Delivering What Matters to You

KPJ HEALTHCARE®

40 YEARS OF CARE
1981 - 2021

INTEGRATED ANNUAL REPORT 2021

Commemorating 40 Years of Delivering What Matters to Our Stakeholders

KPJ HEALTHCARE BERHAD

OUR VISION

The Preferred Healthcare Provider

Our fundamental purpose is the delivery of exceptional diagnosis, health treatment and care to all our patients. We are dedicated to being the preferred provider of healthcare through the innovative use of technology and by tapping the expertise of experienced consultants as well as well-trained medical and non-medical employees who collaborate to offer the best diagnosis and treatment plans wherever we operate.

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

We are guided by our five 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-centric healthcare services focused on compassionate care.

- Ensuring **Safety**
- Exercising **Professionalism** at All Times
- Delivering Service with **Courtesy**
- Striving for **Continuous Improvement**
- Performing Duties with **Integrity**

DELIVERING WHAT MATTERS TO YOU

Our Integrated Annual Report this year, which carries the tagline, "Delivering What Matters to You," aptly sums up how the team in KPJ continues to demonstrate a spirit of excellence, going above and beyond expectations, to deliver what matters to our diverse stakeholders.

While 2021 marked KPJ's 40th year of existence as a private healthcare operator, we did not dwell on any celebratory activities given the severity of the COVID-19 challenges that we had to contend with. Instead, we commemorated the year by maintaining a laser-focus on doing what we do best – caring for life. As we worked diligently to elevate patient care, we also focused our efforts on strengthening our clinical and hospital operations, as well as continued to make fundamental changes under the first phase of the "Re-energising KPJ" transformation programme. As a result of the concerted efforts of our team, the Group made strides forward on the pandemic-mitigation, people and performance fronts in 2021.

Today, a reinvigorated KPJ continues to grow from strength to strength and is well positioned to continue creating sustainable value as the biggest private hospital group in Malaysia by bed count capacity and as a regional healthcare player focused on delivering world-class healthcare services.

NAVIGATION ICONS

This icon indicates where further information or supplementary reports can be found online.

Inside this Report

PG. 26

PG. 36

PG. 46

This icon indicates where further information on a matter can be found elsewhere in this report.

About this Report

Welcome to KPJ Healthcare Berhad's (KPJ or the Group) Integrated Annual Report 2021. This, our fourth Integrated Annual Report, serves as a platform for us to present a comprehensive and transparent account of the Group's businesses, strategies and performance as well as demonstrate how we continue to create value for our stakeholders.

KPJ's aspiration is to be the preferred healthcare provider to our patients and we are laser-focused on achieving this via our commitment to delivering exceptional healthcare. By carefully and expertly managing patient journeys in an excellent manner as per our "Care for Life" mantra, we continue to produce quality patient outcomes as well as create a sustainable pool of returning clients. We go all out to support this commitment by bringing the appropriate resources and strategies into play, all of which are enabling us to create a sustainable business that is positioned for long-term success.

REPORTING SCOPE AND BOUNDARY

This Integrated Annual Report goes beyond financial reporting to encompass our non-financial activities for the period 1 January to 31 December 2021. Building upon our previous publications, it aims to present to KPJ's stakeholders, our progress in implementing our strategies as well as the challenges, risks and opportunities that had a significant influence on our ability to create value.

This report covers the activities of the Group's operations and all its subsidiaries in locations where it operates. However, as the Malaysian operations contribute some 96% of the Group's revenue, our reporting predominantly focuses on these operations and the related activities.

REPORTING FRAMEWORKS

In line with best practices, this Report adopts the Value Reporting Foundation's (formerly known as the International Integrated Reporting Council) Integrated Reporting Framework. The <IR> Framework is a principles-based, multi-capital, framework that is used to accelerate the adoption of integrated reporting across the world. Our reporting is also aligned with the updated Malaysian Code on Corporate Governance 2021 (MCCG 2021) that was released in April 2021, the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Companies Act 2016 (CA 2016), and both the International Financial Reporting Standards (IFRS) and Malaysian Financial Reporting Standards (MFRS).

Sustainability-related information has been prepared in accordance with the GRI Standards Core option and is closely guided by Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) to fulfil Bursa's sustainability-related listing requirements and FTSE4Good Bursa Malaysia Index criteria. We also continue to be guided by our commitment towards the United Nations' Sustainability Development Goals (UN SDGs) and report on our contributions towards specific goals.

FORWARD-LOOKING STATEMENTS

This Integrated Annual Report contains forward-looking statements with the use of words or phrases such as "might", "forecast", "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target", and other similar expressions. The report may also contain forecast information about KPJ Healthcare Berhad's future direction, strategies and growth opportunities. However, due to risks and uncertainties present in our dynamic business environment and operating landscape, these forward-looking statements are not a guarantee of future operating or financial results.

APPROVAL BY THE BOARD

The Board has applied its collective mind in preparing and presenting KPJ's 2021 Integrated Annual Report in line with the Value Reporting Foundation's <IR> Framework. The Board acknowledges its responsibility for ensuring the integrity of this Integrated Annual Report through good governance practices and internal reporting procedures and is of the opinion that it has been prepared and presented in accordance with the <IR> Framework. As such, the Board approved the publication of KPJ's Integrated Annual Report 2021.

Datuk Md Arif Bin Mahmood
Chairman
KPJ Healthcare Berhad

Dato' Mohd Shukrie Bin Mohd Salleh
President & Managing Director
KPJ Healthcare Berhad

FEEDBACK

We value meaningful and inclusive engagement with all our stakeholders. Should you have any comments or feedback on this report, please contact KPJ's Investor Relations Unit at ir@kpjhealth.com.my.

NAVIGATING THIS REPORT

Throughout this Integrated Annual Report, we have linked our Value Creation activities to our Six Capitals and Seven Strategic Thrusts with the following icons:

OUR SIX CAPITALS

- **Financial Capital**
- **Manufactured Capital**
- **Natural Capital**
- **Human Capital**
- **Intellectual Capital**
- **Social and Relationship Capital**

More information on this can be found on pages 10 to 19.

OUR SEVEN STRATEGIC THRUSTS

- S1 **Capacity Building**
- S2 **Enriched Customer Relationships**
- S3 **Innovation @ The Core**
- S4 **New Niches**
- S5 **Human Resource**
- S6 **Business Process Improvement**
- S7 **Sustainable Value for Stakeholders**

More information on this can be found on pages 21 to 23.

OUR REPORTING SUITE

KPJ's Integrated Annual Report for the financial year ended 31 December 2021 is supplemented by our Sustainability Report 2021. Our reporting suite can be accessed online at *https://www.kpjhealth.com.my.*

Reporting Suite	Integrated Annual Report 2021	Sustainability Report 2021
Disclosure	• President & Managing Director's Review • Corporate Governance Overview Statement • Audit Committee Report • Statement on Risk Management and Internal Control • Directors' Report • Independent Auditor's Report • Financial Statements	• Global Reporting Initiative (GRI)
Reporting Frameworks	• Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) • Value Reporting Foundation's <IR> Framework • Malaysian Code on Corporate Governance 2021 • Companies Act 2016 (CA 2016) • Malaysian Financial Reporting Standards (MFRS) • International Financial Reporting Standards (IFRS)	• MMLR • Global Reporting Index Standards • FTSE4Good Bursa Malaysia Index Criteria

At a Glance

- **28** Hospitals
- **2** Ambulatory Care Centres
- **1** University College (3 branches)
- **4** Senior and Assisted Living Care Centres
- **17** Klinik Waqaf An-Nur
- **6** Mobile Clinics

- **1** Hospital
- **1** Nursing College

- **1** Hospital

- **2** Hospitals

- **1** Senior and Assisted Living Care Centre

Hospitals
* *19 Accredited by Malaysian Society for Quality in Health (MSQH)*
4 Accredited by Joint Commission International (JCI)

Ambulatory Care Centre (ACC)

Education

Senior and Assisted Living Care

Klinik Waqaf An-Nur

Mobile Clinics

At a Glance

ANCILLARY SERVICES

- Pathology and Diagnostic
- Technical Consultancy Services
- Healthcare Engineering
- Hospital Catering
- Hospital Laundry
- Wholesale Distributor Pharmaceutical Products/ Retail Pharmacies
- Central Sterile Services

AMBULATORY CARE AND WELLNESS

- Senior and Assisted Living Care
- Confinement Centres
- Eye Centre
- Dental
- Rehabilitation
- Haemodialysis

EMPLOYEES

Total	Malaysia	Indonesia	Bangladesh
15,247	14,431	403	413

MEDICAL CONSULTANTS

Total	Malaysia	Indonesia	Bangladesh
1,410	1,255	111	44

OPERATING BEDS

Total	Malaysia	Indonesia	Bangladesh
3,626	3,376	170	80

AVERAGE OCCUPANCY RATE

Malaysia	Indonesia	Bangladesh
42%	49%	69%

OUTPATIENTS / INPATIENTS

	OUTPATIENTS	INPATIENTS
Total	2,821,701	234,206
Malaysia	2,618,497	221,525
Indonesia	74,265	5,624
Bangladesh	128,939	7,057

* *Information as at 31 December 2021*

What We Do

KPJ's robust and resilient business model draws its strength from the Group's more than 40 years' experience in the Malaysian private healthcare industry. Our value proposition centres on managing a network of specialist hospitals in a professional, efficient and prudent manner. We support this with a host of strategic investments in our well-diversified portfolio.

HOSPITAL OPERATIONS

Our Hospital Operations Division plays an integral role in supporting the smooth running of our network of hospitals through:

- Continuously reviewing and streamlining processes;
- Enhancing hospital systems;
- Expanding our existing hospitals' capacity to cater to market demand;
- Undertaking structured professional development; and
- Monitoring of clinical outcomes.

CLINICAL OPERATIONS

Our Clinical Operations Division oversees quality and professionalism in patient care services. With the guidance of the Medical Advisory Committee, it also ensures that all the components of clinical governance are in place.

DIAGNOSTIC SERVICES

Our Diagnostic Services Division provides patients timely, cost-effective, and high-quality diagnostic care in a safe environment. The clinical offerings of the Pathology and Laboratory Medicine, Radiology, and Nuclear Medicine segments too come under the ambit of Diagnostic Services.

SENIOR AND ASSISTED LIVING CARE

The Senior and Assisted Living Care Division is responsible for providing both short and long-term care for individuals who need support in their daily activities. These services are provided at our four Senior and Assisted Living Centres in Malaysia and one in Australia.

AMBULATORY CARE

KPJ's Ambulatory Care Division is tasked with providing a host of outpatient services that include the following:

- Dentistry;
- Oral and maxillofacial surgery;
- Rehabilitation services;
- Haemodialysis services; and
- Ophthalmology.

ANCILLARY SERVICES

The Ancillary Services Division supports KPJ's hospitals in several ways, namely:

- Through its supply-distribution value chain;
- By reducing dependency on outsourced third-party vendors and suppliers;
- By developing intrapreneur companies that generate business value for the KPJ Group;
- Through developing pharmaceutical companies that provide medication to our hospitals, as well as the Group's retail pharmacies; and
- Through offering sterilisation services for surgical equipment.

BUSINESS DEVELOPMENT SERVICES

The Business Development Division is responsible for the identification, evaluation and expansion of KPJ's hospital-based and healthcare-related businesses be these through sole ownership, partnership, joint venture, and/or design build and lease models.

What We Do

By leveraging all these elements and coupling them with the strength of our people, culture, services and systems, we are uniquely positioned to continue creating sustainable value for our stakeholders for the long-term.

EDUCATION SERVICES

Three of the Group's platforms offer education programmes:

- The KPJ Healthcare University College (KPJUC) in Nilai, Negeri Sembilan provides a wide range of medical and healthcare programmes in addition to its colleges in Johor and Penang;
- The Malaysian College of Hospitality and Management (MCHM) trains professionals in Culinary Arts, Hotel Management, Tourism Management, Restaurant Management and Early Childhood Education; and
- The Sheikh Fazilatunnessa Mujib KPJ Nursing College (SFMKNC) in Bangladesh provides basic and post-basic nursing programmes for students in that nation.

HEALTH TOURISM

KPJ's Health Tourism positions the Group as the preferred healthcare provider among international health travellers. Our health tourism activities are aimed at:

- Leveraging the KPJ brand regionally and internationally;
- Attracting international health travellers to the Group's hospitals to obtain specialist treatment;
- Increasing Group revenue and patient volumes by strengthening our existing markets in Indonesia, ASEAN and MENA; and
- Enhancing international patients' healthcare experience in Malaysia.

AWARDS AND RECOGNITION

- Industry Excellence Awards - MSWG-ASEAN Corporate Governance Award 2020
- Platinum (Most Trusted Brand in Healthcare) - Reader's Digest Most Trusted Brand Award 2021
- Best Hospital of the Year in Malaysia - GlobalHealth Asia-Pacific Healthcare and Hospital Awards 2021
- Top Orthopaedic Service Provider of the Year in Asia-Pacific Award (KPJ Tawakkal KL Specialist Hospital - 5th Year Running) - GlobalHealth Asia-Pacific Healthcare and Hospital Awards 2021
- Best Maternity Hospital of the Year Award 2021 (Johor Bahru, Johor) - Baby Talk & Mama Papa Readers' Choice Awards
- Best Dental Service Provider of the Year in Asia-Pacific Award (KPJ KL Dental Specialist Centre) - GlobalHealth Asia-Pacific Healthcare and Hospital Awards 2021
- Top 10 Raya TVCs 2021 - Experts' Choice Awards, Marketing Magazine
- Top 10 Merdeka TVCs 2021 - Experts' Choice Awards, Marketing Magazine
- Paediatric Service Provider of the Year in Asia-Pacific Award (KPJ Damansara Specialist Hospital) - GlobalHealth Asia-Pacific Healthcare and Hospital Awards 2021
- Marketing Initiative of the Year - Healthcare Asia Awards 2021
- Excellence Award for Best in Branding & Marketing Campaign (KPJ Johor Specialists Hospital) - Hospital Management Asia
- Excellence in CSR - Bumiputera Excellence Awards (BBEA) 2021
- Most Preferred Employers to Work For - Graduates' Choice Awards 2022

How We Create Value

KPJ approaches value creation with the understanding that it is a process nurtured and managed over time in order to produce meaningful outcomes. As such, our strategies and initiatives ensure consistent and sustainable returns across all our capitals.

INPUT → **VALUE CREATION PROCESS** →

OUR SIX CAPITALS	OUR SEVEN STRATEGIC THRUSTS
FINANCIAL CAPITAL	S1 Capacity Building
MANUFACTURED CAPITAL	S2 Enriched Customer Relationships
NATURAL CAPITAL	S3 Innovation @ The Core
HUMAN CAPITAL	S4 New Niches
INTELLECTUAL CAPITAL	S5 Human Resource
SOCIAL AND RELATIONSHIP CAPITAL	S6 Business Process Improvement
	S7 Sustainable Value for Stakeholders

OUR SEVEN STRATEGIC THRUSTS

KPJ'S VALUE ECOSYSTEM

Governance	Operating Environment	Stakeholder Engagement	Deliver Quality

How We Create Value

This will in turn generate long-term value for our stakeholders which is crucial to our continued ability to deliver quality healthcare services. KPJ's Value Creation Process also reflects our implementation of United Nations' Sustainable Development Goals (UNSDGs), reflecting a commitment towards healthy communities and promoting well-being among all ages.

OUTCOMES AND VALUE CREATED

OUTPUT

For more information on key output from each capital, please refer to pages 10-19.

OUTCOMES	UNSDGs
Continuous Growth in Healthcare Industry We continue to reinforce our position as Malaysia's preferred healthcare service provider by delivering sustainable and high quality care, which translates to profitability and socially-beneficial outcomes, guided by effective risk management strategies	3, 8, 9, 17
Super Customer Service Understanding that customers need increasingly positive Return on Experience (ROE), KPJ has structured frameworks and set systems in place that generate consistently high customer service, measured through industry-accepted benchmarks	3, 5
Deliver the Best Possible Clinical Outcomes Adhering to a strong Clinical Governance Framework, KPJ puts patient safety as our top priority. We meet both internationally and locally recognised benchmarks, including certification and accreditation standards	3, 17, 9
Leverage on Technology and Innovation for Quality Care By equipping our network of hospitals with the latest medical facilities and equipment, as well as investing in healthcare innovation and technology, we are ensuring quality patient care	3, 7, 9
Ensure Upgrading of Employees' Skills and Knowledge To ensure the sustainable development of medical and non-medical professional talents and to enhance our Group's knowledge and expertise in healthcare services, we are continuously upskilling our employees	3, 4, 16, 8
Take Environment Protection Seriously Environmental and social responsibility are key to our business culture. KPJ implements scalable measures to minimise the impact of our carbon footprint on the environment	3, 12, 13, 17
Protect the Socio-economic Environment of Our Stakeholders By empowering stakeholders and communicating with them in a responsible, sensible and sustainable manner, we are safeguarding their position and entrenching ourselves as a respected member of the community	1, 3, 5, 17

OUTCOMES

UN SDG

Our Six Capitals

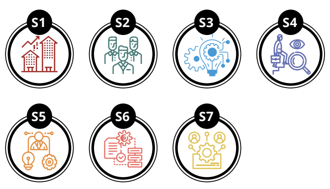
FINANCIAL CAPITAL

Our Financial Capital is the pool of funds available to KPJ, 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 network as well as to invest in medical equipment and new technologies, which in turn 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 overall competitive strength of our business and therefore our Financial Capital.

Link To Strategic Thrusts

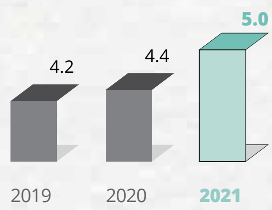


Link To Material Matters

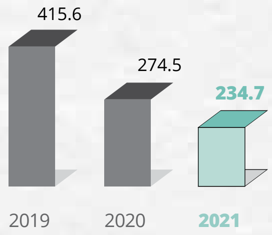
- Cost of Healthcare Services
- Government Regulations
- Funders for Healthcare Services

KEY INPUT

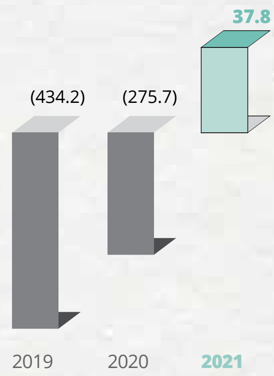
MARKET CAPITALISATION
(RM Bil)



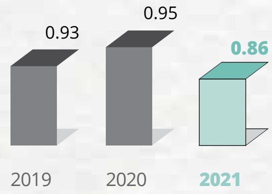
CAPITAL EXPENDITURE
(RM Mil)



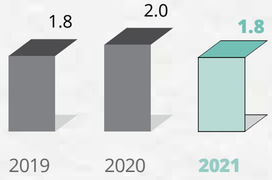
CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES
(RM Mil)



DEBT/EQUITY RATIO



TOTAL BORROWINGS
(RM Bil)

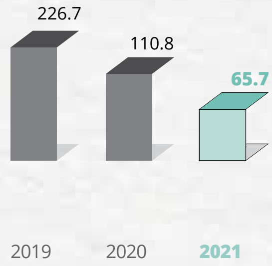


ACTIVITIES AND PROCESSES

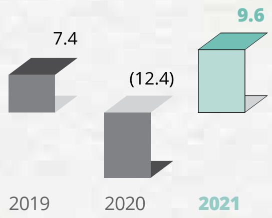
- Funding the development of new hospitals and ACCs to expand our network
- Funding the expansion of existing hospitals to meet increased market demand
- Funding for new or upgraded equipment
- Funding for research and development (R&D) as well as innovation activities
- Cost optimisation programme to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

KEY OUTPUT

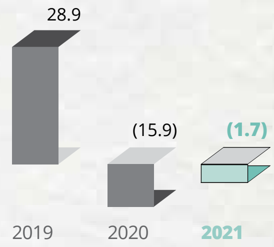
NET PROFIT
(RM Mil)



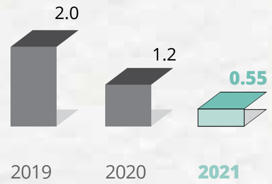
REVENUE GROWTH
(%)



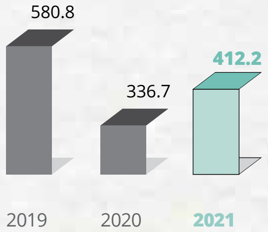
EBITDA GROWTH
(%)



DIVIDEND PAYOUT PER SHARE (Sen)



CASH GENERATED FROM OPERATIONS
(RM Mil)



Our Six Capitals

MANUFACTURED CAPITAL

KPJ's Manufactured Capital includes all infrastructure created and utilised within our integrated healthcare business model. These include our network of hospitals, aged care facilities and the ambulatory care centres 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.

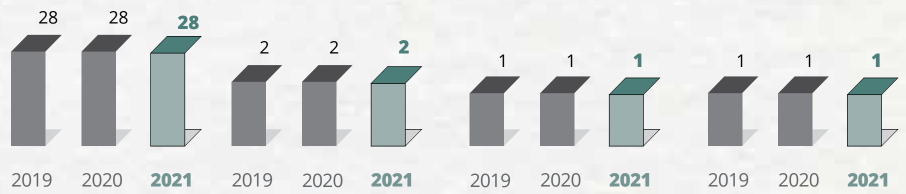
Link To Strategic Thrusts

Link To Material Matters

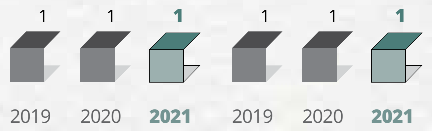
- Government Regulations

KEY INPUT

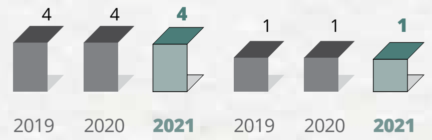
HOSPITALS



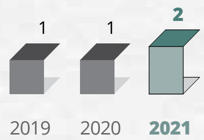
EDUCATION



SENIOR AND ASSISTED LIVING CARE CENTRES



AMBULATORY CARE CENTRES



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
- Laser Eye Surgery

ACTIVITIES AND PROCESSES

- Completed the transition from Private Owned Cloud to Managed Private Owned Cloud (MPC), involving a range of IT infrastructure on Enterprise model.
- Continuous enhancements on the MPC to accommodate new initiatives for transformation.
- The MPC Core System is made ready for Industry 4.0 initiatives such as Data Integration and Big Data.
- Upgrading of operational efficiency
- Focused investments in expanding the capacity of existing hospitals
- Expanded our retail pharmacy business sustaining a retail pharmacy business through KPJ Healthshoppe outlets located inside KPJ Hospitals, and JX Pharmacy outlets situated at commercial shop lots. An e-commerce platform is also accessible via *www.kpjshoppe.com*
- The increase of bed capacity from the existing hospitals mainly contributed from Southern region (85 beds), Northern region (54 beds) and 7 beds from Central region.
- A total of 33 new resident consultants recruited comprises 16 surgical disciplines and 17 internal medicine.
- The Group carried out more than 500,000 drive-through COVID-19 PCR screening tests and treated >2,500 COVID-19 patients.
- Re-energise the Indonesia market as our primary health tourism business for KPJ, and penetrate new markets within ASEAN and Middle East & Northern Africa (MENA) for fertility treatments.

Our Six Capitals

KEY OUTPUT

HOSPITAL STATISTICS

MALAYSIA

	2019	2020	**2021**
OUTPATIENTS	2,629,878	2,453,693	**2,618,497**
INPATIENTS	315,182	237,132	**221,525**
OPERATING BEDS	3,200	3,230	**3,229**
AVERAGE BED OCCUPANCY RATE (%)	67	48	**43**

BANGLADESH

	2019	2020	**2021**
OUTPATIENTS	142,493	119,786	**128,939**
INPATIENTS	6,608	5,299	**7,057**
OPERATING BEDS	80	80	**80**
AVERAGE BED OCCUPANCY RATE (%)	80	47	**63**

INDONESIA

	2019	2020	**2021**
OUTPATIENTS	115,561	58,718	**74,265**
INPATIENTS	9,693	4,098	**5,624**
OPERATING BEDS	156	100	**170**
AVERAGE BED OCCUPANCY RATE (%)	54	40	**30**

RESIDENTS AT SENIOR AND ASSISTED LIVING CARE CENTRES

	2019	2020	**2021**
SIBU GERIATRIC HEALTH AND NURSING CENTRE	320	339	**336**
TAWAKKAL HEALTH CENTRE	391	393	**329**
KUANTAN CARE WELLNESS CENTRE	202	189	**292**
DAMAI CARE WELLNESS CENTRE	154	199	**137**
JETA GARDENS, AUSTRALIA	143	141	**159**

KPJ HEALTHSHOPPE AND JX PHARMACY OUTLETS

	2019	2020	**2021**
Outlets	13	14	**14**

For more information, please refer to Our Performance Review on pages 56 to 85 of this Integrated Annual Report.

Our Six Capitals

NATURAL CAPITAL

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

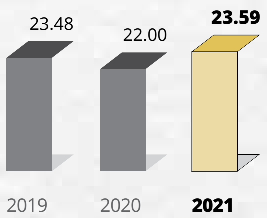
Link To Strategic Thrusts

Link To Material Matters

- Cost of Healthcare Services

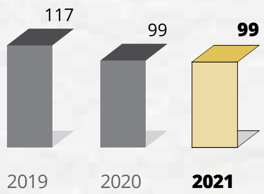
KEY INPUT

AVERAGE ELECTRICITY CONSUMPTION PER SQUARE FOOT (sq ft) (kWh)



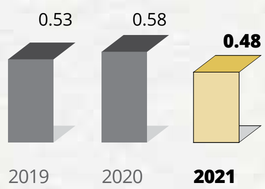
achieved target of not more than 27.69kWh per sq ft

AVERAGE WATER CONSUMED PER EMPLOYEE (m^3)



achieved target of not more than 111m^3 per employee

AVERAGE HAZARDOUS WASTE GENERATED PER PATIENT (kg)



achieved target of not more than 0.5kg per patient

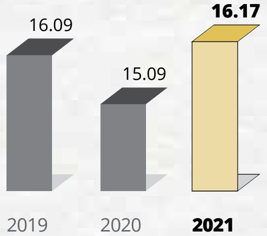
ACTIVITIES AND PROCESSES

- 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 consumption, as well as waste generated. To mitigate this, we have measures in place and collect data to monitor our progress
- Conducting water saving initiatives include:
  - Monitoring and tracking water leakages
  - Rainwater harvesting
- Conducting Waste Management Practices which focus on:
  - Regular training of hospital staff on proper clinical waste disposal
  - Appointing a clinical waste disposal contractor whose operations are in compliance with Ministry of Health (MOH) and Department of Environment (DOE) regulations
  - Recycling non-clinical waste such as paper and other material
  - Conducting waste disposal activities according to environmental regulations such as Environmental Quality Act 1974 and subsequent legislation
  - Removing daily waste using designated vehicles at special collection areas which are kept clean and locked
- Promoting paperless offices
- 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 at our hospitals
- Installation of electricity timers within certain hospital areas
- Green building initiatives
- Zero Single – Use Plastic initiative

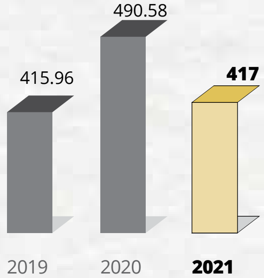
For more information on our environmental initiatives, please refer to Environmental Section of our Sustainability Report.

KEY OUTPUT

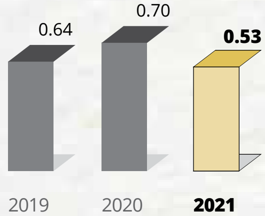
GHG EMISSION PER SQUARE FOOT (sq ft) (CO_2) - ELECTRICITY CONSUMPTION



GHG EMISSION PER EMPLOYEE (CO_2) - WATER CONSUMPTION



GHG EMISSION PER PATIENT SERVED (CO_2) - HAZARDOUS WASTE



Our Six Capitals

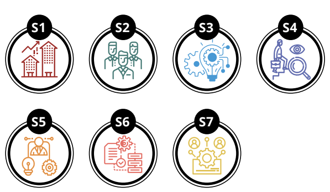
HUMAN CAPITAL

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 value created by KPJ's medical consultants is safeguarded through the closed system model where the Group's consultants 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 Strategic Thrusts



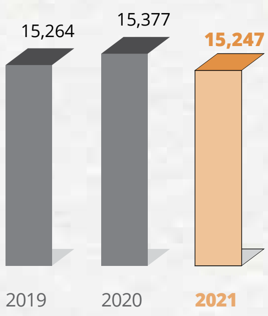
Link To Material Matters

- Managing and Retaining Talent

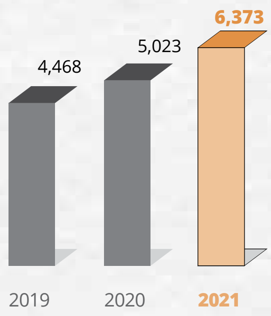
KEY INPUT

A DIVERSE WORKFORCE

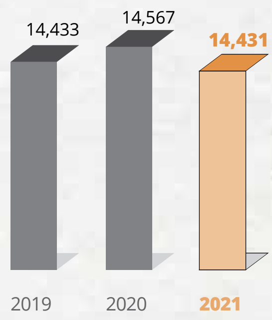
TOTAL STAFF IN GROUP



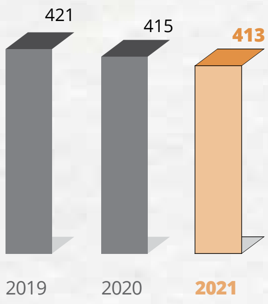
NO. OF TRAINED NURSES



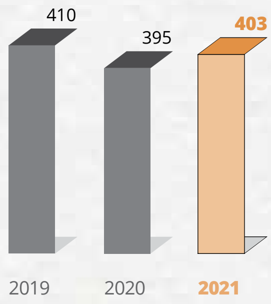
TOTAL STAFF IN MALAYSIA



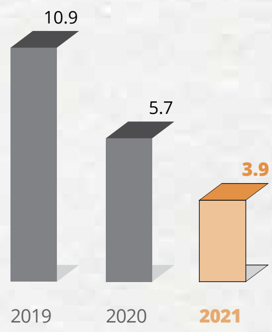
TOTAL STAFF IN BANGLADESH



TOTAL STAFF IN INDONESIA

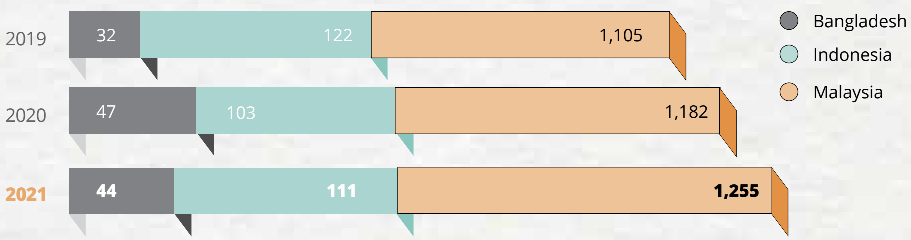


INVESTMENT IN TRAINING AND DEVELOPMENT (RM Mil)



MALE:FEMALE GENDER DIVERSITY RATIO

MEDICAL CONSULTANTS



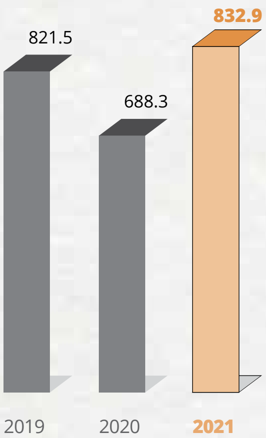
Our Six Capitals

ACTIVITIES AND PROCESSES

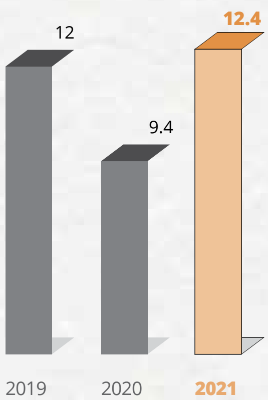
- Competitive and fair remuneration packages
- Fair employment practices
- Investing in employees' career development, including skillset training and leadership development initiatives
- Succession planning to identify and guide internal talent as future leaders in the organisation
- Continuing Education opportunities for all qualified employees
- Organise annual healthcare conferences/workshops at both national and industry levels such as 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, Talent Management Day and Sports Carnivals
  - Employee participation in CSR initiatives

KEY OUTPUT

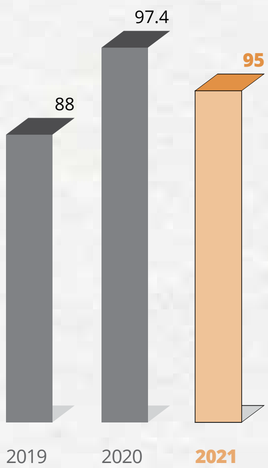
EMPLOYEE COMPENSATION & BENEFIT COSTS
(RM Mil)



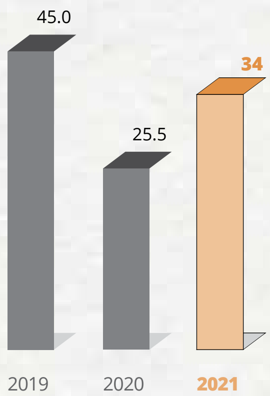
STAFF ATTRITION RATE
(%)



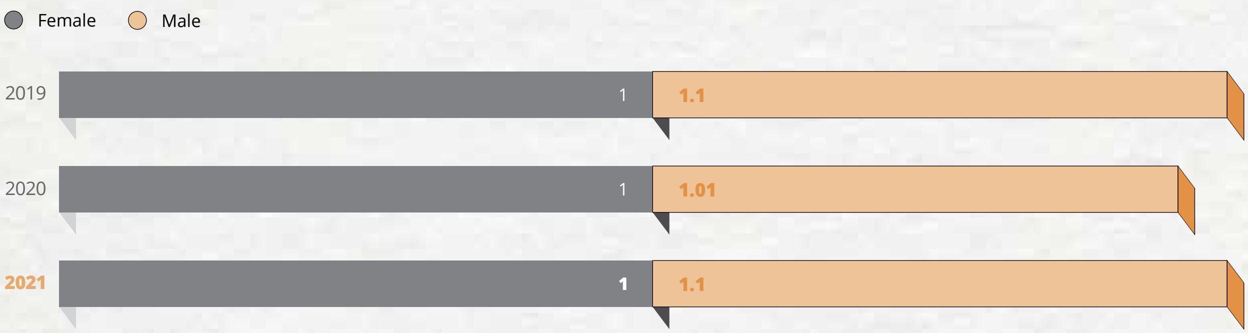
STAFF RETENTION RATE
(%)



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 4 in the Social Section of our Sustainability Report.

Our Six Capitals

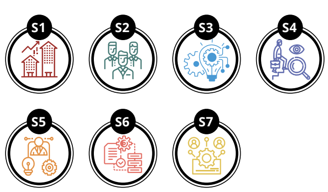
INTELLECTUAL CAPITAL

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 Strategic Thrusts



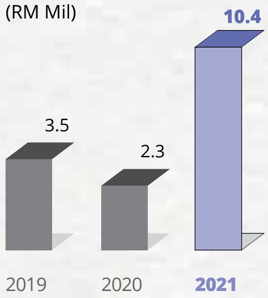
Link To Material Matters

- Quality of Service Standards
- Government Regulations

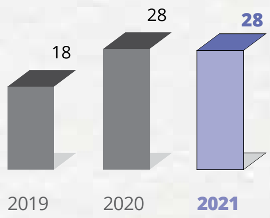
KEY INPUT

HOSPITAL ACCREDITATION

IT INVESTMENT
(RM Mil)



NO. OF HOSPITALS INTEGRATED WITH KPJ ONLINE BOOKING SYSTEM



ACTIVITIES AND PROCESSES

- An acute stroke centre commenced services in KPJ Damansara to provide rapid care via our multi-disciplinary team approach.
- Continued with digitisation initiatives via Health Information System (HIS) migration, to third generation Cloud Computing
- Implementation of integrated systems that increase effectiveness, improve monitoring and tracking of treatment outcomes with an emphasise on information security
- Continuous improvement on the completed Data Centre in line for any new transformation initiatives to support the hospital network
- Cyber security and IT Risk Assessment actions were undertaken to prepare for ISO 27001
- KPJ hospitals continued implementing and reassessing their quality accreditation and certification, including:
  i) Joint Commission International (JCI)
  ii) Malaysian Society for Quality in Health (MSQH)
  iii) Integrated Management System (IMS)
  iv) International Standardisation Organisation (ISO)
    - ISO 9001:2015 – Quality Management System (QMS)
    - ISO 14001:2015 – Environmental Management System (EMS)
    - ISO 45001:2018 – Occupational Safety & Health Management System
    - Hospitals certified with ISO 18001:2007 OHSAS have converted to ISO 45001:2018 Occupational Safety and Health Management System
- Continuous review of KPJ's in-house nursing and healthcare dashboard which encompasses medication safety, prevention of patient falls, prevention of IV phlebitis, correct identification of a cardiac arrest, and accelerated time to treatment.
- Comprehensive Clinical Governance policies, structure and management in place
- The biennial KPJ Quality Convention has been the platform for employees to showcase innovative projects that can effectively improve operations.

Our Six Capitals

KEY OUTPUT

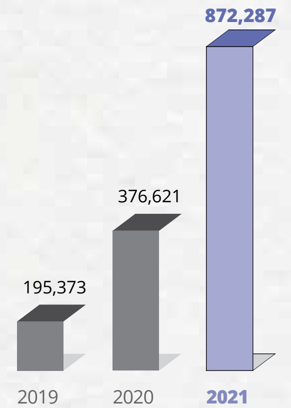
NUMBER OF DOCTORS CURRENTLY UNDERGOING MEDICAL SPECIALIST PROGRAMMES
(as at December 2021)

Programme	Total
Otorhinolaryngology – Head and Neck Surgery	7
Radiology	11
Orthopedic	7
Generl Surgery	4
Postgraduate Training In Internal Medicine	2
Postgraduate Training In Paediatric	1
Total	**32**

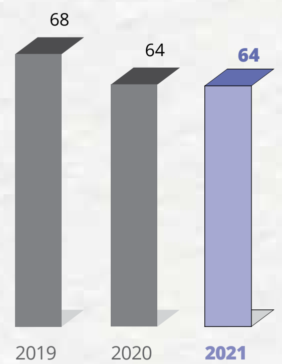
NUMBER OF STUDENTS CURRENTLY UNDERGOING OTHER POSTGRADUATE PROGRAMMES
(as at December 2021)

Programme	Total
PhD in Nursing	6
Master in Nursing	9
Master in Pharmaceutical Science	11
Master in Physiotherapy	5
Master in MBA in Healthcare Management	22
Total	**53**

TOTAL NUMBER OF KPJ ONLINE APPOINTMENTS



AVERAGE OF INNOVATION RECEIVED PER HOSPITAL



CERTIFICATIONS BY NUMBER OF HOSPITALS

Certification	Number of Hospitals in 2021
Accreditation by Joint Commission International	4
Accreditation by Malaysian Society for Quality in Health – Hospital	19
Accreditation by Malaysian Society for Quality in Health – KWAN	8
Accreditation by Malaysian Society for Quality in Health – Dental Clinic	1
ISO 9001:2015	3
ISO 22000:2018 Food Safety Management System	2
Baby Friendly Hospital Initiative (BFHI)	18
Planetree	2
mQuit Programme	8
Integrated Management System (IMS)	18
ISO 37001:2016 Anti Bribery Management System	1

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 4 and 5 within the Economic section and Materiality People 2 of our Sustainability Report.

Our Six Capitals

SOCIAL AND RELATIONSHIP CAPITAL

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

Trade-Offs

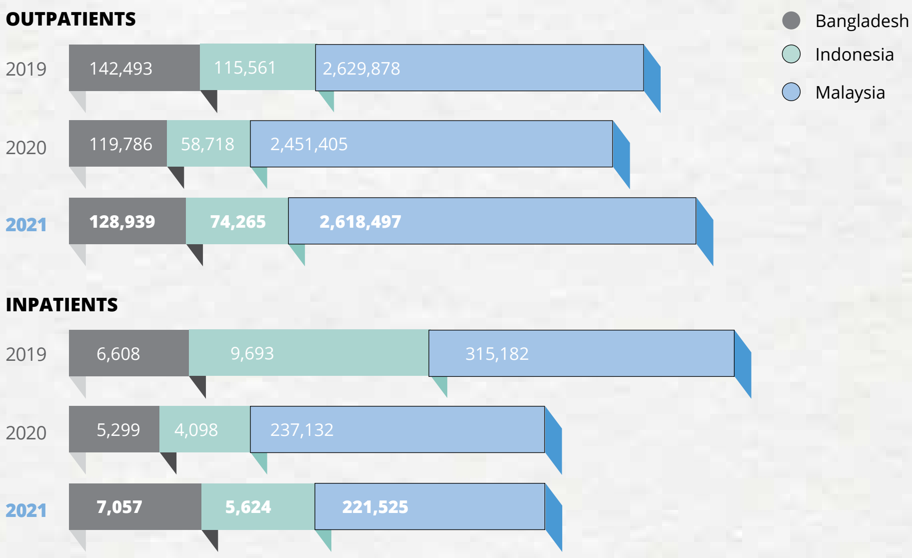
In the short-term, investment in Social and Relationship Capital reduces our Financial Capital. However through our wide spectrum of initiatives which create value for our stakeholders, we are able to grow our Social and Relationship, Human, Intellectual and Financial Capitals in the longer term.

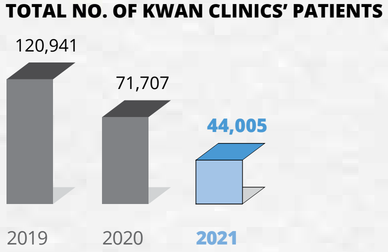
Link To Strategic Thrusts

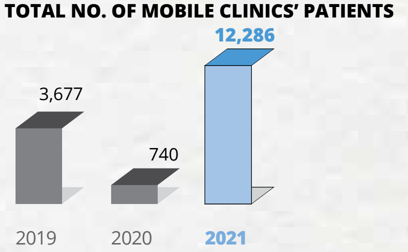
Link To Material Matters

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

KEY INPUT







ACTIVITIES AND PROCESSES

For our Patients

- Increased focus on KPJ Brand through specially designed onground and online initiatives
- KPJ's Customer Service Tools include:
  - KPJ Service Quality Coach
  - Customer Service Workshops
  - SQM Mentoring Programme
  - Standard People Practice (SPP)
  - Planetree project focusing on person-centred care
  - Premier Customer Service Programme
  - Customer Service Management Recognition by SIRIM
  - KPJ Care Card Loyalty Programme
- Integrated SQM Portal comprising the following elements:
  - Patient Communication Management System (PCMS)
  - SQM External Survey
  - Online Training Module
  - FAQ on SQM Application Portal
  - KPJ Dashboard
- Planned Preventive 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 MOH during health emergencies, e.g. efforts to flatten the curve of pandemic COVID-19
- Representation on Government bodies such as the Malaysian Nursing Board

For our Intermediaries

- Embarking on an online portal for outpatient specialist guarantee letters (GL) and e-billing, with the objective of increasing the efficiency of admission workflow process

For our Vendors and Suppliers

- Efficient, streamlined and fair procurement processes and policies
- Regular interaction 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 required to sign the Corporate Integrity Agreement (CIA), to ensure transparency in building mutually beneficial working relationships

Our Six Capitals

ACTIVITIES AND PROCESSES

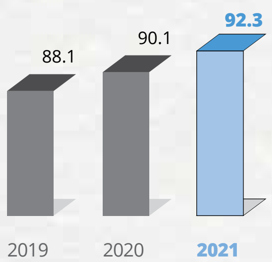
For Accreditation and Industry Bodies
- Representation in accreditation and industry bodies such as the Association of Private Hospitals Malaysia (APHM) and MSQH.
- All our consultants are duly registered on the National Specialist Register

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

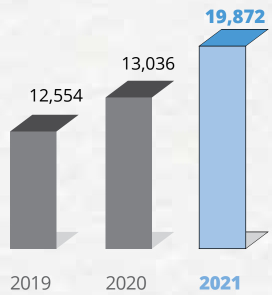
For our Investors and Shareholders
- Investor relations information via uploaded presentations
- Corporate website that provide relevant information on hospitals
- Updating of investor-related information via meetings/briefing with analysts
- General Meetings – AGM and EGM
- Participation in investment roadshows and conferences

KEY OUTPUT

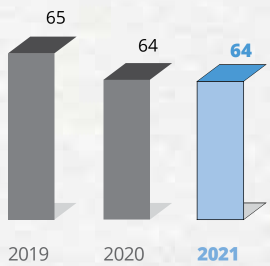
CUSTOMER SATISFACTION INDEX (%)



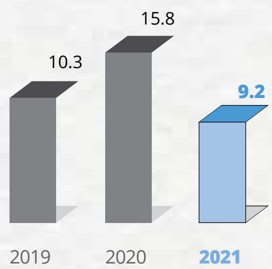
TOTAL NO. OF STAFF TRAINED IN CUSTOMER SERVICE



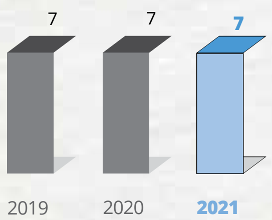
TOTAL NO. OF SERVICE QUALITY COACHES



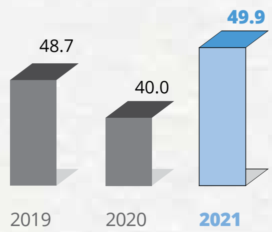
TOTAL INVESTMENT IN COMMUNITY OUTREACH PROGRAMMES
(RM Mil)



NO. OF HOSPITALS WITH BABY HATCHES

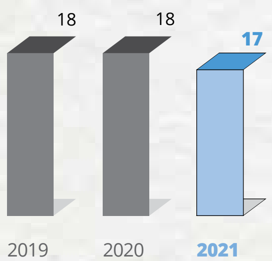


TAX DISTRIBUTION TO GOVERNMENT/APPROVED AGENCIES (RM Mil)

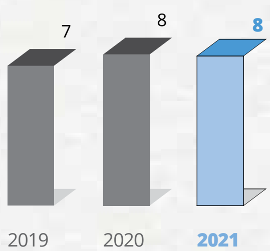


KLINIK WAQAF AN-NUR

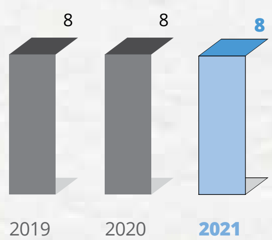
CLINICS



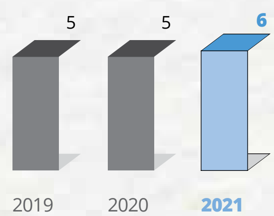
CLINICS WITH DIALYSIS CENTRES



CLINICS WITH MSQH CERTIFICATION



MOBILE CLINICS



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.

Our Strategic Progress

Our strategic intent is premised on delivering exceptional healthcare to our patients, through the careful and excellent management of patient journeys, to produce quality patient outcomes as well as create a sustainable pool of returning clients. Dedication to this strategy, bolstered by our aspiration to be the preferred healthcare provider, will ultimately create long-term value for our shareholders.

We are guided by seven Strategic Thrusts which are aligned to our Six Capitals. These thrusts are aimed at growing the business while improving resilience, growing capacity and embedding innovation.

1

Our Group Tagline -

CARE FOR LIFE

As a leading provider of healthcare services, KPJ is committed to offering quality service par excellence across all our business. To achieve this, we leverage on the Group's experienced medical professionals and state-of-the-art facilities.

2

Our Vision -

THE PREFERRED HEALTHCARE PROVIDER

Our fundamental purpose is the delivery of diagnosis, professional treatment and care for all our patients. We are dedicated to being the preferred provider of healthcare through the innovative use of technology and the expertise of experienced consultants as well as well-trained medical and non-medical employees who collaborate to offer the best for our patients.

3

Our Mission -

DELIVER QUALITY HEALTHCARE SERVICES

Our mission is to improve the health of the people and the communities we serve. We are consistently focused on clinical excellence and innovative technology for superior patient outcomes.

4

Our Five

CORE VALUES

We are guided by our five 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-centric healthcare services focused on compassionate care.

- **Ensuring Safety**
- **Delivering Service with Courtesy**
- **Performing Duties with integrity**
- **Exercising Professionalism at All Times**
- **Striving for Continuous Improvement**

Our Strategic Progress

OUR SEVEN STRATEGIC THRUSTS

Seven Strategic Thrusts underpin our commitment to provide comprehensive, patient-centred care and help us to maintain our position as the leader in the country's private healthcare industry. These thrusts encompass the following:

S1 CAPACITY BUILDING
This involves making strategic investments and rolling out enhancements on the project development front.

S2 ENRICHED CUSTOMER RELATIONSHIPS
This focuses on the implementation of strategic measures aimed at strengthening the KPJ brand built on a patient-centric culture.

S3 INNOVATION @ THE CORE
By embedding a Culture of Innovation throughout the Group, we are ensuring KPJ keeps abreast with industry trends and technological advancements.

S4 NEW NICHES
This encompasses exploring new and potential opportunities to grow the business in the medium to long term.

S5 HUMAN RESOURCE MANAGEMENT
This involves a laser focus on nurturing dependable and high-integrity talent who are capable of driving positive performance and contributing to KPJ's sustainable growth.

S6 BUSINESS PROCESS IMPROVEMENT
This sees us continuously working to strengthen our processes and systems to improve our performance.

S7 SUSTAINABLE VALUE FOR STAKEHOLDERS
This ensures long-term growth in order to provide our stakeholders with good returns, contributing to positive, sustainable and enduring relationships.

STRATEGIC PROGRESS

In 2021, we established strategic foci and targets for each thrust to drive better outcomes and ensure quality healthcare services. Our targets and achievements are as follows:

Strategic Thrust	Strategic Focus 2021	Strategic Focus 2022-2026
S1 **CAPACITY BUILDING**	**Strengthen Business and Operational Excellence** **Achieved** Added 146 licensed beds, and recruited 33 new resident consultants. **Continuous Improvement** Private and Public Partnership (PPP) with the Ministry of Health (MOH) on decanting non-COVID-19 cases. • A total of 6,344 decanted cases were received from MOH hospitals with a total value of RM50 million. • 56% of the referrals were surgical cases and 34% were medical cases. Four elective Renal transplant cases were successfully performed at KPJ Tawakkal KL. KPJ provides the facilities and manages the pre- and post-surgery care of the patient and donor. **Achieved** Allocated resources and dedicated wards and ICU beds for COVID-19 positive cases. Treated a total of 2,661 COVID-19 patients.	**Continue to Strengthen Business and Operational Excellence** **In Progress** Damansara Specialist Hospital 2 (DSH2), the latest addition to the Group is targeted to open its doors to the public in the third quarter of 2022. To re-energise KPJ's Health Tourism business post-pandemic. **Continuous improvement** Continue the collaboration with MOH on outsourcing services from public hospitals to KPJ. To continue the strategic recruitment of new consultants with sub-specialties. To strengthen our current packages and introduce more packages, customised corporate screening and services to the public (including OSH services). Increase efficiency by embracing the Hub-and-spoke Model. Digital transformation – upgrade to a new integrated, next-generation Hospital Information System (HIS).

Our Strategic Progress

Strategic Thrust	Strategic Focus 2021	Strategic Focus 2022-2026
S2 ENRICHED CUSTOMER RELATIONSHIPS	**Provide Patient Centric Benefits in Our Services** **Achieved** Surpassed our target of 90% in our Customer Satisfaction Index. **Achieved** Recruitment of KPJ Care members increased by 30%.	**Enhance Clinical and Service Quality** **Achieved and Continuous Improvement** To continuously enhance KPJ Care loyalty to acquire new KPJ Care members and member benefits.
S3 INNOVATION @ THE CORE	**Leverage Technology and Innovation for Quality Care** **Achieved** Implementation of Telemedicine and Medication Delivery (TMD). KPJ Healthcare, its hospitals and companies gained significant growth in terms of followers, i.e. a total average of 423.7% on social media.	**Embrace Digitalisation and Technology in an Enhanced Manner** **Achieved and Continuous Improvement** Increased utilisation of digital platforms to enhance brand loyalty and ensure greater market reach, resulting in better overall performance.
S4 NEW NICHES	**Continuous Growth in Healthcare Industry** **Achieved** Opened an Ambulatory Care Centre (ACC) in Bandar Kinrara, Punchong, in Selangor.	**Strengthen Business and Operational Excellence** Location Analysis for ACC Expansion Plan.
S5 HUMAN RESOURCE MANAGEMENT	**Build a Culture of High Performance** **Achieved** Communication of anti-corruption policy/ABMS to all employees with 91% of employees taking up the e-pledge. **Achieved** Invested RM3.93 million in training and development programmes for employees. **Achieved** Identified top talent via the Talent Validation Programme (TVP) and Talent Development Programme (TDP).	**Synergise Organisation, People and Culture** **Achieved and Continuous Improvement** Improve staffing efficiency via manpower audits, job evaluation analysis, career pathing, talent development programmes, as well as undertake reviews of HR and HR-related policies and other initiatives.

IMPACT OF COVID-19 ON STRATEGIC PROCESS

1 Impact on Patients

- Patient numbers increased as we partnered with the MOH to receive decanting patient cases via the Public-Private Partnership.
- Maternity patients opted to deliver at private hospitals. Hence our maternity numbers increased more than 30%.
- Patients began to return to hospitals to resume treatment which had been put on hold as people were hesitant to hospital during visit pandemic.

Mitigation Plans:
- Collaboration with pharmaceutical companies to encourage patient engagement via digital platforms.
- Marketing channels are to leverage online and social media platforms more and more to communicate further with patients.

2 Impact on Workforce

- Employees continue to adjust to working from home or in a hybrid working arrangement. To minimise the spread of the virus, job rotation measure has been implemented and staff verification is required through covid test result registeration on fortnightly basis.

Mitigation Plans:
- Regular reminders on surveillance are communicated to employees via KPJ Buzz employee intranet portal and all positive results are verified with PCR tests. These results are then reported and tracked to ensure the safety of employees, patients and all other stakeholders.

3 Impact on Operations

- Manpower shortages incurred by the Pharmaceutical and Manufacturing industries resulted in supply chain interruptions for medicines and other medical/hospital supplies. This was followed by a rise in demand and a lack of supply.
- Business disruption due to the temporary closure of a few hospitals for thorough disinfection as healthcare professionals of key services became COVID-19 positive or were in close contact.

Mitigation Plans:
- Ensured efficient management of medicines and healthcare essentials via Pharmaserv and leveraged on Group synergy for the pooling of resources
- Enforced strict compliance with prevention of infection and control SOPs. We also implemented various measures such as swift contact tracing of healthcare personnel, enhanced screening of patients, visitors and staff at points of entry.

Our Strategic Progress

Strategic Thrust	Strategic Focus 2021	Strategic Focus 2022-2026
S6 **BUSINESS IMPROVEMENT**	**Improved Sustainability Impact** **Achieved** Waste: The amount of clinical waste generated per patient was 0.48kg which was below our target of 0.5kg per patient. **Achieved** Water: The water consumption per employee was 99m³ which was below our target of not more than 111m³ per employee. **Achieved** Energy: Maintained our average consumption within the target of not more than 27.69kWh per square foot for four consecutive years.	**Continuous Improvement in Sustainability Initiativies** **In Progress** Completion of the pilot project of the new next-generation HIS (Phase 1) at DSH2 by the first quarter of 2022. **Target** Reduced greenhouse gas (GHG) emissions by 5%.
S7 **SUSTAINABLE VALUE FOR STAKEHOLDERS**	**Creating Sustainable Value for Communities We Serve** **Achieved** 17 KWAN clinics and 6 mobile clinics served 56,291 patients from underprivileged communities nationwide. **Achieved** An investment of RM9.2 million was made in the Outreach Programme for the local community. **Achieved** Dividend payout of 36% (RM23.7 million) of our profit after tax (PAT). **Achieved** Collaboration with the Government to assist in flattening the COVID-19 curve.	**Synergise Our Organisation, People and Culture** **Continuous Improvement** Strengthen KWAN mobile clinics by identifying potential partners such as banks or other corporate entities within the Klang Valley. **Continuous Improvement** Designing a Strategic CSR Programme with measurable impact for the local community. Continued to protect shareholders' interests with dividend pay-out of 40% of PAT. **Continuous Improvement** Collaboration with the Government to cater to the increased demand for healthcare services and a shortage in the provision of certain healthcare services.

4 Impact on Finance

- Increase in number of patients via PPP contributed to higher revenue.
- More than 30% growth of delivery cases, following increased customer preference to deliver in private hospitals.
- Patients returning to hospitals for elective treatment.

Mitigation Plans:
- Pharmaceutical companies are collaborating with KPJ for patient engagement using apps and digital platforms.
- Marketing channels are to leverage online and social media platforms more and more to communicate further with patients.

5 Impact on Technology

- Employees consultants were pressed to quickly adopt technology and switch to telemedicine and medication delivery as a result of epidemic as it creates to head opportunities patients.
- Employees continued to work remotely by leveraging technology.

Mitigation Plans:
- Invested in the telemedicine and medication delivery and rolled this out to all of our hospitals.
- Organised meetings and discussions on virtual platforms such as Google Meet to minimise the risk of contact among staff.
- Enabled VPN access to employees to remotely access their respective departments and services file servers at the KPJ Corporate office.

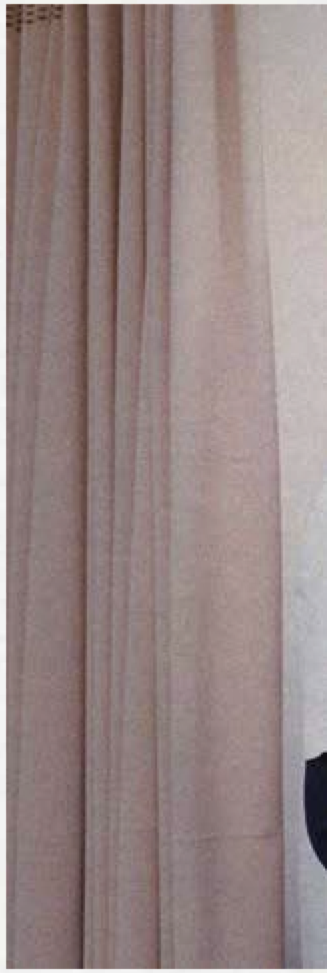
6 Impact on Industry

- The general public maintained a cautious response to hospital-based endeavours.
- Stakeholder sentiments were adversely affected due to the continued challenges posed by the pandemic.

Mitigation Plans:
- Improved the engagement to restore stakeholders' confidence.
- Worked with the MOH and Association of Private Hospitals Malaysia (APHM) to curb the spread of COVID-19 by accepting decanted patients from public hospitals.
- Supported the National Immunisation Plan (NIP) where KPJ hospitals served as local vaccine centres and Mega PPVs.

07:30

Sanitising and Cleaning Service
All suited-up, our frontline staff prepare the day for others by cleaning and disinfecting their work spaces.



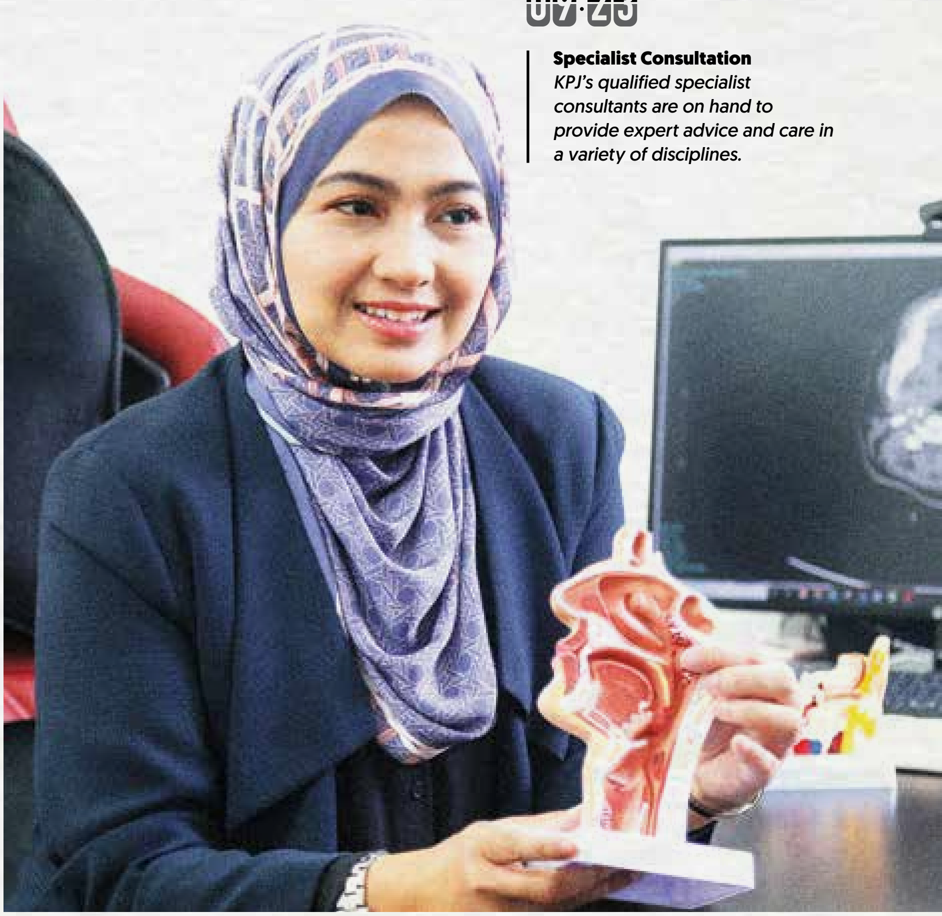
07:00 *to* 12:00

Delivering on our "Care for Life" mandate

Here at KPJ, we embrace each new day as another opportunity for us to give of our best and truly make a difference. Having undergone our baptism of fire under the pandemic, we remain resolute in upholding KPJ's commitment to "Care for Life" and to truly impact people's lives for the better.

09:23

Specialist Consultation
KPJ's qualified specialist consultants are on hand to provide expert advice and care in a variety of disciplines.



10:15

Medical Consultation
Our empathetic consultants go the extra mile to understand each patient's concerns and ensure he or she is treated with the utmost care in the most convenient manner.

09:30

Pharmaceutical and Medical Products
KPJs' pool of dedicated pharmacists, pharmacy assistants and in-house trained dispensers are ever ready to provide advice and dispense medicine to patients.

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 40th 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 40th 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

Statement From Our Chairman

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.

Statement From Our Chairman

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.

Statement From Our Chairman

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 Bandar Kinrara, Puchong, Selangor in mid-December 2021. The ACC at Bandar Kinrara, Puchong 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 a.m. and 10 a.m., 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 Bandar Kinrara, Puchong 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.

Statement From Our Chairman

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* 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's 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.

Statement From Our Chairman

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 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 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 deigned 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.

Statement From Our Chairman

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 GlobalHealth 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.

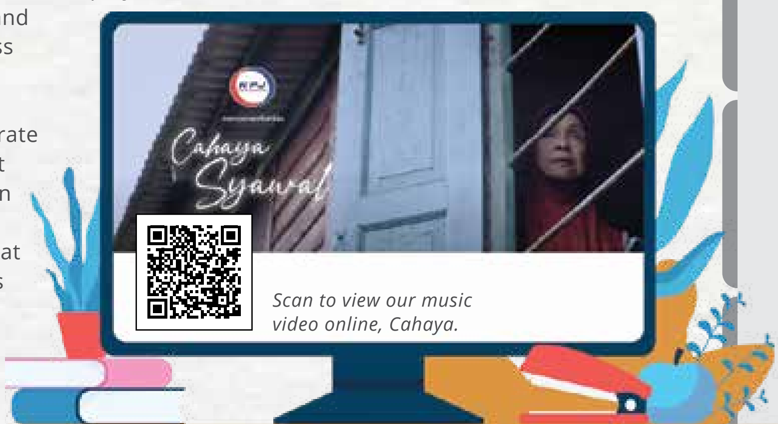
Our ongoing commitment to upholding robust governance practices was recognised when we were declared the sole Industry Excellence Award Winner in the Healthcare category at the Minority Shareholders Watch Group or MWSG-ASEAN Corporate Governance Awards 2020 event.

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 46th 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.



Scan to view our music video online, Cahaya.

Statement From Our Chairman

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 Puteri 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.

Statement From Our Chairman

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 Encik Ahmad Shahizam Mohd Shariff, who served as our President & Managing Director from 1 July 2020 until 31 March 2022. We thank him for helming 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 Encik 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 to 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

President & Managing Director's Review

DATO' MOHD SHUKRIE BIN MOHD SALLEH
President & Managing Director

STABILISING THE BUSINESS AND FUTURE-PROOFING KPJ

Dear Valued Stakeholders,

This is my first statement to you as KPJ's new President & Managing Director since I was appointed on 1 April 2022. It is heartening to see that the solid foundations laid down by my predecessor and the team at KPJ are providing the Group the momentum it needs to continue delivering sustainable value for the long term. Financial year 2021 saw Team KPJ continuing to prove their mettle and step up to the plate to deliver above and beyond the call of duty in terms of looking after the well-being of others. The team also demonstrated excellence on the operational front and a resilience on the financial front. I am pleased to provide insights into the Group's key 2021 achievements, an overview of the concrete fundamentals in place at KPJ today, as well as our strategic direction moving forward.

In view of KPJ's role as an essential and critical service provider during the pandemic, all

28 of the Group's hospitals in Malaysia remained open and provided continuous care to outpatients and inpatients throughout 2021

President & Managing Director's Review

CONTINUING TO MAKE RESILIENT STRIDES FORWARD

In 2021, KPJ steadfastly weathered the impact of challenges brought on by the pandemic as well as economic and industry volatility. The year was marked by a rise in COVID-19 case numbers and the imposition of two Movement Control Orders (MCOs) in Malaysia in May and June respectively.

In view of KPJ's role as an essential and critical service provider during the pandemic, all 28 of the Group's hospitals in Malaysia remained open and provided continuous care to outpatients and inpatients throughout 2021. Unlike 2020, when the nation experienced at least one quarter of relative calm, the year in review saw the team at KPJ mostly being kept on their toes throughout the year.

Amidst the year's difficulties, I am pleased to report that Team KPJ continued to demonstrate a perseverance and passion to look out for the well-being of all those in their care. KPJ gained traction in its ability to offer quality health services and keep people safe via the Group's involvement as Vaccination Administration Centres or Pusat Pemberian Vaksin (PPV) initially for frontliners, and then for the general public.

As a result of the preparations made in 2020 to strengthen our COVID-19 response capability, the Group's hospitals were also able to quickly ease into their role as hybrid hospitals (i.e., where both COVID-19 and non-COVID-19 patients are managed under the same roof). This certainly lent much needed support to Ministry of Health (MOH) hospitals that were unable to manage COVID-19 patients due to their limited capacity. These preparatory measures included enhancing clinical protocols, designating additional resources to handle such cases, dedicating specific areas to allow for better segregation and management of COVID-19 patients, as well as undertaking a review of facilities and support services such as catering, linen and cleaning services. As facilities and resources were transformed to accommodate the influx of positive cases, KPJ became the single largest private services provider to assist the Malaysian Government in the treatment of decanted COVID-19 cases.

However, due to the high costs involved in equipping our hospitals to deal with COVID-19 cases as well the implementation of stringent standard operating procedures (SOPs) throughout our operations, our bottom-line was impacted in 2021. On top this, there was lower demand for medical treatment/non-essential treatment during the pandemic period, while the number of non-COVID-19 patient cases at our hospitals declined due to our coverage of COVID-19 cases and the general public's hesitation to approach hospitals during the pandemic. Furthermore, home quarantines meant that infection cases were lower among children, which resulted in our paediatric department seeing lower cases. The number of accident and trauma cases too declined due to the MCOs and corresponding lower number of vehicles on the road. This downtrend continued for a good part of the first half of the year, although it varied between hospitals and regions.

Over this time, the KPJ Group delivered a mixed performance. At the Group level (i.e., covering hospital operations in Malaysia, Indonesia and Bangladesh), outpatient numbers rose by 7% from 2,629,909 outpatients in 2020 to 2,821,701 outpatients in 2021, in part due to the increase in COVID-19 screening activities. Inpatients numbers, however, reduced by 5% from 246,529 inpatients in 2020 to 234,206 inpatients in 2021 due to the spike in COVID-19 cases. Meanwhile, the Group's average Bed Occupancy Rate (BOR) dropped by 4% from a BOR of 47% in 2020 to a BOR of 43% in 2021.

In Malaysia, the overall number of outpatients rose by 7% from 2,451,405 in 2020 to 2,618,497 in 2021. This was partly attributable to the increase in COVID-19 screening activities. Meanwhile, the overall number of inpatients reduced by 7% from 237,132 in 2020 to 221,525 in 2021, partly due to the spike in COVID-19 cases and the reimposition of the MCO in Malaysia in May 2021. Of the year's admissions, some 38% were made up of surgery cases (urgent and elective surgery) – some 11% higher than the previous year. The Malaysian operations also recorded a 32% increase in deliveries.

For more details of the Group's performance in the area of clinical and hospital operations, please turn to the "Our Performance" section in this Integrated Annual Report.

President & Managing Director's Review

TOTAL REVENUE

10% rise

to **RM2.6 billion** in 2021, from **RM2.4 billion** previously

EBITDA

RM529.5 million

2% lower than the EBITDA of **RM538.9 million** in 2020

While 2021's two MCOs initially impacted the total number of inpatient and outpatient visits in the first two quarters of the year, thankfully, these numbers as well as our BOR improved upon Malaysia entering the first phase of the National Recovery Plan (NRP) in July 2021. As economic recovery strengthened and consumer confidence improved on the back of the successful rollout of the national immunisation programme (NIP), KPJ's performance too began to improve in the third and fourth quarters of 2021.

Against this backdrop, the KPJ Group saw its total revenue rise by 10% to RM2.6 billion in 2021, from RM2.4 billion previously. The rise in revenue was mainly attributable to the increase in hospital activities following the lifting of the MCOs and the rollout of the NRP. The higher activities in turn stemmed from the rollout of new services such as COVID-19 screening, laboratory testing, and vaccination services. On top of this, there was greater collaboration with the public healthcare sector to treat decanted COVID-19 patients.

Notwithstanding the year's higher revenue, the Group turned in earnings before interest, taxes, depreciation, and amortisation (EBITDA) of RM529.5 million in 2021, 2% lower than the EBITDA of RM538.9 million in 2020. Meanwhile, the Group posted a profit before tax (PBT) of RM115.6 million in 2021, 23% lower than 2020's PBT of RM150.8 million. Profits were lower mainly due to the increase in material costs that rose in tandem with rising patient volumes. The higher costs were the result of having to comply with COVID-19 SOPs and the use of personal protective equipment (PPE) by our employees. On top of this, the discounts offered to inpatients and decanted patients, as well as additional costs absorbed, such as COVID-19 swab test costs, impinged on the year's profitability. In addition, the Group made a reversal of provisions in 2020 that was not repeated in 2021.

For more details of the Group's financial performance, please turn to the "Chief Financial Officer's Review" in this Integrated Annual Report.

KPJ'S COVID-19 RESPONSE

Right from the onset of the COVID-19 pandemic, KPJ ramped up its pandemic preparedness activities to ensure a proper response to the crisis as well as to provide undisrupted services to the nation and its citizens.

Where government hospitals became overburdened by the influx of positive cases, the private sector, including KPJ, picked up where they could not. This saw us initially increasing the number of non-COVID-19 patients that we could take from the MOH so that the capacity of MOH hospitals was freed up to better manage COVID-19 cases. As part of our efforts to cater to decanted non-COVID-19 patients from the MOH, we offered up to 100 different services and procedures based on pre-agreed package prices. These packages were based on a cost recovery formula with only a small margin, to ensure that they were affordable. Our efforts at keeping our costs reasonable while ensuring the quality of our care was met with good response from the public sector.

By the year's end, the MOH had awarded KPJ hospitals a total contract value of RM113.9 million for non-COVID-19 medical and surgical cases. Between 15 April 2021 and 31 December 2021, the MOH had referred a total of 6,344 decanted cases at a total value of RM50 million to our hospitals. Of these cases, 56% of the referrals were surgical cases while 34% were medical cases. Today, the KPJ Group offers a total of 364 beds at nine Klang Valley hospitals for MOH-decanted non-COVID-19 cases.

KPJ's hospitals then went on to open their doors to COVID-19 patients that MOH hospitals were unable to manage. Serving as hybrid hospitals under the public-private partnership initiative, our hospitals today are able to take in COVID-19 patients from all five categories – Category 1 and 2 being positive cases with no or mild symptoms, while Category 5 denotes severe cases that require breathing assistance.

KPJ also lent support to the NIP when 22 of the Group's hospitals played their part as PPVs for Phases 2 and 3 of the NIP. KPJ then went on to lend support to two Mega PPVs. We take pride in the fact that KPJ was one of the

For more information on KPJ's pandemic response efforts, please turn to the "Chairman's Statement" where these details are spelt out at length, as well as the section titled "Snapshot of KPJ's COVID-19 Response".

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healthcare providers that participated in the two Mega PPVs at the Kuala Lumpur Convention Centre (KLCC) and Mid Valley South Key, Johor Bahru.

In 2021, the Group continued to evolve its COVID-19 management approach across its hospital network to mitigate the impact of the pandemic on people and performance. To ensure the safety and well-being of patients and their families, as well as all employees and consultants, the Group adopted several holistic measures. This involved enhancing Hospital Infection Control Committee protocols based on MOH guidelines, providing PPE, implementing stringent screening at all hospital entry points, as well as undertaking regular cleaning and sanitising activities. On top of this, the Group disseminated pandemic-related updates aimed at educating patients and visitors via digital and physical platforms.

The Group also focused its efforts on finding opportunities amidst the crisis by leveraging online consultation and home delivery of medication. Other innovative measures such as drive-through COVID-19 testing services were leveraged on to increase operational efficiency.

To manage the potential risk of exposure to persons under investigation (PUI) and confirmed cases, the Group reviewed the flow of people into hospital premises and introduced Acute Respiratory Illness/Influenza-Like Illness (ARI/ILI) transit wards at hospitals to admit PUIs or suspects who were awaiting their PCR or confirmatory tests. December 2021 saw the Group initiating the groupwide COVID-19 Surveillance Test Programme whereby all KPJ employees are furnished free kits to undertake fortnightly self-tests before entering their work premises. The results from these tests are monitored on a monthly basis to identify, manage and mitigate COVID-19 incidences as well as to establish trends.

Aside from the usual SOPs relating to social distancing and the wearing of face masks, staff meet virtually where possible. They also follow team rotations where half the workforce is present at the workplace, while the other half work from home. As KPJ sets the necessary COVID-19 mitigatory measures in place, the Group is at times going above and beyond the norm and implementing new benchmarks in hospital safety for the benefit of all.

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MAKING STRONG INROADS ON THE TRANSFORMATION FRONT

The year under review saw KPJ's leadership team introducing the Re-energising KPJ transformation strategy which called for the Group to continuously improve clinical outcomes and service quality, enhance financial performance, and adhere to the highest standards of care. The plan also mandated the creation of synergies across the Group's businesses to outperform the industry and deliver sustainable total shareholder returns. The transformation plan called for the rollout of two phases:

PHASE ONE (2021): TRANSFORMING THE BASE

Under this phase, major foundational and organisational changes were completed over the course of 2021. With the fundamental building blocks in place, KPJ is today in a firmer position to recover from the pandemic and strengthen its performance as operational conditions rebound in the coming years.

PHASE TWO (2022-2025): TRANSFORMING THE GROWTH

Dubbed STAR 25, this phase calls for KPJ to capitalise on the return to a more positive business environment and to deliver growth between the years 2022 and 2025.

Under Phase One, KPJ successfully delivered on these Five Value Drivers:

#1 Synergise Our Organisation, People and Culture

Effective 1 February 2021, the Group introduced a new organisational structure to better manage its hospitals. Leveraging a hub and spoke model as well as placing an emphasis on central accountability, the structure provides KPJ a more effective and synergistic means of control over its operations. KPJ's network of 28 hospitals in Malaysia is now divided into seven Regional Hospital Groupings helmed by seven Regional Chief Operating Officers (CEOs) who report to the Chief Operating Officer (COO). With oversight for all hospital operations, the COO is to provide overall direction to the regional CEOs, and oversee the successful implementation and development of agreed upon strategic objectives. By placing an emphasis on empowerment and accountability at the working level, the aim is to ensure KPJ is run in a more professional, effective and meritocratic manner.

Under the Re-energising strategy, KPJ is now focusing its efforts on consolidating its domestic assets and services as well as optimising the capacity of projects in hand. Given the lower levels of activity in the new normal, the Group has reassessed its overall investments and expansion strategies for the best outcomes. As such, the days of aggressive expansion are over and the focus is now on upgrading and refurbishing the older hospitals. Moving forward, the plan is to increase KPJ's overall bed capacity progressively by adding 1,000 beds at new and existing hospitals by 2025. This will see major increases to bed capacity at the new KPJ Damansara Specialist Hospital 2 (DSH2), KPJ Puteri Specialist Hospital, KPJ Ampang Puteri Specialist Hospital, KPJ Klang Specialist Hospital and KPJ Penang Specialist Hospital.

On the new facility front, a new Ambulatory Care Centre (ACC) in Bandar Kinrara, Puchong in Selangor was opened in mid-December 2021. Together with the 28 hospitals within the KPJ network, the Group (as at the end of 2021) had a total of 3,376 licensed ward beds, in comparison to 3,230 beds (as at end 2020).

Developmental work continues on the new DSH2 which is expected to be completed by the third quarter of 2022. Boasting state-of-the-art healthcare technologies and systems, DSH2 will serve as proof of concept for an enhanced digitalised operating environment. Once DSH2 is up and running, we will look to replicate the smart technologies it will employ across our entire hospital network.

Our employees are our greatest asset and we continue to accord them the necessary tools and resources to work more effectively and better themselves.

In 2021, we ran a three-day Talent Validation Programme (TVP), an intensive business simulation exercise, to identify the most promising talent among four cohorts of hospital and company CEOs, General Managers (GMs) and Operations Managers (OMs). As a result of the TVP, two OMs were promoted to CEO-level – one to helm a hospital in Johor and the other to helm our new ACC. A slightly

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abridged version of the TVP, the Talent Development Programme (TDP), followed in February 2022. The maiden two-day TDP, which involved the participation of 56 senior public relations and marketing practitioners across the Group, will be extended to other groups such as Human Resource heads, Chief Nursing Officers and other selected specialists down the road.

In 2021, KPJ implemented matrix reporting for key critical functions to ensure consistency in work standards as well as to facilitate better information flow and the efficient execution of Group objectives. Effective May 2021, six functions will have dotted lines of reporting to functional heads at headquarters namely Finance, Human Resources, Marketing & Business Development IT, Nursing Services and Asset & Facilities Management.

For the year in review, some 12,225 employees or 85% of KPJ's total staff population participated in the 2021 KPJ Group Employee Engagement Survey. Touching on 14 key drivers, the survey covered matters such as employee empowerment, development opportunities, company direction, customer focus, compensation and benefits, learning and development, work structure and process, as well as employee recognition. The findings from each hospital and company surveyed were provided to the HR head of each individual entity so they could craft initiatives to address key employee concerns. To strengthen employee engagement efforts, the employee intranet portal, KPJ Buzz, was overhauled in September 2021 to provide a more interactive platform for employees. These among other initiatives reflect the Group's efforts to effectively synergise its organisation, people and culture.

#2 Enhance Clinical and Service Quality

KPJ is committed to delivering exceptional health treatment, care and diagnosis to all our patients. To this end, we are laser-focused on elevating clinical services across the care continuum. To strengthen the quality of our clinical services and patient experiences, we are tapping digital platforms as well as transforming our functional services to ensure a competitive advantage. To ensure our human resources – both our non-medical and medical staff – play their part in enhancing clinical and service quality, we are inculcating a mindset change among our people, pulling them out of their silos, and getting them to work together in a more cohesive and effective manner.

In the last few years, KPJ has been developing a comprehensive set of measures, processes and procedures to ensure excellent clinical and service quality for our patients. This commitment to putting the patient experience at the centre of everything we do requires us to continuously strive for improved performance in this area. To measure our performance, there is a need to track, monitor and continuously improve our clinical and service quality. This is key if we are to develop a competitive advantage over our peers and achieve our goal of strengthening the KPJ brand. I am pleased to report that as part of the transformation process, we have already established a brand-new set of clinical and service quality targets along with a digital dashboard for key personnel to monitor our progress and the delivery of essential key performance indicators (KPIs).

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#3 Embrace Digitalisation and Technology in an Enhanced Manner

The pandemic has undoubtedly acted as a catalyst that has spurred the adoption of digitalisation across the healthcare sector. Here at KPJ, in response to patient demand, we launched our telemedicine initiative in 2021 to cater to patients in the safest, most practical, and most effective manner. Once we have strengthened our virtual platforms, we will explore how we can extend our service offering by offering specialist services to patients in the most convenient and cost-effective manner.

To further align with the fast-tracked adoption of all-things-digital, we rolled out our own Digital Transformation Plan. KPJ's digitalisation roadmap mandates that the Group focus its efforts on reimagining the customer journey by facilitating seamless end-to-end solutions, services and technological innovation that are accessible to our customers and users anywhere, anytime and on any device. By taking advantage of technological advancements and digital innovation to improve operational efficiencies, provide state-of-the-art healthcare services and facilities, as well as deliver better patient experiences, we are reinforcing our position as a next-generation healthcare player and future-proofing the Group's overall capabilities and offerings.

In 2021, the Group initiated a tender to replace the current electronic medical records (EMR) system with a new next-generation Healthcare Information System (HIS) capable of delivering on the initiatives and integration necessary to meet our business vision and goals. The pilot project for the HIS is all set to be implemented at the new DSH2 this year. From 2023 onwards, the HIS will be rolled out in phases throughout the Group.

KPJ's Digital Transformation Plan calls for the efficient and effective acquisition and utilisation of patient data. Central to this will be the HIS and the data integration platform that will enable us to acquire data which is then turned into knowledge that can be used to improve our business. We plan to leverage the vast amount of data we have in hand to enhance the patient experience and service levels. Simultaneously, we will explore how best to scale this data across touchpoints at all KPJ hospitals so that we can create a seamless experience for customers. We will also look into how best to monetise these data insights to create new cross-selling and up-selling opportunities which will lead to new business models.

As we move to integrate technology into our operations in a more immersive manner, the possibilities and benefits for the Group are endless. For instance, we would like to see the babies that we help to deliver stay with us as customers as they advance into other stages of their lives. Digital platforms will make holistic patient care possible and much easier.

#4 Strengthen Business and Operational Excellence

KPJ's focus on business and operational excellence is based on continuously striving for higher productivity, cost savings and developing more effective processes. In this respect, 2021 saw us centralising a number of key business services such as procurement, credit management and facilities management. These developments helped us to operate more efficiently and derive significant cost benefits through economies of scale.

As project management is a key part of our business, we have set up a new project update committee which is tasked with ensuring the timely delivery of all our projects in the future.

Parallel to 2020, the decline in hospital activity due to pandemic-related developments had a knock-on effect on some of the business units under our Ancillary Services Division in 2021. This led to lower demand for highly dependent ancillary services such as catering and laundry services. However, on the laboratory and sterilisation services as well as retail pharmacies and health centres fronts, these very same businesses that were hit hard in 2020, demonstrated their resilience by either turning in flat growth or a positive performance. To drive business growth, these business units effectively tapped push-based initiatives to create public awareness and drive promotions. At the same time, several of the business units explored avenues of opportunity outside their traditional realms of business.

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#5 Refresh the KPJ Brand and Marketing

The KPJ brand has many strengths that we can leverage to achieve our goal of becoming "The Preferred Healthcare Provider and Brand in Malaysia". Plans are already underway to leverage our size as the largest healthcare provider in Malaysia and the prominence our flagship hospitals within the Group that have built a reputation for excellence and quality service. By capitalising on our flagship hospitals and linking them to the smaller community-based hospitals and the bigger state capital hospitals, we intend to show how the entire KPJ hospital network is able to work together in a synergistic manner to provide better service to all of our patients, regardless of their location.

The growth and prominence of digital marketing has been apparent over the years and our transformation programme has set this as a central theme for strengthening our brand. With the younger generation naturally attuned to social media, this medium will become increasingly important to generate patient demand in the future. We have already begun the process of boosting our digital presence via platforms such as Facebook Live and various other social media platforms. This has helped increase awareness about KPJ and our brick-and-mortar outlets in the marketplace.

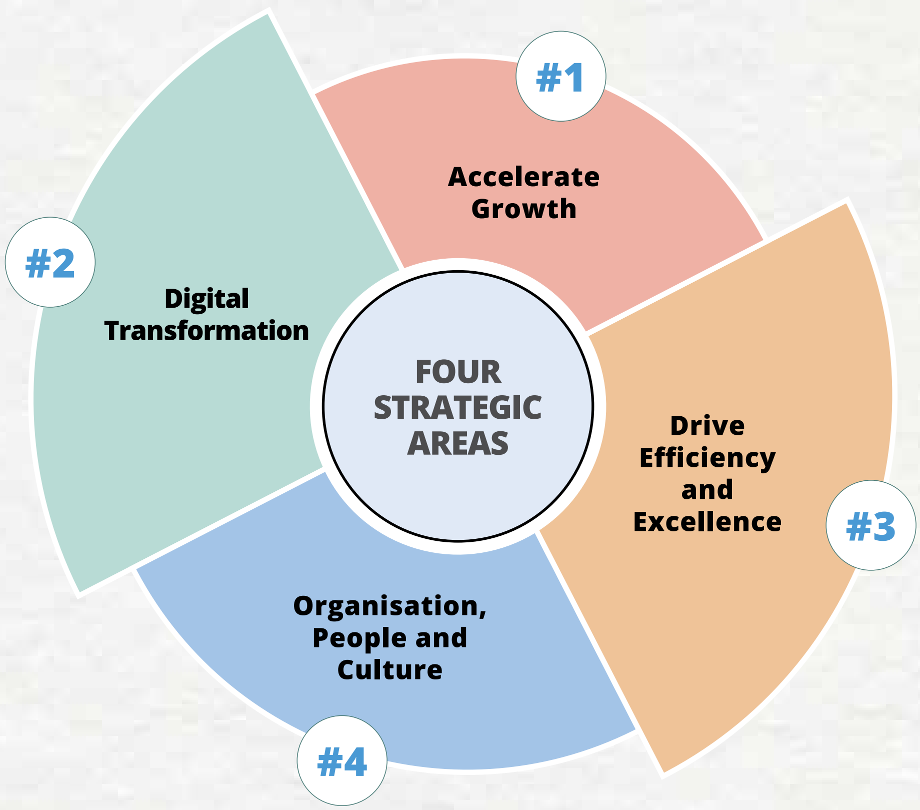
In 2021, we went on to tap collaborative marketing as a means to reinforce the KPJ and our partners' brands when we participated as a Mega PPV at the KLCC. This event saw us handing out sponsored freebies as a gesture of appreciation or as an incentive to encourage the public to come forward for their vaccination shots. Working with new and existing partners, we also conducted product giveaways for the general public as well as for the frontliners and the medical teams serving at PPVs under the Group's hospitals.

Another of 2021's most popular and successful marketing campaigns involved the bundling of baby car seats together with the packages offered to maternity patients who gave birth at KPJ's hospitals nationwide. This campaign contributed to a 31% increment in the take-up rate of maternity packages in 2021 in comparison to the year before.

As part of the efforts to reinforce the image and positioning of KPJ, plans are underway to undertake a complete revamp of the KPJ brand in 2022. This will involve a continued focus on digitalisation and new media platforms to help get the word out on KPJ's range of offerings.

OUR STRATEGIES FOR GROWTH

Following the good progress made and the solid fundamentals laid down under Phase One of the Re-energising KPJ strategy, we have recalibrated our focus and are poised to capture the opportunities available to us in the recovering economic landscape under Phase Two. Where 2021 marked the completion of our foundational work, 2022 marks our transition into our execution phase. Phase Two of our transformation strategy, namely STAR 25, calls for KPJ to deliver **S**ustainable and strong growth, be **T**echnology driven, maintain an **A**gile Workforce, and build a **R**esilient Organisation by **2025**. Under our STAR 25 strategy, the Group is to maintain a laser-focus on the following four strategic areas between the years 2022 and 2025:



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At the same time, KPJ has also set these Aspirations in place: "To have an Integrated Digital Ecosystem, to Raise the Standard of Clinical Excellence, and to be the Champion on Sustainability in Healthcare."

Integrated Digital Ecosystem
With digitalisation proving to be one of the most significant drivers for the healthcare industry, we are future-readying ourselves by building our own digital ecosystem as one of the key pillars of our transformation. It will enable us to increase efficiencies across our operations and benefit from the changing dynamics of the healthcare market.

While we have previously begun working on certain digital initiatives such as telemedicine, our new digital transformation plan has been formulated in a way that will put the patient experience right at the heart of our business and generate significant business opportunities for the Group over the medium and long term. We aspire to have a digital ecosystem that will help integrate all our hospitals onto a single holistic platform. It will see us moving beyond just looking at mobile apps, to delving deep into the smart hospital environment to ensure we are able to build a fully digitalised framework over the next couple of years. This will be a key ongoing initiative for KPJ and we will provide specific details as we move into 2022.

As mentioned previously, a key milestone in our digital roadmap will be the opening of our brand-new DSH2 which is targeted for launch by third quarter of 2022. This new hospital, which will house state-of-the-art healthcare technologies and systems, will act as our proof of concept for an enhanced digitalised operating environment across our entire hospital network. With DSH2, we will have a greater sense of the new capabilities afforded by new smart hospital technologies in comparison to our current traditional systems. This will enable us to enhance our services and deliver more cost-effective healthcare to our patients.

Raising the Standard of Clinical Excellence
KPJ's strategic intent is premised on delivering exceptional healthcare to our patients, through the careful and excellent management of patient journeys, to produce quality patient outcomes as well as create a sustainable pool of returning patients. In line with our aspiration to be the preferred healthcare provider in ASEAN, we are looking to have all our hospitals align with established international accreditation standards by 2025. Among the key areas we will focus on will be Safety and Culture, Person-centred Care, Governance and Compliance, as well as Digital and Data.

Championing Sustainability in Healthcare
We also aspire for KPJ to be the champion for sustainability in the healthcare industry. To this end, we have established three ESG objectives i.e., to enable a low carbon and circular economy under our Environmental commitment; to empower our people and communities under our Social commitment; and to embed responsible business practices under our Governance commitment. This will see us shifting our focus and going above and beyond the normal course of business to establish a low-carbon health ecosystem and ensure sustainable value creation throughout our operations.

At the same time, KPJ is committed to upholding the United Nations' Sustainable Development Goal 3 (UN SDG 3) i.e., to ensure healthy lives and promote well-being for all at all ages, as well as supporting the national objectives under the 12th Malaysia Plan (12MP) i.e., to strengthen security, well-being and inclusivity by revitalising the healthcare system to ensure a healthy and productive nation.

Other Strategies to Bolster Our Position
As KPJ moves forward there are specific strategies that the Group will leverage to reinforce its position of strength.

With regard to the Group's hospital network, KPJ will focus on revenue growth via reaping the returns from current investments, optimising its existing resources, and tapping high intensity revenue streams. The creation of Centres of Excellence (COEs) for selected hub hospitals as well as the opening of DSH2 with its high technology medical equipment will increase the quality of the Group's earnings. Our BOR too is expected to improve now that the general public is showing signs that they are more confident about seeking treatment at hospitals once again.

In the area of public-private partnerships, we are looking to establish better partnership and collaboration opportunities by contributing to the nation's fight against the COVID-19 pandemic and supporting the restricted capacity of public sector hospitals. Our Management continues to maintain close communication and regular follow up with the authorities on referral opportunities including MoH decanted non-COVID-19 cases.

President & Managing Director's Review

Groupwide promotions and special packages for corporate clients too are helping drive growth opportunities. KPJ's corporate clients today include corporate entities in Malaysia that provide healthcare benefits to their employees. As this customer group grows in terms of importance and revenue contribution, the Group has centralised the management of this customer group under the ambit of the Service & Partners Management (SPM) Division to better manage our corporate clientele's end-to-end requirements. The SPM Division is tasked with building strategic partnerships, undertaking client servicing and improving operational integration with insurance providers, third party administrators, managed care organisations, public listed companies, government-linked companies and other corporate clients. Following the launch of the new KPJ ACC at Bandar Kinrara, Puchong and the upcoming DSH2, the SPM Division is focused on building up a panel of major corporate clients i.e., major insurers, third party administrators and other corporate clients for these healthcare facilities.

As previously mentioned, in the area of digital healthcare, we are looking to re-imagine and unlock the potential for an integrated digital health ecosystem. The development of a new HIS, continual improvements in our virtual healthcare or telemedicine features, as well as the implementation of a patient-centric digital transformation roadmap over the next few years to deliver better, seamless, and affordable care for patients, will do much to strengthen the customer experience and KPJ's branding.

We will also focus on re-energising health tourism by taking advantage of the reopening of international borders and facilitating greater empanelment of international insurance players and associations. We also expect to grow this area by building stronger relationships with embassies, consulates and expatriate community groups.

We will also take advantage of strong demand for pathology services even as the demand for COVID-19 testing continues to increase and patients need to be treated and vaccinations administered. To this end, Lablink will continue to provide diverse COVID-19 testing options while broadening and strengthening its specialised test offering. We anticipate that the demand for RT-PCR tests will continue to increase given the general testing as well as travel and pre-admission requirements.

As KPJ moves forward, I am confident that as we continue to keep a keen eye on Phase Two of our Re-energising KPJ transformation plan, uphold our mandate to "Care for Life", as well as bring diverse strategies into play, we will deliver another resilient performance in 2022.

ACKNOWLEDGEMENTS

The KPJ Group was once again able to weather the challenges of a difficult operating environment as a result of the support and untiring efforts of several parties.

Allow me to extend my deep appreciation to KPJ's Board of Directors for their wisdom and counsel that helped KPJ make strong strides forward despite a highly challenging year. To KPJ's Management Team, especially my predecessor, Encik Ahmad Shahizam Mohd Shariff, who served as KPJ's President & Managing Director from 1 July 2020 until 31 March 2022, thank you for laying down such solid foundations for our future value creation efforts. To KPJ's hardworking and loyal employees as well as our teams of passionate consultants in Malaysia, Indonesia and Bangladesh, please accept my heartfelt gratitude for your commitment to excellence and for going above and beyond the call of duty to look out for the well-being of others. I for one look forward to working with all of you to scale greater heights as we unlock the tremendous potential that is within the Group.

I also wish to humbly acknowledge the kind support and trust placed in us by our investors and shareholders and thank them for their unstinting confidence in the Group. My utmost gratitude to the Government of Malaysia, our healthcare regulators, our partners as well as members of the media, our suppliers and NGOs for their unwavering support and cooperation. Last but not least, my deep gratitude to our patients and customers who continue to believe in our abilities and trust us with their lives.

As KPJ moves forward to embrace a new year full of hope and at the same time much uncertainty, I call upon all our stakeholders to lend us their unrelenting support as we set our sights on rising above all challenges and capitalising on all opportunities before us. Thank you and stay safe everyone.

Dato' Mohd Shukrie Bin Mohd Salleh
President & Managing Director
KPJ Healthcare Berhad

Chief Financial Officer's Review

FOCUSED ON DELIVERING A RESILIENT PERFORMANCE

Dear Valued Stakeholders,

For the financial year ended 31 December 2021, the Group's performance continued to be affected by the difficult conditions brought on by the global COVID-19 pandemic and the imposition of a series of Movement Control Orders (MCOs) in Malaysia due to a resurgence in the number of COVID-19 cases. All of this resulted in the Group having to bear higher overhead costs. Although economic and business activities were able to resume towards the end of the year, the restricted cross-border movements and tighter standard operating procedure (SOPs) throughout 2021 continued to weigh heavily on recovery efforts across the Group's business operations. Nevertheless, we remained vigilant and focused our efforts on delivering on our services to ensure that we achieved a resilient performance.

NORHAIZAM BINTI MOHAMMAD
Chief Financial Officer

A RESILIENT PERFORMANCE IN 2021

Revenue
RM2.6 billion

Gross Profit
RM940.1 million

EBITDA
RM529.5 million

Profit Before Tax
RM115.6 million

Net Profit
RM65.7 million

Chief Financial Officer's Review

REVENUE

At the Group level, KPJ closed the year in review with total revenue of RM2,626.8 million, a 10% increase over the RM2,397.4 million garnered in the prior year.

The increase in revenue was primarily attributable to the following:

- **Contributions from hospital operations especially from KPJ Ampang Puteri, KPJ Kuching, KPJ Sabah, KPJ Damansara and KPJ Miri, with the total increase aggregating RM88.2 million;**
- **Contributions related to pharmaceutical activities, laboratory tests and medical supplies aggregating RM177.5 million; and**
- **Revenue totalling RM15.1 million earned from providing vaccination services at Vaccination Administration Centres or Pusat Pemberian Vaksin (PPV).**

The increase in revenue was also evident due to the rise in activities in the following areas:

- **An increase in patient visits to 3,055,907 in 2021 in comparison to 2,876,438 in 2020; and**
- **A 7% and 32% increase in surgery cases and delivery cases to 83,971 and 15,368 cases respectively in 2021 as compared to 2020.**
- **Following the rollout of the National Immunisation Programme (NIP) and National Recovery Plan (NRP) which led to increased vaccination awareness and the re-opening of businesses in 2021, the Group's performance was indirectly impacted for the better.**
- **Following KPJ's active involvement in public-private collaboration via the decanting of non-COVID-19 cases in an effort to alleviate the strain on the public healthcare system, hospital activities throughout the Group increased.**

Malaysia
The Malaysia segment recorded total revenue of RM2,494.3 million in 2021, an increase of 9% in comparison to revenue of RM2,285.4 million in the preceding year. In 2021, patient visits increased to 2,840,022 visits from 2,688,537 visits in 2020. The growth in revenue over 2021 was mainly attributable to the improvement in hospital activities, especially following the relaxation of the MCOs and the introduction of the NRP by the Malaysian Government.

Others
The Others segment recorded total revenue of RM145.3 million in 2021, an 18% increase over revenue of RM122.7 million reported in 2020. The Indonesian hospitals recorded 79,889 patient visits in 2021 in comparison to 62,816 visits in 2020. The revenue from Indonesian hospitals increased to RM37.0 million in 2021 in comparison to RM26.8 million in 2020. This was mainly due to a higher number of admissions of COVID-19 patients. In addition, the Group's aged care and retirement village in Australia, Jeta Gardens, recorded a higher occupancy rate of 95% for the year ended 31 December 2021 as compared to 85% in 2020, resulting in an increase of total revenue to RM56.0 million in 2021 compared to revenue of RM49.4 million in 2020.

Chief Financial Officer's Review

OTHER INCOME

Other income for the Group came in higher at RM38.8 million in 2021 in comparison to RM29.8 million in 2020. This was mainly due to significant gain on fair value of investment properties amounting to RM13.4 million, as compared to previous year of only RM0.4 million, particularly for Menara KPJ and some vacant land in Klang.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for 2021 increased by RM81.0 million or 13% as compared to the previous year. These expenses comprised the following elements:

- **Staff costs amounting to RM238.5 million which was 37% higher against staff costs of RM173.6 million in 2020 largely due to the increase in business activities;**
- **Depreciation and amortisation costs amounting to RM171.8 million which rose by 7% or RM11.3 million, representing 14% of the net total change in administrative costs;**
- **Repair and maintenance costs totalling RM41.7 million, which was a 23% or RM7.9 million increase in comparison to RM33.8 million in 2020.**

EBITDA AND PROFIT BEFORE TAX

Despite the year's higher revenue, the Group recorded earnings before interest, taxes, depreciation, and amortisation (EBITDA) of RM529.5 million in 2021, approximately 2% or RM9.4 million lower than the EBITDA of RM538.9 million in 2020.

The EBITDA margin dipped marginally by 2.3% to 20.2% in 2021 in comparison 22.5% in 2020. This was largely due to the increase in material costs especially in relation to medical supplies, pharmaceutical costs and external lab services, together with an increase in staff costs that were higher, partially due to a RM32.8 million reversal of provision. The marginal decline in the Group's EBITDA margin was mitigated by the 10% increase in revenue contributed by the higher patient visits and a RM13.4 million gain on the valuation of investment properties.

In view of KPJ's role as an essential and critical service provider during the pandemic, all 28 of the Group's hospitals in Malaysia remained open and provided continuous care to outpatients and inpatients throughout the year in review. To this end, we focussed on ensuring effective management of hospital operations by undertaking discipline and consistent cost optimisation.

The Group recorded a profit before tax (PBT) of RM115.6 million in 2021, approximately 23% lower than 2020's PBT of RM150.8 million. The lower profits were mainly attributable to the increase in material costs that rose in tandem with rising patient volumes. The higher material came about as a result of having to comply with COVID-19 SOPs and the use of personal protective equipment (PPE) by employees. Moreover, the discounts offered to inpatients and decanted patients, as well as additional costs absorbed, such as COVID-19 swab test costs, adversely impacted the year's profitability. On top of this, the Group made a reversal of provisions in 2020 that was not repeated in 2021.

Malaysia

The Malaysia segment recorded total EBITDA of RM542.7 million in 2021, a decrease of 3% compared to RM557.2 million in 2020.

Gross Profit

RM940.1 million

▲ 4%

2020: RM902.6 million

Meanwhile, the segment registered PBT of RM168.3 million in 2021, a decline of 21% from PBT of RM212.8 million previously. Although the Malaysia segment turned in higher revenue, its EBITDA and PBT were lower due to higher fixed costs, the incremental cost for SOP compliance and losses incurred from new hospitals that are still in their gestation period. In addition, the Group made a reversal of provisions in 2020 that was not repeated in 2021. The year also saw six hospitals in Malaysia renewing their lease rental agreement with the Al-'Aqar Healthcare REIT for another 15 years, leading to an increase in the depreciation of right-of-use (ROU) assets and interest on lease liabilities in accordance with MFRS 16 Leases, resulting in additional expenses of RM7.5 million for 2021.

Others

The Others segment registered a negative EBITDA of RM1.1 million and a loss before tax (LBT) of RM52.7 million in 2021, in comparison to negative EBITDA of RM8.1 million and LBT of RM53.3 million in 2020 (which included the impairment of land at Jeta Gardens and a foreign exchange loss aggregated at RM18.3 million).

NET FINANCE COST

Finance Costs

In 2021, the Group made its first repayment of Sukuk Tranche 1 Series 1 in April 2021 amounting to RM250.0 million. The repayment of the facility has reduced the total annual coupon interest paid hence the lower interest recorded during the year.

On 7 March 2022, the Group made its first issuance of RM650 million from the RM3.0 billion Sukuk Wakalah Programme. The tenure of the issuance consists of five-year, seven-year and ten-year Sukuk Wakalah being priced at a profit rate of 4.29%, 4.58% and 4.66% respectively.

Finance Costs from Lease Liabilities

Interest on lease liabilities rose to RM76.7 million in 2021 as compared to RM69.2 million in 2020. This was mainly derived from the renewal of lease agreements between six of KPJ's hospitals and the Al-'Aqar Healthcare REIT.

TAXATION

The Group's effective tax rate for the year was 43% (2020: 27%). This was above the statutory tax rate, and significantly higher as compared to the previous year, due to non-recognition of tax benefits arising from the new hospitals still in their gestation period. The effective tax rate was lower due to the recognition of tax credits arising from the investment tax allowances (ITA), which the Group had obtained approval for from the authorities in 2020.

Chief Financial Officer's Review

FINANCIAL POSITION AS AT 31 DECEMBER 2021

TOTAL ASSETS

The Group's total assets grew by 1% to RM6,187.6 million as at 31 December 2021 in comparison to RM6,141.4 million as at 31 December 2020. This was primarily owing to the increase in the ROU assets balance from the renewal of lease agreements between six of the Group's hospitals and the Al-'Aqar Healthcare REIT. On top of this, there was a gain on fair value from investment properties valuation as well as higher trade and other receivables as a result of better revenue at the end of 2021 in comparison to the preceding year.

TOTAL LIABILITIES

The Group's total liabilities as at 31 December 2021 stood at RM3,937.1 million, slightly lower than total liabilities of RM3,939.2 million as at 31 December 2020. The decrease was due to the higher repayment of borrowing facilities in 2021 in comparison to the previous year.

As at 31 December 2021, the Group is in a net current liabilities position of RM361.4 million due to the reclassification of non-current liabilities i.e., the Islamic Medium-Term Notes (IMTN) or Sukuk Wakalah Programme amounting to RM400.0 million and other borrowings for which the repayment term is due over a 12-month period, plus the drawdown of revolving credit facilities by KPJ Healthcare Berhad, Kumpulan Perubatan (Johor) Sdn Bhd, Point Zone Sdn Bhd and KPJ Batu Pahat aggregated at RM249.5 million.

LIQUIDITY AND CASH FLOWS

Net cash generated from operating activities for the year ended 31 December 2021 stood at RM412.2 million, 22% higher than the RM336.7 million generated in 2020.

The cash outflow from investing activities was mainly for payment to contractors for the new hospital building development projects related to KPJ Penang and KPJ Puteri. Meanwhile, the cash inflows were from a liquidation of fixed deposits placed with a licensed bank amounting to RM223.3 million and dividends received from an investment in associate, the Al-'Aqar Healthcare REIT, amounting to RM18.2 million. November 2021 saw the Group disposing of its interest in a subsidiary, Teraju Farma Sdn Bhd, whereby the proceeds from the divestment amounted to RM1.6 million.

The cash inflows from financing activities were mainly generated from the issuance of shares amounting to RM42.9 million and the drawdown of borrowings amounting to RM235.3 million. Meanwhile, the cash outflows were for the repayment of the IMTN and other borrowing facilities amounting to RM385.7 million, followed by payment of lease liabilities and the payment of dividends to non-controlling interests, amounting to RM111.6 million and RM49.0 million, respectively.

All the above, resulted in a net change of cash and cash equivalents of RM56.1 million as at 31 December 2021 – a twofold increase from a negative net change of cash and cash equivalents amounting to RM50.3 million as reported in 2020.

CAPITAL MANAGEMENT

Prudent capital management continues to be the main pillar in ensuring the Group possesses sufficient working capital to meet our debt obligations and closely monitor critical financial ratios such as accounts receivable/payable, gearing and current ratio for the early detection of red flags.

The Group maintained a debt equity ratio of 0.8 in as at the end of 2021, slightly lower than the ratio of 0.9 as at the end of 2020. The lower ratio was due to the repayment of RM250.0 million worth of sukuk and other borrowings amounting to RM135.7 million. This was mitigated by the lower drawdown of additional borrowings totalling RM235.3 million during the year.

RETURNS TO SHAREHOLDERS

Notwithstanding the year's challenging operating environment, the Board made a conscious decision to reward shareholders for their support and went on to pay out two interim dividends amounting to 0.55 sen per share in respect of the financial year ended 31 December 2021.

These dividend pay-outs comprised the following interim dividends:

- **An interim dividend of 0.25 sen per share on 4,299,041,642 shares that was declared on 24 August 2021 and paid out on 15 October 2021; and**
- **An interim dividend of 0.30 sen per share on 4,326,306,794 shares that was declared on 26 November 2021 and paid out on 28 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 Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021.

MOVING FORWARD

Even as KPJ continues to expand its operations, we are anticipating that the challenges posed by the pandemic will continue in 2022. To this end, the Group has identified key strategic focus areas for 2022 that will shape our ability to navigate as we move from recovering to thriving in the new normal and advance forward on our journey to success. The finer details of our two-phased Re-energising KPJ Transformation Plan are spelt out in the Chairman's Statement and President & Managing Director's Review in this Integrated Annual Report.

Moving forward, we will continue to focus on greater adoption of virtual health and other digital innovations, as well as public-private collaborations via the decanting of non-COVID-19 cases in an effort to alleviate the strain on the public healthcare system. We will also continue to focus on disciplined management of costs and operational cash flows while continuously looking for ways to improve and diversify our business strategies and prospects. All in all, KPJ is confident of posting another resilient performance going forward.

Norhaizam Binti Mohammad
Chief Financial Officer

Group Quarterly Performance

2021 (RM'000)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year End 2021
Revenue	**605,944**	**632,829**	**698,958**	**689,118**	**2,626,849**
Gross profit	**221,168**	**225,247**	**246,034**	**247,613**	**940,062**
Operating profit	**55,110**	**45,094**	**81,967**	**66,177**	**248,348**
Finance income	**2,725**	**2,445**	**1,638**	**1,875**	**8,683**
Finance costs					
- Borrowings	**(24,077)**	**(22,004)**	**(21,824)**	**(22,639)**	**(90,544)**
- Lease liabilities	**(18,350)**	**(17,681)**	**(21,844)**	**(18,870)**	**(76,745)**
Finance costs - net	**(39,702)**	**(37,240)**	**(42,030)**	**(39,634)**	**(158,606)**
Share of results of associates, net of tax	**4,748**	**6,332**	**3,488**	**11,288**	**25,856**
Profit before tax	**20,156**	**14,186**	**43,425**	**37,831**	**115,598**
Tax	**(4,918)**	**(5,433)**	**(25,497)**	**(14,099)**	**(49,947)**
Profit for the financial year	**15,238**	**8,753**	**17,928**	**23,732**	**65,651**
Profit for the financial year attributable to:					
Owners of the Company	**12,976**	**6,958**	**12,639**	**18,460**	**51,033**
Non-controlling interests	**2,262**	**1,795**	**5,289**	**5,272**	**14,618**
	15,238	**8,753**	**17,928**	**23,732**	**65,651**
Basic EPS (sen)	**0.30**	**0.17**	**0.29**	**0.43**	**1.19**

2020 (RM'000)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year End 2020
Revenue	665,816	475,849	633,438	622,340	2,397,443
Gross profit	262,689	155,266	255,517	229,083	902,555
Operating profit	87,992	51,633	86,943	56,608	283,176
Finance income	2,661	3,350	2,728	5,425	14,164
Finance costs					
- Borrowings	(25,164)	(20,534)	(24,284)	(24,270)	(94,252)
- Lease liabilities	(17,991)	(17,986)	(14,446)	(18,801)	(69,224)
Finance costs - net	(40,494)	(35,170)	(36,002)	(37,646)	(149,312)
Share of results of associates, net of tax	7,589	2,505	5,192	1,660	16,946
Profit before tax	55,087	18,968	56,133	20,622	150,810
Tax	(14,553)	(8,035)	(20,556)	3,146	(39,998)
Profit for the financial year	40,534	10,933	35,577	23,768	110,812
Profit for the financial year attributable to:					
Owners of the Company	38,533	12,657	33,968	25,285	110,443
Non-controlling interests	2,001	(1,724)	1,609	(1,517)	369
	40,534	10,933	35,577	23,768	110,812
Basic EPS (sen)	0.90	0.30	0.79	0.59	2.58

5-Year Financial Performance

STATEMENTS OF COMPREHENSIVE INCOME

GROUP (RM'000)	2017	2018	2019	2020	2021
Revenue*	2,438,776	2,548,831	2,737,919	2,397,443	**2,626,849**
Gross profit	976,930	1,036,326	1,110,254	902,555	**940,062**
Operating profit	250,138	297,469	376,473	283,176	**248,348**
Finance income	13,948	10,066	14,206	14,164	**8,683**
Finance costs					
- Borrowings	(82,260)	(91,148)	(89,534)	(94,252)	**(90,544)**
- Lease liabilities	-	-	(69,631)	(69,224)	**(76,745)**
Share of results of associates, net of tax	39,540	41,670	43,879	16,946	**25,856**
Profit before tax	221,366	258,057	275,393	150,810	**115,598**
Taxation	(54,456)	(71,872)	(48,696)	(39,998)	**(49,947)**
Profit for the financial year	166,910	186,185	226,697	110,812	**65,651**
Profit for the financial year attributable to:					
Owners of the company	161,194	179,444	211,368	110,443	**51,033**
Non-controlling interest	4,996	6,741	15,329	369	**14,618**
	166,190	186,185	226,697	110,812	**65,651**

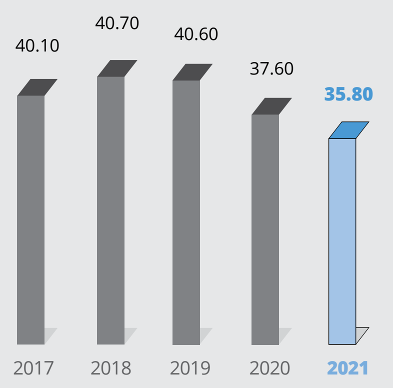
STATEMENTS OF FINANCIAL POSITION

GROUP (RM'000)	2017	2018	2019	2020	2021
Non-current assets	3,154,999	3,473,895	4,806,348	5,081,714	**4,968,903**
Current assets	905,082	1,142,446	1,179,499	1,059,717	**968,575**
Non-current assets held for sale	-	173,827	176,528	-	**-**
Current liablities	(928,938)	(1,069,140)	(1,067,380)	(1,197,933)	**(1,231,978)**
Non-current liabilities	(1,321,832)	(1,349,557)	(1,588,786)	(2,738,650)	**(2,707,241)**
Total	1,815,211	2,136,703	2,049,264	2,202,212	**2,250,508**
Share capital	736,069	860,295	906,743	909,504	**959,521**
Less: Treasury shares	(55,411)	(111,319)	(155,310)	(155,310)	**(155,310)**
Reserve	1,046,137	1,234,924	1,141,392	1,295,890	**1,331,219**
Shareholders' funds	1,726,795	1,983,900	1,892,825	2,050,084	**2,135,430**
Non-controlling interest	88,416	152,803	156,439	152,128	**115,078**
Total	1,815,211	2,136,703	2,049,264	2,202,212	**2,250,508**

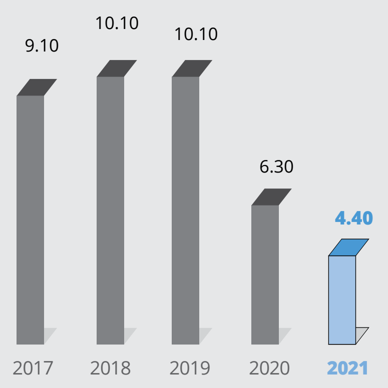
* *Restated revenue for 2017, 2018 and 2019.*

5-Year Financial Performance

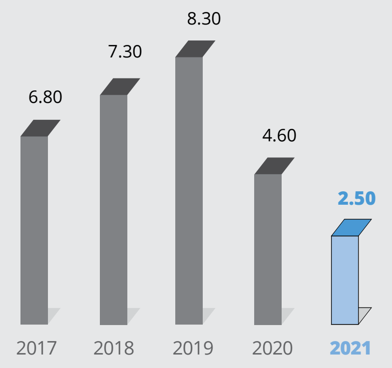
GROSS PROFIT MARGIN
(%)



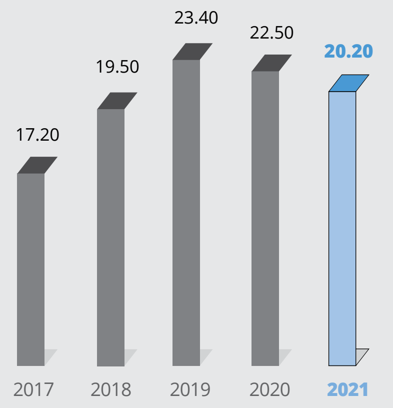
PROFIT BEFORE TAX MARGIN
(%)



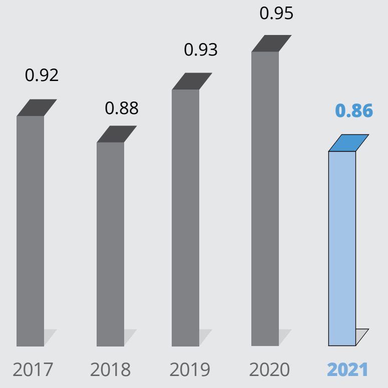
NET PROFIT MARGIN
(%)



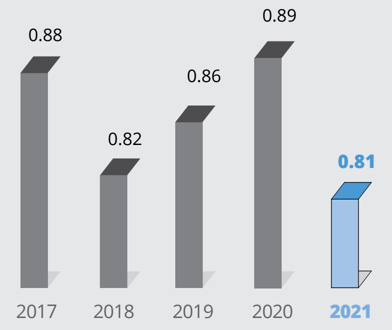
EBITDA MARGIN
(%)



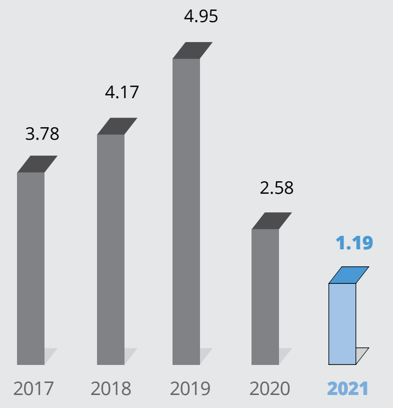
DEBT RATIO



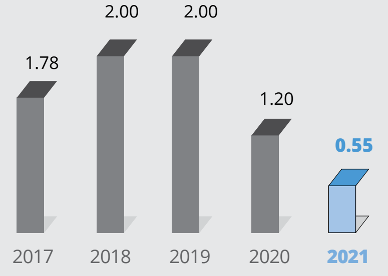
GEARING RATIO



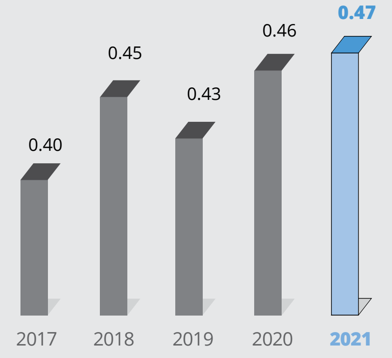
EARNINGS PER SHARE
(sen)



DIVIDEND PER SHARE
(sen)



NET ASSETS PER SHARE
(sen)



Statement of Value Added

VALUE DISTRIBUTION

The value that KPJ Healthcare Berhad creates for its stakeholders can either be in the form of financial returns 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.

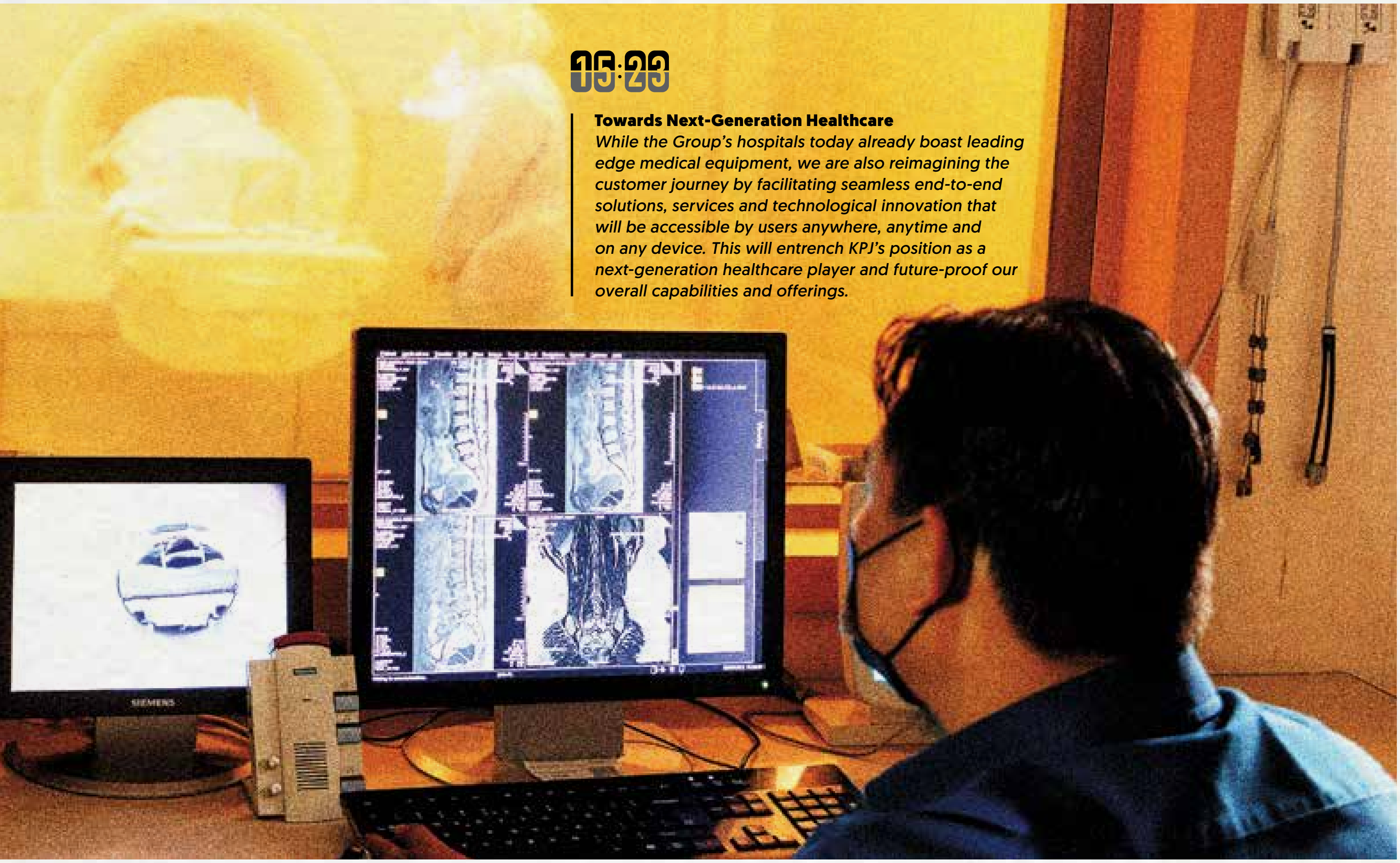
The financial value in the statement is based on the profit before finance costs, community investment, zakat and tax, depreciation, impairment and amortisation as well as staff costs.

	2021 RM'000	2020 RM'000
Revenue	**2,626,849**	2,397,443
Purchase of goods and services	**(1,313,673)**	(1,215,752)
Value added by the Group	**1,313,176**	1,181,691
Other income	**38,811**	29,776
Finance income	**8,683**	14,164
Finance costs		
- Borrowings	**(90,544)**	(94,252)
- Lease Liabilities	**(76,745)**	(69,224)
Share of results of associates, net of tax	**25,856**	16,946
Value added available for distribution	**1,219,237**	1,079,101
Distribution		
To Employees:	**832,772**	687,946
To Government/Approved agencies:	**49,947**	39,998
To Shareholders:		
Dividend	**23,727**	51,355
Non-controlling interests	**14,618**	369
Community investment	**9,206**	15,823
Retained for re-investment	**270,867**	240,345
Retained for future growth	**18,100**	43,265
Total distribution	**1,219,237**	1,079,101
Number of employees at the year end	**15,247**	15,377
Value added per employee (RM'000)	**86**	77
Wealth created per employee (RM'000)	**80**	70
Number of shares at year end ('000 units)	**4,489,159**	4,442,043
Value added per share (RM)	**0.29**	0.27
Wealth created per share (RM)	**0.27**	0.24

13:30

Senior and Assisted Living Care

Via Jeta Garden in Australia and KPJ's Senior Living Care (Nursing Home) in Malaysia, we provide quality care for senior citizens who require assistive care. We also support the elderly with other established services including rehabilitation, dental care, eye care and haemodialysis.



15:23

Towards Next-Generation Healthcare
While the Group's hospitals today already boast leading edge medical equipment, we are also reimagining the customer journey by facilitating seamless end-to-end solutions, services and technological innovation that will be accessible by users anywhere, anytime and on any device. This will entrench KPJ's position as a next-generation healthcare player and future-proof our overall capabilities and offerings.

16:30

Centre for Sight
The KPJ Pusat Pakar Mata Centre for Sight, which was established by a surgeon highly skilled in dealing with corneal diseases and problems involving the front of the eye, boasts comprehensive technologically advanced equipment to ensure the best eye care treatment.

13:00 *to* 18:00

Delivering high-quality patient experiences

KPJ's mission is to improve the health of the people and the communities that we serve in all markets that we operate in. Led by skilled and caring medical staff, we are consistently leveraging clinical excellence and innovative digital healthcare solutions to deliver superior patient outcomes and experiences.

Snapshot of KPJ's COVID-19 Response

KEY COVID-19 MILESTONES IN 2021

January

- The Government gazetted the **Emergency (Essential Powers) Ordinance 2021** enabling private hospitals in Malaysia to take in COVID-19 patients
- KPJ **commences receiving COVID-19 positive patients**
- KPJ begins to offer **more than 100 surgeries and procedures** to the MOH for their **decanted non-COVID-19 patients**

February

- KPJ's frontliners were **among the first batch of healthcare workers** to receive the COVID-19 vaccine

March

- KPJ kickstarted its **collaboration with the MOH and ProtectHealth Corporation**
- **10 KPJ hospitals** were appointed as Vaccination Administration Centres (Pusat Pemberian Vaksin or PPVs)
- **More than 10,000 frontliners from public and private hospitals vaccinated** at KPJ hospitals

April

- KPJ allocated **over 200 ward beds and ICU beds** for COVID-19 related cases
- **12 KPJ hospitals** begin taking in **MOH-decanted non-COVID-19 cases**

May

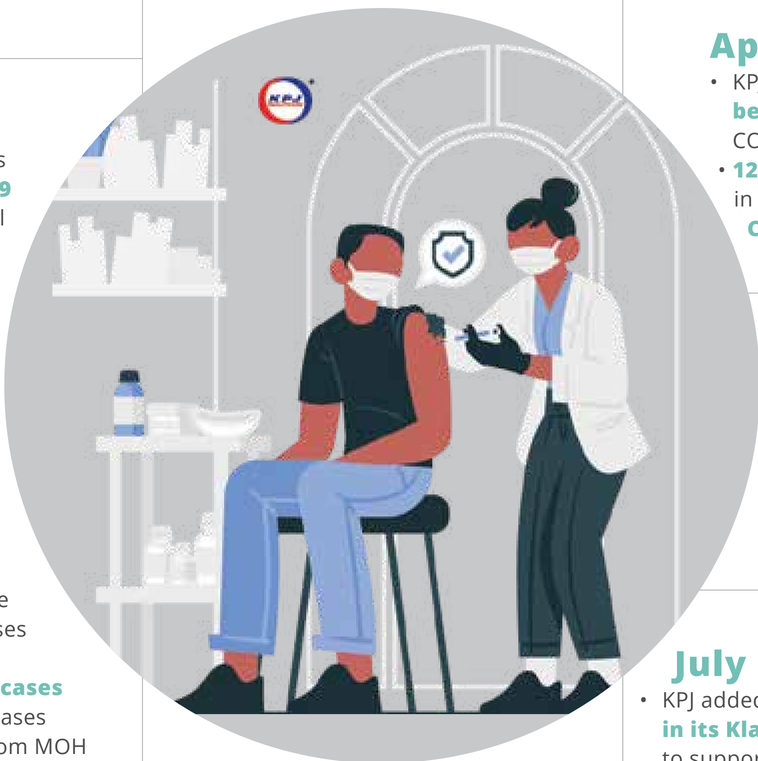
- KPJ's hospitals began participating in the **National Immunisation Programme (NIP)** as PPVs

July

- KPJ added **95 COVID-19 ward beds in its Klang Valley hospitals** to support the MOH in managing overwhelming COVID-19 admissions
- KPJ participated in **two Mega PPVs** under the NIP i.e., at the KLCC (7 July-23 August) and at Mid Valley, South Key, Johor Bahru (19 July-15 October)

August

- **22 KPJ hospitals** were involved in **taking in MOH-decanted patients**



October

- KPJ's hospitals continued to serve as PPVs for booster shots for the public
- The Government rolled out the **National Recovery Plan (NRP)** and KPJ implements a staggered **Return to Work framework** therefore enforcing entry requirements to its premises with a **30% workforce presence**

November

- KPJ rolls out its **COVID-19 Booster Vaccine Programme** for employees

December

- **22** KPJs hospitals served as PPVs administered **539,219 doses of vaccines** in total to the general public
- **14,514** or **99.8% of KPJ employees** have been **fully vaccinated** under the groupwide vaccination programme
- KPJ **initiated a groupwide COVID-19 Surveillance Test Programme** where all employees receive free kits and undertake fortnightly self-tests before entering their work premises
- By end December, **6,344 decanted non-COVID-19 cases** (comprising 56% surgical cases and 34% medical cases) from MOH hospitals

Snapshot of KPJ's COVID-19 Response

STRENGTHENING KPJ'S COVID-19 MANAGEMENT APPROACH

In 2021, we continued to evolve our COVID-19 management approach across our hospital network to mitigate the impact of the pandemic on people and performance.

To safeguard employees, consultants, patients and their families, we:	At the leadership level, Management adopted this COVID-19 approach:	We also opened up new opportunities amidst the crisis by leveraging:
• Enhanced Hospital Infection Control Committee protocols • Reviewed the flow and implemented stringent screening at all hospital entry points • Introduced Acute Respiratory Illness/Influenza-Like Illness (ARI/ILI) transit wards at hospitals to admit PUIs/suspects awaiting their PCR or confirmatory tests • Disseminated pandemic-related educational updates via digital and physical platforms • Initiated the groupwide COVID-19 Surveillance Test Programme • Provided personal protective equipment (PPE) • Implemented strict social distancing and facemask SOPs • Encouraged virtual meetings and team rotations with half the workforce on site • Undertook regular cleaning and sanitising activities	• Senior Management and the Clinical team worked closely to mitigate pandemic issues • The President & Managing Director and Chief Operating Officer held weekly COVID-19 meetings to review and strengthen pandemic management • The Group Clinical team organised clinical meetings to update/share experiences in managing COVID-19 patients and MOH-decanted non-COVID-19 cases • Daily COVID-19 related data was collected and reported to facilitate decision making • A risk mitigation action plan was reviewed and strengthened to mitigate risks and ensure continuous operations	• Online consultation • Home delivery of medication • Drive-through COVID-19 testing services • Digital marketing and collaborative marketing

CONTINUING TO CARE FOR LIFE

Driven by our mandate to Care for Life, we continue to undertake several measures to keep our patients and the public safe:

- We continue to engage the MOH at both the Federal and State levels to offer any further assistance for their immediate and future needs
- We have set aside a total of 364 beds at 9 Klang Valley hospitals for MOH-decanted non-COVID-19 cases
- Lablink continues to provide multiple COVID-19 testing options while broadening and strengthening its specialised test offering
- We have laid out plans to make the most of the anticipated resurgence in the travel and health tourism segments now that the borders are fully opened

Clinical and Hospital Operations

REVIEW OF CLINICAL AND HOSPITAL OPERATIONS

Given KPJ's role as an essential and critical service provider during the pandemic, all 28 of the Group's hospitals remained open and provided uninterrupted care to inpatients and outpatients over the course of 2021.

ENSURING THE DELIVERY OF UNINTERRUPTED HEALTHCARE SERVICES

The year in review saw the Group continuing to evolve its COVID-19 management approach to mitigate the impact of the pandemic on people and performance. Topmost on our list of priorities was the safety and well-being of our patients and their families as well as all our employees and consultants. To this end, we continued to adopt a holistic approach across the length and breadth of our operations. These measures included rolling out and enhancing our Hospital Infection Control Committee protocols based on Ministry of Health (MOH) guidelines, providing personal protective equipment (PPE), undertaking stringent screening at all hospital entry points, as well as implementing regular cleaning and sanitising activities. On top of this, we continued to disseminate pandemic-related updates via digital and physical platforms to educate patients and visitors.

Following several positive cases among our own staff, we kickstarted new ways of operating and rethinking to ensure we were able to run our services in a safer and more effective manner. We also focused our efforts on finding opportunities amidst the crisis by leveraging online consultation and home delivery of medication, plus tapped other innovative measures such as drive-through COVID-19 testing services to increase operational efficiency.

To minimise the transmission of the virus and manage the potential risk of exposure to persons under investigation (PUI) and confirmed cases, we reviewed the flow of people into hospital premises to ensure effective screening at all hospital entry points. We also introduced the Acute Respiratory Illness/Influenza-Like Illness or ARI/ILI ward at the Group's hospitals to admit PUIs or patients who were awaiting their PCR or confirmatory tests for COVID-19 into this "transit" area. In December 2021, we initiated the COVID-19 Surveillance Test Programme whereby all KPJ employees are to undergo fortnightly self-tests before entering their work premises.

More recently, following spikes in daily COVID-19 cases on the back of what has been termed "the Omicron wave", other measures have been reinforced. Aside from the usual SOPs relating to social distancing and the wearing of face masks, our people have been advised to meet virtually where possible, follow team rotations where only 50% of the workforce is present in the workplace and the other 50% to work from home, as well as adhere to bi-weekly surveillance tests and reporting. Some divisions, hospitals and companies can also choose to apply complementary measures such as improved ventilation, additional self-testing, travel restrictions or other precautions to help protect the health and safety of employees, customers and all other stakeholders.

As KPJ implements the necessary measures to mitigate the effects of the pandemic – at times going above and beyond the norm to set new benchmarks in hospital safety – we continue to deliver healthcare services in an effective, efficient and uninterrupted manner.

For a more detailed insights into the Group's pandemic mitigation-related activities in 2021, please refer to KPJ's Sustainability Report 2021.

Clinical and Hospital Operations

Being the nation's largest provider of private healthcare services, our involvement in the NIP initially saw 10 of our 28 hospitals nationwide operating as Vaccination Administration Centres or Pusat Pemberian Vaksin (PPV) for frontliners from within the KPJ Group as well as other private healthcare operators.

SERVING THE PEOPLE

Right from the onset of the pandemic, the Group worked quickly to ensure we were able to provide undisrupted services to our nation and its citizens. Aside from running our own hospital operations, we also lent vital support to the nation's fight against the pandemic through our participation in the Governments' National Immunisation Programme (NIP). Being the nation's largest provider of private healthcare services, our involvement in the NIP initially saw 10 of our 28 hospitals nationwide operating as Vaccination Administration Centres or Pusat Pemberian Vaksin (PPV) for frontliners from within the KPJ Group as well as other private healthcare operators.

We then went on to support Phases 2 and 3 of the NIP by working alongside The Special Committee for Ensuring Access to COVID-19 Vaccine Supply (JKJAV), and the MOH to ensure the success of these phases. March 2021 saw us kickstarting our collaboration with the MOH and ProtectHealth Corporation Sdn Bhd (the executor for private general practitioners' participation in the NIP). By the year's end, a total of 22 of our hospitals had signed up with ProtectHealth to play their part as PPVs for Phases 2 and 3 of the NIP.

By the end of 2021, KPJ's 22 hospitals had administered a total of 539,219 doses to the public in the following categories:

ADULTS	ADOLESCENTS	BOOSTER SHOTS
398,359 doses	24,596 doses	116,264 doses

KPJ also lent support to two Mega PPVs – the first at the Kuala Lumpur Convention Centre (KLCC) daily from 7 July until 23 August 2021, and subsequently at Mid Valley, South Key in Johor Bahru (JB) daily from 19 July 2021 to 15 October 2021. In addition, KPJ hospitals also provided supplies and equipment such as ventilators to public hospitals throughout the country. On top of this, a total of 13 of our 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.

Following the closure of the PPVs at the end of the NIP, the resources allocated for the programme were redeployed to support hospital activities. The year also saw KPJ's nurses being deployed to serve in various government-related areas including COVID-19 wards, hospital PPVs, and District Health Offices or Pejabat Kesihatan Daerah (PKD). This sorely affected our manpower resources as many of our healthcare professionals were tested positive for the virus with a huge number being quarantined daily due to external contact. The situation was managed by leveraging group synergy within the region and training more nurses to be vaccinators.

Following a groupwide vaccination programme internally for all our healthcare professionals,

A TOTAL OF
14,514 KPJ EMPLOYEES (99.8%)
underwent vaccination by the year's end.

The KPJ Group will continue to be guided by the Government's policy decisions and implementation strategies. Our plans are designed to support and complement the NIP and we will continue to play our part in bringing our expertise and resources to help the Government look after the wellbeing of Malaysia's citizens.

Clinical and Hospital Operations

ADOPTING THE HYBRID HOSPITAL MODEL

On 15 January 2021, the Emergency Ordinance 2021 was officially gazetted. It indicated among other things, that private healthcare providers in Malaysia would be officially allowed to take in COVID-19 patients during the state of emergency. Prior to the pandemic, infectious diseases and outbreaks (aside from dengue) had always been managed by the public healthcare system. The ordinance aimed to alleviate the strain on an overburdened public healthcare system that was under threat at that point in time given the surge of coronavirus infections.

From 16 January 2021 onwards, KPJ hospitals opened their doors to COVID-19 patients that MOH hospitals were unable to manage. All geared up to serve in our new capacity as hybrid hospitals under the public-private partnership initiative, we set out to take in COVID-19 patients from all five categories – Category 1 and 2 being positive cases with no or mild symptoms, while Category 5 denotes severe cases that require breathing assistance.

Our hospital network began to offer more than 100 types of services and procedures to MOH-decanted non-COVID-19 patients at pre-agreed package prices. By increasing the number of non-COVID-19 patients that we could take on from MOH hospitals, it freed up the MOH's capacity so that they could better manage COVID-19 cases.

At the time of writing, the KPJ Group offers a total of 364 beds at nine Klang Valley hospitals for MOH-decanted non-COVID-19 cases. All decanted cases are admitted following our protocols and tested for COVID-19 before being transferred to our hospital wards.

As at 31 December 2021, the total contract value awarded by the MOH to KPJ hospitals amounted to RM113.9 million for non-COVID-19 medical and surgical cases. Between 15 April 2021 and 31 December 2021, a total of 6,344 decanted cases were received from MOH hospitals with a total value of RM50 mil (44% of the total contract value). Of this number, 56% of the referrals were surgical cases while 34% were medical cases.

There is still much work to do in mitigating the impact of the pandemic and it is imperative that healthcare groups like KPJ show our support and initiate more public-private partnerships to strengthen Malaysia's healthcare system. As we are in almost every state in the country, we have good working relationships with the respective Federal and state governments. Being part of Johor Corporation, the state investment arm of the Johor government and the single largest shareholder of KPJ, we also understand how to work effectively with the public sector.

To date, at the Federal level, we have reaffirmed our offer of support to the Government by offering our services and hospitals for the decanting of non-COVID-19 patients. At the state level, all our Regional CEOs and KPJ hospital CEOs continue to engage directly with their respective State Medical Directors and Heads of MOH hospitals in offering these services. As we currently have excess capacity in our system, we will continue to engage with the MOH to explore the potential for a medium to long-term partnership by offering more services to MOH hospitals.

Clinical and Hospital Operations

GROUP PERFORMANCE IN 2021

Over the course of 2021, in spite of the disruptions to the entire healthcare landscape brought on by pandemic-related events, we continued to deliver excellent service to our patients and create value for our stakeholders. Having learnt much from managing the pandemic in the preceding year and having stabilised our operations, we were able to advance our business objectives and improve operational efficiencies through optimising inventory levels, deploying strategic cost initiatives and improving debt collection activities. At the same time, to align with the shifts in consumer habits brought on by the pandemic, we continued to ramp up our digital capability in the areas of hospital care and services, marketing and communications.

KEY FOCUS AREAS IN 2021

In 2021, all KPJ hospitals focused their operations on managing business continuity and gained good momentum in these key focus areas:

1 Safety and wellbeing of employees and consultants

This priority area saw us working with our people to address their concerns openly and transparently. As a result, we were able to adjust accordingly and develop flexible work arrangements and policies to allow all staff members to work safely

2 Public-private partnership collaboration

In working closely with MOH hospitals to decant non-COVID-19 referral cases, we assigned dedicated clinical liaison personnel to facilitate the referrals and communicate with their respective MOH counterparts. All cases were managed by leveraging our standard hospital protocols

3 New consultant recruitment plan

In 2021, we recruited 33 new resident consultants comprising nine consultants in the area of General Medicine, followed by four each in areas of Otorhinolaryngology and Clinical Radiology; another three each in the areas of General Surgery, Orthopaedic Surgery and Obstetrics & Gynaecology; another two in Ophthalmology; and one each in the areas of Paediatrics, Anaesthesiology, Emergency Medicine, Oncology and Dental Surgery

1 Engagement with stakeholders

We extended our service offering and provided follow-up calls and value-added services to patients as well as developed strategic alliances with corporate clients in tandem with Group Marketing and Strategic Communications

2 Competitive and affordable packages

We developed and offered a variety of packages in the areas of cataract, endoscopy, angiogram, cancer treatment and maternity care; promoted discounted room and board packages; as well as undertook aggressive marketing for these on social media

3 On-going cost containment exercise

This initiative saw us optimising manpower and resource utilisation as well as closely monitoring direct cost escalations and measuring their impact on overall product margins

Clinical and Hospital Operations

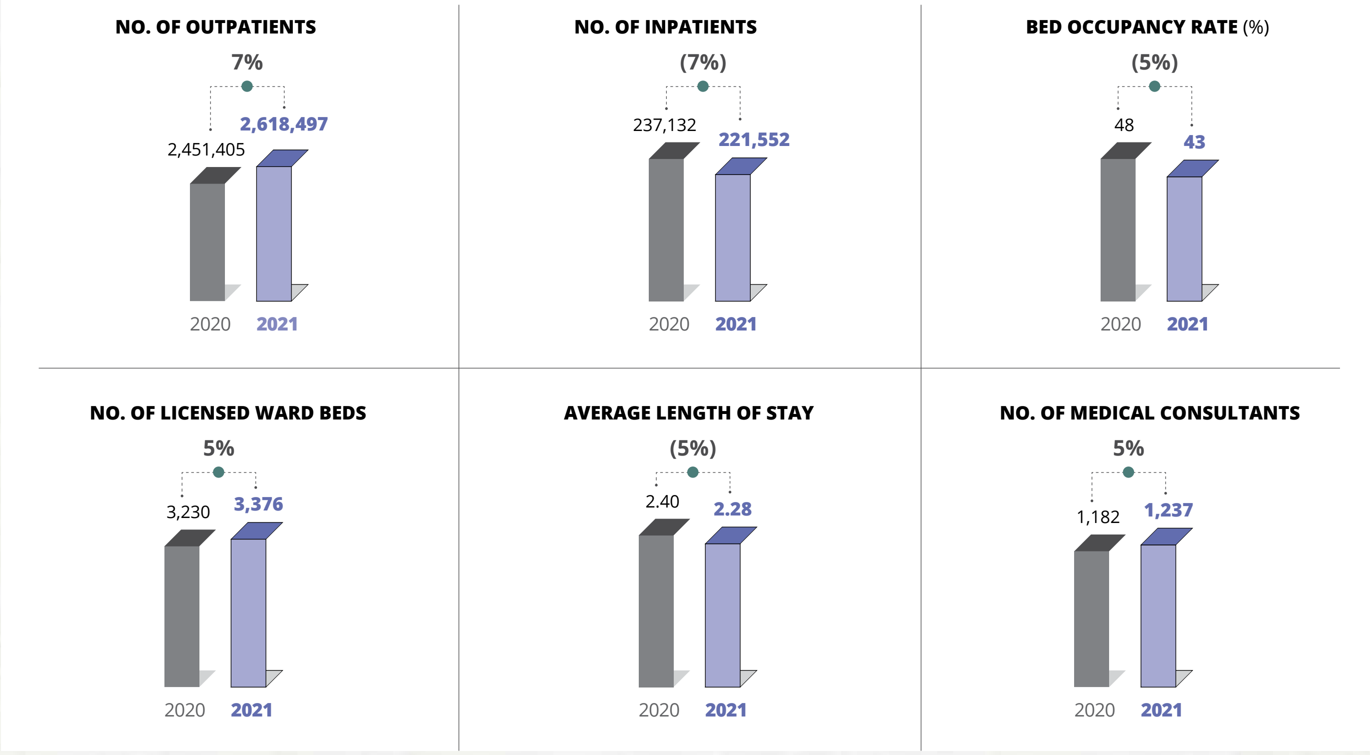
GROUP PERFORMANCE IN 2021

OPERATIONAL HIGHLIGHTS

Malaysia Operations

On the new facility front, the year saw us opening a new Ambulatory Care Centre (ACC) in Bandar Kinrara, Puchong, Selangor in addition to our existing ACC, Tawakkal Health Centre in Kuala Lumpur, and the 28 hospitals within the KPJ network. By the end of 2021, we had a total of 3,376 licensed ward beds in comparison to 3,230 beds in 2020. Meanwhile, developmental work continues on a new hospital, Damansara Specialist Hospital 2, which is targeted for completion by the third quarter of 2022 and will add to our numbers.

SUMMARY OF MALAYSIA HOSPITALS STATISTICS AS AT 31 DECEMBER 2021



In terms of operational numbers, we delivered a mixed performance in 2021 as compared to the preceding year. In Malaysia, the number of outpatients increased by 7% from 2,451,405 in 2020 to 2,618,497 in 2021, partly due to the increase in COVID-19 screening activities. Meanwhile, the number of inpatients reduced by 7% from 237,132 in 2020 to 221,525 in 2021 attributable to the spike in COVID-19 cases and the reimposition of the Movement Control Order (MCO) in May 2021. The year saw the average Bed Occupancy Rate (BOR) for the Group drop by 5% from a BOR of 48% in 2020 to a BOR of 43% in 2021. Overall, the number of patient visits (both inpatient and outpatient) and BOR improved in July 2021 when the country entered the National Recovery Phase (NRP) following two MCOs in 2021. The Group's performance in the third and fourth quarters in these areas improved in comparison to the second quarter of 2021.

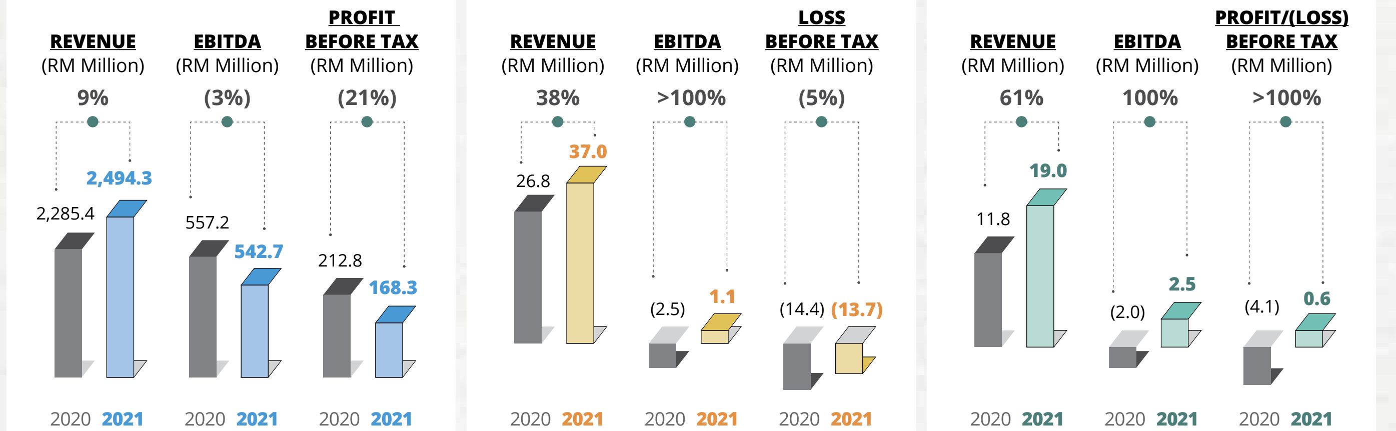
Some 38% of the year's admissions involved surgery cases (urgent and elective surgery) which were 11% higher compared to the previous year. Overall, there was lower demand for medical treatment/non-essential treatment during the pandemic period reflecting people's fear of accessing healthcare facilities over that time in case they acquired the virus. There was also an evident cost-consciousness among the public given the slowdown in the economy over 2021. By way of medical consultants, our number of consultants grew from 1,182 consultants in 2020 to 1,237 consultants in 2021 (comprising 843 resident consultants and 394 non-resident consultants).

Today, the Group's initiatives for business recovery are ongoing. We anticipate an increasing trend in the upcoming quarters of 2022 following the relaxation of COVID-19 restrictions and Phase 4 of the NRP in a number of states.

Clinical and Hospital Operations

Malaysia* | Indonesia | Bangladesh

Financial Performance 2021 vs 2020



Inpatient and Outpatient Performance 2021 vs 2020

Malaysia

- Overall number of outpatients: 2,618,497 in 2021 vs 2,451,405 in 2020.
- The 7% increase in outpatient numbers was partly attributable to the increase in COVID-19 screening activities.
- Overall number of inpatients: 221,525 in 2021 vs 237,132 in 2020.
- The 7% reduction in inpatient numbers was partly due to the spike in COVID-19 cases and the reimposition of the MCO in May 2021.

Indonesia

- Overall number of outpatients: 74,265 in 2021 vs 58,718 in 2020. The 26% increase in outpatient numbers was partly attributable to the increase in COVID-19 screening activities.
- Overall number of inpatients: 5,624 in 2021 vs 4,098 in 2020.
- The 37% increase in inpatient numbers was mainly due to a higher number of admissions of COVID-19 patients.

Bangladesh

- Overall number of outpatients: 128,939 in 2021 vs 119,786 in 2020.
- Overall number of inpatients: 7,075 in 2021 vs 5,299 in 2020.

Other Significant Outcomes in 2021

Malaysia

- Recorded a 7% increase in surgeries across the Group. Some 38% of the admissions were surgery cases (urgent and elective surgery) which were 11% higher in comparison to the previous year.
- Recorded a 32% increase in deliveries.
- The total number of medical consultants in the Group as at 31 December was 1,237 consultants comprising 843 residents and 394 non-resident consultants.

Indonesia

- RSMPH recorded commendable growth of 73% in the number of surgeries it performed in 2021 compared to the previous year.
- RSMBSD recorded a 22% increase in the number of outpatients it received in 2021 as compared to 2020.

Bangladesh

- SFMM KPJ Specialist Hospital recorded commendable growth in inpatient and outpatient numbers by 47% and 19% respectively.

* *Even though the Malaysia segment recorded higher revenue during the period, EBITDA and PBT were lower due to higher fixed costs, the incremental cost for SOP compliance and losses incurred from new hospitals that are still in their gestation period. In addition, the Group made a reversal of provisions in 2020 that was not repeated in 2021.*

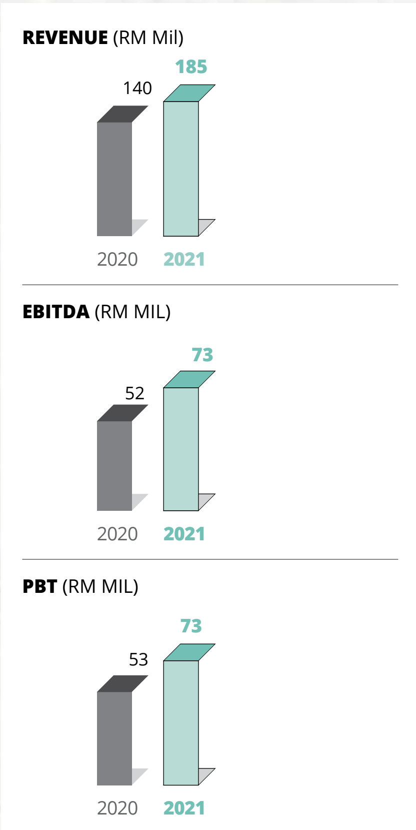
Clinical and Hospital Operations

PATHOLOGY – LABLINK (M) SDN BHD

BUSINESS OVERVIEW

Lablink is a network of private laboratories offering pathology services through its headquarters in Kuala Lumpur and 30 hospital-based laboratory branches around Malaysia. Its headquarters focuses on high-end, speciality testing through its advanced laboratories which include Malaysia's first Bio-Safety Level 3 (BSL3) laboratory. By virtue of being a significant B2B service provider, Lablink performs a considerable amount of high-end speciality testing such as comprehensive tuberculosis diagnostics testing and autoimmune disease testing. Over the course of 2021, Lablink together with other private laboratories in Malaysia, continued to partner with the MOH to conduct COVID-19 testing during the pandemic by using the standard RT-PCR (Polymerase Chain Reaction) test.

FINANCIAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS

The year in review saw Lablink continuing to adapt to pandemic conditions and optimising its operations to meet the demand for COVID-19 RT-PCR testing. Having learnt from the challenges of 2020, Lablink was able to better balance its lab equipment and PPE inventory, more effectively manage manpower and scheduling without interruptions, as well as improve turnaround time. As testing increased,the company also reviewed its risk management framework to ensure it was able to operate in the most efficient manner. In relation to this, Lablink adopted a responsive management style which allowed it to allocate and train staff in a relatively quick manner. Lablink also received excellent vendor support despite an environment fraught with logistics challenges. As part of the KPJ Group's contribution towards helping the nation battle the pandemic, Lablink continued to extend its offerings to the Government.

In 2021, Lablink offered its customers from KPJ hospitals and other private hospitals multiple testing options depending on variables such as purpose, speed, cost and coverage.

MOVING FORWARD

As it ventures forth, Lablink will continue to provide multiple COVID-19 testing options while broadening and strengthening its specialised test offering in the areas of molecular and microbiological testing. With the demand for COVID-19 testing continuing due to travel and pre-admission requirements, the future bodes well for Lablink. The company will continue to balance its B2B testing capability as well as its spread of offerings to specialists and general practitioners. As Lablink pursues business growth, it will look to expand its test menu by adding high-end testing while focusing on organic growth in Malaysia.

BIOMEDICAL AND COMMISSIONING SERVICES

The Group's Biomedical and Commissioning Services arm provides a comprehensive range of technical and administrative services related to hospital medical equipment. This is to ensure that the equipment and systems used in patient care are deemed operational and safe as well as properly configured to meet KPJ's healthcare mission. In 2021, the Group spent RM65.6 million on medical equipment (2020: RM81.6 million), of which RM4.2 million was spent on equipment installation at our new ACC. Out of the RM154.00 million budget allocated for equipment in 2021, we achieved savings of RM16.4 million by grouping tender procurement activities together.

Ambulatory Care and Wellness

REVIEW OF AMBULATORY CARE AND WELLNESS DIVISION

As patients these days become increasingly preoccupied with time and budgetary concerns, particularly amidst the pandemic, the demand for ambulatory care and wellness services has risen considerably. Today, KPJ's Ambulatory Care Centres or ACCs, which are providing medical care on an outpatient basis, offer an array of services including observation, diagnosis, consultation, treatment, intervention and preventive healthcare.

MAINTAINING OUR MOMENTUM DESPITE THE PANDEMIC

In 2021, the majority of the businesses across the Ambulatory Care and Wellness Division began to pick up momentum despite the ongoing pandemic. Although there were two MCOs – MCO 2.0 in January and MCO 3.0 in June – most of the Division's business units managed to post a resilient recovery. To safeguard people and limit the impact of the pandemic, the business units continued to implement strict SOPs and mandatory COVID-19 testing for arriving patients. They also continued to leverage digital channels to provide services wherever possible.

Pandemic notwithstanding, the Group went on to open its second Ambulatory Care Centre (ACC) in Bandar Kinrara, Puchong within the State of Selangor in mid-December. KPJ's ACC at Bandar Kinrara, Puchong is a medical specialist outpatient centre that is focused on providing comprehensive and continuous primary healthcare delivered by family medicine specialists. Having attained its license from the MOH on 13 December 2021, this ACC has to date extended its services to individuals and families across the community regardless of their ailments. Operating between 9 a.m. and 10 p.m., all seven days of the week, the ACC at Bandar Kinrara, Puchong has adopted an open concept facility that enables external general practitioners to use the facilities available at the centre.

KPJ's ACC model is governed by the Private Healthcare and Facilities Act. This model enables us to take an innovative approach in our efforts to penetrate and develop key markets while delivering modern healthcare services centred primarily on outpatient and day care services. Our ACC model also leverages an innovative digital transformation strategy and optimises cutting edge technology to deliver efficient, effective and high-quality patient-centric healthcare service. It fulfils the dual purpose of building stronger relationships with the communities it operates in and provides additional revenue streams that can be ploughed back into the healthcare ecosystem for sustainable business growth.

Ambulatory Care and Wellness

PERFORMANCE OF BUSINESS UNITS

The following sections highlight the performance of business units under the ambit of KPJ's Ambulatory Care and Wellness arm:

CONFINEMENT CENTRES

BUSINESS OVERVIEW

- KPJ's Confinement Centres in Kota Kinabalu, Sabah and Kuantan, Pahang offer a comprehensive range of services aimed at easing the worries of new mothers while meeting the needs of a unique set of customers that require multi-disciplinary care. The centres' team members comprise senior registered nurses and MOH-certified midwives. Mothers have the option of 7, 14 or 28-day service packages with features that encompass:
  - A blend of modern and traditional confinement experts;
  - Special discounts at KPJ Hospitals for jaundice tests and treatment;
  - Blood taking for babies done onsite, eliminating the hassle of going to the hospital;
  - Attractive pricing that is flexible and compassionate (full refunds in the event of a miscarriage or COVID-19 restrictions); and
  - Complimentary COVID-19 testing in the event of close-contact tracing.

2021 HIGHLIGHTS

After Birth Care (ABC) @ Damai Care and Wellness Centre

A total of 80 mothers were served in 2021, marking a marginal increase from the 79 mothers served in the preceding year. The ABC service included a complimentary stay-in for fathers with strict compliance to SOPs during the MCO.

Mom and Baby Care Centre @ KPJ Kuantan Care and Wellness Centre

A total of 36 mothers were served in 2021, marking a 33% increase from the 27 mothers served in the preceding year.

MOVING FORWARD

Regrettably, the Damai Care & Wellness Centre ceased business operations on 31 March 2022. This was primarily due to the high cost (i.e., high rental and staff costs) of running its business operations as compared to its competitors. Should the Group wish to establish a similar venture for the long-term, a new business model with a lower and more efficient cost structure will be required.

Ambulatory Care and Wellness

EYE CENTRES

BUSINESS OVERVIEW

KPJ Pusat Pakar Mata Centre for Sight (KPJCFS) is one of the leading eye specialist centres in Malaysia, offering high-quality and affordable eye care and treatment. Its ophthalmologists are specialised in refractive surgery (LASIK), cataracts, retina diseases, oculoplastic surgery, as well as diagnosis and treatment of corneal diseases and conditions.

KPJCFS's competitive advantages include:

- The most affordable ReLEX SMILE;
- The full range of LASIK treatment from the high-end technology ReLEX SMILE to the cheaper Femto LASIK alternative, the Advance Surface Ablation and value-for-money Microkeratome LASIK;
- The most senior and experienced refractive surgeons in the field;
- Reputable and experienced ophthalmologists; and
- A full range of sub-specialities.

2021 HIGHLIGHTS

A total of 24,377 customers visited KPJCFS' eye centres in 2021, marking a 13% increase from the 21,648 customers in 2020. The number of LASIK cases too increased by 24% in 2021 over 2020.

In 2021, KPJCFS registered net revenue of RM13.0 million; an increase of 16% as compared to the previous year. Other financial indicators also reflected an increase with EBITDA, and PBT rising by 23% and 44% respectively.

Over the course of 2021, KPJCFS undertook the following activities:

- Continued to engage in monthly social media LASIK/cataract campaigns and webinars. These included proactive online promotional campaigns and continuous education webinars to attain new customers;
- Participated in five roadshows amidst the MCOs. This helped secure LASIK deals amounting to an estimated RM2.1 million in revenue; and
- Opened a new branch at the KPJ ACC in Bandar Kinrara, Puchong with the aim of becoming the leading eye centre in the township.

MOVING FORWARD

KPJCFS will continue to further develop and maintain its ongoing social media campaigns and webinars to create brand awareness and brand engagement. The unit will also continue to leverage telemarketing and calls to reach out to new market segments.

On the operational front, KPJCFS will focus its efforts on the following initiatives for the foreseeable future:

- Place an emphasis on safety and compliance with SOPs to manage its patients;
- Actively promote its online appointment system;
- Recruit new consultants; and
- Make further capital investments in these areas:
  - In the short-term, to upgrade and expand the operations of CFS Rawang;
  - For the mid-term, to upgrade the LASIK capex and that of other equipment; and
  - Over the long-term, to upgrade CFS Petaling Jaya and open a new branch in Johor Bahru.

Ambulatory Care and Wellness

PERFORMANCE OF BUSINESS UNITS

SPECIALIST DENTAL SERVICES

BUSINESS OVERVIEW

The KPJ Dental Specialist Centre offers a full range of specialist dental services for the entire family. Its team of dental specialists includes children's dentists, cosmetic dentists, periodontists, endodontists, maxillo-facial surgeons and orthodontists. It also boasts state-of-the-art equipment, friendly support and a comfortable environment while its facilities include an operating theatre and day ward for surgical cases. The centre is also supported by KPJ Tawakkal KL Specialist Hospital for any major surgery cases and emergency cases.

MOVING FORWARD

The KPJ Dental Specialist Centre is committed to upholding the trust and confidence of its customers through the provision of excellent treatment. To this end, the Centre shall continue to improve on quality and professionalism via the following initiatives:

Short-term Focus:
- Promote the new Cerec-CadCam Crown technology for dental services;
- Review and create dental packages;
- Add dental chairs to enhance services; and
- Upgrade the facilities to improve the ambience and environment.

Mid-term Focus:
- Explore new technology devices /AI products;
- Recruit specialists; and
- Expand Health Tourism activities to Indochina, East Malaysia and Brunei.

Long-term Focus:
- Explore new tech/AI for treatments;
- Recruit specialists; and
- Explore the possibility of relocation for expansion and better service.

2021 HIGHLIGHTS

In 2021, the centre served a total of 5,341 customers as compared to 5,182 customers in 2020.

Customers Served in 2021

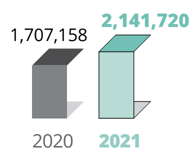
Local

2021	2020
4,932	4,605

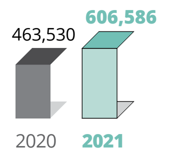
Foreign

2021	2020
409	577

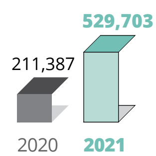
REVENUE (RM)



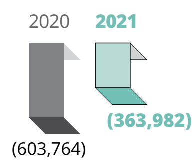
GROSS PROFIT (RM)



EBITDA (RM)



PBT (RM)



For the year in review, the centre continued to develop and deliver top of the line services in dentistry, even during the lockdown period. To ensure the safety of its customers and staff, the centre implemented a high level of cross infection control standards to ensure the safest possible environment. While the centre did face the challenge of specialists being quarantined due to close contact with positive cases, these cases were well handled with little loss aside from missed appointments.

In FY2021, the Centre undertook the following activities:
- Developed dental packages and promotions on the new Cerec-CadCam Crown technology;
- Recruited two specialists to enhance services;
- Collaborated with corporations and hospitals for promotions and activities during the MCO; and
- Ensured continuous improvement in quality and professionalism through MSQH certification.

KPJ Dental Specialist Centre also leveraged digital platforms to engage with stakeholders such as insurance companies, corporations, general practitioners and customers. This helped spread awareness of the centre and its services as well as ensured stakeholders kept close contact.

The centre also conducted several webinars and Facebook livestreaming sessions to create awareness of its services and well as to educate the public. These included infection control SOPs for the safety of the public who came in for treatment.

Although there were still restrictions in the area of Health Tourism, the centre kept in close contact with the Malaysia Healthcare Travel Council to garner updates on regulations for travellers.

Ambulatory Care and Wellness

REHABILITATION CENTRES

BUSINESS OVERVIEW

The KPJ Rehabilitation Business has three centres which are located in Kota Kinabalu, Sabah; Kuantan, Pahang; and Kuala Lumpur. These centres offer a multi-disciplinary setting for the prevention and treatment of a wide range of conditions including musculoskeletal, neurological, paediatric, geriatric, obstetrics, gynaecological and sports injuries. They also facilitate pre- and post-operative care as well as boast state-of-the-art medical equipment and technology, plus highly-qualified personnel to treat patients. The centres also form part of SOCSO or PERKESO's panel of vendors and are appointed to treat members who are referred to them for work-related injuries.

The centres cover several areas of rehabilitation including neurological rehab, amputee rehab, paediatric rehab, ortho rehab, speech impairments, swallowing disorders, autism and palliative care. Their facilities and services reflect the professionalism and quality of care provided to customers. They leverage technology in an innovative manner and have experienced doctors and well-trained staff on board who offer customers the best care and treatment plans.

MOVING FORWARD

KPJ's rehabilitation centres will continue to provide one-on-one therapy as they believe in giving personalised therapy to patients to help them overcome their physical or cognitive disabilities. All therapists are trained to help patients find the best possible way to overcome any issues with regard to physical, mental and cognitive impairment.

Moving forward, the centres will continue to focus on strengthening their comprehensive range of rehab services via the following initiatives:

Short-term Focus:
- Promote the new 'Shockwave Therapy' device;
- Review and create rehabilitation packages;
- Commence planning on pulmonary rehabilitation; and
- Upgrade the facilities to improve the ambience and environment.

Mid-term Focus:
- Explore new technology devices;
- Include high-power laser treatment; and
- Renovate the Rehab Centre.

Long-term Focus:
- Explore new tech / AI for treatment;
- Commence exoskeleton NR treatment; and
- Explore the possibility of relocation for expansion and better service.

2021 HIGHLIGHTS

Customers served in 2021

Facility	2021	2020
KPJ Damai Care and Wellness Centre (DWC)	**3,600**	3,451
KPJ Kuantan Care and Wellness Centre	**4,738**	3,048
KL Rehabilitation Centre	**18,600**	20,766

In 2021, all three facilities kept operating throughout the MCO period. To ensure the wellbeing of their customers, the centres continued to observe strict infection control SOPs while constant cleaning was implemented to ensure a safe environment.

While the number of speech therapy and psychology treatments increased in 2021 at the KL Rehabilitation Centre, there was a reduction in physical rehabilitation as the work-from-home model and reduced activities in manufacturing, sports and schools resulted in a decline in cases of injuries and work-related illnesses.

	2021	2020
Rehabilitative Therapy	**9,584**	13,532
Speech Therapy	**2,106**	1,986
Psychology	**6,910**	5,248

The reduction in treatments was also attributable to the temporary non-attendance of PERKESO members. Furthermore, the centres saw the cancellation and postponement of appointments rise in tandem with the numerous spikes in COVID-19 cases. However, these numbers improved following the relaxation of the MCOs and the reopening of economic sectors.

In 2021, a variety of packages were promoted via digital marketing, online videos, webinars and public relations (PR) activities to meet customers' needs. These packages included new services such as Shockwave Therapy and a collaboration with PERKESO on its 'Back to Work' programme. Podcasts of the centres' services were leveraged by using an educational approach that included professional talks, Q&A sessions, quizzes and physio tips as a means to connect with customers. A total of 11 webinars and Facebook Live sessions on rehab treatments and services were conducted in 2021.

Ambulatory Care and Wellness

PERFORMANCE OF BUSINESS UNITS

HAEMODIALYSIS CENTRES

BUSINESS OVERVIEW

The Group's haemodialysis centres in Kuantan and Kuala Lumpur are operated by well trained and experienced staff to meet the unique needs of patients undergoing dialysis treatment. Regular assessments are held with consultant nephrologists to determine the steps that can be taken to lead to a better quality of life. Modern haemodialysis and hemodiafiltration services are used to treat patients in clean, spacious and comfortable environments. Food is provided as well as isolation rooms for Hepatitis B and Hepatitis C patients.

MOVING FORWARD

Moving into 2022, the dialysis centre will focus on achieving the following objectives:

KPJ Tawakkal KL

Short-term Focus:
- Embark on MSQH certification to achieve clinical excellence. The objective is to enhance customer service and promote excellent clinical outcome; and
- Explore innovative products to obtain superior patient outcomes.

Mid to Long-term Focus:
- Add more chairs when the patient load touches 90% in accordance with the facilities that are available.

KPJ Kuantan Care & Wellness Centre

Short-term Focus:
- Focus on patients from Insurance and TPAs as well as leverage the KPJ brand and rapport with insurance companies; and
- Create more public awareness about the safe and comfortable environment that the centre offers.

Long-term Focus:
- Add more chairs to cater for the increase in demand as the current slots are almost at full capacity; and
- Extend the treatment shifts to three shifts to cater for working patients who require night dialysis.

2021 HIGHLIGHTS

KPJ Kuantan Care and Wellness Centre (KCWC)

In 2021, a total of 10,145 patients were treated as compared to 9,321 patients treated in 2020.

Given the pandemic, KPJ KCWC moved all its engagement activities onto digital platforms such as Facebook and Instagram Live with its specialist nurses on hand during the sessions. During Ramadan, a special live public education session was conducted with guest speaker, PU Mizi, while private events were held during the Chinese New Year and Hari Raya celebrations with patients being treated to goodie packs. The centre also worked with other hospitals to obtain referrals.

In line with social distancing norms, the centre imposed stringent SOPs including limiting visitations. A team was on standby for COVID-19 dialysis patients who could not be treated during regular hours. All CAT1 and CAT2a dialysis patients who were infected were gathered together and treated at the same time. Full sanitisation was done at the end of each session.

Despite facing several setbacks, KCWC managed to maintain its income due to the resilience of its dedicated team of specialist nurses, state registered nurses and care assistants. The centre plans to add five more chairs to cater to increasing patient demand.

KPJ Tawakkal KL

In 2021, a total of 8,921 treatments were done as compared to 8,552 treatments in 2020.

In 2021, KPJ Tawakkal KL embarked on a digital campaign that saw the hospital engage its audiences via online videos, webinars and podcasts, among other things. As part of the hospital, the haemodialysis centre took part in these PR activities and leveraged digital platforms such as Facebook Live to educate the public on dialysis and to spread awareness about walk-in procedures. Besides these activities, the centre also worked with hospitals for referrals.

The COVID-19 pandemic continued to pose operational challenges for both centres – schedules were disrupted due to quarantines and slower growth resulted as the number of permanent patients dwindled due to the MCOs. Additional operational costs were also incurred due to having to send staff and patients for PCR tests while staff and patients had to make use of PPE suits for extra protection.

To reduce the risk of outbreak, the centres implemented strict infection control SOPs. The centres also updated their SOPs constantly in accordance with MOH guidelines to ensure their suitability and relevancy.

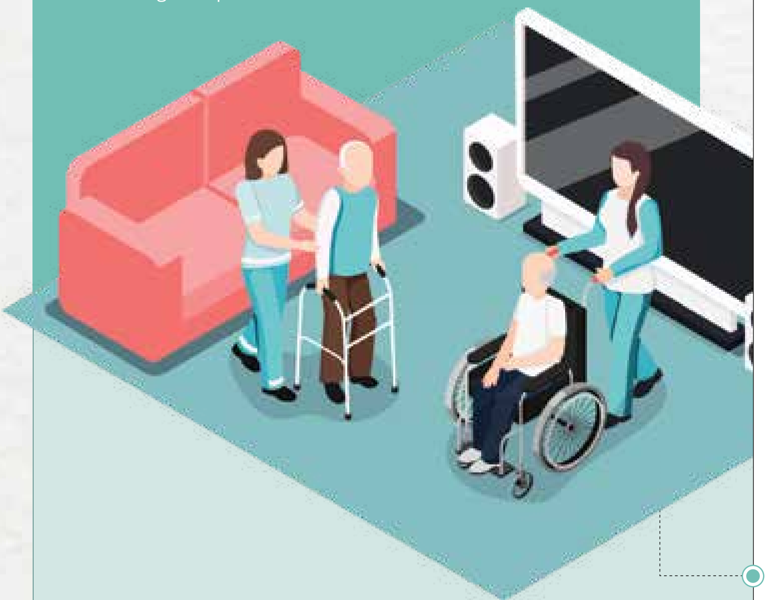
Our dialysis centres also continued to equip their staff by sending them for post-basic courses to enhance their skills and knowledge with the aim of delivering on the promise of excellent customer service.

Ambulatory Care and Wellness

SENIOR AND ASSISTED LIVING CARE

BUSINESS OVERVIEW

As part of KPJ's Senior and Assisted Living Care offering, the Group provides a homely environment for elderly residents requiring daily assistance and support. These services embody positive values, based on efficient and effective care. In Malaysia, there are four specially developed centres staffed by registered nurses and care assistants who are trained in aged care. Services are provided around the clock. KPJ's competitive advantage is that the centres are supported by the Group's network of 28 full-fledged hospitals with a diverse range of specialties.



MOVING FORWARD

There will be greater demand for aged care facilities in the country as Malaysia becomes an aged nation by 2044 (14% aged above 65) and super-aged nation by 2056 (20% aged above 65). As such, more insights and new ideas will be needed to improve palliative, elderly, and dementia care delivery in Malaysia with high-quality care for the elderly.

Moving forward, the centres will embark on various initiatives to ensure that KPJ continues to deliver excellence to its customers within this health segment:

Tawakkal Health Centre

- KPJ Tawakkal KL will continue to uphold its commitment to constantly upgrade its staff by sending them for post-basic courses to enhance their skills and knowledge. These courses will encompass professional services including gerontology certificates for registered nurses.
- This centre will also focus its efforts on implementing the following initiatives to enhance its clinical services and to ensure the patient experience remains pleasant:
  - In the short term, this centre will offer special packages for residents and promote services through digital marketing. At the same time, it will explore innovative products and services for residents to obtain superior patient outcomes; and
  - Over the mid to long term, this centre will add more beds when the resident load is full in accordance with the facilities that it has. The centre will also consider relocation if it deems this fit.

Sibu Geriatric Centre

This centre aims to undertake the following activities:

- Produce a video clip about the centre and perhaps the activities for the residents as a value-added bonus;
- Implement more cost savings and cost control initiatives;
- Organise more staff training and retention incentives; and
- Organise relocation to a new site.

Kuantan Wellness Centre

This centre will set its sight on the following activities:

- Focus more on lawyer cases (short-term stays of three to six months);
- Create more awareness among consultants and doctors in private and public hospitals that their patients are better off being cared for at the centre rather than if they were to stay at home (this is especially true for cases that require further attention after being discharged from the hospital); and
- Create packages for medium care and better service.

Damai Wellness Centre

As mentioned earlier, Damai Care & Wellness Centre ceased business operations on 31 March 2022 mainly due to high operating costs.

2021 HIGHLIGHTS

Customers served in 2021

The ongoing pandemic resulted in lower patient numbers at all centres within this segment except for Kuantan Care & Wellness Centre which showed a 37% increase in 2021 as compared to 2020.

The drop in occupancy, could have been due to the following reasons:

- With many office workers in Work-from-Home mode, this enabled family members to take care of the seniors on their own;
- The slow pace of the economic recovery meant there were financial constraints all around; and
- People preferred to be admitted for short stays instead of longer stays.

	2021	2020
Jeta Gardens – Australia		
Total No. of Residents	**169**	151
Occupancy	**95%**	85%
Tawakkal Health Centre		
Total No. of Residents	**331**	393
Occupancy	**64%**	80%
Sibu Geriatric		
Total No. of Residents	**320**	339
Occupancy	**95%**	100%
Kuantan Wellness Centre		
Total No. of Residents	**258**	189
Occupancy	**100%**	63%
Damai Wellness Centre		
Total No. of Residents	**137**	199
Occupancy	**34%**	42%

Despite the decline in occupancy rates, the respective centres continued to champion excellence in 2021 via the following activities:

- **Tawakkal Health Centre:**
  - Undertook digital PR activities including a total of seven Facebook Live sessions;
  - Developed Senior Rehab packages;
  - Recruited a consultant to enhance services;
  - Collaborated with hospitals for promotions and activities; and
  - Continued to make improvements in quality and professionalism through clinical audits.
- **Sibu Geriatric Centre**
  - Increased its room rates by 10% and made upward revisions to its nursing procedural fees; and
  - Produced a documentary about the centre and the services it provides in a bid to create awareness and attract more customers.
- **Kuantan Wellness Centre**
  - Laid the foundation to introduce a new ALC ward at Level 1 comprising 14 beds to accommodate demand from the public;
  - Laid the foundations to offer new attractive packages for ALC, Confinement and Rehab to the public; and
  - Improved rapport with consultants at KPJ Pahang, other private hospitals in Kuantan, as well as government hospitals in Kuantan and surrounding area such as Kemaman and Temerloh for more referrals.
- **Damai Wellness Centre**
  - Offered complimentary COVID-19 testing to residents for close contact tracing;
  - Provided additional PPE to staff without increasing charges to residents;
  - Implemented isolation and hiring of an additional locum staff to take care of residents who had been tested positive at the centre;
  - Scheduled online consultations by a sessional geriatrician for residents.
  - Obtained two new tenants to occupy unutilised space at the centre; and
  - Introduced new services such as Prosthetics and Orthotics, Speech Therapy, Occupational Therapy and also laser treatment for post COVID-19 patients with Idiopathic Pulmonary Fibrosis (IDF) symptoms.

Ancillary Services

REVIEW OF ANCILLARY SERVICES DIVISION

The Ancillary Services arm of the Group is made up of a wide range of businesses that support the needs of the Group's hospitals. In navigating the adverse conditions brought on by the pandemic, these business units within KPJ's Ancillary Services Division have stepped out into new areas of opportunities externally so as not to rely on just one sole source of revenue.

DELIVERING MIXED PERFORMANCES AMIDST CHALLENGING TIMES

Akin to the preceding year, the decline in hospital activity due to pandemic-related developments had a knock-on effect on some of the business units. This reduced the demand for highly dependent ancillary services such as catering and laundry services because of lower activities at the hospitals. However, in the areas of laboratory, sterilisation, retail pharmacies and health centres, these very same businesses that were hit hard in 2020, demonstrated their resilience by either turning in flat growth or a positive performance. These business units were able to drive business growth through effectively leveraging push-based initiatives to create awareness and drive promotions to the public. While the revenue performance of the overall ancillary business was moderate, a fair number of the business units were able to churn out significant improvements in EBITDA and PBT versus the previous year by effectively rationalising their costs.

Ancillary Services

PERFORMANCE OF THE BUSINESS UNITS

The following sections highlight the performance of business units under the ambit of KPJ's Ancillary Services Division:

TECHNICAL CONSULTANCY

BUSINESS OVERVIEW

Healthcare Technical Services Sdn Bhd (HTS) is a consultancy that provides business solutions to hospitals in the areas of hospital planning, project management, asset management and energy management on a project basis. HTS is supported by highly skilled professionals with certified technical backgrounds on the architectural; mechanical, electrical, civil and structural engineering; quantity surveying; and biomedical fronts. The HTS team also comprises energy managers and green building facilitators.

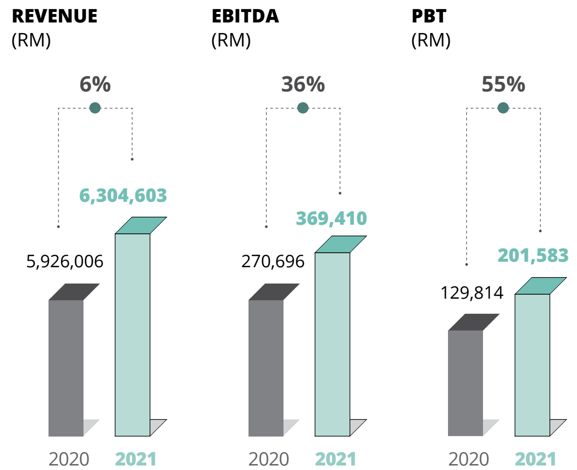
Given its experience and understanding of regulatory requirements and the latest quality standards, HTS is well-positioned to cater to the healthcare requirements of hospitals including major teaching establishments. Since its inception in 1995, HTS has grown rapidly to become a leader for healthcare consultancy services in Malaysia. Today, the company also has a presence in Thailand, Indonesia, Laos, Bangladesh, Papua New Guinea, Saudi Arabia and Poland.

MOVING FORWARD

Moving forward, HTS aims to increase the efficiency of its operations by undertaking the following:

- Acquire new and efficient equipment;
- Roll out more standardised processes;
- Centralise data storage;
- Upskill staff via training activities; and
- Reorganise the existing staff to help grow the business in other departments while increasing operational efficiency.

2021 HIGHLIGHTS



HTS's key achievements in 2021 included the following:

- Successfully completed several projects including KPJ Manjung, ACC Bandar Kinrara, Puchong, Taiping Medical Centre Phase 2, KPJ Pasir Gudang, KPJ Selangor Renovation, KPJ Pahang Renovation;
- Terminated the existing contractor and took over KPJ Puteri in the area of construction management;
- Effectively managed operational costs by reducing travel and medical expenses as well as bonuses; and
- Negotiated and resolved a dispute at BDC Kuching which eventually led to arbitration.

These were among the major challenges HTS faced in 2021:

- Contractors were unable to function or to undertake construction activities due to MCO restrictions;
- A decision by the Group to postpone greenfield hospital projects (i.e., Bayuemas, Melaka, UTM, Segamat and Sg. Petani) led to a potential loss of revenue estimated at RM3 million per year for the next four years;
- There was slow demand for Green Building certification from developers;
- There were delays by the authorities in inspecting projects due to pandemic restrictions; and
- There were deferments by external clients in the area of project execution.

Ancillary Services

PERFORMANCE OF THE BUSINESS UNITS

HEALTHCARE ENGINEERING

BUSINESS OVERVIEW

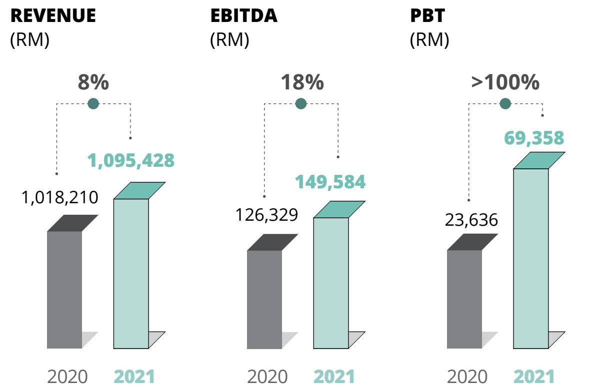
Pride Outlet Sdn Bhd (POSB) is the KPJ Group's inhouse supplier for biomedical products, imaging equipment and all related quality maintenance services. Comprising a team of knowledgeable engineers and testers, POSB supports the KPJ network of hospitals and other healthcare institutions in the delivery of planned preventive maintenance of biomedical equipment.

To ensure the safety of our patients, POSB's engineers regularly upgrade their skills while all testers/analysers are maintained and calibrated.

MOVING FORWARD

With POSB's help, KPJ hospitals have been able to decrease their operating costs over the past five years and focus on expanding their core businesses instead. Furthermore, our hospitals are no longer subject to ever increasing maintenance costs nor are they dependant on third-party suppliers' technical support.

2021 HIGHLIGHTS



Due to strict COVID-19 SOPs, the team at POSB was not able to access COVID wards to provide maintenance services. This impairment greatly reduced the company's revenue in 2021. To get around this, some hospitals extracted the equipment due for maintenance from the COVID wards and placed them in areas that were more accessible to POSB's engineers.

Prior to POSB coming on board, the maintenance costs of third-party vendors and suppliers used to increase by 3%-5% every three years. With POSB in the picture, these cost increments have since been mitigated and KPJ hospitals are no longer reliant on external suppliers for technical support. POSB has also reduced the biomedical maintenance costs at some hospitals by an impressive 25%.

Ancillary Services

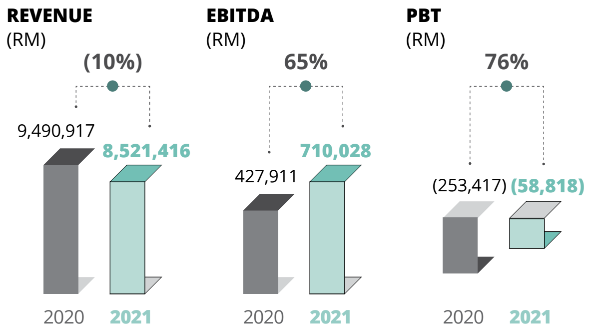
HOSPITAL CATERING

BUSINESS OVERVIEW

Total Meal Solutions (TMS) is the food services arm of KPJ's ancillary businesses. In catering to meals primarily for hospital inpatients, TMS is committed to providing food products that are halal-certified and handled under the strictest food safety and hygiene protocols. The company's ambitions are supported by its new Central Kitchen that has the capacity to produce more than 5,000 meals a day (currently running at 60% capacity). As at the end of 2021, TMS was serving 10 KPJ hospitals and one external hospital.

As the meal provider for the Group's hospitals, TMS ensures that all our hospitals comply with the necessary requirements set by regulatory and certification bodies such as Joint Commission International and the Malaysian Society for Quality in Health. In addition to inpatient meals, TMS has its own ready-to-eat (RTE) products under the banner of TMSfood2U. Even though this line of products is at its infancy, it has received favourable response from the retail segment.

2021 HIGHLIGHTS



As at the end of 2021, TMS recorded a 65% improvement in EBITDA as a direct result of the company's efficient approach towards material management as well as staff allocation during the pandemic. While TMS' revenue saw a reduction, its sales trends performance showed a recovery pattern in the fourth quarter of 2021. It is expected that TMS' sales volume will enter the recovery stage in 2022.

TMS successfully acquired two new outlets in 2021 – the KPJ Kluang Specialist Hospital and IIUMSC. These contributed new sales revenue amounting to RM156,000 and RM130,000 respectively in 2021.

In compliance with government regulations and to ensure the safety of its staff, TMS implemented a work rotation system whereby staff were divided into two teams that worked on alternate days of the week.

To mitigate the impact of the rising costs of raw produce, TMS re-engineered its menu and engaged with new suppliers. Through these efforts, the company reduced its material cost ratio from 41% to 36% in 2021 with a total saving of RM744,000 without jeopardising the quality of its food products.

The company's strategy to expand beyond KPJ hospitals has provided significant opportunities from external business prospects. This earned the company RM668,000 in 2021.

TMS' efforts to digitalise its processes saw the company successfully digitalise its purchasing process through the Food Market Hub initiative as well as its inpatient meal ordering process via the Mobile Dietary Menu platform.

MOVING FORWARD

To future-proof its value creation capabilities, TMS will bring the following strategic objectives into play:

Short-term Focus:
Given escalating operation expenses, especially material costs and staff costs, the company will revisit its current price package (which have not been revised for the past five years) and apply new pricing in 2022.

Mid-term Focus:
TMS will continue to add new outlets in 2022 (internal and external) to generate additional income and ensure the sustainable growth of its business.

Long-term Focus:
TMS aims to expand its retail business through OEM relationships with other players in the market as well as via collaborating with other business entities either as a producer or as a supplier.

Ancillary Services

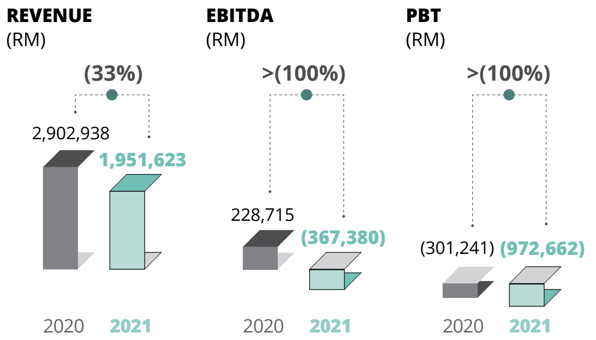
PERFORMANCE OF THE BUSINESS UNITS

HOSPITAL LAUNDRY

BUSINESS OVERVIEW

Fabricare Laundry Sdn Bhd (FLSB) is a one-stop laundry centre that provides wet washing, dry cleaning, and linen rental services to southern based KPJ hospitals. It also offers laundry services to non-KPJ clients including another private hospital and fine-dining restaurants around Johor Bahru. Committed to delivering quality services, FLSB adheres to MSQH Hospital Accreditation standards and (more recently) the World Health Organisation's (WHO) guidelines on linen handling for COVID-19 patients.

2021 HIGHLIGHTS



Due to the continued threat of pandemic infections, private hospitals nationwide saw a downtrend in their non-COVID-19 related activities and their BOR. Consequently, these factors affected FSLB's soiled load tonnage which decreased by 43.8% as compared to the previous year. FSLB also had to contend with the lack of guidelines pertaining to the washing of laundry for COVID-19 patients and the heightened use of disposable laundry by hospitals. All these factors contributed to a decrease in the company's earnings in 2021.

Today 90% of the company's customers are private hospitals while 10% are fine-dining restaurants. This strategy continues to work in the ongoing pandemic situation especially as many hotels in Johor Bahru have had to cease their operations. Furthermore, many hotels are shifting to laundry operators with hospital disinfectant procedures to mitigate the risk of virus contamination from hotel guests.

In 2021, the company continued to focus on the relocation of its operations which was delayed due to the MCO in June 2021. Not only is the new factory fully compliant with statutory guidelines, it also houses an Effluent Treatment Plant (ETP). The inclusion of an ETP facility, while costly, is aligned with the Environment Quality (Industrial Effluent) Regulation 2009 which is pending execution by the Department of Environment (DOE).

MOVING FORWARD

Moving forward, FLSB will focus on these objectives:

Short-term Focus:
- Now that the new plant is in operation, management plans to capture the 'non-customer' segments such as households and factory workers;
- As the current business model focuses on contract customers, management plans to explore the household market segment by offering online laundry service in collaboration with delivery companies such as Grab and Panda Mart as well as freelance transporters to deliver customers' laundry to their doorstep. These companies have better platforms and databases as well as are better equipped to reach out to customers who have a penchant for online shopping. By increasing its cash-basis customers, the company expects to strengthen its cashflow.

Mid-term Focus:
Linen rental services contribute 36% of FLSB's revenue with the majority of customers comprising KPJ hospitals. The company plans to strengthen this service by consistently injecting new linen to decrease the number of linen shortfalls and loss of potential income. Over the next three years, the company requires an investment of RM300,000 to invest in new linen to replenish and replace its existing linen stock.

Long-term Focus:
The company plans to expand its footprint to external businesses so as to put less reliance on KPJ in the future.

Ancillary Services

WHOLESALE AND DISTRIBUTION OF PHARMACEUTICAL AND MEDICAL PRODUCTS

BUSINESS OVERVIEW

Pharmaserv Alliances Sdn Bhd (PASB) serves as the centralised procurement arm for the KPJ Group of hospitals and companies. Its primary focus is on supplying pharmaceutical and medical devices by procuring these at the most competitive prices and delivering these in a most efficient manner. Given its strategic location at the Subang Hi-Tech Industrial Park in Shah Alam, Selangor, PASB is close to key infrastructure such as third-party logistics and major motorways and main suppliers. All these factors enable it to ensure faster delivery to KPJ hospitals, thus allowing the company to meet its delivery targets.

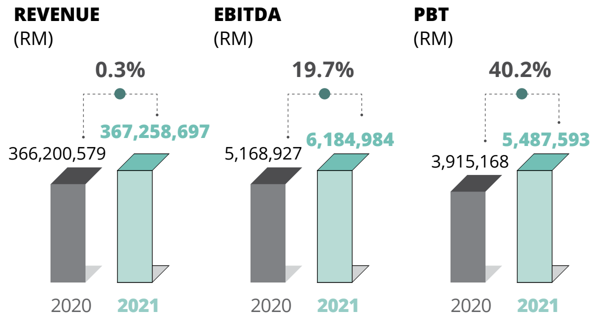
MOVING FORWARD

PASB's top priority is to meet its customers' expectations and it targets to deliver 98% of hospital orders within 24 hours to Klang Valley hospitals and within 48-hours to hospitals outside the Klang Valley. To this end, it will continue to upgrade its IT infrastructure to enhance operational efficiencies.

The company also plans to focus on data analytics that can provide better insights into market pricing, products in the market, and customer preferences. This will enable more informed decision making and enable PASB to deliver high-quality and cost-effective products to its customers.

2021 HIGHLIGHTS

In 2021, PASB achieved its target of delivering more than 98% of all orders within the same day to KPJ hospitals within the Klang Valley and on the next-day to KPJ hospitals outside the Klang Valley.



PASB turned in a steadfast performance on all fronts in 2021. The year's higher PBT was due to an increase in revenue, lower finance costs and rebates received from specific suppliers in line with achieving sales targets. The slight increase in revenue was attributable to the rise in hospital activities as well as KPJ hospitals' involvement as PPVs under the NIP and the higher usage of PPE items.

As at end 2021, revenue for the Government Businesses stood at RM10,175,210, a drop of 64.1% in comparison to the preceding year. This was expected as PASB is ending it government contracts as per the decision made by KPJ's management on 7 July 2020. PASB will continue to honour the agreements it has entered into until their expiry dates or the end of the agreements. PASB did not enter into any new government contracts in 2021.

In 2021, the company reviewed and further strengthened its internal SOPs and process flows. The key SOPs relating to procurement and tender processes were reviewed to reinforce integrity and transparency. In addition, the Pharmaserv Procurement Committee (which was established in August 2020), expanded its scope from just covering procurement activities to covering all inventory management activities.

PASB is committed to ensuring its strategies align with its customers' expectations. In 2021, PASB conducted meetings with its main principals and suppliers to improve the efficiency of its supply chain. The PASB team will also meet with key personnel at the Hospital Pharma and Medical divisions within the KPJ Group to garner feedback so that it can improve its services.

PASB recorded more than RM20.5 million in cost savings through its tender and contract pricing with key suppliers in 2021. Through its centralised logistics and inventory management framework, PASB has successfully reduced the inventory of the KPJ Group which is a huge savings in terms of inventory costs and space.

PASB continues to leverage its IT procurement system to help manage its inventory among other things. It also taps the Electronic Data Interchange (EDI) to improve efficiency and inventory management. In 2021, the company invested in new servers and migrated to the KPJ Managed Private Cloud (MPC) to further strengthen its IT infrastructure and system efficiency.

Ancillary Services

PERFORMANCE OF THE BUSINESS UNITS

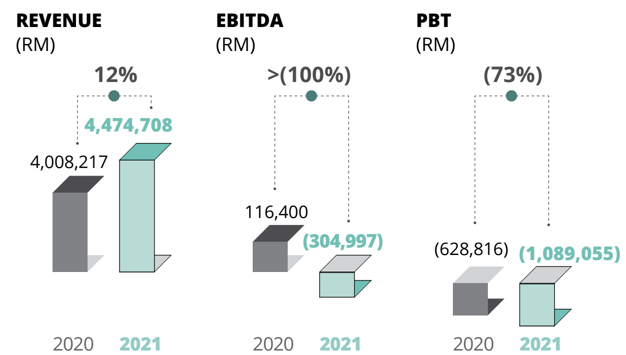
RETAIL PHARMACIES

BUSINESS OVERVIEW

KPJ Healthshoppe Sdn Bhd and JX Pharmacy Sdn Bhd are retail pharmacies under the KPJ Group. Being subsidiaries of the largest private hospital operator, these retail pharmacies have access to the KPJ Group's resources and synergies. Some of these benefits include product referrals from specialists, collaboration on marketing activities, and the ability to get better pricing via the Group's central procurement arm, thereby giving these companies a better competitive edge.

Leveraging the strong branding and financial support from the KPJ Group, the pharmacies also collaborate with KPJ hospital professionals on digital marketing activities such as Facebook Live sessions.

2021 HIGHLIGHTS



In 2021, our pharmacies focused their efforts on expanding their online marketplace presence via brand placements on established e-commerce platform, FoodPanda. The units also embarked on an aggressive digital marketing campaign that included health talks via Facebook Live in collaboration with KPJ hospital professionals, KPJ's wellness arm and vendors.

These efforts brought in revenue of RM4,474,708 of which 15% came from the online marketplace. The aggressive digital marketing activities also contributed a 13% increase in online sales in 2021 amounting to RM691,141. Having diversified and amplified their digital engagement activities, the pharmacies also set out to strengthen the last mile delivery framework. This initiative saw the pharmacies expand their list of LMD vendors by adding Borzo and Settle as same/next day delivery partners to address ad hoc and immediate delivery requests.

The increase in the year's sales was also attributable to activities at the year-end promotional sales fair at Podium Menara KPJ and at other outlets. Observing consumer needs during the pandemic, the pharmacies launched the 'KPJ Must Have Kit' and 'The Covid Aid Kit' both of which contained the essential items needed during the pandemic.

As testament to the value that our pharmacies offer, the average purchase value per transaction increased by 18% from RM56 in 2020 to RM66 in 2021. This increase occurred despite customers' sensitivities about pricing and value which remain significant factors as consumers become more frugal with their spending.

MOVING FORWARD

Demographics and consumer preferences are changing fast, and keeping up with customer demands is a significant challenge. As consumers are increasingly demanding personalisation, creative collaboration across the supply chain is inevitable. To this end, the Group's retail pharmacies are looking to broaden their product offerings, product collaborations and private label. They will also place emphasis on a concerted membership drive as well as email marketing tools.

Having seen the success of their digital efforts in 2021, our pharmacies will focus on creative digital marketing strategies and approaches as their key success factor for future performance. Moving forward, the digital initiatives will include:

- Creative digital marketing activities;
- Development of KPJ2U Mobile Apps;
- Rollout of a new integrated e-Commerce marketplace; and
- Enhanced use of digital data and infrastructure.

Finally, our pharmacies will look to expand their physical presence with the launch of the New KPJ Healthshoppe Outlet in the near future.

Ancillary Services

CENTRALISED STERILISATION SERVICES

BUSINESS OVERVIEW

Sterile Services Sdn Bhd (SSSB) is the first and the only service provider of its kind in Malaysia that provides centralised sterilisation services for surgical instruments for both public and private hospitals in the Klang Valley. Via its centralised location in Rawang, SSSB provides efficient and consistent sterilisation services which comply with international quality standards.

Through its provision of outsourced services, SSSB helps hospitals eliminate the costs of running their own sterilisation facilities, thereby allowing them to focus on their core competencies. SSSB also provides supplementary, single use instrument and loaner sets from vendors.

MOVING FORWARD

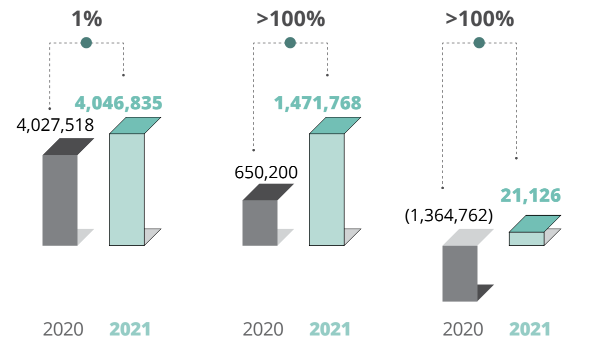
Moving forward, SSSB's strategy is to drastically cut back on spending and increase its focus on profitability. This will see it focusing its efforts on improving the autoclave utilisation rate by 65% and efficiency by 80% which will lend to better energy savings.

The company will also focus on these strategies:

- SSSB's **short-term focus** for 2022 is to improve employees' time management efforts so that they become more productive at work. It will also focus on getting employees to become more organised in their work routines and to better comply with work processes. SSSB will also improve operational efficiencies so that products are delivered on time and customers are satisfied.
- The company's **mid-term focus** will be on improving and introducing new methods of processing, undertaking effective rescheduling of product and service deliveries, as well as better managing product non-compliance issues. SSSB will work to reduce production costs through effective product processing as well as implement an employee programme to upskill workers' technical skills and knowledge.
- SSSB's **long-term aim** is be a leader and expert in decontamination and sterilisation processes across Malaysa. Its focus moving forward is to be a key technology driver while focusing on higher profitability and return on investments, as well as building good employee relations, higher productivity and a reputable corporate image.

2021 HIGHLIGHTS

No. of Sterilised Sets by Hospitals as at 31 December 2021



Hospital	YTD Dec 2021	YTD Dec 2020	Var %	Budget 2021
KPJ Tawakkal KL	5,760	4,186	38%	6,155
KPJ Damansara	10,270	10,012	3%	13,380
KPJ Klang	4,182	3,499	20%	3,744
KPJ Ampang	722	2,125	(66%)	5,388
KPJ Rawang	7,726	6,516	19%	10,140
KPJ Kajang	4,222	3,618	17%	6,180
KPJ Selangor	3,677	3,489	5%	1,500
Sub-Total KPJ	**36,559**	**33,445**	**9%**	**46,487**
UiTM Sg Buloh	1,840	847	117%	3,084
CVSKL	0	1,238	(100%)	2,028
Others	271	123	120%	0
Sub-Total Non-KPJ	**2,111**	**2,208**	**(4%)**	**5,112**
TOTAL	**38,670**	**35,653**	**8%**	**51,599**

During the year in review, the company ensured the consistency of its sterilisation practices by implementing a comprehensive programme. This ensured operator competence and that proper sterilisation processes – including cleaning and wrapping instruments, loading and operating the steriliser, as well as monitoring the entire process – were carried out correctly. Thanks to the efficiency of these processes, zero surgical site infections were reported by the respective hospitals.

In view of the pandemic, the company implemented best practices including educating its people on social distancing and the use of PPE to keep its employees safe. To ensure business continuity, SSSB introduced flexible work arrangements and staggered working hours.

SSSB continues to provide support to hospitals via the efficient delivery of products. It continues to maintain the quality of products despite the fact that the cost of production has increased significantly.

Ancillary Services

PERFORMANCE OF THE BUSINESS UNITS

EDUCATION – MALAYSIAN COLLEGE OF HOSPITALITY AND MANAGEMENT

BUSINESS OVERVIEW

The Malaysian College of Hospitality and Management (MCHM) is a private hospitality college under KPJ Healthcare University College (KPJUC). It was previously known as KFCH International College prior to its acquisition by KPJUC in 2016. Its main campus is located in Bandar Dato' Onn, Johor Bahru.

MCHM, which currently holds a 5-star rating from MyQuest, offers three-year diploma programmes in the hospitality field to Sijil Pelajaran Malaysia leavers. The courses offered include the Diploma in Culinary Arts, Diploma in Hotel Management, Diploma in Tourism Management, Diploma in Restaurant Management, Diploma in Restaurant Management (2u2i) and Diploma in Early Childhood Education. In addition, MCHM offers certificate courses in Housekeeping, Pastry & Confectionery, as well as Kitchen Operation. All programmes offered by MCHM are fully accredited by the Malaysian Qualifications Agency (MQA).

The learning facilities at the college are amongst the best as it boasts a full range of kitchens as well as a fully equipped mock hotel and restaurant dining area to give students an immersive experience. MCHM's programmes are well structured and highly recognised by the industry.

2021 HIGHLIGHTS

For 2021, MCHM recorded total revenue amounting to RM1.0 million and a loss before tax of RM3.4 million. The reduction in total revenue was due to the decision to cease its operation resulting in no new student intake throughout 2021. The decision was made after considering the amount of losses incurred over the years, as well as to mitigate further losses and cash outflows.

The key challenge for MCHM in 2021 was to sustain its business in terms of profitability and cash flow. Parent company, KPJUC stepped in lend its support even though it too faced tight cash flow issues.

MOVING FORWARD

Moving forward, in view of MCHM's tight cash flow situation and the losses incurred, the best option for this business is to shut its operation permanently. This will mitigate further expected losses of RM15 million and also cash outflows of RM14 million.

Prior to choosing this final option, MCHM did take these factors into consideration:

- The Group's core business is healthcare and we do not have significant expertise in the hospitality industry;
- The intake of students remains low; and
- There are no support businesses in the hotel and tourism segment within the Group.

All in all, as KPJ closes this chapter on MCHM, it will focus its efforts on building up the Group's core business, namely healthcare education in the areas of nursing and allied health.

Ancillary Services

EDUCATION – KPJ HEALTHCARE UNIVERSITY COLLEGE

BUSINESS OVERVIEW

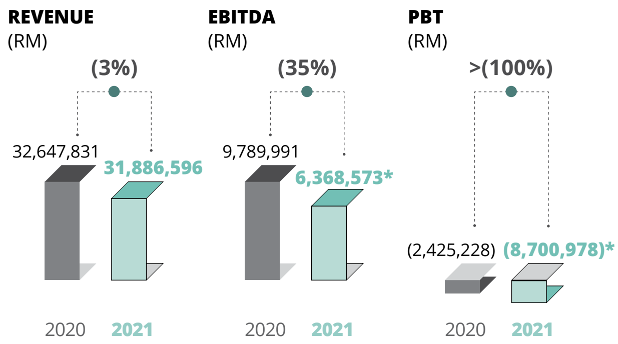
Since its inception 30 years ago, KPJ Healthcare University College or KPJUC has grown from strength to strength and today offers a variety of home-grown programmes from Bachelor degrees to Master and PhD programmes. In 2013, KPJUC began enrolling postgraduate students into its PhD, Master of Nursing, Master of Pharmacy, Master of Pharmaceutical Technology and Master of Physiotherapy courses. In 2019, KPJUC produced its first batch of PhD in Nursing graduates. Today, KPJUC offers a total of 38 academic programmes.

KPJUC is the only private higher education institution in Malaysia that has been given the privilege of offering Postgraduate Medical Specialist programmes. Apart from the Master of Otorhinolaryngology - Head and Neck Surgery (ORL), KPJUC also offers programmes such as the Master of Radiology, Master of General Surgery and Master of Orthopaedic programmes. The first batch of ORL graduates was produced in 2017 followed by graduates of the Master of Radiology in 2019. In providing clinical training for its students, KPJUC has the support of diverse KPJ consultants and healthcare professionals from the Group's 28 specialist hospitals. This enables KPJUC to produce high-quality healthcare professionals for the country.

Today, Group subsidiary, KPJ Healthcare University Sdn Bhd, owns three college licenses i.e., for KPJ Healthcare University, KPJ International College Johor Bahru and KPJ International College Penang. It also owns another company – KPJ Education (M) Sdn Bhd – which in turn owns a hospitality college in Johor Bahru. The company is a subsidiary of KPJSB and was established in 1991 to provide quality healthcare education and training to KPJ's Group of hospitals and the general public.

2021 HIGHLIGHTS

Key Performance Index	On-Target	Achieved	Var
Revenue (Academic)	RM34.2 mil	RM31.7 mil	(7%)
Other Revenue	RM1.1 mil	RM0.2 mil	(82%)
EBITDA	RM8.2 mil	RM6.4 mil	(22%)
Debt Recovery (inactive)	30%	43%	(43%)



**Note: excluding impairment of MCHM*

In 2021, KPJUC achieved the following milestones:

- Produced its first homegrown batch of graduates for the Bachelor of Occupational Therapy. A total of five students from the first cohort graduated successfully;
- Achieved the MyRA 1 Star rating following evaluation of its research performance in 2020;
- Received approval for its Full Accreditation Programme relating to Post Basic Perioperative in Nursing (Nilai).
- Submitted the application to upgrade to full-fledged University status in July 2021. We expect to receive the results by mid 2022.

MOVING FORWARD

As an institution of higher learning, KPJUC is committed to ensuring long-term, sustainable business growth. As such, it has set a series of objectives that are aimed at securing and strengthening the viability of the school for both the short and long term.

One of KPJUC's short-term objectives is the plan to offer a Micro-Credentialling (MC) Programme. While the earlier target to develop and to offer the MC-based programme in 2021 had to be put on hold, KPJUC has finalised the details and policy of the MC and is ready to offer a minimum MC programme in 2022.

KPJUC's long-term aspiration is to achieve University status by 2022. KPJUC is hopeful that the panel can conclude the assessment by mid-2022.

As part of its value creation endeavours, KPJUC will be introducing a host of new programmes. Among the programmes in the pipeline for submission to the MOHE include the Master in Clinical Pharmacy, Master in Health Sciences, Bachelor of Business Administration, Post Basic Emergency Medicine, and Foundation in Management. KPJUC will also be finalising the approval of a Master of Anaesthesiology programme. This Master Specialist programme is expected to commence by the third quarter 2022.

With regard to KPJUC's existing campuses, the school is looking to increase the quota and offer new programmes at both its campuses in Johor Bahru and Penang. Both campuses have ample facilities and manpower to support the new programme or any increase in their student intakes.

To this end, KPJUC has initiated the following activities:

- Increased the quota for students for the Diploma in Nursing Johor Bahru. Following the approval of this course in 2021, this campus can now recruit a maximum of 250 new students per year;
- Began offering the Diploma of Nursing programme at KPJIC Penang. KPJUC Nilai is in the process of getting the approval from the MOHE to offer its Diploma in Nursing at KPJIC Penang. Seeing that the school has the necessary facilities and manpower, we expect to get approval and to launch the programme by the third quarter of 2022.

Ancillary Services

OUTLOOK AND PROSPECTS

The challenges that the business units within the Ancillary Services Division have had to contend with during the pandemic have opened up their eyes to the need to shift from a reliance on providing conventional hospital services to the KPJ Group, to identifying new avenues of opportunity outside the Group. To this end, the business units within the Division are now increasingly exploring external business opportunities and offering services that can stand against the competition, while still fundamentally supporting KPJ's hospital operations.

Even as these business units have been tasked with consolidating their resources, reducing costs and reaping the economies of scale, they are simultaneously assessing their own capabilities on how they can best generate and optimise growth in markets beyond the boundaries of KPJ. We are confident that as even as our business units – particularly those on the pharmaceutical, laboratory and education-related fronts – push through boundaries to repurpose and diversify their income streams, their endeavours will gain traction.

Digitalisation

LEVERAGING DIGITALISATION TO RE-ENERGISE KPJ

The COVID-19 pandemic has undoubtedly served as a catalyst spurring the adoption of digitalisation across all sectors of the economy. The healthcare sector too has jumped on the digitalisation bandwagon by embracing IT systems powered by cloud computing as well as leveraging data and analytics tools that enable real-time, smart digital healthcare solutions. In adopting interoperable data platforms supported by deep learning capabilities and behavioural research, healthcare providers are now better equipped to pinpoint consumer behaviour and demands as well as make the appropriate responses. Innovations such as artificial intelligence (AI), Internet of Things (IoT) machine learning and data science technologies too, are all facilitating more personalised patient experiences and enabling real-time healthcare interventions.

To align with the fast-tracked adoption of all-things-digital, the KPJ Group too has rolled out its own Digital Transformation Plan. Our digitalisation roadmap mandates that we focus our efforts on reimagining the customer journey by enabling seamless end-to-end solutions, services and technological innovation that are accessible to our customers and users anywhere, anytime and on any device. By taking advantage of technological advancements and digital innovation to improve operational efficiencies, provide state-of-the-art healthcare services and facilities, as well as facilitate better patient experiences, we are reinforcing our position as a next-generation healthcare player and future-proofing the Group's overall capabilities and offerings.

Under the KPJ Digital Transformation Plan, the Group aims to achieve the following goals over a five-year period:

- Transform the core Healthcare Information System (HIS) into a next-generation future-proof ready platform;
- Improve integration of all systems and delivery channels; and
- Grow our digital products and services in healthcare.

Digitalisation

Our digitalisation roadmap also calls for us to focus on the following areas:

CUSTOMER SERVICE EXCELLENCE
To leverage new digital services and technological developments to provide best-in-class healthcare experiences and personalised patient engagement, thereby building brand credibility and customer loyalty for KPJ.

NEW BUSINESS MODELS
To introduce continuous healthcare innovations and create new revenue streams for KPJ.

OPERATIONAL EXCELLENCE
To improve KPJ's agility and operational performance by streamlining business processes and creating mobility for our workforce.

CONVERGED TECHNOLOGY PLATFORM
To migrate our technology infrastructure and applications to the Cloud, thereby enabling seamless integration and faster go-to-market capabilities for KPJ.

SHARED SERVICES AND STANDARDISATION
To manage complexities and scalability by streamlining KPJ's services, experiences and costs, as well as to simplify and enable rapid deployment of resources.

BEST OF BOTH WORLDS
To combine the best of customised and off-the-shelf solutions to resolve some of the critical issues currently faced by KPJ and to do this by leveraging existing knowledge instead of reinventing the wheel.

BEST PRACTICES IN PROJECT MANAGEMENT AND IT GOVERNANCE
To adopt best practices and methodologies in project management and IT governance to ensure KPJ's project execution capabilities meet the expectations of the business while ensuring the IT environment is secure, stable and robust.

A central theme of the KPJ Digital Transformation Plan is the efficient and effective acquisition and utilisation of patient data. Key to this will be the HIS and the data integration platform which will enable us to acquire data, which is then turned into knowledge that can be used to improve our business. To this end, we have begun the process of replacing our long-serving electronic medical records (EMR) system with a new HIS system capable of delivering on the initiatives and integration necessary to meet our business vision and goals. The plan is to leverage the vast amount of data we have to enhance the patient experience and service levels. At the same time, we will consider how best to scale this data across touchpoints at all KPJ hospitals so that we can create a seamless experience for customers. We will also explore how best to monetise these data insights to create new cross-selling and up-selling opportunities which will lead to new business models.

All these activities will also help lay the foundations for the digital health portal and application that we intend to embark on. Through our upcoming offer of remote diagnostics and monitoring services, virtual telehealth sessions, and online ordering of tests and medication, the Group's patient care capabilities will be strengthened. All in all, our patient-centric digital transformation roadmap aims to deliver better, seamless, and more affordable care for our patients.

GTS - CHAMPIONING DIGITALISATION ACROSS KPJ

Group Technology Services (GTS) is KPJ's technology arm that is responsible for developing and providing system-wide end-to-end solutions, services and technological innovation. Tasked with driving KPJ's digitalisation roadmap, GTS is delivering on this mandate by leveraging technologies such as cloud computing, social media, mobile computing, IoT, and Big Data. GTS is also tasked with improving the integration of all KPJ's infrastructure and digital platforms so that the Group can tap a data-driven approach to develop its healthcare products and services, make tangible improvements in the quality of patient care and safety, as well as increase operational efficiency and productivity.

In 2021, GTS initiated the tender to replace the current EMR system with a new HIS. The tender included proof-of-concept requirements and comprised a large User Requirement Technical Evaluation Committee which included the technical team, doctors, consultants, pharmacists and other relevant users to ensure all aspects of the requirements were fulfilled.

For 2022, GTS will implement the pilot project for the HIS at DSH2, and from 2023 onwards, will continue to roll the HIS out in phases throughout the Group. GTS is also set to make improvements to KPJ's technology infrastructure, governance and security as well as data-driven components by introducing elements such as master data management (MDM) and the business dashboard, among others, to provide business owners enhanced visibility for better decision making.

For more information on how KPJ is leveraging innovation and technology to strengthen operational efficiency and business performance, please refer to pages 43 to 44 of KPJ's Sustainability Report 2021.

Health Tourism

LAYING THE FOUNDATIONS FOR A RECOVERY IN HEALTH TOURISM

The COVID-19 pandemic continued to pose a significant challenge to travel and health tourism businesses in 2021 given the high number of infections worldwide, border closures and movement restrictions. For Malaysia, only Malaysian citizens, permanent residents and selected number of visa holders including selected medical travellers were allowed to enter the country subject to strict Standard Operating Procedure (SOP) policies.

An exception to this was Langkawi where a travel bubble that was introduced on 15 November 2021 allowed international travellers restricted entry to the island but not the mainland. On 29 November 2021, the Malaysia-Singapore Vaccinated Travel Lane (VTL) scheme was launched to facilitate air and land quarantine-free travel between the two countries. However, this was then suspended on 23 December 2021 following a rise in the number of Omicron infections.

Following the success of the vaccination rate under the National Immunisation Programme, border restrictions were relaxed for the commercial flights of selected airlines in the third quarter of 2021. In tandem with this, aviation authorities and airport management came forward to improve travel process flows as well as develop partnership programmes with selected medical providers to ensure the safety of travellers and the nation. As one of the medical providers selected to be part of this initiative, the KPJ Group collaborated with these parties and began generating income from referrals. By the year's end, our hospitals – namely KPJ Damansara, KPJ Ampang Puteri, KPJ Johor, KPJ Tawakkal and KPJ Puteri – collectively turned in some RM0.989 million in revenue from health travellers seeking medical treatment in Malaysia.

A RESILIENT PERFORMANCE AMIDST A CHALLENGING MARKETPLACE

Despite the year's positive developments, the mostly muted backdrop continued to affect our Health Tourism business which saw a decline in overall revenue in 2021. Overall, the Group registered a 13% drop in revenue to RM82.0 million (2020: RM94.7 million) and a 11% reduction in overall patient visits to 121,084 visits (2020: 135,871 visits).

The Group continued to mitigate the challenges brought on by the pandemic by implementing cost containment measures, undertaking aggressive promotions to foreigners and expatriates remaining in Malaysia, as well as conducting consultations with existing patients in their home countries via virtual platforms. Our strategy of focusing on foreign patients paid off even as expatriates, foreign workers, international students and Malaysia My Second Home (MM2H) participants continued to visit our hospitals for treatment.

As a result of continued healthcare spending by this category of patients, including visits for COVID-19 screening tests, medical check-ups and vaccinations, the total revenue for the foreign patients' category rose by 10% to touch RM68.4 million (2020: RM62.1 million) while the number of visits increased by 9% to 104,608 visits (2020: 96,359 visits).

PLANNING FOR IMPENDING MARKET RECOVERY

Moving forward, there are signs of an imminent recovery for the travel and health tourism segments following developments in the early part of 2022. On 16 February 2022, the Malaysia-Singapore VTL scheme resumed with immediate effect. In March 2022, Malaysia began discussing VTL schemes with another 11 countries. On 1 April 2022, as part of the plan to transition to the endemic phase of the pandemic, Malaysia reopened its borders to allow quarantine-free travel and international tourism after some two years. The authorities at that time were of the the opinion that the success of the NIP and subsequent booster shots should serve as a sufficient bulwark against the virus. With international travellers allowed to enter the country, Tourism Malaysia is targeting two million international tourist arrivals and some RM8.6 billion in tourist receipts for 2022.

In line with these developments, the Group has laid out its own plans to make the most of the forthcoming anticipated resurgence in the travel and health tourism segments. Leveraging comprehensive marketing strategies with a focus on diversifying the health tourism business, KPJ is looking to undertake the following in 2022:

- Re-energise the Indonesia market as our primary health tourism business for KPJ;
- Penetrate new markets within ASEAN and MENA as secondary markets for KPJ;
- Establish contact and network with international insurers and Third Party Administrators by providing cashless services to their members when they come and seek treatment at KPJ Hospitals;
- Establish and build rapport with medical evacuation companies for emergency and high profile cases to be moved to KPJ Hospitals;
- Undertake collaboration and partnerships with international corporations, associations, clubs and airlines; and
- Adopt and leverage digital marketing activities including search engine optimisation (SEO), search engine marketing (SEM) as well as major digital marketing advertisement platforms and social media platforms to build the KPJ brand.

Should the plans on the national and Group fronts pan out, we are confident of seeing a turnaround in our Health Tourism business.

Total revenue for the foreign patients' category rose by

▲ 10% **RM68.4 million**

2020: RM62.1 million

Number of visits increased by

▲ 9% **104,608 visits**

2020: 96,359 visits

19:30 to 23:50

Delivering efficient, patient-centric healthcare

KPJ's value proposition centres on managing a network of specialist hospitals in a professional, efficient and prudent manner. To this end, we have developed a comprehensive set of patient-centric frameworks, measures, processes and procedures all aimed at delivering excellent clinical and service quality to our patients.

21:40

Our Team Approach to Patient Care
KPJ's team-based model of care seeks to meet patient needs and preferences by actively engaging patients as full participants in their care, while encouraging all healthcare professionals to function to the full extent of their education, certification, and experience.

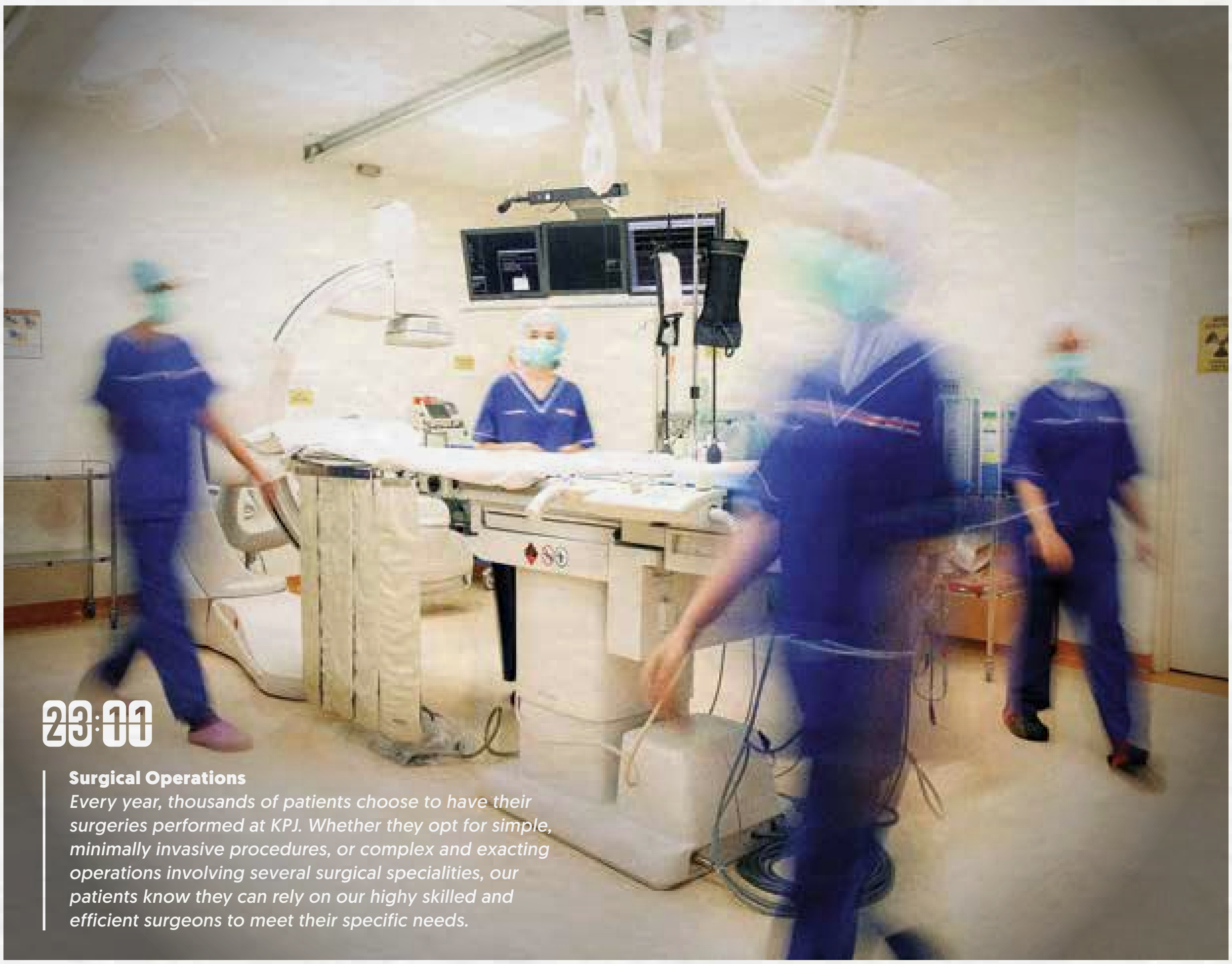
20:11

24-Hour Accident and Emergency Services
KPJ's highly responsive Accident and Emergency (A&E) services team provides round-the-clock outpatient services and care for minor as well as major illnesses, injuries and trauma. A doctor is available on site 24-hours a day to expedite emergency management.

22:05

International Patient Centre

KPJ's International Patient Centre (IPC) is a one-stop centre that is committed to upholding high standards of patient care through its offer of specialist expertise, personalised patient care, and leading edge technology. The team provides stellar care and comfort to patients before, during, and if necessary, after their visit to the IPC.



23:11

Surgical Operations

Every year, thousands of patients choose to have their surgeries performed at KPJ. Whether they opt for simple, minimally invasive procedures, or complex and exacting operations involving several surgical specialities, our patients know they can rely on our highy skilled and efficient surgeons to meet their specific needs.

Our Market Landscape

2021'S CHALLENGING MARKET BACKDROP

The year 2021 was the second full year in which the COVID-19 pandemic continued to challenge and dominate the agenda of the healthcare industry. While many had predicted an early recovery from the pandemic moving into 2021, the resurgence of positive cases and developments of variants such as Alpha, Beta and Delta brought an end to these hopes very quickly. Spikes in case numbers led to further lockdowns and policy measures by governments, which in turn led to further disruptions to economies and the healthcare industry the world over.

Towards the year's end, the world found itself in the middle of another global surge of infections, driven largely by the Omicron variant. Although news of spiking cases was rather gloomy, data suggested that Omicron caused milder symptoms among vaccinated people than the Alpha or Delta variants. Still, Omicron's high rate of transmissibility requires that we become even more vigilant about improving vaccination rates globally.

For 2021 as a whole, global economic growth surged to 5.8% against a contraction of 3.1% in the preceding year as lockdowns in many nations were eased and stronger demand growth emerged. While periodic resurgences of the virus impacted the pace of recovery for some nations, the overall positive momentum gained from COVID-19 vaccinations helped fuel the reopening and recovery of the global economy. This was further sustained by a strong rebound in global trade, despite deteriorating supply chain issues.

On the domestic front, the Malaysian economy grew by 3.1% in 2021 in comparison to a contraction of 5.6% in 2020. Despite the improvement in growth, the COVID-19 pandemic continued to have a disruptive impact on the Malaysian economy in 2021, particularly during the first three quarters of the year. This was due to the reinstatement of Movement Control Order (MCO) restrictions in the first half of 2021.

To nurse an ailing Malaysian economy back to health, the Government rolled out the first phase of a four-phase National Recovery Plan (NRP) in mid-July with restrictions eased for those who had been fully vaccinated. At the same time, more business sectors were allowed to resume operations. As economic recovery strengthened and consumer confidence improved, the economy began picking up towards the final quarter of the year. This was primarily attributable to the successful rollout of the national immunisation programme (NIP).

IMPACT ON THE HEALTHCARE INDUSTRY

The ongoing COVID-19 pandemic has undoubtedly put tremendous strain on public healthcare facilities and on frontline medical staff, doctors and nurses. This has been a very challenging time for the industry. The public healthcare system in particular, which has had to deal with high patient volumes even in the pre-pandemic era, bore the brunt of the impact as it took on the responsibility for dealing with the majority of COVID-19 cases in the country. The rise in cases in 2021 saw ICU units in public hospitals reach critical levels, putting tremendous strain on the system and healthcare workers.

In an effort to mitigate this impact on the public healthcare system, KPJ, together with other private healthcare groups, stepped forward to help out by significantly expanding public private partnership opportunities with the Ministry of Health (MOH) and the Government. KPJ's support of the public healthcare system saw us extensively growing our decanting programme by taking a significant number of non-COVID-19 patients out of the public system and providing services to the MOH using a cost recovery formula. All of this helped reduce the pressure on public hospitals. We also continued to expand our COVID-19 testing activities at KPJ hospitals for members of the public through in-hospital care or emergency drive-through services.

The Governments' NIP has been a game-changing effort, with close to over 81.5% of the Malaysian population now fully vaccinated as a result of this initiative. In support of this effort, KPJ was one of the largest contributors from the private sector, running numerous Vaccination Administration Centres or Pusat Pemberian Vaksin (PPV) across the country utilising our extensive network of hospitals. In addition, we extensively supported two Mega PPVs at the Kuala Lumpur Convention Centre (KLCC) and Mid Valley, South Key in Johor Bahru.

For private healthcare service providers in Malaysia such as KPJ, the immediate impact of the pandemic came in the form of significantly reduced patient volumes owing to the MCOs and the postponement of elective treatments by patients as they steered away from hospitals for fear of contracting the virus. In April 2020, under the first MCO in Malaysia, our bed occupancy rate or BOR fell from a pre-pandemic rate of about between 65% and 70% in 2019 to a low of 25% in April 2020. While hospitals have seen an improvement in occupancy rates since then, they have yet to return to a trajectory similar to pre-pandemic levels, and have had to adjust their plans accordingly.

Most private hospitals experienced a decline in revenue over that time due to the postponement of elective and non-urgent treatment due to the pandemic as well as a fall in foreign patient volumes due to international travel restrictions. To mitigate the impact of dwindling customers, hospitals focused on optimising their costs and stabilising revenues by creating new revenue streams including providing COVID-19 related services. With Malaysia having opened its borders up on 1 April 2022, healthcare tourism is expected to pick up again.

Our Market Landscape

HEALTHCARE TRENDS

Positive Forces at Play

Aside from facing one of the worst pandemics of modern times, a number of positive forces – such as exponential advances in medical science, an explosion of digital technologies, data access, analytics, informed and empowered consumers, as well as a movement from disease care to prevention and well-being – are proving to be the catalysts that are set to transform the healthcare sector over the next few years.

The confluence of these factors is set to drive healthcare stakeholders, including governments, insurers, providers and consumers to re-imagine healthcare delivery and management. The COVID-19 pandemic has put the healthcare industry in the spotlight, exposing numerous weaknesses in healthcare systems and accelerating the drive for change.

Shifting Demographics – Aging Populations and a Growing Middle Class

Although the populations of ASEAN countries are younger than those in many developed countries, ASEAN populations are beginning to age. The proportion of the population aged 65 or above was 5.3% in the year 2000, but this is projected to rise to 10.3% by 2030. Health issues such as smoking and obesity are also highly prevalent in ASEAN countries, which will translate into higher incidences of severe non-communicable diseases. Demand for healthcare services, especially elderly care and the treatment of common chronic diseases, are expected to rise notably in future.

ASEAN achieved significant economic growth in the last decade, with a 5.2% real GDP annual growth rate in the period 2010 to 2019. This rapid economic growth led to a growing ASEAN middle class. By 2030, the size of ASEAN's middle class is expected to reach 334 million. Middle class consumers tend to be very conscious of health and wellness issues and demand better access to convenient and affordable care. Health in essence, has become the new wealth.

Greater Focus Needed on Healthcare Expenditure

Today, governments in Asia, on average, spend only 4.5% of their GDP on healthcare, compared with the OECD average of 12%. Yet governments are the dominant payers in Asia, accounting for 64% of all health expenditure in 2018 (compared with private insurers, which covered 7%). Finding ways to control the growth of healthcare expenditure remains an urgent public priority even while prioritising quality and access for patients.

Digitalisation as a Healthcare Enabler

COVID-19 has undoubtedly become the accelerator of digital transformation in the healthcare industry with digital innovations such as virtual healthcare having rapidly materialised as a result of the pandemic. Moving into the future, the health sector is expected to move towards IT systems powered by Cloud computing and data analytics tools enabling real-time, smart healthcare solutions. Healthcare providers will begin adopting data platforms supported by deep learning capabilities and behavioural research that are able to ascertain and shape consumer beliefs and actions.

A Growing Focus on Patient-Centric Experiences

The patient experience is also a becoming a key driving force. The needs and goals of consumers are propelling innovation in health-related products, services, and tools. Consumer preferences are pushing the development of digital on-demand services and forcing the transition to patient-centric healthcare delivery.

The Need for More Innovative Healthcare Models

The challenges of healthcare affordability, access, quality, and efficiency are apparent and existing healthcare models may impede efforts to adapt and evolve. Innovation in healthcare delivery models can help reduce or eliminate many of the challenges arising from today's delivery models. Future healthcare models are set to shift towards being more consumer-oriented with a greater focus on prevention and well-being, among other things. KPJ's Ambulatory Care Centre (ACC) initiative is a fine example of a new disruptive model that will offer better greater choice and quality of service to our patients.

2022 – POTENTIALLY A TURNAROUND YEAR

The year 2022 is expected to be a watershed year for most nations as they transition towards endemic management of COVID-19. Although the global economy is expected to continue along a recovery path, policymakers are adjusting their policy settings against rapidly evolving uncertainties, such as the ongoing military conflict in Ukraine. At the same time, the potential spread of Omicron or other variants may result in mobility restrictions, border closures, and health impacts. This may vary from country to country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labour supply, and the importance of contact-intensive sectors.

Moving forward into 2022, the Malaysian economy is expected to grow between 5.3% and 6.3% particularly due to the high rates of vaccination achieved. 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. The nation is expected to continue benefitting from the expansion in global demand, the easing of containment measures supporting the resumption in economic activities, continued recovery in the labour market and accelerated production activities. Further progress in infrastructure projects, continued policy support from the Government and expansion in exports underpinned by strong external demand and higher commodity prices, are also expected to support the growth momentum.

In addition, government policy is shifting towards avoidance of the use of highly disruptive lockdowns due to high vaccination rates as we move into the endemic phase of the pandemic. Similarly, the opening of Malaysia's borders will help facilitate a recovery in health tourism, which is an important growth opportunity for the Malaysian healthcare industry.

Stakeholder Engagement

KPJ's intricate stakeholder ecosystem serves as the foundation upon which our synergistic relationships with our stakeholder groups are built upon. Given the diversity in terms of their various capacities and functions, each stakeholder group plays a pivotal role in the Group's operations. We are committed to not only meeting but exceeding the expectations of the various stakeholder groups which we cater to. To this end, we are constantly evolving our processes and operations to ensure we continue to deliver excellent patient-centric medical services in the bid to create long-term value.

In 2021, our stakeholder management efforts revolved around our COVID-19 mitigation and treatment measures as well as our Re-energising KPJ agenda. These measures are detailed in the following individual stakeholder sections.

Stakeholder Engagement

01 PATIENTS

Our patients play a central role in KPJ's business growth. Our role is to enhance the quality of life of our patients by providing comprehensive, high-quality healthcare services as we endeavour to be the most trusted provider of healthcare services in Malaysia.

Engagement Platform

Method of Engagement	Frequency
Customer Satisfaction Survey	Monthly
Corporate and hospital websites	On-going
Comprehensive integrated social media presence	On-going
Health-related information magazines	Quarterly
Health awareness days	On-going
Service brochures with hospital information	On-going

Key Concerns

- Delivery of quality healthcare services
- World class health facilities and technology
- Positive patient experience and outcomes

Response

- Monitor Customer Satisfaction Index (CSI)
- Initiate Customer Satisfaction Enhancement programme
- Undertake inclusive dialogue with patients
- Improve patient access and maximise the use of the best technology in patient care

Impact to Strategy

Concerns raised can impact KPJ's ability to offer quality healthcare services and the best clinical outcomes. They also affect our ability to create sustainable long-term value for our stakeholders.

Link to Strategic Thrusts

S3 S7

02 EMPLOYEES

With over 15,000 employees, our business relies on our committed workforce to support and drive our healthcare operations and execute our business goals. In turn, we are committed to investing in the welfare of our employees and consultants and to building a strong and mutually beneficial working relationship with them.

Engagement Platform

Method of Engagement	Frequency
Townhalls	Annually/ Bi-annually
Employee performance review programmes	Annually
Employee engagement survey	Annually
Staff wellness, engagement and recognition programmes	On-going
Intranet portal	On-going

Key Concerns

- Career progression
- Health, safety and human rights
- Work-life balance

Response

- Provide effective training and development programmes
- Provide fair and equitable employee benefits and welfare provision as well as recognition
- Ensure compliance with the Group's Code of Ethics and Business Conduct

Impact to Strategy

Our employees are our most valuable assets as they directly carry out our mission towards achieving business success. Therefore, KPJ strives to provide them with a safe, motivating, and rewarding work environment at all times as part of our corporate responsibility efforts.

Link to Strategic Thrusts

S2 S5 S6

Stakeholder Engagement

03 CONSULTANTS

Our medical consultants are the key drivers that contribute to successful patient outcomes which lead to the Group's revenue growth. They are also involved in decision-making across our facilities, providing input and insight on many aspects and issues.

Engagement Platform

Method of Engagement	Frequency
Townhalls	Annually/ Bi-annually
Medical conference	Annually
Partner relationship programme	Annually
Consultant management meeting	Bi-Annually
Meetings of the clinical committees	Quarterly

Key Concerns
- Quality healthcare services
- Top-notch equipment and facilities
- A safe, motivating and rewarding workplace

Response
- Enable well-trained clinical and support staff
- Provide state-of-the-art equipment, updated systems and convenient facilities
- Offer attractive new packages and services
- Ensure compliance with the Group's Code of Ethics and Business Conduct

Impact to Strategy
Being in the healthcare industry, consultants are essential partners and an integral component of our business. With this in mind, KPJ is always committed to supporting the needs of our consultants by creating the right ecosystem for them to provide the highest level of care to patients.

Link to Strategic Thrusts
S2 S5 S6

04 INVESTORS AND SHAREHOLDERS

Investors and Shareholders provide us with the financial capital for our growth. Hence, we strive to create value in order to maintain their confidence in our ability to generate strong financial returns.

Engagement Platform

Method of Engagement	Frequency
Investor and analyst briefing	Quarterly
Financial results	
Corporate website	On-going
General meetings (Annual General Meeting/ Extraordinary General Meeting)	Annually
Investor meetings	Annually/ bi-annually

Key Concerns
- Shareholder returns
- Corporate governance
- Business sustainability
- Clear and transparent reporting

Response
- Ensuring improved hospital operations and support companies to optimise financial performance
- Ensuring adherence to corporate governance best practices and ensuring compliance with policies
- Timely reporting of results, data, and statistics pertaining to operational and financial performance

Impact to Strategy
Shareholder value creation

Link to Strategic Thrusts
S7

Stakeholder Engagement

05 GOVERNMENT AND REGULATORS

Healthcare is one of the most regulated industries compared to other industries. Therefore, maintaining a strong relationship with government bodies and regulators is a crucial role for us since our business model depends on compliance with agencies such as 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).

Engagement Platform

Method of Engagement	Frequency
License applications	Biennial/ annually/ as required
Facilities inspection	As required
Healthcare conference	Annually

Key Concerns
- Regulatory compliance
- Fair and ethical business practices
- Involvement in public facilities

Response
- Strengthen governance policies, standards, frameworks, and adherence to the regulatory requirements.
- Implement regular internal and external audit and reviews
- Support the Public-Private Partnership or PPP programme

Impact to Strategy
KPJ factors the relevant government policies and requirements into all its internal policy and procedures, strategic plans and decision-making processes.

Link to Strategic Thrusts
S1 S2 S3 S4 S6

06 BUSINESS PARTNERS

We have business partners in different kinds of industries such as funding agencies, banks, insurance, media agencies, and many others. Their function is to provide mutually beneficial support for the growth of our business.

Engagement Platform

Method of Engagement	Frequency
Regular meetings	Weekly/ monthly/ quarterly/ annually
Contract negotiations and renewals	
Media releases/media announcements	
Quarterly briefing sessions	
Media relationship programmes	

Key Concerns
- Clinical quality and healthcare delivery improvements are offered at reasonable prices
- Competitive pricing offered via promotional packages
- Revising contracts and agreements and arranging panels for new KPJ hospitals with major corporate clients
- News updates on print/broadcast/digital platforms to increase brand prominence and promote services

Response
- Corporate Client Management (CCM) is a fundamental part of our customer service philosophy, particularly in relation to our business partner and their activities and performance.
- Accurate and truthful information through our media platforms and constantly monitor all related news regarding KPJ

Impact to Strategy
Forging a strong relationship with a partner in another industry enables us to offer a wider range of healthcare packages and services and influence customer demand.

Link to Strategic Thrusts
S1 S2 S4 S6 S7

Stakeholder Engagement

07 ACCREDITATION BODIES AND INDUSTRY ASSOCIATION

KPJ has 19 hospitals with MSQH accreditation and four hospitals accredited by the Joint Commission International (JCI). KPJ is also a member of the Association of Private Hospitals, Malaysia or APHM, which plays an important role in achieving the objective of raising the standards of medical care in the country. Other key industry associations are the National Specialist Register (NSR), Malaysia Medical Association (MMA) and Malaysia Healthcare Travel Council (MHTC) and also it is important that we maintain the status of our accreditations and continue to have a voice within the industry through our associations. Malaysian Medical Council (Registers and governs doctors to practice Medicine in Malaysia).

Engagement Platform

Method of Engagement	Frequency
KPJ's Management serve in various roles including as President and Treasurer of the MSQH, and Vice President of the APHM	Annually – MSQH's AGM
KPJ's Medical Director and Senior Management serve as Board members of the APHM	Annually – APHM Conference
KPJ's Chief Nursing Officer serves as the Chairman of the Nursing Committee of the APHM	Regular Meeting
Participation in conferences	On-going

Key Concerns

- KPJ's policy emphasis on accreditation based on industry standards is communicated through the APHM and MSQH vis-à-vis the MOH, MOF, etc.
- Participation in the PPP via the APHM

Response

- KPJ has complied with the MSQH 5th Edition Accreditation Standard in relation to hospital accreditation
- KPJ is involved via its hospitals in support of initiatives conducted by the APHM

Impact to Strategy

The management and operations of industry-certified and accredited hospitals affect our ability to generate sustainable and long-term growth of our network of hospitals within the healthcare industry.

Link to Strategic Thrusts

S1 S2 S3 S6

Stakeholder Engagement

08 SUPPLIERS & VENDORS

Our suppliers deliver high-quality products and services that help us in value creation in line with internal, regulatory, and accreditation agency standards. At the same time, we provide suppliers with ongoing support and income to thrive in the market.

Engagement Platform

Method of Engagement	Frequency
Regular meetings with medical and non-medical suppliers	Weekly, monthly, quarterly and annually
Tender, bidding, quotation, and contract negotiations	
Product demonstrations and evaluations	
Training and collaboration at events	

Key Concerns

- Compliance with applicable regulatory requirements and quality standards
- Availability of products and services and ability to provide continuous support
- Fair and transparent negotiations
- Active communication with suppliers

Response

- Streamlining and centralising our procurement processes to improve efficiency and cost-effectiveness
- Reporting performance and monitoring to improve efficiency throughout the supply chain
- 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 (SHE) Policy
- Developed Supplier Code of Conduct

Impact to Strategy

Our suppliers and vendors are key enablers in achieving our objective of offering quality healthcare services.

Link to Strategic Thrusts

S1 S4 S7

09 LOCAL COMMUNITIES

Communities may be directly or indirectly impacted by our operations and it is important to understand their concerns. As for KPJ, we are committed to maintaining long-term engagements with communities through numerous initiatives to foster goodwill and enduring relationships.

Engagement Platform

Method of Engagement	Frequency
Community outreach programme i.e., KWAN	Daily/ monthly/ as required
Baby hatches	
Other Ad-hoc CSR programmes	

Key Concerns

- Affordable and accessible healthcare
- Development of communities prioritising solidarity, social welfare, health and safety.

Response

- Continuous investments in identified community engagement programmes, in line with WHO's promotions and initiatives
- Expanding reach of social healthcare services, targeting urban poor, and rural areas
- Eight of our KWAN Clinics are MSQH-accredited, which ensures we provide quality healthcare and services to our communities
- KPJUC conducts in-campus interviews for employment placements as per our hospitals' requirements and assists future graduates with job opportunities
- Contributions of KPJ medical consultants on a pro bono basis to serve non-COVID-19 patients referred by the MOH

Impact to Strategy

Our engagements with local communities provide a platform for us to showcase our good corporate citizenship practices.

Link to Strategic Thrusts

S2 S7

Material Matters

Materiality is crucial to KPJ's value creation journey. It allows us to pinpoint the material or important topics that have a direct or indirect impact on our ability to create, preserve or erode value for the Group, our stakeholders, and the environment that we operate in. We employ a comprehensive approach when identifying material matters, by taking into consideration a wide range of internal and external factors that impact our ability to create value.

From a broad perspective, we are concerned with how we are impacted by our operating environment, stakeholder expectations and the risks and opportunities present in our industry. For more information regarding our operating environment, please refer to the details in the Our Market Landscape section on pages 88 to 89. We also share the manner in which we engage our stakeholders on pages 90 to 95 as well as highlight how we manage our key risks and opportunities on pages 98 to 104.

Material Matters	Factors	Affected Stakeholder Groups	Link to Strategic Thrusts	Link to Risks and Opportunities
Cost of Healthcare Services	• Fluctuations in the Ringgit Malaysia exchange rate affect the cost of imported items like drugs, surgical items and medical equipment. • Supply chain disruptions result in the scarcity of supplies globally for healthcare essentials which in turn push prices up. • Staff costs are inflated due to a shortage of experienced specialised healthcare professionals as well as competition from other operators. • Efficient and vigorous cost optimisation measures help manage direct costs and operating overheads; while procurement policies are designed to obtain supplies from the best sources at the lowest prices possible. Investments in technology and in energy efficient appliances help to optimise energy consumption. All this led to CAPEX cost savings amounting to 31% in 2021. • Since private healthcare services are priced based on a "cost plus" model, optimal cost management helps promote an efficient and competitive pricing framework.	• Patients • Intermediaries • Government and Regulators • Accreditation Bodies and Industry Associations • Investors and Shareholders • Local Communities	S1, S2, S5, S6, S7	• Ensuring Availability of Key Medical Staff and Consultants • Clinical Care
Managing and Retaining Talent	• Shortage of experienced specialised nurses and specialist consultants due to competition from other hospital operators. • Competitive remuneration packages and benefits to attract and retain the right talent. • A conducive working environment and culture promote a healthy work-life balance.	• Employees and Consultants • Investors and Shareholders	S5	• Ensuring Availability of Key Medical Staff and Consultants
Government Regulations	• Strict licensing regime under the Private Healthcare Facilities and Services Act 1998. • The cost of compliance with stringent regulations on licensing of hospital facilities, staffing ratio, quality standards, security of medical records, as well as occupational safety and health.	• Government and Regulators • Intermediaries • Patients • Employees and Consultants • Investors and Shareholders	S1, S2, S3, S4, S5, S7	• Government Policy and Compliance

Material Matters

Material Matters	Factors	Affected Stakeholder Groups	Link to Strategic Thrusts	Link to Risks and Opportunities
Quality of Service Standards	• Patient-centric, qualified and experienced healthcare professionals. • Strict adherence to government regulations, accreditation standards and KPJ Clinical Governance Framework.	• Patients • Intermediaries • Employees and Consultants • Investors and Shareholders	S1 S2 S5 S6 S7	• Clinical Care • Compliance with Accreditation Requirements • Ensuring Availability of Key Medical Staff and Consultants • Insurance Management
Funders for Healthcare Services	• Intermediaries like private insurance companies, managed care organisations and corporate employers contribute around 66% of hospital revenue. However the prolonged COVID-19 impact is anticipated to reduce corporate spending. • Patients with medical insurance cards or letters of undertaking from their employers are able to be treated at any KPJ hospital nationwide. • Collectively, these intermediaries come together and mutually negotiate with KPJ as to how much the Group can charge for services. This in turn influences KPJ's revenue and market share.	• Patients • Employees and Consultants • Investors and Shareholders • Intermediaries	S2 S3 S6 S7	• Clinical Care • Compliance with Accreditation Requirements • Ensuring Availability of Key Medical Staff and Consultants • Insurance Management
COVID-19 Preparedness	• Patient flow into all KPJ hospital premises is being reviewed to avoid the potential risk of exposure to Persons Under Investigation (PUI) and confirmed COVID-19 cases. This is enabling effective screening at all entries into KPJ's hospital. • Adherence to hand hygiene compliance has become a ritual norm among healthcare professionals and the patients. • To ensure compliance with Standard Operating Procedures (SOPs), the identified COVID-19 Compliance Officers in the hospitals have been doing regular monitoring. • Retrofitting of the facilities has been initiated to minimise hospital-acquired infections and to ensure patient safety. • In managing COVID-19 patient admissions to KPJ's hybrid hospitals (in support of the MOH), initially only Category 1 and 2 patients were admitted, however admissions were eventually extended to include management of all the categories. • In 2021, KPJ nurses were deployed to serve in various government-related areas including COVID-19 wards, hospital PPVs, Mega PPVs, and District Health Offices. This sorely affected our manpower resources as many of our healthcare professionals were tested positive for the virus with a huge number being quarantined daily due to external contact. The situation was managed by leveraging group synergy within the region and training more nurses to be vaccinators. • KPJ hospitals also provided ventilators to public hospitals throughout Malaysia to mitigate the shortage at public hospitals.	• Government and Regulators • Patients • Employees and Consultants • Investors and Shareholders • Intermediaries • Accreditation Bodies and Industry Associations	S1 S2 S3 S5 S6 S7	• Ensuring Availability of Key Medical Staff and Consultants • Clinical Care • Compliance with Accreditation Requirements • Government Policy and Compliance • Disease Outbreak – COVID-19 Pandemic

Managing Risks and Opportunities

ENSURING THE AVAILABILITY OF KEY MEDICAL STAFF AND CONSULTANTS

Risk Definition

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.

Impact of Risk on KPJ

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. The retirement of senior consultants may also jeopardise the continuity of the talent pool in certain sub-specialties.

HOW WE MANAGE OR MITIGATE THE RISK

- KPJ focuses on staff retention, and pursues various training and productivity strategies to widen staff career opportunities to serve the Group.
- To ensure a strong talent pipeline, KPJ leverages its educational platform, KPJUC, that conducts various medical and healthcare courses from certificate to PhD level.
- KPJ's network of hospitals (that are equipped with international standard facilities and equipment) is a strong pull factor for specialist consultants who are considering whether to join the Group or not.
- KPJ's robust Clinical Governance Framework that promotes clinical safety and excellence offers a strong safety net for healthcare professionals.
- Continued investment in appropriate skills development and offering a succession plan programme and reward strategy help to retain our talents and professionals.

OUTCOME

- One new Post Basic programme was approved in 2021 i.e., Post Basic Perioperative Nursing. The programme commenced on 4 October 2021.
- One new Post Basic programme is currently pending provisional approval from the Ministry of Higher Education (MOHE) i.e., the Post Basic in Renal Nursing. The approval is expected to be acquired in 2Q 2022.
- One new medical specialist programme i.e., Post Graduate Training in Paediatric commenced in June 2021.
- One Master programme is also currently pending provisional approval from the MOHE i.e., the Master of Anaesthesiology.
- There are five new programmes in 2022 which are currently in the pipeline for submission and the approval of the MOHE. The programmes are the Master in Clinical Pharmacy (by research), Master in Health Sciences (by research), Post Basic in Emergency Medicine, Bachelor in Business Administration and Foundation in Management.
- As at 31 December 2021, a total of 33 new resident consultants from various disciplines joined the Group.

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

Material Matters

- Managing and Retaining Talent

Strategic Thrusts

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

Managing Risks and Opportunities

CLINICAL CARE

Risk Definition
Delivering high quality, customer-focused healthcare services to provide for market needs and expectations.

Impact of Risk on KPJ
Failure to provide high quality patient-centric care may lead to negative media comments and patient dissatisfaction that will affect KPJ's reputation and drive away customers.

HOW WE MANAGE OR MITIGATE THE RISK

- The Medical Advisory Committee (MAC) serves as the apex clinical committee overseeing KPJ's Clinical Governance Framework and the guidelines for sound and ethical medical practices. The MAC has various subcommittees within its purview namely the Central Credentialing and Privileging Committee (CCPC), Clinical Governance Policy Committee (CGPC), Clinical Governance Action Committee (CGAC), Clinical Risk Management Committee (CRMC), Research and Quality Innovation Committee (RQIC) and Clinical and Research Ethics Review Committee (CRERC).
- The Clinical Risk Management Committee (CRMC) is responsible for reviewing and overseeing the effectiveness of the clinical ERM framework, with all major clinical risks and incidents related to patient and staff safety presented to the CRMC.
- KPJ Patient Safety Goals under the purview of the MAC are designed to ensure that all KPJ hospitals are offering patients the best care possible.
- The analysis of trends of clinical outcomes are monitored and act as references to mitigate any risk that relates to clinical and infectious diseases.
- Continuous training and awareness programmes among healthcare professionals help KPJ to keep abreast of the latest protocols and guidelines.

OUTCOME

- In 2021, one new policy i.e., the Policy on Chaperone in the Hospital and one Guideline i.e., Guideline on Advance Care Planning were approved by the Clinical Governance Policy Committee, while four policies were updated. The policies are:
  - Blood transfusion Request and Consent Form;
  - HIV Testing and Consent;
  - Sedation Policy; and
  - Policy on Paediatric Age Group.
- In 2021, clinical surveys were conducted on the services and performance of 28 hospitals covering 14 criteria with an average result of 93.5%.
- Statistically, the incident rate in 2020 was reduced as compared to the same period in 2019.
- A higher number of prescription interventions were recorded in 2020 as compared to the same period in 2019.

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

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

Strategic Thrusts
S1 S2 S5 S7

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Increase

GOVERNMENT POLICY AND COMPLIANCE

Risk Definition
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).

Impact of Risk on KPJ
Failure to comply with 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 license 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.

HOW WE MANAGE OR MITIGATE THE RISK

- KPJ continues to strengthen its ERM framework and associated policies and procedures to ensure risks are mitigated as far as possible.
- KPJ has in place significant Clinical Care processes and policies overseen by the MAC and CRMC to ensure continuous compliance with existing laws, rules and regulations.
- KPJ continuously engages with the Ministry of Health (MOH) Malaysia to remain up to date on any potential changes in Government policies.

OUTCOME

- Hospital and other key operating licenses are renewed in a timely manner to ensure continuous service availability and safe work environments. The monitoring of hospital and operating licenses are undertaken centrally by Group Operation and Asset & Facilities Management Services.
- Effective stakeholder management strategies are in place to manage the expectations of the relevant authorities.
- KPJ has embarked on the implementation of ISO 45001 (Occupational Health & Safety Management System). As at 31 December 2021, a total of 18 hospitals were already ISO 45001:2018 Occupational Health and Safety Management System certified.

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

Material Matters
- Government Regulations

Strategic Thrusts
S1 S7

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

Managing Risks and Opportunities

INTEGRITY AND ETHICS

Risk Definition

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

Impact of Risk on KPJ

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. The retirement of senior consultants may also jeopardise the continuity of the talent pool in certain subspecialties.

HOW WE MANAGE OR MITIGATE THE RISK

- KPJ has been a signatory to the Malaysian Corporate Integrity Pledge since 2011.
- The No Gifts and Entertainment Policy, as well as Assets Declaration Policy, were introduced in 2014 and 2017 respectively. These apply to all employees.
- In 2019, the ABMS Steering Committee was established.
- In February 2020, the Integrity Unit was established and a Chief Integrity Officer appointed.
- In January 2021, the ABMS Policy was adopted throughout the Group's subsidiary companies.
- An Integrity Ambassador was appointed at all subsidiary companies.
- On 16 February 2020, the Anti-Bribery/Corruption Policy was signed by the (then) Chairman of KPJ.
- All employees are to undergo the Declaration of Conflict of Interest upon joining KPJ.
- There is continuous communication and awareness of the KPJ Anti Bribery / Corruption Policy and its relevant procedures to all levels of employees via the KPJ Portal, online and physical training.
- KPJ engages a qualified and independent party to obtain the assurance that KPJ is operating in compliance with its policies and procedures related to integrity and corruption.
- KPJ's Whistle-Blowing Policy has been in effect since 2013. An employee, member of the public, vendor/supplier, or stakeholder can make a whistle-blowing report via integrity@kpjhealth.com.my.
- The Integrity Pact implementation guidelines established in 2020 are one of the Anti-Bribery/ Corruption policies. The Integrity Pact is a tool for preventing corruption in procurement processes. It comprises a set of declaration processes by KPJ employees, the procurement committees involved in procurement activities, as well as our suppliers.
- In 2021, vendors/suppliers were notified about the implementation of elements of the Anti-Bribery/ Corruption Policy (i.e., the Integrity Pact and the whistle-blowing reporting channel).
- An annual review of the Bribery Risk Assessment is undertaken to ensure that continually evolving circumstances are assessed for their risks and where necessary, are controlled.
- The Tender Evaluation Committee is responsible for evaluating all tenders for purchases, award of contracts and the appointment of project development consultants/ advisors. It then makes its recommendations to the Tender Committee.

OUTCOME

- Continuously ensuring that all employees reaffirm their commitment through the employee E-Integrity Pledge via the Employee Self Service (ESS) system.
- Execution of the Asset Declaration by all employees.
- Quarterly submission of Compliance Checklist Reporting on all ABMS policies by KPJ.
- All employees have signed the Conflict of Interest Declaration.
- A series of online Integrity and ABMS SOP Awareness training sessions were conducted by the Integrity Unit for all employees of the Group in 2021.
- A total of 12,433 (85% of the total employee groupwide) employees attended the online Integrity and ABMS SOP Awareness training programme in 2021, while progress by the remaining 15% is ongoing. Continual awareness and refresher training sessions have taken place in Q1 and are planned for Q2 2022 to update employees and have them reflect on the relevant changes or new SOP-related information.
- A number of collaborative exercises with the Malaysian Anti-Corruption Commission (MACC) for an online awareness training on integrity entitled "Corporate Liability, Section 17A MACC Act 2009: Its Mitigation on Corruption" and "Taklimat Integriti dan Pencegahan Rasuah" were held in September and October 2021 respectively.
- KPJ completed the ABMS Surveillance Audit by SIRIM which was performed between 1 and 3 November 2021. The audit concluded, "No Non-Conformity Report (NCR)" with one "Opportunity for Improvement" (OFI) recorded.
- Five reports were received from the whistleblowing reporting channel and were investigated in accordance with the Whistleblowing Policy.
- The Integrity Pact declaration was undertaken by vendors/suppliers throughout the Group. A total of 3,578 active vendors in the KPJ Group have executed the declaration and the exercise is ongoing.
- In 2021, the Tender Evaluation Committee conducted nine meetings evaluating all tenders for purchases, award of contracts and appointment of project development consultants/advisors, thereafter making its recommendation to the Tender Committee.

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

Material Matters

- Government Regulations

Strategic Thrusts

S5 S7

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

Managing Risks and Opportunities

COMPLIANCE WITH ACCREDITATION REQUIREMENTS

Risk Definition
KPJ obtains its hospital accreditation from internationally-acknowledged bodies, namely the Malaysian Society for Quality in Health (MSQH) and the Joint Commission International (JCI). These accreditations put the Group's hospitals on par with international hospital accreditation standards.

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

HOW WE MANAGE OR MITIGATE THE RISK

- Maintaining national and international accreditation to remain a leader in the healthcare sector and to support health tourism initiatives.
- All hospitals with MSQH and JCI accreditation 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.

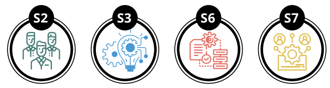
OUTCOME

- 18 hospitals are certified with IMS Certification that includes ISO 9001:2015 Quality Management System, ISO 45001:2018 Occupational Health and Safety Management, ISO 14000:2015 Environmental Management System and ISO 22000:2018 Food Safety Management System.
- 18 hospitals certified with ISO 18001:2007 OSHAS have completed their conversion to the ISO 45001:2018 Occupational Health and Safety Management System.
- 19 hospitals are MSQH-accredited, while 4 are JCI-accredited.
- 8 Klinik Wakaf An Nur (KWAN) clinics are MSQH-accredited.
- Two 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 the Asia Pacific region. The hospitals will be going for the recertification in Q1, 2022.
- 19 of our hospitals have been certified under the Baby Friendly Hospital Initiative (BFHI).

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

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

Strategic Thrusts



INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

Managing Risks and Opportunities

INSURANCE MANAGEMENT

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

Impact of Risk on KPJ
Any legal action could potentially lead to the payment of damages and significant legal costs.

HOW WE MANAGE OR MITIGATE THE RISK

- KPJ has adequate insurance coverage in place for 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.

OUTCOME

- Renewal of Groupwide insurance policies with the competitive premium rates for optimum coverage for the period 1 January 2021 until 31 December 2021.
- 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.

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

Material Matters
- Quality of Service Standards

Strategic Thrusts
S6

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

CYBERSECURITY

Risk Definition
KPJ's IT platform supports a number of management, administrative and clinical processes which are crucial for the smooth operation of the Group.

Impact of Risk on KPJ
KPJ's business could be disrupted if its information systems fail or if its databases are breached, destroyed or damaged.

HOW WE MANAGE OR MITIGATE THE RISK

- KPJ Group Technology Services (GTS) has put in place the following teams, implementation, policies and procedures:
  - Robust IT Service Management policies and procedures in accordance with ISO/ IEC 27001 which was last reviewed in June 2021;
  - A dedicated team of IT Security professionals and Security Operation Centre (SOC) to protect KPJ's IT Infrastructure and Systems;
  - An annual independent security review which is part of the requirement for ISO/IEC 27001 certification;
  - An Annual Disaster Recovery drill as part of the Business Continuity Management (BCM) to ensure the IT Systems availability and recovery during a disaster;
  - Patch Management to ensure all servers and end user devices are fully updated with the latest security patches;
  - Tighter enforcement of access privilege controls, remote access controls and USB control; and
  - User awareness and cybersecurity vigilance.
- GTS Technology Roadmap established to enhance the overall internal controls.

OUTCOME

- Implemented new User Access Matrix (UAM) at all hospitals to enhance systems access security in 2016.
- Regular IT Security Bulletins issued on a monthly basis and IT Security Workshops to all staff to create awareness and enhance cybersecurity vigilance.
- Constant 24 x 7 monitoring of security infrastructure by the 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.
- IT Infrastructure and Systems readiness to ensure Business Continuity during a disaster.

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

Material Matters
- Quality of Service Standards

Strategic Thrusts
S3 S6

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

Managing Risks and Opportunities

READINESS TO RESPOND TO MAJOR INTERNAL OR EXTERNAL INCIDENTS

Risk Definition

During an emergency or an internal or external disaster, KPJ has to respond in a timely manner to critical incidents.

Impact of Risk on KPJ

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 could cascade down to impact the Group's reputation in the marketplace, and may affect its future profitability.

HOW WE MANAGE OR MITIGATE THE RISK

- In order to strengthen the existing management plan under disaster and emergency situation, KPJ has developed the KPJ Business Continuity Management (BCM) Framework which serves as a guide for the Group in drafting BCM system plans, policies and procedures.
- The framework facilitates a structured and scalable approach for designing and executing the Business Continuity Plan (BCP) as well as provides a one-stop reference for the BCM concepts, expectations and deliverables from all stakeholders within the Group.
- 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.
- KPJ has established Fire Rescue & Prevention Plan procedures, together with the Emergency Response Team (ERT) and Occupational Safety and Health Committee in 2021.

OUTCOME

- KPJ has a Business Continuity Plan (BCP) in place to ensure that critical business processes and activities can be restored in a timely manner in the event of an incident or disaster.
- In December 2021, Peninsular Malaysia was hit by floods, indirectly impacting KPJ's staff and several of KPJ hospitals operations. Emergency Plans were effectively activated in accordance with the Disaster and Emergency Management Plan and Emergency Response Plan, as part of the BCP.
- Fire drill exercises were conducted at all KPJ hospitals throughout 2021. In addition, the majority of KPJ's hospitals have appointed qualified Safety Officers (SOs).

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

Material Matters

- Government Regulations
- Quality of Service Standards

Strategic Thrusts

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

Managing Risks and Opportunities

DISEASE OUTBREAK - COVID-19 PANDEMIC

Risk Definition

The COVID-19 pandemic has continued to cause disruption and uncertainty among companies across the globe including those in various sectors or industries in Malaysia. As a result, economic and business activities have been impacted negatively. The ongoing pandemic subjects the Group to government directives and movement restrictions, affecting patient volume as well as patient affordability caused by the economic slowdown.

Impact of Risk on KPJ

Pandemic-related risks may lead to a major disruption of medical services and result in financial losses.

HOW WE MANAGE OR MITIGATE THE RISK

- The Group has implemented surveillance strategies and control programmes to prevent the spread of infectious disease within our premises.
- The Group has undertaken measures to support the Government/national efforts by enabling testing, driving the national vaccination programmes and providing hospital beds for the treatment of recovering COVID-19 patients, as well as the decanting of non-COVID-19 patients from public healthcare facilities.
- Financially, the Group has been proactive in facilitating prudent cash management and forecasting, the tightening of credit risk, capex deferrals, as well as cost containment and reduction. The Group has also developed strategies to sustain its cash flow and performance.
- The Group embarked on a Telemedicine Service effective 19 October 2020 to provide an avenue for KPJ physicians/healthcare practitioners to continue looking after their patients.

OUTCOME

- The COVID-19 Task Force was established to address pandemic-related matters and guidelines.
- KPJ business units are undertaking stringent measures and vigilantly observing the same from the point of entry of each hospital and throughout each premise. These measures include:
  - The appointment of Medical Officers at each KPJ business unit to closely monitor the exposure of healthcare professionals to positive contacts;
  - Allowing only fully-vaccinated personnel, save for patients, to enter KPJ premises;
  - The implementation of self-test screening and mass self-kit screening across the Group; and
  - Continuous engagement by the Management of the Group to ensure adherence to the SOPs in place.
- The number of outpatients for 2021 has shown an increase in comparison to 2020.
- The total number of surgeries and deliveries for the Group as at 31 December 2021 has increased in comparison to the year before.
- The decanting on non-COVID-19 patients from MOH hospitals in 2021 has achieved 44% of the total contract value with more than 6,000 cases having been received.
- The introduction of telemedicine has achieved its objective of continuously providing healthcare services to patients via online platforms during the MCO while generating additional revenue for KPJ.

LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

Material Matters

- COVID-19 preparedness

Strategic Thrusts

S7

INCREASE/DECREASE IN IMPORTANCE / OR SAME

Increase

Corporate Information

REGISTERED OFFICE

KPJ Healthcare Berhad
Registration No. (199201015575 (247079-M))
Level 13, Menara KPJ,
238, Jalan Tun Razak,
50400 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

T (603) 2681 6222
F (603) 2681 6888

CORPORATE OFFICE

KPJ Healthcare Berhad
Level 12, Menara KPJ
Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan, Malaysia

T (603) 2681 6222
F (603) 2681 6888
E kpj@kpjhealth.com.my

PRINCIPAL BANKERS

Maybank Islamic Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur, Malaysia

HSBC Amanah Malaysia Berhad
No. 2, Leboh Ampang
50100 Kuala Lumpur, Malaysia

COMPANY SECRETARY

Teh Peng Peng
(MAICSA 7021299)
(SSM Practising Certificate 202008000736)

Hana Binti Ab Rahim @ Ali
(MAICSA 7064336)
(SSM Practising Certificate 202008003378)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
(Listed since 29 November 1994)
Stock code: KPJ (5878)

AUDITOR

Ernst & Young PLT
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia.

REGISTRAR

Johor Corporation
Khidmat Korporat
Larkin Sentral Property Berhad
Lot 58, Podium 1, Menara Ansar
65, Jalan Trus
80000 Johor Bahru, Johor
Malaysia

T (607) 297 2521 / 22

Corporate Structure

KPJ HEALTHCARE ®

- 100% Bandar Dato Onn Specialist Hospital Sdn Bhd (KPJ Bandar Dato Onn Specialist Hospital)
- 100% Kluang Specialist Hospital Sdn Bhd

100% Johor Specialist Hospital Sdn Bhd (KPJ Johor Specialist Hospital)

100% Kumpulan Perubatan (Johor) Sdn Bhd

100% Point Zone (M) Sdn Bhd

100% Tawakal Holdings Sdn Bhd

- 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% Kajang Specialist Hospital Sdn Bhd (KPJ Kajang Specialist Hospital)
- 100% Maharani Specialist Hospital Sdn Bhd (KPJ Bandar Maharani Specialist Hospital)
- 100% Pasir Gudang Specialist Hospital Sdn Bhd (KPJ Pasir Gudang Specialist Hospital) (KPJ Puteri Specialist Hospital) (KPJ Batu Pahat Specialist Hospital)
- 100% Penang Specialist Hospital Sdn Bhd (KPJ Penang Specialist Hospital) (Taiping Medical Centre)
- 100% Pusat Pakar Kluang Utama Sdn Bhd (KPJ Kluang Specialist Hospital)
- 100% Rawang Specialist Hospital Sdn Bhd (KPJ Rawang Specialist Hospital) (KPJ Damansara Specialist Hospital)
- 100% Sentosa Medical Centre Sdn Bhd (KPJ Sentosa KL Specialist Hospital)
- 100% Sibu Medical Centre Corporation Sdn Bhd (Sibu Specialist Medical Centre)
- 100% SMC Healthcare Sdn Bhd (KPJ Sabah Specialist Hospital)
  - 100% Amity Development Sdn Bhd
- 93% Kuching Specialist Hospital Sdn Bhd (KPJ Kuching Specialist Hospital)
- 84% Miri Specialist Hospital Sdn Bhd (KPJ Miri Specialist Hospital)
- 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
- 100% Kuantan Wellness Center Sdn Bhd (KPJ Kuantan Wellness Centre)
- 100% Kota Kinabalu Wellness Sdn Bhd
- 100% Advanced Health Care Solutions Sdn Bhd
- 100% KPJ Eyecare Specialist Sdn Bhd (KPJ Center For Sight)
- 100% Pharmaserv Alliances Sdn Bhd
  - 75% Malaysian Institute of Healthcare Management Sdn Bhd
- 100% KPJ Healthcare University College Sdn Bhd
  - 100% KPJ Education (M) Sdn Bhd
- 100% Sibu Geriatric Health & Nursing Centre Sdn Bhd
- 100% KPJ HealthShoppe Sdn Bhd
- 100% Sterile Services Sdn Bhd
- 100% Healthcare IT Solutions Sdn Bhd
- 100% PharmaCARE Sdn Bhd
- 100% BDC Specialist Hospital Sdn Bhd

LEGEND

Malaysian Operations | Support Services | Overseas Operations | Dormant Companies | Associates

Corporate Structure

- 100% Sri Manjung Specialist Centre Sdn Bhd (Sri Manjung Specialist Centre)

100%	100%	100%	37%
Ipoh Specialist Hospital Sdn Bhd (KPJ Ipoh Specialist Hospital)	Pusat Pakar Tawakal Sdn Bhd (KPJ Tawakkal KL Specialist Hospital)	Puteri Specialist Hospital (Johor) Sdn Bhd	Al-'Aqar Healthcare REIT

- 100% KPJ Ambulatory Care Centre Sdn Bhd
- 98% Fabricare Laundry Sdn Bhd
- 94% DTI Resources Sdn Bhd
- 75% Pride Outlet Sdn Bhd
- 70% Total Meal Solution 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)
- 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

- 100% Damansara Specialist Hospital Sdn Bhd
- 100% Seremban Specialist Hospital Sdn Bhd
- 100% Taiping Medical Centre Sdn Bhd
- 100% Massive Hybrid Sdn Bhd
- 100% UTM KPJ Specialist Hospital Sdn Bhd
- 100% Bayan Baru Specialist Hospital Sdn Bhd
- 100% Crossborder Aim (M) Sdn Bhd
- 100% Crossborder Hall (M) Sdn Bhd
- 100% PT Al-Aqar Bumi Serpong Damai
- 100% PT Al-Aqar Permata Hijau
- 100% Skop Yakin (M) Sdn Bhd
- 100% Energy Excellent Sdn Bhd
- 100% KPJ Education Services Sdn Bhd
- 100% KPJ MedikTV Sdn Bhd
- 100% Pharmacare Surgical Technologies (M) Sdn Bhd
- 80% Freewell Sdn Bhd
- 46% Kedah Medical Centre Sdn. Bhd. (Kedah Medical Centre)
- 23% Vejthani Public Company Limited (Vejthani Hospital, Thailand)

Who Governs Us

BOARD OF DIRECTORS

1. **Datuk Md Arif Bin Mahmood**
2. **Dato' Mohd Shukrie Bin Mohd Salleh**
3. **Dato' Mohd Redza Shah Bin Abdul Wahid**
4. **Mohamed Ridza Bin Mohamed Abdulla**
5. **Khairuddin Bin Jaflus**
6. **Hisham Bin Zainal Mokhtar**
7. **Lydia Anne Abraham**
8. **Shamsul Anuar Bin Abdul Majid**
9. **Rozaini Bin Mohd Sani**
10. **Prof Dato' Dr Azizi Bin Haji Omar**
11. **Annie Binti Rosle**

EXPERIENCED, EFFECTIVE A

BOARD COMMITTEE KEY

A Audit Committee | N Nomination and Remuneration Committee | T Tender Committee | I Investment Committee

Who Governs Us

BOARD COMPOSITION

1 Chairman

1 President & Managing Director

5 Independent Non-Executive Directors

4 Non-Independent Non- Executive Directors

ND ENERGETIC LEADERSHIP

R Risk and Governance Committee

M Medical Advisory Committee

Chairman

Member

Who Governs Us

DATUK MD ARIF BIN MAHMOOD
Non-Independent Non-Executive Director

Male *Aged 59* *Malaysian*

Date of Appointment:
1 April 2022

Length of Service: (As at 11 April 2022)
11 days

Academic/Professional Qualification/Membership(s):
- Degree in Electrical Engineering (summa cum laude), Boston University, USA
- Master of Business Administration, Massachusetts Institute of Technology, USA

Present Directorship(s):
Listed Entity:
- Nil

Other Public Companies:
- Nil

Board Meeting Attendance in 2021

N/A

PRESENT APPOINTMENT(S):
KPJ Healthcare Berhad
- Chairman, Board of Directors

PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
PETRONAS Group
- Executive Vice President & Chief Executive Officer, Downstream (2015 - 2021)
- Senior Vice President, Corporate Strategy & Risk (2010 - 2015)
- Vice President, Oil Business (2009 - 2010)

ASEAN Bintulu Fertilizer (ABF)
- Chief Executive Officer (2007 - 2009)

PETRONAS Dagangan Berhad
- Chairman (2015 - 2022)
- Senior General Manager (Retail Business (2006 - 2007)

PETRONAS Chemicals Group Berhad
- Chairman (2015- 2022)

BASF PETRONAS Chemicals SB (JV with BASF)
- Chairman (2015 - 2022)

Pengerang Refining Company Sdn Bhd (JV with Saudi Aramco)
- Chairman (2018 - 2022)

Pengerang Petrochemical Company Sdn Bhd (JV with Saudi Aramco)
- Chairman (2018 - 2022)

PETRONAS Marketing International SB
- Chairman (2016 - 2022)

PETRONAS Carigali Sdn Bhd
- Director (2016 - 2021)

PETRONAS International Corporation Limited (PICL)
- Director (2015 - 2022)

PETRONAS Refinery & Petrochemical Corporation Sdn Bhd
- Director (2017- 2022)

PETRONAS Gas Berhad
- General Manager of Gas Processing Plant (Complex B), (2004-2006)

PETRONAS Lubricants International SB
- Chairman (2015 - 2018)

ENGEN Limited, South Africa
- Chairman (2015 - 2018)
- Head of Projects and Head of Strategy (1999 - 2002)

Who Governs Us

DATO' MOHD SHUKRIE BIN MOHD SALLEH
President & Managing Director

Male *Aged 48* *Malaysian*

Date of Appointment:
1 April 2022

Length of Service: (As at 11 April 2022)
11 days

Academic/Professional Qualification/Membership(s):
- Degree in Business Studies, Accounting and Finance, University of North London, United Kingdom
- Chartered Accountant, The Chartered Institute of Management Accountants (CIMA)
- Member of the Malaysian Institute of Accountants (MIA)

Present Directorship(s):

Listed Entity:
- Nil

Other Public Companies:
- Nil

Board Meeting Attendance in 2021

N/A

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
- President & Managing Director

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

Malaysia Airports Holdings Berhad (MAHB)
- Group Chief Executive Officer (2020-2021)
- Acting Group Chief Executive Officer (2020)
- Chief Operating Officer (2019)

AirAsia Group
- Chief Executive Officer of Redbox Logistics (2018-2019)
- Chief Operating Officer of AirAsia Malaysia (2019)

Pos Malaysia Berhad
- Group Chief Executive Officer (2015-2017)

Konsortium Logistik Berhad
- Group Chief Executive Officer (2013-2015)

Pos Malaysia Berhad
- Group Chief Operating Officer (2011-2013)

KL Airport Services Sdn Bhd
- Chief Executive Officer/Chief Operating Officer (2009-2011)
- Chief Financial Officer/Principal Controller (2007-2009)

Puspakom Sdn Bhd
- Chief Financial Officer (2006-2007)

DRB Hicom Berhad
- Senior Manager, Corporate Finance & Advisory (2005-2006)

Various other roles in internal audit and finance after graduation.

Who Governs Us

DATO' MOHD REDZA SHAH BIN ABDUL WAHID

Senior Independent Non-Executive Director

Male *Aged 59* *Malaysian*

Date of Appointment:
7 May 2020

Length of Service: (As at 11 April 2022)
1 year 11 months

Academic/Professional Qualification/Membership(s):
- Associate Chartered Accountant (ACA)
- Member, Institute of Chartered Accountant in England and Wales (ICAEW)
- Chartered Bankers (Asian Institute of Chartered Bankers)
- 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 Economics, University of London, England

Present Directorship(s):

Listed Entity:
- E.A Technique (M) Berhad
- Damansara REIT Managers Sdn Bhd (Manager of Al-`Aqar Healthcare REIT and Al-Salām Real Estate Investment Trust)

Other Public Companies:
- Waqaf An-Nur Corporation Berhad
- Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

Board Meeting Attendance in 2021

9/9

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
- Chairman, Audit Committee
- Chairman, Nomination and Remuneration Committee
- Member, Investment Committee
- Member, Tender Committee

E.A Technique (M) Berhad
Independent Non-Executive Director
- Chairman, E.A Technique (M) Berhad

Damansara REIT Managers Sdn. Bhd.
Independent Non-Executive Director
- Chairman, Damansara REIT Managers Sdn. Bhd.
- Chairman, Al-'Aqar Healthcare REIT
- Chairman, Al-Salam REIT

Waqaf An-Nur Corporation Berhad
Independent Non-Executive Director
- Director, Waqaf An-Nur Corporation Berhad
- Chairman, Investment Committee

Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)
- Chairman

The Islamic Finance Committee of the Malaysian Institute of Accountants
- Member

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

Bank Muamalat Malaysia Berhad
- Chief Executive Officer (2008-2019)

DRB-HICOM Berhad
- Group Chief Operating Officer (2005-2008)

Tradewinds (M) Berhad
- Acting Chief Executive Officer (2004-2005)

Tradewinds Corporation Berhad
- Group Chief Executive Officer (2002-2005)

Silterra Malaysia Berhad
- Chief Financial Officer (2000-2002)

Khazanah Nasional Berhad
- Senior Manager (1994-2000)

Who Governs Us

MOHAMED RIDZA BIN MOHAMED ABDULLA
Independent Non-Executive Director

Male *Aged 53* *Malaysian*

Date of Appointment:
1 April 2020

Length of Service: (As at 11 April 2022)
2 years

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
- Fellow of Malaysian Society of Adjudicators, The Malaysian Institute of Arbitrators
- Bachelor of Laws, International Islamic University, Malaysia

Present Directorship(s):
Listed Entity:
- Sime Darby Property Berhad
- Bank Islam Malaysia Berhad

Other Public Companies:
- BIMB Investment Management Berhad
- Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

Board Meeting Attendance in 2021

9/9

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
Independent Non-Executive Director
- Chairman, Risk and Governance Committee
- Member, Nomination and Remuneration Committee
- Member, Investment Committee

Sime Darby Property Berhad
Independent Non-Executive Director
- Member, Audit Committee
- Member, Risk Management Committee

Bank Islam Malaysia Berhad
Non-Independent Non-Executive Director
- Chairman, Board IT Committee
- Member, Audit and Examination Committee
- Member, Strategy Committee

OIC Arbitration Center, Istanbul, Turkey
- Director

BIMB Investment Management Berhad
- Chairman
- Independent Non-Executive Director

Mohamed Ridza and Co.
- Managing Partner

Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)
- Member, Integrity, Nomination and Governance Committee

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

Zaid Ibrahim and Co.
- Partner

Technip Asia Pacific, Kuala Lumpur
- General Legal Counsel

Arab Malaysian Corporation Berhad (AMCB)
- Group Legal Adviser

Rashid and Lee
- Advocate and Solicitor

Theta Edge Berhad
Senior Independent Non-Executive Director
- Member, Audit and Risk Management Committee
- Member, Nomination and Remuneration Committee

Who Governs Us

KHAIRUDDIN BIN JAFLUS
Independent Non-Executive Director

Male *Aged 66* *Malaysian*

Date of Appointment:
7 May 2020

Length of Service: (As at 11 April 2022)
1 year 11 months

Academic/Professional Qualification/Membership(s):
- Bachelor of Economics (Hons), University of Malaya, Malaysia

Present Directorship(s):
Listed Entity:
- Nil

Other Public Companies:
- Johor Land Berhad

Board Meeting Attendance in 2021

9/9

PRESENT APPOINTMENT(S):
KPJ Healthcare Berhad
- Chairman, Tender Committee
- Member, Audit Committee
- Member, Risk and Governance Committee

Johor Land Berhad
Independent Non-Executive Director
- Member, Risk and Audit Committee
- Member, Tender 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)

Who Governs Us

HISHAM BIN ZAINAL MOKHTAR
Independent Non-Executive Director

Male | Aged 60 | Malaysian

Date of Appointment:
23 June 2021

Length of Service: (As at 11 April 2022)
9 months

Academic/Professional Qualification/Membership(s):
- Chartered Financial Analyst (CFA) Charterholder, CFA Institute
- Master in Business Administration, Massachusetts Institute of Technology, Massachusetts, USA
- Master of Science (Mathematics), Illinois State University, Normal, Illinois, USA
- Bachelor of Science (Mathematics), Illinois State University, Normal, Illinois, USA

Present Directorship(s):
Listed Entity:
- Telekom Malaysia Berhad

Other Public Companies:
- Nil

Board Meeting Attendance in 2021

5/5

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
- Chairman, Investment Committee
- Member, Audit Committee
- Member, Nomination and Remuneration Committee

Telekom Malaysia Berhad
Independent Non-Executive Director
- Chairman, Audit Committee

Lembaga Tabung Haji
- Member, Investment Panel

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

Asia School of Business
- Business Coach (2018-present)

Malaysian Industrial Development Finance Berhad
- Director (2018-2019)

Astro Overseas Ltd
- Chief Operating Officer (2014-2018)

Khazanah Nasional Berhad
- VP, SVP, Director of Investments (2005-2014)

Tricubes Berhad
- VP, CFO, Executive Director (2001-2005)

Britac Capital Sdn Bhd
- Head Analyst (2001)

K.E. Malaysian Capital Partners Sdn Bhd
- Executive Director (2000)

Santander Investment Research (Malaysia) Sdn Bhd
- Financial Consultant (1999-2000)

Sithe Pacific LLC
- Financial Consultant (1998-1999)

CIMB Securities Sdn Bhd
- Remisier (1998)

UBS Research (Malaysia) Sdn Bhd
- Senior Research Analyst (1996-1998)

Crosby Research (Malaysia) Sdn Bhd
- Investment Analyst (1995-1996)

Baring Research (Malaysia) Sdn Bhd
- Investment Analyst (1994-1995)

Keluangsa Sdn Bhd
- Head of Research (1994)

Crosby Research (Malaysia) Sdn Bhd
- Research Executive (1991-1994)

William M. Mercer Zainal Fraser Sdn Bhd
- Analyst (1988-1991)

Aetna Universal Insurance Sdn Bhd
- Manpower Development Assistant (1987-1988)

Who Governs Us

LYDIA ANNE ABRAHAM
Independent Non-Executive Director

Female *Aged 65* *Malaysian*

Date of Appointment:
23 June 2021

Length of Service: (As at 11 April 2022)
9 months

Academic/Professional Qualification/Membership(s):
- Degree in Mathematics, Essex University, United Kingdom
- Diploma in Computer Studies, Plymouth Polytechnic, United Kingdom

Present Directorship(s):

Listed Entity:
- Metrod Holdings Berhad

Other Public Companies:
- Nil

Board Meeting Attendance in 2021

4/5

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
- Member, Tender Committee
- Member, Audit Committee
- Member, Risk and Governance Committee

Metrod Holdings Berhad
Independent Non-Executive Director
- Member, Audit Committee
- Member, Nominating Committee

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

CISCO
- Managing Director (2008-2011)

SAP
- Managing Director (2006-2008)
- Director, Enterprise Sales (2004-2006)
- Senior Manager, Operations, Marketing & Alliance (2002-2004)
- Senior Manager, Education Business (2000-2002)

BAAN Company
- Director of Education Asia Pacific (1997-2000)

Oracle Corporation Malaysia
- Manager, Education Business (1994-1997)

MCSB System Malaysia
- System Integrator (1989-1994)

Who Governs Us

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
- Member, Nomination and Remuneration Committee
- Member, Investment Committee

Johor Corporation
- Chief Investment Officer

Damansara REIT Managers Sdn Bhd
Non Independent Non-Executive Director
- Member, Investment Committee

Damansara Holdings Berhad
Non Independent Non-Executive Director

Kulim (M) Berhad
Non Independent Non-Executive Director
- Member, Investment Committee

QSR Brands (M) Holdings Bhd
Non Independent Non-Executive Director
- Chairman, Tender Committee

Johor Land Berhad
Non Independent Non-Executive Director
- Chairman, Investment Committee

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)

Iskandar Investment Berhad
- Executive Vice President, Strategy and 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 Planning Department (1994-1999)

SHAMSUL ANUAR BIN ABDUL MAJID
Non-Independent Non-Executive Director

Male *Aged 51* *Malaysian*

Date of Appointment:
7 May 2020

Length of Service: (As at 11 April 2022)
1 year 11 months

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:
- Damansara REIT Managers Sdn Berhad (Manager of Al-`Aqar Healthcare REIT & Al-Salām Real Estate Investment Trust)
- Damansara Holdings Berhad

Other Public Companies:
- Kulim (Malaysia) Berhad
- QSR Brands (M) Holdings Bhd
- Johor Land Berhad

Board Meeting Attendance in 2021

9/9

Who Governs Us

ROZAINI BIN MOHD SANI
Non-Independent Non-Executive Director

Male *Aged 49* *Malaysian*

Date of Appointment:
7 May 2020

Length of Service: (As at 11 April 2022)
1 year 11 months

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:
- Yayasan Johor Corporation

Board Meeting Attendance in 2021

9/9

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
- Member, Tender Committee
- Member, Audit Committee

Johor Corporation
- Chief Financial Officer

Yayasan Johor Corporation
- Chairman, Board of Trustees

Johor Land Berhad
Non-Independent Non-Executive Director
- Member, Audit and Risk Committee
- Member, Tender Committee

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)

Johor Corporation
- Senior Vice President, Finance and Corporate Services (2015-2016)
- Vice President, Finance (2014-2015)

Kulim (M) Berhad
- Non-Executive Director (2014-2016)

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)

Who Governs Us

PROF DATO' DR. AZIZI BIN HAJI OMAR
Non-Independent Non-Executive Director

Male *Aged 73* *Malaysian*

Date of Appointment:

1 February 2016 (as an Independent Non-Executive Director)

1 December 2020 (Re-designated as a Non-Independent Non-Executive Director

Length of Service: (As at 11 April 2022)

6 years 2 months

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 Programme

Present Directorship(s):

Listed Entity:

- Nil

Other Public Companies:

- Nil

Board Meeting Attendance in 2021

9/9

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad

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

KPJ Healthcare University College Sdn Bhd (KPJUC)

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

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

Universiti Tunku Abdul Rahman (UTAR)

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

Universiti Teknologi MARA (UiTM)

- Adjunct Professor of Paediatrics at Faculty of Medicine (2009-2010)

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 and 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)

Who Governs Us

ANNIE BINTI ROSLE
Non-Independent Non-Executive Director

Female *Aged 54* *Malaysian*

Date of Appointment:
23 June 2021

Length of Service: (As at 11 April 2022)
9 months

Academic/Professional Qualification/Membership(s):
- Degree in Finance and Economics, London Guildhall University
- Graduate of Association of Chartered Certified Accountants (ACCA)

Present Directorship(s):

Listed Entity:
- Nil

Other Public Companies:
- QSR Brands (M) Holdings Berhad
- Battersea Power Station Development Company Limited

Board Meeting Attendance in 2021

5/5

PRESENT APPOINTMENT(S):

KPJ Healthcare Berhad
- Member, Tender Committee
- Member, Investment Committee

Employees' Provident Fund (EPF)
- Head of Private Equity and Infrastructure Department, Employee Provident Fund (EPF)

Battersea Power Station Development Company Limited
- Director

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

KWASA Invest Ltd
- Principal Officer

Etiqa Insurance

CIMB Private Equity

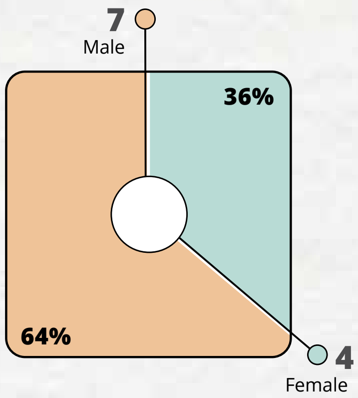
Delivering excellence on all fronts

KPJ is committed to delivering safe, high quality and excellent services across all our healthcare offerings to all our patients. Our endeavours to provide exceptional healthcare treatment, care and diagnosis, are supported by skilled personnel and best-in-class facilities. On top of this, we align with the highest international accreditation standards to reinforce our reputation and ensure our sustainable growth.

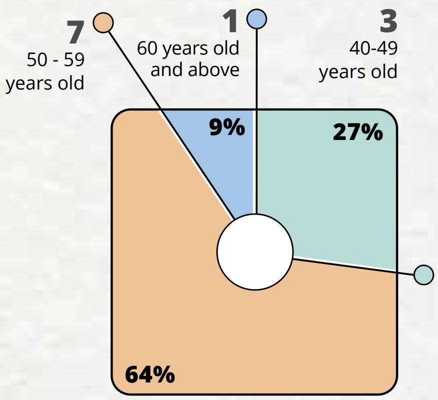
KPJ Senior Management Team

DIVERSITY

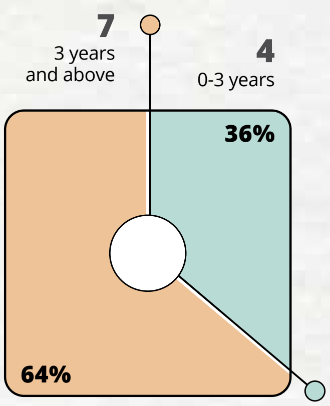
GENDER



AGE GROUP



TENURE (YEAR)



KPJ Senior Management Team

KPJ SENIOR MANAGEMENT TEAM

1. **Dato' Mohd Shukrie Bin Mohd Salleh**
   President & Managing Director

2. **Norhaizam Binti Mohammad**
   Chief Financial Officer

3. **Suriaghandi Suppiah**
   Chief Operating Officer

4. **Ariesza Noor**
   Chief Corporate Officer

5. **Shathiran Bin Mohd Idrus**
   Chief Human Resources Officer

KPJ REGIONAL CEO

6. **Roslan Bin Ahmad**
   Group Operations Services
   (Northern Region)

7. **Dato' Mohamad Farid Bin Salim**
   Group Operations Services
   (Central Region I)

8. **Maisarah Binti Omar**
   Group Operations Services
   (Central Region II)

9. **Asmadi Bin Mohd Bakri**
   Group Operations Services
   (Southern Region I)

10. **Khairun Bin Ahmad @ Saliman**
    Group Operations Services
    (Southern Region II)

11. **Dr. Munirah Binti Khudri**
    Group Operations Services
    (East Coast and East Malaysia Region)

KPJ Senior Management Team

DATO' MOHD SHUKRIE BIN MOHD SALLEH

President & Managing Director

Male | Aged 48 | Malaysian | 1 April 2022

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Degree in Business Studies, Accounting and Finance, University of North London, United Kingdom
- Chartered Accountant, The Chartered Institute of Management Accountants (CIMA)
- Member of the Malaysian Institute of Accountants (MIA)

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:

Dato' Mohd Shukrie Bin Mohd Salleh brings to the table 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.

He began his career with Public Bank Securities Sdn. Bhd. and subsequently served with United Overseas Bank Berhad. In 2005, he joined DRB-HICOM Berhad as its Senior Manager, Corporate Finance & Advisory and then went on to assume several leadership roles within the Group including that of Principal Controller, Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Executive Officer (CEO). During his tenure with the DRB-HICOM Group, he served as the CFO for Puspakom Sdn Bhd from 2006, the CFO/Principal Controller of KL Airport Services Sdn Bhd from 2007, and subsequently as its CEO/COO between January 2009 and June 2011. He then assumed the position of Group COO of Pos Malaysia Berhad in July 2011 and was thereafter re-designated as its Covering Group Chief Executive Officer in February 2013. In December 2013, he joined Konsortium Logistik Berhad as its CEO and then assumed the position of Group CEO of Pos Malaysia Berhad in November 2015.

He went on to join the AirAsia Group in February 2018, taking up the dual positions of CEO of Redbox Logistics and COO of AirAsia Malaysia. He then joined Malaysia Airports Berhad (MAHB) serving in the capacity of COO (May to December 2019), Acting Group CEO (January to February 2020), and Group CEO (March 2020 to October 2021). Dato' Mohd Shukrie assumed his present position at KPJ Healthcare Berhad on 1 April 2022.

NORHAIZAM BINTI MOHAMMAD (ACMA,CGMA)

Chief Financial Officer

Female | Aged 49 | Malaysian | 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 Malaysian Society for Quality in Health (MSQH), a national accreditation body for public and private healthcare in Malaysia
- Member of Governing Committee for Private Healthcare Productivity Nexus (PHPN) by Malaysia Productivity Corporation (MPC) and Leader for sub-group Technology and Innovation
- Participated in Executive Coaching Programme with INSEAD Business School, Singapore

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:

She served in Utusan Melayu (M) Berhad between 1996 and 1997 and subsequently as a Manager of Audit and Business Assurance at PricewaterhouseCoopers from 1997 to 2007. She then joined KPJ in 2008 holding various positions in companies and hospitals within the KPJ Group until her appointment as Chief Financial Officer in 2017. She is currently a member of the Board of Directors of nine hospitals and eight support services companies within the Group.

KPJ Senior Management Team

SURIAGHANDI SUPPIAH
Chief Operating Officer

Male | Aged 53 | Malaysian | 1 September 2020

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Bachelor of Business (Accounting), Monash University, Australia
- Master of Business Administration, University of Chicago Booth School of Business, Chicago, USA
- Member of the Harvard Business School Alumni Club of Malaysia
- Attended the ASEAN Senior Management Development Program by Harvard Business School
- Attended the Genovasi-organised Design Thinking School by Stanford School

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Suriaghandi brings over 25 years' experience in various aspects of business operations to the table. He has proven expertise in business turnaround, expansion, and investments with a solid knowledge of high-level managerial practices, business administration and strategy. He has a truly universal skill set given his experience in the Healthcare, Investments, Property Asset Management as well as Energy and Utilities segments. He adopts a global outlook on business with an emphasis on developing staff and working relationships while growing the business. His experience in Malaysia, the Asia Pacific, and Europe have seen him working in companies such as Khazanah Nasional Berhad, Pantai Holdings Berhad, Parkway Group Healthcare Pte Ltd, Parkway Laboratory Services Ltd, Parkway Pantai, Salcon Green Energy (UK), KPMG, Pulau Indah Ventures (Khazanah and Temasek Holdings JV company) and Savills Malaysia. He took up the role of Chief Transformation Officer at KPJ on 1 September 2020 and was appointed as the Chief Operating Officer on 1 December 2021.

ARIESZA NOOR
Chief Corporate Officer

Female | Aged 45 | Malaysian | 1 March 2021

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- BCOM (Hons) Accounting and Finance, Lincoln University, New Zealand
- Fellow, CPA Australia

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Being a full board scholar of Tenaga Nasional Berhad (TNB), Ariesza served in TNB in various financial and accounting roles from 1999 onwards. In 2012, she joined IHH Healthcare Berhad as their Vice President of Investor Relations and Corporate Communications. She also served as the Vice President, Group Strategy and Operations for WASCO Energy, a multinational oil and gas services company owned by Wah Seong Corporation Berhad for a cumulative period of 11 years. At WASCO, she oversaw the Group's branding, marketing, strategic planning and M&A activities, apart from leading WASCO's major pipe coating operations in Malaysia. She came onboard KPJ in March 2021 as Chief Corporate Officer.

KPJ Senior Management Team

SHATHIRAN BIN MOHD IDRUS
Chief Human Resources Officer

Male | *Aged 57* | *Malaysian* | *12 April 2021*

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Master in Business Administration, University of Missouri

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Shathiran started his career in 1989 and until 2012, he developed his career with several multinational companies namely Philips, Sara Lee Corporation, ICI Paints and Continental Sime Tyre. He held Human Resource leadership roles in these companies, mostly at Asia Pacific Regional level.

He switched his career exposure from multinational companies to Government-Linked Companies in 2012 by joining Permodalan Nasional Berhad, Petronas Lubricant International, RHB and later on Theme Attractions, Resorts and Hotels, a Khazanah Nasional Berhad entity.

Shathiran joined KPJ Healthcare Berhad in April 2021.

ROSLAN BIN AHMAD
Regional CEO
Group Operations Services (Northern Region)

Male | *Aged 58* | *Malaysian* | *1 February 2021*

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Master in Business Administration, Miami University, USA
- Bachelor of Accounting, University of Minnesota, USA
- Post Graduate Diploma in Hospital Management, South Bank University London, UK

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Prior to joining KPJ in 1996, Roslan was with the Malaysian Pineapple Industry Board from 1988 where he served its London office until 1995. Currently he is the Regional CEO (Northern Region) of six hospitals.

KPJ Senior Management Team

DATO' MOHAMAD FARID BIN SALIM
Regional CEO
Group Operations Services (Central Region I)

Male *Aged 57* *Malaysian* *1 February 2021*

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Fellowship of Chartered Association of Certified Accountants (FCCA), United Kingdom
- Master in Business Administration (MBA) in international business with Distinction from University of East London,UK
- Member of Malaysian Institute of Accountants (MIA)
- Post Graduate Diploma in Healthcare Management from South Bank University, London, UK
- Leadership Development Programme at Henley Business School, University of Reading, UK
- Certified in Advanced JCorp Leadership Programme
- Certified in INSEAD JCorp Executive Coaching Programme
- Treasurer of Malaysian Society for Quality in Health (MSQH), a national accreditation body for public and private healthcare in Malaysia

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Dato' Mohamad Farid Bin Salim began his career as a trainee auditor in England between 1988 and 1992. In 1993, he returned to Malaysia and joined offshore oil and gas fabricator, Sembawang Engineering Sdn Bhd, as its Project Accountant in Pasir Gudang, Johor. He then joined KPJ Healthcare Berhad in early 1994 and was involved in the Company's IPO and listing on the Main Board of Bursa Malaysia.

His overall contributions to KPJ in Malaysia as well as its markets abroad namely Indonesia, Saudi Arabia and Australia span across areas including hospital operations, finance, strategic planning, investments and KPJ's IPO. He also brings to the table his vast experience in managing an aged care and retirement village business in Australia.

Currently, he is the Regional CEO (Central Region I) of five hospitals, and a Board member of several support companies within the Group.

MAISARAH BINTI OMAR
Regional CEO
Group Operations Services (Central Region II)

Female *Aged 53* *Malaysian* *1 February 2021*

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Bachelor in Accountancy, Universiti Putra Malaysia (UPM)
- Master in Healthcare Management, Universiti Teknologi Malaysia (UTM)
- Member, Malaysian Institute of Accountants (MIA)
- Certified Transformational Manager by IPMA UK

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Maisarah Binti Omar served Ernst and Young before she joined KPJ in 1996. She has held various positions in companies and hospitals within the KPJ Group and is currently the Regional CEO (Central Region II) of four hospitals.

KPJ Senior Management Team

ASMADI BIN MOHD BAKRI
Regional CEO
Group Operations Services (Southern Region I)

Male | *Aged 54* | *Malaysian* | *1 February 2021*

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Master of Business Administration (Healthcare Management) - Universiti Teknologi Malaysia (UTM)
- Bachelor of Arts (Accounting and Finance) - South Bank University, London, UK
- Leadership Development for Corporate Excellence - Kellogg School of Management, Northwestern University, Chicago, USA

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Asmadi joined the KPJ Group in 1997 as an accountant at KPJ Johor Specialist Hospital. He held various positions in several companies before his appointment as the Executive Director for Rumah Sakit Selasih, Padang, Indonesia in 2005. In 2009, he joined KPJ Perdana Specialist Hospital as its Chief Executive Officer before assuming a similar position at KPJ Ipoh Specialist Hospital in 2013. In 2018, he was appointed the Chief Executive Officer of KPJ Johor Specialist Hospital before assuming the same post at KPJ Bandar Dato' Onn from 2019 to 2020. Since 2018, he also served as the Executive Director for KPJ Johor, KPJ Kluang and KPJ Bandar Dato' Onn. Currently he is the Regional CEO (Southern I) of the three hospitals.

KHAIRUN BIN AHMAD @ SALIMAN
Regional CEO
Group Operations Services (Southern Region II)

Male | *Aged 60* | *Malaysian* | *1 February 2021*

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Master of Business Administration, Henley Management College, UK
- Degree in Accountancy – Universiti Kebangsaan Malaysia (UKM)

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Khairun Bin Ahmad @ Saliman joined KPJ in 1994 and has held various positions in companies and hospitals within the KPJ Group. Currently he is the Regional CEO (Southern II) of four hospitals and a Board member of several support companies.

KPJ Senior Management Team

DR. MUNIRAH BINTI KHUDRI
Regional CEO
Group Operation Services (East Coast and East Malaysia Region)

Female *Aged 54* *Malaysian* *1 February 2021*

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):
- Master Of Business Administration, Henley Management College, UK
- Bachelor Of Medicine and Bachelor Of Surgery, Universiti Malaya (UM)
- Certified Transformational Manager by IPMA UK

PRESENT DIRECTORSHIP(S): LISTED ENTITY:
- Nil

OTHER PUBLIC COMPANIES:
- Nil

WORKING EXPERIENCE:
Dr. Munirah joined KPJ in 1997 and has held various positions in hospitals within the KPJ Group. Prior to joining KPJ, she was with Hospital Tengku Ampuan Rahimah, Hospital Mentakab and Hospital Kuala Lumpur. She is currently the Regional CEO (East Coast and East Malaysia Region) of six hospitals within KPJ.

Corporate Governance Overview Statement

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 plays an active role in guiding Management through its oversight while at the same time steering 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 Malaysian Code on Corporate Governance 2021 (MCCG 2021), which took effect on 28 April 2021. The MCCG 2021 is made up of 3 Principles and 48 Practices, out of which 5 are Step-Ups. The Board is pleased to elaborate on the Group's application and the extent of compliance with the MCCG 2021 during the financial year ended 31 December 2021 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 (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The CG Report is available on the Company's website at https://kpj.listedcompany.com/corporate_governance.html as well as on the website of Bursa Malaysia.

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 Market Listing Requirements of Bursa Malaysia**	**Malaysian Code on Corporate Governance 2021**	**Corporate Governance Guide (4th Edition)**

The Board has considered and takes guidance from the key CG Principles as set out in the MCCG 2021. A gap analysis was undertaken and the findings tabled to the Risk and Governance Committee (RGC). As at 11 April 2022, we have applied all the Practices in MCCG 2021 except for the following:

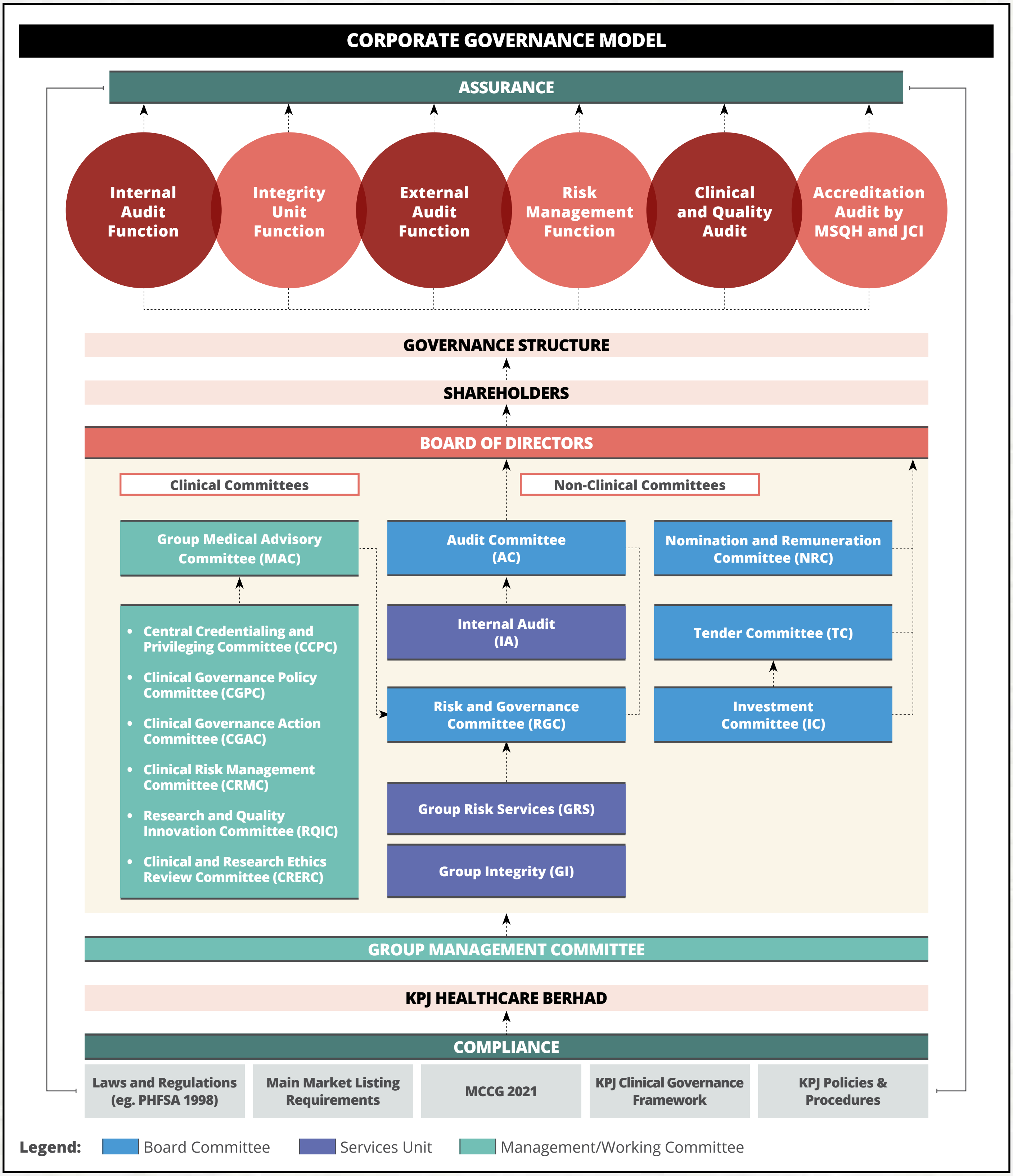
PRACTICE 5.2	PRACTICE 5.9	PRACTICE 8.3 STEP-UP	PRACTICE 9.4 STEP-UP
At least half of the board comprises independent directors. For Large Companies*, the board comprises a majority independent directors.	The board comprises at least 30% women directors	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	The Audit Committee should comprise solely of Independent Directors

* *Large Companies are:*
- *Companies on the FTSE Bursa Malaysia Top 100 Index, or*
- *Companies with market capitalisation of RM2 billion and above,*

at the start of the Companies' financial year.

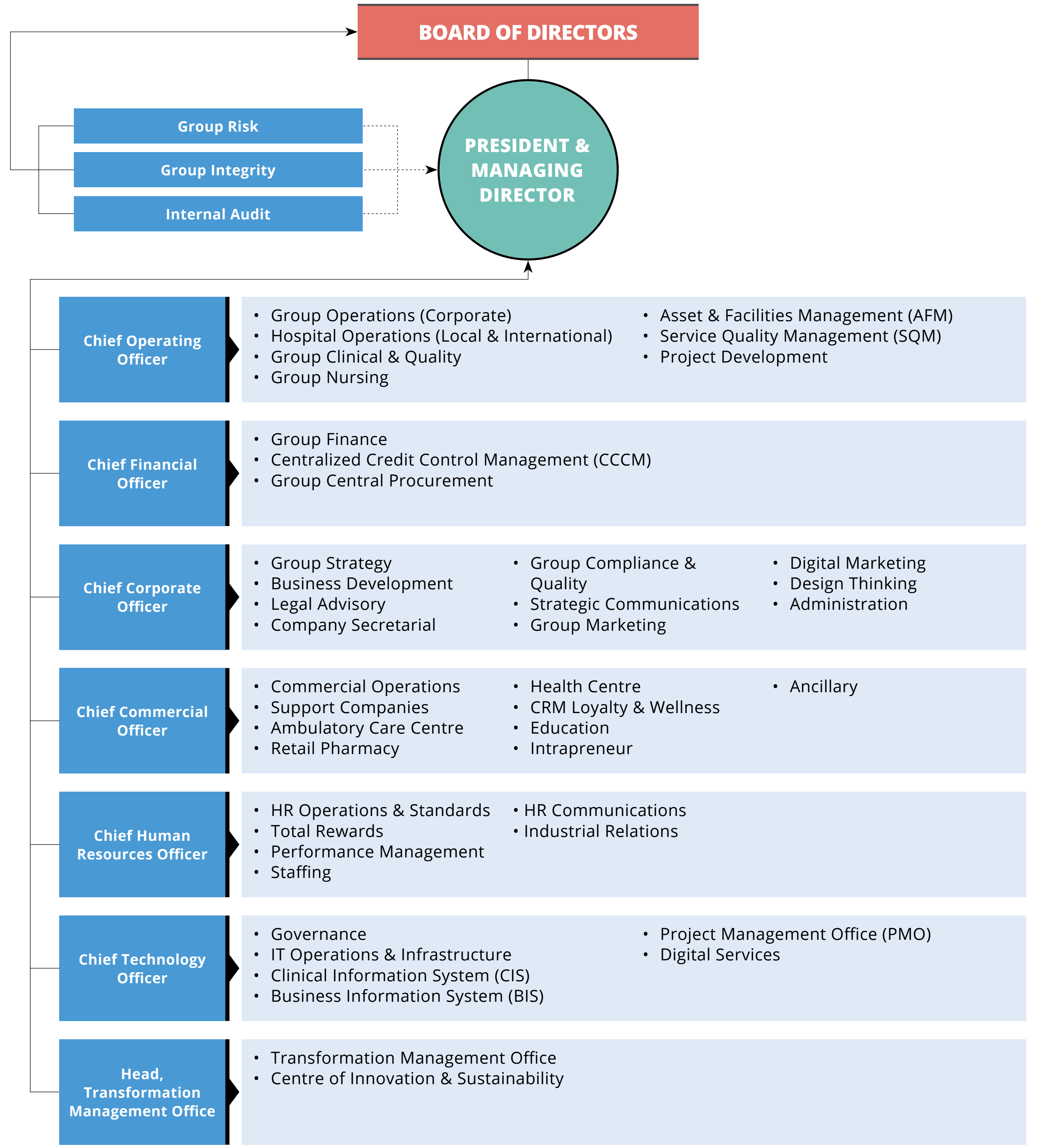
The explanation for the departures from the Practices and the measures to be taken are provided in the CG Report.

Corporate Governance Overview Statement



Corporate Governance Overview Statement

KPJ GROUP ORGANISATION STRUCTURE



Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

STRUCTURAL CHANGES TO THE BOARD COMPOSITION

Name of Directors	Designation (including re-designation)	Date of Appointment/ Re-designation	Date of Resignation/ Retirement
Datuk Md Arif Bin Mahmood	Non-Independent Non-Executive Chairman	1 April 2022	-
Tan Sri Dr. Ali Bin Hamsa	Non-Independent Non-Executive Chairman	23 June 2021	31 March 2022
Dato' Yusli Bin Mohamed Yusoff	Re-designation: Chairman to Senior Independent Non-Executive Director	23 June 2021	Until his passing on 10 March 2022
Dato' Mohd Redza Shah Bin Abdul Wahid	Re-designation: Independent Non-Executive Director to Senior Independent Non-Executive Director	1 April 2022	-
Annie Rosle	Non-Independent Non-Executive Director	23 June 2021	-
Hisham Bin Zainal Mokhtar	Independent Non-Executive Director	23 June 2021	-
Lydia Anne Abraham	Independent Non-Executive Director	23 June 2021	-
Christina Foo	Independent Non-Executive Director	24 April 2018	22 June 2021
Datuk Mohd Radzif Bin Mohd Yunus	Re-designation: Non-Independent Non-Executive Director to Independent Non-Executive Director	1 April 2020	22 June 2021
Dato' Dr. Ngun Kok Weng	Re-designation: Independent Non-Executive Director to Non-Independent Non-Executive Director	1 December 2020	23 June 2021
Dato' Dr. Sivamohan a/l S. Namasivayam	Re-designation: Independent Non-Executive Director to Non-Independent Non-Executive Director	1 December 2020	23 June 2021
Dato' Mohd Shukrie Bin Mohd Salleh	President & Managing Director	1 April 2022	-
Ahmad Shahizam Bin Mohd Shariff	President & Managing Director	1 July 2020	31 March 2022

The President & 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 President & Managing Director is supported by the KPJ Group Management Committee ("KGMC") and other committees established under the Group's governance framework.

The Board had also developed and approved the Corporate Objectives for 2021. With the objective in place, the President & Managing Director played a key role in leading and ensuring the senior management team executes strategic plans to achieve them. Successful attainment of these goals becomes the basis of KPJ management's performance evaluation.

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

Each Director brought with him/her vast experience and astute insights to enable the Board to function effectively in discharging its duties and responsibilities in accordance with the Terms of Reference of the respective committees.

The roles of the Chairman of the Board, President & Managing Director and ten (10) 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 & Managing Director are clearly segregated to ensure that there is a balance of power and authority.

The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, the Board's policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislations. The Company Secretary supports 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 Secretary.

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

BOARD OF DIRECTORS

Roles and Responsibilities

The Board is committed to delivering sustainable value and determining long-term goals through its leadership with support from a dedicated Management Team. The Board is responsible for overseeing how Management best serves the interests of shareholders and other stakeholders on the environmental, social, and governance fronts, as well as in the areas relating to risk management, regulatory and governmental changes, plus global trends. The Board also promotes a Group culture based on KPJ's core values and defines its role in the society.

ACTIVITIES IN 2021

- Deliberated on, challenged and approved the Group's 5-Year Strategic Plan for 2022 to 2026, the Budget and the Balanced Scorecard for the year 2022;
- Supervised and guided Management in navigating the Group's business operations, and performance amidst the challenges posed by the COVID-19 pandemic;
- Reviewed and approved the Group's quarterly and year-end results for the financial year 2021 for public release;
- Reviewed and provided views on the Group's Operational Report for hospital and non-hospital businesses;
- Deliberated on and approved the Group's Key Performance Indicators (KPIs) achieved for the year 2020 and set the Group's KPIs for the year 2021;
- Discussed and approved the Performance Incentive Payment for the year 2020;
- Reviewed and approved the proposals by KPMG Management & Risk Consulting Sdn Bhd, independent advisers engaged by the Company, to undertake Board Governance Review, on the following governance matters:
  - Group Governance to ensure there is an adequate groupwide framework for the co-operation and communication between the Company and its investee companies;
  - Board Training Needs Analysis;
  - Board Effectiveness Evaluation Manual; and
  - Board Remuneration Review of Non-Executive Directors.
- Appraised the updates on the COVID-19 activities of the KPJ Group of Hospitals and our participation in the National Immunisation Programme to ensure that the necessary approaches and mitigation actions were taken by Management, including COVID-19 training and updates on vaccination for staff, consultants and outsourced service workers. The updates also covered the opportunities from the Ministry of Health relating to the decanting of non-COVID-19 cases;
- Reviewed and approved the proposed issuance of the RM3 billion Sustainability Sukuk Programme;
- Considered and approved the purchase of assets and equipment, as well as hospital renovation, upgrading and expansion to maintain and enhance the service quality of KPJ hospitals;
- Reviewed updates from Investor Relations and Talent Management;
- Discussed and approved the re-branding exercise of the Group; and
- Guided Management on the Group's Transformation Plan.

PRIORITIES IN 2022

- Thrive on business recovery from the post-COVID-19 pandemic by accelerating growth of new hospitals, businesses and partnerships;
- Focus on the Transformation Plan Phase 2:
  - Integrate the digital ecosystem of the hospitals in the Group;
  - Raise the standard of clinical and nursing excellences, and hospital culture; and
  - Champion sustainability in healthcare as well as strengthen the sustainability structures and governance of the Group.

MATTERS RESERVED FOR THE BOARD

1. Approval of corporate plans and programmes;
2. Approval of annual budgets, including major capital commitments;
3. Approval of new ventures;
4. Approval of material acquisitions and disposals of undertakings and properties; and
5. Changes to Management and the control structure within the Company and its subsidiaries, including key policies and delegated authority limits.

BOARD CHARTER

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

These are enshrined in the Board Charter, which is available on the Company's website at https://kpj.listedcompany.com/misc/board_charter.pdf

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

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 receive further training from time to time through Continuous Education Programme (CEP). During the year 2021, the Board members attended training sessions/programmes organised by various parties as disclosed under Practice 2.1 of the CG Report.

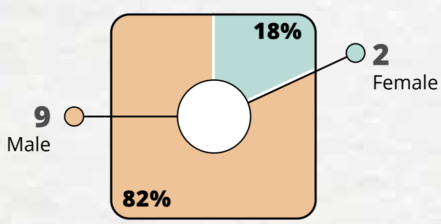
2021 DIRECTORS' TRAINING FOCUS AREAS

CORPORATE GOVERNANCE	HEALTHCARE	LEADERSHIP, LEGAL AND BUSINESS MANAGEMENT	TECHNOLOGY	FINANCIAL CAPITAL MARKETS AND ECONOMY	OTHERS
17%	7%	30%	23%	17%	6%

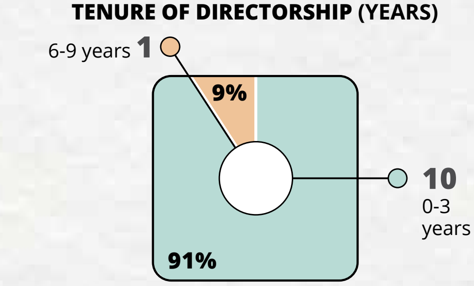
BOARD COMPOSITION

The analyses on the composition of the Board of Directors is as follows:

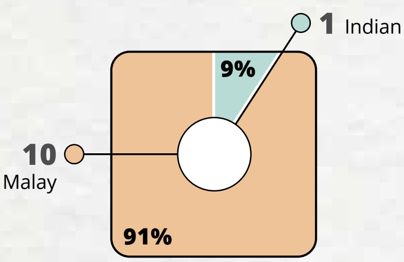
GENDER DIVERSITY



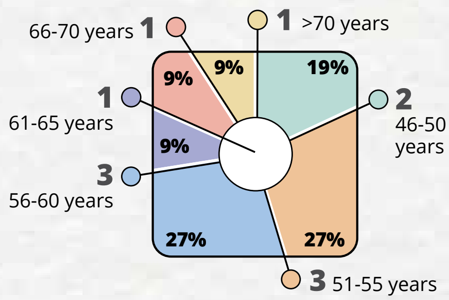
TENURE OF DIRECTORSHIP (YEARS)



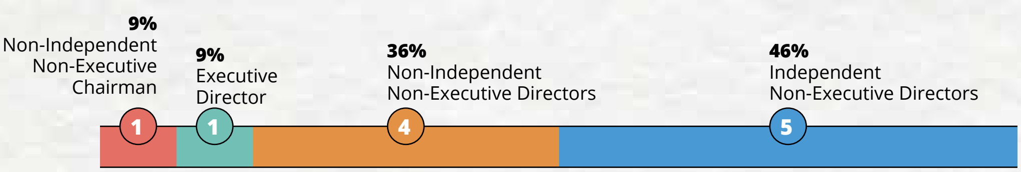
RACIAL DIVERSITY



AGE PROFILE



BOARD COMPOSITION



BOARD SKILL & EXPERIENCE

Accounting/Finance/Audit/Banking/Investment **82%** (9)

International Business/Strategy and Development/Merger and Acquisition/Property Management **45%** (5)

Mathematics/Statistics/Economics **45%** (5)

Business Administration/Human Resource/Transformation **45%** (5)

Legal/Regulatory/Risk/Corporate Governance **27%** (3)

Specialist Consultants **9%** (1)

Corporate CEO/Managing Director/Executive Director/Chief Financial Officer **55%** (6)

Education/Research and Development/Technology **27%** (3)

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

The present size and composition of the Board remain well-balanced. The Board is made up of professionals with a wide range of knowledge and experience in business and operations as well as medical, legal, finance and investment analysis acumen all relevant to the direction of a large, expanding Group.

The profiles of all Board members are disclosed on pages 110 to 120 of this Integrated Annual 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. This includes assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times.

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

MEETING CALENDAR 2021

No.	Director	Dates of Board Meetings									Total Meetings Attended
		1st Quarter		2nd Quarter		3rd Quarter	4th Quarter				
		Special	102nd	103rd	Special	104th	105th	Special	Special	Special	
		17.02.2021	18.03.2021	25.05.2021	23.06.2021	24.08.2021	26.11.2021	14.12.2021	16.12.2021	29.12.2021	
Non-Independent Non-Executive Directors											
1.	**Tan Sri Dr. Ali Bin Hamsa** - Chairman (Appointed: 23.06.2021)					√	√	√	√	√	5/5
2.	**Prof Dato' Dr. Azizi Bin Haji Omar**	√	√	√	√	√	√	√	√	√	9/9
3.	**Rozaini Bin Mohd Sani**	√	√	√	√	√	√	√	√	√	9/9
4.	**Shamsul Anuar Bin Abdul Majid**	√	√	√	√	√	√	√	√	√	9/9
5.	**Annie Binti Rosle** (Appointed: 23.06.2021)					√	√	√	√	√	5/5
	Dato' Dr Ngun Kok Weng (Resigned: 23.06.2021)	√	√	√							3/3
	Dato' Dr. Sivamohan a/l S.Namasivayam (Resigned: 23.06.2021)	√	√	√							3/3
Independent Non-Executive Directors											
6.	**Dato' Yusli Bin Mohamed Yusoff** (Re-designated from Chairman to Senior Independent Non Executive Director: 23.06.2021) (Passed away on 10.03.2022)	√	√	√	√	√	√	√	√	√	9/9
7.	**Mohamed Ridza Bin Mohamed Abdulla**	√	√	√	√	√	√	√	√	√	9/9
8.	**Dato' Mohd Redza Shah Bin Abdul Wahid**	√	√	√	√	√	√	√	√	√	9/9
9.	**Khairuddin Bin Jaflus**	√	√	√	√	√	√	√	√	√	9/9
10.	**Hisham Bin Zainal Mokhtar** (Appointed: 23.06.2021)					√	√	√	√	√	5/5
11.	**Lydia Anne Abraham** (Appointed: 23.06.2021)					√	√	√	x	√	4/5
	Christina Foo (Retired: 22.06.2021)	√	√	√							3/3
	Datuk Mohd Radzif Bin Mohd Yunus (Retired: 22.06.2021)	√	√	√							3/3
Executive Director											
12.	**Ahmad Shahizam Bin Mohd Shariff** (Resigned: 31.03.2022)	√	√	√	√	√	√	√	√	√	9/9
ATTENDANCE		12/12	12/12	12/12	8/8	12/12	12/12	12/12	11/12	12/12	

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

BOARD REMUNERATION 2021

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 fees and fixed meeting allowances.

No	Name	Directorate	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other emoluments	Total (RM'000)
1	Tan Sri Dr. Ali Bin Hamsa[a]	Non-Executive Non-Independent Director	114	21	-	-	-	-	135
2	Annie Binti Rosle[b]	Non-Executive Non-Independent Director	*63	50	-	-	-	-	113
3	Rozaini Bin Mohd Sani	Non-Executive Non-Independent Director	**120	86	-	-	-	-	206
4	Shamsul Anuar Bin Abdul Majid	Non-Executive Non-Independent Director	**120	73	-	-	-	-	193
5	Prof. Dato' Dr. Azizi Bin Haji Omar	Non-Executive Non-Independent Director	120	110	-	-	-	-	230
6	Dato' Mohd Redza Shah Bin Abdul Wahid	Independent Director	120	146	-	-	-	-	266
7	Mohamed Ridza Bin Mohamed Abdulla	Independent Director	120	114	-	-	-	-	234
8	Khairuddin Bin Jaflus	Independent Director	120	143	-	-	-	-	263
9	Hisham Bin Zainal Mokhtar[b]	Independent Director	63	71	-	-	-	-	134
10	Lydia Anne Abraham[b]	Independent Director	63	66	-	-	-	-	129
11	Ahmad Shahizam Bin Mohd Shariff	Executive Director	-	377	1,284	33	24	-	1,718
12	Dato' Yusli Bin Mohamed Yusoff[e]	Independent Director	168	47	-	-	31	-	246
13	Dato' Dr. Ngun Kok Weng[d]	Non-Executive Non-Independent Director	58	57	-	-	-	-	115
14	Dato' Dr. Sivamohan a/l S. Namasivayam[d]	Non-Executive Non-Independent Director	58	53	-	-	-	-	111
15	Christina Foo[c]	Independent Director	57	57	-	-	-	-	114
16	Datuk Mohd Radzif Bin Mohd Yunus[c]	Independent Director	57	57	-	-	-	-	114

* *Included are the Directors' Fees and Committee Fees paid to EPF as per EPF's instructions*
** *The payment of the Directors' Fees for nominee Directors representing and are employees of Johor Corporation will be paid to Johor Corporation as Corporate Fees*

Notes:
[a] *Appointed as the Chairman on 23.06.2021*
[b] *Appointed as a Board member on 23.06.2021*
[c] *Retired as a Board member on 22.06.2021*
[d] *Resigned as a Board member on 23.06.2021*
[e] *Re-designated from Chairman to Senior Independent Non-Executive Director on 23.06.2021*

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

SENIOR MANAGEMENT

Effective 1 February 2021, the Board approved a new Group Senior Management structure that was reorganised to establish greater management accountability and enhance empowerment at all levels of management. The new Group Senior Management structure comprises six (6) members of the C-Suite, namely:

- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- Chief Corporate Officer (CCO)
- Chief Commercial Officer (CCmO)
- Chief Human Resources Officer (CHRO)
- Chief Technology Officer (CTO)

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

The range of remuneration of the top five (5) Senior Management (including salary, bonus, benefits in kind and other emoluments) for the financial year ended 31 December 2021 is as follows:

Name	Designation	Salary (RM)	Allowance (RM)	Bonus (RM)	Benefits (RM)	Other emoluments	Total (RM)
Suriaghandi Suppiah[a]	Chief Operating Officer	450,001 – 500,000	150,001 – 200,000	0 – 50,000	0 – 50,000		650,001 – 700,000
Norhaizam Binti Mohammad	Chief Financial Officer	450,001 – 500,000	150,001 – 200,000	0 – 50,000	0 – 50,000		650,001 – 700,000
Shathiran Bin Mohd Idrus[d]	Chief Human Resources Officer	300,001 – 350,000	100,001 – 150,000		0 – 50,000		450,001 – 500,000
Ariesza Noor[b]	Chief Corporate Officer	350,001 – 400,000	150,001 – 200,000		0 – 50,000		550,001 – 600,000
Nik Izhar Bin Nik Mohammed[c]	Chief Commercial Officer	450,001 – 500,000	150,001 – 200,000	0 – 50,000	0 – 50,000		600,001 – 650,000

Notes:

[a] *Appointed as Chief Transformation Officer on 01.09.2020; Re-designated as Chief Operating Officer on 01.12.2021*
[b] *Appointed as the Chief Corporate Officer on 01.03.2021*
[c] *Appointed as the Chief Commercial Officer on 01.02.2021; Resigned on 05.04.2022*
[d] *Appointed as the Chief Human Resources Officer on 12.04.2021*

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

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.

SUMMARY OF BOARD COMMITTEES

No.	Members of the Board	AC	TC	RGC	NRC	IC	MAC
Non-Independent Non-Executive Directors							
1.	**Prof Dato' Dr. Azizi Bin Haji Omar**	-	-	M	M	-	M
2.	**Rozaini Bin Mohd Sani**	M	M	-	-	-	-
3.	**Shamsul Anuar Bin Abdul Majid**	-	-	-	M	M	-
4.	**Annie Binti Rosle** (Appointed: 23.06.2021)	-	M	-	-	M	-
	Tan Sri Dr. Ali Bin Hamsa (Appointed as Chairman of KPJ Healthcare Berhad: 23.06.2021) (Resigned: 31.03.2022)	-	-	-	-	-	-
	Dato' Dr. Ngun Kok Weng (Remained as MAC member) (Resigned: 23.06.2021)	M	-	M	-	-	M
	Dato' Dr. Sivamohan a/l S. Namasivayam (Remained as MAC member) (Resigned: 23.06.2021)	-	M	M	-	-	M
Senior Independent Non-Executive Director							
5.	**Dato' Mohd Redza Shah Bin Abdul Wahid**[(1)]	C	M	-	C[(1)]	M	-
	Dato' Yusli Bin Mohamed Yusoff (Re-designated from Chairman of KPJ Healthcare Berhad to Senior INED: 23.06.2021)	-	-	-	C[(2)]	-	-
Independent Non-Executive Directors							
6.	**Mohamed Ridza Bin Mohamed Abdulla**	-	-	C	M	M	-
7.	**Khairuddin Bin Jaflus**	M	C	M	-	-	-
8.	**Hisham Bin Zainal Mokhtar** (Appointed: 23.06.2021)	M	-	-	M	C	-
9.	**Lydia Anne Abraham** (Appointed: 23.06.2021)	M	M	M	-	-	-
	Christina Foo (Retired: 22.06.2021)	C	-	-	M	M	-
	Datuk Mohd Radzif Bin Mohd Yunus (Retired: 22.06.2021)	-	C	-	C	M	-
Executive Director							
10.	**Dato' Mohd Shukrie Mohd Salleh** (Appointed as President & Managing Director: 01.04.2022)	-	-	-	-	-	M
	Ahmad Shahizam Bin Mohd Shariff (Resigned: 31.03.2022)	-	-	-	-	-	M

Note:

C = *Chairman* **M** = *Member*

(1) *Appointed as NRC member and Chairman: 01.04.2022*

(2) *Chairman, until his passing on 10.03.2022*

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

NRC NOMINATION AND REMUNERATION COMMITTEE

Dato' Mohd Redza Shah Bin Abdul Wahid[(1)]	Chairman	Senior Independent Non-Executive Director
Mohamed Ridza Bin Mohamed Abdulla	Member	Independent Non-Executive Director
Hisham Bin Zainal Mokhtar[(2)]	Member	Independent Non-Executive Director
Prof Dato' Dr. Azizi Bin Haji Omar	Member	Non-Independent Non-Executive Director
Shamsul Anuar Bin Abdul Majid	Member	Non-Independent Non-Executive Director

Notes:

[(1)] *Appointed as member and Chairman on 1 April 2022*

[(2)] *Appointed as a member on 23 June 2021*

NRC MEETING ATTENDANCE 2021

No.	Director	Dates of Nomination and Remuneration Committee Meetings							Total Meetings Attended
		1st Quarter			2nd Quarter		3rd Quarter	4th Quarter	
		Special	18th	Special	19th	Special	20th	21st	
		27.01.2021	03.03.2021	15.03.2021	05.05.2021	23.06.2021	19.08.2021	24.11.2021	
Independent Non-Executive Directors									
1.	**Mohamed Ridza Bin Mohamed Abdulla**	√	√	√	√	√	√	√	7/7
2.	**Hisham Bin Zainal Mokhtar** (Appointed: 23.06.2021)						√	√	2/2
	Dato' Yusli Bin Mohamed Yusoff - Chairman (Appointed: 23.06.2021) (Passed away: 10.03.2022)						√	√	2/2
	Datuk Mohd Radzif Bin Mohd Yunus - Chairman (Retired: 22.06.2021)	√	√	√	√				4/4
	Christina Foo (Retired: 22.06.2021)	√	v	√	√				4/4
Non-Independent Non-Executive Directors									
3.	**Prof Dato' Dr. Azizi Bin Haji Omar**	√	√	√	√	√	√	√	7/7
4.	**Shamsul Anuar Bin Abdul Majid**	√	√	√	√	√	√	√	7/7
ATTENDANCE		5/5	5/5	5/5	5/5	3/3	5/5	5/5	

ROLES AND RESPONSIBILITIES

KPJ remuneration matters are governed by the Board of Directors through its Nomination and Remuneration Committee (NRC) which meets periodically to consider the remuneration of its Directors, senior executives and all employees in general. The management ensures that all rewards and remuneration programs comply with the relevant rules and regulations. The programs respond to commercial needs yet minimize fiscal risks and are implemented through check and balance and internal control in place.

The PMD and Group Human Resources Management provide strategic and operational support to the Board and NRC through remuneration policies and procedures for senior executives and all employees. The total rewards are determined by the delivery of annual and longer-term objectives and are consistent with KPJ's strategies to ensure sustainable long-term performance.

ACTIVITIES IN 2021

- Assessed candidates for appointment as new Board members;
- Recommended the appointment of Board members, Board Committees members, Senior Management as well as proposed other changes for the Board and Senior Management;
- Reviewed the Group's KPI achieved for the year 2020 and made recommendations pertaining to the Group's 2021 KPIs for Board approval;
- Reviewed and recommended the performance bonus for the financial year 2020 for KPJ Group of Hospitals and Companies;
- Reviewed the appointment of key Senior Management positions;
- Reviewed the remuneration packages and contract terms of key Senior Management;
- Considered, deliberated on and made recommendations on the proposals by KPMG Management & Risk Consulting Sdn Bhd, independent advisers engaged by the Company, to undertake a Board Governance Review in areas relating to training need analysis, Board Effectiveness Evaluation manual and review of Non-Executive Directors' remuneration; and
- Reviewed and approved the Talent Validation Programme rolled out by Management.

PRIORITIES IN 2022

- Oversee the implementation of employees' remuneration philosophy and a revised remuneration structure;
- Oversee the implementation of performance standards and performance management process; and
- Oversee the implementation of a talent management framework and the further development of talent bench strength.

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

IC INVESTMENT COMMITTEE

Hisham Bin Zainal Mokhtar[1]	Chairman	Independent Non-Executive Director
Dato' Mohd Redza Shah Bin Abdul Wahid[2]	Member	Senior Independent Non-Executive Director
Mohamed Ridza Bin Mohamed Abdulla	Member	Independent Non-Executive Director
Shamsul Anuar Bin Abdul Majid	Member	Non-Independent Non-Executive Director
Annie Binti Rosle[3]	Member	Non-Independent Non-Executive Director

Notes:

[1] *Appointed as member and Chairman on 23 June 2021*

[2] *Re-designated as member on 23 June 2021*

[3] *Appointed as member on 23 June 2021*

IC MEETING ATTENDANCE 2021

No.	Director	Dates of Investment Committee Meetings						Total Meetings Attended
		1st Quarter	2nd Quarter	3rd Quarter		4th Quarter		
		4th	5th	6th	Special	Special	7th	
		12.03.2021	22.05.2021	09.08.2021	20.08.2021	21.10.2021	09.11.2021	
Independent Non-Executive Directors								
1.	**Hisham Bin Zainal Mokhtar** - Chairman (Appointed: 23.06.2021)			√	√	√	√	**4/4**
2.	**Dato' Mohd Redza Shah Bin Abdul Wahid** (Re-designated member: 23.06.2021)	√	√	√	√	√	√	**6/6**
3.	**Mohamed Ridza Bin Mohamed Abdulla**	√	√	√	√	√	√	**6/6**
	Christina Foo (Retired: 22.06.2021)	√	√					**2/2**
	Datuk Mohd Radzif Bin Mohd Yunus (Retired: 22.06.2021)	√	v					**2/2**
Non-Independent Non-Executive Directors								
4.	**Shamsul Anuar Bin Abdul Majid**	√	√	√	√	√	√	**6/6**
5.	**Annie Binti Rosle** (Appointed: 23.06.2021)			√	√	√	√	**4/4**
ATTENDANCE		**5/5**	**5/5**	**5/5**	**5/5**	**5/5**	**5/5**	

ROLES AND RESPONSIBILITIES

To review and approve/recommend to the Board matters pertaining to potential investments, acquisitions, divestments, disposals, termination, joint ventures and/or other forms of corporate exercises. The approvals/recommendations to the Board are as per the authority limits of the Terms of Reference and the Investment Policy.

ACTIVITIES IN 2021

- Reviewed and approved KPJ Group's hospital expansion and future development proposals within its authority limits and recommended to the Board for its approval those above its authority limits;
- Reviewed and approved, within its authority limits, additional capital expenditure (CAPEX) proposals for KPJ's Group's Hospitals and recommended to the KPJ Board CAPEX proposals which were above its authority limits;
- Deliberated on and recommended to the Board for its approval the disposal of assets within the KPJ Group;
- Deliberated on and recommended to the Board for its approval the closure of selected businesses within KPJ Group;
- Deliberated on and recommended for Board approval several corporate exercises for the KPJ Group of Companies.

PRIORITIES IN 2022

- The KPJ Investment Committee will continue to deliberate on proposals for new business opportunities, existing assets expansion, disposal of assets and closure of business as recommended by KPJ's Management by ensuring the following for each exercise:
  - That the exercise provides better expected returns which comply with KPJ's Investment Policy;
  - That the exercise will stimulate sustainable business growth for the Company;
  - That the exercise will preserve the initial capital outlay, avoid excessive risks and prevent losses in the investment portfolio; and
  - That the exercise takes into account a review of the industry trends that may impact the Company's strategy, investments and growth.

Corporate Governance Overview Statement

Principle A | Principle B | Principle C

BOARD LEADERSHIP AND EFFECTIVENESS

TC TENDER COMMITTEE (Formerly known as the Development and Procurement Committee)

Khairuddin Bin Jaflus[(1)]	Chairman	Independent Non-Executive Director
Dato' Mohd Redza Shah Bin Abdul Wahid	Member	Senior Independent Non-Executive Director
Lydia Anne Abraham[(2)]	Member	Independent Non-Executive Director
Rozaini Bin Mohd Sani	Member	Non-Independent Non-Executive Director
Annie Binti Rosle[(2)]	Member	Non-Independent Non-Executive Director

Notes:

[(1)] *Re-designated as the Chairman on 23 June 2021*

[(2)] *Appointed as a member on 23 June 2021*

TC MEETING ATTENDANCE 2021

No.	Director	Dates of Tender Committee Meetings												Total Meetings Attended
		1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			
		43rd	Adjourned	Special	Special	44th	Special	Special	45th	Special	Special	Special	46th	
		24.02.2021	03.03.2021	31.03.2021	21.04.2021	19.05.2021	11.06.2021	15.07.2021	11.08.2021	23.09.2021	21.10.2021	28.10.2021	23.11.2021	
Independent Non-Executive Directors														
1.	**Khairuddin Bin Jaflus** - Chairman (Re-designated to Chairman: 23.06.2021)	√	√	√	√	√	√	√	√	√	√	√	√	12/12
2.	**Dato' Mohd Redza Shah Bin Abdul Wahid**	√	√	x	√	√	√	√	√	√	√	√	√	11/12
3.	**Lydia Anne Abraham** (Appointed: 23.06.2021)							√	√	√	√	x	√	5/6
	Datuk Mohd Radzif Bin Mohd Yunus (Retired: 22.06.2021)	√	√	√	√	√	√							6/6
Non-Independent Non-Executive Directors														
4.	**Rozaini Bin Mohd Sani**	√	√	√	√	√	√	√	√	√	√	√	√	12/12
5.	**Annie Binti Rosle** (Appointed: 23.06.2021)							√	√	√	√	√	√	6/6
	Dato' Dr. Sivamohan a/l S. Namasivayam (Resigned: 23.06.2021)	√	√	√	√	√	√							6/6
ATTENDANCE		5/5	5/5	4/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	4/5	5/5	

ROLES AND RESPONSIBILITIES

The TC evaluates, deliberates on and approves recommendations made by Management for the award of tenders to approved tenderers within its approving authority, and recommends for approval to the Board any tenders that are beyond the TC's approving limit.

The TC oversees the timeline and cost of each project undertaken by the Group and addresses any issues relating to these projects.

ACTIVITIES IN 2021

- Oversaw significant matters related to procurement of the Group;
- Reviewed, deliberated on and made recommendations to the Board pertaining the strategic matters surrounding new projects, sick projects with mitigation plans, and the project update dashboard report;
- Held twelve (12) meetings in 2021 to undertake its responsibilities; and
- Conducted seven (7) site visits to sites undergoing renovation and to extension projects to ascertain the progress of all the projects.

PRIORITIES IN 2022

- Primarily focus on enhancing and strengthening the procurement process and methodology for all KPJ expenditure, which includes all hospital projects (new, extension and renovation), bio-medical equipment purchases, pharmaceutical and all facilities and maintenance contracts of KPJ hospitals;
- Ensure the timely completion of all projects within the projected completion date and budget allocated
- Assess and evaluate all vendors, contractors and suppliers conducting business with KPJ with the primary aim of enhancing and improving their deliverables and service level agreements; and
- Mentor and guide personnel to raise the competency levels of all those involved in the different aspects of the procurement process.

Corporate Governance Overview Statement

Principle A | **Principle B** | Principle C

EFFECTIVE AUDIT AND RISK MANAGEMENT

AC AUDIT COMMITTEE

The AC presently comprises four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, all of whom are financially literate.

Dato' Mohd Redza Shah Bin Abdul Wahid(1)	Chairman	Senior Independent Non-Executive Director
Khairuddin Bin Jaflus	Member	Independent Non-Executive Director
Hisham Bin Zainal Mokhtar(2)	Member	Independent Non-Executive Director
Lydia Anne Abraham(2)	Member	Independent Non-Executive Director
Rozaini Bin Mohd Sani(2)	Member	Non-Independent Non-Executive Director

Notes:
(1) *Re-designated as the Chairman on 23 June 2021*
(2) *Appointed as a member on 23 June 2021*

AC MEETING ATTENDANCE 2021

No.	Director	Dates of Audit Committee Meetings						Total Meetings Attended
		1st Quarter		2nd Quarter	3rd Quarter		4th Quarter	
		99th	Special	100th	Special	101st	102nd	
		17.02.2021	17.03.2021	20.05.2021	03.08.2021	20.08.2021	22.11.2021	
Independent Non-Executive Directors								
1.	**Dato' Mohd Redza Shah Bin Abdul Wahid** - Chairman (Re-designated to Chairman: 23.06.2021)	√	√	√	√	√	√	6/6
2.	**Khairuddin Bin Jaflus**	√	√	√	√	√	√	6/6
3.	**Hisham Bin Zainal Mokhtar** (Appointed: 23.06.2021)				√	√	√	3/3
4.	**Lydia Anne Abraham** (Appointed: 23.06.2021)				√	√	√	3/3
	Christina Foo* (Retired: 22.06.2021)	√	√	√				3/3
Non-Independent Non-Executive Directors								
5.	**Rozaini Bin Mohd Sani** (Appointed: 23.06.2021)				√	√	√	3/3
	Prof Dato' Dr. Azizi Bin Haji Omar (Resigned: 23.06.2021)	√	√	√				3/3
	Dato' Dr. Ngun Kok Weng (Resigned: 23.06.2021)	√	√	√				3/3
ATTENDANCE		5/5	5/5	5/5	5/5	5/5	5/5	

ROLES AND RESPONSIBILITIES

The AC ensures transparency, integrity and accountability in the Group's activities to safeguard the rights and interests of the shareholders. At the same time, the AC assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.

The AC is also responsible for improving the Group's business efficiency, the quality of the accounting and audit function as well as strengthening public confidence in the Group's reported financial results. The AC also ensures the independence of the External and Internal Audit functions within the Group.

KPJ Board addresses Related Party Transaction matters in Audit Committee Meeting and we have documented policy on RPT which we implement to comply with the Listing Requirements of Bursa Malaysia Berhad.

ACTIVITIES IN 2021

- Reviewed the quarterly financial results before recommending the same to the Board for approval;
- Reviewed the External Audit Plan on the scope and focus areas of the External Auditor;
- Reviewed the financial results for the year ended 2021 and issues raised by the External Auditor on their review of KPJ operations and internal control system;
- Reviewed the related party transactions and recurrent related party transactions;
- Assessed the impact of the COVID-19 global pandemic situation and the consequential effects on the operations and financials of the KPJ Group;
- Assessed the effectiveness of the mitigation actions taken in relation to the technological risks identified in KPJ's computing environment to support hospital operations;
- Assessed the effectiveness of the process and adherence to standard operating procedures (SOPs) by Management and staff at all hospitals/subsidiaries in order to ensure efficient and sound control systems;
- Reviewed the performance of the Head of Internal Audit Services (IAS) and the department against the Consolidated Strategic Internal Audit Plan for 2021;
- Reviewed the revised Consolidated Strategic Internal Audit Plan for 2022 in order to assure that high-risk auditable areas are being covered in the audit scope; and
- Reviewed and approved the Audit Charter in line with the International Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors (IIA).

More details of the activities of the AC in 2021 can be found in the Audit Committee Report on pages 152 to 153.

Corporate Governance Overview Statement

Principle A | **Principle B** | Principle C

EFFECTIVE AUDIT AND RISK MANAGEMENT

AC AUDIT COMMITTEE

PRIORITIES IN 2022

- Assess the adequacy and effectiveness of the new Group Procurement Framework and procedures which are established as part of the new KPJ Group Central Procurement new function;
- Review the enhanced credit management process as well as assess the efficiency and effectiveness of the process and adherence to SOPs by Management and staff at all hospitals/subsidiaries in order to ensure an efficient and sound control system; and
- Equip the internal auditors with the relevant training and professional certification to minimise any knowledge or experience gaps as well as engage new internal auditors with diverse skills and backgrounds. The Certified Internal Auditor (CIA) training and CIA Certification programme were approved by the AC in 2021 for all internal auditors with the objective of developing and sustaining the competencies and professionalism of the internal auditors.

REVIEW OF THE PERFORMANCE OF THE AC

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.

RELATIONSHIP WITH EXTERNAL AUDITORS

A dialogue was held among the AC, IAS, Finance and the External Auditor to discuss the External Auditor's audit plan, report, internal controls issues and procedures. The performance of the External Auditor was assessed and the AC made recommendations pertaining to their appointment and remuneration to the Board.

In the year 2021, the External Auditors attended four (4) out of six (6) meetings, which were held on 17 February 2021, 20 May 2021, 20 August 2021 and 22 November 2021 respectively.

Separate private sessions were conducted without Management's presence on two (2) out of four (4) of the meetings.

RGC RISK AND GOVERNANCE COMMITTEE

Mohamed Ridza Bin Mohamed Abdulla	Chairman	Independent Non-Executive Director
Khairuddin Bin Jaflus	Member	Independent Non-Executive Director
Lydia Anne Abraham[(1)]	Member	Independent Non-Executive Director
Prof Dato' Dr. Azizi Bin Haji Omar[(1)]	Member	Non-Independent Non-Executive Director

Notes:

[(1)] *Appointed as a member on 23 June 2021*

RGC MEETING ATTENDANCE 2021

No.	Director	Dates of Risk and Governance Committee Meetings						Total Meetings Attended
		1st Quarter		2nd Quarter	3rd Quarter	4th Quarter		
		14th	Special	15th	16th	Special	17th	
		01.03.2021	15.03.2021	10.05.2021	12.08.2021	04.10.2021	10.11.2021	
Independent Non-Executive Directors								
1.	**Mohamed Ridza Bin Mohamed Abdulla** - Chairman	√	√	√	√	√	√	**6/6**
2.	**Khairuddin Bin Jaflus**	√	√	√	√	√	√	**6/6**
3.	**Lydia Anne Abraham** (Appointed: 23.06.2021)				√	√	√	**3/3**
Non-Independent Non-Executive Directors								
4.	**Prof Dato' Dr. Azizi Bin Haji Omar** (Appointed: 23.06.2021)				√	√	√	**3/3**
	Dato' Dr. Ngun Kok Weng (Resigned: 23.06.2021)	√	√	√				**3/3**
	Dato' Dr. Sivamohan a/l S. Namasivayam (Resigned: 23.06.2021)	√	√	√				**3/3**
ATTENDANCE		**4/4**	**4/4**	**4/4**	**4/4**	**4/4**	**4/4**	

Corporate Governance Overview Statement

Principle A | **Principle B** | Principle C

EFFECTIVE AUDIT AND RISK MANAGEMENT

RGC RISK AND GOVERNANCE COMMITTEE

ROLES AND RESPONSIBILITIES

The RGC oversees the overall risk exposure and risk management matters relating to any material clinical and non-clinical risks identified as well as governance processes within the Group. The RGC will recommend to the Board any changes in the policy, framework, standards and procedures where applicable.

The RGC also monitors the appropriateness of KPJ's strategies in addressing material stakeholder sustainability concerns and ensures their compliance with sustainability policy and reporting requirements.

ACTIVITIES IN 2021

- Reviewed the Group's Enterprise Risk Management (ERM) reports – which covered the ERM reporting status, risk profile, key risk highlights, risk priorities, mitigation plans and mitigation performance – to ensure that the Group's business activities as well as risk management methodologies were aligned and supplemented on an ongoing basis. This is to proactively manage the key risk areas that arise with the developments in the external operating environment;
- Monitored the status of business recovery during the COVID-19 pandemic through strategies to increase earnings and optimise costs;
- Deliberated on and made recommendation relating to the implementation of the new Hospital Information System from a risk perspective;
- Monitored the status of implementation of the Business Continuity Management (BCM) based on the established Business Continuity Framework;
- Oversaw the development and implementation progress of software solutions to better manage the risk governance activities;
- Reviewed the Anti-Bribery Management System (ABMS) framework and implementation plan and ensured its compliance with applicable laws, standards and regulatory requirements;
- Reviewed the reports on Medical and Clinical incidents reporting updates including action plans and initiatives undertaken to drive quality improvement activities. Matters in respect of the Group's medico-legal litigation cases, as well as trends of serious reportable events which highlighted problem areas in clinical performance and opportunities for improvement, were also reviewed; and
- Reviewed and recommended that the Board approves the RGC Report and the Statement on Risk Management and Internal Control in the Integrated Annual Report 2021.

PRIORITIES IN 2022

- Augment KPJ's risk strategy and appetite in alignment with KPJ's business objectives and strategy;
- Promote and improve the integration of risk thinking and a risk culture within KPJ through necessary steps in alignment with KPJ's corporate strategy;
- Monitor the implementation of Governance, Risk and Compliance (GRC) Solutions software for better data quality management; and
- Integrate efforts with other lines of defence for a better view and focus of risks and seamless reporting and monitoring.

Corporate Governance Overview Statement

Principle A | **Principle B** | Principle C

EFFECTIVE AUDIT AND RISK MANAGEMENT

MAC GROUP MEDICAL ADVISORY COMMITTEE

Chairman
Dato' Dr. Zaki Morad Bin Mohamad Zaher

Member
Dato' Mohd Shukrie Bin Mohd Salleh, President & Managing Director
Dato' Dr. Sivamohan a/l S. Namasivayam, Chairman, Clinical Governance Policy Committee
Assoc. Prof. (Clinical) Dr. Ab. Razak Bin Samsudin, Chairman, Clinical Governance Action Committee
Dato' Dr. Ngun Kok Weng, Chairman, Clinical Risk Management Committee
Prof. (Clinical) Dato' Dr. Fadzli Cheah, Chairman, Clinical & Research Ethics Review Committee
Prof. Dato' Dr. Azizi Bin Haji Omar, Chairman, Research and Quality Innovation Committee
Dr. Mohd Hafetz Bin Ahmad, Medical Director, KPJ Bandar Dato Onn
Dr. Kok Chin Leong, Consultant Paediatrician, KPJ Puteri
Suriaghandi Suppiah, Chief Operating Officer

MAC MEETING ATTENDANCE 2021

Details of the attendance of MAC members can be found in the Medical Advisory Committee Report on pages 167 to 171 of this Integrated Annual Report.

ROLES AND RESPONSIBILITIES

The MAC develops and monitors clinical governance activities and guidelines of the KPJ Group of Hospitals. The MAC 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. The MAC is also tasked with monitoring Patient Safety, Quality of Care and Enhancing Clinical Performance.

ACTIVITIES IN 2021

- Developed new policies and guidelines as well as reviewed and updated all existing policies/guidelines to ensure evidence-based processes are in place. One (1) new policy and one (1) guideline were approved and four (4) policies were updated;
- Reviewed clinical governance and reporting clinical outcomes by consultants;
- Reviewed the activities for clinical compliance including accreditation standards and clinical survey results of twenty-eight (28) hospitals surveyed in fourteen (14) areas;
- Monitored performance and patient outcomes such as clinical indicators and quality indicators;
- Established KPJ's second Ambulatory Care Centre in Bandar Kinrara, Puchong and launched the Centre for Stroke in KPJ Damansara;
- Updated the KPJ Guidelines on managing COVID-19 patients and ensured ongoing training for all healthcare personnel as well as dissemination of up-to-date clinical information and global clinical best practices in the treatment and management of COVID-19; and
- Ensured involvement in the National Immunisation Programme, with 22 of our KPJ hospitals serving as vaccination centres, as well as Mega PPV Centres at the Kuala Lumpur Convention Centre and at Mid Valley South Key, Johor Bahru.

PRIORITIES IN 2022

- Monitor the execution of policy, procedures and guidelines for patient safety and ensure satisfactory clinical outcomes.

More details of the activities undertaken by the MAC in 2021 can be found in the Medical Advisory Committee Report on page 163.

Corporate Governance Overview Statement

Principle A | Principle B | **Principle C**

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

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 (IR) function.

The President & 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' Mohd Shukrie Bin Mohd Salleh – President & Managing Director
- Norhaizam Binti Mohammad – Chief Financial Officer
- Ariesza Noor – Chief Corporate Officer

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 Malaysia as required by the MMLR.

Another integral component of KPJ's unyielding emphasis on ethical and high integrity reporting is the Group's Whistle Blowing Policy. This policy enables employees and other stakeholders (i.e., shareholders/suppliers/customers), or any other parties to report genuine concerns about unethical behaviour, malpractice, illegal acts, or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

A dedicated whistleblowing channel at integrity@kpjhealth.com.my is available for reporting. To encourage a conducive environment for effective whistle-blowing, the policy also provides assurances on the preservation of identity, the confidentiality of information, and protection of whistle-blowers from possible retaliation.

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

All shareholders have equal access to information. The Group has established formal channels to engage with shareholders and stakeholders:

Communication and Engagement with Shareholders
- Integrated Annual Report, Sustainability Report, Corporate Brochures, Notice of AGM;
- Announcements to Bursa Malaysia; and
- Website updates on corporate matters and the Annual General Meeting.

Annual General Meeting (AGM)
- The 28th AGM was held on a fully virtual basis on 22 June 2021 in accordance with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers (SC Guidance Note);
- Pursuant to the SC Guidance Note and Section 327(2) of the Companies Act 2016, the Chairman was present at the main venue of the AGM to chair the AGM. The AGM was conducted via the TIIH online meeting platform in Malaysia at https://tiih/online;
- All shareholders were required to register their attendance at the AGM remotely by using the Remote Participation and Voting (RPV) facilities at https://tiih.online;
- The Administrative Guide of the AGM was circulated to the shareholders more than 28 days prior to the AGM together with the Notice of the AGM;
- The business presentation was made by the President & Managing Director;
- The Chairman encouraged shareholders to post questions and these were answered during the Q&A session, with the independent moderator from KPMG Management & Risk Consulting Sdn Bhd presenting the questions received for the AGM;
- Electronic poll voting was conducted on all resolutions and announcements of the voting results were made during the AGM as well as via Bursa LINK on the same day after the AGM;
- The minutes of the AGM were uploaded on the Company's website; and
- In line with KPJ's EES (economic, environmental and social) initiatives, which encourage a sustainable environment, shareholders were able to access our Integrated Annual Report, Sustainability Report and Financial Report online instead of via hard copy distribution. The reports and proxy form too were downloadable at https://kpj.listedcompany.com/newsroom.html/cat/9862

Communication via Mass Media
- Media interview on corporate developments;
- Press releases on key issues; and
- Social media established on the most popular social media platforms at the Group and subsidiary levels.

Engagement with Equity Analysts and Investors
- Analyst/Investor Meetings;
- Quarterly Briefing on Results and Audited Annual Financial Statements with analysts;
- President & Managing Director's semi-annual updates; and
- 13 equity research houses covering KPJ Healthcare.

Corporate Governance Overview Statement

INVESTOR RELATIONS ACTIVITIES

Since the onset of the pandemic, all investor meetings have been conducted online in order to ensure the safety of the participants and in adherence to the highest COVID-19 SOP compliance standards. We conduct an analyst briefing after the announcement of our quarterly results and this is well attended by all research houses covering KPJ. Analysts' queries have focused on how KPJ has been adapting to the tough operating environment and the key strategic initiatives being undertaken to transform the Group moving into the endemic phase of the pandemic.

SHARE QUOTE	STOCK	SHARE PRICE
Market : Main **Sector : Healthcare**	**5878**	**High : RM1.21** **Low : RM0.92** **Close : RM1.11**

GENERAL MEETING

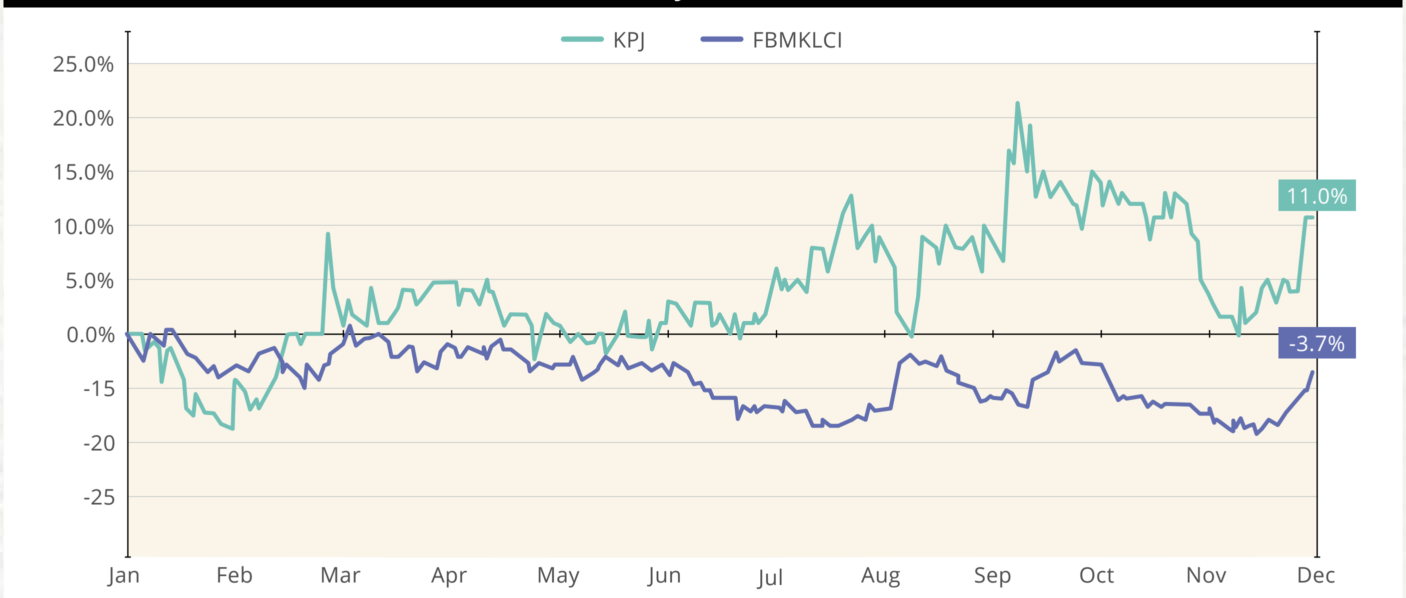
Date	Meetings	Venue	Agenda
22 June 2021	28th Annual General Meeting	Fully virtual online meeting platform at https://tiih.online	- AGM Ordinary Businesses. - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016. - Proposed New and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of Revenue and Trading Nature.
22 June 2021	Extraordinary General Meeting	Fully virtual online meeting platform at https://tiih.online	Proposed lease renewal

FTSE4Good

KPJ Healthcare Berhad is a constituent of the FTSE4Good Index since 20 June 2016

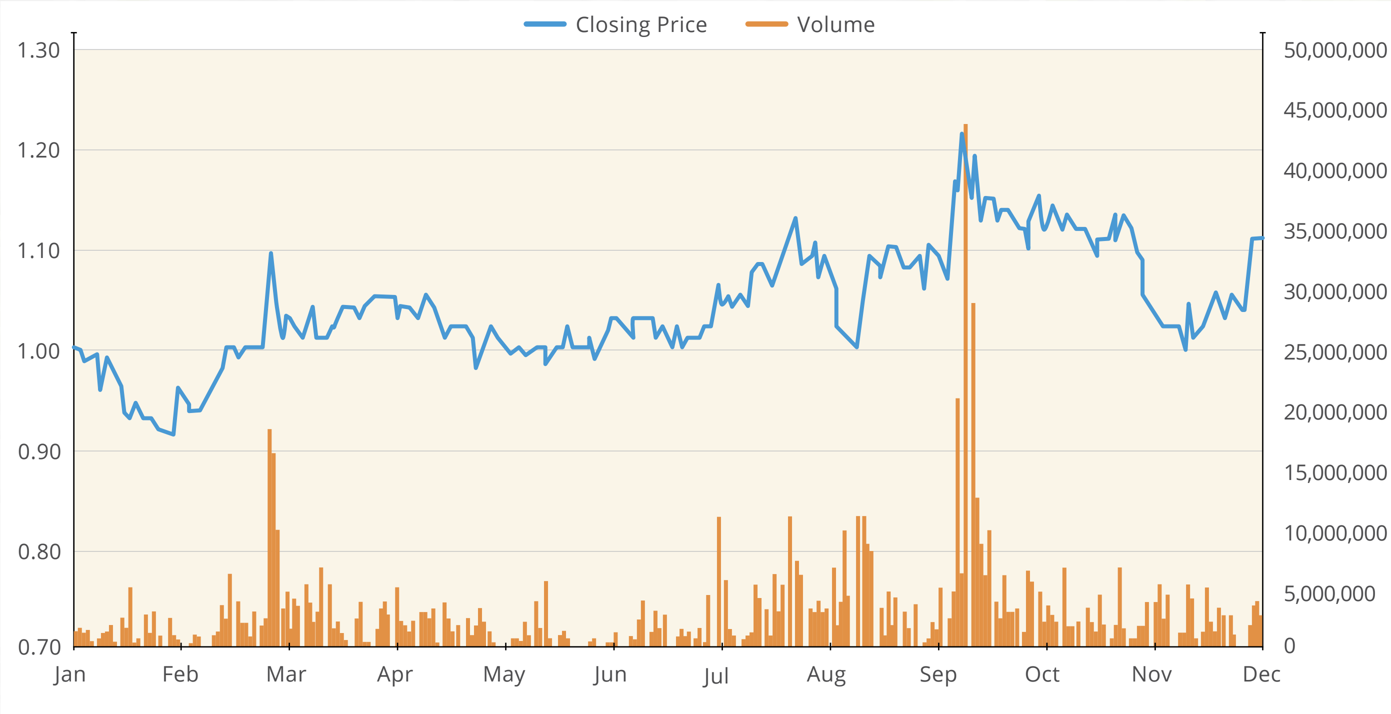
KPJ Share Performance

FBM KLCI vs. KPJ Healthcare FY 2021



Corporate Governance Overview Statement

KPJ Share Price and Volume Traded



KPJ QUARTERLY VOLUME AND TRADING

	4Q 2021	3Q 2021	2Q 2021	1Q 2021
Total Volume	268,292,100	239,672,800	102,823,900	170,581,600
Daily Average Volume	4,258,605	3,966,576	1,713,732	2,843,027
Closing Price	1.11	1.16	1.01	1.03
High	1.21	1.17	1.09	1.09
Low	1.00	1.00	0.98	0.92
Trading	0.21	0.17	0.11	0.18

KPJ SHARE PRICE 5 YEARS

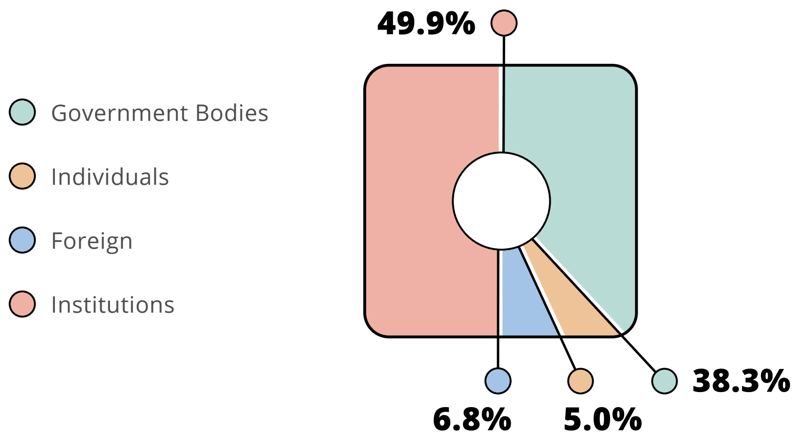
Year End	2021	2020	2019	2018	2017
Market Cap (RM Billion)	5.00	4.40	4.20	4.60	4.20
Closing Price	1.11	1.00	0.95	1.04	0.97
High	1.21	1.04	1.10	1.15	1.14
Low	0.92	0.72	0.87	0.84	0.90
Foreign Shareholding	6.81	5.94	6.29	6.67	7.45

Corporate Governance Overview Statement

SHAREHOLDING IN 2021

As at 31 December 2021, there were 7,541 securities account holders with 4,326,852,401 shares issued (excluding treasury shares).

Shareholders' Composition 2021



ACKNOWLEDGEMENTS AND RECOGNITION RECEIVED IN 2021 FOR STAKEHOLDER ENGAGEMENT

In August 2021, KPJ was honoured with the MSWG-ASEAN Corporate Governance Award 2020 - Industry Excellence Award (Healthcare), for good corporate governance practices and reporting. This was the second time KPJ received the Industry Excellence Award (Healthcare) from MSWG, the first being in 2017.

Audit Committee Report

COMPOSITION AND ATTENDANCE

Composition of Members

The Audit Committee (AC) comprises five (5) members, with four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, who are also members of the Board of KPJ Healthcare Berhad. This satisfies the requirements of Paragraph 15.09 (1)(a) and (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad.

The composition of the AC and the record of their attendance at AC meetings held during the financial year 2021 are as follows:

Name of Member	Status of directorship	No. of Meeting Attended
Dato' Mohd Redza Shah Bin Abdul Wahid[a] *Chairman*	Senior Independent Non-Executive Director	6/6
Khairuddin Bin Jaflus *Member*	Independent Non-Executive Director	6/6
Hisham Bin Zainal Mokhtar[b] *Member*	Independent Non-Executive Director	3/3
Lydia Anne Abraham[b] *Member*	Independent Non-Executive Director	3/3
Rozaini Bin Mohd Sani[b] *Member*	Non-Independent Non-Executive Director	3/3
Christina Foo[c] *Former Chairman*	Independent Non-Executive Director	3/3
Prof Dato' Dr Azizi Bin Haji Omar[d] *Former Member*	Non-Independent Non-Executive Director	3/3
Dato' Dr Ngun Kok Weng[e] *Former Member*	Non-Independent Non-Executive Director	3/3

Notes:
(a) Re-designated as AC Chairman on 23 June 2021
(b) Appointed as an AC member on 23 June 2021
(c) Retired from the Board and ceased to be the AC Chairman as of 22 June 2021
(d) Resigned as an AC member on 23 June 2021
(e) Resigned as a Board member and ceased to be an AC member as of 23 June 2021

The Chairman of the AC, Dato' Mohd Redza Shah Bin Abdul Wahid, is an Associate Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales. 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, the AC members are qualified individuals having the essential skills and expertise to discharge the functions and duties of the AC. The financial literacy and ability of the AC members to understand the financial reporting process have contributed to the AC's discussions as well as upheld the integrity of the Company's financial reporting process and financial statements.

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

Attendance

- AC meetings for 2021 were pre-arranged in December 2020 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 as and when required at the Chairman's discretion.
- During the financial year, the quorum for all six (6) meetings held during the financial year 2021 was fulfilled. The meetings were held on 17 February 2021, 17 March 2021, 20 May 2021, 3 August 2021, 20 August 2021 and 22 November 2021 respectively.
- The Company Secretaries act as the AC Secretaries at 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.
- Minutes of the AC meetings are circulated to all members and extracts of the decisions made are 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 meetings to the KPJ Board.

Audit Committee Report

Meetings with External Auditors

- In the year 2021, the External Auditors attended four (4) out of six (6) AC meetings, namely those which were held on 17 February 2021, 20 May 2021, 20 August 2021 and 22 November 2021 respectively.
- Separate private sessions were conducted without Management's presence at two (2) out of four (4) of the AC meetings.

TERMS OF REFERENCE

The duties and responsibilities of the AC are outlined in its Terms of Reference (TOR) which are available online in the Corporate Governance section at 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. During the financial year, the AC focused on the following areas, among others:

a) The impact of the global COVID-19 pandemic and its consequential effects on the operations and financials of the KPJ Group;
b) The Corporate Liability Provision as per Section 17A Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) which stipulates that a commercial organisation commits an offence if a person associated with the commercial organisation commits a corrupt act for the commercial organisation. The AC also reviewed the preparedness and adequacy of the KPJ Group of Companies in establishing and implementing 'Adequate Procedures' to deter persons associated with the commercial organisation from committing corrupt acts of gratification;
c) A review of the effectiveness and adequacy of the procurement/tender process which is aligned with the Group's strategic direction in the establishment of the Group Central Procurement and the Procurement Framework; and
d) Recent developments in tax laws and regulations.

SUMMARY OF WORK

Over the course of 2021, the AC carried out the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
Financial Results	• Reviewed the quarterly unaudited financial result announcements before recommending the same to the Board for approval; • Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with the Malaysian Financial Reporting Standards, applicable disclosure provisions in the MMLR, and other relevant legal and regulatory requirements; and • Reviewed the impact of changes in accounting policies and adoption of new accounting standards together with significant matters highlighted in the financial statements.
Internal Audit	• Reviewed and approved the annual audit plan for the year 2022 to ensure adequate resources, competencies as well as comprehensive audit scope and coverage over significant and high-risk audit activities; • Deliberated on the Internal Audit Reports that were tabled and appraised the adequacy of Management's responsiveness to the audit findings and recommendations; • Evaluated the results of scheduled follow-ups, investigations and special audits performed and confirmed that appropriate actions were taken to correct the weaknesses; • Assessed the status of audit activities as compared to the approved annual audit plan; and • Approved the annual revision of the Audit Charter and recommended that the Board approve the annual revision of the AC's TOR.

Audit Committee Report

AREA OF FOCUS	MATTERS CONSIDERED
External Audit	• Reviewed the audit plan, audit strategy and scope of work for the year; • Reviewed the results of the interim and annual audits, the audit reports, as well as the Management Letter together with Management's response to their findings; • Assessed the independence and objectivity of the External Auditors during the year. 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; • Deliberated on the developments relating to financial reporting and the regulatory environment; • Assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board of Directors; and • Met with the External Auditors without the presence of Management on 17 February 2021 and 20 August 2021.
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 situations that arose within the Group.
Annual Reporting	• Reviewed and recommended the Audit Committee Report for inclusion in the Integrated Annual Report to ensure compliance with the relevant regulatory reporting requirements, prior to Board approval.
Other Matters	• Reviewed the write-off for bad debts exercise prior to recommending this to the Board for approval; • Deliberated on the progress and status of IT-related strategic issues; • Reviewed and deliberated on the subsidiaries' performance; and • Deliberated on the status and updates on credit and inventory management of the Group.
Continuous Professional Development	• For the year under review, the relevant AC members have attended various conferences, seminars and training. Details of all training sessions attended are reported under the Corporate Governance Report, Practice 2.1 published on KPJ's website.

INTERNAL AUDIT SERVICES

- The Groups' in-house Internal Audit Services (IAS) team 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.
- IAS is headed by a Chief Internal Auditor, En. 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 an associate member of CPA Australia. He holds a Bachelor of Commerce (Accounting) from the Australian National University, Canberra.
- There are a total of 20 internal auditors who performed audits across the KPJ Group including the Group's Overseas Operations. The auditors are segregated into two (2) teams comprising Financial and Operational auditors, as well as IT auditors.
- Various physical and virtual 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 their skills and align them with the desired competency levels.

Roles and Functions

- IAS, as the third line of defence, reviews the effectiveness of the internal control structures over the Group's activities by focusing on high-risk areas that are 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 systems continue to operate satisfactorily and effectively within the Group.
- IAS reports functionally to the AC and administratively to the President & Managing Director.

Audit Committee Report

Summary of Work by IAS

- The IAS within its terms and reference, undertook the following scope-of-work for the financial year 2021:
  - i) Reviewed and appraised the adequacy and integrity of the internal financial controls and information system controls so as to ensure that these provide a reasonable but not absolute assurance that KPJ's assets are properly safeguarded;
  - ii) Collaborated with other internal or external assurance providers, or consulting services to determine the scope-of-work to ensure proper audit coverage and to minimise duplication efforts; i.e., External Auditors, Compliance Services, etc;
  - iii) Ascertained the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations;
  - iv) Appraised the effectiveness of the 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 that the necessary actions have been taken/are being taken to remedy any significant gaps identified on the governance, risk management and internal control;
  - vi) Carried out special reviews/investigations requested by the AC and/or Management;
  - vii) Witnessed the tender opening and validated the evaluation process for procurement of 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 and required resources to the AC for their review and approval; and
  - ix) Prepared the Audit Committee Report for the Company's Integrated Annual Report for financial year ended 31 December 2021.

- During the financial year ended 31 December 2021, IAS accomplished a total of 141 audits comprising scheduled financial and operational audits as well as IT audits at the hospitals, support companies and headquarters. These audits included investigations, special audits and ad hoc assignments. Reviews on compliance with established procedures, guidelines and statutory obligations were also performed.

- 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 on the audit issues, audit recommendations as well as Management's responses to these recommendations.

- Where appropriate and applicable, the AC directs Management to take cognisance of the issues raised and to establish the necessary steps to strengthen the system of internal control based on IAS' recommendations.

- All findings resulting from the audits were reported to the AC, Senior Management and relevant Management of the operating hospitals and support companies. Management of the operating hospitals and support companies were accountable for ensuring proper rectification of the audit findings and for implementing action plans within the timeframe specified.

- Follow-up by IAS on the actions taken is updated in the subsequent audits. In addition, the IAS plays an advisory role in the course of performing its audit activities.

- In view of the global pandemic, IAS has faced many challenges in completing the audit plan given the limitations in mobility and the ability to gather audit evidence. Nevertheless, the audit procedures were customised to suit the current pandemic situation whereby a more virtual-oriented approach or desktop audits were executed in order to ensure the safety of auditors and minimise the risk of them getting infected.

Independence of IAS

- IAS functions independently of the activities or operations of other operating units. IAS' authority, scope and responsibilities are governed by its revised Audit Charter which was approved by the AC on 22 November 2021 in alignment with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).
- All Internal Audit personnel are to sign an Independence Statement as well as a declaration on compliance with the Code of Ethics of the IIA in carrying out their duties.

Quality Assurance and Improvement Programme

- IAS shall maintain a quality assurance and improvement programme to uphold the conformance of internal audit activities with the International Standards for Professional Practice of Internal Auditing (Standards) issued by the IIA.
- The said programme includes the IAS function's self-assessment process and assessment by a qualified independent assessor once in five years.
- The Strategic, Quality and Development (SQD) Unit which has been working at full force effective Q2 2021 embarked on the implementation of the maiden Audit Management System (AMS) with a few pilot audit assignments set for completion by the end of 2021. The pilot projects were able to adequately illustrate the actual hurdles and challenges faced by the auditors in completing their audit process via the AMS. SQD together with IAS Management were also able to further tweak the existing process prior to fully utilising the system for all the audits assignments.
- IAS also concentrated its efforts on reviewing the auditors' competencies and professionalism by introducing the Certified Internal Auditor (CIA) programme. All auditors are encouraged to enrol in the CIA training and certification programme which forms part of the auditor's Key Performance Indicators (KPIs).

Statement on Risk Management and Internal Control

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

The Board of Directors of KPJ Healthcare Berhad (KPJ or the Group) 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 and Internal Control – Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as for reviewing its adequacy 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 2021 to ensure effective oversight of the Group's controls and risks.

The Audit Committee (AC) reviews the effectiveness of the internal control structure over the Group's activities focusing on high-risk areas which are determined using a risk-based internal audit approach. The Risk and Governance Committee (RGC) evaluates and reviews the assessment of identified risks, the effectiveness of the Enterprise Risk Management (ERM) Framework, as well as the process for accessing and managing the Group's principal risks. Issues raised and actions taken by Management to address these issues are deliberated on at the RGC and AC meetings.

MANAGEMENT RESPONSIBILITY

KPJ's Management has overall responsibility for implementing the Board's policies on risks and controls. Management facilitates this by allocating resources towards the design and implementation of policies and procedures on the risk management framework and internal control system so that significant risks faced by the Group can be identified and evaluated. Management also formulates adequate controls to manage these risks, according to the risk appetite set by the Board.

The principal objective of the risk management framework and internal control system is to identify and manage business risks effectively as well as to safeguard assets.

As the internal controls system is designed to manage and reduce risks rather than eliminate them, the system can only provide reasonable assurance to the Board regarding the achievement of company objectives through:

- The effectiveness and efficiency of operations;
- The reliability of financial reporting; and
- Compliance with applicable laws and regulations.

The likelihood of achievement of the Group's objectives is affected by limitations inherent in any internal control system. 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 upholding the highest standards of ethics and integrity by demonstrating honesty, fairness, transparency and accountability in the conduct of its business and operations. Performing duties with itegrity is one of the core values embraced by KPJ.

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

In line with the implementation of the Group's Anti-Bribery Management System (ABMS), employees are required to annually affirm their commitment to uphold high integrity and ethical values via the Staff Integrity Pledge in the Employee Self Service Portal.

KPJ also has in place a comprehensive Whistle-Blowing Policy that outlines the Group's commitment to promoting the highest standards of governance, ethics and integrity in all aspects of the Group's business dealings. A dedicated whistle-blowing channel at integrity@kpjhealth.com.my is made available should employees or any other stakeholders wish to report any unethical practices or perceived wrongdoings. In order to encourage a conducive environment for effective whistle-blowing, this policy also provides assurances on the preservation of the identity of whistle-blowers, the confidentiality of information and protection for whistle-blowers from any possible retaliation. This policy provides an avenue for employees and all stakeholders to raise genuine concerns internally as well as to report any breach or suspected breach of any law or regulation.

Statement on Risk Management and Internal Control

Since 2011, the Group has also been a signatory to the Malaysian Corporate Integrity Pledge, introduced by the Malaysian Institute of Integrity (MII) in support of the Government's efforts to combat corruption and unethical practices.

The Group's No Gifts and Entertainment Policy has been in place since 2014, whilst the Asset Declaration Policy which applies to all employees has been in effect since 2017. The purpose of these policies is to uphold ethical and responsible behaviour by all KPJ's employees and to avoid conflict of interest situations in any ongoing or potential business dealings that the Group has with various suppliers and service providers.

The Group has adopted the Integrity Pact implementation guidelines as a tool to prevent corruption in the procurement processes. It comprises a set of declaration processes by the Group's employees, the procurement committees involved in procurement activities as well as suppliers. The Group requires its Vendors/Suppliers/Agents/Contractors to adhere to the laws, rules and regulations in all of their activities. The Group expects the Vendors/ Suppliers/ Agents/ Contractors to abide by the integrity agreement when conducting business with or for the Group.

KPJ'S ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS)

In line with the National Anti-Corruption Plan 2019-2023 launched by the Government in January 2019, three officers from KPJ were certified as Certified Integrity Officers or CeIOs by the Malaysia Anti-Corruption Academy (MACA).

In February 2020, KPJ went on to form its Integrity Unit (IU) as part of its preparation to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The IU's primary role is to drive and embed integrity as a key factor in governance and ensure all the Anti-Bribery Management System (ABMS) policies and procedures are in place.

On 23 October 2020, KPJ attained ISO 37001:2016 ABMS certification for a period of three years. This helps the Group to manage the corporate liability risks that it may face in business and to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) that was enforced on 1 June 2020. KPJ's subsidiary companies commenced adopting the practices under the same Act in January 2021.

In November 2021, KPJ completed the ABMS Surveillance Audit by SIRIM registering a "No Non-Conformity Report" and one "Opportunity for Improvement."

The Group upholds good business value ethics by preventing and eliminating all forms of bribery/corruption to achieve the Company's vision and mission to safeguard the interests of its stakeholders.

The ABMS objectives are as follows:

- To inculcate and practice ethical virtues;
- To hinder any possibilities that could lead to unethical or untruthful practices;
- To comply with the Malaysian Anti-Corruption Commission Act 2009, regulations and Anti-Bribery Management System (ISO 37001:2016);
- To take the necessary action against employees and other interested parties contravening the law, regulations, ABMS Policy and other requirements;
- To cooperate with the relevant agencies to combat threats of bribery and fraud;
- To leverage the ABMS Committee and IU to monitor and ensure the ABMS is implemented and to report their findings to the RGC for continuous improvement;
- To comply with the Code of Behaviour and Business Ethics and practice good values based on moral principles whilst performing our duties as well as making continuous improvements; and
- To provide a channel of reporting as per the Whistle-Blowing Policy for any forms of bribery/corruption risks.

To instil a zero-tolerance for bribery and corruption, IU conducted a series of awareness training sessions on the ABMS and the related standard operating procedures (SOPs) throughout the year 2021. In addition, Integrity Ambassadors were appointed at all the Group's companies to assist the IU in instilling and promoting ethical values among the Group's employees.

Quarterly meetings with the Integrity Ambassadors were scheduled to monitor the progress of the ABMS SOP implementation. Aside from that, the identification of bribery risk for hospitals and subsidiary companies was initiated and developed progressively.

The ABMS Compliance Checklist Reporting was introduced in 2021 as a control mechanism in monitoring the ABMS SOP implementation throughout the Group. Collaboration with the MACC was initiated in 2021 and a series of ongoing engagements are planned for 2022.

Statement on Risk Management and Internal Control

CONTROL STRUCTURE

Effective 1 February 2021, the Board has approved a new structure which is collectively referred to as the KPJ Group Management Committee (formerly known as the EXCO). This committee is chaired by the President & Managing Director and its other members are as follows:

- **Chief Operating Officer**
- **Chief Financial Officer**
- **Chief Commercial Officer**
- **Chief Corporate Officer**
- **Chief People Officer**
- **Chief Technology Officer**
- **Chief Transformation Officer**
- **Head of International Business**
- **Head of Projects**

Note:
1. *As of February 2022, International Business was merged into other services i.e., Hospital Operations and Sales & Operations.*
2. *The position of Chief Transformation Officer is no longer applicable effective 1 December 2021. The Transformation Office is currently led by the Head of Transformation Office.*
3. *Upon the end of service of the Head of Project on 31 December 2021, the reporting structure of Project Division was realigned to the COO Office.*
4. *Starting 1 January 2022, Chief People Officer was renamed to Chief Human Resource Officer.*

Possessing the largest number of healthcare facilities and professionals in Malaysia's private sector, all KPJ's 28 hospitals were reorganised under regional groupings across seven geographically based regions i.e., Northern Region, Central Region I, Central Region II, Southern Region I, Southern Region II, East Coast Region and East Malaysia Region. Each of these regional groupings is led by a Regional CEO and all the Regional CEOs report to the Chief Operating Officer.

The Regional CEOs supervise the hospitals in their respective regions where the respective Chief Executive Officers/General Managers of these hospitals report to them. The Medical Directors oversee the clinical operations and governance at the hospitals.

At the Corporate level, the Group exercises its governance oversight via the Medical Advisory Committee (MAC) on clinical matters and the KPJ Group Management Committee (KGMC) on all hospital operations matters and strategic matters.

ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY

The Board has delegated certain responsibilities to Board Committees and Management Committees with clearly defined terms of reference. The functions and activities carried out by the Board Committees are set out in the Corporate Governance Overview Section on pages 133 to 146.

The Board also assigns authority and responsibility to the President & Managing Director. The KGMC that is chaired by the President & Managing Director oversees all business operations and executes all strategic initiatives approved by the Board.

Several committees have been formed to identify, evaluate, monitor and manage the significant risks affecting the Group operations

1. **RISK AND GOVERNANCE COMMITTEE (RGC)**
   The RGC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The RGC is entrusted with evaluating and reviewing the assessment of identified risks, the effectiveness of the ERM Framework, as well as the process of assessing and managing the Group's principal risks. The committee also reviews and evaluates the Group-level risk exposures and manages significant identified clinical and non-clinical risks.

2. **GROUP MEDICAL ADVISORY COMMITTEE (MAC)**
   The MAC is chaired by a Senior Medical Professional. The MAC Chairman is appointed by the President & Managing Director. The MAC is the apex clinical committee that is responsible for the Group's clinical governance framework and the guidelines for sound and ethical medical practices. There are various sub-committees under the MAC, namely the Central Credentialing and Privileging Committee (CCPC), Clinical Governance Policy Committee (CGPC), Clinical Governance Action Committee (CGAC), Clinical Risk Management Committee (CRMC), Research and Quality Innovation Committee (RQIC) and Clinical and Research Ethics Review Committee (CRERC).

   The MAC reviews the Group's clinical governance practices including policies, guidelines, SOPs and clinical compliance framework for the approval of the Board to inculcate a safe, healing, ethical environment as well as to promulgate good clinical governance practices that are consistent with the Board's business direction and risk tolerance.

Statement on Risk Management and Internal Control

3. TENDER COMMITTEE (TC)

The TC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The TC oversees the timeline and costing of each project undertaken by the Group and addresses any issues relating to these projects. The TC evaluates, deliberates and approves all major procurement contracts within the authority limits set by the Board. The TC also evaluates the recommendations made by the Management on selected contractors for the Board's approval.

4. CLINICAL RISK MANAGEMENT COMMITTEE (CRMC)

The Chairman of the Group CRMC is a Senior Medical Professional who is appointed jointly by the Management and the MAC of KPJ. The CRMC is entrusted with reviewing and overseeing the effectiveness of the Group's clinical governance framework. All major clinical risk incidents related to patient and staff safety are presented to the CRMC. All strategic corrective and preventive measures discussed and decided by the CRMC are escalated to the MAC for its notation and endorsement.

5. TENDER EVALUATION COMMITTEE (TEC)

The TEC is a management committee chaired by a member of the KGMC. The TEC is responsible for evaluating all tenders for all acquisitions of assets, awards of contracts and appointments of project development consultants/ advisors to the Group. The TEC makes the appropriate recommendations to the TC.

The Terms of Reference (TOR) for all the aforementioned committees are available at www.kpjhealth.com.my.

ADVANCING EMPLOYEE SKILLS AND COMPETENCIES

Being in a service-oriented industry, KPJ recognises the importance of continuous investment in improving the skills and competencies of its employees. In 2021, the Group spent RM3.93 million (2020: RM5.7 million) to implement its employees' training and development plan.

In supporting employee skills and capabilities enhancement, Group Human Resources Management, in collaboration with KPJ Healthcare University College's (KPJUC) teaching professionals as well as external trainers have facilitated and conducted an average of 34 training hours/staff per year in 2021 (target 30 training hours/staff per year). The programmes, which were centred on functional and leadership-related disciplines such as customer service, clinical safety and leadership, were mostly conducted via online learning (virtual), given the COVID-19 pandemic.

In supporting employees' career advancement, Group Human Resources Management offers educational sponsorship assistance in the following areas:

1. To qualified employees to further their studies in various post-graduate programmes with local and overseas institutions (priority is given to hospital management and clinical disciplines); and
2. To all Diploma holder Nurses, representing almost half of the Group's total workforce, 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 reputable institutions.

Since the programme's initiation in 2005, a total of 106 staff have benefited from this programme.

RISK MANAGEMENT FRAMEWORK

Enterprise Risk Management

The Enterprise-wide Risk Management or ERM Framework remains an integral part of the Group's governance process in ensuring all inherent and emerging risks are assessed, mitigated and monitored to safeguard the Group's interests.

The Group issued the KPJ Risk Management Guidelines in 2019 to all hospitals. This was formulated based on the ISO 31000:2018 Risk Management standard and serves as a guide for identifying, evaluating, managing and monitoring significant risks by the Group as it aligns its ERM process with industry best practices. The objective of the KPJ Risk Management Guideline is to provide a structured and consistent approach to risk management across the Group for informed decision making.

Statement on Risk Management and Internal Control

The Group has put in place an ERM Framework for managing risks associated with its business and operations and robust ERM practices have been implemented throughout KPJ to support our organisational business and strategic objectives. Group Risk is structured to provide adequate support to business units and subsidiaries in relation to risk management practices and implementation as well as to guide the priorities and direction of group risk management activities.

A reporting format by risk category has been enhanced in which risks have been categorised and prioritised based on their rating and impact, namely Strategic Risk, Financial Risk, Operational Risk and Compliance Risk. KPJ's RGC and Management continue to provide oversight and appraise the adequacy and the effectiveness of the ERM practices in view of the increasingly challenging operating environment.

In April 2021, KPJ developed the KPJ Business Continuity Management (BCM) Framework which facilitates a structured and scalable approach for designing and executing a Business Continuity Plan (BCP). It also provides a one-stop reference for BCM concepts, expectations and deliverables to be adopted across the Group. The Framework was formulated based on the ISO 22301 - Business Continuity Management standard.

As part of its strategy to improve data quality management and streamline risk governance practices and reporting across its companies and subsidiaries, KPJ embarked on a Governance, Risk Management and Compliance (GRC) software project for a systematic and structured monitoring and reporting of risks within KPJ in 2021. The project is currently ongoing.

KPJ'S ERM FRAMEWORK FOR RISK GOVERNANCE

The ERM governance structure adopted by KPJ comprises three levels of defence as follows:

Level 1	Level 2	Level 3
Hospital-level Management and Board	Clinical Services and Risk Management Services at HQ	Internal Audit Services at HQ

KPJ's ERM structure spans the entire organisation, from the Board, right down to the operational level. Material risks are consolidated from all Business Units to the Group Management, escalated up to the RGC and finally to the Board. 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 Group Risk.

The Group coordinates its risk management activities through a risk reporting and escalation framework called the Incident Reporting and Root Cause Analysis framework. 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. All incident reporting and root cause analysis activities are conducted via the Q-Radar online risk reporting system was rolled-out to all hospitals in June 2017. Today, all hospitals have access to report incidents (clinical and non-clinical) via this online risk reporting system.

As a healthcare service provider, clinical risk forms the biggest risk class that the Group faces. Therefore, the Board has entrusted the Clinical Risk Management Committee or CRMC which comprises 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 RGC which has oversight authority on all risk management and internal control issues of the Group.

Statement on Risk Management and Internal Control

CONTROL ACTIVITIES

Policies and Procedures

Policies and procedures are documented accordingly with the objective to ensure that appropriate authority limits are in place, that business activities are carried out according to set standards, and that the 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. The Authority Limit was last approved by the Board on 26 August 2020. Different authority limits are set for different areas of procurements such as capital expenditure and operational expenditure. Similarly, cheque signatories and authority limits are clearly defined and enforced.

Key Performance Indicators (KPIs)

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.

COMMITMENT TO CONTINUOUS LEARNING

Information Technology (IT)

Information Communication Technology (ICT) continues to evolve at a tremendous pace even as businesses embrace the Industry 4.0 Revolution by leveraging artificial intelligence, digital production, the Internet of Things, Cloud technology, Robotic Process Automation and Big Data, among other innovations. KPJ's Group Technology Services (GTS) has aligned its ICT strategies with KPJ's vision and business objectives for the next five years and is ensuring that KPJ is leveraging the latest technological advancements to achieve its goal of becoming a Smart Healthcare Provider (the hybrid business model for both physical and virtual care). As part of the strategy, KPJ will be replacing its long serving Hospital Information System (HIS) with the next generation futureproof HIS which will be able to deliver Industry 4.0 technologies and the integration necessary to meet KPJ's vision and goals. The first pilot project is expected to be rolled out at KPJ Damansara 2 Specialist Hospital (DSH2) in 2022.

Communication and Information Sharing

The Group promotes the culture of effective communication and information sharing amongst its hospitals and key subsidiaries through organising 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, which are held either on a monthly, quarterly or annual basis, comprise diverse functional groups such as hospital management, chief nursing officers, finance managers, pharmacists and risk officers.

On 1 February 2021, the Group conducted a townhall meeting whereby Management shared the new changes in policies and group structure, reported on financial and operational performance, as well as unveiled the new strategic direction, balance scorecard and business targets for the new financial year.

Insurance Coverage

The Group is working closely with insurance brokers to ensure optimum coverage with competitive premium rates 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 and claims, among other things). All the staff in Group are covered by the Group Personal Accident Policy for injuries resulting from incidents or accidents.

All directors, medical officers and professionals of the KPJ Group have been covered by the Liability Insurance (Medical Malpractice Policy and Directors and 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

Consequent to the risk assessment process, all risks identified are registered and monitored. Registered risks are reviewed by their respective risk owners with quarterly reporting to Group Risk. Subsequently, risk updates are consolidated and analysed for monitoring and reporting to the RGC on a quarterly basis.

Statement on Risk Management and Internal Control

The effectiveness of the ERM Framework in relation to clinical domains is provided primarily by Clinical Services through off-site reviews. In 2021, a total of 28 hospitals were surveyed in 14 service areas by the clinical team assisted by Chief Nursing Officers, pharmacists, dieticians and physiotherapists.

The assurance activities of the Group are primarily undertaken by the Level 3 line of defence function. The effectiveness of internal control systems implemented throughout the Group is assessed primarily by Internal Audit Services through the conduct of regular audits on KPJ's hospitals and key subsidiaries.

Reports generated by Level 2 and Level 3 lines of defence are presented to the CRMC, RGC and AC respectively for deliberation.

The Group's risk management framework and internal control systems do not apply to the associate companies where we do not exercise management control over their operations. The Group's interests 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 Malaysian Society for Quality in Health (MSQH) and Joint-Commission International (JCI) accreditation 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. This is usually done every three years for JCI accreditation and ever four years for MSQH accreditation.

Currently, 19 hospitals in the Group have received their accreditation certifications from the MSQH, out of which four 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 JCI with the internationally-recognised "JCI Accreditation". It is the Group's aspiration that all hospitals in its network receive this accreditation upon reaching operational maturity.

In 2021, MSQH planned to conduct 10 hospital accreditation surveys as part of the accreditation process cycle but due to the COVID-19 pandemic and conversion of 6th edition standards, some of the surveys have been postponed to 2022.

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 Integrated Annual Report for the year ended 31 December 2021. 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 Chief Financial Officer, 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 Integrated 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 Integrated 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 Issuer.

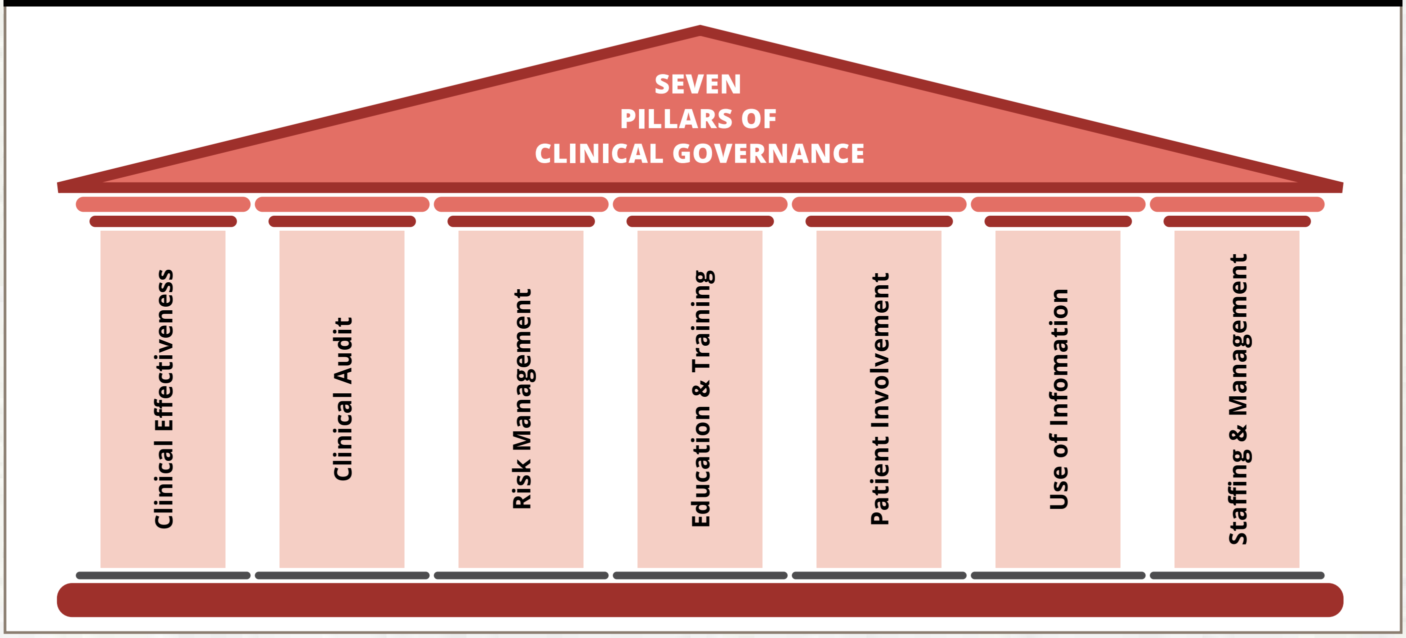
Medical Advisory Committee Report

Clinical governance is an integral component of corporate governance within a health service organisation. It ensures that all those responsible – from frontline clinicians to managers and members of governing bodies, such as boards – are accountable to patients and the community for the delivery of health services that are safe, effective, integrated, of a high quality and are continuously being improved upon.

In short, it is about **the right person** (be it an appropriately trained and resourced individual or team), **doing the right thing, at the right time** via the application of the best evidence to a patient's problem, in the way the patient wishes. The individual or team must also 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 as well as any mistakes made.

Here at KPJ, we bring our clinical governance framework, namely our **Seven Pillars of Clinical Governance** (Figure 1) into play to ensure our hospitals are accountable for continually improving the quality of their services and according patients high standards of care by creating an environment in which excellence in clinical care will flourish. KPJ's framework embodies three key attributes: recognisable high standards of care, responsibility and accountability for those standards in a transparent manner, and constant, dynamic improvement.

FIGURE 1: THE SEVEN PILLARS OF CLINICAL GOVERNANCE

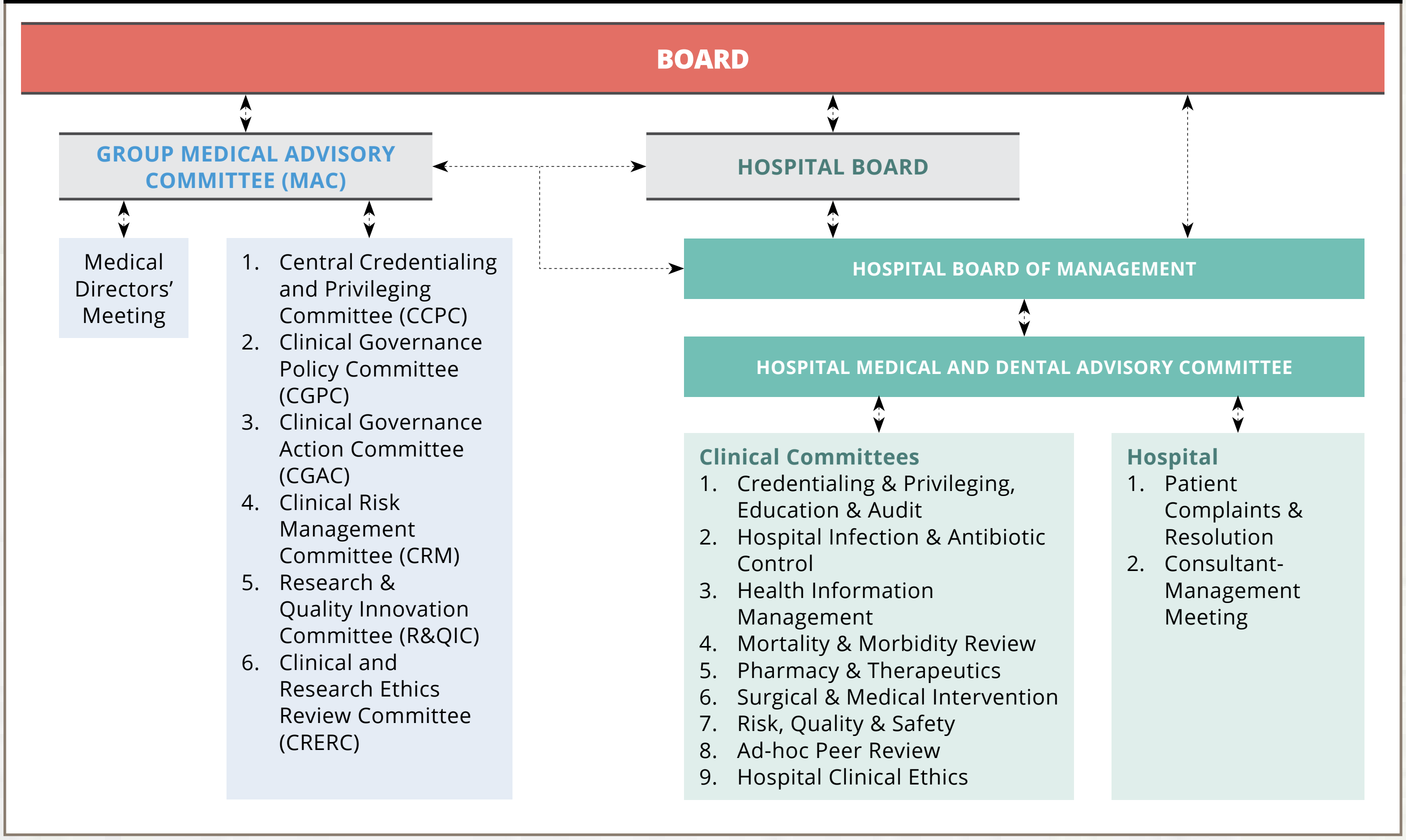


While KPJ's Board of Directors has overall oversight for Clinical Governance, at the Group level this is the responsibility of the Group Medical Advisory Committee (MAC). The MAC together with several Central Governance Committees are responsible for developing the policies and guidelines to improve safety, outcomes and the monitoring of clinical governance activities at our hospitals (Figure 2).

All our 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.

Medical Advisory Committee Report

FIGURE 2: MANAGEMENT OF CLINICAL GOVERNANCE - CLINICAL GOVERNANCE COMMITTEES



ACTIVITIES OF THE GROUP MEDICAL ADVISORY COMMITTEE AND ITS COMMITTEES IN 2021

Development and Review of Policies and Guidelines

The clinical governance committees are tasked with developing new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence-based processes are in place.

In 2021, one (1) new policy and one (1) guideline were approved for use, while four (4) policies were updated.

Date of Approval	New Policies
19/08/2021	Policy on Chaperone in the Hospital
18/11/2021	Guideline on Advance Care Planning

Date of Approval	Reviewed policies
18/02/2021	Blood Transfusion Request and Consent Form
11/05/2021	HIV Testing and Consent
11/05/2021	Sedation Policy
11/05/2021	Policy on Paediatric Age Group

Medical Advisory Committee Report

Strengthening Clinical Governance

Meetings with doctors encourage doctors to be more involved in clinical governance activities and motivate them to expand their reporting on clinical outcomes. During these meetings, suggestions for new products or services as well as the difficulty in executing certain policies or guidelines are also discussed.

Specialty Meetings

Eight (8) specialty meetings were held in 2021.

Group Medical Directors' Meetings

One meeting was held in 2021 - on 11 October 2021.

Regional Medical Directors' Meeting

There were no Regional Medical Directors' meetings in 2021.

No.	Specialty	Date
1	Ophthalmology	19 March 2021 - Google Meet
2	Neurology & Neurosurgery	25 March 2021 - Google Meet
3	Orthopaedic	14 April 2021 - Google Meet
4	Obstetrics & Gynaecology	23 April and 6 October 2021 - Google Meet
5	Paediatrics	23 April 2021 - Google Meet
6	General Surgery	27 May 2021 - Google Meet
7	Radiology	31 May 2021 - Google Meet

Ensuring Clinical Compliance

Today, many people are concerned about whether their healthcare needs are being met by hospitals in the best manner possible. Accreditation means that all KPJ's hospitals have been assessed against internationally recognised standards and operate at the highest levels of quality and service. Accreditation is the process by which the validity of our competency, authority, and credibility is proven and certified.

The measurement of quality requires a reference standard. Here at KPJ, the Malaysian Society for Quality in Health (MSQH) and Joint Commission International (JCI) standards are used to benchmark our services, thereby reassuring our patients of the outstanding care provided by our doctors and nurses.

ACCREDITATION BY THE MALAYSIAN SOCIETY FOR QUALITY IN HEALTH (MSQH)

KPJ Rawang Specialist Hospital was recertified successfully for its second cycle (5th Edition) in June 2021.

JOINT COMMISSION INTERNATIONAL (JCI) ACCREDITATION

In 2021, none of the hospitals underwent JCI recertification.

CLINICAL SURVEY 2021

This survey evaluates the Group's compliance with Ministry of Health standards/guidelines, MSQH and JCI standards, Malaysian Medical Council (MMC) Guidelines and KPJ Governing Policies. This is a cross-hospital internal survey conducted by KPJ Clinical Services as well as hospital nursing and allied health managers.

Medical Advisory Committee Report

In 2021, a total of 28 hospitals were surveyed in 14 service areas, with an average result of 93.5%. Physiotherapy Services was added to the list in 2021.

Table1: Clinical Survey 2021 - Service Areas

	SERVICE AREAS SURVEYED
1	Prevention and Control of Infection (PCI)
2	Haemodialysis Service (HD)
3	Central Sterilising Supply Service (CSSS)
4	Accident and Emergency Service (A&E)
5	Endoscopy Service
6	Intensive Care / Neonatal / Cardiac Intensive Care Service (ICU/NICU/CICU)
7	Labour Room / Maternity Service
8	Hospital Wide Scope
9	General Ward Service
10	Operating Theatre Service (OT)
11	Pharmacy Service
12	Food and Dietetics Service
13	Physiotherapy Services
14	Medical Records (Case Notes)
	Average Percentage = 93.5 %

PERFORMANCE AND PATIENT OUTCOMES

The measurement of the outcomes of disease course and progression, the quality of clinical care being provided, the success of the procedure/interventions carried out, and the actual benefit perceived by patients can be used to strongly showcase patients' progress and the success of treatments. The continuous monitoring of outcomes also provides an opportunity to both assess and improve the quality of patients' health and care.

Performance Outcomes

The following performance indicators were monitored in the year 2021.

1. Rate of white appendix
2. Mortality rate for a Glasgow Coma Scale of more than nine (GCS >9) coming in with a head injury
3. Rate of lower segment caesarean section (LSCS)
4. Percentage of complications related to LSCS; bladder injury
5. Percentage of complications related to LSCS; ureteric Injury
6. Percentage of complications related to LSCS; uterine atony with hysterectomy
7. Percentage of complications related to LSCS; uterine atony without hysterectomy
8. Percentage of complications related to LSCS; severe haemorrhage
9. Percentage of complications related to LSCS; foetal injury
10. Percentage of complications related to LSCS; bowel injury
11. Rate of maternal mortality
12. Rate of vaginal tear (grade 3 and 4) for normal (including instrumental delivery) deliveries
13. Percentage of death for cases related to catheterization laboratory (cath lab) procedure
14. Percentage of myocardial infarction for cases related to cath lab procedure
15. Percentage of stroke cases related to cath lab procedure
16. Percentage of vascular complications related to cath lab procedure
17. Percentage of myocardial infarction patients receiving thrombolytic therapy within 30 minutes of their presentation at A&E
18. Percentage of myocardial infarction patients receiving primary percutaneous coronary intervention (PCI) treatment within 90 minutes of presentation at A&E
19. The occurrence of adverse events during the recovery period from the operation theatre
20. Unplanned admission to the ICU from the OT
21. Number of returns to ICU within 24 hours of ICU discharge
22. Post-operative cataract surgery cases with a best corrected visual acuity (BCVA) of 6/12 or better three months after surgery (OR at the last visit if less than three months post-op)
23. Percentage of ischaemic stroke patients receiving thrombolytic treatment within 4.5 hours of symptoms upon arrival at A&E
24. Dengue fever fatality rate
25. Rate of laparoscopic cholecystectomy discharged more than 48 hours
26. Rate of laparoscopic cholecystectomy deaths

Clinical Indicators

In 2021, the clinical indicators monitored are similar as above.

Medical Advisory Committee Report

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).

Table 2: Quality Indicators for Accident and Emergency Services in 2021

A&E QUALITY INDICATORS			TARGETS
QI 1 –	**Unplanned Re-attendance**	Within 24H	< 3% (MSQH target)
		Within 3 days	2 – 3% (International)
		Within 7 days	< 5% (International)
Q2 –	**Total Time in A&E**	Within < 4 hours (%)	95% patients leave within 4 hours (International)
Q3 –	**Left Without Being Seen by a Doctor**	Percentage of patients leaving without being seen	< 5% (International)
QI 4	**Time to Assessment**	Patients assessed by SRN within ≤ 15 min (%)	
			95% patients assessed by SRN within ≤ 15 min (International)
QI 5	**Time to Treatment**	All patients seen within 60 min	
			Green zone - assessed within 20 min (%)
			Yellow zone - assessed within 30 min (%)
			All patients seen assessed within 30 min (%)

KEY NEW PROJECTS AND SERVICES IN 2021

For the year in review, the Group achieved several milestones by way of new projects and services:

Establishment of KPJ's First Ambulatory Care Centre

KPJ's Ambulatory Care Centre (ACC) initiative represents an innovative approach to modern healthcare services particularly for communities with budget and time considerations. The ACC approach calls for the establishment of medical specialist outpatient centres attended by family medicine specialists, medical officers and sessional medical consultants of various specialities. Unlike the Group's purpose-built, provider-centric hospitals, the patient-centric ACCs blend into the lifestyle of the communities they are located in, which means they can even be operated in commercial centres that offer other services. An ACC will allow patients to have their medical needs fulfilled without having to travel far. Patients can also fix appointments at their convenience. Ultimately, the ACC caters to patients in a manner which hospitals cannot and this is helping the Group to increase its market penetration.

The Group's second ACC began operations in mid-December 2021. Strategically located in Bandar Kinrara, Puchong under KPJ Ambulatory Care Sdn Bhd, it serves as the focal point for integrated healthcare facilities and complements KPJ's chain of hospitals in Malaysia and abroad.

Rollout of the Cataract CSR Campaign

In November 2021, KPJ Eyecare Specialist and the District Action Group on Blindness Prevention (Rotary) signed on MoU on a collaboration to safeguard vision health of low income segments of the community.

Launch of the Acute Stroke Centre

KPJ Damansara virtually launched the Centre for Stroke Damansara in July 2021. At the same time, the hospital also hosted a webinar titled "Managing an Acute Stroke Patient".

Dissemination of COVID-19 Updates

The Group disseminated a variety of COVID-19 communications and updates in 2021. This included information covering quarantine and testing for Health Care Professionals (14 January 2021); measures for visitors and persons accompanying patients in wards (6 May 2021); and updates on KPJ's COVID-19 policy and SOPs (15 December 2021).

Hospitals Serving as Vaccination Centres

As at 31 December 2021, a total of 22 KPJ hospitals were involved in the National Immunisation Programme (NIP). KPJ was also involved in supporting the Mega PPV centre at KLCC from 7 June to 22 August 2021 as part of efforts to speed up the vaccination process under the NIP.

Medical Advisory Committee Report

MOVING FORWARD

Several initiatives are underway to strengthen KPJ's capacity and capabilities. These include the following:

- A proposal to employ Consultant Emergency Physicians at KPJ Ampang Puteri, KPJ Ipoh and KPJ Tawakkal KL to improve service delivery and the outcome of care at the A&E.
- A proposal to provide post-COVID-19 follow up packages for patients who have recovered from acute COVID-19 infections but still have persistent symptoms and ill health. To this end, Clinical Services is working with KPJ consultants from various specialities to develop packages to assist patients in their recovery process and return them to their pre-COVID-19 health status. These packages aim to guide the consultants on the types of follow-up screening that can be done in a standardised manner.

ADDITIONAL DETAILS ON KPJ'S CLINICAL GOVERNANCE COMMITEES

GROUP MEDICAL ADVISORY COMMITTEE (GMAC)

The GMAC was formed in 2002, to initiate and oversee the Group's clinical governance activities. The Chairman of the GMAC is an Independent Non-Executive Director as well as the KPJ Medical Advisor, Dato' Dr. Zaki Morad Mohamad Zaher who is the Consultant Nephrologist at KPJ Ampang Puteri Specialist Hospital.

The GMAC met four (4) times in 2021.

No	Group Medical Advisory Committee	Position in Committee	Attendance for the Year 2021			
			18.02.2021	11.05.2021	19.08.2021	18.11.2021
1	**Dato' Dr. Zaki Morad Mohamad Zaher**	Chairman	√	√	√	√
2	**Ahmad Shahizam Mohd Shariff**	President & Managing Director	√	√	√	√
3	**Dato' Dr. Sivamohan a/l S. Namasivayan**	Chairman, Clinical Governance Policy Committee	√	√	√	√
4	**Assoc. Prof. (Clinical) Dr. Ab Razak Samsudin**	Chairman, Clinical Governance Action Committee	√	√	√	√
5	**Dato' Dr. Ngun Kok Weng**	Chairman, Clinical Risk Management Committee	√	√	√	√
6	**Prof. (Clinical) Dato' Dr. Fadzli Cheah**	Chairman, Clinical & Research Ethics Review Committee	√	√	√	√
7	**Prof. Dato' Dr. Azizi Haji Omar**	Chairman, Research and Quality Innovation Committee	√	√	√	√
8	**Dato' Dr. Bajit Kor @ Baljit Kaur**	Consultant Ophthalmologist, KPJ Ampang Puteri	√	Tenure ended	Tenure ended	Tenure ended
9	**Dr. Mohd Hafetz Ahmad**	Medical Director, KPJ Bandar Dato Onn	√	√	√	√
10	**Dr. Kok Chin Leong**	Consultant Paediatrician, KPJ Puteri	√	√	√	√
11	**Dr. S. Balakrishnan**	Consultant O&G, KPJ Kajang	√	Tenure ended	Tenure ended	Tenure ended
12	**Nik Zainon Yussoff**	Chief Operating Officer, KPJHB	√	√	√	√

Medical Advisory Committee Report

The GMAC encompasses various sub-committees that carry out a variety of roles. The details of these sub-committees are as follows:

CLINICAL GOVERNANCE POLICY COMMITTEE (CGPC)
The CGPC was formed in 2002 to develop policies relating to clinical practice, patient care, safety and quality improvement. Its roles and responsibilities include the following:

- Establishment of evidence-based practices;
- Assessment of new innovative and emerging technologies; and
- Ensuring compliance with national regulatory requirements and the adoption of national/international practice guidelines.

The committee also reviews and advises the GMAC on incident reports, clinical indicators and complaints as well as deals with requests for clarification from medical directors, consultants, hospital management, and staff.

The CGPC met four (4) times in 2021.

No	Clinical Governance Policy Committee	Position in Committee	Attendance for the Year 2021			
			08.02.2021	04.05.2021	04.08.2021	08.11.2021
1	**Dato' Dr. Sivamohan a/l S. Namasivayam**	Chairman	√	√	√	√
2	**Dato' Dr. Abdul Wahab Abdul Ghani**	Member	√	X	√	X
3	**Dato' Dr. Kamaruzaman Ali**	Member - new appointment (2021)	NA	√	√	√
4	**Datuk Dr. Mohammad Iqbal Mohammad Sarwar**	Member - new appointment (2021)	NA	X	√	X
5	**Prof. (Clinical) Dr. Wan Hazmy Che Hon**	Member	√	Tenure ended	Tenure ended	Tenure ended
6	**Dr. Mahayidin Muhamad**	Member	√	Tenure ended	Tenure ended	Tenure ended
7	**Dr. Mohamed Namazie Ibrahim**	Member	√	√	√	√
8	**Dr. Chan Kheng Khim**	Member	√	√	√	√
9	**Dr. Luis Chen Shian Liang**	Member	√	√	√	√
10	**Dato' Mohamad Farid Salim**	Member	√	√	√	√
11	**Dr. Rozman Md Idrus**	Member - new appointment (2021)	NA	√	√	√
12	**Dr. R. Padmanathan**	Member - new appointment (2021)	NA	√	√	√
13	**Dr. Mohd Hafetz Ahmad**	Member - new appointment (2021)	NA	√	√	√

Medical Advisory Committee Report

CLINICAL GOVERNANCE ACTION COMMITTEE (CGAC)

The CGAC, which was formed in 2002, is the committee that is responsible for monitoring the progress of policies or programmes approved by the GMAC. The committee also identifies problems that are hindering the implementation of these policies or programmes. All the agreed policies or programmes are analysed, evaluated and monitored in order to ensure quality in clinical care.

The committee also oversees the implementation and monitoring of the annual clinical surveys, highlighting to the Group the lessons learnt from hospital mortality and morbidity reviews. The committee also monitors clinical performance indicators among others and makes recommendations pertaining to the training and development of hospital clinical staff.

The CGAC met four (4) times in 2021.

No	Clinical Governance Action Committee	Position in Committee	Attendance for the Year 2021			
			04.02.2021	06.05.2021	29.7.2021	28.10.2021
1	**Assoc. Prof. (Clinical) Dr. Ab Razak Samsudin**	Chairman	√	√	√	√
2	**Dato' Dr. Ismail Yaacob**	Member	√	Tenure ended	Tenure ended	Tenure ended
3	**Dato' Dr. Khaled Mat Hassan**	Member	√	√	√	√
4	**Prof. (Clinical) Dr. Primuharsa Putra Sabir Husin Athar**	Member	√	Tenure Ended	Tenure Ended	Tenure Ended
5	**Dr. Rusli Arshad**	Member	√	√	√	√
6	**Dr. Noor Hisham Mansor**	Member	√	Tenure ended	Tenure ended	Tenure ended
7	**Dr. S. Balakrishnan**	Member	√	Tenure ended	Tenure ended	Tenure ended
8	**Dato' Dr. Mahmood Awang Kechik**	Member	√	Tenure ended	Tenure ended	Tenure ended
9	**Dr. Mohd Harris Lu**	Member	√	Tenure ended	Tenure ended	Tenure ended
10	**Dr. Munirah Khudri**	Member	√	X	√	√
11	**Dr. Nur Abdul Karim**	Member - new appointment (2021)	NA	√	√	√
12	**Dr. Wilson Pau Shu Cheng**	Member - new appointment (2021)	NA	√	√	X
13	**Dr. Onn Akbar Ali**	Member - new appointment (2021)	NA	√	√	√
14	**Dr. Saharudin Abdul Jalal**	Member - new appointment (2021)	NA	√	√	√
15	**Dr. Mahadhir Alhady Sulaiman**	Member - new appointment (2021)	NA	√	√	√
16	**Dr. Shamsuddin Abdul Aziz**	Member - new appointment (2021)	NA	√	√	√
17	**Dr. David Ling Sheng Tee**	Member - new appointment (2021)	NA	√	√	√

Medical Advisory Committee Report

CLINICAL RISK MANAGEMENT COMMITTEE (CRMC)

The overall objective of CRMC (established in 2003), is to promote safety and excellence in patient care. It is tasked with undertaking the following responsibilities:

- To identify, prioritise and manage risk arising from clinical care;
- To ensure effective and efficient use of resources through evidence-based clinical practices; and
- To protect the health and safety of the patients, healthcare providers and visitors.

The committee aims to reduce clinical risk to a minimum by improving the quality of care received by patients and ensuring the maintenance of a safe environment for KPJ's patients, healthcare providers and visitors.

The CRMC met four (4) times in 2021.

No	Clinical Risk Management Committee	Position in Committee	Attendance for the Year 2021			
			10.02.2021	27.04.2021	28.07.2021	27.10.2021
1	**Dato' Dr. Ngun Kok Weng**	Chairman	√	√	√	√
2	**Dato' Dr. Kamaruzaman Ali**	Member	√	Tenure ended	Tenure ended	Tenure ended
3	**Datuk Dr. Ajaz Ahmad Nabijan**	Member - new appointment (2021)	NA	√	√	√
4	**Dr. Padmanathan Rajoo**	Member	√	Tenure ended	Tenure ended	Tenure ended
5	**Dr. Muhammad Nazri Aziz**	Member	√	√	√	√
6	**Dr. Ong Boon Teik**	Member	√	Tenure ended	Tenure ended	Tenure ended
7	**Dr. Zarin Ikmal Zan Mohd Zain**	Member	√	√	√	√
8	**Dr. Rozman Md Idrus**	Member	√	Tenure ended	Tenure ended	Tenure ended
9	**Dr. Mohd Ali Salleh**	Member	√	√	√	√
10	**Khairul Annuar Azizi**	Member	√	√	√	Replaced by En. Sharizul
11	**Eric Sim**	Member	√	X	√	√
12	**Maisarah Omar**	Member	√	√	√	√
13	**Dr. Ong Tze Zen**	Member - new appointment (2021)	NA	√	√	√
14	**Dr. Wong Chya Wei**	Member - new appointment (2021)	NA	√	√	√
15	**Dr. Hishamudin Masdar**	Member - new appointment (2021)	NA	√	√	√
16	**Dr. Mohamad Hamzah**	Member - new appointment (2021)	NA	X	X	X
17	**Dr. Zainal Abidin Mohd Yusof**	Member - new appointment (2021)	NA	X	√	X
18	**Dr. Norita Ahmad**	Member - new appointment (2021)	NA	X	√	X
19	**Sharizul Hasnifa Baseri**	Member - new appointment (2021)	NA	NA	√	√

Medical Advisory Committee Report

CLINICAL AND RESEARCH ETHICS REVIEW COMMITTEE (CRERC)

The Clinical Ethics Committee was formed in 2011 with the objective of assisting consultants, patients and families as well as hospital staff to resolve clinically-related ethical issues such as the refusal of treatment, and end-of-life requests. In 2019, to ensure more efficient processes, the roles of this committee and that of the Research Ethics Review Committee were merged resulting in the formation of the Clinical and Research Ethics Review Committee (CRERC).

Aside from having discussions on Clinical Ethics issues, the committee also reviews all research proposals within the KPJ Group of Hospitals for scientific merit and considers the suitability of research proposals from an ethics perspective. The committee is also responsible for safeguarding the rights, safety and well-being of the research subjects.

The CRERC met four (4) times in 2021.

No	Clinical and Research Ethics Review Committee	Position in Committee	Attendance for the Year 2021			
			05.02.2021	28.04.2021	29.07.2021	28.10.2021
1	**Dato' Dr. Fadzli Cheah Abdullah**	Chairman	√	√	√	√
2	**Dato' Dr. Wan Nik Ahmad Mustafa Ali**	Member	√	Tenure ended	Tenure ended	Tenure ended
3	**Datin Dr. Vasantha Mathews**	Member	√	Tenure ended	Tenure ended	Tenure ended
4	**Dr. S. P. Singgaram**	Member	√	Tenure ended	Tenure ended	Tenure ended
5	**Dr. Gunasegaran P.T Rajan**	Member	√	√	√	√
6	**Prof. Emeritus Dato' Dr. Lokman Saim**	Member	√	√	√	√
7	**Dato' Dr. Ashar Abdullah**	Member	X	Tenure ended	Tenure ended	Tenure ended
8	**Dr. Tengku Saifudin Tengku Ismail**	Member	√	√	√	√
9	**Mohd Nasir Mohamed**	Member	√	Retired	Retired	Retired
10	**Dr. Naharuddin Mohamad Saifi**	Member	X	Tenure ended	Tenure ended	Tenure ended
11	**Dr. Ong Boon Teik**	Member - New appointment (2021)	NA	√	√	√
12	**Dr. Ismail Harun**	Member - New appointment (2021)	NA	X	X	√
13	**Dr. Lee Min Chuang**	Member - New appointment (2021)	NA	X	√	√
14	**Dr. Hari Ram Ramayya**	Member - New appointment (2021)	NA	√	√	√
15	**Dr. Noor Hisham Mansor**	Member - New appointment (2021)	NA	√	X	√
16	**Dr. Yap Yoke Yeow**	Member - New appointment (2021)	NA	√	√	√

Medical Advisory Committee Report

RESEARCH & QUALITY INNOVATION COMMITTEE (RQIC)

The RQIC was established in 2010 to facilitate research within the KPJ Group for clinicians and KPJ staff who seek to conduct research involving clinical, quality, safety and/or healthcare related matters. The committee is also tasked with promoting the establishment of quality assurance and improvement programmes at KPJ's hospitals.

The committee meets (physically or by circulation of papers) only whenever there is a need to review research proposals.

No	Research and Quality Innovation Committee	Position in Committee
1	**Prof. Dato' Dr. Azizi Haji Omar**	Chairman
2	**Dr. Hue Teck Lee**	Member
3	**Dr. Aminuddin Saim**	Member
4	**Dr. Mohd Harris Lu**	Member
5	**Dr. Mohd Shazli Draman@Yusof**	Member
6	**Prof. (Clinical) Dr. Wan Hazmy Che Hon**	Member
7	**Assoc. Prof. Dr. Syah Irwan Shamsul Bahari**	Member
8	**Dr. Kok Chin Leong**	Member
9	**Prof. (Clinical) Dr. Primuharsa Putra Sabir Husin Athar**	Member

In 2021, seventeen (17) papers were approved by the MAC as shown below:

11 Jan 2021	kpj_001/2021	Observational study to evaluate the actual use and effectiveness of Dymista® nasal spray in Southeast Asian patients.	Dr. Yap Yoke Yeow, Consultant KPJ Johor
1 Feb 2021	kpj_002/2021	Extraction of multiple physiological waveform data from patient monitoring system.	Dr. Vineya Rai Hakumat Rai, Consultant, KPJ Tawakkal KL/ Dr. Rosmina Binti Jaafar, Senior Lecturer UKM
9 Mar 2021	kpj_004/2021	Medication adherence and quality of life of post-myocardial infarction patients in private hospitals.	Azimah Masri, KPJUC
29 Apr 2021	kpj_005/2021	A retrospective study on prediction of tumour heterogeneity of the renal masses by using the Radiomics 3D Slicer.	Izdihar Kamal, KPJUC
18 Jun 2021	kpj_006/2021	Knowledge, attitude and practices regarding perinatal bereavement care among registered nurses and midwives at private hospitals.	Helen Kiu Ling Ting, KPJUC
4 Jul 2021	kpj_006/2021	The relationship between service quality and customer satisfaction and customer loyalty at KPJ Hospital.	Azlina Binti Muzaini, KPJUC
7 Jul 2021	kpj_007/2021	Knowledge and attitudes regarding usage of early warning scores in detection of deteriorating patients in haemodialysis services among registered nurses in private hospitals.	Neelavani Muniandy, DCNO KPJ Klang
24 Aug 2021	kpj_008/2021	Telemedicine and non-communicable diseases management from the healthcare professionals' perspectives: An initiative during the COVID-19 pandemic.	Dr. Anis Syahirah Binti Muhammad Ridzwan, MO KPJ Damansara

Medical Advisory Committee Report

24 Aug 2021	kpj_009/2021	Burnout and psychological stress during the COVID-19 pandemic among frontliner healthcare workers: A mixed method study of their prevalence, interrelationships and predicting.	Prof. Dato' Dr. Azizi Haji Omar, Consultant, KPJ Damansara
2 Sept 2021	kpj_010/2021	Evaluation and impacts on quality of sleep and associated factors of contributing to poor sleep in a sample of population in northern Klang Valley, Malaysia: A community-based cross-sectional study.	Dr. Tan Shi Nee, Consultant KPJ Rawang
22 Sept 2021	kpj_012/2021	Stroke awareness among allied health and non-allied health workers in private hospitals in Selangor.	Nurul'ain Shuhaimi, KPJUC
11 Oct 2021	kpj_014/2021	Impact of obesity on cancer associated fibroblasts (CAFs) metabolism and endometrial cancer progression.	Dr. Vijayavel Vadiveloo, Consultant, KPJ Klang
11 Oct 2021	kpj_015/2021	Saliva home test kit in comparison with real-time RT-PCR assay for laboratory diagnosis of COVID-19.	Lablink
11 Nov 2021	kpj_016/2021	Knowledge and practices on care bundle compliance for prevention of ventilator acquired pneumonia (VAP) among registered nurses in the ICU of a private hospital in Klang Valley.	Maznah Binti Yaácob, KPJUC, Nursing
11 Nov 2021	kpj_017/2021	Assessment of knowledge and practices on prevention of central line associated bloodstream infection among registered nurses in critical care areas of private hospitals in Johor.	Hidayati Abd Rahman, KPJUC, Nursing
11 Nov 2021	kpj_018/2021	The effects of educational programmes towards the enhancement of knowledge, attitude and practices on sterile techniques among operating room nurses of a private hospital in Selangor.	Siti Hajar, KPJUC, Nursing
8 Dec 2021	kpj_019/2021	Job satisfaction and job commitment among registered nurse in three private hospitals in Perak.	Lee Ming Hidayat, CNO KPJ Sri Manjung

Compliance Information

In conformance with the Bursa Malaysia Securities Berhad's Listing Requirements, the following information is provided:

1. UTILISATION OF SUKUK PROGRAMME

In 2015, Point Zone (M) Sdn Bhd (PZSB), a subsidiary of KPJ Healthcare Berhad (KPJ, the Group or the Company) raised RM1,500.0 million to be utilised:

- To refinance outstanding amounts of previous Islamic Commercial Papers/an Islamic Medium-Term Notes Programme of up to RM500.0 million; and
- To finance the expansion and working capital requirements of the Group's healthcare-related businesses.

	Amount up to (RM Million)
As at 1 January 2021	1,300.0
Payment made during the financial year	(250.0)
As at 31 December 2021	1,050.0

On 12 January 2022, PZSB completed a lodgement with the Securities Commission Malaysia (SC) for an Islamic Medium-Term Notes (Sukuk Wakalah) Programme amounting to RM3,000.0 million in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar. The Sukuk Wakalah Programme has been assigned a final rating of AA-IS(CG) (stable) by Malaysian Rating Corporation Berhad. The sukuk proceeds shall be utilised by the Group for its Shariah-compliant general corporate purposes, which encompasses financing for the expansion, working capital and general corporate purposes of the Group's healthcare and healthcare-related businesses, as well as any existing borrowings/financing/corporate bonds/sukuk issues and/or future sukuk issues/shariah-compliant financing incurred in relation thereto.

On 7 March 2022, the first tranche of the Sukuk Wakalah Programme amounting to RM650.0 million in nominal value was issued.

2. TREASURY SHARES

On 9 July 2020, at the Annual General Meeting of KPJ, 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. The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad (Bursa Malaysia) during the financial year.

As at 31 December 2021, the Company held a total of 162,306,700 of its 4,489,159,101 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and are accounted for in accordance with the requirements of Section 127 of the Companies Act 2016.

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 meant to be in force for a period of five (5) years. Upon approval from KPJ's Board of Directors on 3 December 2019, it was resolved that the tenure of the ESOS would be extended for another three (3) years, whereby no additional options would be granted. As such, 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 five (5) equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019 respectively. 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.

Compliance Information

4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME
During the financial year, the Company did not issue any ADR or GDR under the respective programmes.

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 RM2,550,000 and RM2,234,000 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 was no profit guarantee given by the Company in respect of the financial year in review.

9. MATERIAL CONTRACTS
There was no material contract by the Company and its subsidiaries, involving Directors and major shareholders' substitute interests at the end of the financial year.

10. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT
At KPJ's AGM held on 22 June 2021, the Company obtained a mandate from shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the following parties:

Party transacted with	Nature of transactions	Actual aggregate value from 1 January 2021 to 31 December 2021 RM'000	Frequency of transactions
Johor Corporation (JCorp) and its subsidiaries and associated companies (except for Al-'Aqar Healthcare REIT and Al-Salam REIT)	Secretarial fees and registrar fees	**281**	Monthly
	Building management service fees payable for Menara KPJ in Kuala Lumpur	**1,272**	Monthly
	Insurance coverage payable	**1,325**	Contract basis
	Security services fees payable	**4,990**	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	**11,570**	Monthly
Al-Salam Real Estate Investment Trust (Al-Salam REIT)	Rental payable for renting of premises for the operations of Puteri Nursing College and Malaysian College of Hospitality and Management	**2,546**	Monthly
Damansara Holdings Berhad (DBhd) and its subsidiaries and associated companies (DBhd Group)	Rental Income for renting of land for car park	**2,288**	Monthly
	Housekeeping contract fees payable	**14,483**	Monthly
		38,755	

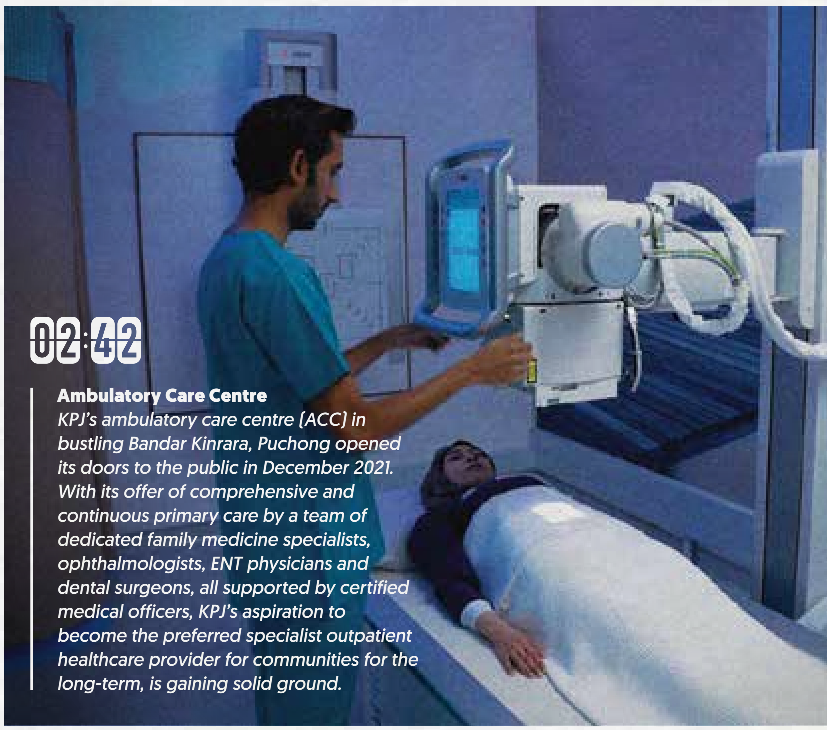
01:30

Innovative, Patient-centric Care
In line with our mandate to Care for Life as well as our commitment to ensure a safe and positive patient experience, we leverage the appropriate technological solutions to deliver patient-centred and attentive care.

00:00 to 06:00

Delivering innovative, sustainable healthcare

KPJ has established a roadmap to take advantage of new technological advancements and digital innovation that will help improve operational and clinical efficiencies as well as facilitate better patient experiences in a sustainable manner.



02:42

Ambulatory Care Centre
KPJ's ambulatory care centre (ACC) in bustling Bandar Kinrara, Puchong opened its doors to the public in December 2021. With its offer of comprehensive and continuous primary care by a team of dedicated family medicine specialists, ophthalmologists, ENT physicians and dental surgeons, all supported by certified medical officers, KPJ's aspiration to become the preferred specialist outpatient healthcare provider for communities for the long-term, is gaining solid ground.

04:58

The Preferred Healthcare Provider
We remain committed to being the preferred provider of healthcare through the innovative use of technology and by tapping the expertise of our experienced consultants as well as well-trained medical and non-medical employees who collaborate to offer the best diagnosis and treatment plans wherever we operate.

03:14

Ambulance Services
With a fleet of well-equipped ambulances manned by trained personnel, our patients have the assurance that immediate medical care is readily available for any type of emergency they may face, wherever they may be.

Directors' Responsibility Statement

For the Audited Financial Statements

The Directors are required by the Companies Act 2016 (CA) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Directors' Report

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals.

Details of the principal activities of the subsidiaries are set out in Note 21 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

ULTIMATE HOLDING CORPORATION

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), as the ultimate holding corporation.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before tax	115,598	59,252
Tax	(49,947)	56
Profit for the financial year	65,651	59,308
Profit for the financial year attributable to:		
Owners of the Company	51,033	59,308
Non-controlling interests	14,618	-
Profit for the financial year	65,651	59,308

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2020 are as follows:

	RM
In respect of the financial year ended 31 December 2021:	
First interim single tier dividend of 0.25 sen per share on 4,299,041,642 ordinary shares. The dividend was declared on 24 August 2021 and paid on 15 October 2021.	**10,747,604**
Second interim single tier dividend of 0.30 sen per share on 4,326,306,794 ordinary shares. The dividend was declared on 26 November 2021 and paid on 28 December 2021.	**12,978,918**
	23,726,522

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021.

Directors' Report (continued)

TREASURY SHARES

On 9 July 2020, 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.

The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year.

As at 31 December 2021, the Company held a total of 162,306,700 of its 4,489,159,101 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company's issued share capital was increased by RM50,016,917 through the issuance of 47,116,365 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme ("ESOS") at an exercise price of RM0.91 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing issued ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME

The Company implemented ESOS in 2015 for a period of 5 years for eligible employees and Directors of the Group. Details of ESOS are set out in Note 36 to the financial statements.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Dr Ali Bin Hamsa	(Chairman, appointed on 23 June 2021)
Ahmad Shahizam Bin Mohd Shariff	(Managing Director)
Dato' Yusli Bin Mohamed Yusoff	
Dato' Mohd Redza Shah Bin Abdul Wahid	
Prof Dato' Dr. Azizi Bin Haji Omar	
Mohamed Ridza Bin Mohamed Abdulla	
Khairuddin Bin Jaflus	
Rozaini Bin Mohd Sani	
Shamsul Anuar Bin Abdul Majid	
Annie Binti Rosle	(Appointed on 23 June 2021)
Hisham Bin Zainal Mokhtar	(Appointed on 23 June 2021)
Lydia Anne Abraham	(Appointed on 23 June 2021)
Christina Foo	(Retired on 22 June 2021)
Datuk Mohd Radzif Bin Mohd Yunus	(Retired on 22 June 2021)
Dato' Dr. Ngun Kok Weng	(Resigned on 23 June 2021)
Dato' Dr. Sivamohan A/L S.Namasivayam	(Resigned on 23 June 2021)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part hereof.

Directors' Report (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any subsidiaries a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, debentures, warrants or options over ordinary shares in the Company or its subsidiaries or its holding corporation or subsidiaries of the holding corporation during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2021	Acquired	Disposed	At 31.12.2021
KPJ Healthcare Berhad				
Prof Dato' Dr. Azizi Bin Haji Omar	**330,000**	**-**	**-**	**330,000**

	Number of units			
	At 1.1.2021	Acquired	Disposed	At 31.12.2021
Al-'Aqar Healthcare REIT				
Ahmad Shahizam Bin Mohd Shariff	**500,000**	**-**	**-**	**500,000**

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 12 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities has been given or insurance premium paid, during or since the end of the year, for any person who is or has been director, officer and auditor of the Company.

Directors' Report (continued)

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets, which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company, had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render the amounts written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

  (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

  (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:

  (i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year which secures the liability of any other person; and

  (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due, as disclosed in Note 2.1 to the financial statements.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

  (i) the results of the operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (continued)

SUBSIDIARIES

Details of subsidiaries are set out in Note 21 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 10 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 February 2022.

DATO' MOHD REDZA SHAH BIN ABDUL WAHID
DIRECTOR

AHMAD SHAHIZAM BIN MOHD SHARIFF
DIRECTOR

Kuala Lumpur, Malaysia

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Mohd Redza Shah Bin Abdul Wahid and Ahmad Shahizam Bin Mohd Shariff, being two of the directors of KPJ Healthcare Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 189 to 293 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 February 2022.

DATO' MOHD REDZA SHAH BIN ABDUL WAHID
DIRECTOR

AHMAD SHAHIZAM BIN MOHD SHARIFF
DIRECTOR

Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Norhaizam Binti Mohammad, Malaysian Institute of Accountants No. 45153, being the officer primarily responsible for the financial management of KPJ Healthcare Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 189 to 293 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Norhaizam Binti Mohammad
at Kuala Lumpur in the Federal Territory
on 18 February 2022

NORHAIZAM BINTI MOHAMMAD

Before me,

PESURUHJAYA SUMPAH
W 465
KAPT (B) JASNI BIN YUSOFF
01 JAN 2022 - 31 DIS 20…
MALAYSIA

COMMISSIONER FOR OATH

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur
Tel 019-6600745

Independent Auditors' Report

To the members of KPJ Healthcare Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KPJ Healthcare Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 189 to 293.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report

To the members of KPJ Healthcare Berhad (continued)
(Incorporated in Malaysia)

REVENUE RECOGNITION FROM HEALTHCARE SERVICES

Refer to notes 2.30 and 7 to the financial statements.

Revenue recognised in respect of hospital operations and sales of pharmaceutical products ("healthcare services") for the financial year ended 31 December 2021 which amounted to approximately RM2,472 million, represented about 94% of total revenue of the Group.

The Group relies heavily on information technology systems in accounting for its revenue from healthcare services. Such information systems process large volumes of data with combinations of different products and services, which consist of individually low value transactions.

The above factors gave rise to higher risk of material misstatement in the timing and amount of revenue recognised. Accordingly, we identified revenue recognition to be an area of focus.

<u>How our audit addressed this matter</u>

In addressing this area of focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the management's internal controls over the timing and amount of revenue recognised;
- We tested the relevant internal controls in place to address completeness and accuracy of revenue recognised including timely updating of approved billing rate changes in the system. We also involved our information technology specialist to test the operating effectiveness of automated controls over the billing system;
- We tested the data interface between the billing system and the general ledger;
- We inspected samples of documents which evidenced the rendering of services to customers;
- We tested samples of documents to establish whether transactions were recorded in the correct accounting period; and
- Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditors’ Report

To the members of KPJ Healthcare Berhad (continued)
(Incorporated in Malaysia)

Information other than the financial statements and auditors’ report thereon (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s or the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

To the members of KPJ Healthcare Berhad (continued)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 21 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ismed Darwis Bin Bahatiar
No. 02921/04/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 February 2022

Statements of Comprehensive Income

For the financial year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	7	**2,626,849**	2,397,443	**156,139**	144,077
Cost of sales		**(1,686,787)**	(1,494,888)	**-**	-
Gross profit		**940,062**	902,555	**156,139**	144,077
Administrative expenses		**(728,381)**	(647,345)	**(73,753)**	(61,258)
Other income		**38,811**	29,776	**444**	482
Zakat	8	**(2,144)**	(1,810)	**(300)**	(300)
Operating profit		**248,348**	283,176	**82,530**	83,001
Finance income	9	**8,683**	14,164	**-**	-
Finance costs	9				
- Borrowings		**(90,544)**	(94,252)	**(23,278)**	(24,420)
- Lease liabilities		**(76,745)**	(69,224)	**-**	-
Finance costs - net		**(158,606)**	(149,312)	**(23,278)**	(24,420)
Share of results of associates, net of tax		**25,856**	16,946	**-**	-
Profit before tax	10	**115,598**	150,810	**59,252**	58,581
Tax	13	**(49,947)**	(39,998)	**56**	(643)
Profit for the financial year		**65,651**	110,812	**59,308**	57,938
Other comprehensive income:					
Item that may be subsequently reclassified to profit or loss:					
- Currency translation differences		**212**	(9,743)	**-**	-
Items that will not be reclassified to profit or loss:					
- Gains on revaluation of land and building		**14,170**	127,649	**-**	-
- Deferred tax on revaluation surplus	13	**(2,530)**	(22,943)	**-**	-
Other comprehensive income for the financial year, net of tax		**11,852**	94,963	**-**	-
Total comprehensive income for the financial year		**77,503**	205,775	**59,308**	57,938
Profit for the financial year attributable to:					
Owners of the Company		**51,033**	110,443	**59,308**	57,938
Non-controlling interests		**14,618**	369	**-**	-
		65,651	110,812	**59,308**	57,938
Total comprehensive income for the financial year attributable to:					
Owners of the Company		**62,885**	205,406	**59,308**	57,938
Non-controlling interests		**14,618**	369	**-**	-
		77,503	205,775	**59,308**	**57,938**
Earnings per share attributable to Owners of the Company:					
Basic (sen)	15(a)	**1.19**	2.58		
Diluted (sen)	15(b)	**1.16**	2.48		

Statements of Financial Position

As at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	**2,676,238**	2,863,583	**1,258**	1,064
Right-of-use assets	17	**1,149,310**	1,051,172	**-**	-
Investment properties	18	**346,116**	337,748	**-**	-
Intangible assets	19	**220,010**	235,828	**-**	-
Investments in subsidiaries	21	**-**	-	**1,033,399**	1,039,101
Investments in associates	22	**437,052**	450,794	**-**	-
Equity instruments classified as FVOCI	23	**1,458**	1,120	**1,458**	1,120
Deferred tax assets	24	**125,218**	130,921	**152**	152
Trade and other receivables	25	**13,501**	10,548	**-**	-
		4,968,903	5,081,714	**1,036,267**	1,041,437
Current assets					
Inventories	26	**53,753**	52,052	**-**	-
Trade and other receivables	25	**481,393**	446,852	**892**	881
Amounts due from subsidiaries	25	**-**	-	**661,546**	480,169
Tax recoverable		**106,170**	93,737	**186**	-
Deposits, bank and cash balances	27	**318,011**	462,234	**3,642**	4,137
Dividend receivable		**9,248**	4,842	**23,496**	76,695
		968,575	1,059,717	**689,762**	561,882
Non-current assets held for sale	28	**250,163**	-	**-**	-
		1,218,738	1,059,717	**689,762**	561,882
Total assets		**6,187,641**	6,141,431	**1,726,029**	1,603,319
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	29	**618,260**	605,055	**15,688**	14,368
Amounts due to subsidiaries	29	**-**	-	**103,533**	97,898
Contract liabilities	30	**50,922**	55,978	**-**	-
Current tax liabilities		**18,255**	19,638	**-**	26
Borrowings	31	**860,457**	505,776	**206,135**	112,129
Lease liabilities	32	**31,178**	45,531	**-**	-
Dividend payable		**1,074**	-	**-**	-
		1,580,146	1,231,978	**325,356**	224,421
Net current (liabilities)/assets		**(361,408)**	(172,261)	**364,406**	337,461

Statements of Financial Position

As at 31 December 2021 (continued)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities					
Trade and other payables	29	**4,740**	4,281	**-**	-
Amounts due to subsidiaries	29	**-**	-	**286,657**	343,204
Borrowings	31	**968,007**	1,449,231	**370**	505
Lease liabilities	32	**1,288,083**	1,153,419	**-**	-
Deferred tax liabilities	24	**81,592**	85,650	**-**	-
Provision for retirement benefits	33	**2,355**	2,786	**-**	-
Deposits	34	**12,210**	11,874	**-**	-
		2,356,987	2,707,241	**287,027**	343,709
Total liabilities		**3,937,133**	3,939,219	**612,383**	568,130
Net assets		**2,250,508**	2,202,212	**1,113,646**	1,035,189
Equity attributable to Owners of the Company					
Share capital	35	**959,521**	909,504	**959,521**	909,504
Less: Treasury shares		**(155,310)**	(155,310)	**(155,310)**	(155,310)
Reserves		**1,331,219**	1,295,890	**309,435**	280,995
		2,135,430	2,050,084	**1,113,646**	1,035,189
Non-controlling interests		**115,078**	152,128	**-**	-
Total equity		**2,250,508**	2,202,212	**1,113,646**	1,035,189
Total equity and liabilities		**6,187,641**	6,141,431	**1,726,029**	1,603,319

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

			Non-distributable	Distributable			
	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Other reserves (Note 37) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<u>Group</u>							
At 1 January 2021	909,504	(155,310)	281,622	1,014,268	2,050,084	152,128	2,202,212
Comprehensive income:							
Profit for the financial year	-	-	-	51,033	51,033	14,618	65,651
Other comprehensive income:							
Currency translation differences of foreign subsidiaries	-	-	212	-	212	-	212
Revaluation surplus	-	-	11,640	-	11,640	-	11,640
Total other comprehensive income	-	-	11,852	-	11,852	-	11,852
	909,504	(155,310)	293,474	1,065,301	2,112,969	166,746	2,279,715
Transactions with Owners:							
Issue of share capital:							
- ESOS	50,017	-	(7,141)	-	42,876	-	42,876
Actuarial gain on defined benefit obligation	-	-	-	508	508	-	508
Disposal of interest in a subsidiary	-	-	-	2,804	2,804	(1,244)	1,560
Lapsed ESOS	-	-	(7,035)	7,035	-	-	-
Dividends on ordinary shares (Note 14)	-	-	-	(23,727)	(23,727)	-	(23,727)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(50,424)	(50,424)
Total transactions with Owners	50,017	-	(14,176)	(13,380)	22,461	(51,668)	(29,207)
At 31 December 2021	959,521	(155,310)	279,298	1,051,921	2,135,430	115,078	2,250,508

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021 (continued)

	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Non-distributable: Other reserves (Note 37) RM'000	Distributable: Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
At 1 January 2020	906,743	(155,310)	188,014	953,378	1,892,825	156,439	2,049,264
Comprehensive income:							
Profit for the financial year	-	-	-	110,443	110,443	369	110,812
Other comprehensive income:							
Currency translation differences of foreign subsidiaries	-	-	(9,743)	-	(9,743)	-	(9,743)
Revaluation surplus	-	-	104,706	-	104,706	-	104,706
Total other comprehensive income	-	-	94,963	-	94,963	-	94,963
	906,743	(155,310)	282,977	1,063,821	2,098,231	156,808	2,255,039
Transactions with Owners:							
Issue of share capital:							
- ESOS	2,761	-	(172)	-	2,589	-	2,589
ESOS expenses during the financial year	-	-	619	-	619	-	619
Lapsed ESOS	-	-	(1,802)	1,802	-	-	-
Dividends on ordinary shares (Note 14)	-	-	-	(51,355)	(51,355)	-	(51,355)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(4,680)	(4,680)
Total transactions with Owners	2,761	-	(1,355)	(49,553)	(48,147)	(4,680)	(52,827)
At 31 December 2020	909,504	(155,310)	281,622	1,014,268	2,050,084	152,128	2,202,212

Company Statement of Changes In Equity

For the financial year ended 31 December 2021

			Non-distributable	Distributable	
	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Share option reserves RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2021	**909,504**	**(155,310)**	**59,798**	**221,197**	**1,035,189**
Profit for the financial year	**-**	**-**	**-**	**59,308**	**59,308**
Transactions with Owners:					
Issue of share capital:					
- ESOS	**50,017**	**-**	**(7,141)**	**-**	**42,876**
Dividends on ordinary shares (Note 14)	**-**	**-**	**-**	**(23,727)**	**(23,727)**
Lapsed ESOS	**-**	**-**	**(7,035)**	**7,035**	**-**
Total transactions with Owners	**50,017**	**-**	**(14,176)**	**(16,692)**	**(19,149)**
At 31 December 2021	**959,521**	**(155,310)**	**45,622**	**263,813**	**1,113,646**

			Non-distributable	Distributable	
	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Share option reserves RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2020	906,743	(155,310)	61,153	212,812	1,025,398
Profit for the financial year	-	-	-	57,938	57,938
Transactions with Owners:					
Issue of share capital:					
- ESOS	2,761	-	(172)	-	2,589
Dividends on ordinary shares (Note 14)	-	-	-	(51,355)	(51,355)
ESOS - expenses during the financial year	-	-	619	-	619
Lapsed ESOS	-	-	(1,802)	1,802	-
Total transactions with Owners	2,761	-	(1,355)	(49,553)	(48,147)
At 31 December 2020	909,504	(155,310)	59,798	221,197	1,035,189

Statements of Cash Flows

For the financial year ended 31 December 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating activities					
Profit before tax		**115,598**	150,810	**59,252**	58,581
Adjustments for:					
Share of results of associates		**(25,856)**	(16,946)	**-**	-
Finance income	9	**(8,683)**	(14,164)	**-**	-
Finance costs:	9				
- Borrowings		**90,544**	94,252	**23,278**	24,420
- Lease liabilities		**76,745**	69,224	**-**	-
Dividend income from subsidiaries	7	**-**	-	**(84,106)**	(76,695)
Dividend income from Al-Salam REIT	7	**-**	(50)	**-**	(50)
Trade receivables:					
- Impairment/(reversal) charge for the year (net)	25	**11,568**	(21)	**-**	-
Share-based payments	11	**-**	619	**-**	84
Loss on disposal of shares in subsidiaries	21	**750**	-	**-**	-
Property, plant and equipment:					
- Depreciation	16	**185,782**	172,699	**294**	139
- Written-off		**702**	1,067	**-**	-
- Gain on disposal		**(561)**	(342)	**-**	-
- Impairment		**10,073**	16,973	**-**	-
Right-of-use assets:					
- Depreciation	17	**57,981**	50,644	**-**	-
- Gain on disposal	10	**(137)**	-	**-**	-
Investment properties:					
- Gain on fair value	18	**(13,410)**	(464)	**-**	-
- Written-off	18	**-**	420	**-**	-
Intangible asset:					
- Amortisation of software development expenditure	19	**11,508**	15,413	**-**	-
- Impairment of goodwill	19	**4,028**	1,610	**-**	-
- Written-off	19	**474**	-	**-**	-
Fair value loss on quoted shares	23	**160**	744	**160**	744
Fair value loss on unquoted shares	23	**2**	2,814	**2**	2,532
Inventories written-off		**627**	387	**-**	-
Provision for retirement benefits	33	**214**	321	**-**	-
Operating profit before working capital changes		**518,109**	546,010	**(1,120)**	9,755

Statement of Cash Flows

For the financial year ended 31 December 2021 (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Operating activities (continued)					
Changes in working capital:					
Inventories		**(2,328)**	1,170	**-**	-
Receivables		**(54,218)**	98,493	**(3)**	(93)
Payables		**14,791**	(238,282)	**1,320**	(8,705)
Contract liabilities		**(5,056)**	(10,918)	**-**	-
Related companies		**-**	-	**(55,976)**	(21,778)
Cash flows generated from/(used in) operations		**471,298**	396,473	**(55,779)**	(20,821)
Income tax refund		**5,095**	10,071	**-**	2,274
Income tax paid		**(64,037)**	(69,487)	**(156)**	(2,039)
Retirement benefits paid	33	**(137)**	(310)	**-**	-
Net cash generated from/(used in) operating activities		**412,219**	336,747	**(55,935)**	(20,586)
Investing activities					
Additions to property, plant and equipment	16	**(216,572)**	(240,489)	**(488)**	(323)
Additions to investment properties	18	**(251)**	(677)	**-**	-
Additions to intangible assets	19	**(192)**	(1,516)	**-**	-
Additions to equity instruments classified as FVOCI	23	**(500)**	-	**(500)**	-
Proceeds from disposal of property, plant and equipment		**725**	680	**-**	-
Proceeds from disposal of interest in subsidiary	21	**1,560**	-	**-**	-
Interest received		**8,683**	14,164	**-**	-
Decrease/(increase) in deposits with licensed banks with maturity of more than 3 months	27	**223,295**	(34,023)	**-**	-
Dividends received from associates/subsidiaries		**21,004**	15,551	**6,438**	50
Investment in a subsidiary	21	**-**	(27,404)	**-**	-
Additional investments in subsidiaries	21	**-**	(2,000)	**-**	-
Net cash generated from/(used in) investing activities		**37,752**	(275,714)	**5,450**	(273)

Statement of Cash Flows

For the financial year ended 31 December 2021 (continued)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financing activities					
Grant income received	16	**6,830**	3,003	**-**	-
Dividends paid to non-controlling interests		**(49,000)**	(4,680)	**-**	-
Issue of shares:					
- ESOS		**42,876**	2,589	**42,876**	2,589
Borrowings:					
- Drawdown		**235,285**	348,177	**146,000**	-
- Repayments		**(385,710)**	(194,144)	**(52,129)**	(75,058)
- (Repayments)/proceeds of amounts due to subsidiaries		**-**	-	**(39,752)**	190,090
Payment of lease liabilities		**(111,550)**	(98,978)	**-**	-
Interest paid		**(90,544)**	(94,252)	**(23,278)**	(24,420)
Dividends paid to shareholders		**(23,727)**	(72,745)	**(23,727)**	(72,745)
Designated account	27	**(18,283)**	(269)	**-**	-
Net cash (used in)/generated from financing activities		**(393,823)**	(111,299)	**49,990**	20,456
NET CHANGE IN CASH AND CASH EQUIVALENTS		**56,148**	(50,266)	**(495)**	(403)
CURRENCY TRANSLATION DIFFERENCES		**(1,195)**	(3,076)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**215,020**	268,362	**4,137**	4,540
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27	**269,973**	215,020	**3,642**	4,137

Statement of Cash Flows

For the financial year ended 31 December 2021 (continued)

RECONCILIATION OF LIABILITES ARISING FROM FINANCING ACTIVITES

		Cashflows			Non-cash movement			
	At 1.1.2021 RM'000	Drawdowns RM'000	Repayments RM'000	Finance costs paid RM'000	Finance costs RM'000	Foreign exchange movement RM'000	Hire purchase/ lease RM'000	At 31.12.2021 RM'000
Group								
Borrowings (exclude overdraft)	**1,943,370**	**235,285**	**(385,710)**	**(89,133)**	**89,133**	**(53)**	**18,099**	**1,810,991**
Lease liabilities	**1,198,950**	**-**	**(111,550)**	**-**	**76,745**	**(1,007)**	**156,123**	**1,319,261**
Company								
Borrowings	**112,634**	**146,000**	**(52,129)**	**(23,278)**	**23,278**	**-**	**-**	**206,505**
Amount due to subsidiaries	**441,102**	**-**	**(68,619)**	**-**	**17,707**	**-**	**-**	**390,190**

		Cashflows			Non-cash movement			
	At 1.1.2020 RM'000	Drawdowns RM'000	Repayments RM'000	Finance costs paid RM'000	Finance costs RM'000	Foreign exchange movement RM'000	Hire purchase/ lease RM'000	At 31.12.2020 RM'000
Group								
Borrowings (exclude overdraft)	1,754,637	348,177	(194,144)	(93,358)	93,358	680	34,020	1,943,370
Lease liabilities	1,222,149	-	(98,978)	-	69,224	4,004	2,551	1,198,950
Company								
Borrowings	187,000	-	(75,058)	(24,420)	24,420	-	692	112,634
Amount due to subsidiaries	251,012	-	172,063	-	18,027	-	-	441,102

Notes to the Financial Statements

For the financial year ended 31 December 2021

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of registered office of the Company is Level 13, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur.

The address of principal place of business of the Company is Level 12, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur.

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), as the ultimate holding corporation.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals. The details of the principal activities of the subsidiaries are disclosed in Note 21 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 18 February 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

As at 31 December 2021, the Group's current liabilities exceeded its current assets by RM361,408,000 mainly due to reclassification of borrowings amounting to RM400,000,000 which are now due and payable in the next 12 months from non-current liabilities to current liabilities. To address this, the Group has implemented its plan to refinance the borrowings as disclosed in Note 31.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

For the financial year ended 31 December 2021, the Group recorded a profit for the year of RM65,651,000, operating cash inflows of RM412,219,000 and shareholders' equity of RM2,250,508,000. The directors believe that there are no material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis.

2.2 Standards, amendments to published standards and interpretations that are effective

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2021:

- Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above standards and interpretations did not give rise to significant effect on the financial performance or position of the Group and of the Company.

2.3 Standards and amendments that have been issued but not yet effective

The standards and interpretations that are issued but not yet effective are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020:	
• Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards – Subsidiary as A First-time Adopter	1 January 2022
• Amendments to MFRS 9: Financial Instruments – Fees in the '10 percent' Test for Derecognition of Financial Liabilities	1 January 2022
• Amendments to MFRS 141: Agriculture – Taxation in Fair Value Measurements	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards when they become effective. The Directors of the Company do not anticipate that the application of these standards will have a significant impact on the Group's financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in retained earnings and attributed to Owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in the profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to the profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method except for Johor Specialist Hospital Sdn Bhd and Ipoh Specialist Hospital Sdn Bhd which were consolidated using the merger method of accounting as disclosed below. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the profit or loss.

Business combinations involving entities under common control are accounted for by applying the merger method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflects the results of the combining entities for the full financial year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss. The accounting policy for goodwill is disclosed in Note 2.10.

Gains or losses on disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2.6 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included in the profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents the profit or loss after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss within 'Share of profit of an associate' in the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investments in associates (continued)

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

2.8 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value less subsequent depreciation and impairment losses. Valuations are performed in every five years by external valuers to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.21 on borrowing costs).

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in other income/loss in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

When revalued assets are sold, the revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Buildings	2%
Renovation	8% - 20%
Medical and other equipment	7.5% - 33.33%
Furniture and fittings	10% - 20%
Vehicles	10% - 20%
Computers	10% -20%

Depreciation on assets under construction commences when the assets are ready for their intended use.

Leased assets (including leasehold land) are presented as a separate line item within right-of-use assets in statement of financial position. See accounting policy Note 2.15(a)(ii) on right-of-use assets for these assets.

2.9 Investment properties

Investment properties are initially measured at cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually according to the basis set out in Note 2.11 and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.31.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on the straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date.

Software development expenditure

Software development is stated at cost less accumulated amortisation and impairment losses. The expenditure represents development work carried out in developing specialised software packages for use in the Group's business, which includes cost to purchase the software and direct cost such as salaries and hardware usage costs specifically attributable to each project.

Software development expenditure is capitalised when the Group can demonstrate:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and use or sell the asset;
- the ability to use or sell the intangible asset generated;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (continued)

(b) Other intangible assets (continued)

Software development expenditure (continued)

When development is complete and the asset is available for use, it is amortised over the straight-line basis over a period of 5 to 10 years. During the period of development, the asset is tested for impairment annually. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11. Cost incurred in software development which have ceased to be technically viable, are written off.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill of intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value- in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU").

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured subsequently at amortised cost

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest (“SPPI”).

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost and are subject to impairment. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and recognised in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income as applicable.

(ii) Fair value through other comprehensive income (“FVOCI”)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income as applicable.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial assets, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable.

(d) Subsequent measurement - Impairment

Impairment for debt instruments and financial guarantee contracts

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company has the followings financial instruments that are subject to the ECL model:
- Trade receivables and other receivables and intercompany receivables
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss is immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) Subsequent measurement - Impairment (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL approach can be classified into the categories below:

(i) General 3-stage approach for other receivables, intercompany receivables (non-trade) and financial guarantee contracts issued.

At each reporting date, the Group and the Company measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 3(a)(ii) sets out the measurement details of ECL.

(ii) Simplified approach for trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 3(a)(i) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:
- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) Subsequent measurement - Impairment (continued)

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

<u>Quantitative criteria</u>:
The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

<u>Qualitative criteria</u>:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables arising from hospital operations have been grouped based on shared credit risk characteristics such as type of receivables and the days past due.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period after schedule payment was made.

Impairment losses on trade receivables are presented as impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables

The Group's and the Company's assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.14 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under *MFRS 9:'Financial instruments* and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of *MFRS 15: Revenue from Contracts with Customers*, where appropriate.

2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to terminated).

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(a) Accounting by lessee (continued)

(i) Lease term (continued)

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs,if any.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on the straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(a) Accounting by lessee (continued)

(iii) Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

(iv) Reassessment of lease liabilities

The carrying amount of lease liabilities is remeasured and adjusted against the ROU assets if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(v) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on the straight-line basis as an expense in profit or loss.

(b) Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to MFRS 9 impairment (refer to Note 2.12(d) on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(b) Accounting by lessor (continued)

(ii) Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.12 on impairment of financial assets.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Non-current assets (or disposal groups) classified as assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the statement of comprehensive income.

2.18 Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis and includes expenditure incurred in bringing the inventories to its present location and condition) and net realisable value.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

2.20 Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Borrowings and borrowing costs (continued)

(a) Borrowings (continued)

When borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Current and deferred income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

(b) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Current and deferred income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The Group's accounting policy in respect of reinvestment allowance/investment tax allowance tax credit is to recognise the tax credit when it is utilised as a reduction of current income tax liability and no deferred tax asset is recognised when the tax credit arises.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the investor is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the investor the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.23 Employee benefits

(a) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals in the statement of financial position.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits (continued)

(c) Defined benefit plans

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

2.24 Share-based payments - Employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to share option reserve in equity.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Share-based payments - Employee options (continued)

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised together with the share option reserve. When options are not exercised and lapse, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

The Company recharges the subsidiaries the difference between the market price at the date of exercise and the exercise price. When the Company recharges its subsidiaries, it is treated as a return of the capital contribution by the subsidiaries, with a corresponding credit to profit or loss.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

The present value of future payments for surplus leased properties under non-cancellable operating leases, net of estimated sub-leasing revenue, is recognised as a liability (or, if lower, the costs of exiting from the contract) for the leased property that is no longer part of a cash-generating unit.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.27 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:
(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Share capital and share issuance expenses

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument. See accounting policy Note 2.21 on borrowings.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(d) Purchase of own shares

Where any company within the Group purchases the Company's equity instruments as a result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

2.29 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Revenue recognition

Revenue from contracts with customers

(a) Revenue from hospital and healthcare charges

Revenue from hospital and healthcare charges comprises inpatient and outpatient hospital charges and sales of pharmaceutical products, medical supplies and surgical products. These revenue are recognised as follows:

(i) Revenue from inpatient and outpatient hospital charges

Inpatient revenue is recognised on a daily basis, as services are provided or goods delivered to patients. These services are typically provided over a short time frame, such as the use of medical equipment, drugs, nursing procedures, room charges and others.

Outpatient cases generally do not involve surgical procedures and revenue is recognised on an individual component basis when performance obligations are satisfied. The outpatient revenue charges are identified as separate performance obligations as the services are separately identifiable.

Revenue is recognised at a point in time as services are rendered or goods delivered. Revenue will only be recognised to the extent that if it is highly probable that a significant reversal will not occur, net of discounts. A receivable is recognised upon billing net of deposits received.

(ii) Vaccine administration services

The Group has been appointed to administer Covid-19 vaccination under the Pusat Pemberian Vaksin Hospital Swasta scheme. While the vaccine is provided by the Ministry of Health, the Group incurs consumables in carrying out the services including vaccine cold chain management, vaccination pre-assessment, counseling and consent taking, vaccine administration, management and reporting of adverse event following immunisation during the post vaccination observation, and management and reporting of vaccine stock, use, wastage and disposal.

Revenue from vaccine administration services are recognised at a point of time when the vaccines are administered. The services offered are series of interdependent activities to administer vaccination services to vaccinees referred through MySejahtera application by the Malaysian Government. Revenue from vaccine administration services are recognised at RM14 per dose administered.

(iii) Wellness packages

Revenue from wellness packages are recognised as and when the performance obligations are satisfied. Each service offered in a wellness package has been identified as a separate performance obligation.

Advance payment received are recognised as contract liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Revenue recognition (continued)

Revenue from contracts with customers (continued)

(b) Tuition fees

Revenue from tuition fees will be recognised within the semester of each courses offered to the students. Each number of semesters are identified as a performance obligation and the transaction price is allocated according to each semester based on cost plus margin. The revenue will then be recognised over time throughout the semester. Advance payment received at the commencement of the semester will be recognised as contract liabilities. Non-refundable registration fees and enrolment fees are recognised at point in time.

(c) Management fees

Management fees are recognised in the accounting period in which the services are rendered to the subsidiaries and the Group has a present right to payment for the services.

Revenue from other sources

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established. Dividends that clearly represent a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVOCI.

(e) Interest income

Interest income is recognised on the accrual basis using the effective interest method.

(f) Rental income

Rental income receivable under operating lease is recognised on the straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

2.31 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.31 Foreign currencies (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income or expenses. All other foreign exchange gains and losses are presented in profit or loss on a net basis within finance income or expenses.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Board of Directors has appointed KPJ Group Management Committee ("KGMC") (formerly known as Executive Committee) which assesses the financial performance and position of the Group, and makes strategic decisions. The KGMC, which has been identified as being the chief operating decision maker, consists of the Key Management Personnel of the Company.

2.33 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.34 Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in the profit or loss over the periods to match the related costs for which the grants are intended to compensate.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in the profit or loss over the life of the related property, plant and equipment as a reduced depreciation expense.

2.35 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.36 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. parties are also considered related if they are subject to common control or common significant influence. related parties may be individuals including close members of the individuals, or corporate entities.

2.37 Zakat

This represents business zakat. The Group and Company recognise its obligation towards the payment of zakat on business income in the statement of profit or loss. Zakat expense is derived from the net adjusted amount of zakat assets and liabilities used for or derived from business activities.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises mainly from trade and other receivables, cash and cash equivalents, and deposits with financial institutions. Risk arising from these are minimised through effective monitoring of receivable accounts that exceeded the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses. The Group has no significant concentration of credit risk with any single customer.

The Group seeks to invest cash assets safely and profitability and buys insurance to protect itself against insurable risk in this regard, counterparties are assessed for credit limits that are set to minimise any potential losses. The Group's cash and cash equivalents and short-term deposits are placed with creditworthy financial institutions and the risks arising there from are minimised in view of the financial strength of these financial institutions.

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and the repayment made by the subsidiary. As at the reporting date, there is no indication that the subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition is not material.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. In addition, the Company is exposed to credit risk arising from the financial guarantee contracts as disclosed in Note 3(a)(iii).

Group impairment policy

(i) Trade receivables using simplified approach

The historical loss rates are calculated based on the percentage of revenue that will turn into bad debts at the end of the period. The expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group have identified the gross domestic product ("GDP") and credit rating of each category of customers to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Group impairment policy (continued)

(ii) Other receivables using general 3-stage approach

The Group and the Company use three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see **Note 2.12(d)** above)	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit- impaired (see **Note 2.12(d)** above)	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount (see **Note 2.12(d)** above)	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

Maximum exposure to credit risk

(i) Trade receivables using simplified approach

The Group recognises the ECL allowance when the amount due exceed 90 days and 365 days for individual and corporate customers respectively. The loss allowance recognised as at 31 December 2021 for individual and corporate customers is RM20,676,000 and RM11,631,000 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Maximum exposure to credit risk **(continued)**

(i) Trade receivables using simplified approach (continued)

The remaining amount not provided are deemed recoverable, with low probability of default. This is supported after considering the historical data by each debtor category and the possibility of no credit loss may occur.

(ii) Other receivables using general 3-stage approach

The maximum exposure to credit risk for other receivable balances is represented by the carrying amount recognised in the statement of financial position due to the balances are considered to be performing, have low risk of default and strong capacity to meet contractual cash flow.

(iii) Financial guarantee contracts using general 3-stage approach

The following table contains an analysis of the credit risk exposure of financial guarantee contracts for which an ECL allowance is recognised. The total amount guaranteed below also represents the maximum amount that the Company has to pay if the guarantee is called on:

	Stage 1 12 month ECL RM'000	Stage 2 Lifetime ECL RM'000	Stage 3 Lifetime ECL RM'000	Total RM'000
Company's internal credit rating				
Performing	**1,101,375**	-	-	**1,101,375**
Underperforming	-	-	-	-
Non-performing	-	-	-	-
Total amount guaranteed	**1,101,375**	-	-	**1,101,375**
Loss allowance	-	-	-	-

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Cash flow forecasting is performed by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statements of financial position ratio targets.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Surplus cash held by the subsidiaries over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in financial instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2021				
Group				
Trade and other payables	618,260	4,740	-	623,000
Borrowings	894,969	937,097	77,135	1,909,201
Lease liabilities	100,983	413,461	1,918,051	2,432,495
Deposits	-	-	12,210	12,210
Total undiscounted financial liabilities	1,614,212	1,355,298	2,007,396	4,976,906
Company				
Trade and other payables	15,688	-	-	15,688
Amounts due to subsidiaries	103,533	293,646	-	397,179
Borrowings	206,135	370	-	206,505
Financial guarantee contracts*	419,571	681,804	-	1,101,375
Total undiscounted financial liabilities	744,927	975,820	-	1,720,747

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2020				
Group				
Trade and other payables	605,055	4,281	-	609,336
Borrowings	526,424	1,434,619	84,584	2,045,627
Lease liabilities	115,236	458,906	1,420,277	1,994,419
Deposits	-	-	11,874	11,874
Total undiscounted financial liabilities	1,246,715	1,897,806	1,516,735	4,661,256
Company				
Trade and other payables	14,368	-	-	14,368
Amounts due to subsidiaries	97,898	355,051	261	453,210
Borrowings	115,313	516	-	115,829
Financial guarantee contracts*	1,365,000	-	-	1,365,000
Total undiscounted financial liabilities	1,592,579	355,567	261	1,948,407

* Related to Islamic Medium Term Notes (Note 31)

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points (2020: 25 basis points) lower/higher, with all other variables held constant, the Group's profit before tax for the financial year would have been RM938,087 (2020: RM1,106,256) higher/lower, arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. The assumed movement in interest rate for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not face significant exposure from foreign currency exchange risk.

(e) Offsetting financial assets and financial liabilities

There is no offsetting of financial assets and financial liabilities during the year for the Group and Company.

4 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and health capital ratios in order to support its business, maximise shareholder value and comply with its financial covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gross gearing ratio, which is total borrowings divided by shareholders' funds.

The Group's gross gearing ratios as at 31 December 2021 and 2020 were as follows:

	Group	
	2021 RM'000	2020 RM'000
Current borrowings	**860,457**	505,776
Non-current borrowings	**968,007**	1,449,231
Total borrowings (Note 31) – [A]	**1,828,464**	1,955,007
Shareholders' funds – [B]	**2,135,430**	2,050,084
Gross gearing ratio (%) – [A] / [B]	**0.86**	0.95

Borrowings represent short-term borrowings and term loans from licensed banks, hire purchase creditors, Islamic Medium Term Notes and excludes lease liabilities.

The Group has complied with all material external financial covenants during the financial year as disclosed in Note 31.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

5 FAIR VALUE DISCLOSURE

(a) Determination of fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Current asset/liability	Note
Trade and other receivables and amounts due from subsidiaries	25
Deposits, bank and cash balances	27
Trade and other payables and amounts due to subsidiaries	29
Borrowings	31
Deposits	34

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current financial liabilities, which primarily comprise advances to or from subsidiaries, borrowings and deposits, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date. The fair value of these financial liabilities are disclosed in their respective notes.

Financial instruments that are carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

The fair values of the Group's non-current fixed-rate borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of these instruments are disclosed in Note 31.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

5 FAIR VALUE DISCLOSURE (CONTINUED)

(b) Fair value measurement

Qualitative disclosures fair value measurement hierarchy for assets and liabilities are as follows:

	Level 1		Level 3	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Group				
Equity instruments classified as FVOCI (Note 23)	**1,458**	1,120	**-**	-
Property, plant and equipment (Note 16):				
- Freehold land	**-**	-	**245,564**	260,714
- Buildings	**-**	-	**1,346,160**	1,528,257
Investment properties (Note 18)	**-**	-	**346,116**	337,748
	1,458	1,120	**1,937,840**	2,126,719
Company				
Equity instruments classified as FVOCI (Note 23)	**1,458**	1,120	**-**	-

The Group and the Company do not have any financial liabilities carried at fair value nor any assets or liabilities classified as Level 2 as at 31 December 2021 and 31 December 2020.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty or judgements made in applying accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and judgement in applying group accounting policies are discussed below.

(a) Revenue recognition

The Group relies heavily on information technology systems in accounting for its revenue from healthcare services. Such information systems process large volumes of data with combinations of different products and services, which consist of individually low value transactions. In addition, the Group's hospitals involve medical consultants in providing services to its customers. Significant judgement is required to assess the arrangements between the hospitals and its medical consultants to determine whether the Group is a principal or an agent in the provision of services to its customers, which will affect whether revenue is recognised on a gross or net basis.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Impairment of goodwill

The Group tests goodwill for impairment annually whether goodwill has suffered any impairment, in accordance with its accounting policy stated in Note 2.11. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell calculations. The calculations require the use of estimates as set out in Note 20.

(c) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain tax allowances for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether taxes will be claimable. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 13.

(d) Valuation of investment properties

The Group carries its investment properties at fair value. These require the use of external valuers and assumptions that are based on unobservable inputs. The key assumptions are as disclosed in Note 18 to the financial statements.

(e) Extension and termination of options as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment that is within the control of the lessee. Refer to Note 17 for details about Group's ROU assets.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

7 REVENUE

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue from contract with customers:				
Revenue from hospital and healthcare charges				
- Revenue from inpatient and outpatient hospital charges				
- Revenue from hospital	**2,397,312**	2,190,438	**-**	-
- Management fees from consultants	**74,793**	75,238	**-**	-
- Wellness packages	**7,080**	7,486	**-**	-
- Vaccine administration services	**15,125**	-	**-**	-
- Aged care revenue	**56,256**	49,393	**-**	-
Tuition fees	**32,848**	34,157	**-**	-
Management fees	**5,698**	4,168	**49,456**	48,314
	2,589,112	2,360,880	**49,456**	48,314
Revenue from other sources:				
Dividend income	**-**	50	**84,106**	76,745
Interest income	**-**	-	**22,577**	19,018
Rental income	**37,325**	35,496	**-**	-
Other revenue	**412**	1,017	**-**	-
	37,737	36,563	**106,683**	95,763
	2,626,849	2,397,443	**156,139**	144,077

Hospital and healthcare charges generally relates to contracts with patients in which performance obligations are to provide healthcare services. The performance obligations for inpatient services are generally satisfied over a short period, and revenue from inpatients is recorded when the healthcare services is performed. The performance obligations for outpatient and daycare services are generally satisfied over a period of less than one day, and revenue is also recorded when the healthcare services is performed. Revenue from sales of pharmaceutical products are recognised upon delivery to customers.

There are no unsatisfied performance obligations at the end of the financial year.

Revenue from tuition fees and management fees are recognised over time.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

7 REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers

The following tables show the Group's revenue disaggregated by the Group's major services and provide reconciliations of the disaggregated revenue with the major market segments.

	Hospital and healthcare charges		Others		Total
	Malaysia RM'000	Others RM'000	Malaysia RM'000	Others RM'000	RM'000
2021					
Segment revenue	**2,980,697**	**112,207**	**341,221**	**33,414**	**3,467,539**
Intersegment revenue	**(542,337)**	**-**	**(297,787)**	**(566)**	**(840,690)**
Revenue from external customers	**2,438,360**	**112,207**	**43,434**	**32,848**	**2,626,849**
2020					
Segment revenue	2,736,478	87,975	281,276	36,431	3,142,160
Intersegment revenue	(501,897)	-	(240,546)	(2,274)	(744,717)
Revenue from external customers	2,234,581	87,975	40,730	34,157	2,397,443

8 ZAKAT

Zakat expense is zakat provided and paid during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

9 FINANCE INCOME AND COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance costs				
Borrowings				
Profit sharing on Islamic financing:				
- Islamic Medium Term Notes	**59,621**	64,355	**-**	-
- Term loans	**15,742**	20,015	**-**	-
- Revolving credits	**6,782**	7,370	**5,547**	6,380
- Hire purchase creditors	**2,625**	2,311	**24**	13
- Bank overdrafts	**1,411**	894	**-**	-
Interest expense on conventional financing:				
- Term loans	**4,604**	2,623	**-**	-
- Hire purchase creditors	**23**	66	**-**	-
- Interest on advances from subsidiaries	**-**	-	**17,707**	18,027
- Revolving credits	**1,409**	103	**-**	-
	92,217	97,737	**23,278**	24,420
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 16)	**(1,673)**	(3,485)	**-**	-
	90,544	94,252	**23,278**	24,420
Lease liabilities	**76,745**	69,224	**-**	-
	167,289	163,476	**23,278**	24,420
Finance income				
Profit sharing from deposits with licensed banks	**(8,683)**	(14,164)	**-**	-
	(8,683)	(14,164)	**-**	-
Net finance costs	**158,606**	149,312	**23,278**	24,420

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 5% (2020: 5%).

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

10 PROFIT BEFORE TAX

Profit before tax is arrived after charging/(crediting):

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:					
- Statutory audits					
- EY Malaysia		**1,765**	2,309	**397**	374
- Non-EY		**785**	695	**-**	-
- Other services					
- EY Malaysia		**992**	1,511	**992**	1,511
- PwC		**14**	931	**14**	931
- Non-EY/PwC		**1,228**	561	**1,228**	525
Trade receivables:					
- Impairment/(Reversal) charge for the year (net)	25	**11,568**	(21)	**-**	-
Contribution to Klinik Waqaf An-Nur	38	**4,818**	2,657	**36**	27
Directors' remuneration	12	**4,321**	7,004	**4,321**	6,889
Cost of medical supplies		**846,624**	762,279	**-**	-
Inventories written-off		**627**	387	**-**	-
Professional fees		**7,547**	3,192	**3,737**	2,640
Repair and maintenance		**95,979**	74,291	**1,374**	928
Investment properties:					
- Rental income		**(15,365)**	(15,871)	**-**	-
- Direct operating expenses		**10,335**	11,132	**-**	-
- Written-off	18	**-**	420	**-**	-
- Gain on fair value	18	**(13,410)**	(464)	**-**	-
Property, plant and equipment:					
- Depreciation	16	**185,782**	172,699	**294**	139
- Written-off		**702**	1,067	**-**	-
- Gain on disposal		**(561)**	(342)	**-**	-
- Impairment loss	16	**10,073**	16,973	**-**	-
Right-of-use assets:					
- Depreciation	17	**57,981**	50,644	**-**	-
- Gain on disposal		**(137)**	-	**-**	-

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

10 PROFIT BEFORE TAX (CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Fair value loss on quoted shares	23	**160**	744	**160**	744
Fair value loss on unquoted shares	23	**2**	2,814	**2**	2,532
Rental expense of land and buildings	17	**5,301**	8,902	**3,791**	3,015
Rental of equipment and vehicles	17	**6,198**	7,688	**153**	158
Employee benefits costs	11	**832,986**	688,267	**44,488**	28,264
Intangible assets:					
- Amortisation of software expenditure	19	**11,508**	15,413	**-**	-
- Impairment of goodwill	19	**4,028**	1,610	**-**	-
- Written-off	19	**474**	-	**-**	-

11 EMPLOYEE BENEFITS COST

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Staff costs (excluding Directors' remuneration):				
- Salaries, allowances and bonuses	**744,663**	604,935	**38,883**	24,102
- Contributions to defined contribution plan	**88,109**	82,392	**5,605**	4,078
- Share-based payments – ESOS (Note 37)	**-**	619	**-**	84
- Provision for retirement benefits (Note 33)	**214**	321	**-**	-
	832,986	688,267	**44,488**	28,264

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

12 DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Managing and Executive Directors:				
- Fees	**-**	97	**-**	-
- Salaries, allowances and bonuses	**1,473**	3,812	**1,473**	3,812
- Contributions to defined contribution plan	**221**	251	**221**	251
- Benefits-in-kind	**24**	46	**24**	46
	1,718	4,206	**1,718**	4,109
Non-Independent Non-Executive Directors:				
- Fees	**653**	594	**653**	588
- Allowances	**450**	596	**450**	596
	1,103	1,190	**1,103**	1,184
Independent Non-Executive Directors:				
- Fees	**768**	821	**768**	821
- Allowances	**701**	755	**701**	743
- Benefits-in-kind	**31**	32	**31**	32
	1,500	1,608	**1,500**	1,596
	4,321	7,004	**4,321**	6,889

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2021	**2020**
Managing and Executive Directors:		
RM1 - RM900,000	**-**	2
RM900,001 - RM1,000,000	**-**	1
RM1,500,001- RM2,000,000	**1**	-
RM2,500,001 - RM3,000,000	**-**	1
Non-Executive Directors:		
RM1 - RM100,000	**-**	6
RM100,001 - RM200,000	**5**	3
RM200,001- RM300,000	**2**	1
Independent Non-Executive Directors:		
RM1 – RM100,000	**-**	3
RM100,001 - RM200,000	**4**	4
RM200,001 - RM300,000	**4**	3
	16*	24

* Including 4 (2020:12) Directors that have resigned during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

13 TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian income tax:				
- In respect of current financial year	**65,508**	71,888	**170**	226
- (Over)/Under provision of prior years income tax	**(15,962)**	(9,419)	**(226)**	569
Foreign income tax:				
- In respect of current financial year	**1,716**	1,579	**-**	-
- Over provision of prior years income tax	**(430)**	-	**-**	-
	50,832	64,048	**(56)**	795
Deferred tax (Note 24)	**(885)**	(24,050)	**-**	(152)
Income tax expense recognised in the profit or loss	**49,947**	39,998	**(56)**	643
Deferred tax related to other comprehensive income (Note 24)	**2,530**	22,943	**-**	-

A reconciliation of tax applicable to profit before tax at the Malaysian statutory income tax rate to tax at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	**115,598**	150,810	**59,252**	58,581
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	**27,744**	36,194	**14,220**	14,059
Tax effects of:				
- Different tax rates	**(602)**	65	**-**	-
- Income not subject to tax	**(2,159)**	(1,926)	**(22,375)**	(20,650)
- Expenses non-deductible for tax purposes	**19,942**	16,680	**7,722**	8,836
- Share of results of associates	**(627)**	(473)	**-**	-
- (Over)/Under provision of prior years income tax	**(16,392)**	(9,419)	**(226)**	569
- Deductible temporary differences not recognised	**23,180**	3,453	**603**	17
- Utilisation/Realisation of deductible temporary differences previously not recognised	**(1,139)**	(4,576)	**-**	(2,188)
Income tax expense	**49,947**	39,998	**(56)**	643

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

14 DIVIDENDS

	Group and Company RM'000
Declared in 2021 in respect of:	
Financial year ended 31 December 2021	
First interim single tier dividend of 0.25 sen per ordinary share paid on 15 October 2021	**10,748**
Second interim single tier dividend of 0.30 sen per ordinary share paid on 28 December 2021	**12,979**
	23,727
Declared in 2020 in respect of:	
Financial year ended 31 December 2020	
First interim single tier dividend of 0.50 sen per ordinary share paid on 20 April 2020	21,398
Second interim single tier dividend of 0.30 sen per ordinary share paid on 28 July 2020	12,839
Third interim single tier dividend of 0.40 sen per ordinary share paid on 31 December 2020	17,118
	51,355

The Directors are of the opinion that the Company is able to pay its debts, identified as at the date of the statements of financial position, as being the debts as they fall due and that the company will remain solvent for the period of twelve months after the date of declaration.

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021.

15 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit/loss attributable to ordinary equity holders of the Company for the financial year by the average number of ordinary shares in issue during the financial year.

	Group	
	2021	2020
Profit attributable to Owners of the Company (RM'000)	**51,033**	110,443
Weighted average number of ordinary shares in issue ('000)	**4,291,969**	4,279,293
Basic earnings per share (sen)	**1.19**	2.58

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

15 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the diluted earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group at reporting date is ESOS.

For the ESOS granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding ESOS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of ESOS. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the profit for the financial year for the ESOS calculation.

	Group	
	2021	**2020**
Profit attributable to Owners of the Company (RM'000)	**51,033**	110,443
Weighted average number of ordinary shares in issue ('000)	**4,291,969**	4,279,293
Assumed shares issued from the exercise of ESOS ('000)	**123,805**	180,510
Weighted average number of ordinary shares in issue ('000)	**4,415,774**	4,459,803
Diluted earnings per share (sen)	**1.16**	2.48

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
2021							
At 1 January							
- Cost	-	-	408,019	1,018,610	528,753	263,275	2,218,657
- Valuation	260,714	1,528,257	-	-	-	-	1,788,971
	260,714	1,528,257	408,019	1,018,610	528,753	263,275	4,007,628
Exchange differences	(1,077)	(875)	107	478	197	-	(1,170)
Additions	-	16,577	17,437	65,647	36,221	98,789	234,671
Disposals	-	-	-	(3,190)	(1,452)	-	(4,642)
Written-off	-	-	(2,467)	(2,728)	(1,584)	-	(6,779)
Reclassifications	-	52,765	12,619	-	96	(65,480)	-
Transfer from right-of-use assets (Note 17)	3,050	-	-	-	-	-	3,050
Transfer to investment property (Note 18)	-	(762)	-	-	-	-	(762)
Transfer to non-current assets held for sale (Note 28)	(19,021)	(211,089)	-	-	-	-	(230,110)
Revaluation surplus	4,998	2,279	-	-	-	-	7,277
Impairment loss (Note 10)	(3,100)	(6,973)	-	-	-	-	(10,073)
Elimination of accumulated depreciation on revaluation	-	(5,469)	-	-	-	-	(5,469)
	245,564	1,374,710	435,715	1,078,817	562,231	296,584	3,993,621
At 31 December							
- Cost	-	-	435,715	1,078,817	562,231	296,584	2,373,347
- Valuation	245,564	1,374,710	-	-	-	-	1,620,274
	245,564	1,374,710	435,715	1,078,817	562,231	296,584	3,993,621
Less: Government grant received	-	(6,830)	-	-	-	-	(6,830)
	245,564	1,367,880	435,715	1,078,817	562,231	296,584	3,986,791

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
2021							
Accumulated depreciation							
At 1 January	-	-	(199,333)	(585,317)	(359,395)	-	(1,144,045)
Exchange differences	-	214	(30)	(3)	(30)	-	151
Charge for the financial year (Note 10)	-	(30,502)	(34,421)	(71,668)	(49,191)	-	(185,782)
Disposals	-	-	-	3,155	1,323	-	4,478
Written-off	-	-	2,467	2,711	899	-	6,077
Elimination of accumulated depreciation on revaluation	-	5,469	-	-	-	-	5,469
Transfer to non-current assets held for sale (Note 28)	-	3,099	-	-	-	-	3,099
At 31 December	-	(21,720)	(231,317)	(651,122)	(406,394)	-	(1,310,553)
Net carrying amounts							
- Cost	-	-	204,398	427,695	155,837	296,584	1,084,514
- Valuation	245,564	1,346,160	-	-	-	-	1,591,724
At 31 December	245,564	1,346,160	204,398	427,695	155,837	296,584	2,676,238

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
2020							
At 1 January							
- Cost	-	-	342,403	954,217	473,595	310,971	2,081,186
- Valuation	228,958	1,340,733	-	-	-	-	1,569,691
	228,958	1,340,733	342,403	954,217	473,595	310,971	3,650,877
Exchange differences	(456)	(5,828)	-	(290)	(90)	-	(6,664)
Additions	-	26,783	28,537	81,608	41,180	96,401	274,509
Disposals	-	-	-	(10,669)	(745)	-	(11,414)
Written-off	-	-	(265)	(11,373)	(2,557)	-	(14,195)
Reclassifications	-	83,937	37,344	5,117	17,370	(143,768)	-
Acquisition of a subsidiary (Note 21)	5,092	77,262	-	-	-	-	82,354
Transfer to investment property (Note 18)	(7,200)	-	-	-	-	(329)	(7,529)
Revaluation surplus	50,510	62,731	-	-	-	-	113,241
Impairment loss (Note 10)	(16,190)	(783)	-	-	-	-	(16,973)
Elimination of accumulated depreciation on revaluation	-	(53,575)	-	-	-	-	(53,575)
	260,714	1,531,260	408,019	1,018,610	528,753	263,275	4,010,631
At 31 December							
- Cost	-	-	408,019	1,018,610	528,753	263,275	2,218,657
- Valuation	260,714	1,531,260	-	-	-	-	1,791,974
	260,714	1,531,260	408,019	1,018,610	528,753	263,275	4,010,631
Less: Government grant received	-	(3,003)	-	-	-	-	(3,003)
	260,714	1,528,257	408,019	1,018,610	528,753	263,275	4,007,628

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
2020							
Accumulated depreciation							
At 1 January	-	(33,870)	(160,935)	(543,488)	(313,898)	-	(1,052,191)
Exchange differences	-	2,739	-	276	51	-	3,066
Charge for the financial year (Note 10)	-	(23,242)	(38,239)	(63,628)	(47,590)	-	(172,699)
Disposals	-	-	-	10,457	619	-	11,076
Written-off	-	-	264	11,106	1,758	-	13,128
Elimination of accumulated depreciation on revaluation	-	53,575	-	-	-	-	53,575
Reclassifications	-	798	(423)	(40)	(335)	-	-
At 31 December	-	-	(199,333)	(585,317)	(359,395)	-	(1,144,045)
Net carrying amounts							
- Cost	-	-	208,686	433,293	169,358	263,275	1,074,612
- Valuation	260,714	1,528,257	-	-	-	-	1,788,971
At 31 December	260,714	1,528,257	208,686	433,293	169,358	263,275	2,863,583

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company		
	Motor vehicle RM'000	Computer RM'000	Total RM'000
2021			
Cost			
At 1 January	**787**	**486**	**1,273**
Additions	**-**	**488**	**488**
At 31 December	**787**	**974**	**1,761**
Accumulated depreciation			
At 1 January	**(73)**	**(136)**	**(209)**
Charge for the financial year (Note 10)	**(157)**	**(137)**	**(294)**
At 31 December	**(230)**	**(273)**	**(503)**
Net carrying amounts			
At 31 December	**557**	**701**	**1,258**
2020			
Cost			
At 1 January	-	258	258
Additions	787	228	1,015
At 31 December	787	486	1,273
Accumulated depreciation			
At 1 January	-	(70)	(70)
Charge for the financial year (Note 10)	(73)	(66)	(139)
At 31 December	(73)	(136)	(209)
Net carrying amounts			
At 31 December	714	350	1,064

Revaluation of land and buildings

The Group's land and buildings were fully revalued as at 31 December 2020. As at year end, the Group assess whether there is an indication that the carrying values of these assets have differ materially from its fair value. Where an indication exists, revaluations were carried out and the carrying value of these assets were updated to reflect its fair value based on independent valuation. Certain land and buildings that were completed and commenced operations during the year were also revalued as at year end.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of land and buildings (continued)

Land and buildings comprise mainly those that are used by the Group as purpose-built private specialist hospitals. The lands were valued by reference to transactions of similar land in the surrounding with adjustments made for difference in accessibility, terrain, size and shape of the land, tenure, title restrictions if any and other relevant characteristics. The buildings were valued by reference to their depreciated replacement costs, i.e. the replacement cost now less appropriate adjustments for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The book values of the land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve. These were all Level 3 in the fair value hierarchy.

In current financial year, the impairment loss of RM10,073,000 (2020: RM16,973,000) represented the write-down of certain freehold land and buildings mainly in the Malaysia (2020: others) segment to the recoverable amount as a result of revaluation carried out during the year. This was recognised in the statement of comprehensive income of the Group as administrative expenses.

The revaluations were made with reference to valuations carried out by independent firms of professional valuers, Messrs Appraisal (Malaysia) Sdn Bhd, Messrs Raine & Horne International Zaki + Partners Sdn Bhd and Messrs CBRE Valuations Pty Limited ("the Valuers").

If the total amounts of the land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	Group	
	2021 RM'000	2020 RM'000
Cost		
Freehold land	**67,698**	86,719
Buildings	**602,701**	710,043
	670,399	796,762
Accumulated depreciation		
Buildings	**(49,791)**	(48,625)
Net carrying amounts	**620,608**	748,137

The net book value of assets under hire purchase creditors as at 31 December 2021 is RM13,655,000 (2020: RM15,640,000).

The net book value of property, plant and equipment pledged for borrowing facilities as at 31 December 2021 is RM498,213,000 (2020: RM534,515,000) as disclosed in Note 31.

During the financial year, a subsidiary received a government grant in relation to the construction of a hospital building amounting to RM6,830,000 (2020: RM3,003,000). The amount has been set-off against the cost of building.

Capitalisation of borrowing costs

The capital work-in-progress includes borrowing costs arising from general and specific borrowings from licensed banks and related companies within KPJ Group. During the financial year, borrowing costs capitalised as part of capital work-in-progress amounted to RM1,673,000 (2020: RM3,485,000) as disclosed in Note 9.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

17 RIGHT-OF-USE ASSETS

The majority of the Group's leasing activities are lease of hospital buildings and land with Al-`Aqar Healthcare REIT. The rental contracts are typically made for a period of 15 years with an option to extend for another 15 years. The lease terms are negotiated with the lessor, such that similar terms are set for properties with similar characteristics. These terms are used to maximise operational efficiencies in terms of managing contracts. The terms of certain leases were modified during the year resulting in a change in consideration payable. There are no covenants attached to these leases and the properties may not be used as security for borrowing purposes.

	Group		
	Leasehold land RM'000	Land and buildings RM'000	Total RM'000
2021			
At 1 January	**181,071**	**870,101**	**1,051,172**
Lease modifications	**-**	**165,993**	**165,993**
Depreciation (Note 10)	**(3,208)**	**(54,773)**	**(57,981)**
Revaluation surplus	**6,893**	**-**	**6,893**
Transfer to property, plant and equipment (Note 16)	**(3,050)**	**-**	**(3,050)**
Transfer to investment properties (Note 18)	**(4,480)**	**-**	**(4,480)**
Transfer to non-current assets held for sales (Note 28)	**(11,977)**	**-**	**(11,977)**
Exchange differences	**1,284**	**1,456**	**2,740**
At 31 December	**166,533**	**982,777**	**1,149,310**
2020			
At 1 January	170,688	913,471	1,084,159
Additions	-	2,551	2,551
Depreciation (Note 10)	(4,025)	(46,619)	(50,644)
Revaluation surplus	14,408	-	14,408
Exchange differences	-	698	698
At 31 December	181,071	870,101	1,051,172

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Expenses related to short-term leases (included in cost of sales and administrative expenses) (Note 10)	**(5,301)**	(8,902)	**(3,791)**	(3,015)
Expenses relating to lease of low-value assets (included in cost of sales and administrative expenses) (Note 10)	**(6,198)**	(7,688)	**(153)**	(158)

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

18 INVESTMENT PROPERTIES

	Group 2021 RM'000	Group 2020 RM'000
At fair value:		
At 1 January	**337,748**	328,582
Additions	**251**	677
Written-off (Note 10)	**-**	(420)
Exchange differences	**640**	916
Gain on fair value recognised during the year (Note 10)	**13,410**	464
Transfer from property, plant and equipment (Note 16)	**762**	7,529
Transfer from right-of-use assets (Note 17)	**4,480**	-
Transfer to non-current assets held for sale (Note 28)	**(11,175)**	-
At 31 December	**346,116**	337,748

The valuations were carried out by third party valuers, Messrs Appraisal (Malaysia) Sdn Bhd. In prior year, the valuations were carried out by third party valuers, Messrs Raine & Horne International Zaki + Partners Sdn Bhd and Messrs CBRE Valuations Pty Limited.

The fair value of investment property pledged for borrowing facilities as at 31 December 2021 is RM253,500,000 (2020: RM244,000,000).

The fair value of the properties was estimated at RM346,116,000 (2020: RM337,748,000) based on valuations performed by independent professionally qualified valuers, using the comparison method as described below. In the prior year comparison and investment method were used in the valuation.

Fair value hierarchy disclosures for investment properties are in Note 5.

Description of valuation techniques used and key inputs to valuation on investment properties.

	Valuation technique	Significant unobservable inputs	Range 2021	Range 2020
Land and buildings	Comparison method	Location, visibility, size and tenure Estimated value per sq ft	**RM27 – RM607**	RM22 – RM505

(Carrying value as at 31 December 2021 of RM346,116,000 (2020: RM93,748,000)).

	Valuation technique	Significant unobservable inputs	Range 2021	Range 2020
Office properties	Investment method	Estimated rental value per sq ft per month	**-**	RM3.00 – RM7.50
		Outgoings per sq ft per month	**-**	RM1.89
		Void rate	**-**	8%
		Term yield	**-**	6%

(Carrying value as at 31 December 2020: RM244,000,000).

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

18 INVESTMENT PROPERTIES (CONTINUED)

Inter-relationship between significant unobservable inputs and fair value measurement

(a) Comparison method

Generally a location and visibility that is relatively more prominent will result in a higher fair value. A longer tenure will have the same effect.

A sensitivity analysis has been performed on the value per sq ft which was determined based on proprietary databases of prices of transactions for properties of similar nature, with adjustment made to the location, visibility and tenure, that impact the fair value of the land and buildings. Arising thereof, the impact of a 10% increase/decrease in the value per sq ft will result in a higher/lower fair value change by RM34.3 million.

(b) Investment method

Increases/decreases in estimated rental value per sq ft in isolation would result in a higher/lower fair value of the properties. Increases/decreases in the long-term vacancy rate (void rate) and discount rate (term yield) in isolation would result in a lower/higher fair value.

In prior year, a sensitivity analysis had been performed on the significant assumptions that impact the fair value of the office properties. Arising thereof, the impact of a 25 basis points increase/decrease in the term yield would result in a lower/higher fair value change by RM9.4 million/RM10.6 million , while an increase in void rate to 10% would result in a lower fair value change by RM4.4 million.

19 INTANGIBLE ASSETS

	Goodwill RM'000	Software expenditure RM'000	Software expenditure under development RM'000	Total RM'000
Group				
2021				
Cost				
At 1 January	211,455	70,655	3,438	285,548
Additions	-	192	-	192
Writen-off	-	(334)	(140)	(474)
Reclassifications	-	3,298	(3,298)	-
At 31 December	211,455	73,811	-	285,266
Accumulated amortisation				
At 1 January	-	(31,754)	-	(31,754)
Amortisation charge for the year (Note 10)	-	(11,508)	-	(11,508)
At 31 December	-	(43,262)	-	(43,262)

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

19 INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Software expenditure RM'000	Software expenditure under development RM'000	Total RM'000
Group				
2021				
Accumulated impairment				
At 1 January	**(17,966)**	**-**	**-**	**(17,966)**
Impairment loss for the year (Note 10)	**(4,028)**	**-**	**-**	**(4,028)**
At 31 December	**(21,994)**	**-**	**-**	**(21,994)**
Net carrying amount				
At 31 December	**189,461**	**30,549**	**-**	**220,010**
2020				
Cost				
At 1 January	195,522	40,420	32,157	268,099
Additions	15,933	-	1,516	17,449
Reclassifications	-	30,235	(30,235)	-
At 31 December	211,455	70,655	3,438	285,548
Accumulated amortisation				
At 1 January	-	(16,341)	-	(16,341)
Amortisation charge for the year (Note 10)	-	(15,413)	-	(15,413)
At 31 December	-	(31,754)	-	(31,754)
Accumulated impairment				
At 1 January	(16,356)	-	-	(16,356)
Impairment loss for the year (Note 10)	(1,610)	-	-	(1,610)
At 31 December	(17,966)	-	-	(17,966)
Net carrying amount				
At 31 December	193,489	38,901	3,438	235,828

In current financial year, the impairment loss of RM4,028,000 (2020: RM1,610,000) represented the write-down of goodwill arose from the acquisitions of certain subsidiaries in the Malaysia (2020: others) segment due to change in business plan. The impairment charge is recorded within administrative expenses in the statement of comprehensive income of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

20 IMPAIRMENT OF INTANGIBLE ASSETS

Impairment tests for goodwill and software expenditure under development

	Group	
	2021 **RM'000**	**2020** **RM'000**
Malaysia:		
- Goodwill	**189,461**	193,489
- Software expenditure under development	**-**	3,438
	189,461	196,927

Recoverable amount based on value-in-use

Malaysia

The recoverable amount of the cash-generating unit ("CGU") is determined based on fair value less cost to sell calculation (level 3 fair value hierarchy). These calculations use cash flow projections based on financial budgets approved by the Directors covering a five-year period.

The key assumptions used are as follows:

	2021 **%**	**2020** **%**
Revenue growth rate[1]	**9 - 22**	7 - 11
EBITDA margin[2]	**25.8 - 27.8**	23.5 - 28.3
Discount rate[3]	**13**	13
Terminal growth rate[4]	**5**	5

Assumptions:

1 Revenue growth rate over the budget period
2 EBITDA margin over the budget period
3 Pre-tax discount rate applied to the cash flow projections
4 Terminal growth rate used to extrapolate cash flows beyond the budget period

The Directors have determined the revenue growth rate and EBITDA margin based on expectations of market development. The pre-tax discount rate used is based on comparable healthcare companies and adjusted for projection risk. The terminal growth rate does not exceed the long-term average growth rate for the relevant group of CGUs.

Management believes that any reasonable change to the above key assumptions would not cause the carrying value of the CGU to materially exceed its reasonable amount.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are made up as follows:

	Company	
	2021 RM'000	2020 RM'000
Cost	**965,024**	965,024
Preference shares	**300**	300
Capital contribution reserve relating to share-based payments	**68,075**	73,777
Unquoted shares	**1,033,399**	1,039,101

The following are subsidiaries of the Company:

Name of company	Country of incorporation	Group's effective interest 2021 %	Group's effective interest 2020 %	Principal activities
Kumpulan Perubatan (Johor) Sdn Bhd	Malaysia	**100**	100	Managing and investment holding company for medical sector
Point Zone (M) Sdn Bhd	Malaysia	**100**	100	Providing treasury management services to the companies within the group
Tawakal Holdings Sdn Bhd *	Malaysia	**100**	100	Investment holding company
Johor Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Pusat Pakar Tawakal Sdn Bhd +	Malaysia	**100**	100	Operating as a specialist hospital
Ipoh Specialist Hospital Sdn Bhd	Malaysia	**99**	99	Operating as a specialist hospital
Puteri Specialist Hospital (Johor) Sdn Bhd #	Malaysia	**100**	100	Dormant
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd				
Ampang Puteri Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Bandar Baru Klang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Kajang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Maharani Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Pasir Gudang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest 2021 %	Group's effective interest 2020 %	Principal activities
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
Penang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Pusat Pakar Kluang Utama Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Rawang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Sentosa Medical Centre Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
SMC Healthcare Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Kuching Specialist Hospital Sdn Bhd	Malaysia	**93**	70	Operating as a specialist hospital
Miri Specialist Hospital Sdn Bhd *	Malaysia	**84**	70	Operating as a specialist hospital
PT Khidmat Perawatan Jasa Medika *	Indonesia	**80**	80	Operating as a specialist hospital
PT Khasanah Putera Jakarta Medica *	Indonesia	**75**	75	Operating as a specialist hospital
Pahang Specialist Hospital Sdn Bhd	Malaysia	**70**	70	Operating as a specialist hospital
Perdana Specialist Hospital Sdn Bhd	Malaysia	**61**	61	Operating as a specialist hospital
Perlis Specialist Hospital Sdn Bhd	Malaysia	**60**	60	Operating as a specialist hospital
Selangor Specialist Hospital Sdn Bhd *	Malaysia	**60**	60	Operating as a specialist hospital
Advanced Health Care Solutions Sdn Bhd	Malaysia	**100**	100	Providing healthcare information system services
BDC Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a building management company
Crossborder Aim (M) Sdn Bhd *	Malaysia	**100**	100	Investment holding company
Crossborder Hall (M) Sdn Bhd *	Malaysia	**100**	100	Investment holding company
Healthcare IT Solutions Sdn Bhd	Malaysia	**100**	100	Providing healthcare information technology services
Kota Kinabalu Wellness Sdn Bhd	Malaysia	**100**	100	Operating as an assisted living care, after birth care and rehabilitation centre

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest 2021 %	2020 %	Principal activities
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
KPJ Ambulatory Care Centre Sdn Bhd *	Malaysia	**100**	100	Management and operation of ambulatory care centre
KPJ Dhaka (Pte) Ltd *	Bangladesh	**100**	100	Providing management services to a specialist hospital
KPJ Eyecare Specialist Sdn Bhd *	Malaysia	**100**	100	Providing medical and consultancy services in eye care
KPJ Healthcare University College Sdn Bhd	Malaysia	**100**	100	Operating as a private university college of nursing and allied health
KPJ HealthShoppe Sdn Bhd *	Malaysia	**100**	100	Operating as pharmacy retail outlet
KPJ MedikTV Sdn Bhd *	Malaysia	**100**	100	Operating as medical service provider
Kuantan Wellness Center Sdn Bhd	Malaysia	**100**	100	Operating as a dialysis and aged care centre
Massive Hybrid Sdn Bhd *	Malaysia	**100**	100	To be operating as a specialist hospital
PharmaCARE Sdn Bhd *	Malaysia	**100**	100	Providing human resource, training services and rental of human resource information system
Pharmaserv Alliances Sdn Bhd	Malaysia	**100**	100	Marketing and distributing medical and pharmaceutical products
Sibu Geriatric Health & Nursing Centre Sdn Bhd	Malaysia	**100**	100	Operating and managing an aged care facilities
Sterile Services Sdn Bhd *	Malaysia	**100**	100	Providing sterile services
UTM KPJ Specialist Hospital Sdn Bhd *	Malaysia	**100**	100	To be operating as a specialist hospital
Fabricare Laundry Sdn Bhd *	Malaysia	**98**	98	Providing laundry services
DTI Resources Sdn Bhd	Malaysia	**94**	94	Providing information technology related services and rental of software
Pride Outlet Sdn Bhd *	Malaysia	**75**	75	Providing maintenance services for medical equipment
Total Meal Solution Sdn Bhd *	Malaysia	**70**	70	Providing central kitchen services

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest 2021 %	Group's effective interest 2020 %	Principal activities
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
Jeta Gardens (Qld) Pty Ltd *	Australia	**57**	57	Providing retirement village and aged care facilities
Lablink (M) Sdn Bhd	Malaysia	**51**	51	Providing pathology and laboratory services
Healthcare Technical Services Sdn Bhd *	Malaysia	**51**	51	Providing management and engineering maintenance services for specialist hospital
Bayan Baru Specialist Hospital Sdn Bhd *	Malaysia	**100**	100	Dormant
Damansara Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Dormant
Energy Excellent Sdn Bhd *	Malaysia	**100**	100	Dormant
KPJ Education Services Sdn Bhd *	Malaysia	**100**	100	Dormant
Pharmacare Surgical Technologies (M) Sdn Bhd *	Malaysia	**100**	100	Dormant
Seremban Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Dormant
Skop Yakin (M) Sdn Bhd *	Malaysia	**100**	100	Dormant
Taiping Medical Centre Sdn Bhd	Malaysia	**100**	100	Dormant
Freewell Sdn Bhd *	Malaysia	**80**	80	Dormant
Teraju Farma Sdn Bhd	Malaysia	**-**	65	Marketing and distributing medical and pharmaceutical products
Subsidiary of Johor Specialist Hospital Sdn Bhd				
Bandar Dato Onn Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Kluang Specialist Hospital Sdn Bhd *	Malaysia	**100**	100	Operating as a building management company
Subsidiary of Ipoh Specialist Hospital Sdn Bhd				
Sri Manjung Specialist Centre Sdn Bhd *	Malaysia	**100**	100	Operating as a specialist hospital

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest 2021 %	2020 %	Principal activities
Subsidiary of Selangor Specialist Hospital Sdn Bhd				
Pusrawi SMC Sdn Bhd *	Malaysia	**52**	52	Operating as a polyclinic
Subsidiary of SMC Healthcare Sdn Bhd				
Amity Development Sdn Bhd	Malaysia	**100**	100	Operating as a property holding company
Subsidiaries of Pharmaserv Alliances Sdn Bhd				
Malaysian Institute of Healthcare Management Sdn Bhd *	Malaysia	**75**	75	Dormant
Subsidiary of KPJ Healthcare University College Sdn Bhd				
KPJ Education (M) Sdn Bhd	Malaysia	**100**	100	Operating as a college and training centre
Subsidiaries of Jeta Gardens (Qld) Pty Ltd				
Jeta Gardens Aged Care (Qld) Pty Ltd *	Australia	**100**	100	Operating and managing an aged care facility
Jeta Gardens Management (Qld) Pty Ltd *	Australia	**100**	100	Dormant
Subsidiaries of Crossborder Aim (M) Sdn Bhd and Crossborder Hall (M) Sdn Bhd				
PT Al-Aqar Bumi Serpong Damai *	Indonesia	**100**	100	Operating as building management company
PT Al-Aqar Permata Hijau *	Indonesia	**100**	100	Operating as building management company

\# Direct equity holding by the Company is 84% (2020: 84%)
\+ Direct equity holding by the Company is 68% (2020: 68%)
* Audited by firms other than EY PLT, Malaysia

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Acquisition of additional interest in subsidiaries in 2021:

(i) On 1 November 2021, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") acquired additional 18,330,000 new shares in Miri Specialist Hospital Sdn Bhd ("MSH"), representing 14% equity interest in MSH, for a total consideration of RM18,330,000. With this acquisition, the Group now holds 84% shareholding of MSH.

(ii) On 24 December 2021, KPJSB acquired additional 15,300,000 new shares in Kuching Specialist Hospital Sdn Bhd ("KcSH"), representing 23% equity interest in KcSH, for a total consideration of RM15,300,000. With this acquisition, the Group now holds 93% shareholding of KcSH.

Disposal of interest in a subsidiary in 2021:

On 15 November 2021, KPJSB disposed its entire equity interest in a subsidiary, Teraju Farma Sdn Bhd for a cash consideration of RM1,560,000. The effects of the disposal of the subsidiary gave rise to a loss of RM750,412 and the effects on cash flows were as follows:

	2021 RM'000
Current assets	7,951
Current liabilities	(4,397)
Net assets disposed	3,554
Loss on disposal	(750)
Carrying amount of equity interest disposed	2,804
Less: Non-controlling interests	(1,244)
Disposal proceed	1,560
Cash inflow arising from disposal:	
Cash consideration	1,560
Cash and cash equivalents of subsidiary disposed	-
Net cash inflows from disposal of a subsidiary	1,560

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Acquisition of a subsidiary in 2020:

On 2 November 2020, KPJSB acquired 100% equity interest in Kluang Specialist Hospital Sdn Bhd ("KSHSB") for a total cash consideration of RM27,475,000.

	Acquiree's carrying amounts RM'000	Fair value at date of acquisition RM'000
Property, plant and equipment (Note 16)	82,354	82,354
Receivables, deposits and prepayments	3,788	3,788
Deposits, bank and cash balances	71	71
Payables	(74,671)	(74,671)
Fair value of net assets acquired	11,542	11,542
Less: Purchase consideration settled in cash		27,475
Goodwill		15,933
Purchase consideration settled in cash		27,475
Less: Cash and cash equivalents acquired		(71)
Cash outflow of the Group on acquisition		27,404

The amounts of net loss of KSHSB since the acquisition date included in the consolidated statement of comprehensive income for the reporting period is RM707,000. The net profit of KPJ Group for the current reporting period had the acquisition occurred on 1 January 2020 would be RM109,334,000.

Acquisition of additional interest in a subsidiary in 2020:

On 9 October 2020, KPJSB acquired additional 2,000,000 new shares in Fabricare Laundry Sdn Bhd ("FLSB"), representing 3% equity interest in FLSB, for a total consideration of RM2,000,000. With this acquisition, the Group now holds 98% shareholding of FLSB.

Disposal of interest in a subsidiary in 2020:

On 29 July 2020, KPJSB, entered into two the Shares Sale and Purchase Agreements ("SSPA") with Mr Irfan Jasri and Ms Annie Trisusilo ("new shareholders") for the disposal of 80% of KPJSB's entire stake in PT Khidmat Perawatan Jasa Medika ("KPJ Medika") for a total consideration of RM28,000,000 (IDR96.0 billion). The transfer of shares of KPJ Medika was completed on 21 October 2020, which was the date of the confirmation letter from Indonesia's Ministry of Law and Human Rights.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of interest in a subsidiary in 2020: (continued)

The Group continues to control and consolidate KPJ Medika due to the following:

a. Each of the new shareholders gives Power of Attorney to Vote and Power of Attorney to Sell (collectively referred to as "Power of Attorney") to the Group. The Power of Attorney gives the authorisation over 80% shares in KPJ Medika. In this regard, since most of the corporate actions of a company will require a shareholders' resolution, the Group is able to obtain majority votes and hence control KPJ Medika.
b. Most of the members of the Board of Directors and the Board of Commissioners of KPJ Medika are appointed by the Group. Therefore, the Group is able to control KPJ Medika at the management and operation level.
c. The Power of Attorney does not stipulate any granting of the shares ownership or assert that the shares of ownership transferred to the new shareholders are still belong to the Group. In that regard, the arrangement does not circumvent the Article 33 in Investment Law in Indonesia.

Summarised financial information of Perdana Specialist Hospital Sdn Bhd, Selangor Specialist Hospital Sdn Bhd, Lablink (M) Sdn Bhd and Jeta Gardens (Qld) Pty Ltd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other subsidiaries are not material to the Group.

(i) Summarised statements of financial position

	Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Lablink (M) Sdn Bhd		Jeta Gardens (Qld) Pty Ltd		Total	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-controlling interests percentage of ownership interest and voting interest	**39%**	39%	**40%**	40%	**49%**	49%	**43%**	43%		
Non-current assets	**89,915**	93,540	**208,728**	190,152	**26,536**	27,700	**35,326**	163,720	**360,505**	475,112
Current assets	**21,561**	17,651	**57,228**	54,251	**151,154**	198,233	**104,919**	37,278	**334,862**	307,413
Current liabilities	**(20,964)**	(19,525)	**(39,953)**	(47,001)	**(17,080)**	(20,341)	**(151,110)**	(202,506)	**(229,107)**	(289,373)
Non-current liabilities	**(41,507)**	(44,113)	**(83,733)**	(59,665)	**(836)**	(1,212)	**(64,795)**	(61,016)	**(190,871)**	(166,006)
Net assets	**49,005**	47,553	**142,270**	137,737	**159,774**	204,380	**(75,660)**	(62,524)	**275,389**	327,146
Net equity attributable	**49,005**	47,553	**142,270**	137,737	**159,774**	204,380	**(75,660)**	(62,524)	**275,389**	327,146
Equity attributable to:										
Owners of the Company	**29,893**	29,007	**85,362**	82,642	**81,485**	104,234	**(43,126)**	(35,639)	**153,614**	180,244
Non-controlling interests	**19,112**	18,546	**56,908**	55,095	**78,289**	100,146	**(32,534)**	(26,885)	**121,775**	146,902

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(ii) Summarised statements of comprehensive income

	Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Lablink (M) Sdn Bhd		Jeta Gardens (Qld) Pty Ltd		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	**68,515**	71,558	**128,123**	116,497	**184,850**	140,079	**54,178**	49,393	**435,666**	377,527
Profit for the year	**3,324**	6,280	**13,305**	10,380	**55,605**	38,683	**(14,730)**	(24,691)	**57,504**	30,652
Profit attributable to:										
Owners of the Company	**2,028**	3,831	**7,983**	6,228	**28,359**	19,728	**(8,396)**	(14,074)	**29,974**	15,713
Non-controlling interest	**1,296**	2,449	**5,322**	4,152	**27,246**	18,955	**(6,334)**	(10,617)	**27,530**	14,939
Total net profit	**3,324**	6,280	**13,305**	10,380	**55,605**	38,683	**(14,730)**	(24,691)	**57,504**	30,652
Total comprehensive income attributable to:										
Owners of the Company	**2,028**	3,759	**4,833**	6,018	**28,359**	20,649	**(8,668)**	(14,074)	**26,552**	16,352
Non-controlling interest	**1,296**	2,403	**3,222**	4,012	**27,246**	19,839	**(6,539)**	(10,617)	**25,225**	15,637
Total comprehensive income	**3,324**	6,162	**8,055**	10,030	**55,605**	40,488	**(15,207)**	(24,691)	**51,777**	31,989
Dividends paid to non-controlling interest	**-**	830	**1,400**	1,760	**49,000**	-	**-**	-	**50,400**	2,590

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(iii) Summarised statements of cash flows

	Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Lablink (M) Sdn Bhd		Jeta Gardens (Qld) Pty Ltd		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net cash generated from operating activities	**2,386**	6,005	**18,974**	18,083	**24,019**	26,235	**(2,740)**	2,527	**42,639**	52,850
Net cash (used in)/ generated from investing activities	**(1,857)**	(3,213)	**(5,856)**	(8,588)	**76,086**	(26,904)	**(334)**	(779)	**68,039**	(39,484)
Net cash (used in)/ generated from financing activities	**(2,182)**	(1,936)	**(16,548)**	(12,337)	**(100,167)**	(184)	**996**	8	**(117,901)**	(14,449)
Net changes in cash and cash equivalents	**(1,653)**	856	**(3,430)**	(2,842)	**(62)**	(853)	**(2,078)**	1,756	**(7,223)**	(1,083)
Cash and cash equivalents at the beginning of the year	**3,055**	2,199	**6,810**	9,652	**448**	1,301	**16,660**	13,920	**26,973**	27,072
Currency translation differences	**-**	-	**-**	-	**-**	-	**141**	984	**141**	984
Cash and cash equivalents at the end of the year	**1,402**	3,055	**3,380**	6,810	**386**	448	**14,723**	16,660	**19,891**	26,973

22 INVESTMENTS IN ASSOCIATES

	Group	
	2021 RM'000	2020 RM'000
Quoted ordinary shares in Al-`Aqar Healthcare REIT, at cost	**225,469**	225,469
Unquoted ordinary shares, at cost	**65,091**	65,091
Group's share of post-acquisition reserves	**146,492**	160,234
	437,052	450,794
Market value of quoted ordinary shares in Al-`Aqar Healthcare REIT	**312,127**	352,488

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

22 INVESTMENTS IN ASSOCIATES (CONTINUED)

The associates of the Group are as follows:

	Country of incorporation	Effective equity interest 2021 %	Effective equity interest 2020 %	Principal activities
Associates of Company				
Damansara REIT Managers Sdn Bhd#	Malaysia	**-**	-	Manager of Al-`Aqar Healthcare REIT
Al-`Aqar Healthcare REIT^	Malaysia	**37**	37	Real estate investment trust
Associates of KPJSB				
Kedah Medical Centre Sdn Bhd*	Malaysia	**46**	46	Operating as a specialist hospital
Vejthani Public Company Limited*	Thailand	**23**	23	Operating as an international specialist hospital

^ Listed on the Main Market of Bursa Malaysia Securities Berhad.
* Audited by a firm other than EY PLT, Malaysia.
\# Entity over which the Company exercises significant influence by virtue of its board representation in Damansara REIT Managers Sdn Bhd, which controls Al-`Aqar Healthcare REIT.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the statutory financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	Al-`Aqar Healthcare REIT 2021 RM'000	Al-`Aqar Healthcare REIT 2020 RM'000
Non-current assets	**1,538,210**	1,539,874
Current assets	**126,523**	108,112
Total assets	**1,664,733**	1,647,986
Current liabilities	**20,613**	583,371
Non-current liabilities	**699,118**	121,125
Total liabilities	**719,731**	704,496
Net assets	**945,002**	943,490

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

22 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the statutory financial statements of the associate and not the Group's share of those amounts. (continued)

(ii) Summarised statement of comprehensive income

	Al-`Aqar Healthcare REIT	
	2021	**2020**
	RM'000	**RM'000**
Revenue	**114,073**	115,710
Profit before tax	**72,782**	13,624
Total comprehensive income for the financial year	**71,062**	24,573
Dividends received and receivables from associates during the year	**25,428**	14,476

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in material associate

	Al-`Aqar Healthcare REIT	
	2021	**2020**
	RM'000	**RM'000**
Net assets at 1 January	**943,490**	958,513
Profit for the financial year	**71,062**	24,573
Dividend declared during the year	**(69,550)**	(39,596)
Net assets at 31 December	**945,002**	943,490
Interest in associates	**37%**	37%
Carrying value of Group's interest	**349,651**	349,091

(iv) Aggregate information of associates that are not individually material

	2021	**2020**
	RM'000	**RM'000**
The Group's share of profit before tax	**12,220**	3,766
The Group's share of profit after tax	**9,473**	1,797
The Group's share of total comprehensive income	**9,473**	1,797

(v) Commitments and contingent liabilities

There are neither commitment nor contingent liabilities relating to the Group's interest in the associates.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

23 EQUITY INSTRUMENTS CLASSIFIED AS FVOCI

Equity investments at FVOCI comprise of the following individual investments:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Quoted shares:				
Al-Salam Real Estate Investment Trust	**960**	1,120	**960**	1,120
Unquoted shares:				
PMB-An-Nur Waqf Income Fund	**498**	-	**498**	-
Intrapreneur Value Creation Sdn Bhd	**-**	-	**-**	-
AHCS Advanced HealthCare Solutions AG	**-**	-	**-**	-
	1,458	1,120	**1,458**	1,120

The Group and the Company have irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group and the Company consider this equity instruments classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purpose.

Refer to Note 5 for disclosure of fair value information on the quoted and unquoted shares.

24 DEFERRED TAX

Deferred tax assets and liabilities were offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown on the statements of financial position.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	**125,218**	130,921	**152**	152
Deferred tax liabilities	**(81,592)**	(85,650)	**-**	-
At 31 December	**43,626**	45,271	**152**	152

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

24 DEFERRED TAX (CONTINUED)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follow:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**45,271**	44,164	**152**	-
(Charged)/credit to profit or loss (Note 13)				
- Property, plant and equipment	**(3,646)**	(23,445)	**-**	152
- Investment properties	**(697)**	7,264	**-**	-
- Trade and other receivables	**3,303**	20,682	**-**	-
- Unutilised tax losses	**(4,442)**	1,921	**-**	-
- Unutilised capital allowance	**7,242**	24,325	**-**	-
- Contract liabilities	**(2,004)**	3,678	**-**	-
- Leases	**(2,222)**	(2,717)	**-**	-
- Trade and other payables	**3,351**	(7,658)	**-**	-
	885	24,050	**-**	152
Charged to other comprehensive income (Note 13)				
- Deferred tax on revaluation surplus during the year	**(2,530)**	(22,943)	**-**	-
At 31 December	**43,626**	45,271	**152**	152
Subject to income tax:				
Deferred tax assets (before offsetting):				
- Unutilised tax losses	**21,115**	25,557	**-**	-
- Unabsorbed capital allowance	**31,567**	24,325	**-**	-
- Contract liabilities	**10,178**	12,182	**-**	-
- Leases	**68,476**	70,698	**-**	-
- Trade and other payables	**10,445**	7,094	**-**	-
- Trade and other receivables	**553**	-	**-**	-
	142,334	139,856	**-**	-
Offsetting	**(17,116)**	(8,935)	**152**	152
Deferred tax assets (after offsetting)	**125,218**	130,921	**152**	152
Deferred tax liabilities (before offsetting):				
- Property, plant and equipment	**(85,596)**	(79,420)	**(152)**	(152)
- Investment properties	**(13,112)**	(12,415)	**-**	-
- Trade and other receivables	**-**	(2,750)	**-**	-
	(98,708)	(94,585)	**(152)**	(152)
Offsetting	**17,116**	8,935	**152**	152
Deferred tax liabilities (after offsetting)	**(81,592)**	(85,650)	**-**	**-**

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

24 DEFERRED TAX (CONTINUED)

The amount of unabsorbed capital allowance, unutilised tax losses and investment tax allowance (“ITA”) for which no deferred tax asset are recognised on the statements of financial position are as follows:

	Group		Company	
	2021 RM’000	2020 RM’000	2021 RM’000	2020 RM’000
Unabsorbed capital allowances	**35,636**	28,362	**231**	99
Unutilised tax losses	**214,608**	146,322	**7,642**	3,444
Unutilised ITA	**197,157**	197,157	**-**	-
Other temporary differences	**30,011**	13,734	**3,287**	5,102

No deferred tax assets are recognised from the above due to uncertainties of their recoverability. The unutilised tax losses will substantially expire in year 2025. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The Group was granted approval on ITA from Malaysian Investment Development Authority, which provides income tax exemption in the form of 100% on the qualifying capital expenditure incurred within a period of 5 years for new private healthcare facility projects, expansion, modernisation and refurbishment projects for existing facilities. The unabsorbed capital allowances and unutilised ITA do not expire under the current tax legislation.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

25 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current:				
Other receivables	**389**	276	**-**	-
Deposits	**13,112**	10,272	**-**	-
	13,501	10,548	**-**	-
Current:				
Trade receivables	**377,243**	331,209	**-**	-
Less: Impairment of trade receivables	**(32,307)**	(34,836)	**-**	-
Trade receivables (net)	**344,936**	296,373	**-**	-
Amount due from ultimate holding corporation	**1,358**	1,924	**13**	13
Amounts due from related companies	**1,816**	2,292	**8**	8
Amounts due from associates	**2,356**	1,916	**56**	35
Other receivables	**61,394**	86,008	**742**	742
Deposits	**49,684**	39,675	**26**	26
Prepayments	**19,849**	18,664	**47**	57
	481,393	446,852	**892**	881
Amounts due from subsidiaries	**-**	-	**661,546**	480,169
Total	**494,894**	457,400	**662,438**	481,050

Credit terms of trade receivables range from 30 to 60 days (2020: 30 to 60 days).

Amounts due from ultimate holding corporation and related companies are non-trade, interest free and repayable on demand.

Amount due from subsidiaries are unsecured, bearing interest rate of 5.85% (2020: 5.85%) per annum and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

25 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

As at 31 December 2021, trade receivables of RM32,307,000 (2020: RM34,836,000) were impaired and provided for. Movement in allowance accounts are as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	**34,836**	39,678
Impairment charge/(reversal) for the year (net) (Note 10)	**11,568**	(21)
Written-off	**(14,097)**	(4,821)
At 31 December	**32,307**	34,836

The other classes do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The currency exposure profile of the receivables and deposits (excluding prepayments) are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	**452,651**	406,362	**662,391**	480,993
Indonesian Rupiah	**9,806**	13,518	**-**	-
Bangladesh Taka	**990**	1,410	**-**	-
Australian Dollar	**11,598**	17,446	**-**	-
	475,045	438,736	**662,391**	480,993

26 INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At cost:		
Pharmaceutical products	**31,449**	31,064
Medical supplies	**18,426**	16,962
Laboratory chemicals	**1,356**	1,413
Consumables and disposable items	**339**	344
Other supplies	**2,183**	2,269
	53,753	52,052

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

27 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks	**84,325**	232,868	**-**	-
Cash and bank balances	**233,686**	229,366	**3,642**	4,137
Total cash and bank balances	**318,011**	462,234	**3,642**	4,137
Less: Bank overdrafts (Note 31)	**(17,473)**	(11,637)	**-**	-
Deposits with licensed banks with maturity of more than 3 months	**(3,544)**	(226,839)	**-**	-
Designated account (FSRA & DSRA)	**(27,021)**	(8,738)	**-**	-
Cash and cash equivalents	**269,973**	215,020	**3,642**	4,137

Included in the deposits with licensed banks of the Group is an amount of RM27,020,639 (2020: RM8,738,000) being minimum balance required in the Financial Service Reserve Account ("FSRA") and Deposit Service Reserve Account ("DSRA") for loans purposes (Note 31).

The weighted average interest rate of deposits with licensed banks of the Group during the financial year is 2.48% (2020: 2.40%) per annum. Bank balances are deposits held at call with banks and earn no interest.

Deposits of the Group and of the Company have maturity period that ranges from 1 to 365 days (2020: 1 to 365 days).

Deposits, cash and bank balances as at end of the reporting period are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	**288,244**	432,521	**3,642**	4,137
Indonesia Rupiah	**11,689**	9,591	**-**	-
Bangladesh Taka	**1,193**	470	**-**	-
Australian Dollar	**16,885**	19,652	**-**	-
	318,011	462,234	**3,642**	4,137

28 NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2021, the non-current assets held for sale relate to the properties which the Directors had resolved to dispose under proposal to sell and subsequently leaseback to Al-`Aqar Healthcare REIT ("Al-`Aqar") ("Proposal"). The properties under this Proposal are in relation to the properties of the following subsidiaries:

a) Pasir Gudang Specialist Hospital Sdn Bhd
b) Penang Specialist Hospital Sdn Bhd
c) Maharani Specialist Hospital Sdn Bhd
d) Jeta Gardens (Qld) Pty Ltd

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

28 NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The Directors had also approved a proposal to dispose a land belonged to Jeta Gardens (Qld) Pty Ltd to a third party which has been identified as at year end.

The Directors are of the view that the above transactions are expected to be completed within the next 12 months.

The non-current assets held for sale are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Land and buildings		
At 1 January	**-**	-
Transfer from property, plant and equipment (Note 16)	**227,011**	-
Transfer from right-of-use assets (Note 17)	**11,977**	-
Transfer from investment properties (Note 18)	**11,175**	-
At 31 December	**250,163**	-

29 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO SUBSIDIARIES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current:				
Amounts due to subsidiaries	**-**	-	**286,657**	343,204
Other payables	**4,740**	4,281	**-**	-
	4,740	4,281	**286,657**	343,204
Current:				
Trade payables	**234,525**	247,024	**-**	-
Other payables	**151,275**	154,330	**2,157**	1,651
Accruals	**198,394**	180,090	**12,822**	12,373
Amount due to ultimate holding corporation	**1,094**	425	**659**	294
Amounts due to related companies	**2,274**	1,275	**50**	50
Amounts due to associates	**30,698**	21,911	**-**	-
	618,260	605,055	**15,688**	14,368
Amounts due to subsidiaries	**-**	-	**103,533**	97,898
Total	**623,000**	609,336	**405,878**	455,470

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

29 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO SUBSIDIARIES (CONTINUED)

Non-current other payables comprises of retention sum that is payable later than 1 year and not later than 3 years.

Included in amounts due to subsidiaries are advances from subsidiaries which are unsecured, bear an effective average interest rate of 4.48% (2020: 4.48%) per annum and are repayable on demand after 2021.

Amounts due to ultimate holding corporation, subsidiaries and other related companies are unsecured, interest free and repayable on demand.

Credit terms of trade payables ranges from 30 to 60 days (2020: 30 to 60 days). Payables are denominated in the following currencies:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Ringgit Malaysia	**463,864**	440,259	**405,878**	455,470
Indonesian Rupiah	**12,173**	11,091	**-**	-
Bangladesh Taka	**2,996**	3,159	**-**	-
Australian Dollar	**143,967**	154,827	**-**	-
	623,000	609,336	**405,878**	455,470

30 CONTRACT LIABILITIES

	Group	
	2021 RM'000	**2020 RM'000**
At 1 January	**55,978**	66,896
Revenue recognised that was included in contract liability balance at the beginning of the year	**(48,401)**	(55,951)
Increases due to cash received, excluding amounts recognised as revenue during the year	**43,345**	45,033
At 31 December	**50,922**	55,978

Contract liabilities which consist of the amount of deposit received from patients, the wellness subscription fees and tuition fees at the inception of the contract which services have not been rendered. Revenue is recognised as and when the performance obligations are satisfied.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	**400,000**	250,000	**-**	-
- Term loans (secured)	**85,844**	75,818	**-**	-
- Revolving credits (unsecured)	**279,000**	136,500	**206,000**	112,000
- Hire purchase creditors (secured)	**15,584**	13,650	**135**	129
- Bank overdrafts (unsecured)	**17,473**	11,637	**-**	-
	797,901	487,605	**206,135**	112,129
Conventional financing				
- Term loans (secured)	**6,885**	11,898	**-**	-
- Hire purchase creditors (secured)	**56**	539	**-**	-
- Revolving credits (unsecured)	**55,615**	5,734	**-**	-
	62,556	18,171	**-**	-
	860,457	505,776	**206,135**	112,129
Non-current				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	**650,000**	1,050,000	**-**	-
- Term loans (secured)	**232,749**	302,778	**-**	-
- Hire purchase creditors (secured)	**35,367**	44,420	**370**	505
	918,116	1,397,198	**370**	505
Conventional financing				
- Term loans (secured)	**49,758**	52,008	**-**	-
- Hire purchase creditors (secured)	**133**	25	**-**	-
	49,891	52,033	**-**	-
	968,007	1,449,231	**370**	505
	1,828,464	1,955,007	**206,505**	112,634

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total borrowings				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	**1,050,000**	1,300,000	**-**	-
- Term loans (secured)	**318,593**	378,596	**-**	-
- Revolving credits (unsecured)	**279,000**	136,500	**206,000**	112,000
- Hire purchase creditors (secured)	**50,951**	58,070	**505**	634
- Bank overdrafts (unsecured)	**17,473**	11,637	**-**	-
Conventional financing				
- Term loans (secured)	**56,643**	63,906	**-**	-
- Hire purchase creditors (secured)	**189**	564	**-**	-
- Revolving credits (unsecured)	**55,615**	5,734	**-**	-
	1,828,464	1,955,007	**206,505**	112,634
The maturity profile of borrowings is as follows:				
Less than 1 year	**860,457**	505,776	**206,135**	112,129
Between 1 and 5 years	**893,834**	1,367,867	**370**	505
More than 5 years	**74,173**	81,364	**-**	-
	968,007	1,449,231	**370**	505
	1,828,464	1,955,007	**206,505**	112,634

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Hire purchase creditors				
Gross hire purchase creditors - minimum lease payments:				
- due not later than 1 year	**16,052**	14,560	**154**	153
- due later than 1 year and not later than 5 years	**36,434**	45,608	**389**	543
	52,486	60,168	**543**	696
Future finance charges	**(1,346)**	(1,534)	**(38)**	(62)
Present value of hire purchase creditors	**51,140**	58,634	**505**	634
The present value of hire purchase creditors is analysed as follows:				
Current				
Due not later than 1 year	**15,640**	14,189	**135**	129
Non-current				
Due later than 1 year and not later than 5 years	**35,500**	44,445	**370**	505
Present value of hire purchase creditors	**51,140**	58,634	**505**	634
The borrowings are denominated as follows:				
Ringgit Malaysia	**1,809,151**	1,923,549	**206,505**	112,634
US Dollar	**8,678**	15,651	**-**	-
Australian Dollar	**10,635**	15,807	**-**	-
	1,828,464	1,955,007	**206,505**	112,634

	Finance rate	Effective finance rate at reporting date (% p.a)	
		2021	2020
Term loans	Fixed / Floating	**4.50**	4.41
Hire purchase creditors	Fixed	**2.63**	2.62
Islamic Medium Term Notes	Fixed	**5.23**	5.33
Bank overdrafts	Floating	**5.00**	4.81
Revolving credits	Floating	**2.95**	2.82

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

Stated below are the fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Group			
	Carrying value		Fair value	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Term loans	**282,507**	354,786	**228,647**	290,887
Hire purchase creditors	**35,500**	44,445	**34,596**	43,316
Islamic Medium Term Notes	**650,000**	1,050,000	**604,300**	941,041
	968,007	1,449,231	**867,543**	1,275,244

	Company			
	Carrying value		Fair value	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Hire purchase creditors	**370**	505	**360**	492

The borrowings are secured by:

(a) The property, plant and equipment and investment property with carrying amount as at 31 December 2021 of RM751,713,000 (2020: RM778,515,000);
(b) a Letter of Undertaking cum Awareness;
(c) negative pledge;
(d) an assignment of the proceeds to be received from the disposal of the building and lease/rentals;
(e) fixed and floating charge over certain present and future assets;
(f) corporate Guarantee;
(g) assignment of all Rights & Benefits or its equivalent over the relevant Takaful cover;
(h) a charge on the specific Finance Service Reserve Account ("FSRA"), Debt Service Reserve Account ("DSRA"), Finance Reserve Account ("FRA") and all monies standing to the credit of certain subsidiaries;
(i) specific debenture charge over assets;

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

In connection with certain borrowings, the Group and its subsidiaries have to comply with the following significant covenants:

At Group level:

(i) Gearing ratio to not exceed 1.50 times for Islamic Medium Term Notes;

At subsidiaries level:

(i) Dividend declared or paid not more than fifty percent (50%) of profit after tax;
(ii) Debt service coverage ratio to be more than 2.00 times;
(iii) Debt service coverage ratio to be more than 1.25 times;
(iv) Gearing ratio to not exceed 3.50 times;
(v) Gearing ratio to not exceed 2.50 times;
(vi) Gearing ratio to not exceed 2.00 times.

As at 31 December 2021, tranches of the IMTN amounting to RM300 million and RM100 million will mature in April and June 2022 respectively. During the current financial year, the Group has implemented its plan to refinance the IMTN. At the date of the financial statements, the Group has completed the lodgement of the Sukuk Wakalah Programme with the Securities Commission Malaysia and received indicative offers from potential investors.

32 LEASE LIABILITIES

	Group	
	2021 RM'000	**2020 RM'000**
Amount due for settlement within 12 months	**31,178**	45,531
Amount due for settlement after 12 months	**1,288,083**	1,153,419
	1,319,261	1,198,950
Maturity analysis – lease payments		
Less than 1 year	**100,983**	115,236
Between 1 and 5 years	**413,461**	458,906
Later than 5 years and not later than 10 years	**496,523**	513,268
Later than 10 years and not later than 20 years	**927,834**	771,420
Later than 20 years and not later than 30 years	**493,694**	135,589
	2,331,512	1,879,183
	2,432,495	1,994,419

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

33 PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded lump-sum benefit plan for eligible employees at a subsidiary.

The movements during the financial year in the amount recognised in the statement of financial position are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
At 1 January	**2,786**	2,775
Charged to profit or loss (Note 11)	**214**	321
Remeasurement loss on defined benefit obligation	**(508)**	-
Retirement benefits paid	**(137)**	(310)
	2,355	2,786
The amount recognised in profit or loss is as follows:		
Current service cost	**106**	155
Interest cost on benefit obligation	**108**	166
	214	321

The principal assumptions used in respect of the defined benefit plan of the Group are as follows:

	Group	
	2021 %	**2020 %**
Discount rate[1]	**4.4**	5.0
Expected rate of salary increase		
- Non-management staff[2]	**6.0**	6.0
- Management staff[2]	**6.0**	5.0
Turnover[3]	**Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50**	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50

1. Discount rate is reflective of 10 - 15 year yield for AA (2020: AAA) rated bond
2. Expected rate of salary increase is as per industry average
3. Turnover rate is relatively influenced by average employee age

The above assumptions were derived from the latest actuarial valuation report dated 31 December 2021. The valuation was carried out by third party actuaries, Nicholas Actuarial Solutions Sdn Bhd.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

33 PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

Sensitivity analysis on present value of defined benefit obligation:

	Group	
	2021 RM'000	2020 RM'000
1. A 1% increase in salary increment rate		
a Increase on defined benefit obligation	**2,512**	3,089
b Increase in net defined liability	**157**	303
2. A 1% decrease in discount rate		
a Increase on defined benefit obligation	**2,517**	3,095
b Increase in net defined liability	**162**	309

34 DEPOSITS

Deposits represent amounts received from consultants, which are repayable on death, retirement (at age 65) or disability of the consultants. Deposits are forfeited on termination of a consultant's practice either by the Group due to events of breach or on early termination by the consultant unless approval to refund is obtained from the Board of Directors.

35 SHARE CAPITAL

	Group/Company			
	2021 Units'000	2021 RM'000	2020 Units'000	2020 RM'000
Issued and fully paid ordinary shares:				
At 1 January	**4,442,043**	**909,504**	4,439,197	906,743
Issued during the financial year:				
- ESOS	**47,116**	**50,017**	2,846	2,761
At 31 December	**4,489,159**	**959,521**	4,442,043	909,504

Treasury shares

On 9 July 2020, 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.

The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year.

As at 31 December 2021, the Company held a total of 162,306,700 of its 4,489,159,101 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

36 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 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.

Movement of share options during the financial year

	2021 Units'000	2020 Units'000
Number of share options at exercise price of RM0.91 each:		
Outstanding as at 1 January	**180,510**	188,403
- Exercised	**(47,116)**	(2,846)
- Lapsed	**(9,589)**	(5,047)
Outstanding as at 31 December	**123,805**	180,510
Exercisable at end of financial year	**123,805**	180,510

The fair value of the ESOS granted in which MFRS 2 applies, were determined using the Black–Scholes valuation model. The significant inputs in the model are as follows:

Description of ESOS

Fair value per option	RM0.25
Exercise price	RM0.91
Option life	5 years
Weighted average share price at grant date	RM1.01
Expected dividend yield	1.90%
Risk free interest rates	3.35% to 3.62%
Expected volatility	20%

The amounts recognised in the financial statements is as disclosed in Note 11 to the financial statements arising from the ESOS granted to Directors and employees of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

37 OTHER RESERVES (NON-DISTRIBUTABLE)

	Merger reserve (Note b) RM'000	Exchange reserve (Note c) RM'000	Revaluation reserve (Note d) RM'000	Share option reserve (Note e) RM'000	Total RM'000
Group					
At 1 January 2021	**(3,367)**	**(937)**	**226,128**	**59,798**	**281,622**
Other comprehensive income:					
Translation of foreign subsidiaries	**-**	**212**	**-**	**-**	**212**
Revaluation surplus	**-**	**-**	**11,640**	**-**	**11,640**
Total other comprehensive income	**-**	**212**	**11,640**	**-**	**11,852**
	(3,367)	**(725)**	**237,768**	**59,798**	**293,474**
Transactions with Owners:					
Issue of share capital:					
- ESOS	**-**	**-**	**-**	**(7,141)**	**(7,141)**
	-	**-**	**-**	**(7,141)**	**(7,141)**
Lapsed ESOS	**-**	**-**	**-**	**(7,035)**	**(7,035)**
Total transactions with Owners	**-**	**-**	**-**	**(14,176)**	**(14,176)**
At 31 December 2021	**(3,367)**	**(725)**	**237,768**	**45,622**	**279,298**
Group					
At 1 January 2020	(3,367)	8,806	121,422	61,153	188,014
Other comprehensive income:					
Translation of foreign subsidiaries	-	(9,743)	-	-	(9,743)
Revaluation surplus	-	-	104,706	-	104,706
Total other comprehensive income	-	(9,743)	104,706	-	94,963
	(3,367)	(937)	226,128	61,153	282,977
Transactions with Owners:					
Issue of share capital:					
- ESOS	-	-	-	(172)	(172)
ESOS expenses during the financial year (Note 11)	-	-	-	619	619
Lapsed ESOS	-	-	-	(1,802)	(1,802)
Total transactions with Owners	-	-	-	(1,355)	(1,355)
At 31 December 2020	(3,367)	(937)	226,128	59,798	281,622

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

37 OTHER RESERVES (NON-DISTRIBUTABLE) (CONTINUED)

(a) Warrant reserve is a reserve arising from the fair value of the warrants issue net of issuance cost. When the warrants are exercised, the related amounts are transferred to share capital. When the warrants are not exercised and lapsed, the related warrant reserve is transferred to retained earnings.

(b) The difference between the issue price and the nominal value of shares issued that arose from a merger was classified as merger reserve.

(c) Exchange reserve is used to record exchange differences arising from the translation of financial statements of subsidiaries/associate whose functional currency differs from the Group's presentation currency.

(d) Revaluation reserve (non-distributable):

	Group	
	2021 RM'000	2020 RM'000
At 1 January	**226,128**	121,422
Revaluation surplus, net of tax	**11,640**	104,706
At 31 December	**237,768**	226,128

The revaluation reserve represents surplus from the revaluation of the Group's land and buildings.

(e) Share option reserve is a reserve created arising from the fair value of the employee services provided. When the ESOS options are exercised, the related amounts are transferred to share capital. When options are not exercised and lapsed, the related share option reserve is transferred to retained earnings.

38 SIGNIFICANT RELATED PARTY DISCLOSURES

The Group is a subsidiary of Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995). During the ordinary course of business, the Group transacts with various state related government agencies and departments, mainly relating to land premiums, utilities payments and administrative services. These are based on normal commercial terms and are individually immaterial to warrant separate disclosure.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to the related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on negotiated terms.

(a) Significant related party transactions

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group and Company				
Rental paid to an associate*	**100,221**	98,978	**-**	-
Rebate on rental paid to an associate*	**5,488**	9,515	**-**	-
Management fee from subsidiaries	**-**	-	**49,456**	48,314
Dividend received (net) from subsidiaries	**-**	-	**84,106**	76,745
Interest income from subsidiaries	**-**	-	**22,577**	19,018
Interest expense to subsidiaries	**-**	-	**17,707**	18,027
Dividends received and receivables from associates	**25,428**	14,476	**-**	-
* Al-`Aqar Healthcare REIT				
Johor Corporation group of companies				
Housekeeping contract fees	**14,483**	15,561	**-**	-
Security service fees	**4,990**	5,630	**-**	-
Medical service rendered	**2,404**	5,288	**-**	-
Insurance premiums	**1,325**	4,844	**4**	10
Contribution to Klinik Waqaf An-Nur	**4,818**	2,657	**36**	27
Car park rental income	**2,288**	2,266	**-**	-
Rental fees to Al-Salam REIT	**-**	2,041	**-**	-
Building management service fees	**1,272**	1,713	**-**	-
Purchase of food and beverage consumables	**291**	1,342	**-**	-
Secretarial fee	**38**	429	**3**	65
Training and seminar	**14**	278	**14**	277
Car park fees	**264**	240	**-**	-
Consultants' car park fees	**177**	189	**-**	-
Landscape	**122**	171	**-**	-
Registrar fees	**243**	164	**243**	164
Dividend paid	**-**	-	**9,104**	18,560

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

Management fees charged to subsidiaries are in respect of operational and administrative function of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the financial year end are disclosed in Note 25 and 29.

(b) Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The key management personnel of the Company comprise Directors and the Executive Committee of the Company. Details on the compensation for these key management personnel are disclosed as below:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors' remuneration (Note 12)	**4,321**	7,004	**4,321**	6,889
Salaries, allowances and bonuses	**6,701**	4,239	**6,701**	4,239
Contributions to defined contribution plan	**771**	852	**771**	852
Share-based payments	**-**	5	**-**	5
	11,793	12,100	**11,793**	11,985

39 CONTINGENT LIABILITIES

The Group is subject to litigations in the ordinary course of business, mainly arising from its subsidiaries hospital operations. The Directors are of the opinion that, based on legal advice and malpractice insurance taken by the Group, no significant exposure will arise that requires recognition.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

40 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Approved by the Directors and contracted	**266,478**	206,154
Approved by the Directors but not contracted	**260,199**	199,882
	526,677	406,036
Analysed as follows:		
- Buildings	**77,767**	126,609
- Medical equipment	**219,563**	154,472
- Other property, plant and equipment	**229,347**	124,955
	526,677	406,036

41 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the KPJ Group Management Committee ("KGMC"). The KGMC considers the business by geographical location. The reportable segments for the financial year have been identified as follows:

(i) Malaysia - All healthcare activities including the private hospitals, pathology and laboratory services and distribution of pharmaceutical, medical and consumer healthcare products.

(ii) Others - Operating segments involved in provision of hospital and aged care services in Indonesia, Thailand, Bangladesh and Australia, private university college of nursing and allied health and sale of hospital merchandise and other similar activities, none of which are individually significant to warrant separate disclosure per quantitative thresholds required by MFRS 8.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The KGMC assesses the performance of the operating segments based on EBITDA and profit before tax.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

41 SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Total RM'000
Year ended 31 December 2021					
Revenue					
Revenue from external customers	2,494,341	145,341	2,639,682	(12,833)	2,626,849
Results					
Gain on fair value of investment properties	13,410	-	13,410	-	13,410
Depreciation and amortisation	(231,214)	(24,536)	(255,750)	479	(255,271)
Impairment loss on:					
- Property, plant and equipment	(10,073)	-	(10,073)	-	(10,073)
- Intangible assets	(4,028)	-	(4,028)	-	(4,028)
Finance costs (net)	(143,208)	(27,030)	(170,238)	11,632	(158,606)
Share of result of associates	25,492	364	25,856	-	25,856
Profit/(loss) before tax	168,266	(52,696)	115,570	28	115,598
Tax	(46,454)	(3,493)	(49,947)	-	(49,947)
Profit/(loss) after tax	121,812	(56,189)	65,623	28	65,651
EBITDA*	542,688	(1,130)	541,558	(12,083)	529,475
Total assets	5,915,288	512,443	6,427,731	(240,090)	6,187,641
Total liabilities	3,555,019	622,285	4,177,304	(240,171)	3,937,133
Addition to property, plant and equipment	232,231	2,440	234,671	-	234,671

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

41 SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Total RM'000
Year ended 31 December 2020					
Revenue					
Revenue from external customers	2,285,390	122,698	2,408,088	(10,645)	2,397,443
Results					
Gain on fair value of investment properties	464	-	464	-	464
Depreciation and amortisation	(217,904)	(21,331)	(239,235)	479	(238,756)
Impairment loss on:					
- Property, plant and equipment	(783)	(16,190)	(16,973)	-	(16,973)
- Intangible assets	(1,610)	-	(1,610)	-	(1,610)
Finance costs (net)	(126,574)	(32,114)	(158,688)	9,376	(149,312)
Share of result of associates	16,708	238	16,946	-	16,946
Profit/(loss) before tax	212,750	(61,993)	150,757	53	150,810
Tax	(41,934)	1,936	(39,998)	-	(39,998)
Profit/(loss) after tax	170,816	(60,057)	110,759	53	110,812
EBITDA*	557,228	(8,548)	548,680	(9,802)	538,878
Total assets	5,798,780	596,733	6,395,513	(254,082)	6,141,431
Total liabilities	3,544,399	648,902	4,193,301	(254,082)	3,939,219
Addition to property, plant and equipment	270,685	3,824	274,509	-	274,509

* Earnings before interest, tax, depreciation and amortisation ("EBITDA")

Notes to the Financial Statements

For the financial year ended 31 December 2021 (continued)

41 SEGMENTAL REPORTING (CONTINUED)

	Group	
	2021 RM'000	2020 RM'000
Reconciliation of profit before tax		
Segment profit before tax	**115,570**	150,757
Intercompanies	**28**	53
Profit before tax	**115,598**	150,810
Reconciliation of assets		
Segment total assets	**6,427,731**	6,395,513
Intercompanies	**(240,090)**	(254,082)
Total assets	**6,187,641**	6,141,431
Reconciliation of liabilities		
Segment total liabilities	**4,177,304**	4,193,301
Intercompanies	**(240,171)**	(254,082)
Total liabilities	**3,937,133**	3,939,219

Shareholdings Statistics

as at 11 April 2022

SHARE CAPITAL

Number of issued shares : 4,342,734,981 (excluding 162,306,700 treasury shares)

Class of shares : Ordinary shares

Voting rights on a poll : One (1) vote per ordinary share held

BREAK DOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	300	4.00	11,490	-
100 – 1000	1,386	18.48	703,755	0.02
1,001 – 10,000	2,823	37.65	14,563,700	0.34
10,001 – 100,000	2,248	29.98	75,160,505	1.73
100,001 to less than 5% of Issued Capital	736	9.81	2,250,073,027	51.81
5% and above of Issued Capital	6	0.08	2,002,222,504	46.10
TOTAL	**7,499**	**100.00**	**4,342,734,981**	**100.00**

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares	%
1	Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation	425,560,000	9.80
2	CitiGroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	410,495,480	9.45
3	RHB Capital Noms (T) Sdn Bhd - A/C RHB Islamic Bank Berhad Pledged Securities Account For Johor Corporation (PHOENIXPROG)	380,161,291	8.75
4	Waqaf An-Nur Corporation Berhad	308,355,936	7.10
5	RHB Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation	252,028,247	5.80
6	Kumpulan Wang Persaraan (Diperbadankan)	225,621,550	5.20
7	AmanahRaya Trustees Berhad - A/C Amanah Saham Bumiputera	214,973,400	4.95
8	Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation (551016692898)	140,000,000	3.22
9	RHB Capital Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation (PERMODALTERAS)	129,500,000	2.98
10	Lembaga Tabung Haji	128,019,400	2.95
11	CitiGroup Noms (T) Sdn Bhd - A/C Exempt An For AIA Bhd.	121,840,500	2.80
12	Johor Corporation	107,999,780	2.49
13	RHB Noms (T) Sdn Bhd - A/C Pledged Securities Account For JCorp Capital Solutions Sdn. Bhd.	88,000,000	2.03
14	Johor Corporation	75,800,978	1.75
15	CitiGroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (AFFIN-HWG)	68,882,500	1.59
16	CIMsec Noms (T) Sdn Bhd - A/C CIMB For Siva Kumar A/L M Jeyapalan (PB)	55,555,000	1.28
17	AmanahRaya Trustees Berhad - A/C Public Ittikal Sequel Fund	53,465,064	1.23
18	AmanahRaya Trustees Berhad - A/C Public Islamic Select Treasures Fund	51,335,572	1.18
19	AmanahRaya Trustees Berhad - A/C Public Islamic Dividend Fund	41,958,140	0.97
20	Cartaban Noms (A) Sdn Bhd - A/C Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	41,786,100	0.96
21	Cartaban Noms (T) Sdn Bhd - A/C PAMB For Prulink Equity Fund	34,861,500	0.80
22	CIMB Group Noms (A) Sdn. Bhd. - A/C Exempt An For DBS Bank Ltd (SFS)	34,665,600	0.80
23	Johor Corporation	34,565,248	0.80
24	HSBC Noms (A) Sdn Bhd - A/C JPMCB NA For Vanguard Emerging Markets Stock Index Fund	32,898,600	0.76
25	AmanahRaya Trustees Berhad - A/C Amanah Saham Malaysia 3	26,431,300	0.61
26	HSBC Noms (A) Sdn Bhd - A/C JPMCB NA For Vanguard Total International Stock Index Fund	24,939,167	0.57
27	AmanahRaya Trustees Berhad - A/C Amanah Saham Malaysia	23,857,000	0.55
28	AmanahRaya Trustees Berhad - A/C Public Islamic Equity Fund	23,376,544	0.54
29	CitiGroup Noms (T) Sdn Bhd - A/C Urusharta Jamaah Sdn. Bhd. (2)	20,020,635	0.46
30	Kulim (Malaysia) Berhad	18,938,600	0.44

Shareholdings Statistics

as at 11 April 2022

SUBSTANTIAL SHAREHOLDERS

	Name		Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
1	Johor Corporation - 9 a/cs		1,545,915,544	35.60	417,759,676	9.62
2	CitiGroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board - 10 a/cs		528,422,580	12.17	-	-
3	Waqaf An-Nur Corporation Berhad		308,355,936	7.10	-	-
4	Kumpulan Wang Persaraan (Diperbadankan)	225,621,550				
	CitiGroup Noms (T) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) - 2 a/cs	9,208,400	234,829,950	5.41	-	-

ANALYSIS OF SHAREHOLDERS

		No. of Shareholders	%	No. of Shares	%
Malaysian	- Bumiputra	2,309	30.79	3,030,537,541	69.78
	- Others	4,964	66.20	1,002,618,359	23.09
Foreigners		226	3.01	309,579,081	7.13
TOTAL		**7,499**	**100.00**	**4,342,734,981**	**100.00**

DIRECTORS' SHAREHOLDING AS AT 11 APRIL 2022

	Name of Directors'	No. of Shares	%
1	Datuk Md Arif Bin Mahmood	-	-
2	Dato' Mohd Shukrie Bin Mohd Salleh	-	-
3	Prof Dato' Azizi Bin Haji Omar	330,000	0.01
4	Mohamed Ridza Bin Mohamed Abdulla	-	-
5	Dato' Mohd Redza Shah Bin Abdul Wahid	-	-
6	Khairuddin Bin Jaflus	-	-
7	Rozaini Bin Mohd Sani	-	-
8	Shamsul Anuar Bin Abdul Majid	-	-
9	Hisham Bin Zainal Mokhtar	-	-
10	Annie Binti Rosle	-	-
11	Lydia Anne Abraham	-	-
Total Directors' Holdings		**330,000**	**0.01**

Shareholdings Statistics

as at 11 April 2022

CLASSIFICATION OF SHAREHOLDERS

	TOTAL		BUMIPUTRA		NON-BUMIPUTRA		FOREIGN	
ROD	Holder	Shares	Holder	Shares	Holder	Shares	Holder	Shares
Government Bodies	17	1,966,405,220	17	1,966,405,220	-	-	-	-
Finance	33	845,859,734	32	845,849,034	1	10,700	-	-
Investment Trust	4	764,312	4	764,312	-	-	-	-
Nominees	1,907	1,285,722,509	1,176	148,912,233	587	832,617,663	144	304,192,613
Private Limited Company								
- Retail Body Corporates	53	14,947,692	9	6,243,476	44	8,704,216	-	-
- Institutional Body Corporate	-	-	-	-	-	-	-	-
Limited Company								
- Retail Body Corporates	6	613,928	6	613,928	-	-	-	-
- Institutional Body Corporate	33	8,854,900	33	8,854,900	-	-	-	-
Clubs / Association	2	1,920,000	1	1,770,000	1	150,000	-	-
Co-Operatives	2	30,000	2	30,000	-	-	-	-
Others	1	40	-	-	1	40	-	-
Individuals	5,441	217,616,646	1,029	51,094,438	4,330	161,135,740	82	5,386,468
Total	**7,499**	**4,342,734,981**	**2,309**	**3,030,537,541**	**4,964**	**1,002,618,359**	**226**	**309,579,081**
%	**100.00**	**100.00**	**30.79**	**69.78**	**66.20**	**23.09**	**3.01**	**7.13**

List of KPJ Top 10 Properties

No	Company	Location	Description	Latest date of valuation	NBV as at 31.12.2021 RM million	Tenure & expiry date	Area (in sq metre)	Age of building
1	Bandar Dato Onn Specialist Hospital Sdn Bhd	Lot PTD 163189, HSD 501209, Mukim Tebrau, 81100 Johor Bahru, Johor.	Land and hospital building	31-Dec-20	284.1	Freehold land	104,646	3 years
2	Kumpulan Perubatan (Johor) Sdn Bhd	Lot 405, Seksyen 87A, Geran 52130, Menara KPJ, No. 238, Jalan Tun Razak, 50400 Kuala Lumpur.	Land and office building	31-Dec-21	253.5	Freehold land	97,350	23 years
3	SMC Healthcare Sdn Bhd	TL 017553221, Off Jalan Damai, 88300 Kota Kinabalu, Sabah.	Hospital building	31-Dec-20	181.3	NA	42,211	8 years
4	BDC Specialist Hospital Sdn Bhd	Lot 18807, Block 11, Muara Tebas Land District, Jalan Stutong, 93350, Kuching, Sarawak.	Land and hospital building	31-Dec-21	164.5	Leasehold land (60 years expiring on 8 August 2072)	18,990	2 years
5	Ampang Puteri Specialist Hospital Sdn Bhd	PT 25119, HSM 26550, Mukim Empang, District of Hulu Langat, 68000 Ampang, Selangor.	Hospital building	31-Dec-20	128.6	NA	49,780	2 years
6	Pahang Specialist Hospital Sdn Bhd	Lot 140885, Pajakan Mukim 32008, Mukim Kuala Kuantan, 26060 Kuantan, Pahang.	Land and hospital building	31-Dec-20	110.6	Leasehold land (99 years expiring on 17 April 2106)	52,312	6 years
7	Miri Specialist Hospital Sdn Bhd	Lot 8836, Block 11 (TRN: 04-LCLS-005-011-08836), Kuala Baram Land District, 98000 Miri, Sarawak.	Land and hospital building	31-Dec-20	85.3	Leasehold land (99 years expiring on 26 May 2114)	28,794	2 years
8	Seremban Specialist Hospital Sdn Bhd	Lot 50604, Seksyen 2, GRN 277698, 70200 Seremban, Negeri Sembilan.	Hospital building	31-Dec-20	82.9	NA	20,053	3 years
9	Rawang Specialist Hospital Sdn Bhd	PT 4156, section 16, HSD 52121, Bandar Rawang, 48000 Rawang, Selangor.	Land and hospital building	31-Dec-20	82.3	Leasehold land (99 years expiring on 7 September 2103)	34,955	8 years
10	Pasir Gudang Specialist Hospital Sdn Bhd	Lot 198635, PN 70767 (PTD 204781, HSD 478087), Mukim Plentong, 81700 Pasir Gudang, Johor.	Land and hospital building	31-Dec-20	78.8	Leasehold land (99 years expiring on 28 December 2108)	31,695	9 years

Group Network and Directory

MSQH & JCI ACCREDITED HOSPITALS

KPJ AMPANG PUTERI SPECIALIST HOSPITAL
1, Jalan Mamanda 9
Taman Dato' Ahmad Razali
68000 Ampang, Selangor
Tel: 603-4289 5000
Website: www.kpjhealth.com.my/ampang/
Email: apsh@kpjampang.com

KPJ SEREMBAN SPECIALIST HOSPITAL
Lot 6219 & 6220, Jalan Toman 1
Kemayan Square
70200 Seremban, Negeri Sembilan
Tel: 606-768 6000
Emergency: 606-763 6900
Website: www.kpjhealth.com.my/seremban/
Email: ssh@kpjseremban.com

KPJ PENANG SPECIALIST HOSPITAL
570, Jalan Perda Utama
Bandar Baru Perda
14000 Bukit Mertajam
Seberang Perai, Pulau Pinang
Tel: 604-548 6688
Website: www.kpjhealth.com.my/penang/
Email: inquiry@kpjpenang.com

KPJ JOHOR SPECIALIST HOSPITAL
39B, Jalan Abdul Samad, Kolam Ayer
80100 Johor Bahru, Johor
Tel: 607-225 3000
Website: www.kpjhealth.com.my/johor/
Email: jsh@jsh.kpjhealth.com.my

MQSH ACCREDITED HOSPITALS

KPJ IPOH SPECIALIST HOSPITAL
26, Jalan Raja Dihilir
30350 Ipoh, Perak
Tel: 605-240 8777
Website: www.kpjhealth.com.my/ipoh/
Email: kpjipoh@kpjipoh.com

KPJ DAMANSARA SPECIALIST HOSPITAL
119, Jalan SS20/10
Damansara Utama
47400 Petaling Jaya, Selangor
Tel: 603-7718 1000
Website: www.kpjhealth.com.my/damansara/
Email: prdsh@kpjdamansara.com

KPJ SELANGOR SPECIALIST HOSPITAL
Lot 1, Jalan Singa 20/1
Section 20
40300 Shah Alam, Selangor
Tel: 603-5543 1111
Website: www.kpjhealth.com.my/selangor/

KPJ PERDANA SPECIALIST HOSPITAL
PT 37 & 600 Dan Lot 684 (Level 1, 2 & 3)
Seksyen 14, Jalan Bayam
Bandar Kota Bharu
15200 Kota Bharu, Kelantan
Tel: 609-745 8000
Website: www.kpjhealth.com.my/pedana/
Email: feedbackkpj@perdana.kpjhealth.com.my

KPJ KAJANG SPECIALIST HOSPITAL
Jalan Cheras
Kampung Sungai Kantan
43000 Kajang, Selangor
Tel: 603-8769 2999
Website: www.kpjhealth.com.my/kajang/
Email: cs.kjsh@kpjkajang.com

KEDAH MEDICAL CENTRE
Mukim Alor Merah
Jalan Kampung Pumpong
05250 Alor Setar, Kedah
Tel: 604-730 8878
Website: www.kpjhealth.com.my/kedah/
Email: kmccustcare@kpjkmc.com

KPJ TAWAKKAL KL SPECIALIST HOSPITAL
1, Jalan Pahang Barat, Pekeliling
53000 Kuala Lumpur
Tel: 603-4026 7777
Website: www.kpjhealth.com.my/tawakkal/
Email: tawakkal@kpjtawakkal.com

KPJ PUTERI SPECIALIST HOSPITAL
33, Jalan Tun Abdul Razak (Susur 5)
Larkin Jaya
80350 Johor Bahru, Johor
Tel: 607-225 3222
Website: www.kpjhealth.com.my/puteri/
Email: psh@psh.kpjhealth.com.my

KPJ SENTOSA KL SPECIALIST HOSPITAL
Kompleks Damai, 36, Jalan Cemur
50400 Kuala Lumpur
Tel: 603-4043 7166
Website: www.kpjhealth.com.my/sentosa/
Email: kpjsentosa@kpjsentosa.com

KPJ KLANG SPECIALIST HOSPITAL
102, Persiaran Rajawali/KU1
Bandar Baru Klang
41150 Klang, Selangor
Tel: 603-3377 7888
Website: www.kpjhealth.com.my/klang/
Email: customer@kpjklang.com

KPJ PASIR GUDANG SPECIALIST HOSPITAL
Persiaran Dahlia 2, Taman Bukit Dahlia
81700 Pasir Gudang, Johor
Tel: 607-257 3999
Website: www.kpjhealth.com.my/pasirgudang/
Email: info@kpjpgsh.com

KPJ BANDAR MAHARANI SPECIALIST HOSPITAL
73-1, Jln Stadium
Kampung Baharu
84000 Muar, Johor
Tel: 606-956 4500
Website: www.kpjhealth.com.my/maharani/
Email: maharani@kpjmaharani.com

KPJ RAWANG SPECIALIST HOSPITAL
Jalan Rawang, Bandar Baru
48000 Rawang, Selangor
Tel: 603-6099 8999
Website: www.kpjhealth.com.my/rawang/
Email: customer.s@kpjrawang.com

KPJ SABAH SPECIALIST HOSPITAL
Lot No.2, Off Jalan Damai
Luyang Commercial Centre
88300 Kota Kinabalu, Sabah
Tel: 6088-322 000
Website: www.kpjhealth.com.my/sabah/
Email: prsmckk@kpjsabah.com

KPJ PAHANG SPECIALIST HOSPITAL
Jalan Tanjung Lumpur
26060 Kuantan, Pahang
Tel: 609-511 2692
Website: www.kpjhealth.com.my/pahang/
Email: kphg@kpjpahang.com

MOVING TOWARDS ACCREDITATION

TAIPING MEDICAL CENTRE
45-49, Jalan Medan Taiping 2
Medan Taiping
34000 Taiping, Perak
Tel: 605-807 1049
Website: www.kpjhealth.com.my/taiping/
Email: tmc@kpjtaiping.com

KPJ KUCHING SPECIALIST HOSPITAL
Lot 18807, Block 11
Muara Tebas Land District
Jln Stutong, 93350 Kuching, Sarawak
Tel: 6082-365 777
Website: www.kpjhealth.com.my/kuching/
Email: kcsh@kcsh.kpjhealth.com.my

KPJ SIBU SPECIALIST MEDICAL CENTRE
52A-G, Persiaran Brooke, Pekan Sibu
96000 Sibu, Sarawak
Tel: 6084-329 900
Website: www.kpjhealth.com.my/sibu/
Email: enquiry@kpjsibu.com

KPJ KLUANG SPECIALIST HOSPITAL
PTD 91374, Jalan Saujana Utama
Taman Saujana
86000 Kluang, Johor
Tel: 607-771 8999
Website: www.kpjhealth.com.my/kluang/

KPJ SRI MANJUNG SPECIALIST HOSPITAL
Lot 14777, Jalan Lumut
32000 Sitiawan, Perak
Tel: 605-691 8153
Website: www.kpjhealth.com.my/srimanjung/
Email: kpjsrimanjung@kpjsrimanjung.com

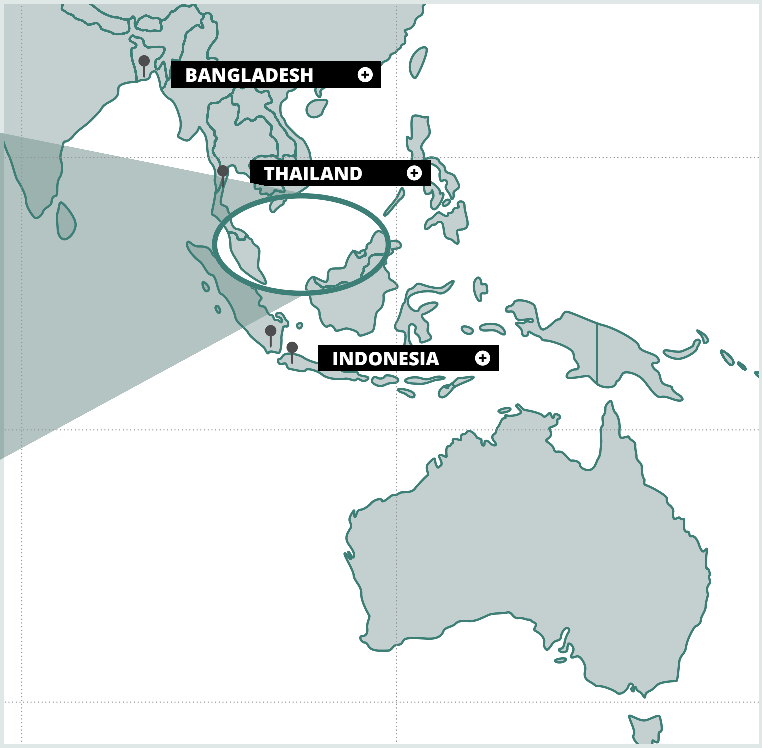
KPJ BANDAR DATO' ONN SPECIALIST HOSPITAL
Jalan Bukit Mutiara, Dato' Onn Utama
81100 Johor Bahru, Johor
Tel: 607-301 1000
Website: www.kpjhealth.com.my/bdo/
Email: bdo@kpjbdo.com

KPJ PERLIS SPECIALIST HOSPITAL
No. 77, Jalan Dato Wan Ahmad
01000 Kangar, Perlis
Tel: 604-970 7777
Website: www.kpjhealth.com.my/perlis/
Email: prm.kpjperlis@gmail.com

KPJ BATU PAHAT SPECIALIST HOSPITAL
No 1, Jalan Mutiara Gading 1
Taman Mutiara Gading, Sri Gading
83000 Batu Pahat, Johor
Tel: 607-459 1000
Website: www.kpjhealth.com.my/batupahat/
Email: bpsh@kpjbatupahat.com

KPJ MIRI SPECIALIST HOSPITAL
Lot 8836, Block 11
Kuala Baram By Pass Rd
Bandar Baru Permyjaya
98000 Miri, Sarawak
Tel: 6085-649 999
Website: www.kpjhealth.com.my/miri/
Email: inquiry.miri@kpjmiri.com

Group Network and Directory



KPJ INTERNATIONAL NETWORK

RUMAH SAKIT PERMATA HIJAU
Jl. Raya Kby. Lama No.64
RW.8, Sukabumi Sel.
Kec. Kb. Jeruk, Kota Jakarta Barat
Daerah Khusus Ibukota
Jakarta 11560, Indonesia
Tel: 62021-537 2296
Fax: 62021-530 5291
Emergency: 62021-530 5288
Website: www.rsmph.co.id
Email: mph-mkt@rad.net.id

RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI
JL. Letnan Soetopo, No. 7, BSD Serpong
Kavling Komplek 3A, Lengkong Wetan
Tangerang, Kec. Serpong
Kota Tangerang Selatan
Banten 15310, Indonesia
Tel: 62021-537 8609
Website: rs-medikabsd.co.id
Email: marketing@rs-medikabsd.co.id

VEJTHANI HOSPITAL
1 Soi Lat Phrao 111
Khlong Chan, Bang Kapi District
Bangkok 10240, Thailand
Tel: 662-734 0000
Fax: 662-734 0044
Emergency: 66(0)-2734 0001
Website: www.vejthani.com
Email: service@vejthani.com

SHEIKH FAZILATUNNESSA MUJIB MEMORIAL KPJ SPECIALIZED HOSPITAL & NURSING COLLEGE
C/12, Nabinagar - Chandra Road
Near DEPZ Tetuibari
Kasimpur, Bangladesh
Tel: 088-017 0378 8561
Fax: 088-017 0378 8562
Website: www.sfmmkpjsh.com
Email: info@sfmmkpjsh.com

AMBULATORY CARE AND WELLNESS CENTRES

KPJ AMBULATORY CARE CENTRE
33, 35 & 37, Jalan BK 5A/2
Bandar Kinrara
47100 Puchong, Selangor
Tel: 603-8090 7070
Website: www.kpjkinrara.com
Email: marketing@kpjkinrara.com

KPJ KUANTAN CARE CENTRE & WELLNESS CENTRE
No 51, Jalan Alor Akar
Taman Kuantan
25250 Kuantan, Pahang
Tel: 609-567 8588
Website: www.kpjhealth.com.my/kcwc/
Email: info@kpjkcwc.com

JETA GARDENS
Retirement and Aged Care Resort
27 Clarendon Ave
Queensland 4205 Australia
Tel: 1800-227-818
Website: www.jetagardens.com

TAWAKKAL HEALTH CENTRE
202A, Jalan Pahang, Pekeliling
53000 Kuala Lumpur
Tel: 603-4023 3599
Website: www.kpjhealth.com.my/thc/
Email: info@kpjhealthcentre.com

SIBU GERIATRIC HEALTH & NURSING CENTRE
No. 52A-G, Brooke Drive
96000 Sibu, Sarawak
Tel: 6084-329 900
Email: enquiry@kpjsibu.com

LABORATORY SERVICES

LABLINK (M) SDN BHD
14(129), Jalan Pahang Barat
Off, Jalan Pahang
53000 Kuala Lumpur
Tel: 603-4023 4588
Website: www.kpjhealth.com.my/laboratoryservices/

EDUCATION

KPJ HEALTHCARE UNIVERSITY COLLEGE (KPJUC)
Website: www.kpjuc.edu.my
Email: info@kpjuc.edu.my

Main Campus (Nilai, Negeri Sembilan)
Lot PT 17010, Persiaran Seriemas
Kota Seriemas
71800 Nilai, Negeri Sembilan
Tel: 1-300-88-5758
Fax: 606-794 2662

Branch Campus (Johor Bahru, Johor)
No. 1, Jalan Dato' Onn 1
Bandar Dato' Onn
81100 Johor Bahru, Johor
Tel: 607-360 1907
Fax: 607-360 1988
Email: infojb@kpjuc.edu.my

Branch Campus (Penang)
565, Jalan Sungai Rambai
Taman Manggis Indah
14000 Bukit Mertajam, Pulau Pinang
Tel: 604-538 2692
Fax: 604-530 8695
Email: penang@kpjuc.edu.my

EYE SPECIALIST CENTRE

KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT
1-1, Jalan SS 23/15
Taman SEA
47400 Petaling Jaya, Selangor
Tel: 603-7880 8222
Fax: 603-7804 6052
Website: www.kpjhealth.com.my/cfs/
Email: info@kpjcfs.com

Rawang Branch
No. 88, Jalan Bandar Rawang 1
Pusat Bandar Rawang
48000 Rawang, Selangor
Tel: 603-6093 1051
Fax: 603-6093 1052
Website: www.kpjhealth.com.my/cfs/
Email: inforw@kpjcfs.com

Kuala Lumpur Branch
Lot 100-102, Level 4,
Tawakkal Health Centre, 202A,
Jalan Pahang,
53000 Kuala Lumpur
Tel: 603-4022 6222
Fax: 603-4021 1409
Website: www.kpjhealth.com.my/cfs/
Email: infokl@kpjcfs.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth ("**29th**") Annual General Meeting ("**AGM**") of KPJ Healthcare Berhad ("**KPJ**" or the "**Company**") will be conducted virtually using the remote participation and voting ("**RPV**") facilities of TIIH Online website at *https://tiih.online* or *https://tiih.com.my* (Domain registration number with MYNIC: D1A282781) on Tuesday, 28 June 2022 at 10:00 a.m. to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.
   Please refer to Explanatory Note A.

2. To re-elect the following Directors of the Company who retire in accordance with the Constitution of the Company:-

(i)	Datuk Md Arif Bin Mahmood	- Rule 96	**(Ordinary Resolution 1)**
(ii)	Dato' Mohd Shukrie Bin Mohd Salleh	- Rule 96	**(Ordinary Resolution 2)**
(iii)	Annie Binti Rosle	- Rule 96	**(Ordinary Resolution 3)**
(iv)	Hisham Bin Zainal Mokhtar	- Rule 96	**(Ordinary Resolution 4)**
(v)	Lydia Anne Abraham	- Rule 96	**(Ordinary Resolution 5)**
(vi)	Prof Dato' Dr Azizi Bin Omar	- Rule 95(i)	**(Ordinary Resolution 6)**
(vii)	Khairuddin Bin Jaflus	- Rule 95(i)	**(Ordinary Resolution 7)**

   Please refer to Explanatory Note B.

3. To ratify the payment of Fees of up to RM800,000 for the Non-Executive Directors ("**NEDs**") from 1 January 2022 until the conclusion of the 29th AGM of the Company. **(Ordinary Resolution 8)**
   Please refer to Explanatory Note C.

4. To approve the payment of Fees of up to RM1,600,000 for the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company. **(Ordinary Resolution 9)**
   Please refer to Explanatory Note C.

5. To approve the payment of Other Remuneration comprising Committee Fees, Committee Allowances and Meeting Allowances of up to RM1,800,000 for the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company. **(Ordinary Resolution 10)**
   Please refer to Explanatory Note C.

6. To approve the Benefits payable to the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company. **(Ordinary Resolution 11)**
   Please refer to Explanatory Note C.

7. To re-appoint Ernst & Young PLT as Auditor of the Company for the ensuing financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 12)**

Notice of Annual General Meeting

SPECIAL BUSINESS
To consider and if thought fit, to pass the following resolutions:

8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"**THAT** subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Constitution and approval of the relevant governmental and/or regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 to allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company or allot shares under an agreement or option or offer at any time and grant rights to subscribe for shares in the Company, convert any security into shares in the Company or allot shares under an agreement or option or offer at any time and from time to time to such persons and 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 allotted pursuant to this resolution during the preceding 12 months does not exceed ten percent (10%) of the total number of issued shares (excluding treasury 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 allotted on the Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until:-

(a) the conclusion of the next AGM of the Company at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier." **(Ordinary Resolution 13)**
Please refer to Explanatory Note D.

9. **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE**

"**THAT** approval be and is hereby given to the Company and/or its subsidiaries (the "**Group**") to enter into any of the transactions falling within the classes of recurrent related party transactions of revenue or trading nature ("**RRPTs**") as set out in the Circular to Shareholders dated 29 April 2022 with the related parties as described therein, provided that such transactions are:-

(a) recurrent transactions of revenue or trading nature;
(b) necessary for the day-to-day operations of the Group;
(c) carried out in the ordinary course of business of the Group, made on 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;

Notice of Annual General Meeting

THAT such authority shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are authorised to complete and to do all acts, deeds and things, including execute all documents as they may consider expedient or necessary to give effect to the RRPTs contemplated and/or authorised by this ordinary resolution with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be imposed or permitted by the relevant regulatory authorities and/or deemed fit by the Directors in the best interest of the Company." **(Ordinary Resolution 14)**
Please refer to Explanatory Note E.

By Order of the Board,

TEH PENG PENG (MAICSA 7021299) (SSM Practising Certificate 202008000736)
HANA BINTI AB RAHIM @ ALI (MAICSA 7064336) (SSM Practising Certificate 202008003378)
Company Secretaries

Kuala Lumpur
Dated: 29 April 2022

Notice of Annual General Meeting

NOTES:

Remote participation and voting

1. The 29th AGM of the Company will be conducted virtually using the RPV facilities of TIIH Online website at *https://tiih.online* or *https://tiih.com.my* (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities. No members/proxies/corporate representatives from the public will be allowed to be physically present at the premises of the Company, the poll administrator or the venue where the Chairman will be for the purpose of the 29th AGM.

Record of Depositors

2. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 21 June 2022 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Appointment of Proxy

3. A member of the Company, who is entitled to attend, participate and vote at the AGM, is entitled to appoint a proxy or attorney or in the case of a corporation, 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 is entitled to appoint more than one (1) proxy to attend, participate and vote at the AGM.

5. 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 more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. 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.

7. 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.

8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the AGM must request his/her proxy to register himself/herself for RPV at TIIH Online website at *https://tiih.online*. Please follow the procedures for the RPV in the Administrative Guide for the 29th AGM.

9. The appointment of proxy may be made in hard copy form or by electronic means in the following manner, and must be deposited with and received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM:-

(a) In hard copy form
In the case of appointment made in hard copy form, the Proxy Form must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(b) By electronic form
The Proxy Form can be electronically lodged with the poll administrator of the Company via TIIH Online website at *https://tiih.online*. Please refer to the Administrative Guide on the procedures for electronic lodgement of Proxy Form via TIIH Online.

10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

11. Last date and time for lodging the Proxy Form is Sunday, 26 June 2022 at 10:00 a.m.

12. Any authority pursuant to which such appointment is made by a power of attorney must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at *https://tiih.online* not less than forty-eight (48) hours before the time appointed for holding the AGM. 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.

Notice of Annual General Meeting

13. For a corporate member who has appointed a representative, please deposit the certificate of appointment at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at *https://tiih.online*. The certificate of appointment should be executed in the following manner:

(a) 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.

(b) If the corporate member does not have a common seal, the certificate of appointment is to be affixed with the rubber stamp of the corporate member (if any) and executed by:
   (i) at least two (2) authorised officers, one (1) of whom shall be a director; or
   (ii) a director and/or authorised officer(s) in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES:

A. Agenda 1 – Audited Financial Statements

The audited financial statements together with the Reports of the Directors and Auditors thereon 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.

B. Agenda 2 – Re-election of Directors who retire in accordance with Rules 95(i) and 96 of the Company's Constitution

The profiles of the Directors who are standing for re-election are set out in the "Who Governs Us" section from pages 110 to 120 of the Integrated Annual Report 2021.

The Board, having considered the views and recommendations of the Nomination & Remuneration Committee, supports the re-election of all the Directors standing for re-election.

The NRC and the Board, save for the retiring Directors who have respectively abstained from the deliberation and voting on their own re-election, had recommended the re-election of the Directors standing for re-election under the proposed Ordinary Resolutions 1 and 2 above, as they have profiles of strong corporate background, competence and experience to contribute to the Board. They were both recently appointed to the Board on 1 April 2022 and have yet to attend any Board meeting as at the point of deliberation of the support statement.

As for the Directors standing for re-election under the proposed Ordinary Resolutions 3 to 7 above, the NRC and the Board, save for the retiring Directors who have respectively abstained from the deliberation and voting on their own re-election, had expressed that they were satisfied with their active participation and contributions during deliberations at Board and Board Committee meetings. They had imparted their knowledge and experience in carrying out their roles and responsibilities as Directors.

C. Agendas 3 to 6

Pursuant to Section 230(1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company shall be approved at a general meeting.

Ordinary Resolution 8: Fees for NEDs from 1 January 2022 until the conclusion of the 29th AGM

Ordinary Resolution 9: Fees for NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company to be held in 2023 (the "Relevant Period")

Ordinary Resolution 10: Other Remuneration comprising Committee Fees, Committee Allowances and Meeting Allowances for NEDs for the Relevant Period

At the previous year's AGM, shareholders' mandate was for the payment of Directors' Fees for the financial year ended 31 December 2021, while the payment of Other Directors' Remuneration comprising Committee Fees and Meeting Allowances, was mandated for the period 23 June 2021 until the conclusion of the next AGM of the Company for the year 2022.

Notice of Annual General Meeting

To streamline the period covered under the shareholders' mandates for the payment of Directors' Fees and Other Directors' Remuneration, the shareholders' mandates sought at the forthcoming 29th AGM for the payment of Directors' Fees are broken down to cover the period 1 January 2022 until the conclusion of the 29th AGM (as per proposed Ordinary Resolution 8), and the Relevant Period (as per the proposed Ordinary Resolution 9).

The shareholders' mandate sought for the payment of Directors' Fees for the Relevant Period will allow the payment of Directors' Fees for the months of January 2023 until the next AGM in 2023 on a monthly/quarterly basis, without needing a shareholders' ratification, or without holding payment until after obtaining the shareholders' mandate at the next AGM in 2023.

The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' Fees and Other Directors' Remuneration, or be given/allowed the Benefits 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 the Directors' Fees, Other Directors' Remuneration and Benefits proposed are insufficient (e.g. due to more meetings or enlarged Board/Committee size), shareholders' mandate will be sought at the next AGM for additional remuneration to meet the shortfall.

The Directors' Fees, as well as the Other Directors' Remuneration comprising Committee Fees, Committee Allowances and Meeting Allowances for NEDs, are estimated based on the rates below. There are no changes to the rates as compared with those of the previous year's.

Directors' Fees

Directors' Fees	Chairman of the Board (RM per annum)	Member of the Board (RM per annum)
NED	220,000	120,000

NOTE:

(i) The payment of the Directors' Fees for nominee Directors representing and are employees of Johor Corporation will be paid to Johor Corporation as Corporate Fees.

Committee Fees

Board Committee Fees/ Clinical Committee Fees	Chairman of Committee (RM per annum)	Member of Committee (RM per annum)
Audit Committee	35,000	25,000
Risk & Governance Committee	20,000	15,000
Nomination & Remuneration Committee	20,000	15,000
Investment Committee	20,000	15,000
Tender Committee	20,000	15,000
Medical Advisory Committee	20,000	15,000

NOTE:

(i) The payment of the Committee Fees for nominee Directors representing and are employees of Johor Corporation will be paid to Johor Corporation as Corporate Fees.

(ii) The payment of the Committee Fees will be paid to all Directors in the Committees except for the Managing Director of the Company.

Committee Allowances

Committee Allowances	Chairman of Committee (RM per month)	Member of Committee (RM per month)
Advisory Committee (for 6 months only)	7,700	5,300

Notice of Annual General Meeting

Meeting Allowances

Meeting Allowances	Chairman of the Board and Committee (RM per meeting)	Member of the Board and Committee (RM per meeting)
Board of KPJ Healthcare Bhd	4,000	3,000
Audit Committee	4,000	3,000
Risk & Governance Committee	3,000	2,000
Nomination & Remuneration Committee	3,000	2,000
Investment Committee	3,000	2,000
Tender Committee	3,000	2,000
Medical Advisory Committee	4,000	3,000

NOTE:

(i) The payment of the Meeting Allowances will be extended to all Directors in the Board and Committees except for the Managing Director of the Company.

Ordinary Resolution 11: Benefits payable to NEDs for the Relevant Period

Benefits	Chairman of the Board	Member of the Board
NED	Medical benefits from KPJ Hospitals only, company car and driver	Medical benefits from KPJ Hospitals only

D. Agenda 8 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 13, if passed, will empower the Directors of the Company to issue and allot up to ten percent (10%) of the total number of issued shares in the Company speedily without having to convene a general meeting. 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 which the next AGM is required by law to be held, whichever is earlier.

(i) The general mandate sought under the proposed Ordinary Resolution 13 is to renew the existing general mandate granted to the Directors at the 28th AGM held on 22 June 2021 to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. As at the date of this notice, no new shares in the Company were issued under the existing general mandate, which will lapse at the conclusion of the 29th AGM and hence, no proceeds were raised. (The authority to issue and allot shares upon the exercise of the options under the Employee Share Option Scheme of the Company was mandated by the shareholders at the Extraordinary General Meeting of the Company held on 25 November 2014.)

(ii) The authority will provide flexibility for the Company to raise funds under the general mandate sought, through issuance and allotment of new shares, grant of rights to subscribe for shares, conversion of any security into shares or allotment of shares under an agreement or option or offer for purposes of funding future investment(s), project(s), working capital and/or acquisitions.

E. Agenda 9 – Proposed Renewal of the Existing Shareholders' Mandate for RRPTs of Revenue or Trading Nature

The proposed Ordinary Resolution 14, if passed, will empower the Group to enter into RRPTs of revenue or trading nature, the particulars of which are set out in the Circular to Shareholders dated 29 April 2022 in relation to the Proposed Renewal of the Existing Shareholders' Mandate for RRPTs of Revenue or Trading Nature. The said Circular to Shareholders is available on our corporate website at *https://kpj.listedcompany.com/ar.html*.

The procurement of the above proposed shareholders' mandate will substantially reduce administrative time, effort and expenses associated with the convening of separate general meetings to seek shareholders' approval as and when potential RRPTs arise.

Please refer to the details in the Circular to Shareholders dated 29 April 2022 for the proposed renewal of the existing shareholders' mandate for RRPTs of Revenue or Trading Nature.

Proxy Form

KPJ HEALTHCARE BERHAD
199201015575 (247079-M)

I/We

Full Name (in block capitals):	CDS account no.:	No. of shares held:
Address:	NRIC/Passport/Company no.:	Contact no.:

being a member of KPJ Healthcare Berhad, do hereby appoint:

Full name (in block as per NRIC/Passport):	NRIC/Passport no.:	Proportion of Shareholdings	
		No. of shares held	%
Address:			

and/or (*please delete as appropriate*)

Full name (in block as per NRIC/Passport):	NRIC/Passport no.:	Proportion of Shareholdings	
		No. of shares held	%
Address:			

and/or failing him/her, the Chairperson of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 29th Annual General Meeting ("**AGM**") of the Company to be conducted virtually using the remote participation and voting ("**RPV**") facilities of TIIH Online website at *https://tiih.online* or *https://tiih.com.my* (Domain registration number with MYNIC: D1A282781) on Tuesday, 28 June 2022 at 10:00 a.m. or any adjournment thereof.

No.	**Description of Resolution**	**For**	**Against**
	To receive the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.		
Ordinary Resolution 1	To re-elect Datuk Md Arif Bin Mahmood as Director.		
Ordinary Resolution 2	To re-elect Dato' Mohd Shukrie Bin Mohd Salleh as Director.		
Ordinary Resolution 3	To re-elect Annie Binti Rosle as Director.		
Ordinary Resolution 4	To re-elect Hisham Bin Zainal Mokhtar as Director.		
Ordinary Resolution 5	To re-elect Lydia Anne Abraham as Director.		
Ordinary Resolution 6	To re-elect Prof Dr Azizi Bin Omar as Director.		
Ordinary Resolution 7	To re-elect Khairuddin Bin Jaflus.		
Ordinary Resolution 8	To ratify the payment of Directors' Fees from 1 January 2022 until the conclusion of the 29th AGM.		
Ordinary Resolution 9	To approve the payment of Directors' Fees from the conclusion of the 29th AGM until the conclusion of the next AGM.		
Ordinary Resolution 10	To approve the payment of Other Directors' Remuneration.		
Ordinary Resolution 11	To approve the Directors' Benefits payable.		
Ordinary Resolution 12	To re-appoint Ernst & Young PLT as Auditor and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 13	To authorise Directors to issue and allot shares of up to 10% of the total number of issued shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 14	To renew the existing shareholders' mandate for recurrent related party transactions of revenue and trading nature.		

Signed this ______________ day of______________2022

____
Signature and/or Seal

NOTES:

Remote participation and voting

1. The 29th AGM of the Company will be conducted virtually using the RPV facilities of TIIH Online website at *https://tiih.online* or *https://tiih.com.my* (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the **Administrative Guide** in order to register, participate and vote remotely via the RPV facilities. No members/proxies/ corporate representatives from the public will be allowed to be physically present at the premises of the Company, the poll administrator or the venue where the Chairman will be for the purpose of the 29th AGM.

Record of Depositors

2. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 21 June 2022 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Appointment of Proxy

3. A member of the Company, who is entitled to attend, participate and vote at the AGM, is entitled to appoint a proxy or attorney or in the case of a corporation, 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 is entitled to appoint more than one (1) proxy to attend, participate and vote at the AGM.
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7. 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.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the AGM must request his/her proxy to register himself/herself for RPV at TIIH Online website at *https://tiih.online*. Please follow the procedures for the RPV in the Administrative Guide for the 29th AGM.
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   In the case of appointment made in hard copy form, the Proxy Form must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
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10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
11. Last date and time for lodging the Proxy Form is Sunday, 26 June 2022 at 10:00 a.m.
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13. For a corporate member who has appointed a representative, please deposit the certificate of appointment at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at *https://tiih.online*. The certificate of appointment should be executed in the following manner:

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(b) If the corporate member does not have a common seal, the certificate of appointment is to be affixed with the rubber stamp of the corporate member (if any) and executed by:
   (i) at least two (2) authorised officers, one (1) of whom shall be a director; or
   (ii) a director and/or authorised officer(s) in accordance with the laws of the country under which the corporate member is incorporated.

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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
BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR
MALAYSIA

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WWW.KPJHEALTH.COM.MY

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