

## Statement From Our Chairman

# LAYING SOLID FOUNDATIONS FOR THE FUTURE



### Dear Valued Stakeholders,

I came on board as Chairman of the Board of KPJ Healthcare Berhad on 1 April 2022, and based on my observations and the updates provided, I am truly pleased with what our team has achieved. Demonstrating a steadfast resilience, dedication and diligence, Team KPJ overcame many of the challenges faced in order for us to deliver the best care for life. I applaud the team for their unwavering and selfless efforts.

On behalf of the Board, it is my honour and privilege to present KPJ Healthcare Berhad's Integrated Annual Report for the financial year ended 31 December 2021.

**DATUK MD ARIF BIN MAHMOOD**  
*Chairman*



### CONTINUING TO GROW FROM STRENGTH TO STRENGTH

In 2021, we celebrated our 40<sup>th</sup> anniversary as the hospital group with the most extensive network of private specialist hospitals in Malaysia. From our humble beginnings as the first private specialist hospital in Johor in 1981, KPJ has grown from strength to strength. Today, with our wide range of specialised solutions across five nations, we are among the leading regional healthcare providers, known for delivering world-class healthcare services.

As we continued to battle the COVID-19 pandemic in 2021, we commemorated our 40<sup>th</sup> anniversary by focusing on

doing what we do best – caring for life. Our team worked relentlessly to elevate patient care, while strengthening clinical and hospital operations.

Despite the setback of two Movement Control Orders (MCOs), our team managed to push forward with the fundamental changes required under the first phase of our Re-Energising KPJ transformation journey. As a result of these concerted efforts as well as the spirit of always striving for care and excellence, a reinvigorated KPJ is well positioned today and continues to enjoy the trust of all our stakeholders as we deliver sustainable value to them.

## Statement From Our Chairman



The number of inpatient and outpatient visits

## IMPROVED

in July 2021 when Malaysia entered the first phase of the NRP following the two MCOs

The Group's

## HYBRID HOSPITAL APPROACH

– where both COVID-19 and non-COVID-19 patients are managed under the same roof  
– helped to balance out KPJ's performance in 2021

### REMAINING STEADFAST DESPITE ANOTHER CHALLENGING YEAR

In 2021, global economic growth surged to 5.8% from a contraction of 3.1% in 2020 as pandemic-related lockdowns in many countries were eased and stronger demand growth arose. Developments related to the COVID-19 pandemic continued to shape the recovery path of most nations. For many nations, progress in COVID-19 vaccinations facilitated the reopening and recovery of their economies, whereas for others, periodic resurgences of the virus dampened the pace of economic recovery. Global growth was further supported by a strong rebound in global trade, despite the worsening of supply chain issues.

In Malaysia, 2021 proved to be another challenging year all around. Not only did we have to deal with the rise of new COVID-19 variants, we also had to contend with demand disruption and the higher cost of doing business. In January and June 2021 respectively, the Malaysian Government imposed two MCOs to mitigate the rising number of positive COVID-19 cases and pandemic-related deaths, both of which added to the year's dismal mood. This was further fanned by political uncertainty that affected the capital markets and devastating floods that adversely impact economic recovery.

In mid-June 2021, the Malaysian Government announced a four-phase National Recovery Plan (NRP) to nurse an ailing economy back to health. A month later, the first phase of the NRP was rolled out with restrictions eased for those who had been fully vaccinated while more business sectors were allowed to resume operations. As economic recovery strengthened and consumer confidence improved in the fourth quarter of the year, Malaysia saw its overall gross domestic product (GDP) rise to 3.1% in 2021 against a 5.6% contraction in 2020. This was primarily attributable to the successful rollout of the national immunisation programme (NIP).

Although economic activities were able to resume towards the year's end, the restricted cross-border movements and tighter standard operating procedure (SOPs) throughout 2021, had an adverse impact on recovery efforts across the healthcare industry.

In 2021, the number of outpatients across the KPJ Group – mainly driven by our Malaysia operations – increased by 7%. This was partly due to the increase in COVID-19 screening activities. Meanwhile, the number of inpatients reduced by 5%, partly due to the spike in COVID-19 cases and the reimposition of the MCOs in Malaysia. For the year in review, the overall bed occupancy rate (BOR) across KPJ's hospitals declined from 47% in 2020 to 43%.

In Malaysia, the number of both inpatient and outpatient visits improved in July 2021 when the country entered the first phase of the NRP following the two MCOs. The Group's hybrid hospital approach helped to balance out our performance in 2021. In the context of the pandemic, a KPJ hybrid hospital is a hospital within the Group which offers internal medicine services as well as COVID-19 treatment, i.e., both COVID-19 and non-COVID-19 patients are managed under the same roof. In keeping with strict infection control practices, COVID-19 patients are treated in designated COVID-19 wards.

I am pleased to report that for the financial year ended 31 December 2021, the Group recorded total revenue of RM2.6 billion, a 10% increase against the RM2.4 billion recorded in 2020. The healthy growth in revenue was mainly driven by an increase in hospital activities following the lifting of the MCOs and the rollout of the NRP. The increase in revenue was also driven by the rise in activities related to the increase in COVID-19 screening, laboratory testing, and vaccination services, as well as greater collaboration with the public healthcare

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sector to treat decanted COVID-19 patients who were relocated to KPJ's hospitals from public sector hospitals.

Notwithstanding 2021's increase in revenue, the Group registered earnings before interest, taxes, depreciation, and amortisation (EBITDA) of RM529.5 million in 2021, a marginal decrease of 2% compared to EBITDA of RM538.9 million in 2020, while profit before tax (PBT) for the year stood at RM115.6 million, a 23% decline from PBT of RM150.8 million previously.

Despite the year's challenging operating environment, KPJ declared two interim dividends totalling 0.55 sen per share in respect of the financial year ended 31 December 2021. In total, dividends amounting to RM23.73 million (2020: RM51.36 million) were paid out to shareholders in respect of financial year 2021, representing 36% of the Group's net profit for 2021.

### THE YEAR'S KEY DEVELOPMENTS

Over the course of 2021, we continued to roll out several key initiatives to reinforce KPJ's leading position as Malaysia's largest private hospital chain.



#### **Delivering on Phase One of Our Transformation Agenda**

In 2021, we unveiled the Re-Energising KPJ transformation strategy which called for the creation of synergies across the Group's businesses to outperform the industry and deliver enhanced and sustainable total shareholder returns. The team focused their efforts on driving the following Five Value Drivers under Phase One of the transformation strategy:

**Empower Our Organisation, People and Culture**

**Enhance Our Best in Class Clinical and Service Quality**

**Capitalise on Digital and Technology Solutions to Improve Our Efficiency and Deliver Value**

**Strengthen Our Business and Operational Excellence**

**Reflect on KPJ's True Value through Refreshed Branding and Marketing Efforts**

In the same year, we completed the restructuring of the Group's organisational structure. A number of the management team members were refreshed and assigned to new enhanced roles. We also delivered on a number of projects that further enhanced our business and operational excellence. Following the implementation of these fundamental changes, KPJ, today, is on firmer footing to capture and deliver value to all its stakeholders.

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### Making Strong Inroads on the Public-Private Partnership Front

The pandemic has necessitated close collaboration among healthcare providers to use finite resources more efficiently to better serve the public. In line with this, KPJ answered the call to accelerate the rate of vaccination in Malaysia through the NIP. As the nation's largest provider of private healthcare services, we ultimately had 22 of our 28 hospitals nationwide working closely with the Ministry of Health (MOH) and ProtectHealth Corporation Sdn Bhd to serve as Vaccination Administration Centres or Pusat Pemberian Vaksin (PPV).

We were also among those that supported the Mega PPVs at the Kuala Convention Centre (KLCC) and Mid Valley, South Key in Johor Bahru. Clocking in at almost 15,000 vaccinations daily at the height of the NIP, KPJ was the single largest private healthcare provider supporting the national programme. By the end of 2021, our 22 hospitals had administered a total of 539,219 doses of vaccines to the general public.

Under the public-private partnership, our hybrid hospitals assisted the MOH in alleviating the stress put on public sector hospitals through our offer of more than 100 types of services and procedures to MOH-decanted non-COVID-19 patients. This freed up the MOH's capacity to better manage COVID-19 cases. We also provided supplies and equipment such as ventilators, as well as facilitated the nationwide secondment of medical professionals to the government healthcare system during the pandemic.

We shall continue our engagement with the MOH at both the Federal and State levels to offer any further assistance for their immediate needs. We will also explore the potential of offering more sustainable complementary services to the MOH. Driven by our Care for Life mandate, we will definitely continue to play our part in complementing the Government's role in looking after the wellbeing of the people.





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### Strengthening Market Penetration among Communities

To better serve the healthcare needs of individuals and families across communities in a more convenient and cost-effective manner, we opened our second Ambulatory Care Centre (ACC) at Puchong Kinrara, Selangor in mid-December 2021. The ACC at Kinrara is a medical specialist outpatient centre that is focused on providing comprehensive and continuous primary healthcare services which are not readily available at general practitioner (GP) clinics. It boasts an operating theatre, a laboratory, a well-stocked pharmacy, more sophisticated diagnostic equipment and multi-disciplinary health services delivered by family medicine specialists.

Operating between 9 am and 10 pm, all seven days of the week, with an open concept that enables external GPs to use the facilities available at the centre, our ACC in Kinrara complements the efforts of GPs in the area. The GPs can refer patients to our ACC rather than send them to hospitals that are further away. We believe that by providing better medical facilities closer to the communities, we can better care for our patients.

One of the driving factors behind KPJ setting up ACCs, is to make private healthcare more affordable. The operational costs for an ACC are lower as compared to a full-service hospital and the savings we enjoy are passed on to our patients in the form of lower fees. We plan to open more ACCs in the Klang Valley and Penang, as well as along the Southern and Northern corridors in time to come.



### A Return to the Sukuk Market

Early March 2022 saw the Group making a return to the sukuk market after a hiatus of more than a decade with our offering of the RM3.0 billion Sukuk Wakalah Programme.

Right from the inception of the book-building exercise on 23 February 2022, our programme garnered robust demand from diversified investors including institutional investors, insurance companies, fund and asset management companies, financial institutions, and high-net worth investors. Altogether, the offer was oversubscribed 10.3 times or at an order book value of RM6.7 billion. The overwhelming interest from high quality investors underscores the market's confidence in the Group's business strategies moving forward. Following the overwhelming response to the offer and its attractive pricing, the initial size of the RM500 million Sukuk Wakalah offer was raised to RM650 million.

KPJ's Sukuk Wakalah Programme has been assigned a final rating of AA-IS(CG) (stable) by Malaysian Rating Corporation Bhd. The proceeds are to be utilised to fund our growth, working capital and general corporate needs. The amount allocated for capital expenditure will include the upgrading of our existing infrastructure, expansion into new market segments, such as the ACC segment, and our digital initiatives. The Sukuk Wakalah programme also provides us the flexibility to issue sustainability sukuk which underscores our sustainability commitment.



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### COMMITTED TO RESPONSIBLE CORPORATE PRACTICES

#### Upholding Good Governance

The Board of KPJ is committed to upholding and implementing strong standards of corporate governance, as well as robust risk management and internal control measures across the Group.

These are essential for us to preserve our reputation and to strengthen our stakeholders' confidence in order to deliver sustainable value creation. We ensure that our policies are effectively and clearly cascaded from the Board to the rest of the organisation. We also carry out engagement with our various stakeholders to ensure patient safety, trust and satisfaction. In strengthening our position as a leader on corporate governance, we remain committed to providing the necessary training, including that relating to the latest market trends, to our Directors.

In 2021, the Board focused its efforts on bolstering KPJ's overall governance and risk management frameworks to ensure these aligned with the recommended practices under the updated Malaysian Code on Corporate Governance 2021 (MCCG 2021). Our compliance with the recommended practices for Large Companies under the MCCG 2021, are outlined in our Corporate Governance Report, published on our website and submitted to Bursa Malaysia Securities Berhad.

Integrity is one of the core values embraced by the Group. This mandates that the respective teams at every level uphold the highest standards of ethics and integrity by demonstrating honesty, fairness, transparency, and accountability in every aspect of KPJ's business and

operations. We have in place at KPJ, a Whistle-Blowing Policy that enables our employees and other stakeholders to safely report any concerns about unethical behaviour, malpractice, illegal acts, or failure to comply with regulatory requirements. A dedicated whistleblowing channel at [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my) is in place for such reporting. In 2021, we further enhanced our Group's Whistle-Blowing Policy.

By way of risk management, our Risk and Governance Committee prioritised the following risk management initiatives in 2021 seeking to:



**+ Strengthen the alignment of KPJ risk strategy and appetite to KPJ's Strategy**



**+ Promote a heightened awareness of risk and inculcate a deeper risk management culture and practices across the Group**



**+ Strengthen the Enterprise Risk Management system, which includes identification, monitoring, mitigation and reporting across the Group**



*Our Statement on Risk Management and Internal Control within this Integrated Annual Report expounds on these details.*

#### Sustainability within KPJ

Sustainability remains at the core of how KPJ conducts its business. In driving economic returns while ensuring the environment is not harmed, society at large benefits from our presence and activities. We complement this with stellar corporate governance and disclosure practices.

In 2021, KPJ's multi-disciplinary Sustainability Working Committee was set up to strengthen and drive the four components of our sustainability agenda, namely the Economic, Environmental, Social and Governance (EESG) areas. The committee is also to strengthen our commitment at all levels by incorporating sustainability performance metrics and targets into KPJ's corporate scorecard in 2022.

An external consultant has also been appointed to help us establish and strengthen KPJ's sustainability framework with clear guidelines on the focus areas as well as the targets and milestones to be achieved. We will also establish clear and focused accountability within the Group to drive the implementation of the identified action items. To cement our commitment to sustainability, we plan to publish more comprehensive sustainability targets and commitments in our coming report. Recognising that climate-related risks can have an adverse impact on our business, we also intend to incorporate such elements into our risk management framework in the next reporting year.

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**As part of efforts to address the matters that are material to KPJ, we have worked on and are working on several sustainability initiatives on the Economic, Environmental, Social and Governance fronts:**

**ECONOMIC**

As mentioned earlier, Phase One of the Re-Energising KPJ transformation strategy was brought to a close in 2021 and we have embarked on Phase Two which is to run from 2022 to 2025. This "Transforming the Growth" phase, will see KPJ capitalising on the return to a more positive business environment to deliver growth over the next three years.

The Group's efforts on the economic front also are also being bolstered by our digital transformation efforts. In 2021, we installed a new core IT system for the entire organisation to strengthen the

patient-doctor engagement process. A new state-of-the-art Hospital Information System (HIS) is currently being developed to improve the patient experience and boost the Group's overall operational excellence. The rollout of the new HIS at the new KPJ Damansara Specialist Hospital 2 or DSH2 (which is due to be operational in the third quarter of 2022) will also herald the launch of the Group's digital health ecosystem. Our ambition is to make our fully-digitalised specialist hospital, DSH2, a model for what KPJ hospitals will look like in the future.

**ENVIRONMENTAL**

To reduce our environmental footprint and mitigate the risk of the diseases potentially spreading, we have set in place stringent waste management protocols. In line with this effort, the Group's hospitals produced 4.2% less hazardous waste in 2021 than the year before. As part of proactive water management initiatives, we are exploring how best to repurpose clean rejected water from our dialysis centre. This initiative will see up to 60% of discharged treatment RO water being reused for gardening, cleaning and flushing water by the end of 2022. In terms of carbon management, we have started to expand our green spaces and increase planting efforts within our hospital compounds.

When it is completed, our signature hospital, DSH2, will be the latest addition to the Group's GBI-certified buildings. Its architecture and systems coupled with environmental-friendly materials and resources are designed to reduce energy consumption, conserve water usage as well protect humans and the environment. It also features spaces

such as a herb garden to strengthen and soothe patients' mental and physical well-being, as well as parking lots that cater for low emitting and fuel-efficient green vehicles.

To enable a low carbon future and circular economy, we are tapping digitalisation in a more immersive manner to streamline the processes at our hospitals, thereby reducing paper usage and patient waiting time. For 2022, we plan to reduce 5% of our greenhouse gas (GHG) emissions. We are exploring how best to adopt clean energy solutions such as LNG, as well as sustainable energy sources with energy management technologies such as solar photovoltaic systems. This will help us reduce energy wastage and enable us to derive better energy savings across our hospital network. We have also kicked off a responsible sourcing initiative in 2021, working together with and encouraging our suppliers to be more responsible in managing the impact of their operations on the environment.

**SOCIAL**

Being the largest hospital network in the nation, we continue to extend our reach to the communities that we operate in. In the year under review, in support of the NIP, 13 of our Klinik Waqaf An-Nur (KWAN) clinics and four mobile clinics set up information and registration kiosks to assist with the registration of vaccine recipients via the official approved platforms. Under our outreach programme, KWAN mobile clinics also carried out vaccinations for individuals, particularly the elderly and the physically disabled in B40 residential areas in Johor.

Our efforts to care for the well-being of communities also saw members of our Briged Waqaf JCorp, volunteers from KPJHQ and our

various hospitals, together with personnel from our KWAN mobile clinics, swing into action to evacuate communities affected by the devastating floods that hit the State of Selangor in late December 2021. We were also actively involved in the clean-up and food distribution efforts after the floods.

We have also taken the necessary measures to ensure that we continue to attract and retain the best talent and remain competitive. At the same time, we have extended our responsible sourcing initiative to ensure that our suppliers are upholding labour, health and safety, as well as human rights standards and practices in an ethical, sustainable and socially conscious manner.

**GOVERNANCE**

We are making concerted efforts to be among the best in the industry in our disclosure and governance practices. In line with the mandate to uphold the highest standards of ethics, we enhanced the various components of our Anti-Bribery Management System (ABMS), including the ABMS Policy and Guide, Code of Conduct for Employees, Corruption Risk Assessment and Conflict of Interest Policy.

As testament to the Group's zero-tolerance for corruption stance, we entered into a collaborative relationship with the Malaysian Anti-Corruption Commission (MACC) while our (then) Chairman signed

the Anti-Bribery and Anti-Corruption (ABAC) policy. We also engaged a qualified and independent party, namely SIRIM, to obtain the assurance that KPJ is operating in full compliance on the integrity and anti-corruption fronts. A new supplier code of conduct policy is currently being drafted to help improve our current procurement processes and ensure the highest ethical standards are upheld in all dealings across our supply chain. These among other measures, aim to ensure KPJ remains a credible and trustworthy organisation that stands out as a model for exemplary corporate behaviour.



For more insights into KPJ's sustainability efforts, please refer to our fourth dedicated Sustainability Report.

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## RECOGNISED FOR UPHOLDING EXCELLENCE

We are pleased to share some of the awards and recognition that we received in 2021 for all our efforts.

Our commitment to upholding excellence in healthcare was reflected in the host of awards that the Group garnered at the Global Health Asia Pacific Healthcare and Hospital Awards 2021 event:

- + KPJ Healthcare Berhad was declared the Best Hospital of the Year in Malaysia underscoring our dedication to upholding patient safety and care as well as our resilience and resolve in serving the country in its time of need**
- + KPJ Tawakkal KL Specialist Hospital had the distinction of being named Orthopaedic Service Provider of the Year in Asia Pacific for the fifth year running**
- + Tawakkal Health Centre was named Dental Service Provider of the Year in Asia Pacific for the second time since 2019**
- + KPJ Damansara Specialist Hospital secured the title Paediatric Service Provider of the Year for the Asia Pacific region**



Companies today are increasingly under the spotlight for how they respond in times of crisis i.e., whether they make decisions in an ethical and trustworthy manner for the benefit of their stakeholders, or simply take shortcuts. KPJ's commitment to prioritising and upholding ethical behaviour and trust saw us gaining recognition at PwC Malaysia's Building Trust Awards 2021 event which spotlights Malaysian public-listed companies that are demonstrating significant efforts to build stakeholder trust. We jointly secured Second Place in the FBM Mid 70 Index category as well as were one of six recipients of a Special Mention Award following the findings of PwC's Trust Analytics Framework methodology and its Building Trust Public Poll.

Our ongoing commitment to upholding robust governance practices was recognised when we were declared the sole Industry Excellence Award Winner in the Healthcare category at the Minority Shareholders Watch Group or MWSG-ASEAN Corporate Governance Awards 2020 event.

KPJ Healthcare Berhad received recognition as One of the Most Preferred Graduate Employers to Work for in 2022 when we were voted a Champion in the Healthcare (Hospitals) category at the Graduates' Choice Award (GCA) 2022 event. The CGA is Malaysia's most authoritative graduate employer branding award and employers are given recognition for their dedication and efforts in enhancing their employer branding among public and private universities across Malaysia.

Our efforts on the corporate social responsibility front were acknowledged when we were accorded the Excellence in CSR Award at the Bumiputera Business Excellence Awards 2021. We also made inroads on the creative marketing front when our music video, *Cahaya*, was hailed one of the Top 10 Merdeka

TVCs 2021 Winners at MARKETING Magazine's Expert's Choice Award event. This original song was composed and produced in-house by our employees and brought to life by songstress Marsha together with the KPJ University College choir.

Over the course of the year, our subsidiaries went on to chalk up several wins in their own right. On the quality front, KPJ Johor Specialist Hospital, KPJ Selangor Specialist Hospital and KPJ Seremban Specialist Hospital participated in the national Quality Control Circle (QCC) awards event hosted by the Malaysia Productivity Corporation. After receiving merit awards for the many QCC initiatives invented by their employees, these hospitals then went on to participate in the 46<sup>th</sup> International Convention on Quality Control Circle (ICQCC) 2021 virtual event (organised by the Quality Circle Forum of India) where they gained further recognition.

For their dedication to upholding customer service excellence and going beyond their customers' expectation, KPJ Ampang Puteri Specialist Hospital and KPJ Puteri Specialist Hospital each received the CXP Best Customer Experience Award 2021 at the CXP regional awards event. These wins attest to the excellent customer service standards that all KPJ employees are imbued with.





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The year also saw KPJ Johor Specialist Hospital being hailed the Winner in the Best in Branding & Marketing Campaign category at the Hospital Management Asia 2021 Awards event. This event seeks to highlight innovative and progressive projects undertaken by hospitals across the region to improve outcomes. The hospital was lauded for utilising new communication channels to promote its Cancer Centre of Excellence. It also garnered the accolade Most Advanced Hospital for Cancer in Malaysia at the Global Brands Magazine Award 2021 event.

Our network of hospitals went on to secure numerous other awards and accolades in 2021. Among these were several Malaysian Society for Occupational Safety and Health (MSOSH) Awards presented to organisations in Malaysia with proven outstanding OSH performance.

We are honoured and yet humbled to receive all these awards and accolades. I would like to congratulate our team for all their worthy efforts and commitment. We will continue to raise the bar to ensure we provide the best care for life.

### MOVING FORWARD

**The year 2022 is set to be a landmark year for most countries as they progressively transition towards endemic management of COVID-19. However, even as the global economy is expected to continue along a recovery path, policymakers are adjusting their policy settings against rapidly evolving uncertainties, including the military conflict in Ukraine.**

On the domestic front, the pace of economic recovery in Malaysia is expected to gather further momentum underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand. With better COVID-19 management and higher vaccination rates, Bank Negara Malaysia (BNM) expects less disruption to domestic economic activity and spending in the event of any resurgences of the virus. Malaysia is expected to continue benefitting from the expansion in global demand. For 2022 as a whole, the economy is expected to grow between 5.3% and 6.3%.

To ensure Malaysia maintains its recovery momentum, the country's immediate priorities will be to continue with the existing support measures, strengthen its health system, as well as improve the breadth and depth of its social protection systems. The Government's allocation of RM32.4 billion for the MOH in the 2022 Budget is testament of its concern for the wellbeing of the people amidst the pandemic. This allocation will go a long way in strengthening the existing resources at health and medical facilities, accelerate the rollout of vaccine exercises, as well as fast-track the acquisition of antiviral drugs effective against COVID-19.

As KPJ moves forward into 2022, we expect to see a continuing recovery in patient numbers and the Group's performance. As at the end of February 2022, KPJ's BOR was tracking at 50% and we will strive to improve it over the year. To ensure we achieve higher utilisation rates, we will work to bolster our marketing efforts, introduce new packages for our patients, and continue collaboration with the MOH to decant patients from the public healthcare system. The re-opening of borders and easing of quarantine requirements will certainly help us to begin rebuilding our health tourism segment.

In the past, KPJ went on an aggressive expansion drive, opening four hospitals over a five-year span. We will continue to increase our overall bed capacity progressively to cater for growing demand namely at our new DSH2, KPJ Puteri Specialist Hospital, KPJ Ampang Specialist Hospital, KPJ Klang Specialist Hospital and KPJ Penang Specialist Hospital. We will also be upgrading and refurbishing our existing hospitals and driving utilisation in a more efficient manner. In line with this, there will be significant developments in our digital health ecosystem, starting with the launch of the new DSH2 in the second half of 2022 together with the rollout of our new HIS.

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### ACKNOWLEDGEMENTS

There are many parties whom we wish to thank for standing by us amidst another challenging year. On behalf of the Board, I wish to convey our sincere gratitude to our valued shareholders for your unswerving confidence in KPJ and our value creation abilities.

Our sincere thanks to all our customers and patients for your continued trust and confidence in KPJ. Your continuous support motivates us to deliver our best. We will definitely continue to strive further to honour your trust and loyalty.

Our heartfelt thanks to the various state governments and Federal Government, the Ministry of Health and other health regulators and accreditation bodies, as well as our vendors and suppliers, for lending us their worthy support in our mission to deliver effective healthcare solutions and treatment. With this collaboration, we are well positioned and certainly look forward to strengthening our partnership for the benefit of the public.

We also wish to express our deep gratitude to our consultants, medical officers, nurses and all other medical and non-medical professionals within the KPJ Family. Words cannot express our appreciation for your dedication, loyalty and care as well as your many sacrifices in making a difference for others. Your passion to care for life has gone a long way in ensuring the well-being of countless numbers of patients, as well as reinforcing KPJ's reputation as one of the most reputable healthcare providers.

A big thank you also goes to our multi-talented and highly-experienced leadership team. Thank you for working so hard to lay strong foundations for the next phase of our transformation. A special note of appreciation must go to En. Ahmad Shahizam Mohd Shariff, who served as our President & Managing

Director from 1 July 2020 until 31 March 2022. We thank him for helping KPJ and steering it progressively forward during his tenure over an especially challenging time. We wish him every success in his future endeavours.

My heartfelt appreciation also goes to my colleagues on the Board for their perceptive insights and wise counsel in guiding KPJ through difficult times. I wish to acknowledge the contributions of several of my colleagues who have left KPJ. Datuk Mohd Radzif Bin Mohd Yunus and Ms. Christina Foo retired as Independent Non-Executive Directors effective 22 June 2021, while Dato' Dr. Ngun Kok Weng and Dato' Dr. Sivamohan a/l S. Namasivayam resigned as Non-Independent Non-Executive Directors on 23 June 2021. We thank them for their countless contributions to KPJ and bid them every success in their future endeavours.

We are delighted to welcome onboard En. Hisham Bin Zainal Mokhtar and Ms. Lydia Anne Abraham who joined us as Independent Non-Executive Directors on 23 June 2021, as well as Ms. Annie Binti Rosle who joined us as a Non-Independent Non-Executive Director on the same day.

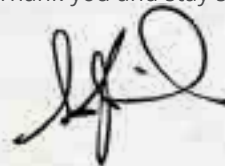
We also welcome onboard our new President & Managing Director, Dato' Mohd Shukrie Bin Mohd Salleh, who is known for his leadership in transformation and growth. He brings with him a wide spectrum of in-depth experiences spanning leadership roles in key transportation and logistics companies as well as in the areas of consumer and corporate banking, corporate finance and advisory, mergers and acquisitions, financial services, risk management, human resources and procurement.

We certainly look forward to the respective contributions that each of these individuals brings to the table.

It is with deep sorrow that we announce the demise of our dear friend and colleague, Allahyarham Dato' Yusli Bin Mohamed Yusoff, who was KPJ's Chairman from 18 February until 23 June 2021 when he was redesignated as Senior Independent Non-Executive Director. Allahyarham passed away peacefully on 10 March 2022 at KPJ Ampang Puteri Specialist Hospital. He was greatly admired for his intellect and wit. His sincerity and warmth touched many hearts here at KPJ. As we mourn his passing, our thoughts and prayers go out to Allahyarham's wife, Datin Hasni Mohamad, and his family for their great loss.

We are also deeply grieved to announce the loss of another dear colleague, our former Chairman, Allahyarham Tan Sri Dr Ali Hamsa, who served as KPJ's Chairman from June 2021 to 31 March 2022. Allahyarham passed away on 21 April 2022 at Dublin Hospital in Ireland. He represented a towering figure in the nation's civil service, serving in many roles including that of the 13th Chief Secretary to the Government. His sterling public service record was underscored by his commitment to integrity, accountability and good governance. Our heartfelt condolence and prayers go out Allahyarham's wife, Puan Sri Rohani Abdullah, and his family for their great loss.

As KPJ ventures forth, we do so at a time when the healthcare industry is facing a challenging yet exciting time where there is much potential for us to care for life. As we step out to give of our best to our stakeholders, we look forward to your unwavering support. Thank you and stay safe everyone.



**Datuk Md Arif Bin Mahmood**  
Chairman  
KPJ Healthcare Berhad