver satisfactory returns, while also minimising risk to the business.

In 2019, the following factors produced the most significant impact on our operational landscape.

## KEY HIGHLIGHTS

**MALAYSIA  
RANKED**



as world's best  
healthcare in 2019

### ASIA PACIFIC ECONOMY

According to the International Monetary Fund, the Covid-19 pandemic is projected to cause the global economy to contract sharply by -3% in 2020. This projection is worse than that for the 2008-2009 Financial Crisis. The IMF, however, is more optimistic for 2021, when it estimates global growth at 5.8% on the assumption that the pandemic fades in the second half of 2020, containment effort are gradually scaled back and customer and investor confidence restored.

The economic fallout from the pandemic is expected to cause acute shocks in specific sectors. As such, policymakers need to implement targeted fiscal, monetary, and financial market measures to support affected households and businesses. The fiscal response has been swift and substantial in many advanced economies and emerging markets such as Australia, France, Germany, Italy, Japan, China, Indonesia and South Africa.

In Malaysia, the Government announced a direct fiscal injection of RM25b on 28 March 2020 to ease the burden of struggling businesses. A RM4.5b fund has been set up specifically for SMEs as well as a social financial programme that provides initial capital for micro entrepreneurs through zakat and matched with micro-financing repayments at affordable rates. Industries affected by the lockdown such as hotels, tour operators and ports have been given exemptions and deferred monthly loan repayments until next year.

In the latest briefing on 3 April 2020, Bank Negara (Malaysia's Central Bank) has reassessed the current GDP forecast of -2% to +0.5% for 2020. However, this can only be confirmed when the impact of the pandemic on the economy becomes clearer in Q2, 2020.



## IMPACT ON KPJ, AND ACTIONS TAKEN

The implementation of the Movement Control Order (MCO) from March 18 saw the dwindling of patient numbers since only urgent surgeries were scheduled to minimise the risk of Covid-19 infection. Other impacts include a fall in foreign patient numbers and delays in the completion of new hospital projects and ACC outlets.

To ensure continuous patient care, KPJ introduced online consultation via secure online video meeting applications and free home delivery services for medicines. For patients who cannot be diagnosed online, KPJ offered home consultations and/or free transportation for patients to travel to their nearest hospital.

## GLOBAL HEALTHCARE

In 2019-23, global healthcare spending is expected to rise at a CAGR of 5%, with the largest increase in annual healthcare spending lead by the Middle East/ Africa (7.4%), followed by Asia (7.1%). Global healthcare spending is expected to remain at 10.2% of GDP.

Despite uncertainties, stakeholders can chart their strategy and way forward by studying historic and current drivers of change, including a growing and aging population, infrastructure investments, technological advancements, higher labour costs amidst workforce shortages, evolving care models, rising prevalence of chronic diseases, and the expansion of health care systems in developing

markets. Ideally, the healthcare sector should shift their focus from treatment, to prevention and early intervention.

For years, the world's public and private health systems have been affected by global financial challenges, and the situation continued in 2019. This naturally made "value" an important consideration in healthcare payment reform. Digital giants and digital-first health solution disruptors are showing that there are more user-friendly and easier ways to conduct healthcare transactions.

Care model innovation is expected to be an important focal point in 2019 and beyond, as patients are no longer passive participants in their healthcare. They are demanding convenience, access, transparency, and personalized products and services. Therefore, it is crucial for healthcare providers to understand their patients and their needs and requirements.

Digital transformation has been progressing in healthcare. With digital finding traction, the healthcare systems will move from traditional data management (merely storing data) to extracting insights. This is a big area for growth in the coming years, despite the various challenges in migrating from outdated legacy platforms to new systems that cater to the needs of caregivers and patients, etc. However, in the ecosystem of constantly evolving business needs and scenarios, cybersecurity will continue to remain a prime concern.

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## ASIA PACIFIC HEALTHCARE

In 2019, the growth of smart hospitals and developments in the home care segment and medical tourism has led to a forecasted growth of 7.2% for the Asia-Pacific (APAC) healthcare market.

In line with this growth trend, the demand for innovative healthcare programmes, technology, as well as drugs and medical devices based on advanced technology, has increased. Supportive government regulations and policies are instrumental for growth, and provided a major boost for projected market growth in the APAC healthcare industry.

Frost & Sullivan estimated that the Asia-Pacific healthcare market would be worth USD486.72 billion in 2019. However, healthcare challenges such as improving access and affordability of new technology require creative and innovative solutions from all industry stakeholders.

Emerging trends present growth opportunities for healthcare industry stakeholders, including pharmaceuticals, diagnostics, medical technology manufacturers, digital health vendors and healthcare service providers.

To harness the available opportunities, industry players must consider support for new business models, development of secure interoperable technology platforms, policy innovation, and the evolving role of consumers in healthcare.

Digital health is here to stay. Digital technology is dramatically changing healthcare as we know it, especially in the Asia Pacific, enabling improvements in the quality of drugs and medical devices. It also improves access to information and care as well as financial, clinical and operational workflows across all healthcare segments.

In the Asia Pacific region, KPJ operates primarily in Indonesia, Bangladesh and Australia. The operations we have in these three countries account for 3.6% of our revenue in 2019.

## MALAYSIAN HEALTHCARE

In Malaysia, healthcare developments were largely mirrored by the 2020 budget. One of the most impactful Budget outcomes was the RM30.6 billion allocation for the Health Ministry. This constitutes a robust 6.6% increase compared to the previous year. The Malaysian Government is also committed to support the local medical device industry by setting aside RM227 million in a bid to encourage local producers to upgrade equipment and tools used in public clinics and hospitals, based on a minimum allocation of 30%. A further RM1.6 billion will be allocated to build new hospitals and upgrade existing ones.

According to the Mercer Marsh Benefits 2019 Medical Trends Around the World report, medical costs in 2019 surged by an average of 10.4% compared to the global average of 9.7%. In Malaysia, that figure rose to 13.4%. Insurers rightfully predicted this figure to

rise to about 10.3% in Asia and 13.6% in Malaysia. The numbers are expected to continue its ascend in 2020, according to Hervé Balzano, Mercer Marsh Benefits International Leader as rising medical costs show no signs of abating. In 2020, medical inflation will either remain constant or increase.

Supplier-driven reasons behind the constant rise are attributed to high cost pharmaceuticals and biologics (29%), new diagnostics and procedures (23%), and overprescribing of low-value health tests and procedures (18%). This is consistent with the underlying reasons behind Malaysia's rising medical costs, one of which is due to a bigger, older and sicker population consuming more healthcare. However, according to the Malaysian Department of Statistics, spending on health decreased to 1.3% compared to spending on food (+2.4%), utilities (+1.9%), alcohol/ tobacco (+2.3%) and communications (+2.1%). It is possible that natural and organic rise of healthcare costs may be indirectly correlated to increased spending levels for Malaysia as an upper-middle-income country.

This will be especially propitious to KPJ as the Group is one of the listed operators to benefit from the country being promoted as a major medical tourist destination in the region. 2 million international healthcare tourists are expected to arrive through our doors, up from the estimated 1.5 million in 2019. This will no doubt help KPJ cement a higher rate of both inpatient traffic and revenue per inpatient across our home markets.



Malaysia's efforts to maintain high standards in its healthcare has yielded outstanding success. In 2019, Malaysia was named as the country with the "Best Healthcare in the World Category" of the 2019 International Living Annual Global Retirement Index.

On the global healthcare travel stage, Malaysia Healthcare Travel Council (MHTC) won the International Medical Travel Journal (IMTJ) Medical Travel Awards 2019, and also Asia Pacific Healthcare & Medical Tourism Awards 2019. Besides that, MHTC also won the IMTJ Medical Travel Awards 2019 in Health and medical tourism: Cluster of the Year.

Private healthcare providers have also won numerous awards over the years, a testament to the dedication and commitment towards excellence by the country's healthcare players. For example, KPJ won Healthcare Asia Awards 2019 for Employee Engagement of the Year.

Malaysia has become a top destination for medical tourists seeking quality healthcare treatments abroad at competitive prices, particularly in South East Asia. Our top-notch private hospitals, ambulatory care centres and other private healthcare facilities are known for providing top quality, safe and effective treatments in comfortable surroundings with ease of access and affordable prices.

## DIGITALIZATION IN HEALTHCARE

Today, digital technology can be found in all parts of the healthcare value chain. Mobile use has driven the digital development in recent years and is being increasingly integrated into healthcare, both as a source of information and as a key tool in decision-making processes. Automation in the healthcare sector is primarily being achieved through the introduction of IT systems for processes and functions. An increasing number of products are also being connected in order to gather data and improve diagnostics, among other things. This demographic trend places demands on effective solutions that enable a shift from traditional reactive care to proactive care. Digitalisation, innovations in medical technology and other digital topics remained prominent in 2019. Global trends are moving towards incorporating technology in healthcare, and many digital transformation trends are occurring, which are intended to increase the quality of healthcare services while providing added benefits to patients.

These include Telehealth, Cloud Computing, Telemedicine, Cashless Transaction and Wearables. Private healthcare providers to leverage on the continuous development of IT infrastructure and medical technology in order to improve healthcare diagnostics and outcomes into the future, as part of our strategies to remain competitive for the long term.

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Exponential advances and interoperability in digital technologies are helping clinicians deliver health care services in ways that consumers prefer to receive them.

### MORE CARE AT A LOWER COST

The global trend of population growth combined with longer life expectancy means that the number of elderly people in the world will rise sharply. We can also see a clear increase in lifestyle-related diseases, such as obesity and various types of cardiovascular diseases. According to the World Health Organization (WHO), the percentage of bariatric adults in the US increased from 25% to 34% in 2000-2014. Healthcare spend will increase considerably for society and this trend is generating continued growth in demand for acute and elderly care-related services and products.

### TRANSITION FROM ACUTE TO LONG-TERM CARE

With a growing population and an expanding proportion of elderly people, further demands are being placed on healthcare providers to deliver more care with fewer resources. The average total cost of a bed in an acute care unit is often significantly higher compared to a bed in a long-term care facility. To reduce costs, healthcare providers strive to reduce the patients' medical care time in acute care units. As a result, patients who require care over a longer period are increasingly being moved to long-term care facilities and home care, where the cost per day and per patient is significantly lower.

### COMPETITIVE LANDSCAPE

In Malaysia, where KPJ generates most of its revenue, we operate in a highly competitive environment, in direct competition with other large private hospital networks, as well as smaller private clinics.

While KPJ currently leads the market with a 19% market share in the private healthcare sector, we continue to innovate and enhance our services, while continuously growing our capacity to serve a growing number of patients.

95%

OF OUR REVENUE

generated from our healthcare operations in Malaysia



# STAKEHOLDER MANAGEMENT

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KPJ's stakeholders in the healthcare system are diverse and integrally involved. Inter-relationship among the stakeholders in the healthcare system is complex and would substantially be affected by the reforms to the system.

Our report on KPJ's stakeholder ecosystem will detail out the links between them and also the processes in which we adapt, innovate and refine the system in our mission to offer the patient-centric medical services. It also reflects KPJ's efforts to balance between meeting the needs of the evolving healthcare industry landscape and creating added value for our patients and customers.

The report also details how KPJ managed stakeholder expectations during health issues or emergencies. The Covid-19 pandemic, for example, is the major crisis that has impacted our stakeholders since the beginning of 2020. Every individual stakeholder - for example the Government, MOH and front liners/employees, suppliers - are directly or indirectly affected by this pandemic.

As a homegrown provider of healthcare services, KPJ undertook measures to support the Ministry of Health's (MOH) efforts to flatten the Covid-19 curve. We also held active conversations with suppliers and patients to manage potential disruptions or challenges in acquiring consumable items (PPE) and drug delivery.

To show our support in beating Covid-19 together, we collaborated with our sister company in Johor Corporation (JCorp) i.e. QSR Brands (M) Holdings Bhd to contribute food to MOH front liners and the underprivileged in our community. These efforts could reduce their burden and help them stay positive in facing the challenging situation.

Our 2019/2020 chart below showcases the interrelated groups mentioned above and how they influence the dynamics of KPJ's business. All stakeholders have duties and responsibilities.



## OUR STAKEHOLDER ECOSYSTEM







## PATIENTS

<b>Stakeholder Relevance</b>	<p>Patients are the cornerstone of KPJ's business and we place emphasis on enhancing the quality of life of our patients by providing comprehensive high-quality healthcare services.</p> <p>KPJ strives to be the most trusted provider of healthcare services in Malaysia.</p>	
	<b>METHODS OF ENGAGEMENT</b> <ul style="list-style-type: none"> <li>• Customer Satisfaction Survey</li> <li>• Corporate and hospitals' websites</li> <li>• Comprehensive integrated social media presence</li> <li>• Health-related information magazines</li> <li>• Health Awareness Days</li> <li>• Service Brochures with hospital information</li> </ul>	<b>FREQUENCY</b> <ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Ongoing</li> <li>• Quarterly</li> <li>• Quarterly</li> <li>• According to the World Health Organisation's (WHO) calendar</li> <li>• Ongoing</li> </ul>
<b>Key Feedback/ Expectations</b>	<ul style="list-style-type: none"> <li>• Delivery of quality healthcare and services</li> <li>• Respecting the needs and satisfaction levels of patient</li> <li>• Best possible clinical outcomes</li> <li>• World class facilities and technology</li> </ul>	<ul style="list-style-type: none"> <li>• Patient experience within KPJ's hospital environment</li> <li>• Respecting the needs and satisfaction</li> <li>• Health awareness and information</li> <li>• Patient and family engagement during the recovery process</li> </ul>
<b>KPJ's Response to Stakeholder Expectation</b>	<ul style="list-style-type: none"> <li>• Standardised Customer Satisfaction Index (CSI), to enable comparative measurement of patient system satisfaction among KPJ's hospitals and benchmark them with previous years' achievements</li> <li>• The quality and safety of patient care is material for KPJ. Among the list of safety statistics and data collected to measure outcomes are:               <ol style="list-style-type: none"> <li>i. Clinical Indicators &amp; Performance/ Outcomes</li> <li>ii. Infection Control</li> <li>iii. Mortality &amp; Morbidity</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• KPJ contributes towards a sustainable healthcare through improved patient access and maximising the use of latest technology in patient care to maintain patients' loyalty</li> <li>• Encourage hospitals to initiate activities to increase patients' satisfaction such as voluntary programmes</li> <li>• Education information for raising patient/public awareness updated via media social platforms and at the hospitals (e.g Covid-19)</li> <li>• Provide efficient medicine supply systems (i.e. medication delivery service) and testing (i.e. drive through) to ensure uninterrupted availability and accessibility of essentials medicine and special test(health service support during MCO)</li> </ul>
<b>Impact and Link to Strategic Thrusts</b>	<b>Impact on Strategy</b> <p>Concerns raised can impact KPJ's ability to offer quality healthcare services and best clinical outcomes. It also affects our ability to create sustainable long-term value for our stakeholders.</p>	<b>Link to Strategic Thrusts</b> <div>   </div>



## EMPLOYEES & CONSULTANTS

<b>Stakeholder Relevance</b>	<p>15,264 employees (which include 7,029 nurses and 2,047 allied health professionals) and 1,105 consultants are valuable human capital and their trust and respect are vital to KPJ's success. We listen and respond to their needs and concerns through effective communication.</p> <p>KPJ invests in our employees' welfare and programmes as the preferred employer of choice.</p> <p>KPJ communicates and invests in a marketing strategy for new packages and services, including sub-speciality and procedures, new medication and technology offered by our consultants.</p>	
	<b>METHODS OF ENGAGEMENT</b> <ul style="list-style-type: none"> <li>• Town hall meetings such as our Corporate Address-PEDOMAN</li> <li>• Employee performance review</li> <li>• Staff wellness and recognition programmes</li> <li>• Talent Management Day</li> <li>• Employee Engagement Survey</li> </ul>	<b>FREQUENCY</b> <ul style="list-style-type: none"> <li>• Twice a year</li> <li>• Annually</li> </ul>
<b>Key Feedback/ Expectations</b>	<ul style="list-style-type: none"> <li>• Training and development of employees</li> <li>• Recognition and competitive remuneration</li> <li>• Ethical leadership</li> <li>• Fair and equitable benefits</li> <li>• Recruitment and retention of skilled staff</li> </ul>	<ul style="list-style-type: none"> <li>• Provide positive workplace culture and a safe work environment</li> <li>• Address the shortage of key medical staff</li> <li>• Consultants' engagement with public</li> <li>• Address the long waiting time for patients due to ineffective process</li> </ul>
<b>KPJ's Response to Stakeholder Expectation</b>	<ul style="list-style-type: none"> <li>• Fair and equitable employee benefits and welfare provision</li> <li>• Every employee is committed to ethical behaviour as set out in the Group's Code of Ethics and Business Conduct</li> <li>• Safety at the Workplace</li> <li>• The Group aims to minimise KPJ's environmental impact and guides employees in the identification and management of all risks and opportunities through our sustainability awareness program</li> <li>• Provide opportunity and involvement of the consultants in hospitals' activities to educate the public</li> </ul>	<ul style="list-style-type: none"> <li>• Provide well-trained staff, latest equipment and updated systems with KCIS2 and HITS2</li> <li>• Provide well-trained staff with Disaster &amp; Management Plan, Clinical Related (Code Blue, Code Pink)</li> <li>• All KPJ Group staff have been briefed on safety procedures, uninterrupted supplies and availability of enhanced PPE as precautionary measures against Covid-19.</li> <li>• KPJ conducts Innovative &amp; Creative Circle (ICC) annually, as a platform for innovation to ease the patient's journey in their dealing with KPJ hospitals such as waiting time</li> </ul>
<b>Impact and Link to Strategic Thrusts</b>	<b>Impact on Strategy</b> Our employees and consultants expectations are related to KPJ providing them a safe, motivating and rewarding work environment and workplace. It is important that the Management continues promoting a positive working environment at all times.	

### Link to Strategic Thrusts



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## INVESTORS & SHAREHOLDERS

<b>Stakeholder Relevance</b>	<p>KPJ's primary objective is to create value for our shareholders as the owners and providers of equity capital to the business. The Group is accountable to its stakeholders, and reports to shareholders and the public by effectively providing communications on our operational and financial performance.</p>	
	<p><b>METHODS OF ENGAGEMENT</b></p> <ul style="list-style-type: none"> <li>Financial Results</li> <li>Investor Relations Presentations which are available on the website at <a href="https://kpj.listedcompany.com/slides.html">https://kpj.listedcompany.com/slides.html</a></li> <li>Corporate website</li> <li>Analyst meetings - small group meeting, one-on-one meeting, conference calls</li> <li>General Meetings (Annual General Meeting/ Extraordinary General Meeting)</li> <li>Participation in Investor Roadshows/ Conferences</li> </ul>	<p><b>FREQUENCY</b></p> <ul style="list-style-type: none"> <li>Quarterly/Annually</li> <li>Ongoing</li> <li>On request basis</li> <li>Annually</li> </ul>
<b>Key Feedback/ Expectations</b>	<ul style="list-style-type: none"> <li>Continued growth and financial sustainability</li> <li>Clear and transparent reporting</li> <li>Good Corporate Governance</li> <li>KPJ's Strategy to recover fully after the pandemic</li> </ul>	
<b>KPJ's Response to Stakeholder Expectation</b>	<ul style="list-style-type: none"> <li>Consistent financial and non-financial performance</li> <li>Timely reporting of results, data and statistics pertaining to operational and financial performance                             <ul style="list-style-type: none"> <li>Maintaining an effective IR activities by leveraging the technology through the Covid-19 Pandemic</li> <li>Guide investors look into the future and gaining trust to the management team</li> <li>Active communication in updating business performance and responding to the impact (e.g Disease pattern such as Covid-19, new regulations, merger and acquisition, etc)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Transparent disclosure of corporate responsibility, integrity and accountability as enshrined in Malaysian Code on Corporate Governance 2017</li> <li>Transparent disclosure of Environmental, Social and Governance (ESG) in corporate reporting as required by FTSE4Good Bursa Malaysia Index, the globally recognised index launched by the FTSE Group.</li> </ul>
<b>Impact and Link to Strategic Thrusts</b>	<p><b>Impact on Strategy</b></p> <p>Our investors and shareholders are linked to our shareholder wealth creation agenda.</p>	<p><b>Link to Strategic Thrusts</b></p> 



## GOVERNMENT & REGULATORS

<b>Stakeholder Relevance</b>	<p>Our business model relies on full compliance to all applicable laws and regulations. The Group engages with various government bodies on a continuous basis. Key government regulators include the Ministry of Health (MOH), Department of Occupational Safety and Health (DOSH) Department of Environment (DOE), BOMBA, Ministry of Human Resources (MOHR), Ministry of Higher Education (MOHE) and Malaysia Medical Council (MMC)</p>	
	<b>METHODS OF ENGAGEMENT</b> <ul style="list-style-type: none"> <li>• Licence applications</li> <li>• Inspection of facilities</li> <li>• Active engagement on healthcare legislation/ regulation</li> <li>• Representation on government bodies – Dean of School of Nursing KPJUC is appointed as a member of the Malaysian Nursing Boards</li> <li>• Private-Partner Partnership Program with Government</li> </ul>	<b>FREQUENCY</b> <ul style="list-style-type: none"> <li>• Annual meetings for licence renewal</li> <li>• For every new application</li> <li>• Quarterly meetings by the representatives</li> </ul>
<b>Key Feedback/ Expectations</b>	<ul style="list-style-type: none"> <li>• Impacted by cost of private healthcare</li> <li>• Enforcement to improve on patient safety via the Malaysian Patient Safety Goals</li> <li>• Addressing training needs and skills shortage</li> <li>• Regulatory reforms relating to hospital planning</li> <li>• Allowed participation of private hospitals in the provision of public facilities</li> </ul>	
<b>KPJ's Response to Stakeholder Expectation</b>	<ul style="list-style-type: none"> <li>• KPJ's adherence to regulatory requirements and strategic response to the healthcare market and commitment to manage environmental impact is embedded into our Group's management and operations, and cascaded down to all business units</li> <li>• KPJ via APHM contributing equipment, staff and consultants during the pandemic Covid-19</li> </ul>	
<b>Impact and Link to Strategic Thrusts</b>	<b>Impact on Strategy</b> <p>The Government and regulators bear an impact upon our ability to offer quality healthcare services and our accountability in our stewardship of natural resources.</p>	<b>Link to Strategic Thrusts</b> <div>      </div>

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## INTERMEDIARIES

<b>Stakeholder Relevance</b>	<p>All players in healthcare funding, such as employers, third party administrators, insurance companies and managed care organisations remain the Group's largest client base. Other than that, we also engage with media, insurance and takaful brokers, commercial and investment bankers</p>	
	<b>METHODS OF ENGAGEMENT</b> <ul style="list-style-type: none"> <li>• Regular meetings regarding possible cost</li> <li>• Contract negotiations and renewal</li> <li>• Update on promotions and value added services</li> <li>• Panelship agreement</li> <li>• Quarterly results announcements</li> <li>• Media releases/Media Announcements</li> <li>• Quarterly briefings</li> <li>• Media appreciation</li> </ul>	<b>FREQUENCY</b> <ul style="list-style-type: none"> <li>• Weekly/monthly/ quarterly/annually meetings</li> </ul>
<b>Key Feedback/ Expectations</b>	<ul style="list-style-type: none"> <li>• Clinical quality and healthcare delivery improvements</li> <li>• High quality of services rendered in hospitals to garner high patient satisfaction levels</li> <li>• The reasonable price/cost of healthcare in private hospitals especially in medical treatment packages and services</li> <li>• Revised contracts, agreement and arrange panelship for new KPJ hospitals with major corporate clients</li> <li>• News and write up about KPJ hospitals management</li> </ul>	
<b>KPJ's Response to Stakeholder Expectation</b>	<ul style="list-style-type: none"> <li>• Corporate Client Management is a fundamental part of our Customer Service philosophy, particularly in relation to intermediaries and their activities and performance</li> <li>• In terms of quality and patient safety, KPJ shares and discusses relevant information to address healthcare intermediaries' concerns</li> <li>• We constantly monitor all related news regarding KPJ on various platforms</li> <li>• Provide accurate, truthful information-something that will be of interest to media's readership</li> </ul>	
<b>Impact and Link to Strategic Thrusts</b>	<b>Impact on Strategy</b> <p>Our relationship with large part of intermediaries affect the Group's ability to offer a wide range of healthcare packages and services as well as influence customer demand.</p>	<b>Link to Strategic Thrusts</b> <div>  01  02  04  06  07 </div>





## ACCREDITATION BODIES & INDUSTRY ASSOCIATIONS

<b>Stakeholder Relevance</b>	<p>MSQH is an accreditation body promoting continuous quality improvements and safety in the Malaysian healthcare industry. As at January 2020, there were 62 accredited private hospitals in Malaysia. KPJ accounts for 31% of the accredited private hospitals in Malaysia, with 19 of our hospitals having MSQH accreditation.</p> <p>Four of our hospitals are JCI accredited. Out of a total of 11 JCI accredited private hospitals in Malaysia, 33% are KPJ hospitals. KPJ is also a member of the Association of Private Hospitals in Malaysia (APHM), which plays an important role in raising the standards of medical care in the country.</p> <p>Other key industry associations are National Specialist Register (NSR), Malaysia Medical Association (MMA) and Malaysia Healthcare Travel Council (MHTC)</p>
	<div> <div> <b>METHODS OF ENGAGEMENT</b> <ul style="list-style-type: none"> <li>• Membership of the following bodies:</li> <li>• KPJ's Management serve as a President and Treasurer in MSQH and APHM</li> <li>• KPJ Medical Director and Senior Management serve as Board members in APHM</li> <li>• KPJ Chief Nursing Officer serves as Nursing Committee Member in APHM</li> <li>• KPJ's Board Member and a few consultants serve as Specialty Subcommittee Medicine of Respiratory Medicine in National Specialist Register (NSR)</li> <li>• Participation in conferences</li> </ul> </div> <div> <b>FREQUENCY</b> <ul style="list-style-type: none"> <li>• Annually – MSQH's AGM</li> <li>• Annually – APHM Conference</li> <li>• Meetings with the representatives and others</li> </ul> </div> </div>
<b>Key Feedback/ Expectations</b>	<ul style="list-style-type: none"> <li>• KPJ Policy emphasis on accreditation based on industry standards are communicated through APHM and MSQH vis-à-vis MOH, MOF, etc</li> <li>• Participation in Public-Private Partnership program via APHM</li> </ul>
<b>KPJ's Response to Stakeholder Expectation</b>	<ul style="list-style-type: none"> <li>• KPJ complied with the MSQH 5th Edition Accreditation Standard in relation to hospital accreditation</li> <li>• KPJ's involvement via its hospitals to support initiatives done by APHM</li> </ul>
<b>Impact and Link to Strategic Thrusts</b>	<div> <div> <b>Impact on Strategy</b> <p>The management and operations of industry certified and accredited hospitals affect our ability to generate the sustainable and long-term growth of our network of hospitals within the healthcare industry.</p> </div> <div> <b>Link to Strategic Thrusts</b> <div>     </div> </div> </div>

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## SUPPLIERS

### Stakeholder Relevance

In order to deliver high quality healthcare services, we are dependent on a large and diverse range of suppliers such as medical and non-medical suppliers.

KPJ relies on our vendors and suppliers to deliver products and services of the highest quality in line with internal, regulatory and accreditation agency standards.

Our list of suppliers contains medical equipment distributors, medicine, technology vendors, developers or contractors, including waste management contractors, consultants and agencies.

#### METHODS OF ENGAGEMENT

- Regular Meetings with medical and non-medical suppliers
- Tender, bidding, quotation and contract negotiation
- Product demonstrations and evaluations
- Trainings and collaboration in events
- Procurement process

#### FREQUENCY

- Weekly, monthly, quarterly and annually

### Key Feedback/ Expectations

- Compliance with applicable regulatory requirements and quality standards
- Availability of products and services and ability to provide continuous support
- Fair and transparent negotiations
- Active communications during the critical short of supplies
- Supply chain practices

### KPJ's Response to Stakeholder Expectation

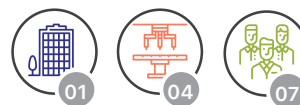
- The Group is focused on streamlining and centralising our procurement processes to improve on efficiency and cost effectiveness
- The procedure for the selection of suppliers/contractors is based on consistency in promoting sustainable development, being environmentally friendly and concerns regarding corporate reputation.
- Formal procurement processes include selection by criteria applied regarding tenders, contracting and preferred supplier agreement
- Overall responsibility for clinicians lies within the Clinical Governance Framework
- Contracted vendors and suppliers for medical and non-medical products are required to adhere to KPJ's Corporate Integrity Agreement (CIA) and the KPJ Safety, Health and Environmental Policy
- Reporting performance and monitoring to improve efficiency throughout the supply chain

### Impact and Link to Strategic Thrusts

#### Impact on Strategy



Our suppliers are a key enabler in achieving our objective to offer quality healthcare services.

#### Link to Strategic Thrusts





## LOCAL COMMUNITIES

<b>Stakeholder Relevance</b>	<p>KPJ is committed to a sustainable long-term engagement through the Klinik Waqaf Al-Nur (KWAN) clinics with the communities.</p> <p>We practice an engagement policy of mutual understanding, trust and reliability to our patients family or caregivers, employees' family, owners and tenants at our premises as well as our KPJUC students.</p> <p>Apart of our staff, we appreciate all of MOH's front liners that fight Covid-19 nationwide.</p>	
	<b>METHODS OF ENGAGEMENT</b> <ul style="list-style-type: none"> <li>• KWAN either as Static or Mobile Clinics</li> <li>• Baby Hatches at the hospitals</li> <li>• Partnership CSR programme</li> <li>• Environmental programme</li> </ul>	<b>FREQUENCY</b> <ul style="list-style-type: none"> <li>• Daily activities</li> </ul>
<b>Key Feedback/ Expectations</b>	<ul style="list-style-type: none"> <li>• Health awareness</li> <li>• Affordable and accessible healthcare</li> <li>• Development of communities with solidarity, social welfare, health and safety</li> <li>• Students have a higher expectation of job security</li> </ul>	
<b>KPJ's Response to Stakeholder Expectation</b>	<ul style="list-style-type: none"> <li>• Continuous investments in identified community engagement programmes, in line with World Health Organisation's promotions and initiatives</li> <li>• Expanding reach of social healthcare services targeting urban poor and rural areas at all time</li> <li>• In order to serve quality healthcare and services to our communities, 8 of KWAN clinics are MSQH accredited</li> <li>• KPJUC conducts in-campus interviews for working placements as per our hospitals' requirements and assisting future graduates for job opportunity at the other private hospitals and other employers</li> <li>• Contribution of KPJ medical consultants who serve on a pro bono basis to serve non-Covid 19 patients that referred by MOH</li> </ul>	
<b>Impact and Link to Strategic Thrusts</b>	<b>Impact on Strategy</b> <p>Our engagements with local communities provide a platform for us to showcase our good corporate citizenship practices.</p>	<b>Link to Strategic Thrusts</b> <div>   </div>

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KPJ Healthcare Berhad








2019



















# MATERIAL MATTERS

KPJ TAKES INTO ACCOUNT A RANGE OF INTERNAL AND EXTERNAL FACTORS WHICH IN TURN IMPACT IN IDENTIFYING MATERIAL MATTERS, OUR LONG-TERM VALUE CREATION. THESE INCLUDE OUR EXTERNAL OPERATING ENVIRONMENT, STRATEGIES, STAKEHOLDER EXPECTATIONS AND KEY RISKS AND OPPORTUNITIES.

Any matters which have a direct or indirect influence on KPJ's capacity in the creation, preservation and growth of our financial, economic, environmental and social value are considered to be material. For more information on our business environment, please refer from pages 28 to 32.

More details on our group strategy can be found on pages 26 and 27, while details of our stakeholders can be found on pages 33 to 41 and our key risks and opportunities on page 49. We also look into the Covid-19's impacts on our materiality matters as explained as below.

MATERIAL MATTERS	FACTORS	AFFECTED STAKEHOLDER GROUPS	LINK TO STRATEGIC THRUSTS	LINK TO KEY RISKS & OPPORTUNITIES
<b>Cost of Healthcare Services</b> 	<ul style="list-style-type: none"> <li>Exchange rate uncertainties of Ringgit Malaysia affect cost of imported items like drugs, surgical items and medical equipment</li> <li>The disruption of supply chain will lead to the price hikes from scarcity of supplies globally for healthcare essentials</li> <li>Staff costs inflation due to shortages of experienced specialised healthcare professionals and competition from other operators</li> <li>Efficient and vigorous cost optimisation measures to manage direct costs and operating overheads; procurement policies designed to obtain from the best sources at lowest prices possible; investing the technology and in energy efficient appliances to optimise energy consumption.</li> <li>Since private healthcare services are priced based on "cost plus" model, optimal cost management will promote an efficient and competitive pricing framework</li> </ul>	<ul style="list-style-type: none"> <li>Patients,</li> <li>Intermediaries</li> <li>Government &amp; Regulators</li> <li>Accreditation Bodies &amp; Industry Associations</li> <li>Investors &amp; Shareholders</li> <li>Local Community</li> </ul>	   	<ul style="list-style-type: none"> <li>Ensuring availability of key medical staff &amp; consultants</li> <li>Clinical care</li> </ul>
<b>Managing and Retaining Talent</b> 	<ul style="list-style-type: none"> <li>Shortage of experienced specialised nurses and specialist consultants due to competition from other hospital operators</li> <li>Competitive remuneration packages and benefits to attract and retain the right talent</li> <li>Conducive working environment and culture to promote healthy work life balance</li> </ul>	<ul style="list-style-type: none"> <li>Employees &amp; Consultants</li> <li>Investors &amp; Shareholders</li> </ul>		<ul style="list-style-type: none"> <li>Ensuring availability of key medical staff</li> </ul>

MATERIAL MATTERS	FACTORS	AFFECTED STAKEHOLDER GROUPS	LINK TO STRATEGIC THRUSTS	LINK TO KEY RISKS & OPPORTUNITIES
<b>Government Regulations</b> 	<ul style="list-style-type: none"> <li>• Strict licensing regime under the Private Healthcare Facilities and Services Act 1998</li> <li>• Cost of compliance with stringent regulations on licensing of hospital facilities, staffing ratio, quality standards, security of medical records, occupational safety &amp; health</li> </ul>	<ul style="list-style-type: none"> <li>• Government &amp; Regulators</li> <li>• Intermediaries</li> <li>• Patients</li> <li>• Employees &amp; Consultants</li> <li>• Investors &amp; Shareholders</li> </ul>	      	<ul style="list-style-type: none"> <li>• Government Policy &amp; Compliance with laws, regulations and other applicable requirements</li> </ul>
<b>Quality of Service Standards</b> 	<ul style="list-style-type: none"> <li>• Patient-centric, qualified and experienced healthcare professionals</li> <li>• Strict adherence to government regulations, accreditation standards and KPJ Clinical Governance Framework</li> </ul>	<ul style="list-style-type: none"> <li>• Patients</li> <li>• Intermediaries</li> <li>• Employees &amp; Consultants</li> <li>• Investors &amp; Shareholders</li> </ul>	   	<ul style="list-style-type: none"> <li>• Clinical care</li> <li>• Compliance with accreditation requirements</li> <li>• Ensuring availability of Key Medical staff &amp; Consultants</li> <li>• Insurance Management</li> </ul>
<b>Funders for Healthcare Services</b> 	<ul style="list-style-type: none"> <li>• Intermediaries like private insurance companies, managed care organisations and corporate employers contribute around 70% of hospitals revenue, however due to the prolonged Covid-19 impact is anticipated to reduce corporate spending.</li> <li>• Patients with medical insurance cards or undertaking letters from employers are able to be treated at any KPJ hospital nationwide</li> <li>• Collectively, these intermediaries have strong bargaining power on how much KPJ can charge for services, hence influencing KPJ revenue and market share</li> </ul>	<ul style="list-style-type: none"> <li>• Patients</li> <li>• Employees &amp; Consultants</li> <li>• Investors &amp; Shareholders</li> <li>• Intermediaries</li> </ul>	   	<ul style="list-style-type: none"> <li>• Clinical Care</li> <li>• Integrity &amp; Ethics</li> </ul>



# KEY RISKS & OPPORTUNITIES

TO ADD TO OUR VALUE CREATION JOURNEY, KPJ PERSISTENTLY MONITORS AND ASSESSES PREVAILING AND FUTURE RISKS IN THE HEALTHCARE SECTOR, IN ORDER TO IDENTIFY CURRENT EMERGING OPPORTUNITIES. THIS IS PART OF OUR METICULOUS RISK IDENTIFICATION AND MANAGEMENT PROCESS.

RISK DESCRIPTION	IMPACT OF RISK ON KPJ	HOW WE MANAGE THE RISK
<b>01 Ensuring Availability of Key Medical Staff &amp; Consultants</b>		
Growing demand for private healthcare services could potentially lead to a shortage of suitably qualified and experienced staff to provide patient centric care to our customers.	<p>In order to ensure profitable growth in line with KPJ's long-term strategies, the expansion of KPJ's network of hospitals and the upgrading of existing hospitals require additional suitably qualified staff to cater to growing needs.</p> <p>The retirement of senior doctors may also jeopardise the continuity of the talent pool in certain sub specialities.</p>	<ul style="list-style-type: none"> <li>KPJ focuses on staff retention, and pursues various training and productivity strategies to widen staff career opportunities to serve the Group.</li> <li>To ensure a strong talent pipeline, KPJ has KPJUC that conducts various medical and healthcare courses from certificates to PhD level.</li> <li>Our wide network of hospitals that are equipped with international standard facilities and equipment is a strong pull factor for specialist doctors to join the Group.</li> <li>KPJ's robust Clinical Governance Framework that promotes clinical safety and excellence offers a strong safety net for healthcare professionals.</li> <li>Continued investment in appropriate skills development and offering a succession plan programme and reward strategy to retain our talents and professionals.</li> </ul>
<b>02 Clinical Care</b>		
Delivering high quality, customer focused healthcare services to provide for market needs and expectations.	Failure to provide high quality patient centric care may lead to negative media comments and patients dissatisfaction that will affect KPJ's reputation and drive away customers.	<ul style="list-style-type: none"> <li>Medical Advisory Committee (MAC) as the apex clinical committee overseeing KPJ's Clinical Governance Framework and guidelines for sound and ethical medical practices. The MAC has various sub-committees within its purview namely Clinical Governance Policy Committee, Clinical Governance Action Committee, Clinical Ethics Committee and Research &amp; Development Committee.</li> <li>Clinical Risk Management Committee (CRMC) to review and oversee the effectiveness of the clinical ERM framework, with all major clinical risks and incidents related to patient and staff safety presented to CRMC.</li> <li>KPJ Patient Safety Goals under the purview of the MAC are designed to ensure all KPJ hospitals are offering patients the best care possible.</li> <li>The analysis of trends of clinical outcomes are monitored and act as reference to mitigate any risk that relates to clinical and infectious disease.</li> </ul>
<b>03 Government Policy &amp; Compliance with laws, regulations and other applicable requirements</b>		
KPJ operates in a highly regulated environment which includes laws passed by the Malaysian Government pertaining to private healthcare facilities such as the Private Healthcare Facilities and Services Act 1998 (Act 586) and Occupational Safety and Health 1994 (Act 514).	Failure to comply to laws and regulations could result in KPJ being subject to patient claims, fines, penalties, damage to reputation, suspension from the treatment of patients, loss of operating licence or accreditation which would result in the Group not being able to operate one or more of its hospitals thus causing a reduction in earnings.	<ul style="list-style-type: none"> <li>KPJ continues to strengthen its ERM framework and associated policies and procedures to ensure risks are mitigated as far as possible.</li> <li>KPJ has in place significant Clinical Care processes and policies overseen by MAC and CRMC to ensure continuous compliance with existing laws, rules and regulations.</li> <li>KPJ continuously engages with the Ministry of Health Malaysia to remain up to date on any potential changes in Government Policy.</li> <li>In 2019, the Health Minister had announced that the Cabinet has approved the drug price controls and the Ministry of Health, together with the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), will work to gazette the regulations under the Price Control and Anti-Profiteering Act 2011 (Act 723).</li> </ul>

## KEY ACHIEVEMENTS/ ACTIVITIES IN 2019 TO MITIGATE RISKS

## LINK TO MATERIAL MATTERS & OUR SEVEN STRATEGIC THRUSTS

- Five new programmes were introduced in 2019, namely:
  1. Postgraduate in Internal Medicine
  2. Bachelor of Medical Imaging (Flexi Mode)
  3. Bachelor of Nursing (Flexi Mode)
  4. Diploma in Healthcare Management
  5. Post Basic in Perioperative Nursing
- KPJUC conducted three in-campus interviews for working placements as per our hospitals' requirements.
- Talent Management services conducted interviews for placement and increased our clinical staff by 8% in 2019.
- 69 new resident consultants of various specialties joined the Group in 2019.

### Material Matters

- Managing and Retaining Talent

### Strategic Thrusts



- Clinical Governance Policy Committee approved ten new policies and seven were also updated.
- Clinical surveys were conducted on 25 hospitals covering 14 service areas.

### Material Matters

- Cost of Healthcare Services
- Quality of Service Standards
- Funders for Healthcare Services

### Strategic Thrusts

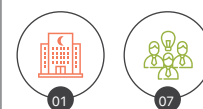


- Continuously engage with MOH to remain up to date on any potential changes in Government regulations and policies.
- Ensured all non-compliance issues were complied with prior to renewal of operating licences.
- Embarked on the implementation of ISO 45001 (Occupational Health & Safety Management System).
- KPJ had formed a Task Force Committee to understand and keep abreast of the development and implementation plans from the Ministry's plan to regulate drug prices, engage with authorities and policy makers of KPJ's stand in matters may impact the Group, estimate risk & financial impact to the group performance and propose measures to mitigate/reocer from the potential revenue loss.

### Material Matters

- Government Regulations

### Strategic Thrusts



RISK DESCRIPTION	IMPACT OF RISK ON KPJ	HOW WE MANAGE THE RISK
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**04 Integrity & Ethics**

Expectations for employees of the Group to adhere to the highest standards of ethical conduct and values, and to avoid conflict of interest in any ongoing or potential business dealings in the Group with various suppliers and service providers.

Non-compliance could affect KPJ's reputation in the marketplace, thus diluting its brand value and market appeal.

- Staff reaffirm their commitment to KPJ through the Staff Integrity Pledge Ceremony.
- Employees to report any misconduct or unethical behaviour by any staff member directly to the President and Managing Director.
- Comprehensive Whistle-Blowing Policy covering three tiers of whistle-blowing reporting line ie , President and Managing Director, Chairman of the Audit Committee, and Chairman of the Board.
- KPJ is a signatory to the "Malaysian Corporate Integrity Pledge" since 2011.
- No Gifts and Entertainment Policy applicable to all staff.
- Asset Declaration Policy applicable to staff of Manager grade and above.
- Tender Evaluation Committee is responsible for evaluating all tenders for purchases, award of contracts and appointment of project development consultants/ advisors and makes its recommendation to the Building & Tender Board Committee.
- KPJ is moving towards obtaining the ISO 37001:2016 Anti Bribery Management System ('ABMS') certification by September 2020, as part of the Group's preparation to manage the corporate liability risks that may face in its business, in order to meet the requirements of Section 17A Malaysian Anti-Corruption Commission Act 2009 that will come into force on 1st Jun 2020.

**05 Compliance with Accreditation Requirements**

KPJ's hospital accreditations are obtained from internationally acknowledged bodies, namely the Malaysian Society for Quality in Health (MSQH) and the Joint Commission International (JCI), which puts its hospitals on par with international hospital accreditation standards.

It is necessary to maintain KPJ's hospital accreditations in order to remain a leader in the marketplace, thus ensuring its reputation as the healthcare provider of choice.

- Maintaining national and international accreditation to remain a leader in the healthcare sector and to support health tourism initiatives.
- All hospitals with the MSQH and JCI accreditations have to undergo stringent surveillance audits by the respective surveyors and audit teams to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed, usually every three years.

**06 Insurance Management**

KPJ, as with other healthcare companies, is sometimes subjected to legal actions alleging negligence, malpractice and other claims.

Any legal action could potentially lead to the payment of damages and significant legal costs.

- KPJ has in place adequate insurance coverage on its major assets and to protect against potential liability arising from its operations.
- All specialists, medical officers and other healthcare professionals of KPJ Group are covered by Medical Malpractice Insurance to mitigate against medico-legal risks in the course of performing their duties.

KEY ACHIEVEMENTS/ ACTIVITIES IN 2019 TO MITIGATE RISKS

LINK TO MATERIAL MATTERS & OUR SEVEN STRATEGIC THRUSTS

- Declaration of Asset extended to all staff.
- Declaration of Integrity Pact by all tenderers prior to their tender submission.
- Continuously ensuring that all staff reaffirm their commitment through the staff Integrity Pledge Ceremony during PEDOMAN and e-integrity pledge via Employee Self Service (ESS) system.
- In 2019, 629 new vendors and suppliers have signed the Corporate Integrity Agreement (CIA) with KPJ. To date, a total of 8,214 vendors and suppliers have signed the CIA.
- Signing of 'Borang Peradaban' declaration for all staff on a yearly basis to encourage employees to report any misconduct or unethical behaviour committed by anyone within the Group.
- Covered all Integrity Talk/Roadshow except for KPJ Klang, KPJ Sabah & Sterile Services in 2019.
- In-line with the National Anti-Corruption Plan 2019 – 2023 launched by the Government in January 2019, four (4) officers from KPJ had certified as Certified Integrity Officer (CeIO), a programme in collaboration with JCorp and Malaysian Anti-Corruption Commission (MACC) focusing in managing the business integrity and its components.
- In 2019, the Tender Evaluation Committee conducted 9 meetings evaluating all tenders for purchases, award of contracts and appointment of project development consultants/advisors, thereafter making its recommendation to the Development and Procurement Committee.

Material Matters

- Managing and Retaining Talent
- Quality of Service Standards
- Funders for Healthcare Services

Strategic Thrusts



- All hospitals are certified with IMS Certification that includes ISO 9001:2015 Quality Management System, OSHAS 18000:2007, ISO 14000:2015 Environmental Management System and ISO 22000:2018 Food Safety Management System.
- All hospitals are moving towards the conversion from ISO 18001:2007 OSHAS to ISO 45001:2018 Occupational Safety and Health Management System.
- 19 hospitals are MSQH accredited, while 4 are JCI accredited.
- 8 KWAN clinics are MSQH accredited.
- 2 of our hospitals, namely KPJ Ampang Puteri and KPJ Damansara were certified with the Gold-Level Excellence in Person-Centred Care from Planetree International, the first and only in Asia Pacific region.
- 13 of our hospitals were certified with Baby Friendly Hospital Initiatives (BFHI).

Material Matters

- Government Regulations
- Quality of Service Standards

Strategic Thrusts



- Renewal of insurance policies for the period of coverage from 1 January 2020 until 31 December 2020. Prior to the renewal, we undertook a comprehensive risk review of the Group's insurance needs, taking into account changes in the operating environment as well as assets and liabilities.

Material Matters

- Quality of Service Standards

Strategic Thrusts



RISK DESCRIPTION	IMPACT OF RISK ON KPJ	HOW WE MANAGE THE RISK
<b>07 Cybersecurity</b>		
<p>KPJ's IT platform supports a number of management, administrative and clinical processes which are crucial for the smooth operations of the Group.</p>	<p>KPJ's business could be disrupted if its information systems fail or if its databases are breached, destroyed or damaged.</p>	<ul style="list-style-type: none"> <li>• Dedicated team of IT Security professionals to protect KPJ's IT Infrastructure and Systems.</li> <li>• KPJ IT Security team has put in place the following security system, policies and procedures:-               <ul style="list-style-type: none"> <li>- Patch Management to ensure all servers and end user devices are fully updated to the latest security patches.</li> <li>- Robust security access policies and procedures in accordance to User Access Matrix which defines the User Access Rights and Privileges.</li> <li>- Tighter Enforcement of access privilege control, remote access control and USB control.</li> </ul> </li> <li>• User awareness and cybersecurity vigilance.</li> </ul>
<b>08 Readiness to Respond to Major Internal or External Incidents</b>		
<p>During an emergency or an internal or external disaster, KPJ has to respond in a timely manner to critical incidents.</p>	<p>Failure to respond in a measured manner and ensure smooth hospital operations despite the emergency or internal or external disaster would lead to the disruption of hospital operations. This would cascade down to impact the Group's reputation in the marketplace, and affect its future profitability.</p>	<ul style="list-style-type: none"> <li>• KPJ has a Business Continuity Management (BCM) Plan in place to ensure that critical business processes can be maintained or restored in the event of a major internal or external incident including managing environmental impact.</li> <li>• KPJ has adopted the requirements of the Private Healthcare Facilities and Services Act 1998 (Act 586), Occupational Safety and Health 1994 (Act 514), Environmental Quality Act 1974 JCI and MSQH in formulating the BCM.</li> </ul>
<b>09 Framework for Management of Risk</b>		
<p>KPJ faces various risks in its ongoing regional operations which need to be assessed, evaluated and mitigated in a timely manner and reported.</p>	<p>The establishment of clear structures of risk assessment and management that KPJ faces in its regional operations is necessary to ensure that risks are dealt with effectively to minimise its impact on KPJ's operations and profitability.</p>	<ul style="list-style-type: none"> <li>• Risk management activities are coordinated through a risk reporting and escalation framework known as "Incident Reporting &amp; Root Cause Analysis" via Q-Radar portal.</li> <li>• The Group adopts with the KPJ Risk Management Guideline (adopting ISO 31000:2018). The guidelines were developed to enable all Hospitals within the Group to identify, assess, monitor and where necessary to make decisions in order to take actions to address and communicate the risks. A common template will enable efficient benchmarking, exchange of information and ideas to address risks while allowing for audits to be performed coherently across the hospitals.</li> </ul>



KEY ACHIEVEMENTS/ ACTIVITIES IN 2019 TO MITIGATE RISKS

LINK TO MATERIAL MATTERS & STRATEGIC THRUSTS

- Implemented new User Access Matrix (UAM) at all hospitals to enhance systems access security.
- Regular IT Security Bulletins and IT Security Workshops to all staff to create awareness and enhance cybersecurity vigilance.
- Constant 24 x 7 monitoring of security infrastructure by Security Operation Centre.
- Security enforcement for Users' and Administrator's Access & Privilege control, Remote Access.
- Connection control, KPJ Domain Control for all Desktop and Notebook, and USB Devices Control.

**Material Matters**

- Quality of Service Standards

**Strategic Thrusts**



- In 2019, a total of 28 Fire Safety Training & Drill and Disaster, Emergency Training & Drill (internal and external) were conducted in the Group.
- In December 2019, flash flood incident was happened in KPJ Ampang Puteri but there were no evacuation of patients took place. Code yellow (internal disaster) was declared to initiate disaster protocol. The incident was successfully managed by the hospital Emergency Response Team.
- Revision of Disaster Preparedness and Emergency Management Manual by 8 hospitals in 2019 with new identified code for Bomb Threat (Code Black).
- KPJ had formed a Task Force Committee on Covid-19 to document the protocols for handling Covid-19 outbreak/pandemic based on MOH Guidelines 2019 Novel Coronavirus Covid-19.

**Material Matters**

- Government Regulations
- Quality of Service Standards

**Strategic Thrusts**



- In March 2019, The Group issued the 2019 KPJ Risk Management Guidelines to all its hospitals, which was formulated based on ISO31000:2018 Risk Management. The new Guidelines superseded the old guidelines which were based on the Australian/New Zealand Standard 4360/1990 Risk Management and HB 228/2001 Guidelines for Managing Risks in Healthcare.
- Appointment of Risk Officers at all hospitals to coordinate and monitor the implementation of risk management activities across all operations.
- In November 2019, Risk, Compliance & Investor Relations conducted a meeting with all Risk Officers. Key areas discussed during the meeting includes Hospital's KPI, sharing of common findings of major incident report and overview on corporate, integrated and sustainability reporting.

**Material Matters**

- Quality of Service Standards

**Strategic Thrusts**



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A photograph of the Chairman of KPJ Healthcare Berhad, a middle-aged man with glasses, wearing a dark suit, white shirt, and patterned tie. He is sitting on a blue armchair, holding an open book or magazine. The background shows a modern office interior with a bookshelf and vertical blinds.

# STATEMENT FROM OUR CHAIRMAN



## DEAR SHAREHOLDERS AND STAKEHOLDERS OF KPJ,

IT IS A PRIVILEGE FOR ME TO DELIVER THIS STATEMENT IN MY  
FIRST YEAR AS CHAIRMAN OF KPJ HEALTHCARE BERHAD (KPJ)  
FOR KPJ'S INTEGRATED REPORT 2019.



**DATO' YUSLI  
MOHAMED YUSOFF**

CHAIRMAN

We were able to show positive growth amidst a very challenging year, reflecting our strong capabilities as Malaysia's leading provider of private healthcare services. Among the key driving factors of KPJ's success has been our ability to provide quality patient care with passion and professionalism.

Our hospitals did well last year and their performance was further complemented by commendable growth in other segments of KPJ's business. Together we created a strong and diversified base upon which KPJ can build its sustainable future.

You may review details of KPJ's milestones throughout year 2019 that are contained in the President & Managing Director's Statement on pages 56 to 67, while elaborations of the Financial Results are given in the Chief Financial Officer's Review on pages 68 to 72.

### DECLARED DIVIDENDS OF

**2.0** SEN

per ordinary share, with total  
dividends of RM86.0 million  
paid for FY2019

### COMMUNITY OUTREACH PROGRAMME

**RM10.3**  
MILLION

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The future, however, will have a different set of norms. In 2020, the Coronavirus pandemic has taken the world by storm. Spreading quickly, it is leaving much disruption in its wake.

In today's new norm, change has truly become the only constant.

The pandemic clearly demonstrates the vulnerability of our interconnected businesses and communities. The virus is changing the way we interact with others. It is forcing us to re-examine value-creation processes, re-evaluate connections. Resilience and innovation are therefore increasingly vital today and for many years to come.

I assure you that KPJ has taken immediate action to counter these issues and still create more value for our shareholders and patients during this period. We are confident that the organisation is well equipped to face the current landscape.

### THE YEAR 2019

During the year under review, the world was facing much uncertainty. On a macro level, the global economy faced headwinds from the US-China trade tension, rising threats of trade barriers, lingering uncertainties over political tensions in many parts of the world including in the Middle East.

The International Monetary Fund (IMF) anticipates the global economy to contract sharply by as much as -3% percent in 2020; much worse than the forecast during the 2008-09 financial crisis. Domestically, our economy saw slower growth and weaker corporate earnings, dampening the already low investor sentiment. Accordingly, investment and demand for consumer durables were subdued across markets as firms and households refrained from major, long range spending.

Bank Negara Malaysia revised its 2020 GDP forecast to be between -2% to 0.5%. The Malaysian Institute of Economic Research (MIER) cautioned that the world could enter into a de-globalisation process resulting from Covid-19, leading changes to traditional trading patterns. The Malaysian Economic Monitor in December 2019 reported that Malaysia's weakening trade and investment activity, amid challenging external conditions, underscores the need to improve private sector confidence and strengthen investment competitiveness.

The healthcare sector was not exempted. Industry competition for market share intensified across all sectors, while advances in technology triggered market disruptions.

### A RESILIENT HEALTHCARE INDUSTRY

Despite the innumerable challenges, the Malaysian healthcare industry had a strong start and was expected to have a stellar finish by the end of 2019, as consumer demand for quality healthcare services remained high. The range of services was also expanding, from the primary hospital-based care to ultimately encompass various other niches. Industry drivers included the country's increasing upper middle-class and longevity of its population.

In early 2019, Malaysia was recognised as having the best healthcare in the healthcare category of International Living's 2019 Global Retirement Index, based on the affordability and health professionals training standards.

On the international front, Malaysia is also reaching out to health tourists, to promote the Malaysia Year of Healthcare Travel 2020 (MYHT 2020) campaign which seeks to reinforce Malaysia in the world's consciousness as a reputable, global healthcare travel destination.

### UPHOLDING GOVERNANCE

Our priority as a business entity is to generate sustainable returns to induce high levels of consumer and investor confidence, benefiting both our long-term longevity as well as that of the nation.

Nevertheless, as the Preferred Provider of Healthcare Services, KPJ goes beyond just that. Our goal for healthcare services starts and ends with the patient. We have taken many steps towards this ultimate goal, including:

- **Putting Patients First**

In a very short span of time, Covid-19 has overwhelmed lives and livelihoods of communities around the globe. As a service provider, our main focus will always be on Customer Experience (CX). Even during this situation, KPJ will continue keeping our customers' interests at the centre of all our decisions.

We work closely with our stakeholders at various levels and through a myriad of channels to arrive at one outcome – patient safety and satisfaction. Keeping a pulse on changing customer preferences and adjusting patient journeys are undoubtedly the order of the day, to ensure we cater to our clientele's requirements.



Integrity Officers were specifically trained and provided skills to oversee compliance in good governance for KPJ's Anti Bribery Management System

#### • Increasing our reach

The competitive landscapes in our core markets are constantly evolving, with an increased number of players. Against this backdrop of tougher competition, KPJ stayed the course and continued to invest in new hospitals primarily greenfield projects. In 2019, three new specialist hospitals commenced operations, namely KPJ Bandar Dato' Onn and KPJ Batu Pahat in Johor, as well as KPJ Miri in Sarawak.

- **Enhancing Care Delivery Model**  
Healthcare services in the future are expected to revolve around sustaining wellness, rather than seeking to treat and cure illness. This is expected to cause disruption, leading to a healthcare market that requires new capabilities for providers to effectively stay relevant.

Our goal is to minimise bottlenecks that delay the adoption of change, ultimately opening the way for technology solutions to reach the target audiences. Such a shift would involve large scale investments in training, procurement and new quality standards that are made possible via advanced digital technology. This was evident during the Movement Control Order (MCO) which took place nationwide during the early months of Year 2020.

#### • Emphasis on Corporate Governance

Parallel to 'Integrity' being KPJ's third Core Value, KPJ stands firm in our decision to protect the rights of stakeholders while also preventing unethical practices. Our effective approach in meeting and responding to our shareholders and investing public continued to be transparent and prompt.

# 15,264

## PEOPLE

represent the public persona of the Group

The company applauds the decision by the Malaysian Government to introduce Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which comes into force on June 1, 2020. The provision creates a new strict liability for commercial organisations, in order to ensure that adequate procedures are in place to foster a corruption-free business environment.

Our Anti-Bribery Management System (ABMS) policy was implemented in February 2020. Subsequently, the Group developed 10 ABMS Standard Operating Procedures that will be subject to the ISO 37001 (Anti Bribery Management System) certification audit in August 2020. Pursuant to that, KPJ appointed the Group's first Chief Integrity Officer (CIO). The new CIO, who has a strong and extensive audit background, will implement various policies and strategies to improve governance, corporate ethics and integrity systems in the Group.

Apart from the ABMS, KPJ will always conduct our affairs in a manner consistent with the highest ethical and professional standards. We will also consistently show respect for each other, our customers, business partners, suppliers, shareholders, the authorities and the communities we operate in.

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## BOARD OVERSIGHT

The rapidly evolving business world presents both risks and opportunities, many of them unprecedented. In keeping with industry trends, KPJ has explored in detail various operational, commercial, geopolitical, environmental and financial strategies.

We firmly believe in the importance of maintaining the right mix of attributes and skills on the Board to meet the changing needs of the business over time.

The early months of year 2020 saw several changes taking place in the Boardroom. Joining me as an Independent Non-Executive Director (INED) are Datuk Mohd Radzif Bin Mohd Yunus, Dato' Dr Ngun Kok Weng, Encik Mohamed Ridza bin Mohamed Abdulla, Dato' Mohd

Redza Shah bin Abdul Wahid, Dato' Dr Sivamohan a/l S.Namasivayam, and Encik Khairuddin bin Jaflus. Our appointments result in KPJ having 9 Independent Non-Executive Directors (INEDs) on its current Board of 13 persons.

In addition, KPJ also appointed three new Non-Independent Non-Executive Directors (NINEDs), i.e. Dato' Seri (Dr.) Mohamed Azahari bin Mohamed Kamil, Encik Rozaini bin Mohd. Sani, and Encik Shamsul Anuar bin Abdul Majid.

In line with the changes to the Board, we also reviewed, restructured and changed the memberships of several Board Committees. The changes included the Nomination and Remuneration Committee (NRC), the Development and Procurement Committee (DPC), Employee Share Option

Scheme (ESOS) Committee, the Investment Committee (IC), the Audit Committee (AC) and the Risk and Governance Committee (RGC). Details are contained in the Corporate Governance Review section of this report, from pages 141 to 146.

I also take this opportunity to express our appreciation to the former Chairman of KPJ Healthcare, Dato' Kamaruzzaman bin Abu Kassim. Our heartfelt thanks also go to Directors who have resigned from the Board. They are Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Encik Zulkifli bin Ibrahim, Encik Aminudin bin Dawam, Puan Jasimah binti Hassan, Encik Mohd. Sahir bin Rahmat, Dato' Dr Zaki Morad bin Mohamad Zaher, Dato' Dr Bajit Kor a/p Teja Singh, Dato' Muthanna bin Abdullah and Encik Wan Azman bin Ismail.

## AWARDS & ACCOLADES

During the year, KPJ received many industry awards and accolades. I am pleased to share that KPJ Ipoh Specialist Hospital has gained the prestigious Prime Minister's Award which is part of the Anugerah Kecemerlangan Industri (AKI) 2018. This is a national recognition of KPJ Ipoh's outstanding performance as a Malaysian organisation in competition against industry peers in both local and international markets. As a winner, KPJ Ipoh complements the vision of the Ministry of International Trade and Industry (MITI) to make Malaysia the preferred investment destination globally. The PM's Award was one of two major awards received by KPJ Ipoh, with the second milestone being the Asian Hospital Management Awards 2019.

The Group was also recognised with the Global Health & Travel Awards with the spotlight on KPJ Tawakkal KL Specialist Hospital as the "Orthopaedic Services Provider of The Year (Asia Pacific)". This speaks volumes about KPJ Tawakkal KL's capacity and capabilities as a centre for Orthopaedics, both for the domestic and international markets.

Another major feather in KPJ's cap was being awarded the Platinum Award as one of Reader's Digest Most Trusted Brands. It was based on a survey conducted by the Reader's Digest among consumers, proving KPJ's ability to attain consumer trust and loyalty. The KPJ Group has topped the list in the Healthcare Services sector since 2012, although our ranking has actually risen in the last 2 years i.e. in 2018 and 2019 to Platinum.



## ACKNOWLEDGEMENTS

On behalf of the Board, I would thank all our stakeholders for their loyal support and cooperation, which has been instrumental towards transforming KPJ into an international-class healthcare provider.

To our shareholders, our heartfelt gratitude for their sustained belief in our value creation abilities and for continuing this journey with us. As we move into 2020, we wish to reiterate our promise to generate greater value creation across our entire ecosystem of stakeholders.

We would also like to express our heartfelt gratitude to the various state governments as well as the Federal Government, along with the Ministry of Health and other health regulators and accreditation bodies, along with our vendors and suppliers for their ongoing support of our mission to provide patient centric healthcare solutions and treatments.

Our sincere appreciation goes to our consultants, medical officers, nurses and all other medical and non-medical professionals. We thank them for their unwavering dedication and commitment in carrying out their daily roles and responsibilities. It is through their efforts that the KPJ brand remains at the forefront of the healthcare industry.

As for our customers and patients, we thank them from the bottom of our hearts for their continued trust and faith in our quality healthcare delivery.

On a personal note, I would like to extend my appreciation to my colleagues on the Board for their steadfast commitment in steering KPJ forward towards the realisation of our strategic goals by sharing their insights, wisdom and expertise.

**DATO' YUSLI MOHAMED YUSOFF**

Chairman  
KPJ Healthcare Berhad

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# REVIEW FROM PRESIDENT & MANAGING DIRECTOR

## DEAR SHAREHOLDERS,

I am pleased to table the 2019 KPJ Healthcare Berhad's Integrated Report, my seventh as President and Managing Director since 2013. Throughout this journey, the plan has always been to continuously improve KPJ's year-on-year performance, actively expand capacity and identify new niches of healthcare services.

The year under review was an exciting and eventful year for KPJ that was dominated by changes and new dynamic processes in a fiercely competitive environment. This situation inspired our strategies in moving forward, resulting in three broad themes, namely Passion, Innovation and Trust.

Passion reflects KPJ's unyielding determination to provide quality care for our patients and customers.

Innovation represents our effort to embrace continuous improvement. Even as we approach our fourth decade in business, KPJ is still sufficiently agile to adapt to industry changes.

Trust is the heartfelt and sincere care we feel for all stakeholders, no matter where we operate. It speaks of our emphasis on integrity and keeping up with the promises.

### YEAR 2019 UNDER REVIEW

Our core businesses continued to deliver strong income growth with the Group revenue increased to RM3.6 billion, a 6% growth from RM3.4 billion reported in year 2018. This growth was driven primarily by the increase in patient volume, especially for our Malaysian operations.

In line with the revenue growth, EBITDA in 2019 was at RM640.6 million, a 29% increase compared to RM497.0 million in the previous year.

Profit before tax (PBT) for the year was also higher at RM275.4 million, an increase of 7% from RM258.1 million in 2018.



**DATO' AMIRUDDIN ABDUL SATAR**  
PRESIDENT & MANAGING DIRECTOR

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## GROUP'S CAPACITY BUILDING

The prospect in healthcare sector in Malaysia is still very good. Surely, we made good progress in 2019 as demand continues to grow in line with Malaysian positive economic growth. In keeping with the expanding market size, KPJ will continue to expand our capacity to maintain our leadership position in Malaysia.

### • Opening of new hospitals

Year 2019 saw KPJ opening 3 greenfield hospitals in one year, namely KPJ Bandar Dato' Onn and KPJ Batu Pahat in Johor and KPJ Miri in Sarawak.

KPJ Bandar Dato' Onn (KPJ BDO), located in the Bandar Dato' Onn township within the Iskandar Development Region in Johor, commenced operations on 19 February 2019. Starting with 6 Centres of Excellence in heart disease, orthopaedics, oncology, cancer, women and child care, cosmetic care and geriatrics, KPJ BDO has subsequently expanded into a full-fledged specialist hospital with more services including neurosurgery, otorhinolaryngology, and urology. KPJ BDO is equipped with international standard services and facilities to attract health tourism patients primarily from Indonesia due to its direct connectivity to Johor. Meanwhile, KPJ Batu Pahat

Specialist Hospital (KPJ Batu Pahat), which opened its doors to the public on 18 September 2019, is the seventh KPJ hospital in the Southern region. The 90-bedded, seven storey hospital has a team of 11 resident consultants.

The third hospital to open in 2019 was KPJ Miri Specialist Hospital (KPJ Miri), which commenced operations on 21 December 2019. Located within the commercial hub of Bandar Baru Permyjaya, this is KPJ's third hospital in Sarawak. The seven-storey specialist hospital aims to provide a full range of services for the growing populations of Miri, as well as neighbouring Brunei and Indonesia.

### • Expansion of existing specialist hospitals

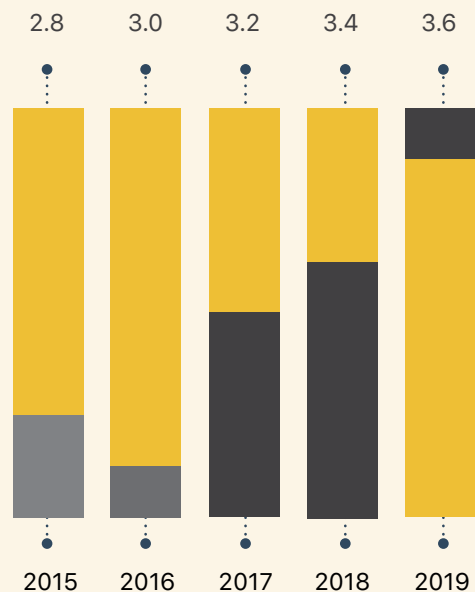
KPJ Ampang Puteri Specialist Hospital (KPJ Ampang Puteri), one of the Group's largest hospitals, completed the expansion of its new block in 2019. Located adjacent to the original building, the new block has a capacity for more than 140 beds and houses among others, a full suite oncology centre. The hospital also has the latest PET-CT scan technology in non-invasive imaging as well as a radiotherapy centre which will both contribute significantly to the treatment of cancer patients. With this opening, KPJ now has five cancer centres throughout the country.



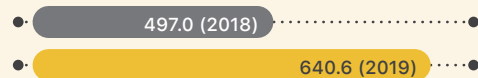
THE INCREASED HOSPITAL CAPACITY IN RECENT YEARS LED TO AN EBITDA GROWTH OF 29% IN 2019.



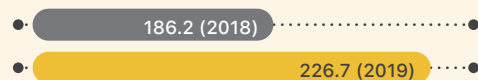
### 5 YEARS REVENUE (RM BIL)



### EBITDA (RM MIL)



### NET PROFIT (RM MIL)







*KPJ Batu Pahat Specialist Hospital*

KPJ Seremban Specialist Hospital added a new block which commenced operations in September 2019. Two new wards were added, increasing its bed capacity by another 48 beds. This transformed KPJ Seremban into the largest private hospital in the state of Negeri Sembilan, with a total of 199 beds. Other new facilities include the addition of 34 new dialysis chairs for the benefit of patients living in and around Seremban.

A further milestone was reached by KPJ Perlis in the north. In 2018, the hospital made history when it became the state's first private specialist hospital. In 2019, after just one year in operations, KPJ Perlis achieved another breakthrough, when it was granted approval by the Ministry of Health (MOH) to add more inpatient beds, bringing the total to 36 beds.

Change of another nature was also taking place in the Klang Valley.

The iconic KPJ Tawakkal was the second hospital to be part of the KPJ Family back in 1984. In early 2020, it officially changed its name to KPJ Tawakkal KL Specialist Hospital. This move was specially undertaken to emphasise on KPJ Tawakkal KL's link to the nation's capitol city, Kuala Lumpur. From its base in KL, KPJ Tawakkal KL has been able to reach out to patients from within the Klang Valley as well as be a reference hospital to many other parts of the country and the world.

### KPJ OVERSEAS

In addition to our 28 hospitals in Malaysia, we have two other hospitals in Jakarta, Indonesia and one more in Dhaka, Bangladesh. Hospitals in Indonesia, Rumah Sakit Permata Hijau (RSM PH) and Rumah Sakit Bumi Serpong Damai (RSM BSD) in Jakarta recorded double-digit growth arising from increased numbers of patients at both hospitals. This was mainly due to the increase in their number of consultants, effective marketing activities and the introduction of new treatment packages.

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RSMBSD's revenue increased by as much as 40% from RM22.1 million in 2018 to RM31.1 million in 2019. A key driving factor was the increase in activities. Another reason was the growing number of patients during the year under review, where inpatient numbers grew 39% to 4,155 people with a Bed Occupancy Rate (BOR) of 46%, while outpatient numbers grew 17% to 79,253 people.

For RSMPPH, revenue rose 23% to RM27.3 million. Overall, inpatient numbers grew 10% year on year, while outpatient numbers registered a slight decrease by 2% year on year.

In Bangladesh, the Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College (SFMMKSH & NC) in Dhaka saw a 55.9% increase in inpatient numbers to 6,608 patients, compared to 4,239 in 2018. The number of outpatients increased 25.3%, to 142,493 from 113,742 in 2018.

## HEALTH TOURISM

Year 2019 saw KPJ recording a revenue growth of 7% year-on-year, from RM140.4 million in 2018 to RM150.3 million in 2019. The number of visits increased by 5%, from 158,711 to 166,671.

The top five disciplines which attract Health Travellers are Orthopaedics, Cardiology, General Surgery, Gastroenterology, Respiratory and General Surgery. In 2019, KPJ promoted five more packages namely, speech language therapy, bariatric, endoscopy, total hip & total knee replacement surgery, and health screening.

Our largest health tourism market is Indonesia, both in terms of revenue and number of visits. In the financial year 2019, revenue contribution from the Indonesian market was RM 73.7 million compared to the previous year's RM60.1 million. The visits from the Indonesian market also showed positive growth by 12%, from 52,250 visits to 58,261 visits.

To strengthen our marketing strategy in Indonesia, KPJ opened several new information centres in Indonesia, i.e. in Medan, Padang, Batam, Tanjung Balai, Tanjung Pinang, Jakarta, Surabaya and Pekanbaru. KPJ also has the support of numerous health tourism agents. This cohesive network on both sides of the border assist Indonesian health tourists in ensuring trouble-free travel arrangements to KPJ hospitals.

China, a global economic superpower, is KPJ's second largest health tourism market in terms of market value. We were able to record a growth of 18% year on

year, from RM5.93 million in 2018 to RM6.99 million in 2019. Most of them were health travelers, i.e. tourists traveling to Malaysia specifically for medical treatment i.e. 56%, whereas 44% were expatriates and students who are living in Malaysia.

## ENGAGEMENT WITH STAKEHOLDERS

As KPJ continues to deliver on our strategic priorities, we continue investing in our social and relationship capital. The basis of our relationships is formed by the capital that is made up of the organisation's shared values, commitments and knowledge.

Our goal in this initiative is to foster positive and sustainable connections that are built on mutual trust and cooperation with all stakeholders, including but not limited to regulators, patients, customers, employees, communities, investors and the media. We are committed to uphold and protect the trust we have earned over the years.



KPJ welcoming delegates from China to our Head Office





## • Engagement with Patients and Customers

Patients are at the crux of our communication channels and we are continuously upgrading standards of care to meet the increasing expectations of customers. KPJ views frontliner-patient interactions as a central pillar of our service. KPJ builds, advocates, reviews, retrain and monitors the Standard People Practice (SPP) skills of our people, in order to consistently deliver their personal best customer service.

As part of our proactive approach to reach our patients during MCO, our doctors are encouraged to provide consultations online. It takes customer innovation to a higher level, allowing KPJ to rollout remote care and improve patient engagement via remote monitoring. KPJ teleconsultation service will not only benefit patients within the hospital localities but also help us reach patients who live in different states and our health tourists as well.

Understanding the difficulties faced by some patients and customers to obtain their top up medicine, especially during the MCO, KPJ's Groupwide Medication Home Delivery Service was introduced for customers to top up on their medicines. Delivery charges is waived during this lockdown period, as we want to ensure our patients will be able to continue having their medicines, even during any challenging period.

## • Contributing to Nation's Healthcare Industry

In 2019, KPJ held our 22nd Healthcare Conference themed "Enhancing Outcomes In The New Era Of Healthcare", attended by more than 600 medical professionals from across the nation. It is imperative to recognise that KPJ's annual Conference has, for many years, brought together minds from the public and private healthcare services to network as well as exchange ideas on the latest

developments in medicine and patient-centred care. This, in many ways, speaks volumes of KPJ's ability to be a game-changer in Malaysia's healthcare services.

Further value was added by KPJ Group's efforts to reach out to General Practitioners (GPs) through our first-ever series of GP Medical Updates. Held at three separate locations, namely Kuala Lumpur, Ipoh and Johor Bahru, the Updates functioned as a bridge between KPJ specialists and GPs. KPJ medical consultants were able to use these sessions to share their knowledge with the GPs, for the benefit of patients nationwide.

## • Nation-building during Covid-19 Pandemic

The MCO that took effect in March 2020 saw KPJ fast-tracking its digital services to deliver healthcare remotely during the MCO, in line with government initiatives to cut down movement during the Covid-19 pandemic.

Apart from internal relationships, we have never forgotten our role and responsibility to the nation. As a homegrown entity, KPJ supports efforts by the Ministry of Health (MOH) and other national agencies to boost Malaysian healthcare services for the benefit of our population.

When the country's public hospitals were relegated as the centralised Covid-19 treatment centres, KPJ came together with other private healthcare service providers to provide medical and logistic support. Since early 2020, KPJ Group's hospitals contributed ventilators to the MOH hospitals for the treatment of Covid-19 positive patients. In addition, we allocated more than 200 inpatient beds in our hospitals to take in non-Covid patients decanted from the MOH hospitals. KPJ Klang Specialist Hospital (KPJ Klang) carried out pro bono surgeries for six (6) oncology patients from the MOH.

16 of KPJ's hospitals across Malaysia apportioned 130 dialysis chairs to provide slots for non-Covid-19 patients undergoing dialysis. Patients requiring dialysis would be referred by the respective MOH hospitals to the selected private hospital with vacant slots.



In addition, in February 2020, KPJ's laboratory business, Lablink (M) Sdn Bhd, was one of the seven private laboratories authorised by the Ministry of Health (MOH) to run Covid-19 RT-PCR (Reverse Transcription Polymerase Chain Reaction) tests at real-time for the nation. During the battle against Covid-19, the staff would have to go through from 1,500 to 3,000 samples each day from our own hospitals, general hospitals as well as other external organisations.

Lablink is the first lab in Malaysia to be certified with Bio-Safety Level 3 (BSL3) facilities which allows testing of highly infectious diseases according to World Health Organisation (WHO) standards. Lablink is also equipped to handle airborne diseases, such as tuberculosis at its TB reference lab.

We also reached out to counterparts at MOH hospitals who selflessly provided 24-hour care to Covid-positive patients. KPJ collaborated with QSR Brands (M) Holdings Berhad to distribute Pizza Hut pizzas and KFC meals to the said frontliners. This is in addition to the provision of same meals to the police, the army and the underprivileged.

#### • Improving Our Environment

Beyond community health-related initiatives, KPJ made conscious and deliberate efforts to protect environmental health, based on the belief that our surroundings have a direct impact on human beings' quality of life. One major breakthrough during the year under review was the KPJ Zero Single Use Plastic Bag Campaign. In line with Malaysia's Roadmap Towards Zero Single Use Plastic 2018 – 2030, our goal was to reduce the amount of plastic waste generated at our offices and hospitals, for a cleaner and healthier environment.

Initiated by the KPJ Head Office, the message was spread to and shared with KPJ's hospitals nationwide. Efforts include distributing medicine in paper bags at the pharmacy, reducing the usage of single use plastic materials in its dietary services, and replacing bottled mineral water with water dispensers and paper cups. All hospitals in the Group have also been assigned to adopt a Pasar Tani or Pasar Malam, to generate a social awareness among the community on the danger of single use plastic.

#### • Engagement with the Underprivileged in the Community

KPJ Group's flagship CSR project Klink Waqaf An-Nur (KWAN) provides affordable healthcare to the public at RM5 per visit. There are now 19 KWAN clinics and five mobile clinics to serve the urban and rural poor. Eight of our KWAN clinics are MSQH accredited. As at end 2019, a total of 124,618 patients visited our KWAN clinics nationwide.

### INNOVATION AT THE CORE

Innovation in healthcare is limitless, from the introduction of new medical technology, to improved operational processes that create additional value to stakeholders, and even in communication and community involvement.

#### • Investment in Medical Technology

In 2019, KPJ invested in cloud storage technology, health information system as well as doctor-patient communication platforms, especially teleconsultation.



Our efforts to bring in new medical technology have been unyielding. One such effort is the exploration of robotic total knee replacement surgery (TKR). During a traditional knee replacement procedure, damaged tissue in the knee is removed and replaced with an artificial joint. Technology assists the procedure in other ways, too. Before surgery, a CT scan is used to create a 3D model of the patient's knee, allowing surgeons to place the implant more accurately. During the operation, the robotic arm uses data from the 3D model to create a predefined space for the surgeon to work in, preventing them from accidentally damaging the surrounding tissue.

3D technology is not new to KPJ. We have been at the forefront of the nation's 3-dimension (3D) medical technology, primarily for orthodontic procedures. At the KPJ Tawakkal Health Centre's Dental Specialist Centre, the maxillofacial surgeon uses 3D technology for high precision surgery involving customised 3D-printed implants that reduce the need for corrective follow-up procedures.

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*Offering drive-through facilities to test for Covid-19*

#### • Investment in Operations

Another form of innovation is the change in procedures when required. An example of this is the steps KPJ undertook to ensure patients and customers continue receiving quality care despite the challenges of Covid-19 experience. We stepped up to the plate to bring care to patients, even when it was difficult for patients to come to hospitals due to the MCO or concerns about the risk of infection.

KPJ was one of the first healthcare providers to offer drive-through Covid-19 tests, which made it easier for patients to undertake the tests.

Other value-added changes introduced were improvements to our doctor-patient communication platforms, focusing on telemedicine. The objective is to make it easier for patients to obtain care without leaving the comfort of their own homes. KPJ embarked on a teleconsultation service enabling our consultants are able to engage with patients via remote monitoring. KPJ teleconsultation service benefits patients within the hospital localities as well as patients who live in different states and health tourists.

Another important milestone was the introduction of contactless online payment systems, namely collaboration with JomPay and DuitNow QR. DuitNow QR is an extension of the DuitNow service, which allows Bank customers to transfer money instantly and securely on a 24/7 basis over mobile banking channels. Through DuitNow QR's interoperability, any compliant QR Code can take payments from any participating Banks and e-Wallets. Patients would be able to make advance bookings online, where

payments are made by scanning the DuitNow QR Code via payment kiosk, website, mobile app, Instagram or Facebook.

#### • Intensifying KPJ's Digital Presence

Digital marketing has helped the healthcare industry evolve. It has been debated that patient experience is no longer just about health outcomes, but also about the service providers values, services and transparency in communication. Research shows 77% percent of patients conduct an online search before making a medical appointment.

Therefore, in a highly competitive market, our digital strategy is to humanise the KPJ brand where the public can reach and interact with us, to prove that KPJ is a trustworthy brand and can be relied upon. KPJ has upgraded our corporate website while establishing and enhancing several multi-lingual social media pages for our health tourism patients.

In addition, KPJ took its role as a healthcare information provider very seriously and has actively produced more than 60 health videos for public consumption, all available through our digital platforms. These internally-produced videos serve as public service announcements and audiovisual reference for stakeholders nationwide.

## A STRONG TALENT MANAGEMENT PLATFORM

KPJ strongly believes in a twin focused Talent Management strategy. The first focus is to create a strong team dedicated to competency-building and self-improvement. The second focus is to empower and facilitate employees as they serve patients and customers.

### • Enhancing Staff Competency

This encompasses having both the right skill sets as well as intellectual capital. KPJ's Group Talent Management developed a technical competency model and competency dictionary for the Talent Management/HR job family. At the same time, the competency requirements were also mapped to job levels. This initiative allows employees in the Talent Management job family to be assessed in terms of their HR technical knowledge, skills, behaviour and performance. It provides an objective and transparent assessment framework that will also assist in identifying development and training interventions more accurately.

The same model and framework are used as a template for other technical job families. Workshops were conducted for Nursing, Pharmacy and Service Quality Management groups. This will later be expanded to other job families such as Legal, Finance, Marketing and others.

With a focus on staff retention and performance, KPJ introduced personal coaching. One of the Klang Valley hospitals that piloted the initiative has a very positive encouraging result and has decided to continue on a permanent basis. This form of coaching is applied to address the issue of stress at the workplace as it becomes a more common modern-day affliction among the workforce. A plan is being formulated to develop a pool of trained coaches and expand the reach to all hospitals and companies within the group.

We continue to develop and strengthen our leadership and talent pipeline by having our identified key talent undergo structured leadership programmes, including talent assessment by appointed consultants. Development interventions are then identified to prepare them for future leadership roles.

The year also saw the implementation of the Group Talent Management system that centralised all payroll processes of KPJ Group of Hospitals and Companies at the headquarters. This system provides for shared services and is part of continuous improvements to administrative processes. With centralisation, the issue of process duplication can be avoided. Payroll staff at hospitals and companies have now been redeployed, to focus on employee engagement and contribute towards the overall improvement of service quality.

### • Contributing to Healthcare Talents Across the Industry

As a homegrown entity, KPJ's care and concern for healthcare professionals extend beyond the boundaries of our own Group. We proactively contribute to the development and management of talent in the nation's healthcare sector, as a whole. In February 2020, KPJ became the first private healthcare services provider in the country to participate in the "National Fatigue Management Awareness" campaign among healthcare workers. This campaign was jointly organised by Malaysian Society for Occupational Health (MSOSH) and Islamic Medical Association of Malaysia (IMAM).

Our involvement drove the message that proper strategies need to be in place, in order to counter work-related fatigue among hospital staff. As the employer of more than 14,000 staff members, most of whom are frontliners throughout our hospitals, KPJ takes staff needs very seriously. We see managing staff fatigue as a direct contribution to staff loyalty, productivity and motivation. Sufficient fatigue management would also reduce possible risks of staff injuries and burn out. It would also be a significant factor in lowering the risk of human errors or negligence while delivering care.

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## NEW BUSINESS MODELS

The management regularly reviews existing business models to ensure we remain relevant, efficient and cost effective. One of the outcomes is the introduction of hub (integrated hospitals) and spoke (satellite medical facilities) operations that provide niche services.

### • Hub and Spoke Model for Niche Services

Over the past few years, KPJ has established a few hub-and-spoke operations. Among the “spoke” services is the establishment of ambulatory care centres to provide outpatient treatment at locations where there is no KPJ hospital. When patients need to be hospitalised, they are referred to the nearest KPJ hospital.

In 2019, KPJ identified three new ambulatory care centres in the Klang Valley. By end 2020, we plan to have seven ambulatory care facilities nationwide, to act as feeders for our hub hospitals.

Another “spoke” service is Senior and Assisted Living Care Centre, an initiative launched in 2011. It provides care services in a home like atmosphere for senior citizens and invalids. Encouraged by the response to our first centre, we have since launched four Senior and Assisted Living Care centres. They are the Sibü Geriatric Health and Nursing Centre in Sarawak; KPJ Tawakal Health Centre in Kuala Lumpur; Kuantan Wellness Centre in Pahang; and Damai Wellness Centre in Kota Kinabalu, Sabah.

The other “spoke” service is confinement care. In 2018, we launched our first Confinement Care Centre at Damai Wellness Centre in Kota Kinabalu, Sabah. The centre provides personalised care to new mothers and their babies, when they are discharged from hospital after childbirth.

Damai Wellness Centre also offers physiotherapy and rehabilitation services. It is the only private hospital appointed by the PERKESO to provide stay-in rehabilitation services for those insured under PERKESO’s “Return to Work” programme.



In 2020, we plan to relocate Damai Wellness Center to larger premises. This will see bed numbers increase from 21 beds to 33 beds. We will also be doubling the number of After Birth Care Suites (at the Confinement Care Centre Facility), from 12 to 24 suites.

### • Expanding our Retail Pharmacy Business

KPJ launched its first retail JX Pharmacy store in 2018 in Bandar Baru Bangi. In 2019, the retail pharmacy chain expanded to three stores. We will be continuing with our pharmacy chain expansion, and target to have 10 JX Pharmacy stores by the end of 2020. Besides JX Pharmacy stores, KPJ also dispenses medicines at hospitals and online.



## FUTURE OUTLOOK

We are confident that our resilient and sustainable business model, founded on our 39 years of experience in the Malaysian private healthcare industry, will help us overcome challenges while we continue to seize opportunities on the horizon. As we enter 2020, we are committed to building on our relationships with our various stakeholders, to continue creating long-term value.

To counter these, we will be vigorously pursuing our existing growth strategies, by expanding our footprint further, responding to market needs and trends, and developing new products and markets.

## ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my deepest gratitude to the Board of Directors, both past and present, for leading us to our goal to be the preferred and trusted private healthcare provider. To our dedicated employees and passionate consultants in Malaysia, Indonesia and Bangladesh, thank you for your sterling work ethic and contribution towards providing our customers with excellent healthcare services.

We also extend our sincere appreciation to our investors and shareholders, for their sustained faith in our Group's performance. To the Government and healthcare regulators, as well as the media, partners, suppliers and NGOs, thank you for your continuous support. Most importantly, to our patients and customers, we deeply value the trust you have placed in us, in allowing KPJ to serve you with our quality healthcare.

**DATO' AMIRUDDIN ABDUL SATAR**

President & Managing Director  
KPJ Healthcare Berhad



“

IN 2019, KPJ GROUP CONTINUED ITS MOMENTUM OF DELIVERING A STRONG YEAR ON YEAR PERFORMANCE, POSTING A RECORD REVENUE OF RM3.6 BILLION. THE CONSISTENCY OF OUR RECORD BREAKING PERFORMANCE CAN BE ATTRIBUTED TO OUR STRATEGIC AND INNOVATIVE EFFORTS ON COST OPTIMISATION TO ENHANCE VALUE.

”







# CHIEF FINANCIAL OFFICER'S REVIEW



**NORHAIZAM  
MOHAMMAD** ACMA, CGMA  
VICE PRESIDENT  
GROUP FINANCE &  
INVESTOR RELATIONS SERVICES



REVENUE	GROSS PROFIT	EBITDA	PAT
 <b>6%</b> <b>2019 : RM3.6 BILLION</b> 2018 : RM3.4 billion	 <b>10%</b> <b>2019 : RM1.1 BILLION</b> 2018 : RM1.0 billion	 <b>29%</b> <b>2019 : RM640.6 MILLION</b> 2018 : RM497.0 million	 <b>22%</b> <b>2019 : RM226.7 MILLION</b> 2018 : RM186.2 million

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KPJ has adopted a two-pronged approach to deliver consistent strong results. One is the strict cost discipline that focuses on improvements in operational efficiencies and the dilution of the effects of cost escalation. The other is sustained growth, which focuses on the continuous investments to expand our patient base and diversify the services offered by our healthcare facilities via enhancement and improvement of technology and digital. Our concerted efforts to propel growth through innovative efforts has enabled the Group to enhance its financial value and translates into strong return on investment for our shareholders.

Our network of 28 specialist hospitals in Malaysia saw a sharp rise in hospital beds and patient numbers in 2019. The number of hospital beds increased mainly arising from the opening of new hospitals, KPJ Bandar Dato' Onn Specialist Hospital, KPJ Batu Pahat Specialist Hospital and KPJ Miri Specialist Hospital, and the opening of new block in KPJ Seremban Specialist Hospital.

Our international operations and support services rebounded in 2019, after a flat performance in 2018. International operations' revenue

grew by 10% with contributions mainly from our Indonesia segment. Where additional beds were added to expand the current capacity.

Beginning 1 January 2019, the Group adopted the new accounting standard, MFRS 16 "Leases" on a simplified retrospective transition method. Under this method, the 2018 comparative information is not restated and the cumulative effects of initial application of MFRS 16 where the Group is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. A key change arising from MFRS 16 is that the lease rental expense now replaced with depreciation and interest from lease liabilities expense under finance cost. Assets and liabilities have also increased by the amount of discounted cash flows of future lease rental payments being added in our Statement of Financial Position in the form of Right of Use and Lease Liabilities.

This year, the Group is reporting normalised results from continuing operations which have been adjusted for one-off transaction-related in the current and prior financial years to better reflect the Group's operational performance.

## FINANCIAL PERFORMANCE IN 2019

### Revenue

The Group posted a record RM3.6 billion in revenue contributed by our hospital and healthcare operations, medical tourism and international operations.

Our hospital and healthcare operations saw a 6% increase in revenue to RM3.5 billion (2018: RM3.3 billion). Revenue from hospital services continued to be the major revenue stream, accounting for 97% of the total revenue mix in 2019. Included in the hospital revenue are hospitals services, sale of pharmaceutical and drugs, laboratory fees and other clinical services provided to our inpatients.

### Other income

Other income comprises mainly rental income and gain on fair value of investment properties. In 2019, we recorded RM21.7 million (2018: RM30.8 million), largely consists of rental income of RM16.2 million (2018: RM12.1 million) and gain on fair value of investment properties of RM1.8 million (2018: RM10.9 million).

### Administrative expenses

The year saw a marked increase in activities mainly from the opening of 3 new hospitals as mentioned above, resulting in corresponding increase in administrative expenses, particularly employee benefit costs and repair and maintenance expenses. The impact was softened by the adoption of MFRS 16 "Leases" that eliminated lease rental expenses from administrative expenses and replaced by depreciation and interest from lease liabilities under finance costs.

### EBITDA

In line with higher revenue, EBITDA grew by 29% to RM640.6 million (2018: RM497.0 million). Apart from the revenue growth, the favourable EBITDA was also contribute by the adoption of MFRS 16 which eliminated lease rental expenses and replaced by depreciation and interest from lease liabilities under finance costs.

### Net finance costs

Net finance costs increased by 79% to RM145.0 million in 2019 (2018: RM81.1 million). The significant increase in financing cost was due to the recognition of interest cost from lease liabilities arising from adoption of MFRS 16, as mentioned above.

### Taxation

The Group recorded significant savings in terms of its tax expense with an effective tax rate of 18% in 2019 (2018: 28%). The effective tax rate was lower than the established statutory rate of 24% due to the recognition of tax credits arising from Investment Tax Allowance (ITA), for which the Group obtained the approval from the regulator in the last quarter of 2019.

The tax benefits arising from ITA is an incentive given for expenditure incurred for hospital expansion and new developments in line with promoting Malaysia Healthcare Tourism. This specific incentive was given under the Health Tourism industry, where we work closely with Malaysian Investment Development Authority (MIDA), Ministry of Health (MOH), Inland Revenue Board (IRB) and Malaysia Healthcare Travel Council (MHTC) in ensuring the group maximised its tax benefits whilst continuing to contribute to Malaysia's economic growth.

## FINANCIAL POSITION AS AT 31 DECEMBER 2019

### Total assets

The Group's total assets grew 25% to RM6.0 billion as at 31 December 2019 (2018: RM4.8 billion). The increase of RM168.3 million in property, plant and equipment was mainly arising from our investment in the new hospital developments and expansion of existing hospitals and additional RM1.1 billion arising from the recognition of right-of-use of assets for the first time following the adoption of MFRS 16.

The adoption of MFRS16 resulted to significant increase in deferred tax assets derived from leases totalling to RM73.4 million.

### Total liabilities

Total liabilities grew 44% to RM3.9 billion as at 31 December 2019 (2018: RM2.7 billion). The notably high increase was mainly due to the recognition of lease liabilities amounting to RM1.2 billion following the adoption of MFRS 16. Despite the significant increase in our investment in assets, we remain efficient in managing our borrowing as total borrowings for year remain at the same level as 2018.

### Liquidity and Cash Flows

We closed the year with a cash and cash equivalents balance of RM268.4 million (2018: RM404.2 million).

Net cash generated by operations rose 14% to RM590.3 million, due to profit improvement and operating efficiencies, especially improved debtors' turnover days to 40 days, 4 days faster than 44 days applicable in 2018.

Cash flow from operations improved to RM685.6 million (2018: RM625.2 million). This is the result of RM275.4 million of profit before tax (2018: RM258.1 million) and RM328.6 million of non-cash expenses and other adjustments (2018: RM200.6 million). Net cash inflow from movements in working capital for the year was RM81.6 million (2018: RM166.5 million).

Cash investments is a testament of our continuous efforts to sustain existing and new revenue streams. In 2019, cash generated from investments stood at RM444.7 million (2018: RM453.9 million). There was also an inflow of cash in the form of dividends from associates, namely, Al-'Aqar Healthcare REIT, amounting to RM21.1 million (2018: RM29.3 million).

Investment returns were used to finance new property, plant and equipment amounting to RM397.4 million (2018: RM380.3 million) and increase deposits at licensed banks with maturity of more than three months amounting to RM74.4 million (2018: RM110.0 million).

Cash utilised for financing activities stood at RM310.0 million (2018: RM140.8 million). The cash inflows from financing activities were from issuance of shares through warrants and ESOS amounting to RM38.7 million (2018: RM115.0 million), government incentive grants under the Unit Kerjasama Awam Swasta (UKAS) was received for the development of KPJ Bandar Dato' Onn Specialist Hospitals amounting to RM10.4 million (2018: RMNil) and less drawdown of borrowings amounting to RM52.3 million (2018: RM347.6 million).

## TOTAL ASSETS


**25%**

2019 : RM6.0 BILLION

2018 : RM4.8 billion

## TOTAL LIABILITIES


**44%**

2019 : RM3.9 BILLION

2018 : RM2.7 billion

CASH FLOW GENERATED FROM  
OPERATING ACTIVITIES

**14%**

2019 : RM590.3 MILLION

2018 : RM518.2 million

CASH FLOW USED IN INVESTING  
ACTIVITIES

**2%**

2019 : RM444.7 MILLION

2018 : RM453.9 million

CASH FLOW (USED IN) /  
GENERATED FROM FINANCING  
ACTIVITIES

**>100%**

2019 : (RM310.0) MILLION

2018 : RM140.8 million

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Cash outflows were mainly for four payments of interim dividend to our shareholders amounting to RM86.2 million (2018: RM63.1 million), repurchased of 47.1 million ordinary shares from the open market amounting to RM44.0 million (2018: RM55.9 million) and the payment of lease liabilities amounting to RM110.3 million.

### CAPITAL MANAGEMENT

The Group believes that sound capital and financial management practices are essential to its continued sustainability. The Group defines capital as shareholder funds and borrowings. The Group's capital management approach is focused on maintaining strong credit ratings and healthy capital ratios in order to support our business while optimising returns to our shareholders and comply with our financial covenants.

We also remain vigilant in keeping our strong financial indicators, and maintaining our debt ratios within the headroom guidance of 0.93 Total Borrowings/Total Shareholders' Fund to preserve KPJ's investment-grade credit standing, as well as capacity to fund our expansion either through existing unutilised financing facilities and new borrowings.

The Group's bank borrowings contain customary restrictive financial and operating covenants. The covenants do not materially affect the Group's financial or operating flexibility. As of 31 December 2019, the Group was in compliance with all of its significant debt covenants.

With our sound financial position, we are in good stead to navigate the business through any opportunities and challenges that 2020 may bring, and beyond.

### RETURNS TO SHAREHOLDERS

The KPJ Group has continued to reward its shareholders in appreciation of their support. For 2019, the stable performance of the Group had enabled the Board of Directors to declare a total dividend of 2.0 sen per share, which amounted to a total dividend pay-out of RM86.0 million (2018: RM84.7 million), representing 38% of the Group's net profit for 2019.

The Group does not have a dividend policy however dividend was paid consistently at every quarter for 40 consecutive quarter, after taking into account the underlying earnings and available funding of the Group, while retaining sufficient capital to fund ongoing operations and growth projects, as well as manage gearing to acceptable levels. This signify our continuous commitment to our shareholders for their continuous support.

We endeavour to achieve a good balance between cash requirements for our business and dividend pay-out to our shareholders. Due consideration is given to ensure our dividend pay-out is within the benchmark of our industry peers and sustains future pay-outs.

Dividends are paid upon the approval of the Board, out of funds made available for such distribution. The actual amount and timing of payments will depend on our cash balance, retained earnings and other expected obligations as deemed appropriate by the Board. The Board has been consistently dedicated in rewarding our shareholders with quarterly dividends of not lower than 30% of net profit.

### GOING FORWARD

As we move into the new financial year, we are committed to making the best use of the resources available to our Group to deliver quality healthcare services and sustain our leadership as the preferred healthcare provider. While we move ahead to execute our business strategy that has been put in place in sustaining the business and meeting the expectations of our shareholders, the emergence of Covid-19 pandemic has created business and social uncertainty. During this uncertainty period, the Group will continue to remain optimistic and will amplify its innovative efforts over the business strategies to sustain its performance and continuously add values to the shareholders.



**NORHAIZAM MOHAMMAD**

Vice President  
Group Finance &  
Investor Relations Services

# GROUP QUARTERLY PERFORMANCE

2019 (RM'000)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year End 2019
Revenue	880,988	860,269	919,104	944,003	3,604,364
Gross profit	273,349	257,295	300,659	278,951	1,110,254
Operating profit	94,118	90,919	92,492	98,944	376,473
Finance income	2,020	3,415	4,258	4,513	14,206
Finance costs					
- Borrowings	(25,275)	(23,238)	(21,161)	(19,860)	(89,534)
- Lease liabilities	(15,750)	(15,933)	(15,843)	(22,105)	(69,631)
Finance costs - net	(39,005)	(35,756)	(32,746)	(37,452)	(144,959)
Share of results of associates, net of tax	8,897	8,203	9,937	16,842	43,879
Profit before tax	64,010	63,366	69,683	78,334	275,393
Tax	(20,686)	(19,499)	(20,965)	12,454	(48,696)
<b>Profit for the financial year</b>	<b>43,324</b>	<b>43,867</b>	<b>48,718</b>	<b>90,788</b>	<b>226,697</b>
Profit for the financial year attributable to:					
Owners of the Company	39,127	41,827	46,413	84,001	211,368
Non-controlling interests	4,197	2,040	2,305	6,787	15,329
	<b>43,324</b>	<b>43,867</b>	<b>48,718</b>	<b>90,788</b>	<b>226,697</b>
Basic EPS (sen)	0.91	0.96	1.11	1.97	4.95

2018 (RM'000)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year End 2018
Revenue	837,802	816,098	835,161	876,547	3,365,608
Gross profit	255,501	245,340	259,113	276,372	1,036,326
Operating profit	70,634	72,332	73,998	80,505	297,469
Finance income	1,020	3,161	2,059	3,826	10,066
Finance costs					
- Borrowings	(20,694)	(22,879)	(22,186)	(25,389)	(91,148)
Finance costs - net	(19,674)	(19,718)	(20,127)	(21,563)	(81,082)
Share of results of associates, net of tax	9,331	6,799	7,352	18,188	41,670
Profit before tax	60,291	59,413	61,223	77,130	258,057
Tax	(14,805)	(14,837)	(20,136)	(22,094)	(71,872)
<b>Profit for the financial year</b>	<b>45,486</b>	<b>44,576</b>	<b>41,087</b>	<b>55,036</b>	<b>186,185</b>
Profit for the financial year attributable to:					
Owners of the Company	42,483	42,336	41,301	53,324	179,444
Non-controlling interests	3,003	2,240	(214)	1,712	6,741
	<b>45,486</b>	<b>44,576</b>	<b>41,087</b>	<b>55,036</b>	<b>186,185</b>
Basic EPS (sen)	0.97	0.96	0.95	1.24	4.12

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# 5-YEARS FINANCIAL PERFORMANCE

## STATEMENTS OF COMPREHENSIVE INCOME

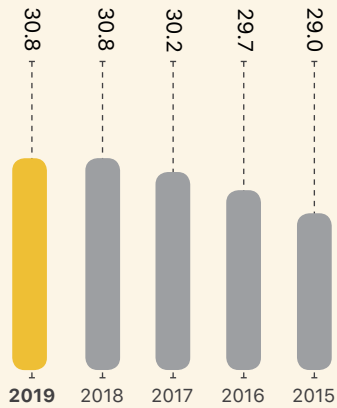
GROUP (RM'000)	2015	2016	2017	2018	2019
Revenue	2,847,593	3,021,094	3,234,814	3,365,608	3,604,364
Gross profit	826,371	898,032	976,930	1,036,326	1,110,254
Operating profit	218,556	239,556	250,138	297,469	376,473
Finance income	13,731	16,298	13,948	10,066	14,206
Finance costs					
- Borrowings	(64,157)	(83,137)	(82,260)	(91,148)	(89,534)
- Lease liabilities	-	-	-	-	(69,631)
Share of results of associates, net of tax	39,198	33,647	39,540	41,670	43,879
Profit before tax	207,328	206,364	221,366	258,057	275,393
Tax	(62,199)	(50,489)	(54,456)	(71,872)	(48,696)
Profit for the financial year	145,129	155,875	166,910	186,185	226,697
Profit for the financial year attributable to:					
Owners of the Company	135,330	149,195	161,914	179,444	211,368
Non-controlling interests	9,799	6,680	4,996	6,741	15,329
	145,129	155,875	166,910	186,185	226,697

## STATEMENTS OF FINANCIAL POSITION

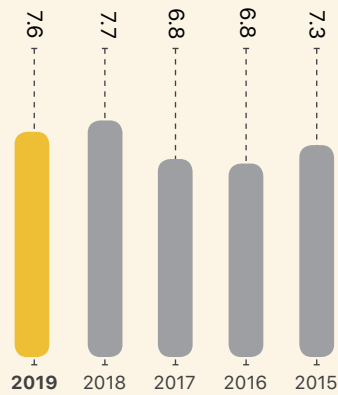
GROUP (RM'000)	2015	2016	2017	2018	2019
Non-current assets	2,891,302	2,939,602	3,154,999	3,473,895	4,806,348
Current assets	1,024,280	995,897	905,082	1,142,446	1,179,499
Assets held for sale	-	-	173,827	176,528	-
Current liabilities	(1,091,287)	(928,938)	(1,069,140)	(1,067,380)	(1,197,933)
Non-current liabilities	(1,264,270)	(1,321,832)	(1,349,557)	(1,588,786)	(2,738,650)
<b>TOTAL</b>	<b>1,560,025</b>	<b>1,684,729</b>	<b>1,815,211</b>	<b>2,136,703</b>	<b>2,049,264</b>
Share capital	527,246	531,784	736,069	860,295	906,743
Less: Treasury shares	(54,777)	(54,777)	(55,411)	(111,319)	(155,310)
Reserves	999,114	1,118,081	1,046,137	1,234,924	1,141,392
Shareholders' funds	1,471,583	1,595,088	1,726,795	1,983,900	1,892,825
Non-controlling interests	88,442	89,641	88,416	152,803	156,439
<b>TOTAL</b>	<b>1,560,025</b>	<b>1,684,729</b>	<b>1,815,211</b>	<b>2,136,703</b>	<b>2,049,264</b>

## 5-YEARS FINANCIAL PERFORMANCE

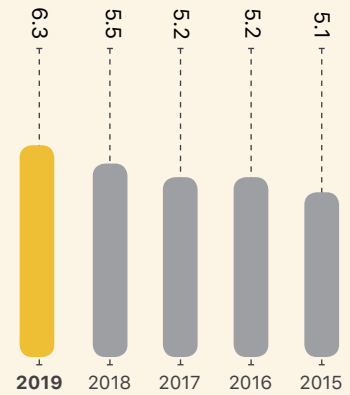
### GROSS PROFIT MARGIN (%)



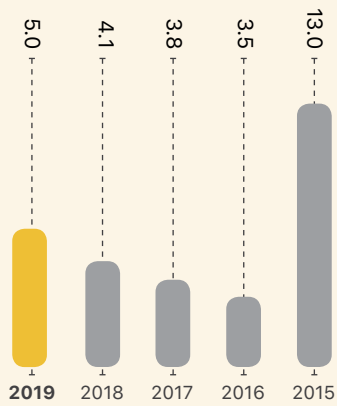
### PROFIT BEFORE TAX MARGIN (%)



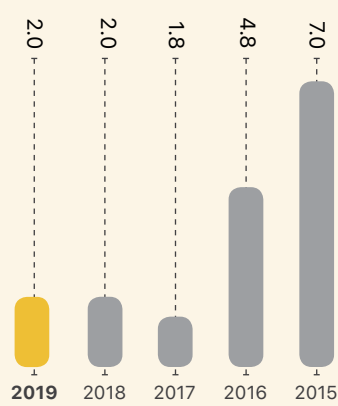
### NET PROFIT MARGIN (%)



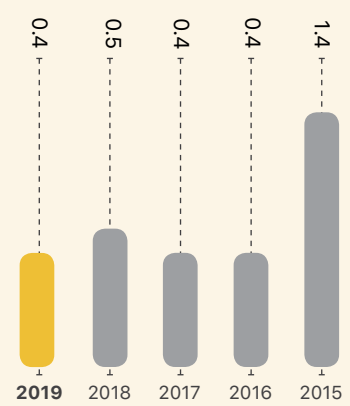
### EARNINGS PER SHARE (SEN)



### DIVIDEND PER SHARE (SEN)



### NET ASSET PER SHARE (RM)



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# STATEMENT OF VALUE ADDED

## VALUE DISTRIBUTION

The value that KPJ Healthcare Berhad creates for its stakeholders can either be in the form of financial return or in non financial or intangible forms.

The Statement of Value Added illustrates how KPJ Healthcare Berhad's performance supports the Group's ability to deliver financial value to its stakeholders.

The financial value in the statement is based on the profit before finance costs, community investment expenses, zakat and tax, depreciation, impairment & amortisation and staff costs.

	2019	2018
	RM'000	RM'000
Revenue	3,604,364	3,365,608
Purchase of goods and services	(2,203,494)	(2,164,324)
Value added by the Group	1,400,870	1,201,284
Other income	21,652	30,830
Finance income	14,206	10,066
Finance costs		
- Borrowings	(89,534)	(91,148)
- Lease liabilities	(69,631)	-
Share of results of associates, net of tax	43,879	41,670
<b>Value added available for distribution</b>	<b>1,321,442</b>	<b>1,192,702</b>
<b>Distribution</b>		
To Employees:	821,135	775,513
To Government/Approved agencies:	48,696	71,872
To Shareholders:		
Dividend	86,019	84,681
Non-controlling interests	15,329	6,741
Community investment	10,346	13,244
Retained for re-investment	224,914	159,132
Retained for future growth	115,003	81,519
<b>Total distribution</b>	<b>1,321,442</b>	<b>1,192,702</b>
Number of employees at the year end	15,264	14,145
Value added per employee (RM'000)	92	85
Wealth created per employee (RM'000)	87	84
Number of shares at year end ('000 units)	4,439,197	4,399,148
Value added per share (RM)	0.32	0.27
Wealth created per share (RM)	0.30	0.27



KPJ Ampang Puteri Specialist Hospital (New block)

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# OPERATIONAL REVIEW



**IN 2019, KPJ DELIVERED RESILIENT EARNINGS AND CASH FLOW PERFORMANCE AGAINST A BACKDROP OF CONTINUED FOCUS ON OUR SEVEN STRATEGIC THRUSTS, DRIVEN TO CREATE VALUE FOR OUR SHAREHOLDERS AND STAKEHOLDERS.**



KPJ continues our commitment towards providing high-quality services to the communities around us and our responsibility to provide safe, reliable and timely care. Our results demonstrate our team's dedication to caring for our community, which has been achieved as the demand for health services continues to grow whilst delivering continuous improvement and innovation. This is evident with the Group's continued success within our regional footprint of Indonesia, Bangladesh, Thailand and Australia.

We continue to let our strong fundamentals and value-added propositions be the core drivers behind our resilient business model. This drives us forward to pole position as we maintain our market-leading advantageous standpoint as the leading healthcare provider in Malaysia while turning our vision of being "The Preferred Healthcare Provider", into a reality.

Information on our healthcare value ecosystem can be found within the About KPJ section on pages 6 to 9 of this IR. To understand how Our Six Capitals became the pillars of value in 2019, please refer to the How We Create Value section on pages 8 and 9 of this IR. Our activities within our different business segments for the year were conducted with the intent of driving through our seven strategic thrusts. Details of Our Seven Strategic Thrusts can be found within the Group Strategy section on pages 24 and 25 of this IR. To discover our progress on all sustainability-related developments within the Economic, Environmental and Social segments, refer to our standalone Sustainability Report.



## HOSPITAL NETWORK DEVELOPMENT

2019 saw our renewed vigour and focus on our goal of providing world-class health services by expanding our market presence and increasing our network of hospitals to fulfill market demand. As we stay ahead of competitors, we kept our sights firmly on the end goal as well as an abundance of opportunities within the private healthcare sector in Malaysia – all the while leveraging on our world-class capabilities, market resilience, brand recognition as well as high-quality medical treatments and services rendered.

The opening of three new hospitals namely KPJ Bandar Dato' Onn (operations commenced in February 2019 with a total of 30 beds), KPJ Batu Pahat (operations commenced October 2019 with a total of 29 beds) and KPJ Miri (operations commenced December 2019) saw the Group expanding our leading-edge healthcare network to 28 are currently under various stage of construction.

Another four hospitals in the pipeline which will be adding another 250 beds by 2023.

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## CLINICAL AND HOSPITAL OPERATIONS

### PERFORMANCE HIGHLIGHTS 2019

	2019	2018	Var (%)
<b>OUTPATIENTS</b>			
Malaysia	2,629,878	2,541,822	3.5
Indonesia	130,184	119,816	8.7
Bangladesh	142,493	110,657	28.8
<b>INPATIENTS</b>			
Malaysia	315,182	299,780	5.1
Indonesia	9,693	8,040	20.6
Bangladesh	6,608	4,257	55.2
<b>CONSULTANTS</b>			
Malaysia	1,105	1,036	6.7
Indonesia	122	106	15.1
Bangladesh	32	39	(17.9)
<b>BEDS</b>			
Malaysia	3,200	3,107	3.0
Indonesia	156	156	-
Bangladesh	80	50	60.0

MALAYSIA				
Revenue	Profit Before Tax	EBITDA	Deliveries	Surgeries
<b>RM3.4</b> billion	<b>RM309.4</b> million	<b>RM619.6</b> million	 <b>4.6%</b>	 <b>2.3%</b>

- During the year under review, sees an increase of 3% bed capacity (93 additional beds), attributed to the new additions to our networks of hospitals namely KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri which commenced operations in 2019. Further to that, expansion of our existing hospitals, KPJ Seremban with the new block added another 48 beds also contributed to this increase.

Going forward, we continue to focus on improving operational efficiency for our group of hospitals through:

- Improvement of business processes:
- Monitor, assess and review the group hospitals performances and efficiency, analyse gaps and identify improvement plans and initiatives.
- The implementation of best practices standards
- Continue to review and standardize policy and procedures.
- Embracing innovations, technology and digital transformation initiatives.
- Collaborate with third parties to maintain quality database and data collection initiative for internal use.



KPJ Miri Specialist Hospital

INDONESIA				
Revenue	Profit Before Tax	EBITDA	Deliveries	Surgeries
<b>RM56.9</b> million	<b>(RM9.8)</b> million	<b>RM9.8</b> million	 <b>9.9%</b>	 <b>8.4%</b>



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For 2019, the Indonesian hospitals had shown favourable performance. The strategies taken for the year that contributed to the improved performance were:

- Further expand on the niche services such as Orthopaedic, Ophthalmology, Nephrology, Cardiac and O&G services.
- Addition of specialists to increase outpatient clinic utilisation for disciplines such as Vascular Surgery, Urology, O&G, Cardiology, Pulmonology, Orthopaedic, Neurology and Dentistry. This is also important to ensure the hospitals can offer a wide range of clinical services at all times. For 2019, there is a total of 16 new consultants joining, making the total consultants to be 122 this year. This contributes to the increase in number of outpatient and inpatient.
- Additional of seven dialysis machines for Rumah Sakit Medika Bumi Serpong Damai (RSMBSDB), making the total operating machines to 23. This contributed to the increase in number of dialysis cases by 27% from 11,397 cases in 2018 to 14,509 in 2019.
- The introduction of new service - Cardiac Catheterization Lab (Cathlab) in Rumah Sakit Medika Permata Hijau (RSMPH) in October 2019 which brought 13 cases of Angiography and PCI cases for the year. In total, there are 321 cathlab cases for year 2019 from both hospitals.
- Continue to expand the existing market base - be it from corporate & insurance, BPJS and cash-paying patients. The hospitals have added 28 prominent corporate and insurance companies in the panel during the year; 13 for RSMPH and 15 for RSMBSDB such as Yayasan Sasmita Jaya, PT WIKA, PT. Asuransi Allianz Life Indonesia, PT. Graha Pusri Medika/COB BPJS, YKKBI (Yayasan Kesejahteraan Karyawan Bank Indonesia), Mandiri Inhealth Insurance and Yayasan Kesehatan Garuda Indonesia (Yankesga).
- Collaborate with other hospitals and healthcare facilities to get case referrals (either BPJS or insurance cases) for investigation for insurance and BPJS cases.



Rumah Sakit Medika Bumi Serpong Damai

BANGLADESH				
Revenue	Profit Before Tax	EBITDA	Deliveries	Surgeries
<b>RM20.1</b> million	<b>(RM2.3)</b> million	<b>(RM0.5)</b> million	 <b>17.7%</b>	 <b>31.2%</b>

- Recruited four new consultants to increase clinic utilisation and services availability including a new service, the Oral Maxillofacial Services
- Began installing Picture Archiving Communication System (PACS) in December 2019
- Started renovation on an expansion of outpatient clinics to accommodate new and additional consultants
- Developed its own Patient Management System (PMS) to manage all its clinical information electronically
- Increased bed capacity from 50 to 80 beds



Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College, Dhaka, Bangladesh





## DIAGNOSTIC SERVICES

### PATHOLOGY SERVICES - LABLINK (M) SDN BHD

Revenue	Profit Before Tax	EBITDA
<b>RM102.2</b> million	<b>RM26.0</b> million	<b>RM26.5</b> million

- Lablink provides laboratory / pathology services to the KPJ Group. It manages the pathology laboratories in KPJ's network of hospitals. Lablink also conducts clinical tests for more than 100 non-KPJ institutions (including hospitals under the Ministry of Health and University Hospitals) as well as general practitioners' clinics across Malaysia.
- Lablink is the first lab in Malaysia to be certified with Bio-Safety Level 3 (BSL3) facilities which allows testing of highly infectious diseases (according to World Health Organization (WHO) standards).
- Lablink is equipped to handle airborne diseases, such as tuberculosis (TB) culture and sensitivity testing at its TB Reference Laboratory.
- In March 2018, Lablink entered into a strategic partnership to grow its pathology / diagnostic services with Quadria Capital in order to achieve and sustain long-term growth in the region.
- In 2019, Lablink recorded revenue growth of 17% from RM87.7 million to RM102.2 million. Correspondingly, EBITDA increased by 45% from RM18.3 million to RM26.5 million.
- In March 2020, Lablink was one of the private laboratories listed by the Ministry of Health (MOH) to perform Covid-19 rRT-PCR (i.e. real-time reverse transcription polymerase chain reaction) by testing specimens received from hospitals: both from walk-in members of the public as well as hospital inpatients.
- During the year under review, Lablink expanded its testing menu with 13 new tests bringing the total test available of 3,419.

- Lablink has in place the medical laboratory accreditation ISO 15189 to ensure that the highest standard of quality is maintained.
- Lablink, through its highly qualified staff and the usage of well-maintained instrumentations, provides clients with quality meaningful results.
- Lablink Laboratory Information System (LIS) facilitates seamless online viewing of patient's results which allows timely reference and retrieval by consultants for their diagnosis and treatment decisions,
- Lablink's diagnostics philosophy is to provide Rapid, Accurate, Actionable and Comprehensive (RAAC-diagnostics).



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## COVID-19 PANDEMIC

- Lablink is one of the private laboratories listed by the Ministry of Health (MOH) to perform Covid-19 rRT-PCR (real-time, reverse transcription, polymerase chain reaction) by testing specimens received from hospitals: both from walk-in members of the public as well as hospital in-patients. Lablink offers Covid-19 rRT-PCR test, a one-step, nucleic acid amplification methodology, for the detection of three target genes related and specific for SAR-CoV-2 virus, which include the Sarbecovirus envelope protein gene (E-gene), nucleocapsid protein gene (N-gene), and RNA-dependent RNA polymerase gene (RdRp-gene). The results of Covid-19 confirmation can be generated within 24-72 hours, by using existing methodology, and can be shortened by exploring technologies such as on-site, rapid POCT-PCR (point-of-care-testing polymerase chain reaction).
  - The KPJ-Group of Hospitals classified Covid-19 rRT-PCR test according to urgent (result within 24 hours) and routine (beyond 24 hours). The COVID-19 testing capacity has been ramped up and Lablink has been able to test and report about 1,500-3,000 samples in a day in May 2020. The total number of samples, as at the end of May 2020 was in excess of 70,000; of which the KPJ-Group of Hospitals Nationwide contributed to almost 75% of the tests while the balance was from non-KPJ hospitals and the Ministry of Health.
  - Since Covid-19 involves dealing with a NOVEL virus, safety is the main challenge as no definitive therapy for Covid-19 is yet established and vaccine is not available. Lablink ensures safety at the workplace by strictly implementing, administrative control, personal protective equipment, and engineering control.
- Challenges that encountered by Lab Scientist:  
We are dealing with a NOVEL virus. Safety is the main issue as no definitive therapy for Covid-19 being established, and vaccine is not available. Lablink ensure safety at workplace by implementing the following;
- Administrative control**
    - Standard operating procedures (SOPs) in compliance with the laboratory standard and requirements of WHO Biosafety 2004 {3<sup>rd</sup> edition} and Malaysian Biosafety and Biosecurity Guidelines 2015 being established at Lablink.
  - Personal Protective Equipment (PPE)**
    - Lablink's Clinical Lab Scientists (CLSs) strictly comply with PPE requirement as prescribed.
  - Engineering Control**
    - Lablink is equipped with a state-of-the-art molecular diagnostics facility. Initial processing which includes viral de-activation of all specimens, extraction of nucleic acid, and molecular mixing are conducted in a negative pressure laboratory, by using additional equipment known as biological safety cabinet class 2 (BSC-A2). Master-mix preparation is conducted in a super-clean, RNA- and DNA-free, positive pressure laboratory. Amplification and detection of Covid-19 RNA is conducted in a dedicated negative pressure laboratory.

## BIOMEDICAL AND COMMISSIONING SERVICES

KPJ's Biomedical and Commissioning Services provide a comprehensive range of technical and administrative services relating to the hospitals' medical equipment. This is to ensure that equipment and system used in patient care are operational, safe and properly configured to meet the mission of the healthcare. In 2019, we have spent RM21.4 million of the new equipment installation at our new hospitals.

Malaysia currently imports around 95% of the medical device for its consumption (Medical Device Authority Malaysia, 2013). All medical equipment suppliers in Malaysia are subject to Medical Device Authority Act 738. As our major equipment suppliers are based in Klang Valley therefore the shipping cost will be incurred to our hospitals in Sabah and Sarawak. We also need to have a proper coordination with suppliers to arrange for testing and commissioning of their equipment due to the distance.

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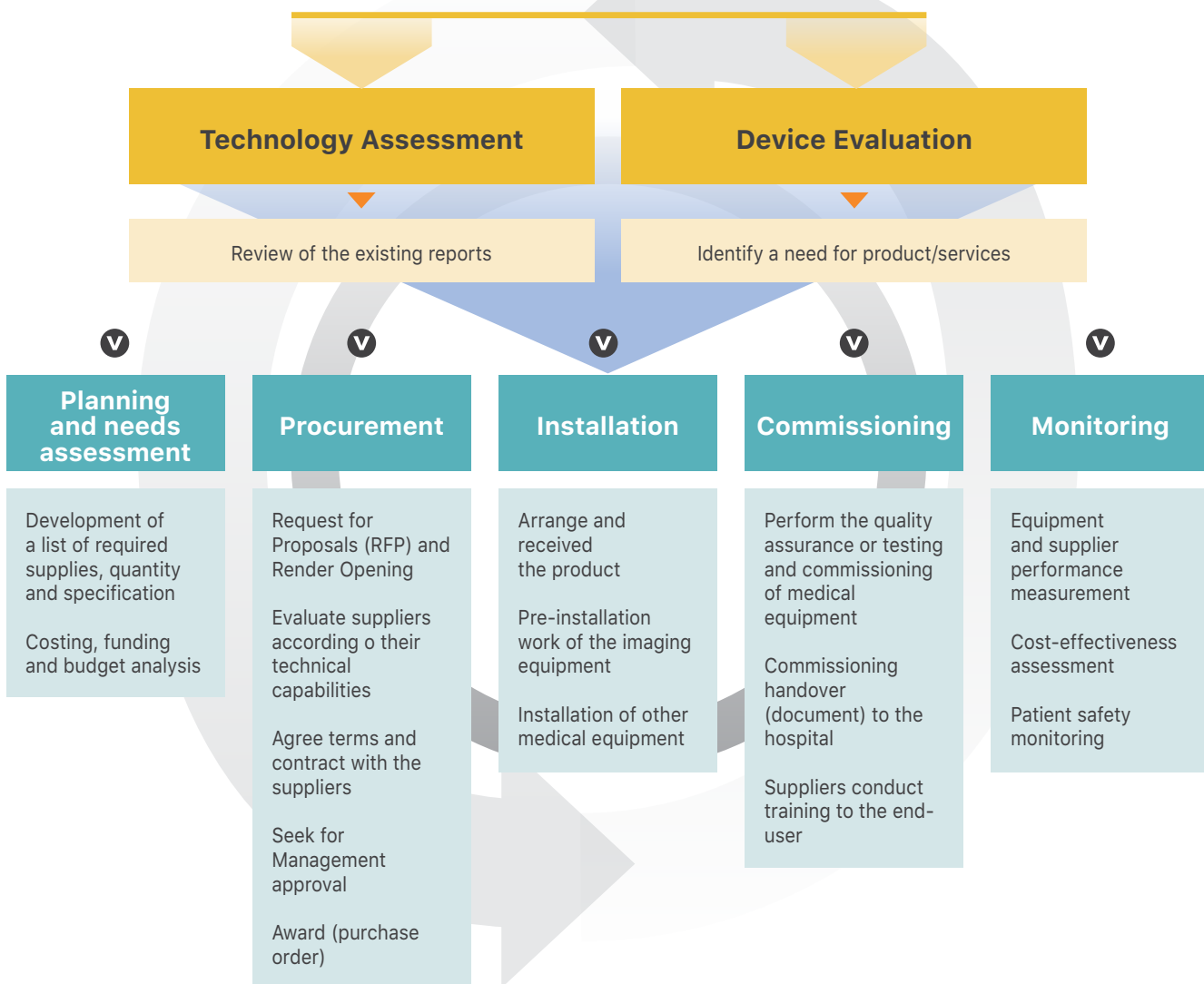
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### SUMMARY FLOW CHART OF PROCUREMENT PROCEDURES



## AMBULATORY CARE AND WELLNESS



### CONFINEMENT CENTRE

#### AFTER BIRTH CARE (ABC) @ KPJ DAMAI CARE & WELLNESS CENTRE

##### After Birth Care



33%

- We launched the ABC in Kota Kinabalu in November 2018 which provides new mothers who have been recently discharged with personalized care for them and their babies in the comfort of their home. We will expand our suites from 12 to 22 in 2020. As at December 2019 we have served a total of 72 mothers and 73 babies.

#### MOM & BABY CARE @ KPJ KUANTAN CARE AND WELLNESS CENTRE

The centre was opened in August 2019

- We opened our Mom & Baby Care in August 2019 which provides a comfortable place for mothers during their confinement period.



### EYE CENTRE

#### KPJ CENTER FOR SIGHT (EYE CENTRE)

##### Revenue

RM16.1  
million

##### Cataract Surgery



2%

##### Lasik



2%

##### Other Eye Surgeries



(1%)

##### Total Surgeries



2.3%

- Eye Care Specialist is a Comprehensive center of discipline ranging from myopia to corneal services.
- The total number of cataract surgery and Lasik have increase by 2% compared to 2018. Other type of eye surgeries recorded a slight decrease by 1% .
- Nevertheless, the number of customers coming to KL branch only, for the advanced laser eye surgery technique, using ReLEx® (Refractive Lenticule Extraction) SMILE (Small Incision Lenticule Extraction), to treat short-nearsightedness and astigmatism , has showed an increase of 11% compared to 2018. This treatment is available in only a few laser eye surgery centres in Malaysia which include KPJ Eyecare Specialist Centre in KL.
- As responsible eye care professionals, we often do outreach programs to create public awareness. As such, we will continue to support the World Sight Day where free cataract surgeries were performed


on elderly recipients from various NGO Homes and Senior Care Facilities. Meanwhile, we are also supportive of the government's initiative in subsidizing lens for the B40 group.

- Our operations is not without challenges. The recent drug price hike had impacted us though in a small way. Further to that, we face intense competition from the mushrooming single specialty ophthalmology ambulatory care centre operated by entrepreneurship doctor and also we constantly face shortages of experienced consultants.

Going forward, we continue to enhance our branding through various available platforms as well exploring advance technologies in lens as well as innovative surgical procedures that will yield better results and outcome for our patients.

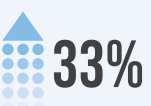


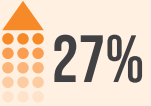
## DENTAL SPECIALIST CENTRE

KPJ DENTAL KL SPECIALIST HOSPITAL	
<b>Dental Care Treatment</b> 	<ul style="list-style-type: none"> <li>KPJ KL Dental Specialist Centre has been awarded 2019 Dental Services Provider of the year in Asia Pacific in April 2019 by the Global Health &amp; Travel (GHT).</li> <li>Located at the strategic location in the heart of Kuala Lumpur, provides eight highly-skilled dentists whose expertise cover every speciality in dental health, including implantology, endodontics, prosthodontics, periodontics, orthodontics and oral surgery.</li> <li>Offer attractive personalised package to student, twin package and credit card instalment plan.</li> <li>In 2019, there were 21 community outreach and corporate clients engagement which benefited to 705 participants. Other than awareness program, we also provide free dental screening for 367 participants.</li> </ul>



## REHABILITATION CENTRE

KPJ TAWAKKAL KL HEALTH CENTRE	
<b>Physiotherapy &amp; Occupational Therapy</b> 	<ul style="list-style-type: none"> <li>We focus on intensive and interactive neurological or Stroke rehabilitation programs for chronic and acute neurological or stroke clients with all levels of disability. In 2019, 80% of our cases were physiotherapy.</li> <li>Our certified personnel include a rehabilitation physician, physiotherapists, occupational therapists &amp; speech therapists, who will ensure the patients achieve the highest possible physical and functional independence and able to integrate with the community as permissible within the limits of anatomical, physiological and environment limitations.</li> <li>The services cover Neurological Rehabilitation, Paediatric Rehabilitation, Amputee Rehabilitation, Orthopaedic Rehabilitation and Work Assessment &amp; Work Hardening.</li> </ul>

KPJ DAMAI CARE & WELLNESS CENTRE (DWC)	
<b>Physiotherapy &amp; Occupational Therapy</b> 	<ul style="list-style-type: none"> <li>We opened our DWC's rehab services which provide treatments which are integral to the recovery from surgery, stroke and physical injury in November 2018. Due to an increase number of patients, we have extended the services from 6pm to 9pm on weekdays in January 2019.</li> <li>DWC has been appointed as one of the panel centres in May 2018 by PERKESO under their Return to Work (RTW) programme for rehabilitation services which tries to eliminate as many negative consequences as possible such as loss of production for employees, personal disappointment and loss of self-esteem for employees and high compensation costs for SOCSO. In January 2019, the centre was appointed as the only panel in Sabah to provide hostel facilities for outstation patients undergoing the RTW programme.</li> </ul>

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### KPJ Kuantan Care and Wellness Centre

The centre was opened in April 2019

- We have opened our rehabilitation centre last year which offers physiotherapy services, occupational therapy services and gym. The centre received 1,474 patients since it commenced in April 2019.



### HAEMODIALYSIS SERVICES

#### KPJ Tawakkal KL Health Centre KPJ Kuantan Care and Wellness Centre

Kuala Lumpur



5%

Kuantan



15%

- Our Dialysis Services with full medical and resuscitation support and offer the modern Haemodialysis and Haemodiafiltration services for patient. Patient will be assessed regularly by our Consultant Nephrologists.
- We also provide private room (1 room per patient) for patients who value privacy as well as the Hepatitis B & C Isolation Room.



Confinement Centre at KPJ Damai Wellness Centre



Senior & Assisted Living Care at KPJ Tawakkal KL Health Centre





## SENIOR & ASSISTED LIVING CARE

<b>* Revenue</b> <b>RM51.9</b> million	<b>* Profit Before Tax</b> <b>(RM7.9)</b> million	<b>* EBITDA</b> <b>RM5.3</b> million
--	---	--

Centre	Occupancy	No. of Beds	No of residents	Average length of stay
Jeta Gardens Australia	80%	178	143	30 (months)
KPJ Tawakal KL Health Centre (THC)	75%	42	391	39.5 (days)
Sibu Geriatric Centre	95%	28	320	30.4 (days)
Kuantan Wellness Centre	63%	20	202	22.9 (days)
KPJ Damai Care & Wellness Centre	48%	21	154	23.9 (days)

- The market for Senior Living Care is constantly evolving. As the population ages, demand for senior living care increases, hence it is estimated that by 2030, approximately 49,000 senior citizens will be in need of senior living facilities operated by the private sector. These group of seniors are mainly from the T20 and M40 income group, that can afford senior care facilities. On top of that, the Government is aggressively attracting foreigners to "retire" in Malaysia, hence, this is another market which private senior care operators can tap on.
- In the Malaysian context, KPJ's targets the T20 and upper B40 income as the most likely to afford to pay package price at our Aged Care Centre.
- Further to that, KPJ might consider venturing into home care services to compliment our Senior Living Care business in Malaysia.

- Meanwhile, over in Australia, Jeta Gardens business had been impacted negatively by the Aged Care Royal Commission hearings. Besides that, of late, there had been an increasing number of home care packages which lead to a drop in occupancy from January 2019. To counter this, Jeta Gardens will ramp up its suite of marketing initiatives in order to call to attention the serene and desirable lifestyle at their Retirement Village.
- We have identified the business model and potential locations for future expansion of the Senior Living Care business though detailed planning is necessary for us to make the Senior Living Care as part of KPJ's core business going forward.

\* Jeta Gardens Australia

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## ANCILLARY SERVICES



### TECHNICAL CONSULTANCY SERVICES

#### HEALTHCARE TECHNICAL SERVICES (HTS)

Revenue

**RM7.3**  
million

PPM Services



**33%**

- HTS, our multi-disciplinary consulting arm had fared well with its growing portfolio both in Malaysia and abroad with its footprints in Poland, Saudi Arabia, Bangladesh, Indonesia, Laos and more recently Papua New Guinea.
- In 2019, HTS oversaw 20 projects encompassing hospital planning, project management, equipping and commissioning all over Malaysia. 11 projects have been completed successfully while the rest remain in development and design stages. All efforts to ramp up completion rate has been implemented.
- HTS also performs as a Maintenance Manager for our 20 hospitals under Al-'Aqar Healthcare REIT. As at 2019, they have provided Planned Preventive Maintenance (PPM) services to the hospitals and conducted more than 1,500 activities that covers the listed asset such as air conditioning system, cold and hot water supply. The activities increase by 33% from the previous year.



### HEALTHCARE ENGINEERING SERVICES

#### MEDICAL DEVICES AND EQUIPMENT - PRIDE OUTLET SDN BHD (POSB)

Revenue

**RM1.0**  
million

PPM services



**16%**

POSB supplies quality maintenance services, bio-medical products and imaging equipments for KPJ network of hospitals.

Its core services include:

- POSB has a team of competent engineers and testers to perform preventive maintenance services on biomedical, laboratory and radiology equipments.
- Rental of Medical Equipment.
- Troubleshooting and Repair.
- Outsourcing of Biomedical Maintenance allows you to outsource your biomedical maintenance fully or partially.
- Consultancy Services, backed by 20 years of experience in procuring, delivering, installation, commissioning, training and handing over of biomedical equipment. Experienced with managing more than 43,000 items.

- We acknowledge the availability of testers and analysis during critical maintenance work, therefore we invested heavily in them.

Some of the initiatives that is in planning going forward include:

- We will continue to enhance the maintenance service offering to existing and new KPJ hospitals.
- Increased focus on external private healthcare service providers.
- Continued provision of sales and maintenance for imaging equipment.
- Authorised Representative (Country Representative) for Neusoft Medical Systems Co Ltd, China for its CT Scan Systems.
- Authorised Distributor for DRGEM Korea for Digital Radiography/ X-Ray Systems.



## HOSPITAL CATERING

### TOTAL MEAL SOLUTION SDN BHD (TMS)

#### Revenue

**RM11.8**

million

#### Total Meal Served



**18%**

- There are nine internal outlets and four external outlets with five of its certified halal by JAKIM:
  - TMS Central Kitchen
  - TMS Klang
  - TMS Seremban
  - TMS Pusrawi
  - TMS Pahang
- We have completed our Central Production Plan (CCP) in Bukit Raja, Klang, complied with Hazard Analysis and Critical Control Points (HACCP) guidelines last year to care our business demand.
- As the food to be provided suitable to meet dietary needs of different patients, all dishes and menus are analysed for nutritional content by our dietician. We have conducted our menu revision every six months at all outlets.
- The food is served with suitable temperature and 100% of the meal delivered directly to patients within stipulated time. This contributed to 85% of Patient Satisfaction Index.
- In order to improve our business processes, we are utilising IT system to reduce operation cost on patient and purchase ordering.

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## HOSPITAL LAUNDRY

### FABRICARE LAUNDRY SDN BHD (FLSB)

#### Revenue

**RM3.6**

million

During the year under review, the company discontinued government contract due to the escalating cost of manpower and diesel price for boiler. Furthermore, price review was refused from the government hospital's concession company.

- We will continue to invest in linen supply with the aim of increasing revenue by 15% and in turn adding revenue to our financial coffers bringing positive impact on our financial capital.
- Embark on total linen management solution for new KPJ hospitals and other private hospitals which can impact both our manufactured and financial capital.
- Considering implementation of batch washer which reduce energy by 8% and water by 12% respectively, thus reducing impact on our natural capital.
- We constantly provided training and professional development to our staff which include guidelines of Linen and Laundry, and through investing in training is translated into improved human and intellectual capital.

- Meanwhile, the planned development of customer-based or social platforms to share issues and information on LLL will see an improved social and relationship capital.

Moving forward, plans are in the pipeline include:

- In line with our expansion plan, we are still looking for potential partners to accelerate the relocation of our current operation plant as well as investments for newer machineries and equipments.
- The company is strengthening its healthcare laundry segment as a core business whilst enhancing our Linen Rental Segment to other private hospitals as well as considering offering complimentary services such as tailoring and mending services.



## WHOLESALE & DISTRIBUTION OF PHARMACEUTICAL & MEDICAL PRODUCTS

### PHARMASERV ALLIANCES SDN BHD (PASB)

#### Revenue

**RM451.1**  
million

#### Profit Before Tax

**RM16.8**  
million

#### EBITDA

**RM19.2**  
million

- Established in 2001, PASB is KPJ's centralised wholesaler and distributor of pharmaceutical, medical disposables and other hospital related products. Its clients are the KPJ network of hospitals and companies, as well as external clients within the government sector and other healthcare sector players.
- By employing volumetric purchases, PASB is able to achieve profitable growth and retain a competitive edge by transferring cost savings to customers.
- Over the years, it has recorded consistent growth in revenue and profitability. In 2019, its revenue increased to RM451.1 million, from RM423.4 million in 2018.
- Total Sales of vaccine in 2019 increased by 15% to RM6.8 million compared to previous year. This includes vaccinations for children and adults.
- In May 2019, the Health Minister had announced that the Cabinet has approved the drug price controls and the Ministry of Health, together with the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), will work to gazette the regulations under the Price Control and Anti-Profitteering Act 2011 (Act 723).
- MOH will use external reference pricing to benchmark drug prices in Malaysia against prices in certain countries so that local drug prices do not exceed the benchmark. The countries that will be referenced have not been disclosed.
- The ceiling prices that will be imposed are as follows:-
  - Maximum Wholesale Price (MWP) – based on external reference pricing
  - Maximum Retail Price (MRP) – based on Regressive Mark-Up on MWP
- KPJ had formed a Task Force Committee to understand and keep abreast of the development and implementation plans from the Ministry's plan to regulate drug prices, engage with authorities and policy makers of KPJ's stand in matters that may impact the Group, estimate risk & financial impact to the group performance and propose measures to mitigate/recover from the potential revenue loss
- PASB will continue exercising stringent responsibility in providing high quality healthcare and drugs to end users while ensuring it remains affordable.



## Supply Chain

- In PASB, all the activities that related to pharmaceuticals and medical product such as storing, handling, distributions, labelling and packaging, traceability and re-calling are governed by the Pharmaceutical Services Division of the MOH. This is to ensure the Good Distribution Practices are followed.
- We will do our due diligence and follow the internal policy on bulk purchase, tendering process and contract pricing to secure good prices for patients. Drugs shortages may cause an adverse impact from an economic, clinical and humanistic standpoint. Long lead time delivery and drugs shortages threaten healthcare quality and clinical outcomes.
- Moving forward, we will continue to collaborate with suppliers while taking care to predict situational contingency plans to reduce short supply incidences.
- We engage local supplies to insulate a business from the risk and challenges that may arise from procuring from abroad. By appointing locals, we will have a greater control in our operational activities and reduce of supply chain cost especially in shipment and warehouse. Other than that, we have more flexibility in time management and helps the environment in term of reducing carbon emission and energy use.

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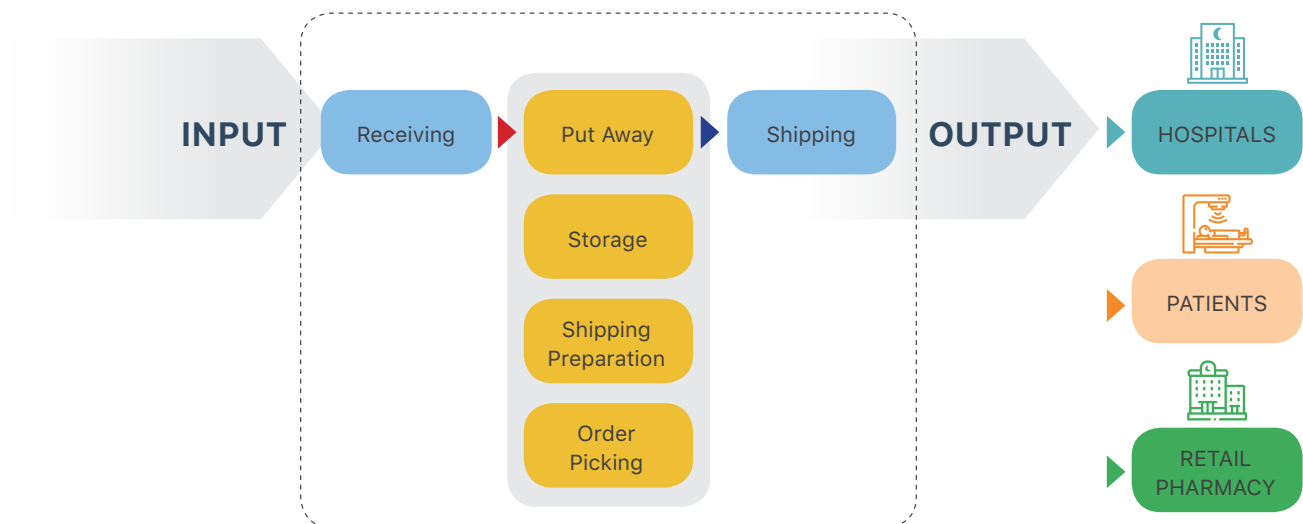
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## WAREHOUSE OPERATIONS



## Challenges

- Due to the influenza pandemic that occurred early January 2020, we faced a shortage of influenza vaccines supplies. Fortunately, supplies were acquired from abroad via import permit and the entire process was sped up with the National Pharmaceutical Regulatory Agency's (NPRA) assistance.
- After the declaration of Covid-19 outbreak a pandemic by WHO in March 2020, it threaten our supply chain and spark a shortage crisis. Although the situation was under control, the spread of the coronavirus resulted in the closure of pharmaceutical factories in China and India. We work together with the hospitals to develop strategies that identify and extend Personal Protective Equipment (PPE) supplies to be available when needed most.



TERAJU FARMA SDN BHD (TFSB)	
<b>Revenue</b> <b>RM89.4</b> million	<ul style="list-style-type: none"> <li>TFSB is involved in wholesale supply of pharmaceuticals and healthcare-related products to the public and private medical sector.</li> <li>In 2019, TFSB recorded a revenue of RM89.4 million, an increase of 23% from 2018 despite challenges from launching of new products in the market and price competition.</li> </ul>
<b>Profit Before Tax</b> <b>RM2.1</b> million	TFSB will also be focusing on the enhancement of its IT systems and working closely with its business partners to penetrate new customer markets in relevant healthcare sectors.
<b>EBITDA</b> <b>RM1.9</b> million	



## RETAIL PHARMACY

KPJ HEALTHSHOPPE SDN BHD AND JX PHARMACY SDN BHD	
<b>Revenue</b> <b>RM3.5</b> million	<ul style="list-style-type: none"> <li>There are currently 10 retail KPJ Healthshoppe outlets located in Klang Valley, Johor, Ipoh, Negeri Sembilan and Pahang with 1 online store outlet while 3 full-fledge retail pharmacy known as JX Pharmacy opened in Bangi, Shah Alam and Kota Damansara.</li> <li>To address the current population trends and increase of ageing patients, the outlets will be offering elderly friendly functional nutrition and medical devices. With rate of obesity-related conditions on the rise, we will also disseminate more effective weight-loss management steps by performing basic assessments such as BMI, blood glucose and cholesterol monitoring and dietary consultation.</li> <li>JX Pharmacy will provide a stable platform for patients to get vital medicine based on their rights to obtain prescriptions from prescriber. This will allow us to offer competitive medicine prices once price control mechanism have been implemented.</li> </ul>





## STERILISATION OF SURGICAL INSTRUMENTS

### STERILE SERVICES SDN BHD (SSSB)

#### Revenue

**RM4.7**  
million

- Quality patient care can only be successfully achieved if the surgical instruments used to treat patients are clinically clean. Through SSSB, we are providing efficient and consistent services to Central Sterile Services Department (CSSD) customers in conformance with the international quality standards.
- We have a CSSD centre located in Rawang which provides expert high quality sterile supply administration and customer service, allowing our customers to focus on their core competencies and other strategic initiatives.
- The sterilised surgical instruments are returned to hospitals within 24 hours to ensure there will be no shortages in surgical instruments. The centre is the first of its kind in South East Asia, and provides services for the sterilisation of surgical instruments from both public and private hospitals in the Klang Valley and Selangor, resulting in cost savings and greater efficiency.
- We are looking into developing strategic partnership with medical devices manufacturer as the main supplier for all our medical supplies, while we will be their appointed agent for procurement of medical devices will certainly impact both our manufactured and financial capitals.

Going forward, the company will implement the following:

- We are looking at putting in place the Quality Assurance and a safe supply chain system.
- Obtain compliance for Decontamination and Reprocessing of Medical Devices for Healthcare Facilities standards.
- Ensure compliance and certification international standards in sterilization processes for EN ISO 13485:2016 and EN ISO 17665:2006.
- Adhere to Good Distribution Practice for Medical.
- Continued education and training for staff on proper usage of PPE, Occupational Health and Safety (OHS) and prevention of cross contamination.
- Plans to diversity our services to provide procurement services of medical devices to hospitals.
- In line with our expansion plan, SSSB will be relocated to a new site.
- Consolidation and standardization of hospital medical devices or surgical sets.

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KPJ Healthcare Berhad



## EDUCATION


### KPJ HEALTHCARE UNIVERSITY COLLEGE SDN BHD (KPJUC)

Revenue	Program	
<b>RM36.0</b> million	<b>38</b>	<b>2,192 GRADUATES</b>

- Since its inception 29 years ago, KPJUC has achieved many significant milestones by offering various new home-grown programmes for PhD, Master and Bachelor degrees. At present, KPJUC offers a total of 36 academic programmes. It has started enrolling postgraduate students in PhD and Master of Nursing, Master of Pharmacy, Master of Pharmaceutical Technology and Master of Physiotherapy since 2013. A key achievement in 2019 was KPJUC producing its first three PhD graduates in Nursing.
- On top of that, KPJUC is the only private higher institution in Malaysia to be given the privilege of offering the Postgraduate Medical Specialist programmes. Apart from Master of Otorhinolaryngology – Head and Neck Surgery (ORL), KPJUC has also offered programmes such as Master of Radiology, Master of General Surgery and Master of Orthopaedic and Master of Science in Pharmaceutical Technology (SPT) programmes. In 2018, we have produced two SPT graduates and followed by four graduates of Master of Radiology in 2019.

KPJUC is privileged to have the support of KPJ consultants and healthcare professionals from 28 specialist hospitals for the clinical training for its students. This enables KPJUC to produce quality healthcare professionals for the country. As such as the number of offerings planned for 2020, going forward are as follows:

- Among the programmes in the pipeline i.e. MBA in Healthcare Management catering to those working in healthcare services to pursue their study in Master Programme to be introduced in July 2020.
- New home-grown programme in KPJIC Penang i.e. Diploma in Operating Department Practice (DODP) to be launched in July 2020 expected to contribute solid revenue stream to branch.
- Focus on part time programme i.e. Bachelor in Physiotherapy and Bachelor in Business Management that cater working adult.
- MOU signing with International universities ie Universitas Syiah Kuala (USK), Aceh and Universitas Fort De Kock (UFDK), Indonesia aimed at student or lecturer exchange and research collaboration.
- Exploring micro credential programme that enable working adult to join the programme in flexible mode and awarded with academic qualification. This is expected to be implemented in mid-2020.

 For full details on our various measure in our Malaysian education arm, please refer to Materiality Economic 4 – Nurturing Future Medical Professionals of our Sustainability Report.



MALAYSIAN COLLEGE OF HOSPITALITY & MANAGEMENT (MCHM)

Program

5

48 GRADUATES

- MCHM located in Johor Bahru, offers six courses that are highly demanded by the flourishing hospitality industry and preparing them for the real working experience via corporate internship programmes in collaboration with KPJ Healthcare Berhad and its group of companies.
- MCHM programmes is students' placement in reputable hotels and restaurants where practical skills are enhanced and given enormous values in real-life situations. Our programmes are well structured and highly recognised by the industry.

SHEIKH FAZILATUNNESSA MUJIB KPJ NURSING COLLEGE (SFMKNC)

Program

2

79 GRADUATES

- Since the establishment of the Sheikh Fazilatunnessa Mujib Memorial KPJ Nursing College in April 2015, the college had a total of 264 students enrolled in the Basic and Post Basic Bachelor of Science in Nursing Programmes in 2019.
- On 18 September 2019, our first graduation ceremony for 79 students from the first batch of both Basic and Post Basic BSc Nursing programs was inaugurated by Her Excellency the Honorable Prime Minister of the People's Republic of Bangladesh
- The first batch Of 22 graduates from Bachelor of Science in Nursing secured employment at our Bangladeshi hospital.

## DIGITALISATION

### KPJ INFORMATION TECHNOLOGY SERVICES

HITS2	KCIS2	Integrated Online Appointment System	Ratio Personal Computer (PC) to Staff
11 Hospitals	11 Hospitals	18 Hospitals	1:1.8 PC Staff

- Information and Communication Technology (ICT) continues to evolve in the Industry 4.0 Evolution focusing on several project initiatives as follows:
- Migrate into Cloud Computing by installing Hospital Information System with the core applications of HIT2 (Financial) and KCIS2(Clinical).
- Despite the challenge of trying to achieve integration of 28 hospitals in 2019, we benefited from a learning curve where we changed from native to cloud computing applications for the platform to be ready for integration between KPJ hospitals to improve services engagement between the Management, Care Providers and Customers (Patients).
- HITS2 and KCIS2 remains as applications to protect patients' medical data while extending more efficient services to patients. Hence, migrating cloud computing require an improved and centralised managed private cloud services to reduce system downtime to less than an hour for better engagement for doctors and nurses who utilizes the core applications to serve patients.
- Enabled further value creation of services through payment kiosks to improve payment using credit card facilities as the faster turnaround in waiting time improves patient experience.
- Big Data Analytics and Artificial Intelligence will help achieve a more in-depth understanding of our patients needs and improve hospital settings as well as performance for better quality of care.
- By moving into cloud and cloud computing, enabled the platform as shased services in compiling medical data to initiate Big Data Analytics and improve the use of Artificial Intelligence as the next move.

Standardise processes and policies as follows:

- Procurement – standardised purchase order and authorisation limits.
- Review of supplier, selection criteria and processes.
- User Access Matrix -reviewed and standardised for integrated system HITS2 and KCIS2.

- Inventory Management – reviewed and standardised unit of measurement and charging unit, deactivate unutilised old and non-standard codes from the system.
- Standard coding system – reduced leakages.
- Corporate Information Technology Services is part of KPJ's success story to achieve ISO 9011 to comply with quality and governance to ensure standardisation and best practice in the entire KPJ Group of hospitals and companies.
- Corporate IT services continued to prepare for ISO 27001 to ensure Cybersecurity and Data Protection compliance to reduce Cyber Security and IT risks, with a target to achieve ISO 27001 certification in 2020.
- Centralised monitoring system and behavioural analytics to identify unknown intrusion and internal and external cyber attack as well as establish internal control policy to ensure there are proper actions to be carried out when there are emergency situations.

Moving forward, we look to further build our capacities in the following areas:

- Continue with implementation of HITS 2 and KCIS 2 Cloud Computing at Group-wide level.
- Managed Private Cloud.
- Obtain the ISO 9001 and ISO 27001 certifications.
- KPJHQ, Hospitals and Companies Assets Hygiene.
- Cyber Security Risk Points.

For enhanced customer relationship management:

- HITS2 and KCIS2.
- Customer Relationship Management (CRM).
- Internet of Things (IoT).
- Electronic Master Data Management (Initial Assessment).

To continue exploring new MedTech and Industry 4.0 technology applications in the healthcare sector via:

- Artificial Intelligence.
- Telemedicine.
- Wearable Devices (IoT).



# HEALTH TOURISM

Revenue

5%

No. of visits

7%

- In FY 2019, the overall performance of KPJ's Health Tourism sector recorded an increase of 7% year-on-year, from RM140.4 million in 2018 to RM 150.3 million in 2019. This correlates with the increased number of Health Tourist visits, from 158,811 visits in 2018 to 166,671 visits in 2019, i.e. an increase by 5%.
- 72% of the total Health Tourism Revenue was derived from Health Travellers whereas 28% was from Expatriates who are living in Malaysia.
- 49% of KPJ's Health Tourism patients in FY19 were from Indonesia, with the majority of the patients coming from Riau Island (Batam, Tanjung Pinang and Tanjung Balai), Kalimantan (Pontianak and Sengkawang), Sumatera Island (Banda Aceh, Medan, Padang and Pekanbaru) and Jakarta on the Java Island.
- Other countries contributing to the growth in Health Tourism numbers came from China, India, Bangladesh and Somalia.
- Several health packages were introduced as part of KPJ's overall strategy to attract new health tourists to Malaysia for specific treatments. Among the Health Tourism packages created in FY19 were Paket Wisata, Total Knee Replacement, OGDS, Speech Therapy and Bariatric Surgery.
- To strengthen KPJ's brand internationally, the Group's strategic marketing framework included the setting up of information centres in Indonesia, Somalia and Uzbekistan.
- KPJ Group has continued to engage with and serve expatriate communities through onground and online events.
- Due to the high demand for social media, KPJHB has created several FB Pages with multi-language for the purpose to disseminate information to the potential target market. As at Dec 2019, KPJ has FB Pages in Bahasa Indonesia, Arabic, Bangladesh and Chinese.
- In FY19, dedicated International Patient Centres (IPCs) were set up in KPJ Hospitals. The IPCs provide facilities and amenities such as arrangements of transport and accommodation for health tourists.
- Information Centres were established abroad to capture a bigger market share and attract health tourism patients from their provinces and countries. The Info Centres are located in :
  - Indonesia : 16
  - Bangladesh : 1
  - Somaliland : 1
  - Uzbekistan : 1



ABOUT US

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# BOARD OF

From Left :

Rozaini bin Mohd Sani  
Dato' Dr. Sivamohan a/l S. Namasivayam  
Prof Dato' Dr. Azizi bin Haji Omar  
Datuk Mohd Radzif bin Mohd Yunus  
Dato' Amiruddin bin Abdul Satar  
Mohamed Ridza bin Mohamed Abdulla



# DIRECTORS

From Left :

Christina Foo  
Dato' Yusli bin Mohamed Yusoff  
Dato' Mohd Redza Shah bin Abdul Wahid  
Dato' Seri (Dr.) Mohamed Azahari bin Mohamed Kamil  
Dato' Dr. Ngun Kok Weng  
Khairuddin bin Jaflus  
Shamsul Anuar bin Abdul Majid

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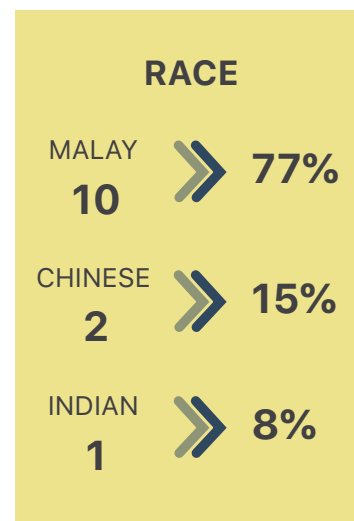
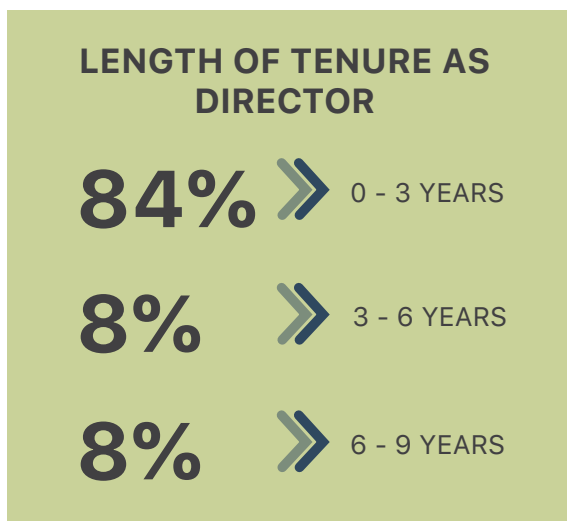
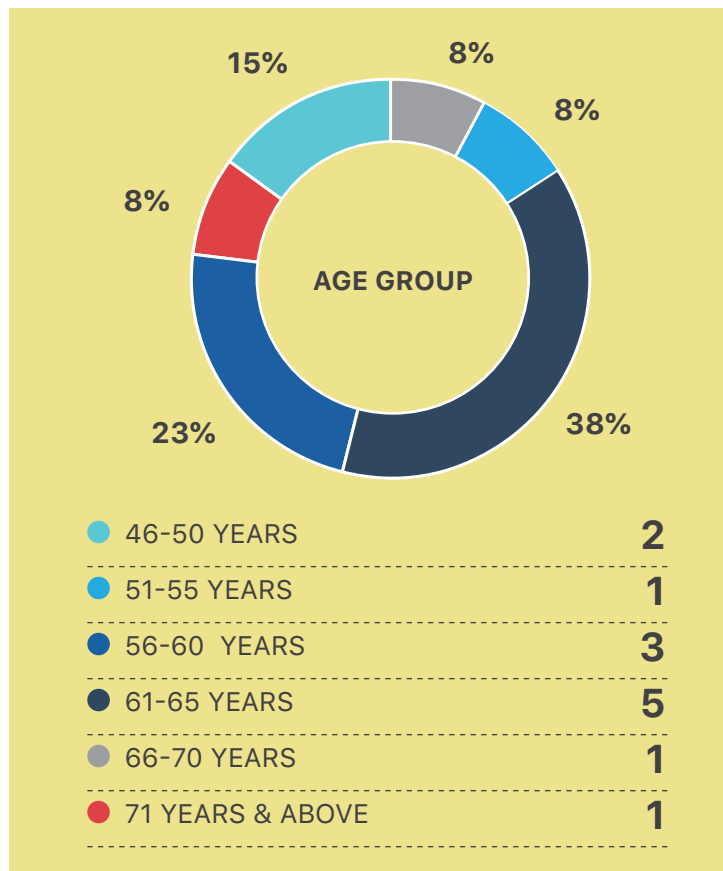
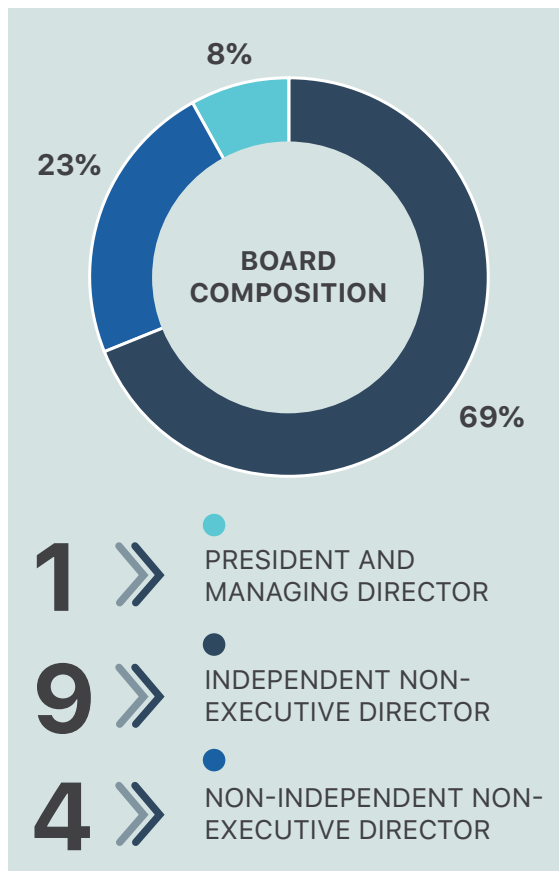


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KPJ Healthcare Berhad

2019

# OUR BOARD AT A GLANCE





# WHO GOVERNS US



**DATO' YUSLI  
BIN MOHAMED YUSOFF**  
CHAIRMAN,  
INDEPENDENT NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 61

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
18 FEBRUARY 2020

**BOARD MEETING ATTENDANCE IN FY2019 : Nil**

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## LENGTH OF SERVICE

(as at 12 May 2020): 3 months

## ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Institute of Chartered Accountants in England & Wales, United Kingdom
- Member of Malaysian Institute of Accountants
- Bachelor of Economics, University of Essex, England, United Kingdom

## PRESENT DIRECTORSHIP(S):

### Listed Entity:

- Mudajaya Group Berhad
- Westports Holdings Berhad
- AirAsia X Berhad
- FGV Holdings Berhad

### Other Public Companies:

- Australasia Resources & Minerals Berhad
- Malaysian Institute of Corporate Governance

## PRESENT APPOINTMENT(S):

### Mudajaya Group Berhad

- Independent Non-Executive Chairman
- Chairman of Risk Management Committee

### Westports Holdings Berhad

- Chairman of the Audit and Risk Management Committee

### AirAsia X Berhad

- Chairman of Audit Committee
- Member of Risk Management Committee
- Member of Nomination & Remuneration Committee

### FGV Holdings Berhad

- Independent Non-Executive Deputy Chairman
- Chairman of Nomination & Remuneration Committee
- Chairman of Board Governance & Risk Management Committee

### Malaysian Institute of Corporate Governance

- President

## PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

### Bursa Malaysia Berhad

- Chief Executive Officer / Executive Director/ Group Managing Director (2004 – 2011)

### Capital Market Development Fund

- Board Member (2004-2011)

## Financial Reporting Foundation of Malaysia

- EXCO Member (2004-2011)

## Association of Stockbroking Companies Malaysia

- Chairman (2003-2004)

## CIMB Securities

- Chief Executive Officer (2000-2004)

## Intria Berhad

- Executive Vice Chairman (1998-1999)

## Metacorp Berhad

- Managing Director (1998-1999)

## Sime Merchant Bankers Berhad

- Chief General Manager (1996-1998)

## Shapadu Corporation

- Group Managing Director (1995-1996)

## Renong Berhad

- Chief Operating Officer/Executive Director (1994-1995)

## Time Engineering Berhad

- Chief Operating Officer (1993)

## Faber Group

- Financial Controller (1992)

## HBN Management (group management office of Renong Group)

- Senior Manager, Corporate Affairs (1990-1992)

## Hugin Sweda PLC, London

- Chief Accountant in Hugin Sweda PLC (1986-1990)

## Peat Marwick Mitchell, London

- Audit Senior and Trainee Accountant (1981-1986)

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KPJ Healthcare Berhad

2019





**DATO' AMIRUDDIN  
BIN ABDUL SATAR**  
PRESIDENT AND  
MANAGING DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 56

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 JANUARY 2013

**BOARD MEETING ATTENDANCE IN FY2019 : 8/8**

#### LENGTH OF SERVICE

(as at 12 May 2020): 7 years 3 months

#### DURATION OF PREVIOUS APPOINTMENT AS EXECUTIVE DIRECTOR:

1 July 2011 - 31 December 2012  
(1 year 6 months)

#### DATE OF LAST RE-ELECTION:

18 April 2019

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Member of Association of Chartered Certified Accountants
- Master of Business Administration, Henley Business School, University of Reading, United Kingdom

#### PRESENT DIRECTORSHIP(S):

##### Listed Entity:

- Damansara REIT Managers Sdn Berhad, the manager of Al-'Aqar Healthcare REIT and Al-Salām Real Estate Investment Trust

##### Other Public Companies:

Nil

#### PRESENT APPOINTMENT(S):

##### KPJ Healthcare Berhad

- Chairman of:
  - Ampang Puteri Specialist Hospital Sdn Bhd
  - Rawang Specialist Hospital Sdn Bhd
  - SMC Healthcare Sdn Bhd
  - Johor Specialist Hospital Sdn Bhd
  - Ipoh Specialist Hospital Sdn Bhd
  - KPJ Healthcare University College Sdn Bhd
  - KPJ Education (M) Sdn Bhd
  - Lablink (M) Sdn Bhd
  - Selangor Specialist Hospital Sdn Bhd
  - Tawakal Holdings Sdn Bhd
- Deputy Chairman of:-
  - Kedah Medical Centre Sdn Bhd
- Member of Medical Advisory Committee

#### Association of Private Hospitals of Malaysia (APHM)

- Vice President

#### Association of Chartered Certified Accountants

- Member of Malaysia Advisory Committee

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

##### KPJ Healthcare Berhad

- Chief Operating Officer (2010-2012)



**CHRISTINA  
FOO**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 58

**GENDER:** FEMALE



**DATE OF APPOINTMENT:**  
24 APRIL 2018

**BOARD MEETING ATTENDANCE IN FY2019 : 8/8**

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#### LENGTH OF SERVICE

(as at 12 May 2020): 2 years

#### DATE OF LAST RE-ELECTION:

18 April 2019

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Fellow, CPA Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow, Malaysian Institute of Management
- Fellow, Institute of Corporate Directors Malaysia
- Member, ASEAN Chartered Professional Accountant
- Member, Malaysian Institute of Corporate Governance
- Bachelor of Business Studies (Accounting), Deakin University, Australia

#### PRESENT DIRECTORSHIP(S):

##### Listed Entity:

UEM Sunrise Berhad

##### Other Public Companies:

Nil

#### PRESENT APPOINTMENT(S):

##### KPJ Healthcare Berhad

- Chairman of Audit Committee
- Member of Employee Share Option Scheme (ESOS) Committee
- Member of Investment Committee

##### Malaysian Technology Development Corporation

- Board Member
- Chairman of Board Audit & Risk Management Committee
- Member of Nomination and Remuneration Committee
- Member of Approvals Committee, Business Startup Fund
- Member of Approvals Committee, Business Growth Fund

##### Priority One Consultancy Services Sdn Bhd

- Co-Founder & Managing Director

##### Sunway University

- Senior Practice Fellow at Sunway University Business School

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

##### EY Malaysia & EY LLP

- More than 16 years

##### Malaysian Institute of Accountants

- Vice President

##### CPA Australia Ltd

- Board Member

##### Confederation of Asian And Pacific Accountants

- Board Member



**MOHAMED RIDZA  
BIN MOHAMED ABDULLA**  
INDEPENDENT NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 51

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 APRIL 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

**LENGTH OF SERVICE**

(as at 12 May 2020): 1 month

**ACADEMIC/PROFESSIONAL  
QUALIFICATION/MEMBERSHIP(S):**

- Fellow Member of Institute of Chartered Secretaries and Administrators, London, United Kingdom
- Advocate and Solicitor of the High Court of Malaya
- Associate Member of the Chartered Institute of Arbitrators, Chartered Institute of Arbitrators
- Fellow of Malaysian Society of Adjudicators, The Malaysian Institute of Arbitrators
- Bachelor of Laws, International Islamic University, Malaysia

**PRESENT DIRECTORSHIP(S):**

**Listed Entity:**

- Theta Edge Berhad
- Other Public Companies:**
- Bank Islam Malaysia Berhad
- BIMB Investment Management Berhad

**PRESENT APPOINTMENT(S):**

**KPJ Healthcare Berhad**

- Chairman of Risk & Governance Committee
- Member of Nomination & Remuneration Committee
- Member of Investment Committee

**Theta Edge Berhad**

- Chairman of Audit and Risk Management Committee
- Chairman of Nomination Committee
- Member of Remuneration Committee

**Bank Islam Malaysia Berhad**

- Chairman of Board IT Committee
- Member of Audit and Examination Committee
- Member of Strategy Committee

**BIMB Investment Management Berhad**

- Chairman
- Independent Non-Executive Director

**Mohamed Ridza & Co.**

- Managing Partner

**PAST DIRECTORSHIP(S) AND/OR  
APPOINTMENT(S):**

**Zaid Ibrahim & Co.**

- Partner

**Technip Asia Pacific, Kuala Lumpur  
and France**

- General Legal Counsel

**Arab Malaysian Corporation Berhad  
(AMCB)**

- Group Legal Adviser

**Rashid & Lee**

- Advocate and Solicitor



**DATO' MOHD REDZA SHAH  
BIN ABDUL WAHID**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 57

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
7 MAY 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

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#### LENGTH OF SERVICE

(as at 12 May 2020): -

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Associate Chartered Accountant (ACA)
- Member of Institute of Chartered Accountant in England and Wales (ICAEW), Institute of Chartered Accountant in England and Wales (ICAEW)
- Qualification obtained whilst attached to Touche Ross & Co., Chartered Accountants (now known as Deloitte & Touche)
- Chartered Bankers Asian Institute Of Chartered Bankers
- Sustainability Leadership in Business Sustainability Management, University Of Cambridge, UK (online course)
- Master of Science of Economics (International Banking and Finance), University of Wales, Cardiff, UK
- Bachelor of Science in Economic (Industry and Trade), London School of Economic, University of London, England

#### PRESENT DIRECTORSHIP(S):

##### Listed Entity:

- E.A Technique (M) Berhad
- Damansara REIT Managers Sdn Berhad (Manager of Al-`Aqar Healthcare REIT & Al-Salam Real Estate Investment Trust)

##### Other Public Companies:

Nil

#### PRESENT APPOINTMENT(S):

##### KPJ Healthcare Berhad

- Chairman of Investment Committee
- Member of Nomination and Remuneration Committee
- Member of Development & Procurement Committee

##### E.A Technique (M) Berhad

- Chairman of Nomination Committee
- Chairman of Remuneration Committee

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

##### Bank Muamalat Malaysia Berhad

- Chief Executive Officer (2008 - 2019)

##### Silterra Malaysia Berhad

- Chief Financial Officer (2000 - 2002)

##### Tradewinds Corporation Berhad

- Group Chief Executive Officer (2002 - 2005)

##### Tradewinds (M) Berhad

- Acting Chief Executive Officer (2004 - 2005)

##### DRB-HICOM Berhad

- Chief Operating Officer (2005-2008)



**DATUK MOHD RADZIF  
BIN MOHD YUNUS**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 61

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 APRIL 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

#### LENGTH OF SERVICE

(as at 12 May 2020): 1 month

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Registered Valuer, Real Estate Professional and Property Management, Board of Valuers Malaysia
- Bachelor in Applied Science Property Resource Management with Finance University of South Australia
- Diploma in Land Survey, Universiti Teknologi Malaysia

#### PRESENT DIRECTORSHIP(S):

##### Listed Entity:

- Duopharma Biotech Berhad
- Bina Darulaman Berhad
- Heitech Padu Berhad
- SMRT Holdings Berhad

##### Other Public Companies:

Nil

#### PRESENT APPOINTMENT(S):

##### KPJ Healthcare Berhad

- Chairman of Nomination & Remuneration Committee
- Chairman of Development & Procurement Committee
- Investment Committee

##### Duopharma Biotech Berhad

- Non-Independent Non- Executive Director
- Chairman Risk Management Committee
- Member of Halal Committee

##### Bina Darulaman Berhad

- Independent Non- Executive Director
- Member of Audit Committee
- Chairman of Nomination, Remuneration & ESOS Committee
- Member of Risk Committee
- Chairman of Procurement Committee

##### SMRT Holdings Berhad

- Independent Director

##### Heitech Padu Berhad

- Non-Independent Non-Executive Director
- Member of Nomination & Remuneration Committee
- Member of Risk Committee

##### ADFIMI (Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank)

- Chairman Advisory Committee
- Honorary Member

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

##### SME Bank

- Group Managing Director (2010-2017)

##### IJN Holdings Sdn Bhd

- Group Managing Director (2006-2010)

##### Institut Jantung Negara Sdn Bhd

- Chief Executive Officer (2003-2010)

##### TH Properties Sdn Bhd

- Chief Executive Officer (2002 -2004)

##### Sime Darby Healthcare Sdn Bhd

- Independent Non-Executive Director (2011 -2013)





## DATO' SERI (DR.) MOHAMED AZAHARI BIN MOHAMED KAMIL

NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 61

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 APRIL 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

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### LENGTH OF SERVICE

(as at 12 May 2020): 1 month

### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Fellow of Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals, Malaysia
- Fellow of Chartered Bankers, Asian Institute of Chartered Bankers, Malaysia
- Masters of Business Administration (Finance), Central Michigan University, USA
- Global Leadership Development Programme, Haas School of Business, University of California Berkeley, USA
- Leadership Development Programmes, Harvard University, USA
- General Management Programme, University of Cambridge, United Kingdom
- The Leadership Journey Programme, The Wharton School, University of Pennsylvania, USA
- Honorary Doctorate of Financial Management, Widad University College
- Honorary Degree Doctor of Management (Hon. D. MGT) University Sultan Zainal Abidin (UniZA)
- Bachelor of Business Administration, Western Michigan University, USA
- Diploma in Banking, Universiti Teknologi MARA

### PRESENT DIRECTORSHIP(S):

#### Listed Entity:

- SEG International Bhd

### Other Public Companies:

- QSR Brands (M) Holdings Bhd

### PRESENT APPOINTMENT(S):

#### KPJ Healthcare Berhad

- Chairman of Employee Share Option Scheme (ESOS) Committee
- Member of Risk & Governance Committee

#### SEG International Bhd

- Member of Risk Management Committee
- Executive Committee

#### QSR Brands (M) Holdings Bhd

- Non-Independent Non-Executive Director

#### Larkin Sentral Property Bhd

- Board Member

#### Universiti Sultan Zainal Abidin (UniZA)

- Board Member

#### Segi University & Colleges

- Board Member

#### International Islamic University Malaysia (IIUM)

- Adjunct Professor

#### Ministry of Higher Education

- AlxCHANGE : CEO @ Faculty Programme 1.0 "Learn from the Pros", Universiti Teknologi MARA (UiTM)

#### University Technology Petronas (UTP)

- Industry Advisory Panel for Management and Humanities Program

#### Politeknik Sultan Ahmad Shah (POLISAS)

- Industry Advisor

#### Crescent Wealth International Advisory Board Malaysia, a wholly owned subsidiary of Crescent Funds Australia Limited

- Chairman

### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

#### QSR Brands (M) Holdings Berhad

- Group Managing Director (2017–2020)

#### Segi University & Colleges

- Group President / Executive Director (2016–2017)

#### Asian Finance Bank Berhad

- Chief Executive Officer (2008–2015)

#### AmanahRaya Investment Bank Ltd, Labuan

- Managing Director/Chief Executive Officer (2008)

#### AmanahRaya-JMF Asset

#### Management Sdn Bhd

- Managing Director (1994–2008)

#### PB Securities Sdn Bhd

- Corporate Institutional Dealer (1994)

#### Kimara Equities Sdn Bhd

- Executive Director / Corporate Nominees of The Kuala Lumpur Stock Exchange (1993–1994)

#### Island & Peninsular Berhad

- Assistant General Manager, Business Development (1993)

#### Bapema Corporation Sdn Bhd (100% wholly owned investment subsidiary of Permodalan Nasional Berhad-PNB)

- Senior Manager, Investment & Corporate Planning (1989–1992)

#### Malaysian Industrial Development

#### Finance Berhad

- Project Officer (1985–1988)

#### Malaysian French Bank

- Credit & Marketing Officer (1984–1985)



**PROF DATO' DR. AZIZI  
BIN HAJI OMAR**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 71

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 FEBRUARY 2016

**BOARD MEETING ATTENDANCE IN FY2019 : 8/8**

#### LENGTH OF SERVICE

(as at 12 May 2020): 4 years 4 months

#### DATE OF LAST RE-ELECTION:

23 April 2018

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Bachelor of Medicine and Bachelor of Surgery (MBBS), University of Tasmania, Australia
- Postgraduate training in Paediatrics and Paediatric Respiratory Medicine
  - Hospital Kuala Lumpur / Universiti Kebangsaan Malaysia
  - Hospital for Sick Children, Great Ormond Street, London
  - Birmingham Children Hospital
  - Dudley Road Hospital, Birmingham
- Trained in paediatric flexible bronchoscopy
  - University of North Carolina (Chapel Hill, USA)
- Membership of the Royal Colleges of Physicians of the United Kingdom
- MMedSc (Clinical Epidemiology) from Newcastle University, NSW
- Fellow of Royal College of Physicians (FRCP) of Edinburgh and Glasgow,
- Fellow of Academy of Medicine Malaysia (FAMM) and Fellow of College of Chest Physicians (USA) (FCCP)
- Harvard Medical School Certificate-SEA Healthcare Leadership One Year Program

#### PRESENT DIRECTORSHIP(S):

**Listed Entity:**

Nil

**Other Public Companies:**

Nil

#### PRESENT APPOINTMENT(S):

**KPJ Healthcare Berhad**

- Member of Nomination & Remuneration Committee
- Member of Audit Committee
- Head of KPJ Research and Quality Innovation Committee and editor of KPJ Medical Journal
- Member of Medical Advisory Committee
- Consultant Paediatrician and Paediatric Respiratory Physician, KPJ Damansara Specialist Hospital

**KPJ Healthcare University College Sdn Bhd (KPJUC)**

- Member, Board of Directors
- Professor and member of Senate

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

**National**

- Chairman, Subspecialty Committee for Accreditation, Paediatric Respiratory Medicine, National Specialist Register (2000 – 2016)
- Member, Malaysian Medical Council (1995 – 1997)
- President, Malaysian Paediatric Association (1997 – 1998)
- Board Member, APHM & Association of Private Hospital (2000 – 2004)

- Member, Conjoint Board for Postgraduate Training in Medical Specialties (1995 – 1997)
- Member, Paediatric Conjoint Board (1995 – 2000)
- Member, Clinical Practice Guidelines Committee, Academy of Medicine of Malaysia
- Chairman, Clinical Practice Guidelines on Paediatric Asthma (1996)
- Chairman, Clinical Practice Guidelines on Paediatric Respiratory Infections (2000)
- Member, Clinical Practice Guidelines on Tuberculosis (1996)
- Member, Committee of Malaysian Thoracic Society of Malaysia (1997 – 1998)
- Editorial Board Member, Malaysian Paediatric Journal, Malaysia (1990)

**Universiti Kebangsaan Malaysia (UKM)**

- Deputy Dean (1995 – 1997)
- Head of Department of Paediatrics (1994 – 1995)
- Professor of Paediatrics (Respiratory Paediatrics and Clinical Epidemiology) (1993 – 1997)

**Universiti Teknologi MARA (UiTM)**

- Adjunct Professor of Paediatrics at Faculties of Medicine (2009 – 2010)

**Universiti Tunku Abdul Rahman (UTAR)**

- Adjunct Professor of Paediatrics at Faculties of Medicine (2013)



**DATO'**  
**DR. NGUN KOK WENG**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 68

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 APRIL 2020

**BOARD MEETING ATTENDANCE IN FY2019 :Nil**

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#### LENGTH OF SERVICE

(as at 12 May 2020): 1 month

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Fellowship of the Royal Colleges of Surgeons (FRCS), Royal College of Surgeons of Edinburgh, United Kingdom
- Fellowship of the Royal Colleges of Surgeons (FRCS), Royal College of Physicians and Surgeons of Glasgow, United Kingdom
- Bachelor in Medicine Bachelor in Surgery (MBBS), Universiti Malaya, Kuala Lumpur

#### PRESENT DIRECTORSHIP(S):

**Listed Entity:**

Nil

**Other Public Companies:**

Nil

#### PRESENT APPOINTMENT(S):

**KPJ Healthcare Berhad**

- Member of Audit Committee
- Member of Risk & Governance Committee
- Member of Employee Share Option Scheme (ESOS) Committee
- Member of Medical Advisory Committee
  - Members of Clinical Risk Management Committee
  - Member of Medical Advisory Committee
  - Members of Clinical Risk Management Committee

**KPJ Pahang Specialist Hospital**

- General Surgeon

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

**Kuantan Specialist Hospital (1986-2016)**

- General Surgeon
- Advisor of all Clinical Committee

**Pahang Medical Centre (1983-1986)**

- General Surgeon

**Ministry of Health (1977-1983)**



**DATO' DR. SIVAMOHAN  
A/L S. NAMASIVAYAM**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 65

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
7 MAY 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

**LENGTH OF SERVICE**  
(as at 12 May 2020): -

**ACADEMIC/PROFESSIONAL  
QUALIFICATION/MEMBERSHIP(S):**

- Fellowship in Gynae-Oncology (Commonwealth Medical Foundation Fellowship), University of Oxford, United Kingdom
- Fellow of the Royal College of Obstetrician & Gynaecologist, United Kingdom FRCOG (London)
- Fellow of Academy Malaysia (FAMM)
- Bachelor of Medicine and Bachelor of Surgery (MBBS), University of Mysore, India
- Member of the Royal College of Obstetrician & Gynaecologist, United Kingdom (MRCOG)
- Master in Healthcare Management (MSc), University of Swansea, United Kingdom

**PRESENT DIRECTORSHIP(S):**  
**Listed Entity:**

Nil

**Other Public Companies:**

Nil

**PRESENT APPOINTMENT(S):**  
**KPJ Healthcare Berhad**

- Member of Development & Procurement Committee
- Member of Risk & Governance Committee
- Member of Medical Advisory Committee
  - Chairman of Clinical Governance and Policy Committee

**Association of Private Hospitals Malaysia (APHM)**

- Board Member

**KPJ Klang Specialist Hospital**

- Medical Director

**KPJ Damansara Specialist Hospital**

- Consultant of Obstetrician & Gynaecologist

**PAST DIRECTORSHIP(S) AND/OR  
APPOINTMENT(S):**

**Ampang Puteri Specialist Hospital**

- Consultant of Obstetrician & Gynaecologist (1995-1997)

**Ministry of Health**

- House Officer/Medical Officer/Registrar/Consultant (1980-1995)



**KHAIRUDDIN  
BIN JAFLOS**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 64

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
7 MAY 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

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#### LENGTH OF SERVICE

(as at 12 May 2020): -

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Bachelor of Economics (Hons),  
University of Malaya, Malaysia

#### PRESENT DIRECTORSHIP(S):

##### Listed Entity:

Nil

##### Other Public Companies:

Nil

#### PRESENT APPOINTMENT(S):

##### KPJ Healthcare Berhad

- Member of Audit Committee
- Member of Development &  
Procurement Committee
- Member of Risk & Governance  
Committee

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

##### RHB Bank Group

- Executive Vice President/ Head,  
Transformation Groupwide (2015-  
2017)
- Executive Vice President/ Project  
Director, Core Banking Solution (CBS)  
Project (2013-2015)
- Senior Executive Vice President/ Head,  
Transformation Office and Group  
Procurement (2011-2013)
- Chief Operating Officer (2009-2011)

##### Bank Pembangunan Malaysia Berhad

- Vice President/ Head , Group Risk  
Management (2008-2009)

##### Bank Simpanan Nasional

- Director (2006-2008)

##### ABRAR Discounts Berhad

- General Manager (2004-2006)

##### Pinnacle Assets Sdn Bhd

- Director/ Fund Manager  
Representative (2002-2004)

##### KSC Sdn Bhd

- General Manager (2000-2002)

##### ABRAR Unit Trust Management Berhad

- Chief Executive Officer (1996-1999)

##### ABRAR Futures Sdn Bhd

- Executive Director (1995-1996)

##### BBMB Securities Sdn Bhd

- Executive Director (1991-1994)

##### Bank Negara Malaysia

- Senior Assistant Manager (1978-  
1991).





**ROZAINI  
BIN MOHD SANI**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 47

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
7 MAY 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

#### LENGTH OF SERVICE

(as at 12 May 2020): -

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Fellow of Chartered Accountants Australia and New Zealand (CAANZ)
- Member of The Malaysian Institute of Certified Public Accountants (MICPA)
- Member of The Malaysian Institute of Accountants (MIA)
- Bachelor of Commerce (Accounting and Finance) with Merit University of New South Wales, Sydney, Australia

#### PRESENT DIRECTORSHIP(S):

**Listed Entity:**

Nil

**Other Public Companies:**

Nil

#### PRESENT APPOINTMENT(S):

**KPJ Healthcare Berhad**

- Member of Development & Procurement Committee
- Member of Employee Share Option Scheme (ESOS) Committee

**Johor Corporation**

- Chief Financial Officer

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

**Iskandar Waterfront Holdings**

- Non-Executive Director (2017-2018)

**E.A Technique (M) Berhad**

- Chief Operating Officer (2016-2017)

**Kulim (M) Berhad**

- Non-Executive Director (2014-2016)

**Johor Corporation**

- Senior Vice President, Finance & Corporate Services (2015-2016)
- Vice President, Finance (2014-2015)

**Astro Malaysia Holdings Berhad**

- Chief Financial Officer (2013-2014)

**PETRONAS Dagangan Berhad**

- Chief Financial Officer (2010-2013)

**PETRONAS Group of Companies**

- Various managerial roles (2001-2010)

**KPMG, Sydney, Australia**

- Assistant Manager (1995-2001)



**SHAMSUL ANUAR  
BIN ABDUL MAJID**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 49

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
7 MAY 2020

**BOARD MEETING ATTENDANCE IN FY2019 : NIL**

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#### LENGTH OF SERVICE

(as at 12 May 2020): -

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, USA
- Master of Business Administration (Finance), International Islamic University, Kuala Lumpur
- Bachelor of Science (Hons) in Chemistry, Imperial College, London, England

#### PRESENT DIRECTORSHIP(S):

**Listed Entity:**

Nil

**Other Public Companies:**

Nil

#### PRESENT APPOINTMENT(S):

**KPJ Healthcare Berhad**

- Member of Nomination & Remuneration Committee
- Member of Investment Committee

**Johor Corporation**

- Chief Investment Officer

#### PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

**Johor Corporation**

- General Manager (2017)

**Fikiran Sepakat Sdn Bhd**

- Director and Partner (2014-2017)

**Iskandar Waterfront Holdings**

- Special Officer to the Managing Director (2011-2014)
- Executive Vice President, Strategy & Feasibility (2007-2011)

**Grenland Malaysia**

- Vice President, Finance and Special Projects (2004-2007)

**The Boston Consulting Group**

- Energy Sector Specialist (1999-2001)

**Shell Malaysia**

- Planning Analyst, Downstream Economics Planning Department (1994-1999)

None of the Directors have any conflict of interest with the Company, family relationship with any Director and/or Major Shareholder, or have any convictions for offences (other than traffic offences) within the past five years or any public or penalty imposed by the relevant regulatory bodies during the financial year.



# LEADERSH

From Left :

Front Row

▶ Datin Sabariah Fauziah binti Jamaluddin, Jasimah binti Hassan, Dato' Amiruddin bin Abdul Satar, Aminudin bin Dawam, Norhaizam binti Mohammad, Mohd Johar bin Ismail.





# IP TEAM

From Left :

Back Row

► Yap Chee Wai, Mohd Sahir bin Rahmat, Razman bin Radzi, Dato' Mohamad Farid bin Salim, Roslan bin Ahmad, Mohd Nasir bin Mohamed, Ahmad Nasiruddin bin Harun.

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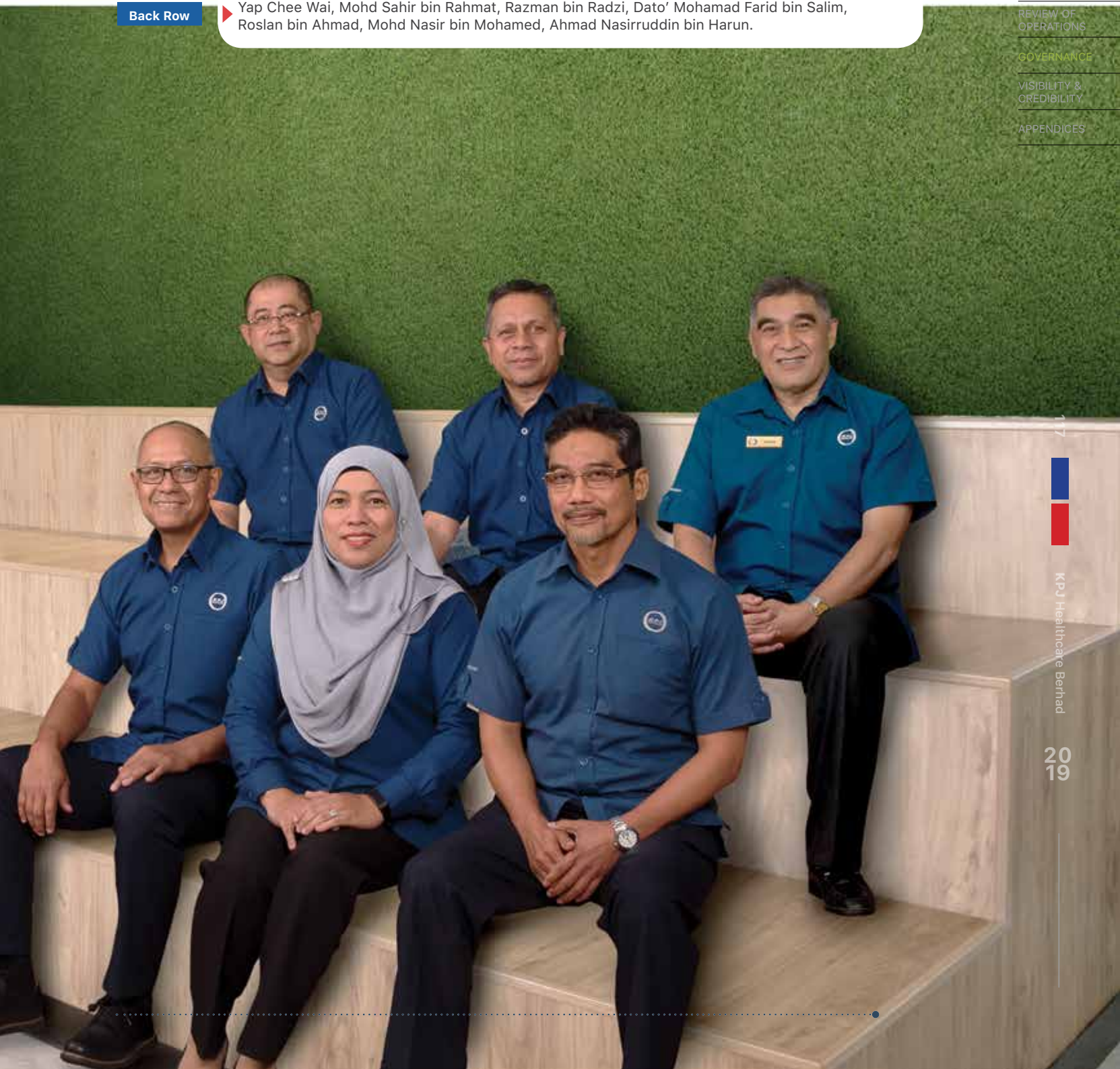
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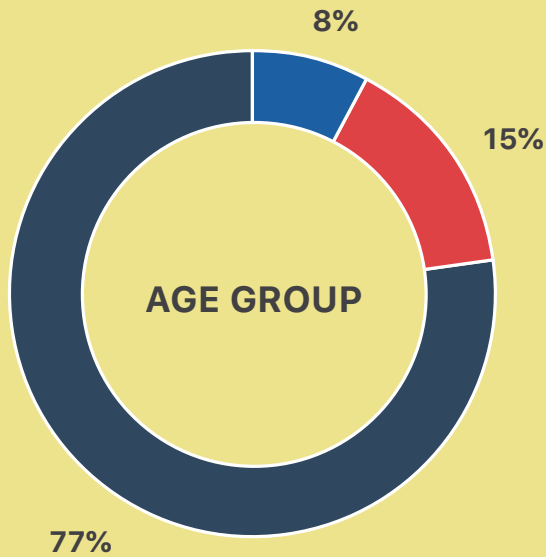
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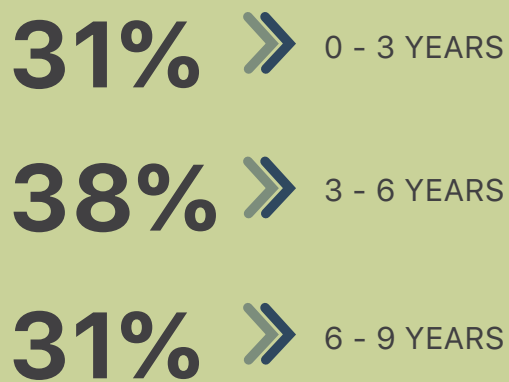
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# WHO LEADS US



46-50 YEARS	1
51-55 YEARS	2
56-60 YEARS	10

## LENGTH OF TENURE IN THE LEADERSHIP TEAM



## GENDER



## RACE







**DATO' AMIRUDDIN  
BIN ABDUL SATAR**  
PRESIDENT AND  
MANAGING DIRECTOR



**NATIONALITY:** MALAYSIAN

**AGE:** 56

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 JANUARY 2013

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Member of Association of Chartered Certified Accountants
- Master of Business Administration, Henley Business School, University of Reading, UK

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**

- Damansara REIT Managers Sdn Berhad, the manager for 2 listed funds : Al-`Aqar Salām Real Estate Investment Trust

**OTHER PUBLIC COMPANIES:**

Nil



**AMINUDIN  
BIN DAWAM**  
SENIOR VICE PRESIDENT  
INTERNATIONAL BUSINESS & SUPPORT SERVICES



**NATIONALITY:** MALAYSIAN

**AGE:** 56

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 MAY 2015

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Master of Business Administration, Sam Houston State University, Huntsville, Texas, USA
- Bachelor of Business Administration (Finance) from Sam Houston State University, Huntsville, Texas, USA
- Post-Graduate Diploma in Health Sciences & Hospital Management at South Bank University, London, UK

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**

Nil

**OTHER PUBLIC COMPANIES:**

Nil

**WORKING EXPERIENCE:**

He joined Johor Corporation (JCorp) after graduation in 1988 before joining KPJ in 1992. He held various positions in companies and hospitals within KPJ Group. He was the Commissioning Director for United Hospital, Dhaka, Bangladesh; before being appointed as the Group General Manager of KPJ in 2008. Between 2011 and 2013, he joined Pantai Holdings Berhad as the Chief Operating Officer, Malaysia Operations overseeing the operations of both Pantai and Gleneagles hospitals in Malaysia. He rejoined JCorp in September 2013 as the Senior Vice President, Business Development Division and came fully on board as KPJ's Executive Director on 1 January 2017 until 7 May 2020. Currently he sits as a Senior Vice President and overseeing International Business, Entrepreneurship and Project Management.



#### JASIMAH

#### BINTI HASSAN

SENIOR VICE PRESIDENT  
BUSINESS OPERATIONS,  
TECHNOLOGY SERVICES & CLINICAL



**NATIONALITY:** MALAYSIAN

**AGE:** 59

**GENDER:** FEMALE



**DATE OF APPOINTMENT:**

24 APRIL 2018

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP(S):

- Master of Business Administration, North Texas State University, Texas, USA
- Bachelor of Science in Mathematical Sciences, Indiana University, Bloomington, Indiana, USA
- Honorary Treasurer for the Asian Society for Quality in Health (ASQUA)
- Member of the Board of the Association of Private Hospital Malaysia (APHM)

#### PRESENT DIRECTORSHIP(S): LISTED ENTITY:

Nil

#### OTHER PUBLIC COMPANIES:

Nil

#### WORKING EXPERIENCE:

Joined KPJ in 1993 as the General Manager of Tawakkal Specialist Hospital. Since then, she has managed various hospitals and companies within the KPJ Group. She was appointed as an Executive Director on 24 April 2018 until 7 May 2020. Currently, she sits as a Senior Vice President and oversees Business Operations, Clinical and Technology Services. Prior to joining KPJ she was in the banking industry upon graduation for seven years from 1986 to 1993.



#### MOHD SAHIR

#### BIN RAHMAT

SENIOR VICE PRESIDENT  
CORPORATE AFFAIRS



**NATIONALITY:** MALAYSIAN

**AGE:** 56

**GENDER:** MALE



**DATE OF APPOINTMENT:**

1 FEBRUARY 2020

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP(S):

- Master of Business Administration, Henley Business School, University of Reading, UK
- Bachelor of Accountancy, Universiti Kebangsaan Malaysia
- Postgraduate Diploma in Health Services and Hospital Management from the South Bank University, London
- Member of Malaysian Institute of Accountants

#### PRESENT DIRECTORSHIP(S): LISTED ENTITY:

Nil

#### OTHER PUBLIC COMPANIES:

Johor Land Berhad

#### WORKING EXPERIENCE:

Joined KPJ in 1991 and has held a various positions in companies and hospitals in the Group. He has served as the Group Financial Officer and Vice President (I) of Corporate and Financial Services for three and four years respectively, before he was appointed as the Non-Independent Non-Executive Director of KPJ in July 2017. In February 2020, he rejoined KPJ and shares his expertise and experiences as a Senior Vice President and oversees Business Development Services, Group Marketing & Strategic Communication, Risk & Investor Relations, and Group Legal Advisory Services.



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### DATIN SABARIAH FAUZIAH BINTI JAMALUDDIN

VICE PRESIDENT  
GROUP MARKETING &  
STRATEGIC COMMUNICATIONS



**NATIONALITY:** MALAYSIAN

**AGE:** 58 | **GENDER:** FEMALE



**DATE OF APPOINTMENT:**  
1 JANUARY 2015

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP(S):

- Master of Business Administration, University of the Sunshine Coast, Australia
- Bachelor of Business Administration, Ohio University, USA
- Diploma of Business Studies, Universiti Teknologi MARA (UiTM)
- Post Graduate in Health Services and Hospital Management, London South Bank University, UK
- Certified Human Resource Director, MIHRM

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

#### WORKING EXPERIENCE:

Joined KPJ in 1994 and has held various positions in companies and hospitals within the KPJ Group. Currently she sits as a Chairman of a hospital, as well as several companies in the Group. In addition she is the Executive Director of KPJ's education arm and a Director of 3 companies in the Group. Prior to joining KPJ, her experience was in banking sector.



### MOHD JOHAR BIN ISMAIL

VICE PRESIDENT  
STRATEGIC SUPPORT,  
NEW BUSINESS & ENTREPRENEURSHIP



**NATIONALITY:** MALAYSIAN

**AGE:** 57 | **GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 JULY 2015

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP(S):

- Bachelor of Accountancy (Hons), Universiti Kebangsaan Malaysia
- Post Graduate Diploma in Health Management, South Bank University, UK

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

#### WORKING EXPERIENCE:

Joined KPJ in June 1993 and has held various positions in the KPJ Group. Currently he is the Chairman of six hospitals, as well as the Executive Director of KPJ Dhaka. He is also a Board member of three hospitals and several support companies in the Group. Prior to joining KPJ he was with Perbadanan Kemajuan Ekonomi Negeri Johor (PKENJ) as an Internal Auditor in 1988 and was seconded to the Johor State Economy Development Corporation (JSEDC) (1988- 1993). Previous to his current position, he serves as the Senior General Manager of Business Operations back in January 2014 before being promoted to VP (II) of Project Management, Biomedical & International Operation Services (PMBIOS) in September 2015 until 2018. Currently he is oversees Strategic Support, New Business & Entrepreneurship with effect from January 2019 and continue in 2020.



**NORHAIZAM  
BINTI MOHAMMAD** ACMA, CGMA  
VICE PRESIDENT  
GROUP FINANCE & INVESTOR RELATIONS SERVICES



**NATIONALITY:** MALAYSIAN  
**AGE:** 47 | **GENDER:** FEMALE



**DATE OF APPOINTMENT:**  
20 APRIL 2017

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Associate of The Chartered Institute of Management Accountants (CIMA) UK
- Fellow of Malaysian Institute of Accountants (MIA)
- Master of Business Administration, International Business with Merit from University of East London, London, UK (Twinning Programme with Women Institute Malaysia)
- Bachelor of Accountancy (Hons) from Manchester Metropolitan University, Manchester, UK
- President of MSQH (Malaysian Society for Quality in Health), a national accreditation body for public and private healthcare in Malaysia

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

**WORKING EXPERIENCE:**

Joined KPJ in 2008 and has held various positions in companies and hospitals within the KPJ Group. Currently she is a member of Board of Directors (BOD) of two hospitals and five support services companies within the Group. Prior to joining KPJ she was with Utusan Melayu (M) Berhad (1996-1997) and then served as a Manager of Audit and Business Assurance at PricewaterhouseCoopers (1997-2007).



**AHMAD NASIRRUDDIN BIN HARUN**  
SENIOR GENERAL MANAGER  
GROUP STRATEGIC SUPPORT SERVICES



**NATIONALITY:** MALAYSIAN  
**AGE:** 57 | **GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 JULY 2011

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Master of Business Administration (MBA), Henley Business School, University of Reading, UK
- Degree of Accountancy, Universiti Teknologi MARA (UiTM)
- Post Graduate Diploma in Health Services and Hospital Management, Southbank University, UK
- Fellow of Malaysian Society for Quality in Health (MSQH)
- Fellow of Malaysian Institute of Accountants (MIA)
- Honorary Treasure of Association of Private Hospitals of Malaysia (APHM)
- In recognition to his healthcare professional and sports contributions to the state of Perak, he was awarded the Ahli Mahkota Perak (A.M.P) by his Royal Highness Sultan Dr Nazrin Muizzuddin Shah, Sultan of Perak in November 2016.

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

**WORKING EXPERIENCE:**

Joined KPJ in September 1995 and has held various positions in companies and hospitals within the KPJ Group. Currently he is the Chairman of three hospitals, Executive Director for two hospitals in Indonesia and 6 support companies. He also serves as Board member of several hospital and a Aged Care retirement home named Jeta Garden in Brisbane Australia.



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**MOHD NASIR  
BIN MOHAMED**  
SENIOR GENERAL MANAGER  
GROUP OPERATIONS SERVICES



**NATIONALITY:** MALAYSIAN  
**AGE:** 59 | **GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 MARCH 2013

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Bachelor of of Accountancy, University of Abertay, Dundee, Scotland
- Post Graduate Diploma in Healthcare Services and Hospital Management, South Bank University London, UK

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

**WORKING EXPERIENCE:**

Joined KPJ in 1993 and has held various positions in companies and hospitals within the KPJ Group. Currently he is the Executive Director of six hospitals. He also the Chairman and Board member of several support companies in the Group.



**ROSLAN  
BIN AHMAD**  
SENIOR GENERAL MANAGER  
GROUP OPERATIONS SERVICES



**NATIONALITY:** MALAYSIAN  
**AGE:** 56 | **GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 JULY 2015

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Master in Business Administration, Miami University, USA
- Bachelor of Accounting, University of Minnesota Duluth, USA
- Post Graduate Diploma in Hospital Management, South Bank University London, UK

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

**WORKING EXPERIENCE:**

Joined KPJ in 1996. Prior to joining KPJ, he was with the Malaysian Pineapple Industry Board in 1988 and served its London office until 1995. Currently he is the Executive Director of five hospitals and a Board member of several support companies in the Group.





**DATO' MOHAMAD FARID  
BIN SALIM**

SENIOR GENERAL MANAGER  
GROUP OPERATIONS SERVICES



**NATIONALITY:** MALAYSIAN

**AGE:** 55

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 JUNE 2018

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Fellowship of Chartered Association of Certified Accountants (FCCA), United Kingdom
- Master of Business Administration in International Business with distinction, University of East London in 2018
- Post Graduate Diploma in Healthcare Management from South Bank University, London in 1997
- Leadership Development Program at Henley Business School, University of Reading, United Kingdom in 2011.
- Member of Malaysian Institute of Accountants
- Honorary Treasurer of MSQH (Malaysian Society for Quality in Health), a national accreditation body for public and private healthcare in Malaysia

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

**WORKING EXPERIENCE:**

Joined KPJ in 1994 and has held various positions in companies and hospitals within the KPJ Group. Currently he is the Executive Director of six hospitals and a Board member of several support companies.



**RAZMAN  
BIN RADZI**

SENIOR GENERAL MANAGER  
GROUP TALENT MANAGEMENT



**NATIONALITY:** MALAYSIAN

**AGE:** 56

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
1 OCTOBER 2018

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):**

- Bachelor of Business Administration, International Islamic University, Malaysia
- Diploma in Personnel Management (postgraduate), Malaysian Institute of Personnel Management.
- Certified Human Resource Director, Malaysian Institute of Human Resource Management.
- Certified Balanced Scorecard Professional, George Washington University College for Professional Studies and Balanced Scorecard Institute
- Member, Malaysian Institute of Human Resource Management
- Certified Professional Coach, International Professional Managers Association (UK)

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

**WORKING EXPERIENCE:**

30 years of experience in Human Resources spanning numerous industries such as manufacturing, oil and gas, banking, property development, plantation, engineering and investment holding. Prior to his appointment in KPJ Healthcare Berhad, he had served in Johor Corporation since 2013. He sat on the Board of five companies in Johor Corporation and currently serves as a member of the Advisory Panel of the Malaysian Institute of Human Resource Management. In the past, he had also served as a panel member of the Industrial Court.



**YAP  
CHEE WAI**  
CHIEF TECHNOLOGY OFFICER (CTO)



**NATIONALITY:** MALAYSIAN

**AGE:** 53

**GENDER:** MALE



**DATE OF APPOINTMENT:**  
11 FEBRUARY 2019

**ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIP(S):**

- Bachelor of Engineering with Honours (Major-Electronics & Computer Engineering), Monash University, Australia
- Bachelor of Science (Major-Computer Science), Monash University, Australia

**PRESENT DIRECTORSHIP(S): LISTED ENTITY:**  
Nil

**OTHER PUBLIC COMPANIES:**  
Nil

**WORKING EXPERIENCE:**

Joined KPJ in February 2019. Prior to joining KPJ, he was in the Information Technology (IT), Telecommunication, Mobile and Digital Services, Ports and Logistics industry with 28 years of experiences.

## WHO SUPPORT US



**HANA BINTI AB RAHIM**  
**@ ALI** ACIS  
COMPANY SECRETARY



**HASLINDA BINTI MD NOR**  
**@ MOHD NOAH**  
COMPANY SECRETARY

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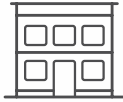
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None of the Executive Committee Members have any conflict of interest with the Company, family relationship with any Director and/or Major Shareholder, or have any convictions for offences (other than traffic offences) within the past five years or any public or penalty imposed by the relevant regulatory bodies during the financial year.

# CORPORATE INFORMATION



REGISTERED OFFICE	CORPORATE OFFICE	PRINCIPAL BANKERS
<p><b>KPJ HEALTHCARE BERHAD</b> 199201015575 (247079-M) Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia.</p> <p>T (607) 219 2692/223 2692 F (607) 223 3175</p>	<p><b>KPJ HEALTHCARE BERHAD</b> Level 12, Menara KPJ, 238, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.</p> <p>T (603) 2681 6222 F (603) 2681 6888 E <a href="mailto:kpj@kpjhealth.com.my">kpj@kpjhealth.com.my</a></p>	<p><b>MAYBANK ISLAMIC BERHAD</b> Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia.</p> <p><b>HSBC AMANAH MALAYSIA BERHAD</b> No. 2, Leboh Ampang, 50100 Kuala Lumpur, Malaysia.</p>





## REGISTRAR

### JOHOR CORPORATION

Level 16, Menara KOMTAR,  
Johor Bahru City Centre,  
80000 Johor Bahru,  
Johor, Malaysia.

T (607) 219 2692/223 2692  
F (607) 223 3175



## AUDITOR

### PRICEWATERHOUSECOOPERS PLT

Level 10, 1 Sentral, Jalan Rakyat,  
Kuala Lumpur Sentral,  
P. O. Box 10192,  
50706 Kuala Lumpur,  
Malaysia.



## COMPANY SECRETARIES

HANA AB RAHIM @ ALI ACIS  
MAICSA 7064336

HASLINDA BINTI MD NOR  
@ MOHD NOAH  
LS 0005697



## STOCK EXCHANGE LISTING

### BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET

(Listed since 29 November 1994)  
Stock code: KPJ (5878)

# CORPORATE STRUCTURE

AS AT 12 MAY 2020



100%

**JOHOR SPECIALIST HOSPITAL SDN BHD**  
(KPJ Johor Specialist Hospital)

100%

**KUMPULAN PERUBATAN (JOHOR) SDN BHD**

100%

**PUTERI SPECIALIST HOSPITAL (JOHOR) SDN BHD**

100%

**BANDAR DATO' ONN SPECIALIST HOSPITAL SDN BHD**  
(KPJ Bandar Dato' Onn Specialist Hospital)

100% **AMPANG PUTERI SPECIALIST HOSPITAL SDN BHD**  
(KPJ Ampang Puteri Specialist Hospital)

100% **BANDAR BARU KLANG SPECIALIST HOSPITAL SDN BHD**  
(KPJ Klang Specialist Hospital)

100% **BDC SPECIALIST HOSPITAL SDN BHD**

100% **KAJANG SPECIALIST HOSPITAL SDN BHD**  
(KPJ Kajang Specialist Hospital)

100% **MAHARANI SPECIALIST HOSPITAL SDN BHD**  
(KPJ Bandar Maharani Specialist Hospital)

100% **MASSIVE HYBRID SDN BHD**

100% **PASIR GUDANG SPECIALIST HOSPITAL SDN BHD**  
(KPJ Pasir Gudang Specialist Hospital)

100% **PENANG SPECIALIST HOSPITAL SDN BHD**  
(KPJ Penang Specialist Hospital)

100% **PUSAT PAKAR KLUANG UTAMA SDN BHD**  
(Kluang Utama Specialist Hospital)

100% **RAWANG SPECIALIST HOSPITAL SDN BHD**  
(KPJ Rawang Specialist Hospital)

100% **SENTOSA MEDICAL CENTRE SDN BHD**  
(KPJ Sentosa KL Specialist Hospital)

100% **SIBU MEDICAL CENTRE CORPORATION SDN BHD**  
(KPJ Sibu Specialist Medical Centre)

100% **SMC HEALTHCARE SDN BHD**  
(KPJ Sabah Specialist Hospital)

100% **AMITY DEVELOPMENT SDN BHD**

100% **UTM KPJ SPECIALIST HOSPITAL SDN BHD**

70% **KUCHING SPECIALIST HOSPITAL SDN BHD**  
(Kuching Specialist Hospital)

70% **MIRI SPECIALIST HOSPITAL SDN BHD**

70% **PAHANG SPECIALIST HOSPITAL SDN BHD**  
(KPJ Pahang Specialist Hospital)

61% **PERDANA SPECIALIST HOSPITAL SDN BHD**  
(KPJ Perdana Specialist Hospital)

60% **PERLIS SPECIALIST HOSPITAL SDN BHD**  
(KPJ Perlis Specialist Hospital)

60% **SELANGOR SPECIALIST HOSPITAL SDN BHD**  
(KPJ Selangor Specialist Hospital)

52% **PUSRAWI SMC SDN BHD**

46% **KEDAH MEDICAL CENTRE SDN BHD**  
(Kedah Medical Centre)

▲ MALAYSIAN OPERATIONS

▲ SUPPORT SERVICES

▲ OVERSEAS OPERATIONS

▲ DORMANT COMPANIES



## CORPORATE STRUCTURE

ABOUT US  
CREATING  
SUSTAINABLE  
VALUE  
STEWARDSHIP  
REVIEW OF  
OPERATIONS  
GOVERNANCE  
VISIBILITY &  
CREDIBILITY  
APPENDICES

100%  
POINT ZONE  
(M) SDN BHD

100%  
TAWAKAL HOLDINGS  
SDN BHD

99%  
IPOH SPECIALIST  
HOSPITAL SDN BHD  
(KPJ Ipoh  
Specialist Hospital)

37%  
AL-'AQAR  
HEALTHCARE REIT

100%

PUSAT PAKAR TAWAKAL  
SDN BHD  
(KPJ Tawakkal KL  
Specialist Hospital)

100%

SRI MANJUNG SPECIALIST  
CENTRE SDN BHD  
(Sri Manjung  
Specialist Centre)

100% KUANTAN WELLNESS  
CENTER SDN BHD  
(KPJ Kuantan Care And  
Wellness Centre)  
100% ADVANCED HEALTH CARE  
SOLUTIONS SDN BHD  
100% CROSSBORDER AIM (M)  
SDN BHD  
100% CROSSBORDER HALL (M)  
SDN BHD  
100% KPJ EYECARE SPECIALIST  
SDN BHD  
(KPJ Center For Sight)  
100% KPJ HEALTHSHOPPE  
SDN BHD  
100% PHARMACARE SDN BHD  
100% PHARMASERV  
ALLIANCES SDN BHD  
75% MALAYSIAN INSTITUTE  
OF HEALTHCARE  
MANAGEMENT SDN BHD  
100% KOTA KINABALU  
WELLNESS SDN BHD  
100% KPJ AMBULATORY CARE  
CENTRE SDN BHD

100% KPJ HEALTHCARE  
UNIVERSITY COLLEGE  
SDN BHD  
100% KPJ EDUCATION (M)  
SDN BHD  
100% KPJ MEDIKTV SDN BHD  
100% SIBU GERIATRIC  
HEALTH & NURSING  
CENTRE SDN BHD  
100% STERILE SERVICES  
SDN BHD  
100% HEALTHCARE IT  
SOLUTIONS SDN BHD  
100% SKOP YAKIN (M)  
SDN BHD  
95% FABRICARE LAUNDRY  
SDN BHD  
94% DTI RESOURCES  
SDN BHD  
(Formerly known as  
Diaper Technology  
Industries Sdn Bhd)  
75% PRIDE OUTLET  
SDN BHD  
70% TOTAL MEAL  
SOLUTION SDN BHD  
65% TERAJU FARMA  
SDN BHD  
51% LABLINK (M) SDN BHD  
51% HEALTHCARE  
TECHNICAL SERVICES  
SDN BHD

100% KPJ DHAKA (PTE) LTD  
(Sheikh Fazilatunnessa  
Mujib Memorial KPJ  
Specialized Hospital &  
Nursing College)  
100% PT AL-AQAR BUMI  
SERPONG DAMAI  
100% PT AL-AQAR PERMATA  
HIJAU  
80% PT KHIDMAT  
PERAWATAN  
JASA MEDIKA  
(RS Medika Permata  
Hijau, Jakarta)  
75% PT KHASANAH  
PUTERA  
JAKARTA MEDICA  
(RS Medika Bumi  
Serpong Damai, Jakarta)  
57% JETA GARDENS (QLD)  
PTY LTD  
(Jeta Gardens  
Retirement and Aged  
Care Resort, Brisbane,  
Australia)  
100% JETA GARDENS  
AGED CARE  
(QLD) PTY LTD  
100% JETA GARDENS  
MANAGEMENT  
(QLD) PTY LTD  
23% VEJTHANI PUBLIC  
COMPANY LIMITED  
(Vejthani Hospital,  
Thailand)

100% DAMANSARA  
SPECIALIST  
HOSPITAL SDN BHD  
100% SEREMBAN  
SPECIALIST  
HOSPITAL SDN BHD  
100% TAIPING MEDICAL  
CENTRE SDN BHD  
100% BAYAN BARU  
SPECIALIST  
HOSPITAL SDN BHD  
100% ENERGY EXCELLENT  
SDN BHD  
100% KPJ EDUCATION  
SERVICES SDN BHD  
100% PHARMACARE  
SURGICAL  
TECHNOLOGIES  
(M) SDN BHD  
80% FREEWELL SDN BHD

129

KPJ Healthcare Berhad

20  
19

# CORPORATE GOVERNANCE OVERVIEW



THE BOARD OF DIRECTORS OF KPJ HEALTHCARE BERHAD (BOARD) BELIEVES THAT GOOD CORPORATE GOVERNANCE ADDS VALUE TO THE BUSINESS OF THE GROUP AND WILL ENSURE THAT THIS PRACTICE CONTINUES. THE BOARD BELIEVES IN PLAYING AN ACTIVE ROLE IN GUIDING THE MANAGEMENT THROUGH ITS OVERSIGHT REVIEW WHILE AT THE SAME TIME STEER THE GROUP'S BUSINESS DIRECTION AND STRATEGY.



In line with this commitment, the Board is continuously reviewing and has taken, where appropriate, the necessary steps to comply with the three Principles, 32 Practices and four Step-ups of the Malaysian Code on Corporate Governance 2017 (MCCG 2017). The Board is pleased to elaborate on the Group's application and extent of compliance with MCCG 2017 during the financial year 2018 in this Corporate Governance Overview Statement (CG Overview).

This statement is supplemented with a Corporate Governance Report (CG Report) pursuant to paragraph 15.25 of the Main Market Listing Requirements (Main LR) by Bursa Malaysia Securities Berhad (Bursa Securities). The CG Report is available on the Company's website [https://kpj.listedcompany.com/cg\\_report.html](https://kpj.listedcompany.com/cg_report.html) as well as on the website of Bursa Securities.

This statement should be read in conjunction with the Statement on Risk Management and Internal Control (SORMIC), and Audit Committee Report (AC) as well as Medical Advisory Committee Report (MAC).

The Corporate Governance Framework is developed based on the following statutory requirements, best practices and guidelines:-

- Companies Act 2016 (CA 2016);
- Main LR of Bursa Securities;
- Malaysia Code on Corporate Governance 2017 (MCCG 2017); and
- Corporate Governance Guide – 3rd Edition published on 17 December 2017

The Company has complied with the Main Principles set out in the MCCG 2017 which was released in April 2017. The gap analysis was discussed and tabled to the Risk & Governance Committee (RGC) in May 2020. As at the date of this Integrated Report, we have applied all the practices in MCCG 2017 except for the following:-

- **Practice 4.5**

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

- **Practice 5.1**

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

- **Practice 7.3 Step-up**

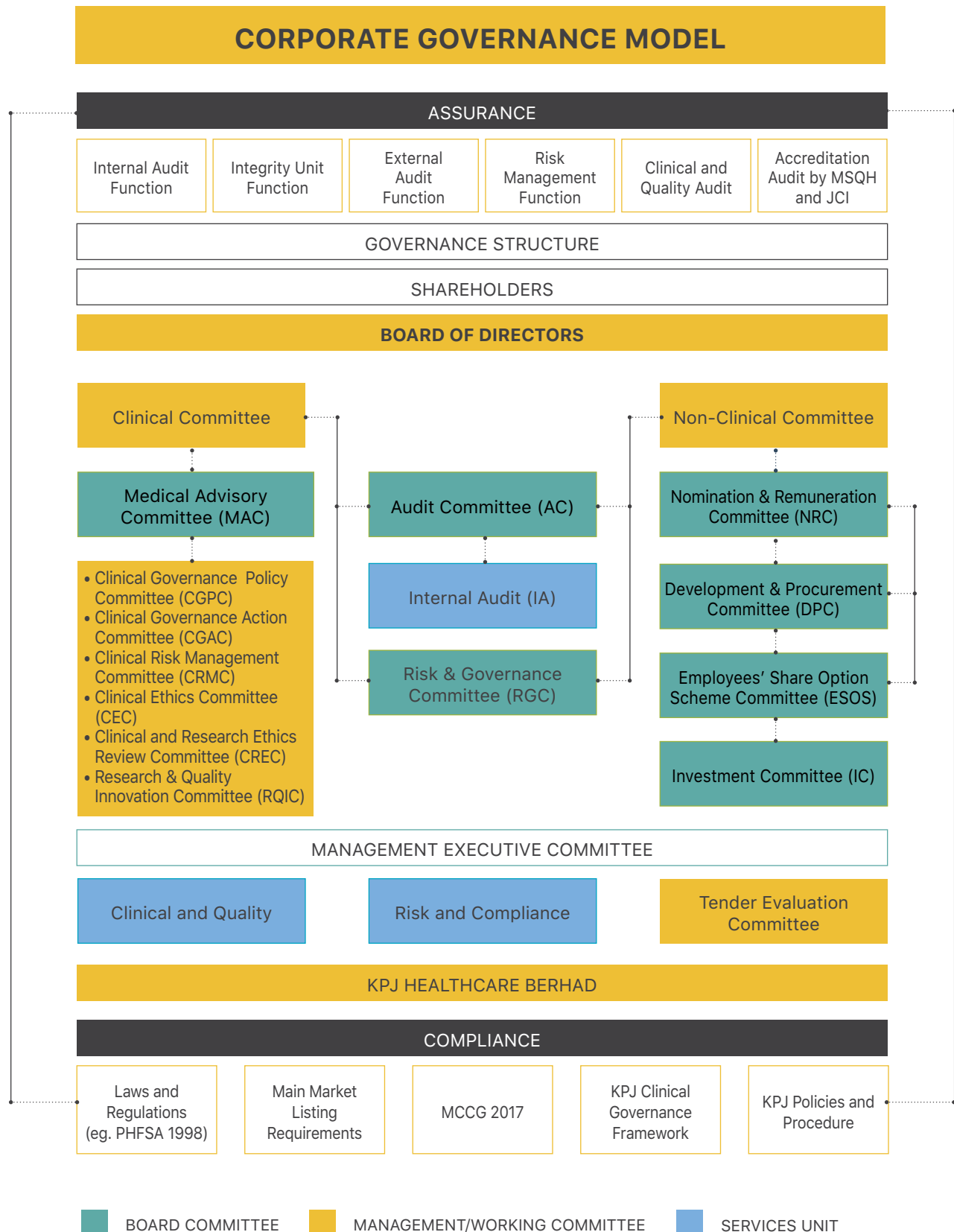
Companies are encouraged to fully disclose the detailed remuneration of each of senior management on a named basis.

- **Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate -

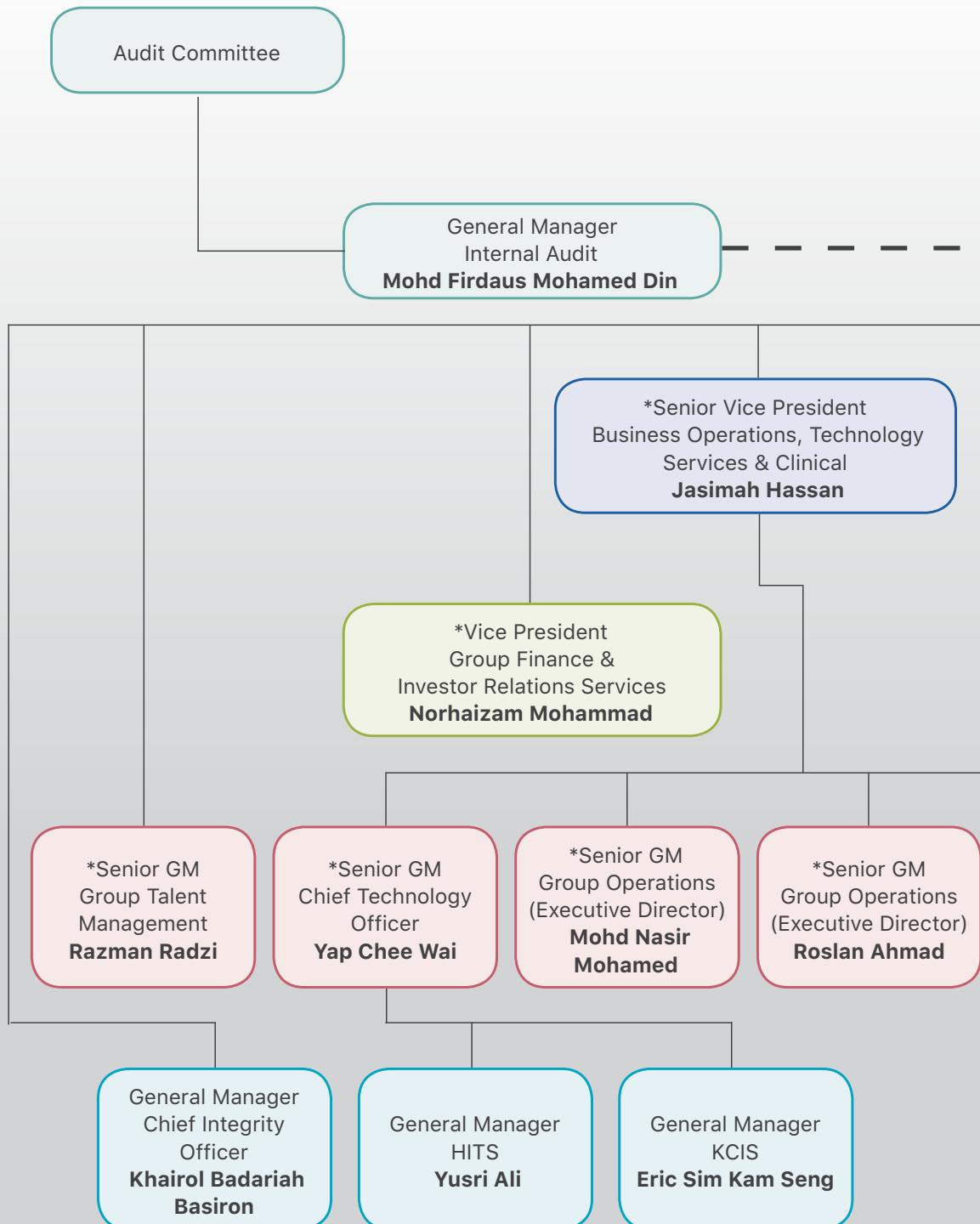
- including voting in absentia; and
- remote shareholders' participation at General Meetings.

The explanation for the departure from the Practices and measures to be taken are provided in the CG Report.

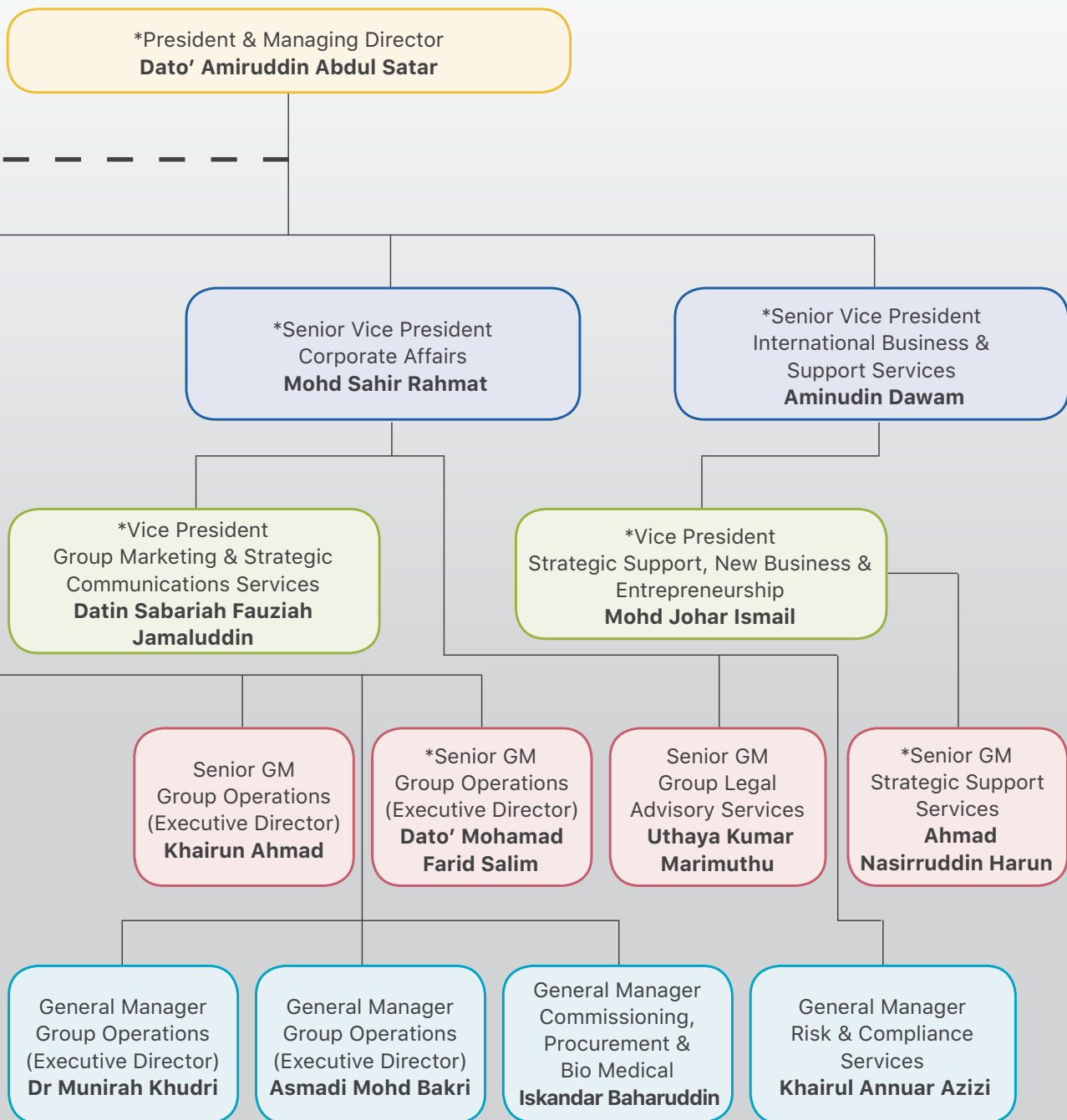




# KPJ HEALTHCARE BERHAD GROUP ORGANISATION CHART 2020



\*Exco Members







## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

## BOARD'S RESPONSIBILITIES

## Structural Changes to Board Composition

## New Appointments of Independent Non-Executive Director

Date: 18 February 2020

- Dato' Yusli bin Mohamed Yusoff

Date: 1 April 2020

- Dato' Dr. Ngun Kok Weng
- Mohamed Ridza bin Mohamed Abdulla
- Datuk Mohd Radzif bin Mohd Yunus (*redesignated*)

Date: 7 May 2020

- Dato' Mohd Redza Shah bin Abdul Wahid
- Dato' Dr. Sivamohan a/l S.Namasivayam
- Khairuddin bin Jaflus

## New Appointments of Non-Independent Non-Executive Director

Date: 2 January 2020

- Datuk Mohd Radzif bin Mohd Yunus  
(*until 6 May 2020*)

Date: 1 April 2020

- Dato' Seri (Dr.) Mohamed Azahari bin Mohamed Kamil
- Wan Azman bin Ismail

Date: 7 May 2020

- Rozaini bin Mohd Sani
- Shamsul Anuar bin Abdul Majid

## Resignation of Independent Non-Executive Directors

Date: 31 March 2020

- Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir
- Dato' Muthanna bin Abdullah

Date: 7 May 2020

- Dato' Dr. Zaki Morad bin Mohamad Zaher
- Dato' Dr. Bajit Kor a/p Teja Singh

## Resignation of Non-Independent Non-Executive Directors

Date: 15 January 2020

- Dato' Kamaruzzaman bin Abu Kassim

Date : 31 March 2020

- Zulkifli bin Ibrahim
- Mohd Sahir bin Rahmat

Date: 7 May 2020

- Aminudin bin Dawam
- Jasimah binti Hassan
- Wan Azman bin Ismail

All members of the Board contribute meaningfully in the areas of formulation of strategic objectives and policies, governance, performance monitoring, allocation of resources and compliance.

Each director brings with him/her vast experience and astute insights to enable the Board to function effectively in discharging its duties and responsibilities as required of them with due care and skill.

The roles of the Chairman of the Board, President and Managing Director and the eleven (11) Non-Executive Directors (NEDs) are kept separate with a clear division of responsibilities in line with best practices. The functions of the Chairman as well as those of the President and Managing Director are clearly segregated to ensure that there is a balance of power and authority.

On 18 February 2020 Dato' Yusli Mohamed Yusoff was appointed as the Non-Executive Chairman following the retirement of Dato' Kamaruzzaman Abu Kassim on 15 January 2020. He has never held the position of President and Managing Director of the Company.

Dato' Amiruddin bin Abdul Satar, the President and Managing Director of the Company, is responsible for leading the Management in the execution of broad policies, strategies and action plans approved by the Board. He regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group.

The Board has also developed and approved the Corporate Objectives for 2019, for which the President and Managing Director has the responsibility to execute and achieve. It also forms the basis where the performance of Management will be assessed.

The Board also assigns authority and responsibilities mainly to the Management Executive Committee (EXCO) which is headed by the President and Managing Director, to manage operations as well as execute strategic initiatives pertaining to the delivery of services and business operations of the Group.

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislations. The Company Secretaries support the Board in managing the Group's Governance Model, ensuring it is effective and relevant. Each Board member has unrestricted access to the advice and services of the Company Secretaries.

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## BOARD OF DIRECTORS

### Roles and Responsibilities

The Board is committed to deliver sustainable value and determine long-term goals through its leadership and dedicated management team. The Board is responsible for overseeing how management served the interest of shareholders and stakeholders including risk management, environmental, social, external conditions such as new government, regulatory changes and global trends. The Board also promotes a Group culture based on the core values and define its roles in society.

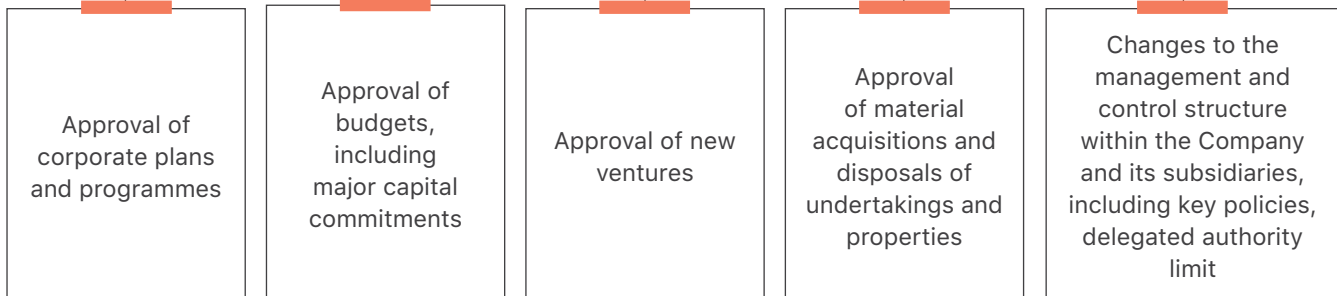
### ACTIVITIES IN 2019

- The Board deliberated on the Group's strategic plans and embedded integrated thinking that requires output of the business and quality of the outcomes. The Board provided feedback before subsequently approving the same.
- On quarterly basis, the KPI's performance was reviewed and the Board oversaw the execution of the approved initiatives of every indicator of Economic, Environmental Social (EES) and Governance such as financial and operational performance
- Managed risks and opportunities of the Group's material matters as well as other value drivers that may have a direct and indirect impact Our Six Capitals

### PRIORITIES IN 2020

- To develop strategy and manage risks and opportunities of the Group's material matters as well as other value drivers that may have a direct impact to the Our Six Capitals and Our Seven Strategic Thrust

THE FOLLOWING ARE MATTERS WHICH ARE SPECIFICALLY RESERVED FOR THE BOARD:-



## BOARD CHARTER

The Group has documented clear policies for identifying and separating the functions and responsibilities of the Board and Management, Chairman as well as the President and Managing Director in ensuring the smooth running of the Group's business and operations.

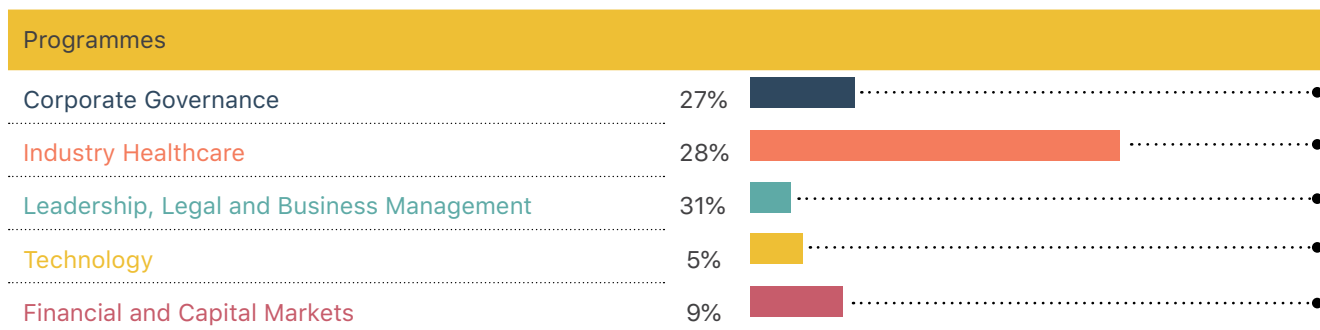
These are enshrined in the Board Charter, which has been updated in 2019 to be in line with the practices of MCCG and the Companies Act 2016 and due to the current composition in the Board, it has been revised in 2020. The full extent of Board responsibilities including Code of Conduct is available at [https://kpj.listedcompany.com/board\\_charter.html](https://kpj.listedcompany.com/board_charter.html)

## CONTINUING EDUCATION PROGRAMMES

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board Members.

Directors also received further training from time to time through Continuous Education Program (CEP), particularly on relevant laws, regulations, changing commercial risk and environment as required by Paragraph 15.08(3) of the Main LR. During the year, the Board members have attended trainings/ programmes organised by various parties as disclosed under Practice 2.1 of the CG Report.

## 2019 DIRECTORS' TRAINING FOCUS AREAS



## BOARD COMPOSITION

The composition of the Board of Directors is as follows:

- One Independent Non-Executive Chairman;
- One President and Managing Director; and
- Three Non-Independent Non-Executive Directors;
- Eight Independent Non-Executive Directors;

The present size and composition remains well-balanced and is made up of professionals with a wide range of knowledge and experience in business, operations and finance, all relevant to the direction of a large, expanding Group. The profiles of all Board Members, comprising of their qualification, experience and calibre are disclosed on pages 103 to 115 of this Integrated Report.

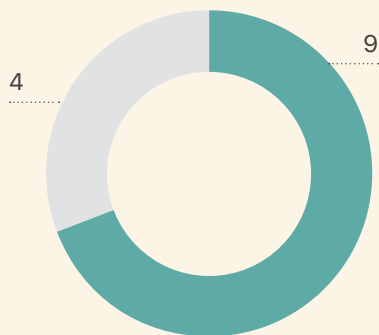
The Board, through the Nomination and Remuneration Committee (NRC), undertakes a rigorous evaluation each year in order to assess how well the Board, its Committees, the Directors and the Chairman are performing, including assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times.

The Board also approved the NRC's recommendation that the Board size be increased to 13 from 12 directors previously.

The current composition of the Board Members has the appropriate mix of diversity, skills, experience and capabilities.

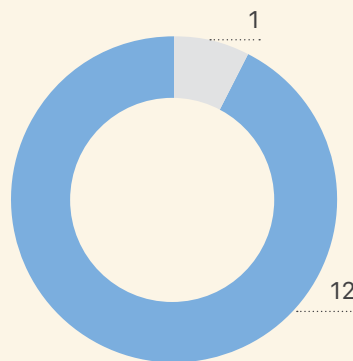
### BALANCE

INED	69%	9
NINED	31%	4



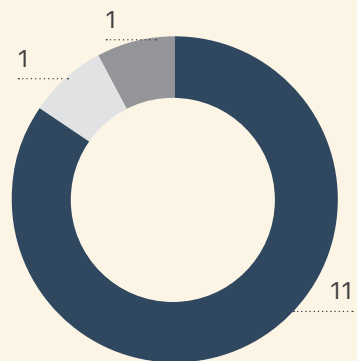
### GENDER DIVERSITY

Female	8%	1
Male	92%	12

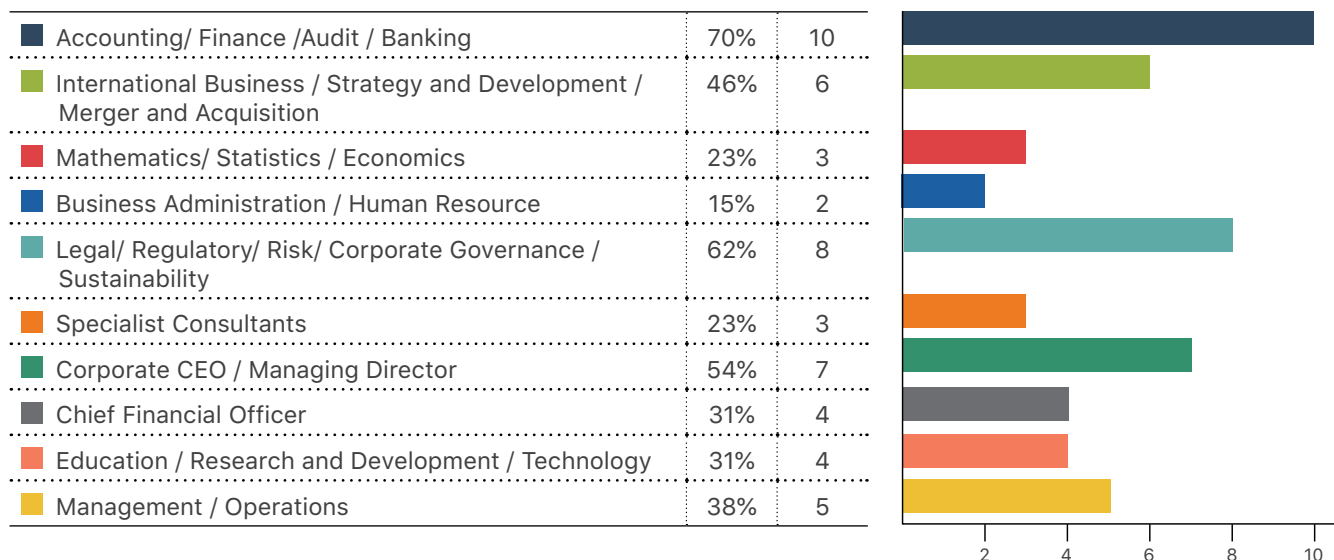


### TENURE (YEARS)

0-3	84%	11
3-6	8%	1
6-9	8%	1



## EXPERIENCE AND SKILLS



## MEETING CALENDAR 2019

	BOD	ACM	RGC	DPC	NRC	MAC	ESOS
<b>Non Independent Non-Executive Director</b>							
Dato' Kamaruzzaman bin Abu Kassim	8/8				3/3		1/1
Zulkifli bin Ibrahim	6/8			3/4			
Mohd Sahir bin Rahmat	8/8			4/4			
<b>Independent Non-Executive Director</b>							
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	8/8			4/4	3/3		1/1
Prof Dato' Dr. Azizi bin Haji Omar	8/8	5/5	4/4	4/4		4/4	
Dato' Dr. Zaki Morad bin Mohamad Zaher	8/8			4/4		4/4	
Dato' Muthanna bin Abdullah	8/8	5/5	4/4		3/3		1/1
Christina Foo	8/8	5/5	4/4				
Dato' Dr. Bajit Kor A/P Teja Singh	8/8	5/5	4/4		3/3	4/4	
<b>Executive/Managing Director</b>							
Dato' Amiruddin bin Abdul Satar	8/8					4/4	
Aminudin bin Dawam	8/8						
Jasimah binti Hassan	8/8		4/4			4/4	
<b>Total number of meetings</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>1</b>

■ Chairman



## BOARD REMUNERATION 2019

The Board has in place a Board Remuneration Policy governing the remuneration of directors and believes that the levels of remuneration offered by the Group are sufficient to attract directors of calibre with sufficient experience and talent to contribute to the performance of the Group. The Non-Executive Directors are remunerated based on fixed annual director's fees and fixed meeting allowances.

In 2019, we have appointed external auditors, Messrs KPMG Management & Risk Consulting Sdn Bhd (KPMG) to conduct a Remuneration Benchmarking for Board and Board Committees of the Company. The outcome of the benchmarking indicated that the board remuneration

was lagged behind the Company's key comparators. The current Board Remuneration Policy was approved by the shareholders of the Company at the 26th AGM held in April 2019.

The revised remuneration framework applicable for the President and Managing Director and Executive Director has the underlying objective of attracting and retaining an executive director needed to manage the Company successfully. It is structured to commensurate with the achievement of corporate targets set by the Board and their individual performance. Their remuneration packages have been reviewed by the NRC and approved by the Board.

	Salary & Others	Allowance & Fees	Fees from subsidiaries	Benefit in Kind	Total
<b>Non-Executive Director</b>					
Dato' Kamaruzzaman bin Abu Kassim	-	*241,000	-	-	241,000
Zulkifli bin Ibrahim	-	*131,250	-	-	131,250
Mohd Sahir bin Rahmat	-	*134,750	-	-	134,750
<b>Independent Non-Executive Directors</b>					
Prof Dato' Dr. Azizi bin Haji Omar	-	225,400	-	-	225,400
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	-	171,500	48,000	26,238	245,738
Dato' Dr. Zaki Morad bin Mohamad Zaher	-	405,000	-	-	405,000
Dato' Muthanna bin Abdullah	-	388,500	-	-	388,500
Dato' Dr. Bajit Kor A/P Teja Singh	-	197,400	-	-	197,400
Christina Foo	-	198,500	-	-	198,500
<b>Executive/Managing Director</b>					
Dato' Amiruddin bin Abdul Satar	1,324,552	683,800	-	68,150	2,076,502
Aminudin bin Dawam	967,812	469,598	-	45,866	1,483,276
Jasimah binti Hassan	1,083,900	300,823	-	36,064	1,420,787

\* Directors Fees & Committee Fees paid to JCorp as Corporate Fees

## PRESIDENT AND MANAGING DIRECTOR

According to Corporate Governance Monitor 2019 (CG Monitor 2019), KPJ ranked at 69th position in CEO remuneration among the top 100 listed companies on the Main Market of Bursa Malaysia. The CG Monitor 2019 presented information available as at 31 December 2018. KPJ was in the median CEO remuneration at RM1,634,006, ranges from RM1 million to RM7.98 million across 13 sectors.

The President and Managing Director's single total pay, along with the minimum and maximum pay (employees) for 2019 tabled as below:

Annual Pay (RM)				
President and Managing Director			RM2,076,502	
Employees	Mean	Median	Lowest	Highest
Annual Pay (RM)	138,445	70,075	27,716	1,001,139
Salary Ratio	15.0 : 1	29.6 : 1	74.9 : 1	2.1 : 1

## SENIOR MANAGEMENT

The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate and reward our employees. The performances are measured based on the relative performance of the Company and individual employees' achievement to meet business needs and objectives.

The remuneration of the top five Senior Management (including salary, bonus, benefit in kind and other emoluments) for the financial year ended 31 December 2019 ranged as follows:

Name	Designation	Range of Remuneration (RM)
Datin Sabariah Fauziah binti Jamaluddin	Vice President	1,000,000 – 1,050,000
Mohd Johar bin Ismail	Vice President	850,000 - 900,000
Ahmad Nasiruddin bin Harun	Senior General Manager	750,000 - 800,000
Norhaizam binti Mohammad	Vice President	650,000 - 700,000
Mohd Nasir bin Mohamed	Senior General Manager	650,000 - 700,000

## BOARD COMMITTEES

The Board, as part of its leadership role coordinates and delegates specific responsibilities to several Committees to facilitate the operations of the Group at the Board and Management level. Each Committee has written terms of reference defining its scope, powers and responsibilities.

These Committees have the authority to examine particular issues and report back to the Board with their findings and recommendations. The ultimate responsibility for the final decisions and recommendations on all matters emanating from these Committees, however, lies with the entire Board.

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GOVERNANCE

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### NOMINATION & REMUNERATION COMMITTEE

**DATUK MOHD RADZIF BIN MOHD YUNUS (CHAIRMAN) – INED (a)**  
**PROF. DATO' DR. AZIZI BIN HAJI OMAR – INED (b)**  
**MOHAMED RIDZA BIN MOHAMED ABDULLA – INED (b)**  
**DATO' MOHD REDZA SHAH BIN ABDUL WAHID – INED (b)**  
**SHAMSUL ANUAR BIN ABDUL MAJID – NINED (b)**  
**DATO' YUSLI BIN MOHAMED YUSOFF (CHAIRMAN) – INED (c)**  
**DATO' KAMARUZZAMAN BIN ABU KASSIM (CHAIRMAN) – NINED (d)**  
**TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR – INED (c)**  
**DATO' MUTHANNA BIN ABDULLAH – INED (e)**  
**DATO' DR. BAJIT KOR A/P TEJA SINGH – INED (f)**

#### Roles and Responsibilities

The NRC is responsible to ensure that there is an effective and orderly succession planning in the Group. NRC is also responsible for formulating the nomination, selection and succession for the Group's key management positions.

### ACTIVITIES IN 2019/2020

- Considered the significant changes to the Board in April and May 2020, involving the appointment of seven INED and five NINED
- Reviewed the size and composition of the BOD to ensure an appropriate balance of skills, experience and diversity and all package meets the needs of the Company
- Oversee the selection and assesment of Directors
- Recommended the appointment of Board Committee members and other changes
- Recommended the revised remuneration proposed by KPMG for the Board and Board Committees

### PRIORITIES IN 2020

- Review of top management succession planning
- Review routine matters such as performance bonus and increment for Senior Management and all employees.

Note:

- (a) Appointment as Chairman of NRC w.e.f 7 May 2020  
 (b) Appointment as Member of NRC w.e.f 7 May 2020  
 (c) Resigned as Chairman of NRC w.e.f 7 May 2020  
 (d) Resigned as Chairman of NRC w.e.f 15 January 2020  
 (e) Resigned as Member of NRC w.e.f 31 March 2020  
 (f) Resigned as Member of NRC w.e.f 7 May 2020



## DEVELOPMENT & PROCUREMENT COMMITTEE (DPC)

**DATUK MOHD RADZIF BIN MOHD YUNUS (CHAIRMAN) – INED (a)**  
**DATO' MOHD REDZA SHAH BIN ABDUL WAHID – INED (b)**  
**KHAIRUDDIN BIN JAFLUS – INED (b)**  
**DATO' DR. SIVAMOHAN A/L S. NAMASIVAYAM – INED (b)**  
**ROZAINI BIN MOHD SANI – NINED (b)**  
**TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR (CHAIRMAN) – INED (c)**  
**ZULKIFLI BIN IBRAHIM – NED (d)**  
**PROF DATO' DR. AZIZI BIN HAJI OMAR – INED (e)**  
**DATO' DR. ZAKI MORAD BIN MOHAMAD ZAHER – INED (e)**

### Roles and Responsibilities

The DPC (formerly known as Building & Tender Board Committee (BTBC)) oversees the timeline and costing of each project undertaken by the Group and to address any issues relating to these projects. DPC also evaluates, deliberates and approves the recommendations made by the Management to award major contracts and tenders to selected contractors for the Board's approval.

## ACTIVITIES IN 2019

- Reviewed and approved on the amendment of a few standard practices in the contract with Consultants and Contractors, in line with new contract requirement
- Reviewed the progress of various development projects and approved variations to project time lines and costs.
- Reviewed the project development cost and Project Cost Saving initiatives by Project Management Services
- Reviewed and approved the award tender to the Board

## PRIORITIES IN 2020

Focus in 2020 include in overseeing the tender process and monitoring of New and Existing Hospital Development and Expansion, New and Existing Infrastructure, Hospital or Healthcare Equipment and Procurement Process.

### Note:

- (a) Appointment as Chairman of DPC w.e.f 7 May 2020
- (b) Appointment as Member of DPC w.e.f 7 May 2020
- (c) Resigned as Chairman of DPC w.e.f 31 March 2020
- (d) Resigned as Member of DPC w.e.f 31 March 2020
- (e) Resigned as Member of DPC w.e.f 7 May 2020



## EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

**DATO' SERI (DR.) MOHAMED AZAHARI BIN MOHAMED KAMIL (CHAIRMAN) – NINED (a)**  
**CHRISTINA FOO – INED (b)**  
**DATO' DR. NGUN KOK WENG – INED (b)**  
**ROZAINI BIN MOHD SANI – NINED (b)**  
**DATO' KAMARUZZAMAN BIN ABU KASSIM (CHAIRMAN) – NINED (c)**  
**TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR – INED (d)**  
**DATO' MUTHANNA BIN ABDULLAH (d)**

### Roles and Responsibilities

The ESOS Committee is to administer the implementation of the ESOS in accordance with objectives and rules as stated in the By-Law. The Committee shall carry out such duties that may be delegated by the Board.

## ACTIVITIES IN 2019

- Proposed to the Board in extending the existing ESOS expired on 27 February 2020 for another three years until 27 February 2023

### Note:

- (a) Appointment as Chairman of ESOS w.e.f 7 May 2020
- (b) Appointment as Member of ESOS w.e.f 7 May 2020
- (c) Resigned as Chairman of ESOS w.e.f 31 March 2020
- (d) Resigned as Member of ESOS w.e.f 31 March 2020



## INVESTMENT COMMITTEE (IC)

**DATO' MOHD REDZA SHAH BIN ABDUL WAHID (CHAIRMAN) – INED**  
**DATUK MOHD RADZIF BIN MOHD YUNUS – INED**  
**CHRISTINA FOO – INED**  
**MOHAMED RIDZA BIN MOHAMED ABDULLA – INED**  
**SHAMSUL ANUAR BIN ABDUL MAJID – NINED**

### Roles and Responsibilities

The IC is a new committee formed on 7 May 2020 that reviews the Group's Strategic Plan developed by Management in its effort to enhance shareholders' value. The committee also reviews and recommends the Group's Investment matters for the Board's approval.

## PRIORITIES IN 2020

- To review the specific initiative project and potential investment's proposed by management

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## PRINCIPLE B

## EFFECTIVE AUDIT AND RISK MANAGEMENT

## AUDIT COMMITTEE (AC)

The AC currently comprises four INED and financially literate.

Company Secretaries (CoSec) will arrange the meetings' schedule in advance to coincide with the dates within the financial reporting cycle.



## AUDIT COMMITTEE (AC)

**CHRISTINA FOO (CHAIRMAN) – INED (a)**  
**PROF DATO' DR. AZIZI BIN HAJI OMAR – INED**  
**DATO' DR. NGUN KOK WENG – INED (b)**  
**KHAIRUDDIN BIN JAFUS – INED (b)**  
**DATO' MUTHANNA BIN ABDULLAH (CHAIRMAN) – INED (c)**  
**DATO' DR. BAJIT KOR A/P TEJA SINGH – INED (d)**

## Roles and Responsibilities

The Audit Committee (AC) ensures transparency, integrity and accountability in the Group's activities to safeguard the rights and interests of the shareholders. At the same time assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices. The AC is also responsible to improve the Group's business efficiency, the quality of the accounting and audit function as well as strengthen public confidence in the Group's reported financial results. AC also ensures the independence of the External and Internal Audit functions within the Group.

## ACTIVITIES IN 2019

- Reviewed the quarterly financial results before recommending the same to Board for approval.
- Reviewed the related party transactions and recurrent related party transactions.
- Initiated the assessment for the technological risks of the hospital core systems as well as the maturity assessment of Enterprise Risk Management.
- Assessed the credibility and effectiveness of Internal Audit Services (IAS) in providing assurance, consulting services to the Board, Management and other interested parties via Quality Assurance Review (Post Review) by Consultants.
- Reviewed and approved Audit Charter in line with the International Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors (IIA).
- Reviewed and recommended the revision of the Audit Committee's Terms of Reference for Board approval.

## PRIORITIES IN 2020

- Assess the effectiveness of the process and adherence to SOP by the Management and staff at all Hospitals/Subsidiaries in order to ensure an efficient and sound control system.
- Assess the effectiveness of the mitigation action taken for the assessment on the technological risks identified in KPJ's computing environment to support the Hospital's operation.
- Review the revised Consolidated Strategic Internal Audit Plan and Audit Management System as a tool for IAS as one of the areas of improvement recommended by the Consultants.
- Review conceptual Framework for Financial Reporting (revised 2018) which enable preparers to develop consistent policies effective on 1 January 2020.

More details of activities done by AC in 2019 can be found in the Audit Committee Report at pages 155 to 158.

## Note:

- (a) Redesignation to Chairman of AC w.e.f 7 May 2020
- (b) Appointment as Member of AC w.e.f 7 May 2020
- (c) Resigned as Chairman of AC w.e.f 31 March 2020
- (d) Resigned as Member of AC w.e.f 7 May 2020

## REVIEW OF THE PERFORMANCE OF AC

The annual review of the composition and performance of AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the Board Effectiveness Evaluation (BEE).

## RELATIONSHIP WITH EXTERNAL AUDITORS

A dialogue was held between AC, IA, Finance and the external auditors to discuss on the External Auditors audit plan, report, internal controls issues and procedures. The performance of external auditors was assessed and the AC recommended their appointment and remuneration to the Board.

## POLICY ON WHISTLE-BLOWING

The Group has a Policy on Whistle-Blowing that enables employees, stakeholders (i.e. shareholders / suppliers / customers) and any other parties to report genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

The Policy covers, inter-alia, three (3) tiers of whistle-blowing reporting line, comprising the President and Managing Director, the Chairman of the Audit Committee and the Chairman of the Board, to facilitate whistle-blowing activities according to different possible circumstances.

The address and contact details of the above are stated in the policy at <https://kpj.listedcompany.com/whistleblowing.html>

The objective of this channel is to encourage the reporting of such matters in good faith, the confidence that employees or any party making such report are protected against any retaliation.

As a healthcare service provider, the Board considers the clinical risks from its hospital operations to be the primary risk area. The Board delegates its powers to the Medical Advisory Committee (MAC) to provide oversight on all clinical governance, risks and control matters.

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## RISK & GOVERNANCE COMMITTEE (RGC)

**MOHAMED RIDZA BIN MOHAMED ABDULLA (CHAIRMAN)**  
– INED (a)

**DATO' DR. NGUN KOK WENG** – INED (b)

**DATUK SERI (DR.) MOHAMED AZAHARI BIN MOHAMED KAMIL** (b)

**KHAIRUDDIN BIN JAFLUS** – INED (b)

**DATO' DR. SIVAMOHAN A/L S. NAMASIVAYAM** – INED (b)

**CHRISTINA FOO (CHAIRMAN)** – INED (c)

**DATO' DR. ZAKI MORAD BIN MOHAMAD ZAHER** – INED (d)

**DATO' MUTHANNA BIN ABDULLAH** – INED (e)

**JASIMAH BINTI HASSAN** – SENIOR VICE PRESIDENT (d)

**PROF DATO' DR. AZIZI BIN HAJI OMAR** – INED (d)

### Roles and Responsibilities

The committee changed its name from Risk & Sustainability Committee (RSC) to Risk & Governance Committee (RGC) in May 2020, to enhance its oversight on Governance. The RGC oversees the overall risk exposure and risk management matters relating to any material clinical and non-clinical risk identified. RGC will recommend to the Board for any changes in the policy, framework, standards and procedures where applicable. At the same time, the RGC also monitors the appropriateness of KPJ strategies in addressing material stakeholder sustainability concerns and ensure its compliance with sustainability policy and reporting requirement.

## ACTIVITIES IN 2019

- Reviewed and recommended the KPJ Risk Framework & Guidelines and risk appetite for adoption throughout the Group
- Overseen the migration of ISO3100:2018 Risk Management standard in line with KPJ ISO certification in preparation for the ISO surveillance audit cycle.
- Assessed and deliberated on the KPJ Risk's status of risk identification on business, financial, strategic, IT, legal and patient care related.
- \* Overseen the evaluation and control of risk on price drugs control, delay in greenfield hospital development project, IT related matters, medication related incident and patient fall.
- Reviewed and recommended the Risk Management guidelines, policies, TOR that related to Corporate Governance in managing risks.
- Reviewed the progress updates of Economic, Environment and Social impact (EES) and sustainability initiatives undertaken
- Reviewed the 2019 CG Report, Sustainability Report and Integrated Report including CG Overview and SORMIC and recommended the same to the Board.
- Noted on the Group's action in managing Covid-19 and Influenza Outbreak

## PRIORITIES IN 2020

- To enhance the KPJ risk strategy and appetite link to the KPJ's Corporate Strategy.
- To enhance the promotion of healthy risk culture and keeping abreast with new and emerging risks and discuss possible mitigation plans.
- To review from time to time and focus on top key-risks affecting the Group

More details of the activities undertaken by RGC in 2019 can be found at the SORMIC section on pages 159 to 165.

Note:

- (a) Appointment as Chairman of RGC w.e.f 7 May 2020
- (b) Appointment as Member of RGC w.e.f 7 May 2020
- (c) Resigned as Chairman of RGC w.e.f 7 May 2020
- (d) Resigned as Member of RGC w.e.f 7 May 2020
- (e) Resigned as Member of RGC w.e.f 31 March 2020



## MEDICAL ADVISORY COMMITTEE (MAC)

**DATO' DR. ZAKI MORAD BIN MOHAMAD ZAHER (CHAIRMAN MAC)**  
**DATO' AMIRUDDIN BIN ABDUL SATAR - PMD**  
**DATUK DR. HUSSEIN BIN AWANG (CHAIRMAN, MEDICAL DIRECTORS' MEETING)**  
**DATO' DR. SIVAMOHAN A/L S. NAMASIVAYAM (CHAIRMAN CGPC) – INED**  
**PROF. (C) DATO' DR. SHAHRUDIN BIN MOHD DUN (CHAIRMAN CGAC)**  
**DATO' DR. NGUN KOK WENG (CHAIRMAN CRMC) – INED**  
**DATO' DR. FADZLI CHEAH (CHAIRMAN) (CREC)**  
**PROF. DATO' DR. AZIZI HAJI OMAR (CHAIRMAN RQIC) – INED**  
**DR. MOHD HAFETZ BIN AHMAD (CHAIRMAN CREC)**  
**DATO' DR. BAJIT KOR A/P TEJA SINGH**  
**JASIMAH BINTI HASSAN - SENIOR VICE PRESIDENT**  
**GUNAVATHY KALEE (CEO, PHARMASERV)**

### Roles and Responsibilities

The MAC develops and monitors clinical governance activities and guidelines of the KPJ Group of Hospitals. The committee ensures that the best clinical governance activities and guidelines are adopted and practised by the Group in order to strengthen existing systems for quality control, based on clinical standards, evidence based practice and lessons learnt from past cases. To monitor Patient Safety, Quality of Care and Enhancing Clinical Performance.

## ACTIVITIES IN 2019

- Developed new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence based processes are in place. There were 11 new policies approved and nine policies were updated.
- Reviewed clinical governance and reporting clinical outcomes by doctors
- Reviewed the activities for clinical compliance including accreditation standards and 25 clinical surveys.
- Monitored performance and patient outcomes such as clinical indicators and quality indicators for Accident and Emergency Services (A&E). All five A&E indicators met target.
- Introduced new services in line with new technology in meeting customers' expectations and endeavour to provide a safe healing environment.

## PRIORITIES IN 2020

- To monitor the execution of policy, procedures and guidelines for patient safety and satisfactory clinical outcomes

More details of the activities undertaken by MAC in 2019 can be found at the Medical Advisory Committee Report on pages 166 to 174.

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## TENDER EVALUATION COMMITTEE (TEC) MANAGEMENT

**AMINUDIN BIN DAWAM (CHAIRMAN) – SENIOR VICE PRESIDENT**  
**JASIMAH BINTI HASSAN – SENIOR VICE PRESIDENT**  
**AHMAD NASIRRUDDIN BIN HARUN – SENIOR GENERAL MANAGER**  
**ROSLAN BIN AHMAD – SENIOR GENERAL MANAGER**  
**UTHAYA KUMAR – SENIOR GENERAL MANAGER**

### Roles and Responsibilities

Evaluate and make its recommendations to the BTB on major purchases, acquisitions or disposal of assets, awards of contracts and appointments of consultants/advisors of the Group.

## ACTIVITIES IN 2019

- Recommended tender for Hospital Development and IT projects to DPC
- Revised tender evaluation by adding Quality Assurance and Quality Control (QAQC) Procedures

## PRIORITIES IN 2020

- To encourage prospective contractors to practice sustainable business
- To review the contractors evaluation process



## PRINCIPLE C



## INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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The Group understands that one of its major responsibilities is to provide sufficient and timely information as and when necessary to its shareholders and investors, as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors.

As part of the Group's commitment to promote a high level of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations function. The President and Managing Director and senior management personnel hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance.

The Senior Management personnel involved in Investor Relations activities are:

- Dato' Amiruddin bin Abdul Satar - President and Managing Director
- Mohd Sahir bin Rahmat - Senior Vice President - Corporate Affairs
- Norhaizam binti Mohammad - Vice President - Group Finance & Investor Relations Services
- Khairul Annuar bin Azizi - General Manager - Risk & Compliance (until 31 May 2020)

Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as privileged material information about the Group will be safeguarded until such time that such information has been announced to Bursa Securities Malaysia as required by the MMLR.

All shareholders have an equal access to information. The Group has established formal channels to engage with shareholders and stakeholders:

### COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

- Integrated Report, Sustainability Report, Corporate Brochures, Fact Sheets, Notice of AGM
- Announcements to Bursa Malaysia Securities
- Website Updates on all corporate communication

### ANNUAL GENERAL MEETING

- Primary engagement platform between the Board and the shareholders
- 28-day notice was given for the AGM held on 9 July 2020
- Attended by all Board members
- Business presentation by President & Managing Director and the Chairman encourage shareholder to participate in Q&A session
- Electronic poll voting on all resolutions and immediate announcement of results during AGM and included in the key matters discussed which uploaded on our website.
- In line with KPJ's EES initiatives which encourage green environment the shareholders will able to access our Integrated Reports online instead of hard copy distribution.
- The report and proxy form can be downloaded at <https://kpj.listed.com/ar.html>

### COMMUNICATION VIA MASS MEDIA

- Media Interview on Corporate Developments
- Social Media established on most popular social media platform at Group level and subsidiaries

### ENGAGEMENT WITH ANALYSTS AND INVESTORS

- Analyst/ Investor Meetings
- IR Roadshow
- Quarterly Results and Audited Annual Financial Statement
- 16 Equity Research coverage on KPJ
- Hospital Visits by Analysts/Fund Managers and Shareholders - meeting hospital's management and touring the facilities, to get a better understanding about hospital's operations

## INVESTOR RELATIONS INFORMATION

## Investor Relations Activities

There was strong interest shown amongst analysts and fund managers to get the latest updates on KPJ, especially on the progress of KPJ's Malaysian hospital network expansion, business and financial performance of Malaysian, Indonesian, Australian and Bangladeshi operations.

## Share Quote

Market : Main  
Sector : Healthcare

Stock: 5878

## Share Price

High : RM1.10  
Low : RM0.87  
Close : RM0.945



FTSE4Good

KPJ Healthcare Berhad is a constituent of the FTSE4Good Index since 20 June 2016

## LARGE GROUP MEETING

13 March 2019	<b>Kuala Lumpur</b> , Menara KPJ Dialogue Session with KPJ's President and Managing Director, CIMB
5 March 2019	<b>Kuala Lumpur</b> , Menara KPJ President and Managing Director and Management Private and strategic meeting between EPF's CEO and delegates with KPJ's key management.
4 September 2019	<b>Kuala Lumpur</b> , Menara KPJ President and Managing Director and Executive Director met analysts and fund managers (Nomura)

## ONE-ON-ONE MEETINGS/INVESTOR CONFERENCES

3 January	<b>Kuala Lumpur</b> CIMB 11th Annual Malaysia Corporate Day
19 September	<b>Kuala Lumpur</b> Healthcare Day organised by UOB Kay Hian
14-19 October	<b>USA</b> Non-Deal- Roadshow DBS Vickers, US
FY 2019	<b>One-on-one meetings</b> 52 meetings and met 165 analysts and fund managers

## SUMMARY OF ACTIVITIES

	Meetings/Tele-conferences	Investor Conferences
2019	52	3
2018	51	4

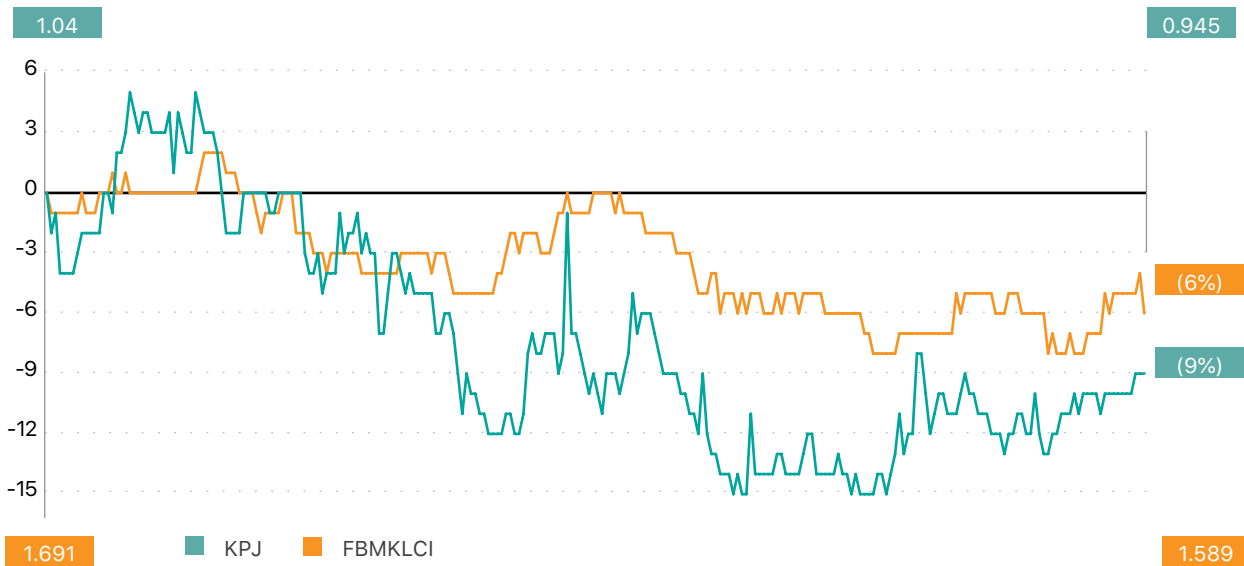
## GENERAL MEETING

Date	Meetings	Venue	Agenda
19 April	26th Annual General Meetings	The Puteri Pacific, Johor Bahru	Re-election and new appointment of directors and presentation of Company's Performance

### KPJ Shares Performance

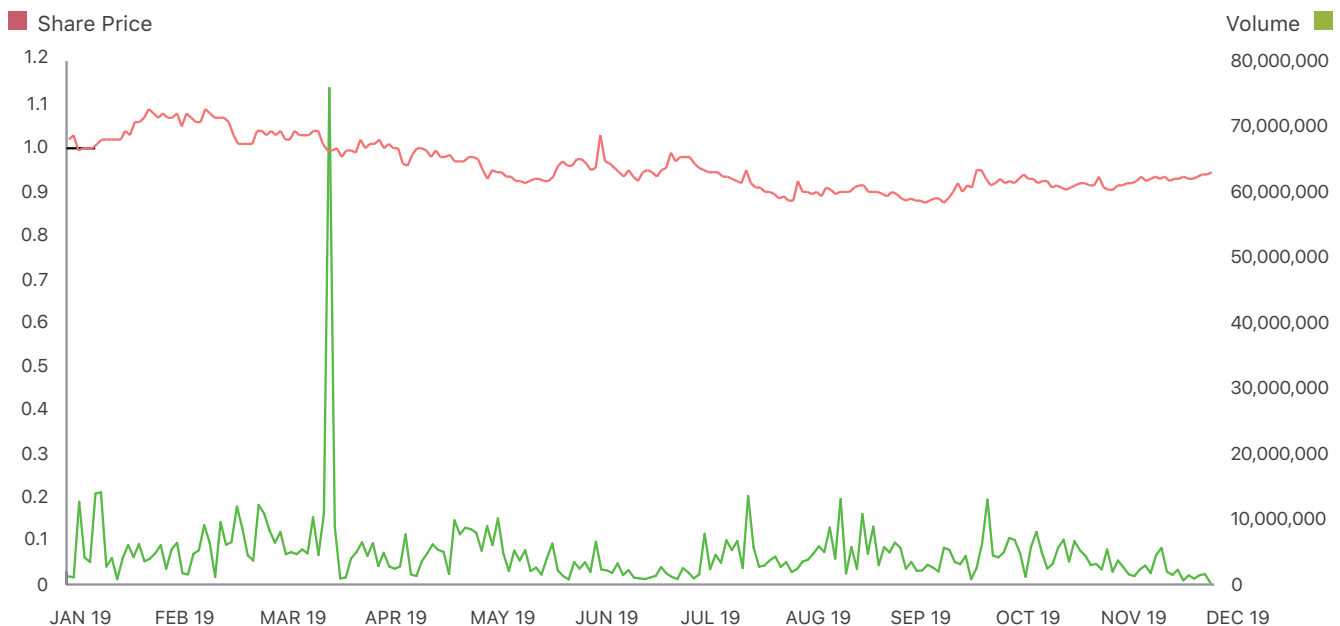
2019 was a challenging and turbulent year which saw significant investment funds shifting away from emerging markets including Malaysia. Against this backdrop, KPJ share performance throughout the year closed at RM0.945 compared to RM1.04 in 2018. This represented a 9% decrease in KPJ Share price performance, compared to the drop in FBMKLCI performance of 6%.

KPJ Share Price vs FBMKLCI as at 31 December 2019



### KPJ Price and Volume Traded

Year-on-year, the closing price of 2019 was RM0.945 represented a decrease of 9.5 sen or 9% compared to 2018 closing price of RM1.04.



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### Individual Shareholders

After the share split in 2017, KPJ has attracted the interest of retail investors. As at 31 December 2019, the number of Individual shareholders increased by 19% to 6,312 shareholders from 5,290 shareholders previously.

As at 31 December, the number of Individual Shareholders:

YEAR	SHAREHOLDERS	SHARE
2015	3,485	222,987,676
2016	3,346	208,581,404
2017	4,597	233,944,657
2018	5,290	222,683,811
2019	6,312	250,414,418

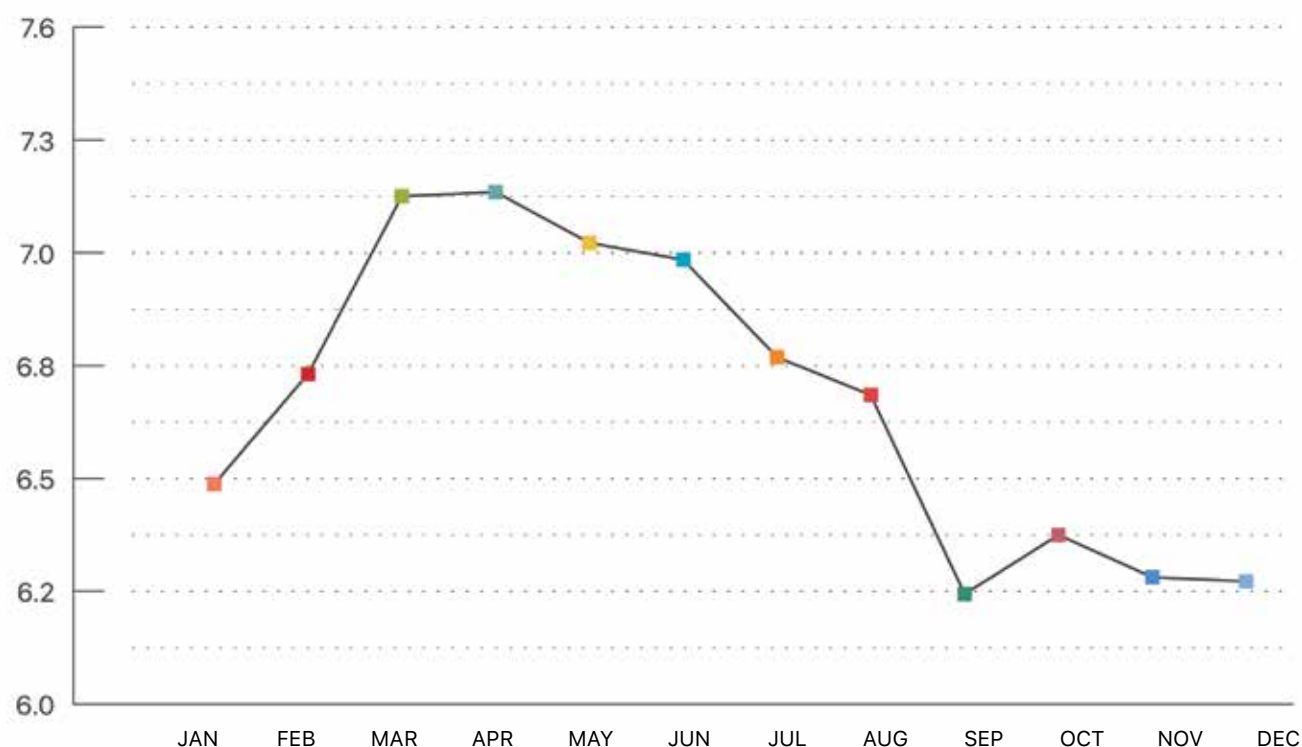
### KPJ Share Price (Quarterly)

Quarter	4Q2019	3Q2019	2Q2019	1Q2019
Volume	130,031,200	279,795,400	203,793,000	393,458,400
Daily Average	2,031,738	4,586,810	3,396,550	6,668,786
Closing Price (RM)	0.945	0.885	0.935	0.98
High (RM)	0.96	0.99	1.03	1.10
Low (RM)	0.87	0.87	0.92	0.98
Trading Range (sen)	0.09	0.12	0.11	0.12

### KPJ Share Price (5 years)

	YEAR END				
	2019	2018	2017	2016	2015
Market Cap RM (billion)	4.2	4.6	4.2	4.4	4.4
Closing Price (RM)	0.945	1.04	0.97	1.05	1.06
High (RM)	1.10	1.15	1.14	1.1	1.11
Low (RM)	0.87	0.84	0.90	1.02	0.90
Foreign Shareholding (Shares)(%)	6.29	6.67	7.45	8.80	8.94

## Foreign Shareholding



## Dividend

In respect of the financial year ended 31 December 2019, the Group declared and paid the following interim payments:

- First interim single tier dividend of 0.50 sen per share on 4,319,667,986 ordinary shares, declared on 19 February 2019 and paid on 19 April 2019.
- Second interim single tier dividend of 0.50 sen per share on 4,322,068,715 ordinary shares, declared on 31 May 2019 and paid on 28 June 2019.
- Third interim single tier dividend of 0.50 sen per share on 4,284,117,355 ordinary shares, declared on 30 August 2019 and paid on 10 October 2019.
- Fourth interim single tier dividend of 0.50 sen per share on 4,278,001,795 ordinary shares, declared on 28 November 2019 and paid on 14 February 2020.
- The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2019.

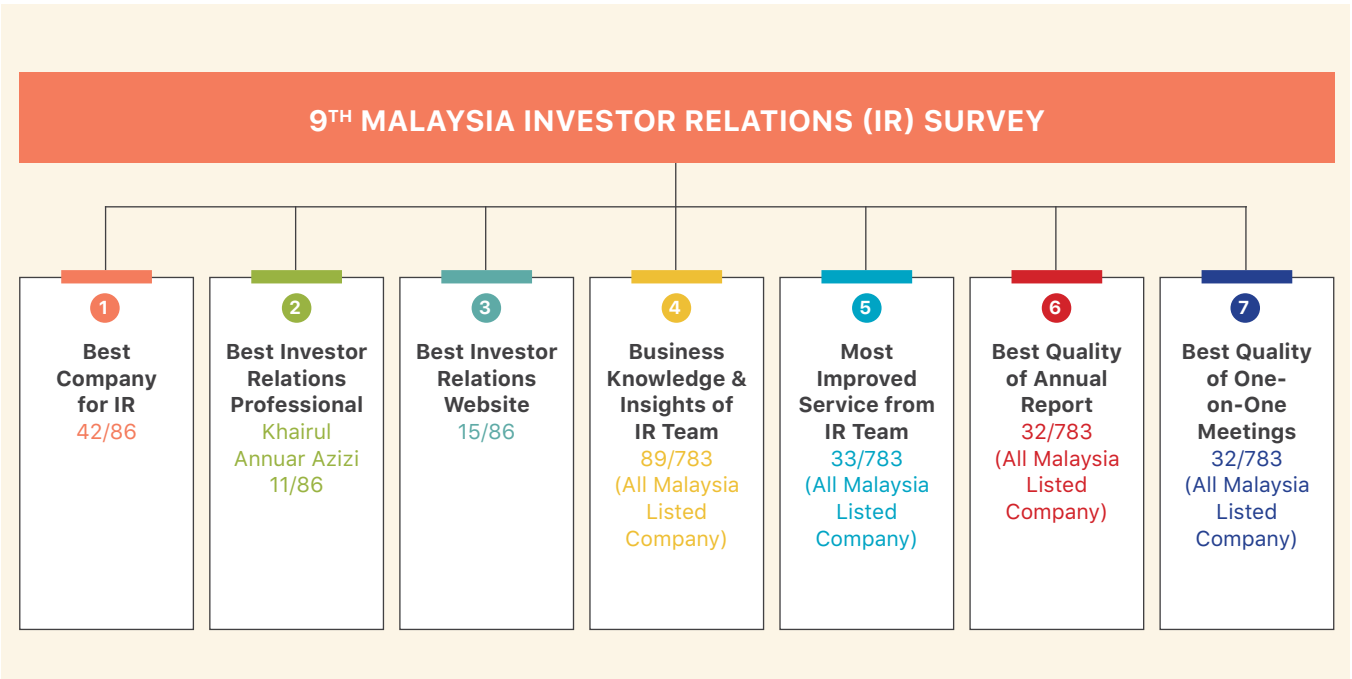
Interim	Date declared	Date paid	Cents per share	No. of share	RM'million
1st	19-Feb-2019	19-Apr-2019	0.50	4,319,667,986	21.60
2nd	31-May-2019	28-Jun-2019	0.50	4,322,068,715	21.61
3rd	30-Aug-2019	10-Oct-2019	0.50	4,284,117,355	21.42
4th	28-Nov-2019	14-Feb-2020	0.50	4,278,001,795	21.39



MALAYSIA INVESTOR RELATIONS AWARDS 2019 (IR AWARDS)

The Investor Relations Awards 2019 (IR Awards) is the largest annual event in the Malaysian Investor Relations Association’s (MIRA) calendar. The awards is one of the culmination and dedicated initiatives for the Association in advancing and promoting good IR practices among listed entities in Malaysia.

In 2019, KPJ was nominated in the 9th Malaysia Investor Relations (IR) Survey and the results were as follows:



In partnership with KPMG Management and Risk Consulting Sdn Bhd, the awards were presented as a result of a survey undertaken between June to August 2019 by a media consultancy firm focusing on evaluating and rating the IR-related activities conducted by Malaysian companies and corporate individuals/professionals in 2018.

Over 1,500 legitimate investment professionals covering stocks in Bursa Malaysia were invited to take part in the survey.

# AUDIT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE

### Composition of Members

The Audit Committee ("AC") comprises four members, all of whom are Independent Non-Executive Directors, and also members of the Board of KPJ Healthcare Berhad; which satisfy the requirements of Paragraph 15.09 (1)(a) and (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR).

The composition of the AC and the record of their attendance at AC meetings held during the financial year are as follows:

NAME OF MEMBER	STATUS OF DIRECTORSHIP	NO. OF MEETINGS ATTENDED
<b>Christina Foo(a)</b> Chairman	Independent Non-Executive Director	5/5
<b>Prof Dato' Dr Azizi Bin Haji Omar</b> Member	Independent Non-Executive Director	5/5
<b>Dato' Dr Ngun Kok Weng (b)</b> Member	Independent Non-Executive Director	NIL
<b>Khairuddin Bin Jaflus (b)</b> Member	Independent Non-Executive Director	NIL
<b>Dato' Muthanna Abdullah (c)</b> Former Chairman	Independent Non-Executive Director	5/5
<b>Dato' Dr Bajit Kor A/P Teja Singh (d)</b> Former Member	Independent Non-Executive Director	5/5

- (a) Redesignation to Chairman of AC w.e.f 7 May 2020  
(b) Appointment as Member of AC w.e.f 7 May 2020

- (c) Resigned as Chairman of AC w.e.f 31 March 2020  
(d) Resigned as AC Member w.e.f 7 May 2020

The Chairman of the AC, Christina Foo is a Chartered Accountant of the Malaysian Institute of Accountants. This meets the requirement of Paragraph 15.09 (1)(c) of the MMLR which stipulates at least one of the AC members fulfils the financial expertise requisite.

Collectively, AC members are qualified individuals having the essential skills and expertise to discharge the AC's functions and duties. AC's financial literacy and ability to understand the financial reporting process have contributed to the AC's discussion in upholding the integrity of the Company's financial reporting process and financial statements.

The annual review of the composition and performance of the AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the Board Effectiveness Evaluation.

### Attendance

AC meetings for 2019 were pre-arranged in December 2018 and communicated to the members early to ensure their time commitment. A minimum of four (4) meetings a year were planned, although additional meetings were called when required at the Chairman's discretion.

The quorum for all five (5) meetings held during financial year 2019 was fulfilled. The meetings were held on 14 February 2019, 14 May 2019, 8 August 2019, 4 November 2019 and 27 November 2019 respectively.

The Company Secretaries act as the AC's Secretary in all AC meetings. The President & Managing Director, Senior Management together with Head of Internal Audit and External Auditors normally attend the meetings. Other Directors, Executive Directors of the hospitals and employees of the company and/or Group may attend any particular meeting upon invitation where appropriate.

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In the year 2019, the External Auditors attended two (2) out of five (5) meetings which were held on 14 February 2019 and 8 August 2019 respectively. Separate private sessions were conducted without Management's presence on 8 August 2019 and 14 February 2020.

Minutes of the AC meetings were circulated to all members and extracts of the decisions made were escalated to relevant process owners for action. The Chairman of the AC provides a summary report and highlights significant points on the decisions and recommendations from the AC meeting to the KPJ Board.

## TERMS OF REFERENCE

The duties and responsibilities of the AC are outlined in its Terms of Reference (TOR) which is available online in the Corporate Governance section at [https://kpj.listedcompany.com/audit\\_committee.html](https://kpj.listedcompany.com/audit_committee.html)

## FOCUS AND ACTION PLAN

The AC received updates on key governance matters and issues across the Group at each AC meeting. Areas of the AC's focus during the Financial Year include:

- a) Financial statements compliant with the Malaysian Financial Reporting Standards (MFRS) Framework.  
  
Management's adoption and the impact arising from implementation of the new accounting standards of MFRS 16 'Leases' which supersedes MFRS 117 'Leases' and the related interpretations, effective 1 January 2019.
- b) The Conceptual Framework for Financial Reporting (Revised 2018) which enable preparer to develop consistent accounting policies which is effective on 1 January 2020.
- c) Recent development in tax laws and regulations.

## SUMMARY OF WORK

During the year 2019, the AC carried out the following work:

### a) Financial results

- i) Reviewed the quarterly unaudited financial result announcements before recommending the same to the Board for approval;

- ii) Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with Malaysian Financial Reporting Standards, applicable disclosure provisions in the MMLR, and other relevant legal and regulatory requirements; and
- iii) Reviewed the impact of any changes in accounting policies and adoption of new accounting standards together with significant matters highlighted in the financial statements.

### b) Internal Audit

- i) Reviewed and approved the annual audit plan for the year 2019 to ensure adequate resources, competencies as well as comprehensive audit scope and coverage over the significant and high risk audit activities;
- ii) Deliberated on the Internal Audit Reports that were tabled and appraised the adequacy of Management's responsiveness to the audit findings and recommendations;
- iii) Evaluated the results of scheduled follow-ups and special audits performed and confirmed the appropriate actions were taken to correct the weaknesses;
- iv) Assessed the status of audit activities as compared to the approved annual audit plan; and
- v) Approved the annual revision of the Audit Charter and recommended to the Board for approval on the annual revision of the AC's TOR.

### c) External Audit

- i) Reviewed the audit plan, audit strategy and scope of work for the year;
- ii) Reviewed the results of the interim and annual audit, audit reports, Management Letter together with Management's response to their findings and "Key Audit Matters";
- iii) Assessed the independence and objectivity of the External Auditors during the year and prior to appointment of the external auditors for adhoc non-audit services. The AC also received from the External Auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work;

- iv) Deliberated on the updated development in Financial Reporting and Regulatory Environment;
- v) Assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board of Directors; and
- vi) Members of AC met with the External Auditors without the presence of Management on 8 August 2019 and 14 February 2020.

#### d) Related Party Transactions

Reviewed the related party transactions and recurrent related party transactions entered into by the Group as well as any conflict of interest situation that arises within the Group.

#### e) Annual Reporting

Reviewed and recommended the Audit Committee Report for Annual Report to ensure compliance with relevant regulatory reporting requirements, prior to Board approval.

#### f) Other Matters

- i) Deliberated on the progress and status on IT strategic issues;
- ii) Reviewed and deliberated on the subsidiaries performance; and
- iii) Deliberated on the status and updates on credit and inventory management of the Group.

#### g) Continuous Professional Development

For the year under review, the relevant AC members have attended various conferences, seminars and training. Details of training attended are reported under the Corporate Governance Report, Practice 2.1 published on KPJ's website.

### INTERNAL AUDIT FUNCTION

The in-house Internal Audit Services (IAS) carries out KPJ's internal audit function in assisting the Board to oversee that Management has in place sound risk management, internal control and governance systems. The IAS is headed by a new Chief Internal Auditor, Mohd Firdaus Mohamed Din who joined KPJ on 9 March 2020. He is a Certified Credit Professional (Business), Certified Credit Professional – Islamic (Business), Chartered Member of the Chartered Institute of Islamic Finance Professionals Malaysia and associate member of CPA Australia. He holds a Bachelor of Commerce (Accounting) from the Australian National University, Canberra.

IAS, as the third line of defense, reviews the effectiveness of the internal control structures over the Group activities focusing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually in accordance with the approved Audit Plan. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group.

IAS reports functionally to the AC and administratively to the President and Managing Director. IAS is independent of the activities or operations of other operating units. Internal Audit Services' authority, scope and responsibilities are governed by its revised Audit Charter which was approved by the AC on 21 May 2020 and aligned with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA). All Internal Audit personnel signed an Independence Statement as well as a declaration on compliance to the Code of Ethics of the IIA in carrying out their duties.

The IAS shall maintain a quality assurance and improvement programme to evaluate the conformance of internal audit activities to the International Standards for Professional Practice of Internal Auditing issued by IIA. The said programme includes IAS function's self-assessment and assessment by a qualified independent assessor once in five years.

The requirement for an external Quality Assessment Review (QAR) to be conducted every 5 years is due for IAS in the year 2020. A pre-assessment of the QAR was performed by KPMG in July 2019 for the preparation of the scheduled QAR. Areas for improvement were identified and being addressed in order to ensure the conformance to the IPPF.

The audit reports which provide the results of the audit conducted are submitted to the AC for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the AC to execute its oversight function by reviewing and deliberating the audit issues, audit recommendations as well as Management's responses to these recommendations. Where appropriate and applicable, the AC directs Management to take cognizance of the issues raised and establish necessary steps to strengthen the system of internal control based on Internal Audit's recommendations.

The total costs incurred for maintaining the internal audit function of 15 staff for the financial year ended 31 December 2019 is approximately RM2.4 million, comprising mainly salaries and incidental costs such as travelling, accommodation, training cost and professional fees. Various in-house training programmes and external courses were provided to staff members in the areas of auditing skills, technical skills, leadership, data analytic, business acumen, strategic management and personal development to enhance the desired competency level.

The IAS within its terms and reference, undertook the following work for the financial year 2019:-

- i) Reviewed and appraised the adequacy and integrity of the internal financial controls and information system controls so as to ensure that it provides a reasonable but not absolute assurance that assets are properly safeguarded;
- ii) Collaboration with other internal or external assurance providers or consulting services in determining the scope of work to ensure proper audit coverage and minimize duplication effort ; i.e. External Auditors, Risk, Compliance and Investor Relations;
- iii) Ascertained the level of compliance with Group's plans, policies, procedures and adherence to laws and regulations;
- iv) Appraised the effectiveness of administrative and financial controls applied and the reliability and integrity of data that is produced within the Group;

- v) Performed follow-up reviews of outstanding audit findings to ensure necessary actions have been taken/are being taken to remedy any significant gaps identified in governance, risk management and internal controls.
- vi) Carried out special reviews requested by the AC and/or Management;
- vii) Witnessed the tender opening process for project procurement goods and services to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner;
- viii) Prepared and tabled the annual audit plan including its financial budget to the AC for review and approval; and
- ix) Prepared the Audit Committee Report for the Company's Annual Report for financial year ended 31 December 2019.

During the financial year ended 31 December 2019, IAS accomplished a total of 100 audits comprising scheduled financial and operational audits as well as IT audits at the hospitals and support companies. This does not include due diligence, special audits and ad hoc assignments. Reviews on compliance with established procedures, guidelines and statutory obligations were also performed.

In-line with system improvements in revamping the client-server hospital information system, the upgrading of Hospital Information System (HITS) and KPJ Clinical Information System (KCIS) starting in 2018 to second generation cloud computing products of HITS2 and KCIS2 are part of the auditable areas. This is to assure that the expected controls as per process requirements are embedded in the system in order to ensure segregation of duties, data accuracy, integrity and reliability throughout the Group.

All findings resulting from the audits were reported to the AC, Senior Management and relevant Management of operating hospitals and support companies. Management of the operating hospitals and support companies were accountable to ensure proper rectification of the audit findings and implementation of action plans within the timeframe specified. Follow up by IAS on the actions taken is updated in the subsequent audits. In addition, the IAS played an advisory role in the course of performing its audit activities.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



THE BOARD OF DIRECTORS OF KPJ HEALTHCARE BERHAD (KPJ) IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT ON THE STATE OF RISK MANAGEMENT AND INTERNAL CONTROLS OF THE GROUP WHICH HAS BEEN PREPARED IN ACCORDANCE WITH THE STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL – GUIDELINES FOR DIRECTORS OF LISTED ISSUERS ENDORSED BY BURSA MALAYSIA SECURITIES BERHAD.

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## RISK MANAGEMENT STRUCTURE

### BOARD OF DIRECTORS

Bears overall responsibility for establishing the Group's system of internal controls and risk management framework as well as reviewing its adequacy, integrity and effectiveness



### AUDIT COMMITTEE AND RISK & GOVERNANCE COMMITTEE

The Audit Committee (AC) reviews the effectiveness of the internal control structure over the Group activities focusing on high risk areas as determined using a risk based approach through the internal audits. The Risk & Governance Committee (RGC) evaluates and reviews the assessment of risk identification, the effectiveness of Enterprise Risk management, process of accessing and managing Group's Principle risk. Issues raised and actions taken by Management to address these issues were deliberated in the RGC and AC meetings and the minutes of the RGC and AC meetings were then presented to the Board



### MANAGEMENT

Responsible for implementing the Board's policies on risks and controls by allocating resources for the design and implementation of policies and procedures on risk management and internal control system to facilitate the identification and evaluation of significant risks faced by the Group and formulating adequate controls to manage these risks, according to the risk appetite set by the Board



## BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as reviewing its adequacy, integrity and effectiveness. The Board has put in place a sound governance structure, risk management framework and internal control system pursuant to Principle B (II) of the Malaysian Code on Corporate Governance 2017 to ensure effective oversight of controls and risks in the Group.

The Audit Committee (AC) reviews the effectiveness of the internal control structure over the Group activities focusing on high risk areas as determined using a risk based approach through the internal audits. The Risk & Governance Committee (RGC) evaluates and reviews the assessment of risk identification, the effectiveness of Enterprise Risk management, process of accessing and managing Group's Principle risk. Issues raised and actions taken by Management to address these issues were deliberated in the RGC and AC meetings and the minutes of the RGC and AC meetings were then presented to the Board.

## MANAGEMENT RESPONSIBILITY

The Management is overall responsible for implementing the Board's policies on risks and controls by allocating resources for the design and implementation of policies and procedures on risk management and internal control system to facilitate the identification and evaluation of significant risks faced by the Group and formulating adequate controls to manage these risks, according to the risk appetite set by the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The principal objective of the risk management framework and internal control system is to identify and manage business risks effectively and safeguard assets.

As the internal controls system is designed to manage and reduce risks rather than eliminating them, the system can only provide reasonable assurance to the Board regarding the achievement of company objectives through:-

- effectiveness and efficiency of operations
- reliability of financial reporting
- compliance with applicable laws and regulations

The likelihood of achievement of the Group's objectives is affected by limitations inherent in any internal control systems. The Management therefore has to consider the cost of implementation of internal controls against the expected benefits to be derived.

### RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

#### Integrity and Ethical Values

The Group is committed to promote ethical behaviour culture in employees and medical consultants. At the annual staff assembly called "Pedoman" (Perhimpunan, Dialog dan Amanat), all employees and medical consultants are reminded of the five Core Values adopted by the Group, which are Safety, Courtesy, Integrity, Professionalism and Continuous Improvement. These core values guide all employees to achieve the Group's vision and support the business mission and goals.

Employees are expected to be transparent in their conduct to promote high ethical values and reaffirm their commitment to the Group through the Staff Integrity Pledge ceremony.

In addition, the Group also encourages employees to report directly to the President/Managing Director of any misconduct or unethical behaviour committed by any staff of the Group through the annual Borang Peradaban declaration.

To complement this expectation, the Group also has in place a comprehensive Policy of Whistle-Blowing that outlines the Group's commitment to promote the highest standards of governance, ethics and integrity in all aspects of business dealings. The Policy covers, inter-alia, 3 tiers of whistle-blowing reporting line, comprising of the President/Managing Director, the Chairman of the Audit Committee and the Chairman of the Board, to facilitate whistle-blowing activities according to different possible circumstances. In order to encourage a conducive environment for effective whistle-blowing, the Policy also provides assurances on the preservation of identity, confidentiality of information and protection of whistle-blowers from possible retaliation. This policy provides an avenue for employees to raise genuine concerns internally or report any breach or suspected breach of any law or regulation.

The Group is also a signatory to the "Malaysian Corporate Integrity Pledge" since 2011, introduced by the Malaysian Institute of Integrity (MII) in support of the Government efforts to combat corruption and unethical practices.

The Group has put in place the "No Gifts and Entertainment" policy and "Annual Asset Declaration" policy applicable to all staff. The purpose of these policies is to uphold ethical and responsible behaviour by all its employees and to avoid conflict of interest situation in any ongoing or potential business dealings in the Group with various suppliers and service providers.

The Group has also established the "Corporate Integrity Agreement" (CIA) for Vendors/Suppliers/Contractors since 2016 to strengthen our integrity practices. The Group requires its Vendors/Suppliers/Contractors to adhere in all of their activities to the laws, rules and regulations. The Group expects the Vendors/Suppliers/Contractors to abide by the integrity agreement when conducting business with or for the Group.

In-line with the National Anti-Corruption Plan 2019 – 2023 launched by the Government in January 2019, four (4) officers from KPJ had been certified as Certified Integrity Officer (CeIO), a programme in collaboration with JCorp and Malaysian Anti-Corruption Commission (MACC) focusing in managing the business integrity and its components.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KPJ is moving towards obtaining the ISO 37001:2016 Anti Bribery Management System ("ABMS") certification by September 2020, as part of the Group's preparation to manage the corporate liability risks that the Group may face in its business, in order to meet the requirements of Section 17A Malaysian Anti-Corruption Commission Act 2009 that will come into force on 1 June 2020.

The principles outlined in the Guidelines On Adequate Procedures issued by the Prime Minister's Department of Malaysia have been taken into account in formulating the policies, procedures and controls documented in KPJ's ABMS.

The ABMS objectives are as follows:

- To inculcate and practise ethical virtues;
- To hinder any possibilities that could lead to unethical or untruthful practices;
- To comply with the law, regulations, Anti-Bribery Management System and other requirement;
- To take the necessary action against those contravening the law, regulations, Anti-Bribery Management System and other requirement;
- To cooperate with the relevant agencies to combat threats of bribery and fraud;
- To comply with the Code of Behaviour and Business Ethics and practice good values based on moral and religious principles whilst performing our duties as well as continuous improvement; and
- To provide channel of reporting for any forms of bribery/corruption risks.

As part of KPJ moving towards obtaining the ISO 37001:2016 Anti Bribery Management System ("ABMS"), the Chief Integrity Officer has been appointed and the Integrity Unit has been formed in February 2020.

## Control Structure

The Board has established an organisational structure with clearly defined lines of accountability and responsibility to support the ideal control environment. The Group's operations is headed by the President/ Managing Director, who is assisted by three (3) Senior Vice Presidents and three (3) Vice Presidents for the following functions:

### Senior Vice Presidents

- International Business & Support Services
- Business Operations, Technology Services & Clinical
- Corporate Affairs

### Vice Presidents

- Group Finance & Investor Relations Services
- Strategic Support, New Business & Entrepreneurship
- Group Marketing & Strategic Communication Services

Each hospital within the Group is headed by an Executive Director who will oversee and control all the hospitals' operations.

At the hospital level, the Executive Directors and the Chief Executive Officers are assisted by the Medical Directors who oversee all clinical governance in the hospitals.

At the Corporate level, the Group exercises its governance oversight via the Medical Advisory Committee on clinical matters and the Executive Committee ("EXCO") on all hospital operations matters.

## Assignment of Authority and Responsibility

The Board has delegated certain responsibilities to Board Committees and Management Committees which function with clearly defined terms of reference management committees. The functions and activities carried out by the Board Committees are set out in the Corporate Governance Report which is available at [www.kpjhealth.com.my](http://www.kpjhealth.com.my).

The Board also assigns authority and responsibility mainly to the EXCO which is headed by the President/ Managing Director, to manage operations as well as discuss strategic issues pertaining to the delivery of services and business operations of the Group.

Several committees have been formed to identify, evaluate, monitor and manage the significant risks affecting the Group operations:-

### 1. Risk and Governance Committee ("RGC")

RGC is entrusted to evaluate and review the assessment of risk identification, the effectiveness of Enterprise Risk Management, process of assessing and managing Group's Principle risks. The committee also reviews and evaluates the Group level risk exposures and management of significant clinical and non-clinical risks identified.

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## 2. Medical Advisory Committee ("MAC")

MAC is the apex clinical committee that is responsible for the Group's clinical governance framework and guidelines for sound and ethical medical practices.

There are various sub-committees under the MAC; namely Clinical Governance Policy Committee, Clinical Governance Action Committee, Clinical Ethics Committee and Research & Development Committee.

## 3. Development and Procurement Committee ("DPC")

The DPC (formerly known as Building & Tender Board Committee (BTBC)) oversees the timeline and costing of each project undertaken by the Group and to address any issues relating to these projects. DPC also evaluates, deliberates and approves the recommendations made by the Management to award major contracts and tenders to selected contractors for the Board's approval.

## 4. Tender Evaluation Committee ("TEC")

TEC is responsible for evaluating all tenders for purchases, acquisitions or disposals of assets, award of contracts and appointment of project development consultants/advisors for the Group. TEC will make appropriate recommendation to the DPC.

## 5. Clinical Risk Management Committee ("CRMC")

CRMC is entrusted to review and oversee the effectiveness of the clinical ERM framework. All major clinical risk incidents related to patient and staff safety are presented to CRMC.

Note: The Terms of Reference (TOR) for all the above committees are available at [www.kpjhealth.com.my](http://www.kpjhealth.com.my)

To improve staff competency in delivering quality service, the Group spent RM10.9 million in 2019 (2018: RM11.1 mil) on conducting staff training and development programs. Each employee is mandated to undergo at least 30 hours of training per year on work related areas such as customer service, clinical safety and leadership program, facilitated by the Group's Talent Management Services in collaboration with KPJ Healthcare University College's ("KPJUC") teaching professionals or external trainers.

To promote continuous learning and upgrading of knowledge, the Group has a sponsorship program for eligible executives to further their studies in various post-graduate program in hospital management and clinical disciplines. Since this program was started in 2005, 99 staff have benefited and obtained their Masters degrees from various universities such as Universiti Teknologi Malaysia, Asia E-University, University of East London, Universiti Kebangsaan Malaysia and KPJ University College.

All Diploma holder Nurses, who represent around half of the Group's total workforce, are also encouraged to further their studies either for the Degree in Nursing or post-basic courses in OT, ICU, CICU, renal, midwifery and paediatric nursing at KPJUC or at any reputation institutions to enhance their knowledge and skills. This is also part of their career enhancement and development of academic activities at the hospitals.

Currently, 19 hospitals in the Group have received their accreditation certifications from the Malaysian Society for Quality in Health (MSQH), out of which 4 hospitals namely KPJ Johor Specialist Hospital, KPJ Seremban Specialist Hospital, KPJ Ampang Puteri Specialist Hospital and KPJ Penang Specialist Hospital, have also been certified by the Joint-Commission International with the internationally recognised and prestigious "JCI Accreditation". It is the Group's aspiration that all hospitals in its network would be accredited upon reaching operational maturity.

## Commitment to Continuous Learning

The Group, being in a service-oriented industry, recognises the importance of sustainable investment in improving the skills and competencies of its management, medical consultants and employees. This is achieved through facilitating various training programs, seminars, workshops and service quality initiatives.

## RISK MANAGEMENT FRAMEWORK

### Group-Wide Objectives

In March 2019, the Group issued the 2019 KPJ Risk Management Guidelines to all its hospitals, which was formulated based on the ISO 31000:2018 Risk Management. The new Guidelines superseded the old guidelines which were based on the Australian/New Zealand Standard 4360:1999 Risk Management and HB228:2001 Guidelines for Managing Risks in Healthcare.

The Group has put in place an Enterprise-Wide Risk Management ("ERM") framework for managing risks associated with its business and operations. The ERM framework features a risk governance structure that comprises of 3 levels of defence with clear lines of responsibilities and accountabilities.

In January 2020, Enterprise Risk Management (ERM) Maturity Assessment was conducted by KPMG Management & Risk Consulting Sdn Bhd. The objectives of the assessment is to assist the Board of Directors of KPJ in respect of the followings:-

- Asses the risk maturity level and identify possible gaps in KPJ's existing enterprise risk management capability
- Engage with key stakeholders of the enterprise risk management function in the Group
- Make recommendations to improve and enhance the effectiveness the ERM framework

### KPJ ERM Framework for Risk Governance

The ERM Framework featuring KPJ risk governance structure with 3 levels of defence as follows:-

- Level 1 - Hospital-level Management and Board
- Level 2 - Clinical Services & Risk Management Services at HQ
- Level 3 - Internal Audit Services at HQ

Risk Officers have been appointed at all hospitals to co-ordinate and monitor the implementation of risk management activities across all operations. All hospitals and subsidiaries are required to identify and mitigate relevant risks that may affect the achievement of the Group's objectives and report all significant risks arising from operations to their respective Boards.

The Group coordinates its risk management activities through a risk reporting & escalation framework called "Incident Reporting & Root Cause Analysis". This is to ensure that all risk incidents are documented, investigated and root causes are identified to prevent future recurrence and ensure patient safety is given top priority. Our reporting of Incident & Root Cause Analysis is via Q-Radar online risk reporting system which has been rolled-out to all hospitals in June 2017. All hospitals have successfully reported incidents (clinical and non-clinical) via this online risk reporting system.

As a healthcare service provider, clinical risk forms the biggest risk class the Group faces. Therefore, the Board has entrusted the CRM committee which comprises of medical consultants of various disciplines to review and deliberate on all reported risk incidences. The minutes and decisions of this committee are presented to the MAC, which is the apex-committee for all clinical matters of the Group.

Both clinical and non-clinical risk matters are also reported to the Risk & Governance Committee (RGC) which has oversight authority on all risk management and internal control issues of the Group.

## CONTROL ACTIVITIES

### Policies and Procedures

Policies and procedures are documented comprehensively, which are reviewed regularly to ensure relevance and compliance with the current and applicable laws and regulations. These policies and procedures help to ensure that appropriate authority limits are in place, business activities are carried out according to set standards and necessary actions are taken to address and minimise risks and ensure the orderliness and continuity of business functions.

### Segregation of Duties

The delegation of responsibilities by the Board to the Management and Operating Units are clearly defined and authority limits are strictly enforced and reviewed regularly. Different authority limits are set for different categories of managers for the procurement of capital expenditure, donations and approval of general and operational expenses. Similarly, cheque signatories and authority limits are clearly defined and enforced.



### Key Performance Indicator (KPI)

KPIs with detailed balance scorecards are monitored and tracked to ensure the Group achieves the financial, strategic, operational and customer perspective targets that were set at the beginning of the financial year. The KPIs are cascaded down to all the operating subsidiaries in the Group.

## INFORMATION AND COMMUNICATION

### Information Technology (IT)

Information and Communication Technology (ICT) continue to evolve by entering into Industry 4.0 Revolution through Artificial Intelligence and Digital Production, Internet of Things, Cloud Technology, Robotic Process Automation and Big Data. KPJ and its Corporate IT Division align its ICT strategies moving ahead for the next 5 years. Hospital Information System (HIS) delivering 2nd Generation HITS2 and KCIS2 system as cloud computing solutions and replace its 20 years old client server application solutions for 11 hospitals in 2019, 11 for KCIS2 and 11 for HITS2. Cloud Computing solutions reduce information and security risks while benefiting from Industry 4.0 initiative for collaboration and integration to improve operational efficiency.

Systems and processes are now more integrated and allow for 3rd party integration, for instance, cognitive machine learning and artificial intelligence solutions. We are also working with insurance companies to improve the approval and payment processes with further possibility of improving other payment methods through payment gateways. KPJ also has further plan in using AI Robotics and AI Imaging to improve service offerings at our hospitals. Other technologies focus on wearable devices that can integrate with HIS to improve wellness and care.

### Communication and Information Sharing

The Group promotes the culture of effective communication and information sharing amongst the hospitals and key subsidiaries through the holding of functional group meetings and conferences. The objective behind these meetings and conferences is to share and reinforce key business strategies, review performance, discuss current issues and communicate new policies and procedures.

Such meetings and conferences are held either on monthly, quarterly or annual basis, comprising of diverse functional groups such as hospital management, chief nursing officers, finance managers, pharmacists and risk officers.

The Group conducts the Pedoman annual staff gathering at the beginning of every year, whereby achievements and challenges faced during the previous financial year are shared with staff, new strategic initiatives, corporate KPI and business targets for the new financial year are also presented.

### Insurance Coverage

The Group has in place an adequate insurance coverage to protect its major assets against any mishaps that could result in material loss. The coverage is reviewed yearly taking into account the changes in risk profiles (acquisitions, claims and etc.). All the staff in Group are covered by the Group Personal Accident for injuries resulting from incident or accident.

All directors, medical officers and professionals of KPJ Group has been covered by the Liability Insurance (Medical Malpractice Policy and Directors & Officers Policy) in respect of their potential exposure to any personal liability which may arise in the course of performing their duties.

The Management and Staff of KPJ Group are also covered by the Business Travel Protector Insurance for all their business travels.

## CONTINUOUS MONITORING AND ASSURANCE

### Ongoing Monitoring

The main assurance process of the Group is primarily undertaken by the Level 2 and Level 3 defence line functions. The effectiveness of internal control systems implemented throughout the Group is assessed primarily by the Internal Audit Services through the conduct of regular audits on the hospitals and key subsidiaries.

The assurance on the effectiveness of the ERM framework is provided primarily by the Clinical Services and Risk & Compliance Services through on-site and off-site reviews. In 2019, 25 clinical surveys and nine risk & compliance reviews were conducted by these departments respectively.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Reports generated by the Level 2 and Level 3 lines of defence mentioned above are presented to the Clinical Risk Management Committee, Risk & Governance Committee and Audit Committee respectively for deliberation.

The Group's risk management framework and internal control systems do not apply to the associate companies where it does not exercise management control over their operations. The Group's interest are served through representation on the Board of Directors of these associate companies as well as through regular review of management accounts that they provide to the Group. The Board is satisfied with the information provided to assess the associates' performance for informed and timely decision-making on the Group's investments in these associates.

### Independent Evaluation

All hospitals certified with the MSQH and JCI accreditation have to undergo stringent surveillance audit by the respective surveyors and audit teams to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed, usually every three (3) years.

In 2019, MSQH conducted 3 hospital accreditation surveys and JCI conducted 2 hospital surveys as part of the accreditation process cycle.

### Review of This Statement by The External Auditors

This Statement on Risk Management and Internal Control has been reviewed by the External Auditors as required by Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the inclusion in the Annual Report for the year ended 31st December 2019. The limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control of the Group.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal controls systems of the Group.

## ASSURANCE

The Board has received assurance from the President/ Managing Director and Vice President – Group Finance & Investor Relations Services, that the Group's risk management framework and internal control system are operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report, based on the risk management and internal control system adopted by the Group.

The Board is of the view that the system of internal controls instituted throughout the Group is sound and effective and provides a level of confidence on which the Board relies for assurance. In the year under review and up to the date of this report, there was no significant control failure or weakness that would result in any material separate disclosure in the Annual Report. The Board ensures that the internal control system and the risk management practices of the Group are reviewed regularly to meet the changing and challenging operating environment.

The Board is therefore pleased to disclose that the system of internal control and risk management of the Group is sufficient, appropriate, effective and in line with the Malaysian Code of Corporate Governance and the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

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# MEDICAL ADVISORY COMMITTEE REPORT

CLINICAL GOVERNANCE IS A FRAMEWORK THROUGH WHICH KPJ AND ITS HOSPITALS ARE ACCOUNTABLE FOR CONTINUALLY IMPROVING THE QUALITY OF THEIR SERVICES AND SAFEGUARDING HIGH STANDARDS OF CARE BY CREATING AN ENVIRONMENT IN WHICH EXCELLENCE IN CLINICAL CARE WILL FLOURISH.

Embodying three key attributes: recognisably high standards of care, transparent responsibility and accountability for those standards, and a constant dynamic of improvement (*Figure 1*).

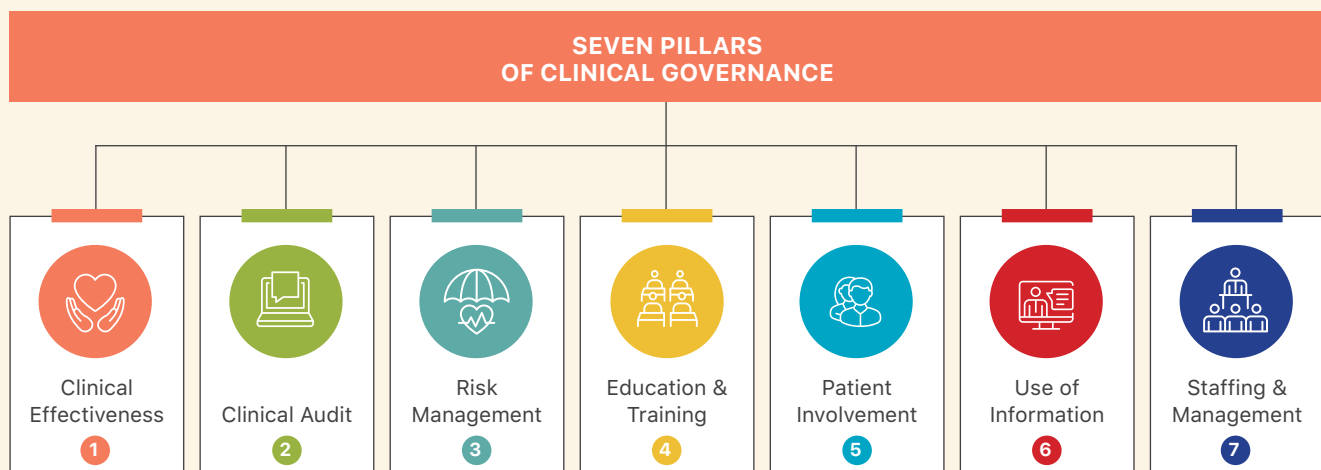
In short, it is doing the right thing, at the right time, by the right person—the application of the best evidence to a patient’s problem, in the way the patient wishes, by an appropriately trained and resourced individual or team.

Clinical governance is an integrated component of corporate governance of a health service organisation. It ensures that everyone – from frontline clinicians to managers and members of governing bodies, such as boards – is accountable to patients and the community for assuring the delivery of health services that are safe, effective, integrated, high quality and continuously improving.

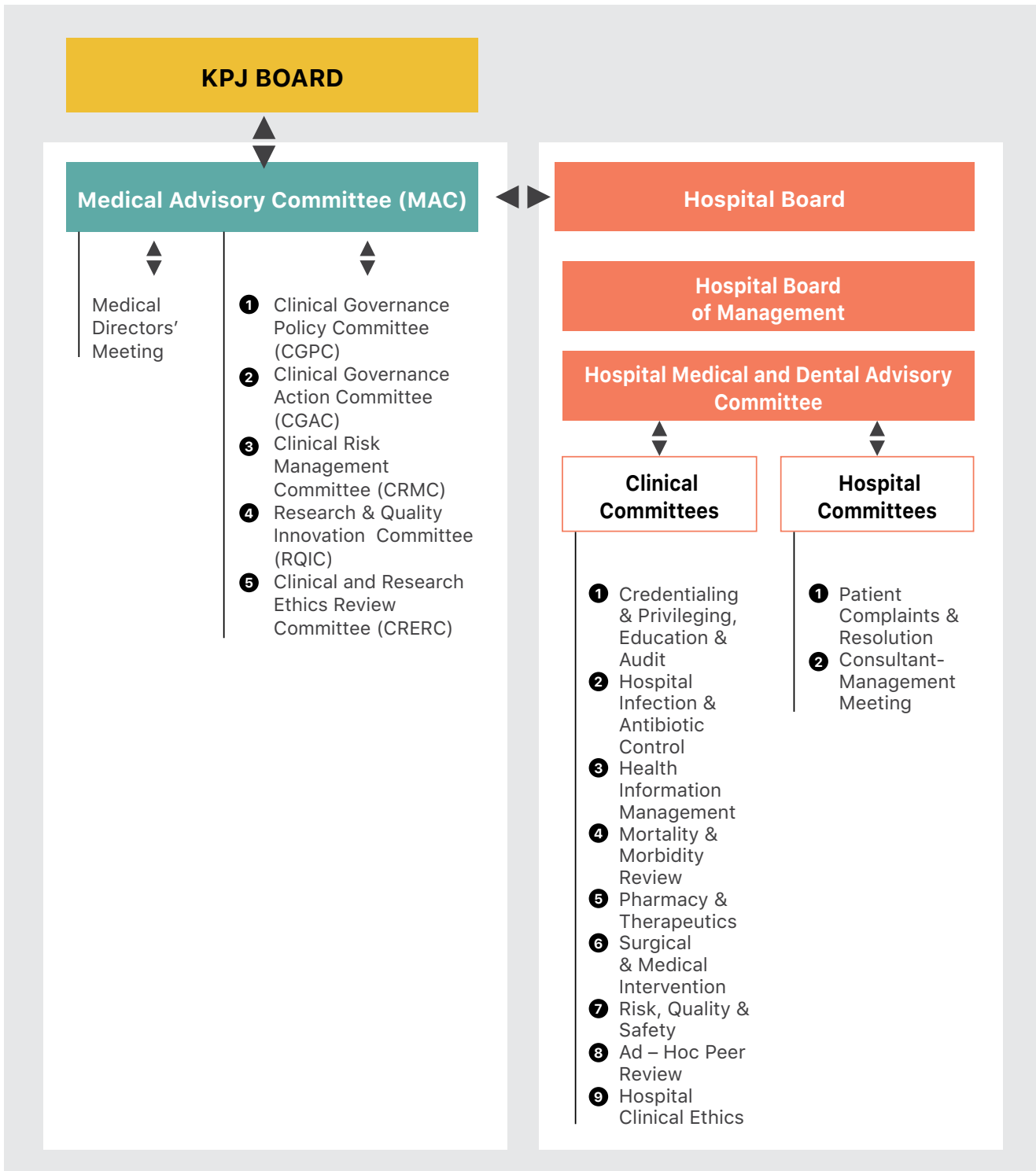
Individual or team must work within an organisation that is accountable for the actions of its staff, values its staff (appraises and develops them), minimises risks, and learns from good practice, and indeed mistakes.

At the Group level this is the responsibility of the Medical Advisory Committee (MAC) with the help of several Central Governance Committees developing policies and guidelines to improve safety and outcomes and monitoring clinical governance activities at the hospitals (*Figure 2*).

All hospitals conduct Hospital Clinical Committee meetings as stipulated in the KPJ Medical Professional By-Laws. The reports from the Hospital Clinical Committee meetings are collected, compiled and discussed during various hospital meetings and presented to the Hospital Board of Directors.

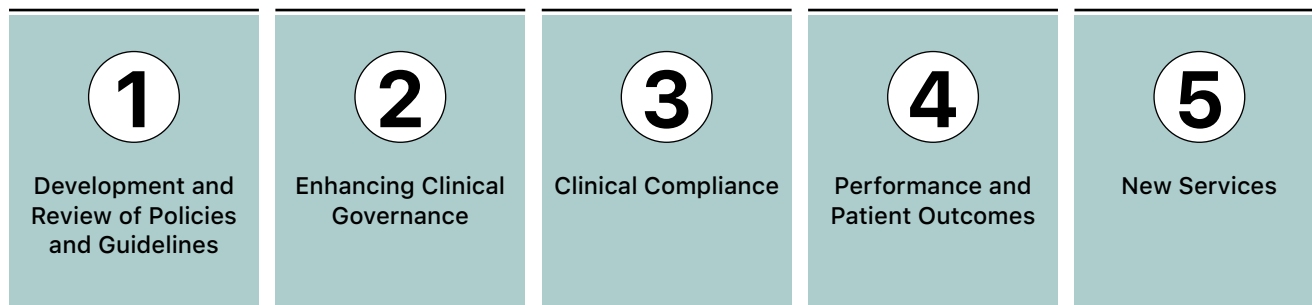


↑ Figure 1: the Seven Pillars of Clinical Governance



↑ Figure 2: Management of Clinical Governance - Clinical Governance Committees

## ACTIVITIES OF THE GROUP MEDICAL ADVISORY COMMITTEE AND ITS COMMITTEES IN 2019



### Development and Review of Policies and Guidelines

One of the major activities of the clinical governance committees is developing new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence based processes are in place.

In year 2019, eleven new policies were approved for use and nine were updated.

Date of Approval	New Policies	Date of Approval	Reviewed Policies
15/2/19	Guideline on Vaccine Hesitancy / Refusal of Patients or Parents	15/2/19	KPJ Consent Policy, Informed Consent Form and Management of Fact Sheets
15/2/19	Refusal for Treatment / Procedure	15/2/19	Pathway of Management of Clinical Governance
15/2/19	Refusal for Medication	15/2/19	Process Flow in Reporting to Central Credentialing And Privileging Committee
15/2/19	Aesthetic Services by a (Non – Specialist) Medical Officer	9/5/19	Review of Platelet Rich Plasma (PRP) Guideline including Patient Feedback form
9/5/19	Policy on Copy-and-Paste for Electronic Healthcare Records (EHR)	9/5/19	Review and Update of KPJ Book of Medical Abbreviations
9/5/19	KPJ Nursing Code of Conduct for the Group	15/8/2019	Duties of the Head of Discipline – selection of Discipline Heads
9/5/19	KPJ Pharmacists' Code of Ethics for the Group	15/8/2019	Do Not Resuscitate (DNR) Request Form and Consent for Withholding and/ or Withdrawal of Treatment for Adult Patients – Review of Age of Consent
15/8/2019	Peer Review Process	15/11/2019	Review of the Medical Professional By-Laws
15/8/2019	Hospital Clinical Ethics Committee	15/11/2019	Review of Rules and Regulations
15/11/2019	Routine Antenatal Screening for Maternal Infection		
15/11/2019	Guideline on Disclosure of Incidents		



## Enhancing Clinical Governance

Meetings with the doctors is one way to encourage participation of the doctors in clinical governance activities and to motivate reporting of clinical outcomes. During these meetings suggestions for new products or services as well as difficulty in executing certain policies or guidelines are also discussed.

- **Specialty meetings**

Seven specialty meetings were held this year; Obstetrics and Gynaecology, Cardiology, Anaesthesiology, Gastroenterology and Hepatology, Otorhinolaryngology, Clinical Oncology and Paediatrics. Meetings of the rest of the specialties will be completed by middle of year 2020.

- **Group Medical Directors meetings**

One meeting was held on 5th June 2019.

- **Regional Medical Directors' Meeting**

Two regional Medical Directors meetings of the Eastern and Northern regions were held in January 2019.

## KPJ Healthcare Conference 2019

The KPJ Medical Conference has been a hallmark activity of KPJ since its inception in 2001. Initially started with the aim of creating a platform for the meeting of minds amongst the KPJ medical doctors for continuing professional development, the iteration began on a humble scale of workshops, where our doctors would deliberate on topical issues which impact their profession. The workshops have evolved into larger scaled conferences, and we have opened our doors to external participants over the years. Moving forward to 2019, we have concluded our 22<sup>nd</sup> installation of this well-received event. Not only has the scale gone up exponentially, so too have the number of delegates and speakers.

The annual KPJ Healthcare Conference 2019 themed "Enhancing Outcomes in the New Era of Healthcare" was held at One World Hotel, Damansara from 11<sup>th</sup> & 12<sup>th</sup> October 2019. There were 520 registered participants, 60% were KPJ doctors, 24% were KPJ staff and the others included KPJ University College and non-KPJ participants. We also received an over whelming response from our exhibitors who sponsored 48 booths for our event.

## Clinical Compliance

Today, many people are concerned about finding the best ways to meet their health care needs. Accreditation means that we have been assessed against internationally recognised standards and operate to the highest levels of quality and service. Accreditation is the process in which certification of competency, authority, or credibility is presented.

Measurement of quality requires a reference standard and in KPJ, the Malaysian Society for Quality in Health (MSQH) and Joint Commission International (JCI) standards are used to benchmark our service reassuring our patients of the outstanding care provided by our doctors and nurses.

- **Accreditation by Malaysian Society for Quality in Health (MSQH)**

In 2019, three hospitals, KPJ Seremban (4th cycle, 5th Edition standards) and KPJ Johor (5th cycle, 5th Edition standards) and KPJ Pasir Gudang (2nd cycle, 5th Edition standards) were surveyed. Both KPJ Seremban and KPJ Johor have been awarded accredited for a four year term. KPJ Pasir Gudang was surveyed in November and awaiting the result.

- **Joint Commission International (JCI) Accreditation**

In 2019, KPJ Seremban and KPJ Penang (3rd cycle, 6th Edition standards) received JCI re-certification for a further three years.

- **Clinical Survey 2019**

The survey evaluates the compliance to Ministry of Health standards/guidelines, MSQH and JCI standards, Malaysian Medical Council (MMC) Guidelines and KPJ Governing Policies. This is an cross hospital internal survey conducted by KPJ Clinical Services and hospital nursing managers.

In 2019, 25 KPJ hospitals (19 accredited and six non-accredited) were surveyed in 14 service areas, with an average result of 89.9% (Table 1).

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SERVICE AREAS SURVEYED	
1	Prevention and Control of Infection (PCI)
2	Haemodialysis Service (HD)
3	Central Sterilizing Supply Service (CSSS)
4	Paediatric / Nursery Service
5	Accident and Emergency Service (A&E)
6	Endoscope Service
7	Intensive Care / Neonatal / Cardiac Intensive Care Service (ICU/NICU/CICU)
8	Labour Room / Maternity Service
9	Hospital Wide
10	General Ward Service
11	Operating Theatre Service (OT)
12	Pharmacy Service
13	Food and Dietetic Service
14	Medical Record (Case Notes)
Average Percentage = 89.9%	

Table 1: Clinical Survey 2019 - Service Areas

## Performance and Patient Outcomes

Measurement of outcomes of disease course and progression, quality of clinical care being provided, success of the procedure/ interventions carried out and actual benefit perceived by the patient can be used to strongly showcase the patients' progress and the success of treatments, the continuous monitoring of outcomes provides an opportunity for both assessing and improving quality of patients' health and care. These are some of the reports being monitored:

- Performance Outcomes**  
 Four outcomes indicators that are Interventional Cardiology Procedures, Caesarean Section, Ophthalmology and Neurology are being monitored this year. Next year in 2020, Nephrology (dialysis treatment) will be included.
- Clinical Indicators**  
 The clinical indicators were reviewed and in 2019 and nine indicators are being monitored.

## Quality Indicators for Accident and Emergency Services

Five (5) indicators monitored internationally have been identified and are being compiled and analysed for the Group (Table 2).

A&E QUALITY INDICATORS		TARGETS	ACHIEVED
Q1 – Unplanned Re-attendance	Within 24H	3% (MSQH target)	99.6%
	Within 3 days	2 – 3% (International)	99.95%
	Within 7 days	< 5% (International)	99.95%
Q2 – Total Time in A&E	Within < 4 hours (%)	95% patients leave within 4 hours (International)	99.1%
Q3 – Left Without Being Seen by a Doctor	Percentage of patient leaving without being seen	< 5% (International)	99.9%
Q4 – Time to Assessment	Patients assessed by SRN within ≤ 15 min (%)	95% patients assessed by SRN within ≤ 15 min (International)	94%
Q5 – Time to Treatment	ALL patients seen within 60 min	95% patients seen by doctor within 60 min (International)	99.2%

Table 2: Quality Indicators for Accident and Emergency Services

## Updates on Early Warning Signs (EWS)

EWS scoring tool that allows recognition of early signs of clinical deterioration have been implemented and established Group wide. Generally the tool has assisted nurses to recognise early deviation of the patients' vital parameters and activate intervention immediately thus reducing the episodes of Code Blue that requires emergency attention. Hospitals are looking into IT technology solutions to enhance early detection.

## Automated Dispensing System

Improving patient safety is always a key focus in the hospital setting, and pharmacists have been exploring a variety of strategies and technologies to achieve this goal.

KPJ Selangor has installed an Automated Dispensing Machines (ADM), a decentralized medication distribution system that provide computer-controlled storage, dispensing, and tracking of medications in the wards and operation theatre. The ADM provides an innovative solution to control costs by ensuring efficient rotation of inventory and eliminating excessive ward stock inventories and waste.

It's proven to improve the efficiency of drug distribution system and improve nursing and pharmacy staff efficiency by reducing manual steps and processes. It provides secure medication storage on patient care units, along with electronic tracking of the use of drugs. Reports can be generated to help identify and prevent potential diversion. It helps to save nursing time by eliminating the need for manual end-of-shift controlled drugs counts in patient care units.

Besides, the system also overcome delays in delivering of the first dose, loss of doses, and "borrowing" of patients' medications. Automated dispensing machines provide a good balance among security, accessibility, and inventory control of medications, which are all recognized as important characteristics of a safe medication distribution system.

## New Services

Hospitals may need to expand or introduce new services in line with new technology or meeting customers' expectations and endeavour to provide a safe healing environment. These were some of the new services initiated and in progress:

### • Nursing Shared Governance

The attrition rate of trained nurses within the Group is 12% and it is timely to look into success stories of existing nursing models. Shared governance is a model of nursing practice designed to integrate core values and beliefs that were introduced to improve nurses' work environment, satisfaction, and retention. It is a partnership between the staff and the nurse leaders working together to promote shared decision making and accountability to provide an improved working environment.

Introducing shared governance gives equal chance for the nurses to voice out, participate in shared decision making, exercise freedom to initiate changes, establish a collaborative relationship, gain access to organizational resources and this will increase ground level nurses accountability.

Components of the model include;

- Shared and equal focus on patients, services, and staff as all are essential to providing safe and effective care.
- Authority and autonomy to make decisions about nursing practice.
- Responsibility and willingness to participate in ethical practices through shared decision-making
- Emphasis on collaboration and teamwork among caregivers and other healthcare professionals and between caregivers and patients/families

This initiative shall be implemented Group wide to instil in the nurse that they have decision making power within their daily scope of nursing practices. Thus, the whole paradigm of management-led decision-making will be redesigned to include ideas and views from all levels of nurses.

Applying these shared governance structures into the organization it will improve the professional practice environment of the nurses, enhancing job satisfaction through workplace empowerment.

- **Clinical Pharmacy Services in KPJ Hospitals**

The pharmacist's duties, in general, are directly associated with the provision of drugs and medical supplies along with administrative, organizational educational duties and additional clinical. However, over the years, the scope of pharmacy services in KPJ hospitals has progressively shifted towards patient-oriented service.

Some of the hospitals within the group have expanding their services to provide the clinical pharmacy services for warded patients by the pharmacists. The pharmacists are part of the healthcare team and act as the source for pharmacotherapy decision making.

- The services including the prospectively review patient drug therapy and intervene to prevent drug interactions, dose optimization and to promote the proper and effective use of drugs including the monitoring of antibiotic usage.
- These pharmacists will conduct daily ward rounds, communicate and provide drug-related information to doctors. They are responsible for ensuring that patient treatment is at an optimal level, to ensure the patient's condition is stable, provide counselling as well as to promote the proper and effective use of drugs.

Currently, there are two (2) certified Clinical Pharmacists who obtained their Master in Clinical Pharmacy in the Group. The rest of the pharmacists who are providing the clinical pharmacy services have been previously exposed and trained in clinical setting in public hospitals.

- **Update on Acute Stroke Centre**

KPJ Damansara Specialist Hospital initiated the pilot project for Management of Acute Stroke on the 26th September 2019. The Stroke team members were identified followed by developing the Emergency pathway for all involved. Training began with a kick-off A&E teaching session involving all Accident & Emergency staff and doctors to familiarize on the process, pathway and critical time goals. Two other hospital levels workshops were conducted in collaboration with Consultants and the training division of Boehringer Ingelheim on the 18th November 2019 and 19th December 2019. Target staff were from the critical areas and wards and attendance of 80% from these areas were recorded. 100% of A&E staff also recorded attendance to these training events.

The hospital committee agreed that KPJ Damansara Acute Stroke Services would officially be in place on 1st January 2020.

A total of 14 stroke activations were recorded between November 2019 and January 2020. Of this, 5 patients received thrombolysis within acceptable duration of their critical time goals. The modified Rankin Scale pre and post discharge also showed favourable outcomes. No complications were noted. Review of data shows that more improvement is needed in the form of on-going training and awareness to ensure continuous smooth operations. There is also a need for progress to include mechanical thrombectomy in the future.

KPJ Ipoh Specialist Hospital has taken the initiative to initiate Acute Stroke Management. They are still in the initial stage of training staff involved in handling.

- **Update on Remote Health Diagnostics and Monitoring System (RHDMS)**

The company NewWave Health, a start-up medical solutions provider, focussed on providing an end to end of the Remote Health Diagnostics and Monitoring System (RHDMS) is marketing the RHDMS to the Clinicians treating or monitoring Non – Communicable Diseases. This includes the following disciplines; Cardiology, Nephrology, Endocrinology, Neurology, Internal Medicine. The patients who signed up to this program were referred to the Cardiologist, Neurologist and Gastroenterologist. The call centre was initiated in November 2019 and is still in the initial stage.

## MEDICAL ADVISORY COMMITTEE (MAC)

The MAC was formed in 2002, to initiate as well as to oversee clinical governance activities undertaken by the Group. The Chairman of the MAC is the KPJ Medical Advisor, Dato Dr Zaki Morad Mohamad Zaher, Consultant Nephrologist at KPJ Ampang Puteri.

The Committee meets four (4) times a year.

No	Members	Meeting Attendance			
		15 Feb	9 May	15 Aug	14 Nov
1	Dato' Dr. Zaki Morad Mohamad Zaher Chairman	✓	✓	✓	✓
2	Dato' Amiruddin Abdul Satar President and Managing Director	✓	✓	✓	x
3	Datuk Dr. Hussein Awang Chairman, Medical Directors' Meeting	✓	✓	x	x
4	Dato' Dr. Sivamohan A/L S. Namasivayam Independent Non-Executive Director Chairman, Clinical Governance Policy Committee	✓	✓	✓	✓
5	Prof. (C) Dato' Dr. Shahrudin Mohd Dun Chairman, Clinical Governance Action Committee	✓	✓	x	✓
6	Dato' Dr. Ngun Kok Weng Independent Non-Executive Director Chairman, Clinical Risk Management Committee	✓	✓	✓	✓
7	Dato' Dr. Fadzli Cheah Chairman, Clinical and Research Ethics Review Committee	✓	✓	✓	✓
8	Prof. Dato' Dr. Azizi Hj Omar Chairman, Research & Quality Innovation Committee Independent Non-Executive Director	✓	✓	✓	
9	Dr. Mohd Hafetz Ahmad Medical Director and Consultant Obstetrician & Gynecologist, KPJ Bandar Dato Onn	✓	✓	✓	✓
10	Dato' Dr. Bajit Kor @ Baljit Kaur	✓	✓	✓	✓
11	Dr. Kok Chin Leong Consultant Paediatrician, KPJ Puteri	x	x	✓	✓
12	Jasimah Hassan Senior Vice President, Business Operation and Clinical Services	x	✓	✓	✓
13	Ms Gunavathy Kalee CEO (Pharmaserv)	✓	✓	✓	✓

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The Committees of MAC and their roles are as follows:

### **Clinical Governance Policy Committee (CGPC)**

CGPC was formed in 2002 to develop policies relating to clinical practice, patient care, safety and quality improvement. These include:

- Establishment of evidence based practice;
- Assessment of new innovative and emerging technologies; and
- Compliance to national regulatory requirements and adoption of national/international practice guidelines.

It also reviews and advises MAC on incident reports, clinical indicators, and complaints as well as deals with requests for clarification from Medical Directors, Consultants, Hospital Management, and staff. The Committee met four times in 2019.

### **Clinical Governance Action Committee (CGAC)**

CGAC formed in 2002, is the committee that is responsible for monitoring progress of implementation of policies or programs approved by MAC. The committee also identifies problems that are hindering implementation of the agreed policies or programs. All the agreed policies or programs are analysed, evaluated and monitored in order to ensure quality in clinical care. CGAC oversees the implementation and monitoring of the annual clinical survey, highlighting to the Group lessons learnt from hospital mortality and morbidity review, and monitoring clinical performance indicators among others. CGAC also recommends training and development of hospital clinical staff. The Committee met four times in 2019.

### **Clinical Risk Management Committee (CRMC)**

The overall objective of CRMC established in 2003, is to promote safety and excellence in patient care. Its responsibilities include:

- Identify, prioritize and manage risk arising from clinical care;
- Ensure effective and efficient use of resources through evidence-based clinical practices; and
- Protect the health and safety of the patients, healthcare providers and visitors.

CRMC aims to reduce the clinical risk to a minimum by improving the quality of care received by patients and to ensure the maintenance of a safe environment for our patients, healthcare providers and visitors. The Committee met four times in 2019.

### **Clinical And Research Ethics Review Committee (CRERC)**

The Clinical Ethics Committee was formed in 2011 and the objective of CEC is to assist consultants, patients and family as well as hospital staff to resolve clinically related ethical issues such as refusal of treatment, and end-of-life requests.

The committee was renamed in 2019 to Clinical and Research Ethics Review Committee (CRERC) merging the roles of the Research Ethics Review Committee to ensure a more efficient process.

Besides discussing on Clinical Ethics issues, the committee also review all research proposals in the KPJ Group of Hospitals reviewing both the scientific merit and the ethical acceptability of the research proposal. The committee is responsible to safeguard the rights, safety and well-being of the research subjects. The committee met four times in 2019.

### **Research & Quality Innovation Committee (RQIC)**

The committee was established in 2010 to facilitate research within the KPJ Hospitals for Clinicians and KPJ staff who would like to conduct research involving clinical, quality, safety and/or healthcare related matters and to promote the establishment of quality assurance and improvement programmes in the hospitals.

The committee meets (physically or by circulation of papers) only whenever there is a need to review research proposals.

In 2019, the Committee received proposals for three (3) research projects and approved by MAC as shown below:

- Job Satisfaction Among Malaysian Physician in Private Hospitals in Klang Valley
- ARISE: A Multi-centre Prospective Non-interventional Study Investigating the Clinical Effectiveness of Ryzodeg® (Insulin Degludec/Insulin Aspart) in Patients with Type 2 Diabetes Mellitus in a Real-world Setting.
- Association Between Appendectomy and Rheumatoid Arthritis and Other Autoimmune Spondyloarthropathies: An Exploratory Study.

# COMPLIANCE INFORMATION

In conformance with the Bursa Malaysia Securities Berhad Listing Requirements, the following information is provided:

## 1. UTILISATION OF SUKUK PROGRAMME

In year 2015, Point Zone (M) Sdn Bhd has raised RM1,500.0 million to be utilised for refinancing outstanding amount of previous Islamic Commercial Papers/Islamic Medium Term Notes Programme of up to RM500.0 million and to finance the expansion and working capital requirements of the KPJ Groups' healthcare related businesses.

	AMOUNT UP TO (RM MILLION)
At 1 January 2019	1,100.0
Issued during the financial year	-
At 31 December 2019	1,100.0

## 2. TREASURY SHARES

On 18 April 2019, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

During the year ended 31 December 2019, the Company repurchased 47,109,200 ordinary shares of its issued share capital from the open market at an average price of RM0.93 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

As at 31 December 2019, the Company held a total of 162,306,700 of its 4,439,197,175 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152.

## 3. OPTIONS, SHARE-BASED PAYMENTS OR CONVERTIBLE SECURITIES

### SHARE-BASED PAYMENTS

An Employees' Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS was initially be in-force for a period of 5 years. However, upon approval from KPJ's Board of Directors (BOD) on 3 December 2019, it has been resolved that ESOS's period is extended to another 3 years, whereby no additional options will be granted. The options will expire on 27 February 2023.

The fair value of each share option on the grant date is RM0.25. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives. The exercise price of the share options granted under the ESOS is RM0.91 each. The options granted remained dividable into 5 equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates.

During the year, the Company offered additional ESOS to eligible employees. The fair value of additional ESOS issued during the financial year is RM0.25 and the exercise price is RM0.91 (2018: RM0.91).

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#### 4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

During the financial year, the Company did not issue any ADR or GDR programme.

#### 5. IMPOSITIONS OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

#### 6. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees for services rendered to the Group amounted to RM2,476,357 and RM1,138,197 respectively.

#### 7. PROFIT ESTIMATE, FORECAST OR PROJECTIONS

The Company did not make any release on the profit estimate, forecast or projections for the financial year.

#### 8. PROFIT GUARANTEE

There is no profit guarantee given by the Company in respect of the financial year.

#### 9. MATERIAL CONTRACTS

There is no material contract by the Company and its subsidiaries, involving Directors' and major shareholders' interest substituting at the end of the financial year.

## 10. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

At Annual General Meeting (AGM) held on 18 April 2019, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature with the following parties:

Party Transacted with	Nature of Transactions	Actual aggregate value from 1 January 2019 to 31 December 2019 RM'000	Frequency of transactions
Johor Corporation (JCorp) and its subsidiaries and associated companies (except for Al-'Aqar Healthcare REIT and Al-Sālam REIT)	Secretarial fees and registrar fees	861	Monthly
	Contract management and advisory fees of KPJ projects development	235	Contract basis
	Building management service fees payable for Menara KPJ in Kuala Lumpur	1,272	Monthly
	Insurance coverage payable	5,641	Contract basis
	Fees payable for both project management services for the construction of hospital buildings and maintenance of non-medical equipment such as lifts and firefighting equipment	4,908	Contract basis
	Security services fees payable	5,417	Monthly
Al-'Aqar Healthcare REIT / Al-'Aqar Australia	Rental payable for renting of retirement village building and aged care facility in Australia and lease of hospital together with the land	11,530	Monthly
Al-Sālam Real Estate Investment Trust (Al-Sālam REIT)	Rental payable for renting Malaysian College of Hospitality and Management	2,683	Monthly
Damansara Realty Berhad (DBhd) and its subsidiaries and associated companies (DBhd Group)	Rental income for renting of land for car park	1,588	Monthly
	Housekeeping contract fees payable	15,980	Monthly
		50,115	

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# AWARDS & ACCREDITATION



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## International Hospital Federation (IHF) Award



KPJ Pasir Gudang Specialist hospital won the Merit Award in the Corporate Social Responsibility Excellence Award for "Medical Outreach Camps and Mobile Clinic for B40 in Remote Villagers". The award presentation was on 8th November 2019 at Oman Convention and Exhibition Centre in conjunction with 43rd World Hospital Congress.

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## Global Health & Travel Awards



KPJ Tawakkal KL Specialist Hospital was awarded with the Orthopedic service provider of the year in Asia Pacific.





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## Hospital Management Asia Award



KPJ Ipoh Specialist Hospital was awarded Gold Award in the category Mobile & Online Services Project at Advanced and Live Queuing System Hospital Management Asia (HMA) 2019 Hanoi, Vietnam.

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## Healthcare Asia Award



KPJ Damansara was awarded with Healthcare Asia Award for their project titled influenza Vaccination Uptake at KPJ Damansara Specialist Hospital.

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### Anugerah Kecemerlangan Industri (AKI) 2018



In this Anugerah Kecemerlangan Industri (AKI) 2018, KPJ Ipoh Specialist Hospital is the Winner of the Prime Minister's Award and Winner of Services Sector Awards.

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### Anugerah Cemerlang Keselamatan dan Kesihatan Pekerjaan Kebangsaan 2018



KPJ Seremban Specialist Hospital was awarded with Excellent Award in category Business Services by Department of Occupational Safety and Health (DOSH).

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## Malaysia's Healthiest Workplace Programme by AIA Vitality 2019



Industry Excellence In Healthcare & Wellness Award

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## Reader's Digest - Most Trusted Brands



KPJ Healthcare was selected again as The Most Trusted Brand (Private Hospital Category), under the Reader's Digest Most Trusted Brand Award 2019. This is the 8th consecutive win by KPJ - winning Gold from 2012 to 2017, and Platinum in 2018 and 2019.

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## Malaysia International HR Awards



In the 19th edition of the MHRM Malaysia-International HR Awards, KPJ Kluang Utama Specialist Hospital & KPJ Seremban Specialist Hospital won Bronze Award for category HR Best Practices. While KPJ Ipoh Specialist Hospital & KPJ Rawang Specialist Hospital won Bronze Award for Category Team Excellence.





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**KPJ Healthcare won GOLD at the 2019 Australasian Reporting Awards for its 2017 Annual Report, in Melbourne, on 19 June 2019.**



This is the 2nd win, as KPJ was also awarded GOLD for its 2016 Annual Report. The Australian Reporting Awards (ARA) are open to all organisations in Australia, New Zealand, and countries in the Asia-Pacific Region. The ARA award aims to create a greater community awareness of valid and objective measures of organisational performance, and greater understanding of the results an organisation has achieved.

### Global Brands Magazine Award

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KPJ Johor Specialist Hospital was awarded Emerging Healthcare Brand by Global Brands Magazine Award.

### Islamic Excellence Awards

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KPJ Tawakkal KL Specialist Hospital was awarded Al-Zahrawi Excellence in Healthcare Award under category of Economic Excellence Award.



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## The Malaysian Society for Occupational Safety & Health (MSOSH) Awards



Gold Class 1 – Kedah Medical Centre  
KPJ Tawakkal KL Specialist Hospital

Gold Class 2 – KPJ Selangor Specialist Hospital  
KPJ Pahang Specialist Hospital

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## Sabah Top Achiver Award 2019



KPJ Sabah Specialist Hospital was awarded  
Industry Excellence In Healthcare & Wellness  
Award.

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## Certificate of Recognition



KPJ Sabah Specialist Hospital received  
Certificate Recognition: Hospital Tanpa Sampah  
from Dewan Bandaraya Kota Kinabalu.





## 柔佛医保末季多赚 57%

【吉隆坡 26 日讯】医院业务贡献良好，柔佛医药保健 (KPJ, 5878, 主板保健股) 截至去年 12 月底的末季净利，按年增长 57.23%，并宣布股息每股 0.5 仙。

该公司今日向交易所报备，2019 财年末季净赚 8400 万 1000 令吉。

末季营业额 9 亿 4400 万 3000 令吉，胜过上财年同季的 8 亿 57654 万 7000 令吉，涨幅 7.7%。

### 探进中越中东

柔佛医药保健全年净利年增 17.79%，录得 2 亿 1136 万 8000 令吉；营业额按年起 7.09% 至 36 亿 436 万 4000 令吉。



阿米努丁

“哥打峇鲁、吉兰丹与柔佛巴西古当的医院，营业额首次超越 1 亿令吉大关，同时去年也达至目标，增设多 3 家医院。”

## KPJ catat prestasi kewangan cemerlang

MyMetro (<https://www.hmetro.com.my>) > Bisnes (<https://www.hmetro.com.my/bisnes>)



AMINUDIN Abdul Samad (KPK) Photo: Nur Hafiz

KPJ Healthcare Bhd terus mencatatkan prestasi kewangan cemerlang dengan pertumbuhan pesat dalam sektor kesihatan. Dalam laporan tahunan 2019, KPJ mencatatkan prestasi kewangan cemerlang dengan pertumbuhan pesat dalam sektor kesihatan. Dalam laporan tahunan 2019, KPJ mencatatkan prestasi kewangan cemerlang dengan pertumbuhan pesat dalam sektor kesihatan.

## KPJ Healthcare Q4 net profit jumps to RM84 million

**KUALA LUMPUR:** KPJ Healthcare Bhd's net profit for the fourth quarter (Q4) of its financial year ended Dec 31, 2019 (FY19) jumped to RM84.0 million from RM53.32 million in Q4

to RM944.0 million previously with Bursa Malaysia. The healthcare declared a single

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APPENDICES

## KPJ Healthcare 4Q net profit jumps to RM84 mil

Posted by Feroza | 48 hours ago | Malaysia



**KUALA LUMPUR:** KPJ Healthcare Bhd's net profit for the fourth quarter (4Q) of its financial year ended Dec 31, 2019 (FY19) jumped to RM84 mil from RM53.32 mil in 4QFY18, supported by higher revenue mainly contributed by hospitals operations in Malaysia.

Revenue in 4QFY19 improved to RM944 mil from RM876.55 mil previously, it said in a filing with Bursa Malaysia today.

## KPJ posts 58% jump in 4Q net earnings as its hospitals treat more patients

BY TAN XUE YING

**KUALA LUMPUR:** KPJ Healthcare Bhd reported a stronger net profit for the fourth quarter ended Dec 31, 2019 (4QFY19) at RM84 million, up 57.5% from RM53.32 million for the year-ago quarter.

The better performance came as growth at its Malaysian hospital operations lifted its quarterly revenue by 7.7% to RM944 million from RM876.55 million for 4QFY18, an exchange filing yesterday showed. It declared a half-sen interim dividend for FY19, to be paid on April 20, bringing its FY19 payout to two sen, same as for FY18.

KPJ said its earnings growth was contributed by its existing and new hospitals — KPJ Rawang, Gading, KPJ Tasekmal, KPJ Pahat, KPJ Perlis and KPJ Dato' Onn.

"This is evidenced by increase in number of patient procedures performed, a rise in surgeries.

et  
m

from RM876.55  
it said in a filing  
yesterday.  
re group also  
interim divi-

the revenue," it said.

Its Malaysian segment's profitability growth was in line with the increase in revenue and cost optimisation exercised, it said, after offsetting losses from newly-opened KPJ Batu Pahat and KPJ Aliri for 4QFY19.

All these factors helped boost KPJ's full-year net profit to RM211.37 million, up 17.8% from RM179.44 million for FY18. Revenue rose 7.1% to RM3.6 billion from RM3.37 billion.

KPJ said the additional capacity from new hospitals, which have started operations, coupled with the completion of the expansion at its existing hospitals will complement the rising demand for

ANALYSIS CORPORATE

Related Listings

## KPJ posts 58% jump in 4Q profit as its hospitals treat more patients

Tan Xue Ying | @theanalystnews  
Published: 26 Feb 2020 10:33 am +08



### KPJ Healthcare raih perolehan lebih tinggi

Kuala Lumpur: KPJ Healthcare Bhd melaporkan keuntungan bersih 18.2% untuk suku keempat berakhir 31 Disember 2019 meningkat kepada RM84 juta dari RM53.32 juta pada suku keempat 2018. Semuanya itu, disebabkan operasi hospital meningkat lebih tinggi pada RM944 juta dari RM876.55 juta pada suku keempat 2018. Hasil ini menunjukkan bahawa KPJ telah meningkatkan operasi hospitalnya di Malaysia. Pada suku keempat berakhir 31 Disember 2019, KPJ mencatatkan pendapatan sebanyak RM944 juta, meningkat 7.7% dari RM876.55 juta pada suku keempat 2018. Pendapatan ini meningkat 7.1% dari RM3.37 billion pada suku keempat 2018.

### HOSPITAL OPERATIONS

## KPJ's Q4 earnings rise 65pc

**KUALA LUMPUR:** The rising momentum from KPJ Healthcare Bhd's hospital operations in Malaysia lifted its earnings, accounting the positive year-on-year organic growth. KPJ's revenue rose 7.7 per cent for the fourth quarter ended Dec 31 last year to RM944 million compared with RM876.55 million in the same quarter in 2018. Net profit for the quarter soared 65 per cent to RM84 million compared

### INFO BOX

RM944M

KPJ Healthcare Bhd's revenue for its fourth quarter ended Dec 31 last year.

## 柔佛医保末季净利涨57%

吉隆坡26日讯：柔佛医保保健（KPJ，5878，主板保健）2019财年第四季（截至12月31日止）净利较前季飙升57.5%，至RM400万令吉，较前季增加7.7%，至RM440万令吉。

全年净利上涨17.9%，至2亿1.137万令吉；营业额也增加7.09%，至36亿零436万令吉。同时，柔佛医保保健也宣布，派发每股0.5仙中期股息。

## KPJ's 4Q earnings lifted by growth in hospital operations

**KUALA LUMPUR:** KPJ Healthcare Bhd said its net profit for the fourth quarter ended Dec 31, 2019 (4QFY19) jumped to RM84 million, up 57.5% from RM53.32 million for the year-ago quarter. The better performance came as growth at its Malaysian hospital operations lifted its quarterly revenue by 7.7% to RM944 million from RM876.55 million for 4QFY18, an exchange filing yesterday showed. It declared a half-sen interim dividend for FY19, to be paid on April 20, bringing its FY19 payout to two sen, same as for FY18.



KPJ said its earnings growth was contributed by its existing and new hospitals — KPJ Rawang, Gading, KPJ Tasekmal, KPJ Pahat, KPJ Perlis and KPJ Dato' Onn.

## KPJ catat prestasi kewangan cemerlang

**KUALA LUMPUR:** KPJ Healthcare Bhd terus mencatatkan prestasi kewangan cemerlang dengan pertambahan pesat dalam pendapatan hospitalnya dalam operasi hospital di Malaysia.



"KPJ dapat memenuh matlamatnya untuk membuka tiga hospital baharu pada 2019."

Presiden dan Pengarah Urusan KPJ Dato' Amarudin Abdul-Satar berkata, KPJ Perdana di Kota Bharu, Kelantan dan KPJ Puchong di Johor Bahru dapat mengurangkan tempoh tunggu pesakit untuk rawatan di hospital-hospital tersebut.

Tragah, sebagai sebahagian daripada usaha bersempa dalam pelaksanaan perancangan KPJ, ia juga akan membuka tiga hospital baharu di Malaysia.

Penelitian dalam suku keempat pada 2019 meningkat kepada RM944 juta daripada RM876.55 juta sebelumnya.

Bagi tahun kewangan 2019, kewangan KPJ meningkat kepada RM3.6 billion, meningkat 7.1% dari RM3.37 billion sebelumnya.

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KPJ Healthcare Berhad

2019



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Seventh (27th) Annual General Meeting ("**AGM**") of KPJ Healthcare Berhad ("**KPJ**" or the "**Company**") will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01 Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, 8 Jalan Kerinchi, 59200 Kuala Lumpur ("**Broadcast Venue**") on Thursday, 9 July 2020 at 12.00 p.m. to transact the following businesses:

## AGENDA

### ORDINARY BUSINESS

- |   |  |
|---|--|
| 1. To receive the Audited Financial Statements for the year ended 31 December 2019 and the Reports of the Directors and Auditors thereon.   | <b>Please refer to Note (i) of the Explanatory Notes</b> |
| 2. To re-elect the following Directors of the Company who will retire in accordance with the Constitution of the Company:-  |  |
| (i) Prof Dato' Dr Azizi bin Haji Omar   | <b>(Ordinary Resolution 1)</b>                           |
| (ii) Datuk Mohd Radzif bin Mohd Yunus   | <b>(Ordinary Resolution 2)</b>                           |
| (iii) Dato' Yusli bin Mohamed Yusoff  | <b>(Ordinary Resolution 3)</b>                           |
| (iv) Dato' Dr Ngun Kok Weng   | <b>(Ordinary Resolution 4)</b>                           |
| (v) Mohamed Ridza bin Mohamed Abdulla   | <b>(Ordinary Resolution 5)</b>                           |
| (vi) Dato' Seri (Dr) Mohamed Azahari bin Mohamed Kamil  | <b>(Ordinary Resolution 6)</b>                           |
| (vii) Dato' Mohd Redza Shah bin Abdul Wahid   | <b>(Ordinary Resolution 7)</b>                           |
| (viii) Dato' Dr Sivamohan a/l S.Namasivayam   | <b>(Ordinary Resolution 8)</b>                           |
| (ix) Khairuddin bin Jaflus  | <b>(Ordinary Resolution 9)</b>                           |
| (x) Rozaini bin Mohd Sani   | <b>(Ordinary Resolution 10)</b>                          |
| (xi) Shamsul Anuar bin Abdul Majid  | <b>(Ordinary Resolution 11)</b>                          |
| 3. To approve the Proposed Directors' fees of RM1,540,000 (" <b>Proposed Directors' Fees</b> ") for the financial year ending 31 December 2020 (2019: RM1,540,000) (Note (15)(ii))  | <b>(Ordinary Resolution 12)</b>                          |
| 4. To approve the payment of Directors' Remuneration (excluding Proposed Directors' Fees) to Non-Executive Directors (" <b>NED</b> ") for the period from 10 July 2020 until the conclusion of the next AGM of the Company (" <b>Relevant Period</b> ") (Note (15)(ii))   | <b>(Ordinary Resolution 13)</b>                          |
| 5. To appoint Messrs Ernst & Young PLT, having consented to act as Auditors of the Company for the financial year ended 31 December 2020 in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | <b>(Ordinary Resolution 14)</b>                          |

Notice of Nomination pursuant to Sections 267(4) and Section 271(4) of the Companies Act, 2016 (a copy of which is annexed hereto and marked "Annexure A") in the 2019 Annual Report has been received by the Company for the nomination of Messrs Ernst & Young PLT, for appointment as Auditors in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT.

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016** **(Ordinary Resolution 15)**
- "**THAT** pursuant to Section 75 and 76 of the Companies Act, 2016 ("**Act**"), and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company. (See Note 16(i))

**7. PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY ("PROPOSED SHARE BUY-BACK") (Ordinary Resolution 16)**

"**THAT**, subject to Section 127 of the Act, the provisions of the Main Market Listing Requirements of the Bursa Securities ("**Listing Requirements**") and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

- (a) The maximum number of shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being subject to the restriction that the issued capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company; and
- (c) Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manner:-
  - (i) cancel the shares so purchased; or
  - (ii) retain the shares so purchased as treasury shares and held by the Company; or
  - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or,
  - (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
  - (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force;

**AND THAT** the authority conferred by this resolution shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution passed at the AGM either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and other relevant guidelines issued by the Bursa Securities or any other relevant authorities.

**AND THAT** the Directors of the Company be and are authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of KPJ with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Shares Buy-Back contemplated and/or authorised by this ordinary resolution." (Note 16(ii))

8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** (Ordinary Resolution 17)

"**THAT** subject always to the provisions of the Act, the Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries ("Group"), to enter into and give effect to the Recurrent Related Party Transactions of a Revenue or Trading nature, all with the particulars of which are set out in Part B of the Circular to Shareholders dated 10 June 2020 ("Circular") with the Related Parties as described in the Circular, provided that such transactions are:-

- (a) recurrent transactions of a revenue or trading nature;
- (b) necessary for the day-to-day operations of the Company and/or its subsidiaries;
- (c) carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
- (d) not detrimental to the minority shareholders of the Company;

**AND THAT** such authority shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM, at which time the authority will lapse unless by a resolution passed at the AGM, such authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date that is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier;

**AND THAT** the Directors of the Company be and are authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of KPJ with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Shareholders' Mandate contemplated and/or authorised by this ordinary resolution." (Note 16(iii))

**By Order of the Board,  
KPJ HEALTHCARE BERHAD**

HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)  
HASLINDA BINTI MD NOR @ MOHD NOAH (LS 0005697)  
*Secretaries*

Johor Bahru  
Dated: 10 June 2020



## NOTES:

### 1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders WILL NOT BE ALLOWED to attend the 27th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 27th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Guide on 27th AGM and take note of Notes (2) to (14) below in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 30 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Guide on 27th AGM.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

#### (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

#### (ii) By electronic form

The proxy form can be electronically lodged with the Poll Administrator of the Company via TIIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is Wednesday, 8 July 2020 at 12.00 p.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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# NOTICE OF ANNUAL GENERAL MEETING

## 15. EXPLANATORY NOTES ON ORDINARY BUSINESSES:

### (i) Agenda 1 – Audited Financial Statements

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

### (ii) Agenda 3 and Agenda 4

Pursuant to Section 230(1) of the Companies Act 2016 ("Act") which came into force on 31 January 2017, the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby agree that the shareholders' approval shall be sought at the Twenty Sixth (27th) AGM commencing 10 July 2020 until the conclusion of the next AGM of the Company in 2021.

The proposed Resolution 13, if passed will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NED of the Company on a monthly basis and/or when incurred within the Relevant Period.

The Board is of the view that it is just and equitable for the NED to be paid the Directors' Remuneration on a monthly/quarterly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

In the event that the Directors' Remuneration (excluding Proposed Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size) approval of the shareholders of the Company will be sought at the next AGM for the additional remuneration to meet the shortfall. The estimated amount of RM1,418,000.00 for the Relevant Period is derived from a total of RM730,000.00 for FY2020 and a total of RM688,000.00 for the period from 1 January 2021 until the next AGM in 2021.

Details of the estimated Directors' Remuneration for NEDs for the Relevant Period are as below:-

#### (a) Directors' Fees

	2020	2019
Non-Executive Chairman	RM220,000 per annum	RM220,000 per annum
NED	RM120,000 per annum	RM120,000 per annum

NOTE:

- The payment of the Directors' fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.

#### (b) Directors' Remuneration (excluding Directors' fees)

##### (1) Other benefits

Description	Chairman	NED
Other benefits	Medical benefits and company car and driver	Medical benefits and company car and driver for 1 NED

## (2) Committee Fees

Committee Fees	Chairman	NED
Audit Committee	RM35,000 per annum	RM25,000 per annum
Medical Advisory Committee	*	RM15,000 per annum
Nomination and Remuneration Committee	Nil	Nil
Development and Procurement Committee	RM20,000 per annum	RM15,000 per annum
Risk and Governance Committee	RM20,000 per annum	RM15,000 per annum
ESOS Committee	Nil	Nil
Investment Committee	RM20,000 per annum	RM15,000 per annum

Allowance for Professional Advisory Services	2020
*Monthly Allowance as Chairman of Medical Advisory Committee	RM18,000

NOTE:

- The payment of the Committee Fee for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.
- The payment of the Committee Fee are extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.
- The payment of Committee Fee is not applicable to Nomination and Remuneration Committee and ESOS Committee.

## (3) Meeting Allowance

Meeting Allowance (per meeting)	Chairman	NED
Board of KPJ	RM4,000	RM3,000
Audit Committee	RM4,000	RM3,000
Medical Advisory Committee	RM4,000	RM3,000
Nomination and Remuneration Committee	RM3,000	RM2,000
Development and Procurement Committee	RM3,000	RM2,000
Risk and Governance Committee	RM3,000	RM2,000
Investment Committee	RM3,000	RM2,000

NOTE:

- The payment of the Meeting Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company

**16. EXPLANATORY NOTES ON SPECIAL BUSINESS:**

**(i) Agenda 6 – Authority to Issue Shares Pursuant to Section 75 and 76 of the Act**

The proposed Ordinary Resolution 11 if passed is primarily to give flexibility to the Directors of the Company to issue up to maximum amount not exceeding in total ten percent (10%) of the total number of issued shares in the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within the next AGM required by law to be held, whichever is earlier.

- a) The mandate sought under proposed Ordinary Resolution 15 is a renewal of an existing mandate particularly on the conversion of KPJ ESOS into ordinary shares at the price of RM0.91 per ordinary share.
- b) The proceeds raised from the previous mandate were RM38,733,091.00
- c) The proceeds were utilized for working capital purposes.
- d) The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding future investment(s), project(s), working capital and/or acquisitions.

**(ii) Agenda 7 – Proposed Renewal of the Share Buy-Back Authority ("Proposed Share Buy Back")**

The proposed Ordinary Resolution 16 if passed will empower the Directors of the Company to utilise any of its surplus financial resources to purchase the Company's own shares through Bursa Malaysia at any time within the time stipulated by utilizing the funds allocated out of the audited retained profit of the Company.

**(iii) Agenda 8 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

The proposed Ordinary Resolution 17 if passed, is primarily to authorise the Company and its subsidiaries ("Group") to enter into arrangements or transactions with Related Parties, particulars of which are set out in the Circular to Shareholders dated 10 June 2020 ("Circular") circulated together with this Annual Report, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made to the public.

The procurement of the Proposed Shareholders' Mandate would reduce substantially administrative time, effort and expenses associated with the convening of separate general meetings to seek shareholders' approval as and when potential Recurrent Related Party Transactions arise.

**(iv) For the Proposed Share Buy Back and Proposed Shareholders' Mandate, please refer the details in the Circular to Shareholders dated 10 June 2020.**

ABOUT US

CREATING  
SUSTAINABLE  
VALUE

STEWARDSHIP

REVIEW OF  
OPERATIONS

GOVERNANCE

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KPJ Healthcare Berhad

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# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of the Bursa Malaysia:-

1. The Directors who are retiring pursuant to Rule 95(i) of the Company's Constitution are as follows:-
  - a. Prof Dato' Dr Azizi Bin Haji Omar
2. The Directors who are retiring pursuant to Article 96 of the Company's Constitution are as follows:-
  - a. Datuk Mohd Radzif bin Mohd Yunus
  - b. Dato' Yusli bin Mohamed Yusoff
  - c. Dato' Dr Ngun Kok Weng
  - d. Mohamed Ridza bin Mohamed Abdulla
  - e. Dato' Seri (Dr) Mohamed Azahari bin Mohamed Kamil
  - f. Dato' Mohd Redza Shah bin Abdul Wahid
  - g. Dato' Dr Sivamohan a/l S.Namasivayam
  - h. Khairuddin bin Jaflus
  - i. Rozaini bin Mohd Sani
  - j. Shamsul Anuar bin Abdul Majid
3. Particulars of Directors seeking re-election at the Annual General Meeting are set out in Directors' Profile appearing in pages 103 to 115 of the Annual Report.





## MEMBINA & MEMBELA

Date : 20 May 2020

### **The Board of Directors**

KPJ Healthcare Berhad  
Level 16, Menara KOMTAR  
Johor Bahru City Centre  
80000 Johor Bahru, Johor

Dear YB Datuk/Dato'/Sirs/Madam,

### **NOTICE OF NOMINATION OF MESSRS ERNST & YOUNG AS AUDITORS**

We, JOHOR CORPORATION, being a member of the Company hereby give notice pursuant to Section 267(4) and Section 271(4) of the Companies Act, 2016 of our intention to nominate Messrs Ernst & Young as Auditors of the Company in place of the retiring auditors, for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

On behalf of the Board,  
**JOHOR CORPORATION**

A handwritten signature in black ink, appearing to read 'Mohd Nordin Bin Jamaludin', written over a light grey background.

**(MOHD NORDIN BIN JAMALUDIN)**  
Secretary

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#### **JOHOR CORPORATION**

LEVEL 11, MENARA KOMTAR, JOHOR BAHRU CITY CENTRE, 80000 JOHOR BAHRU, JOHOR, MALAYSIA  
T: +607-219 2692 F: +607-223 3175 E: pdnjohor@jcorp.com.my @www.jcorp.com.my f johorcorporationofficial  
KL OFFICE: LEVEL 11, MENARA JCORP, NO. 249, JALAN TUN RAZAK, 50400 KUALA LUMPUR, MALAYSIA  
T: +603 2787 2692 F: +603-2787 2700



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# PROXY FORM



**KPJ HEALTHCARE BERHAD**

(Registration No. 199201015575 (247079-M))

CDS Account No.	No. of shares held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]

of \_\_\_\_\_  
[Full address]

being member(s) of KPJ Healthcare Berhad, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 27th Annual General Meeting of the Company which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, 8 Jalan Kerinchi, 59200 Kuala Lumpur ("the Broadcast Venue") on Thursday, 9 July 2020 at 12.00 p.m. or any adjournment thereof, and to vote as indicated below:

Description	Resolution	For	Against
<b>To Re-elect Directors:</b>			
1. Prof Dato' Dr Azizi Bin Haji Omar	Ordinary Resolution 1		
2. Datuk Mohd Radzif Bin Mohd Yunus	Ordinary Resolution 2		
3. Dato' Yusli Bin Mohamed Yusoff	Ordinary Resolution 3		
4. Dato' Dr Ngun Kok Weng	Ordinary Resolution 4		
5. Mohamed Ridza Bin Mohamed Abdulla	Ordinary Resolution 5		
6. Dato' Seri Mohamed Azahari Bin Mohamed Kamil	Ordinary Resolution 6		
7. Dato' Mohd Redza Shah Bin Abdul Wahid	Ordinary Resolution 7		
8. Dato' Dr Sivamohan a/l S.Namasivayam	Ordinary Resolution 8		
9. Khairuddin Bin Jaflus	Ordinary Resolution 9		
10. Rozaini Bin Mohd Sani	Ordinary Resolution 10		
11. Shamsul Anuar Bin Abdul Majid	Ordinary Resolution 11		
12. To Approve Directors' Fee	Ordinary Resolution 12		
13. To Approve Payment of Directors' Remuneration	Ordinary Resolution 13		
14. To Appoint Auditors	Ordinary Resolution 14		
<b>Any other Business</b>			
15. Authority to Issue Shares	Ordinary Resolution 15		
16. Proposed Share Buy Back	Ordinary Resolution 16		
17. Proposed Shareholders' Mandate	Ordinary Resolution 17		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature\*

**Notes:**

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders WILL NOT BE ALLOWED to attend the 27th Annual General Meeting in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, participate (including posing questions to the Board) and vote remotely at the 27th Annual General Meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tiah.online>.
2. For the purpose of determining who shall be entitled to attend this Annual General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 30 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend, participate, speak and vote in this Annual General Meeting via RPV.
3. A member who is entitled to attend, participate, speak and vote at this Annual General Meeting via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company. In view that this is a fully virtual Annual General Meeting, we strongly advise the members who are unable to attend, participate, speak and vote in this Annual General Meeting via RPV to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.
4. (Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), "I"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at TIH Online website at <https://tiah.online>
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the Annual General Meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic form  
The proxy form can be electronically lodged with the Poll Administrator of the Company via TIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Annexure to the proxy form – Electronic Submission of Proxy Form via TIH Online for General Meeting.
8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
9. Last date and time for lodging the proxy form is Wednesday, 8 July 2020 at 12.00 p.m.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed. To attend, participate and vote remotely, the attorney should refer to the Administrative Guide on 27th Annual General Meeting for further details.

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AFFIX  
STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD  
UNIT 32.01, LEVEL 32, TOWER A  
VERTICAL BUSINESS SUITE, AVENUE 3  
NO 8 JALAN KERINCHI  
59200 KUALA LUMPUR

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**KPJ HEALTHCARE BERHAD 199201015575 (247079-M)**

Level 12, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.  
t (603) 26816222 | f (603) 26816888

W W W . K P J H E A L T H . C O M . M Y