

# Group Financial Review

## GROUP FINANCIAL HIGHLIGHTS

We are pleased to report that the Group turned in a healthy 6.1% growth in revenue to RM3.0 billion in 2016 as compared to revenue of RM2.8 billion in 2015. This is KPJ's highest revenue to date, comes on the back of organic growth as well as increase in income from capacity expansion of existing hospitals.

The Group's profit before zakat and tax for 2016 was recorded at RM210.2 million, a slight increase in comparison to RM209.6 million in 2015.

The Group also registered a 7.4% increase in net profit to RM155.9 million as compared to net profit of RM145.1 million in the preceding year.

## SEGMENTAL FINANCIAL HIGHLIGHTS

The bulk of the Group's 2016 revenue was derived from the Malaysian operations which contributed 94.5% of the total revenue. Revenue from local operations reported at RM2.9 billion, 5% increased from RM2.7 billion in 2015. Higher revenue recorded for the current year was mainly attributed by the newly opened hospitals and existing hospitals that had turnaround during the year.

The Group's hospitals in Indonesia continued to make good progress in 2016, turning in a 14.5% hike in revenue to RM 59.6 million from RM52.0 million recorded in 2015. The increase in revenue for this segment is mainly due to the increase in number of patients in both Indonesian hospitals.

The Aged care facility segment recorded revenue at RM51.5 million, about 27.8% increased as compared to revenue reported in 2015 at RM40.3 million. The increase is mainly attributable to higher capacity of the retirement village, with additional beds which has been opened in staggered between middle of 2015 up to the month of May 2016.

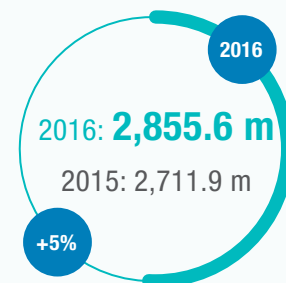
Revenue from Others segment was reported at RM54.5 million, increased by 25.6% from RM43.4 million in 2015. Others category comprised of hospitals in Thailand and Bangladesh, KPJUC and support companies involving the sales of merchandise and other similar activities. The increase of revenue in this segment was mainly contributed by additional hospital services available in KPJ Dhaka (Pte) Ltd which resulted in increase in revenue by RM5.4 million in 2016 as compared to preceding year.

## DIVIDEND

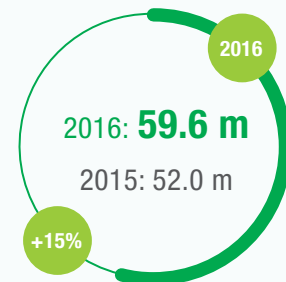
In respect of the financial year ended 31 December 2016, the Group declared and paid the following dividend payments:

- First interim single tier dividend of 1.80 sen per share on 1,043,764,179 ordinary shares, declared on 19 May 2016 and paid on 21 July 2016.
- Second interim single tier dividend of 1.50 sen per share on 1,046,704,826 ordinary shares, declared on 29 August 2016 and paid on 18 October 2016.
- Third interim single tier dividend of 1.50 sen per share on 1,047,978,551 ordinary shares, declared on 21 December 2016 and paid on 11 January 2017.
- The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2016.

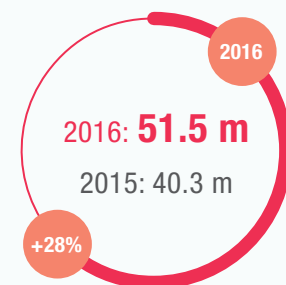
INTERIM	DATE DECLARED	DATE PAID	SEN PER SHARE	NO. OF SHARE	RM'MILLION
1st	19-May-16	21-Jul-16	1.80	1,043,764,179	18.8
2nd	29-Aug-16	18-Oct-16	1.50	1,046,704,826	15.7
3rd	21-Dec-16	11-Jan-17	1.50	1,047,978,551	15.7



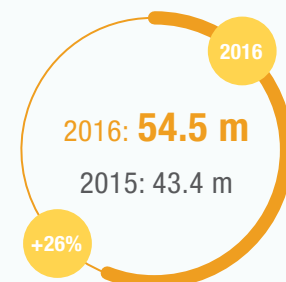
Malaysia



Indonesia



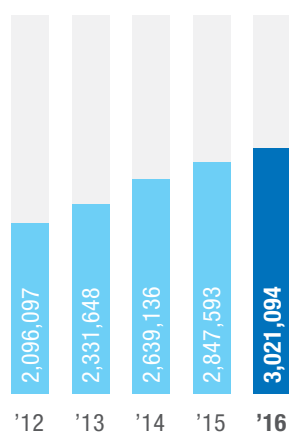
Australia



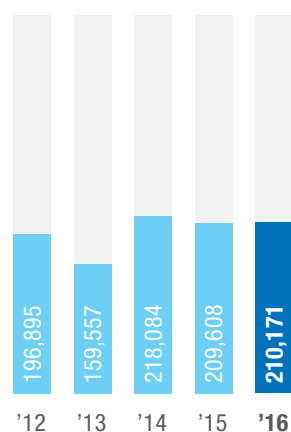
Others

# Group Financial Highlights

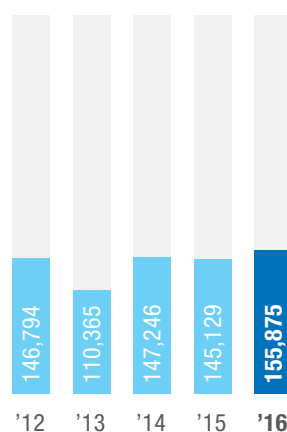
Revenue  
(RM'000)



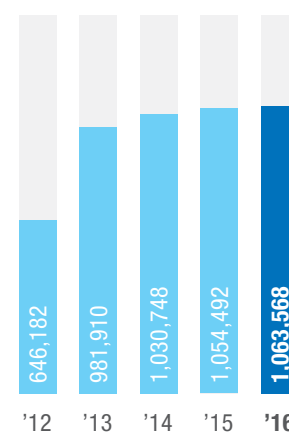
Profit before  
zakat and tax  
(RM'000)



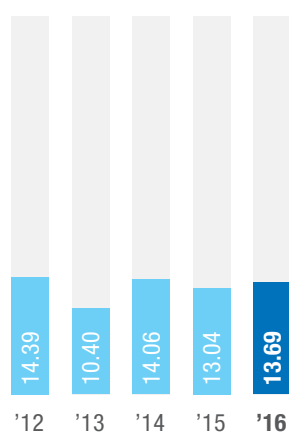
Net profit for the  
financial year  
(RM'000)



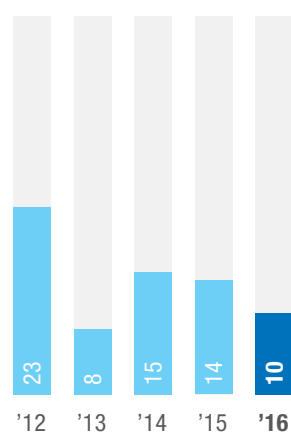
Share capital  
(UNITS)



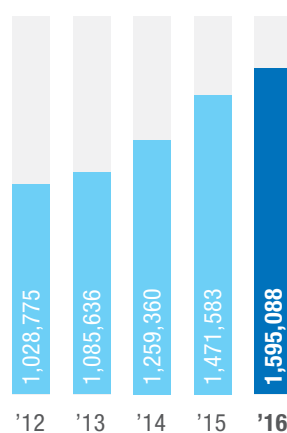
Basic earnings  
per share  
(SEN)



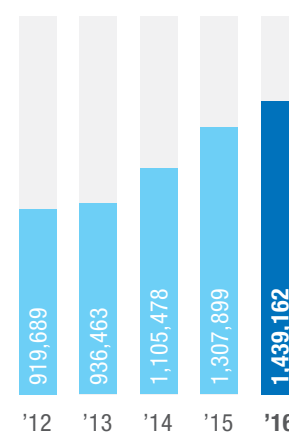
Dividend rate  
(%)



Shareholders' funds  
(RM'000)



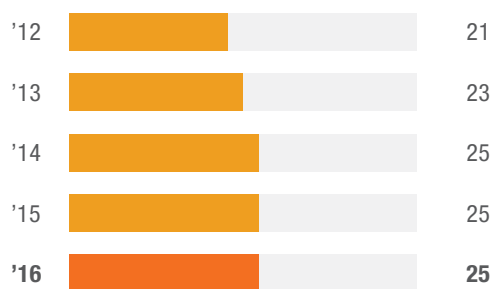
Net tangible assets  
(RM'000)



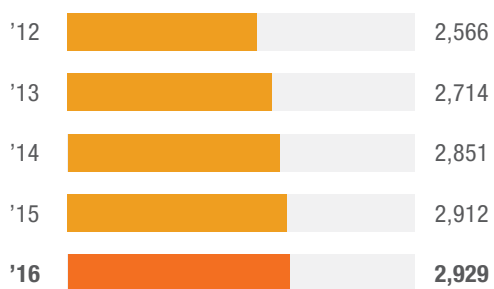
# Group Operational Highlights



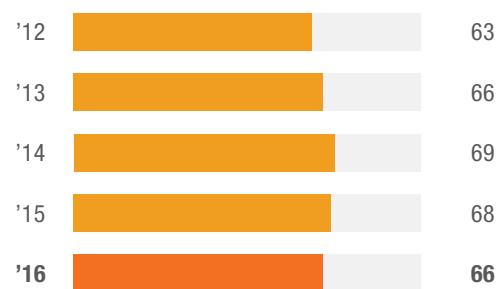
*No of KPJ hospitals in Malaysia*



*No of beds*



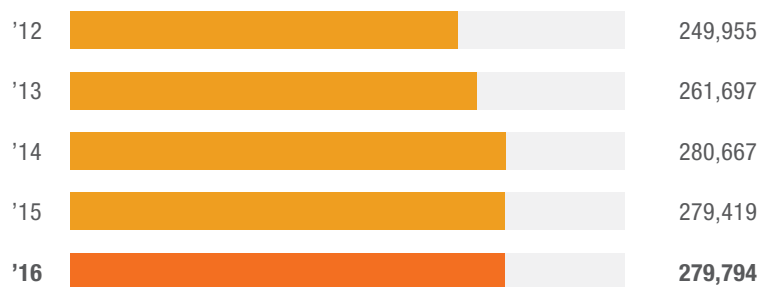
*Occupancy rate*



*Outpatients*



*Inpatients*



# Statements of Comprehensive Income

GROUP (RM'000)	2016	2015	2014	2013	2012
Revenue	3,021,094	2,847,593	2,639,136	2,331,648	2,096,097
<b>Gross profit</b>	<b>898,032</b>	<b>826,371</b>	<b>773,698</b>	<b>642,821</b>	<b>656,434</b>
Operating profit	243,363	220,836	207,544	140,894	170,566
Finance income	16,298	13,731	12,982	10,570	12,535
Finance costs	(83,137)	(64,157)	(42,857)	(38,765)	(23,603)
Share of results of associates	33,647	39,198	40,415	46,858	37,397
Profit before zakat and tax	210,171	209,608	218,084	159,557	196,895
Zakat	(3,807)	(2,280)	(2,272)	(1,825)	(1,320)
Profit before tax	206,364	207,328	215,812	157,732	195,575
Taxation	(50,489)	(62,199)	(68,566)	(47,367)	(48,781)
<b>Net profit for the financial year</b>	<b>155,875</b>	<b>145,129</b>	<b>147,246</b>	<b>110,365</b>	<b>146,794</b>
Profit for the financial year attributable to:					
Owners of the Company	149,195	135,330	143,030	103,114	140,046
Non-controlling interests	6,680	9,799	4,216	7,251	6,748
	<b>155,875</b>	<b>145,129</b>	<b>147,246</b>	<b>110,365</b>	<b>146,794</b>

# Statements of Financial Position

GROUP (RM'000)	2016	2015	2014	2013	2012
Non-current assets	2,939,602	2,891,302	2,475,733	2,017,453	1,646,880
Current assets	995,897	1,024,280	802,385	811,401	595,080
Non-current assets held for sale	-	-	57,886	2,013	2,013
Current liabilities	(595,493)	(732,138)	(632,562)	(525,069)	(447,508)
Non-current liabilities	(79,519)	(85,389)	(118,641)	(115,829)	(109,112)
Borrowings	(1,575,758)	(1,538,030)	(1,235,661)	(1,019,352)	(591,050)
<b>NET ASSETS</b>	<b>1,684,729</b>	<b>1,560,025</b>	<b>1,349,140</b>	<b>1,170,617</b>	<b>1,096,303</b>
Share capital	709,925	675,073	515,374	490,955	323,091
Less: Treasury shares	(54,777)	(54,777)	(54,777)	(364)	(23)
Reserves	939,940	851,287	798,763	595,045	705,707
Shareholders' funds	1,595,088	1,471,583	1,259,360	1,085,636	1,028,775
Non-controlling interests	89,641	88,442	89,780	84,981	67,528
<b>TOTAL EQUITY</b>	<b>1,684,729</b>	<b>1,560,025</b>	<b>1,349,140</b>	<b>1,170,617</b>	<b>1,096,303</b>

# Investor Information



## SHARE QUOTE

<b>Market</b>	Main
<b>Sector</b>	Healthcare
<b>Stock Code</b>	5878

## FY2016

<b>High</b>	4.40
<b>Low</b>	4.06
<b>Close</b>	4.18
<b>Trading Range</b>	0.34
<b>Average Volume</b>	648,241
<b>Market Capitalisation (billion)</b>	4,381



..... KPJ Healthcare Berhad  
..... is a constituent of the  
..... FTSE4Good Bursa Malaysia  
..... Index since 20 June 2016.

## INVESTOR RELATIONS ACTIVITIES

KPJ maintain equal access transparent and effective communication channel to keep its investors informed and apprised of its financial performance and the business environment that the Group operates under. The senior management personnel involved in the Investor Relations activities are:-

- Dato' Amiruddin Abdul Satar – President & Managing Director
- Mohd Sahir Rahmat – Vice President (I) – Corporate and Financial Services
- Khairul Annuar Azizi – General Manager – Risk, Compliance and Investor Relations

TYPES OF MEETING	2016	2015
Analyst/Investors meetings	49	46
Teleconference Calls	5	14
Conferences & Road Shows	10	8
No of Analysts and Fund Managers Met	384	377

## CONFERENCES AND ROADSHOW

NO	EVENT	ROADSHOW	DATE	ORGANISER
1	Bangkok	CLSA Asea Forum 2016	9 -11 March 2016	CLSA
2	Singapore	JP Morgan Global Healthcare 1x1 Forum	16 -17 March 2016	JP Morgan
3	Kuala Lumpur	Invest Malaysia Kuala Lumpur 2016	12 - 13 April 2016	Maybank
4	New York	Daiwa Pan-Asia Investment Conference 2016	31 May - 1 June 2016	Daiwa Capital Markets
5	Kuala Lumpur	Corporate Digest Lunch with KPJ President	23 May 2016	RHB
6	Kuala Lumpur	CIMB Malaysia Healthcre & Fitness Corporate Day	5 September 2016	CIMB
7	Singapore	Affin Hwang & Daiwa Malaysia Corporate Day	28 September 2016	Affin Hwang & Daiwa Capital Markets
8	Singapore	UBS ASEAN Healthcare Day 2016	6 - 7 October 2016	UBS
9	Singapore	Asia Rising Dragons 1x1 Forum	22 - 23 November 2016	JP Morgan
10	Hong Kong	Asia Rising Dragons 1x1 Forum	24 - 25 November 2016	JP Morgan

## GENERAL MEETING

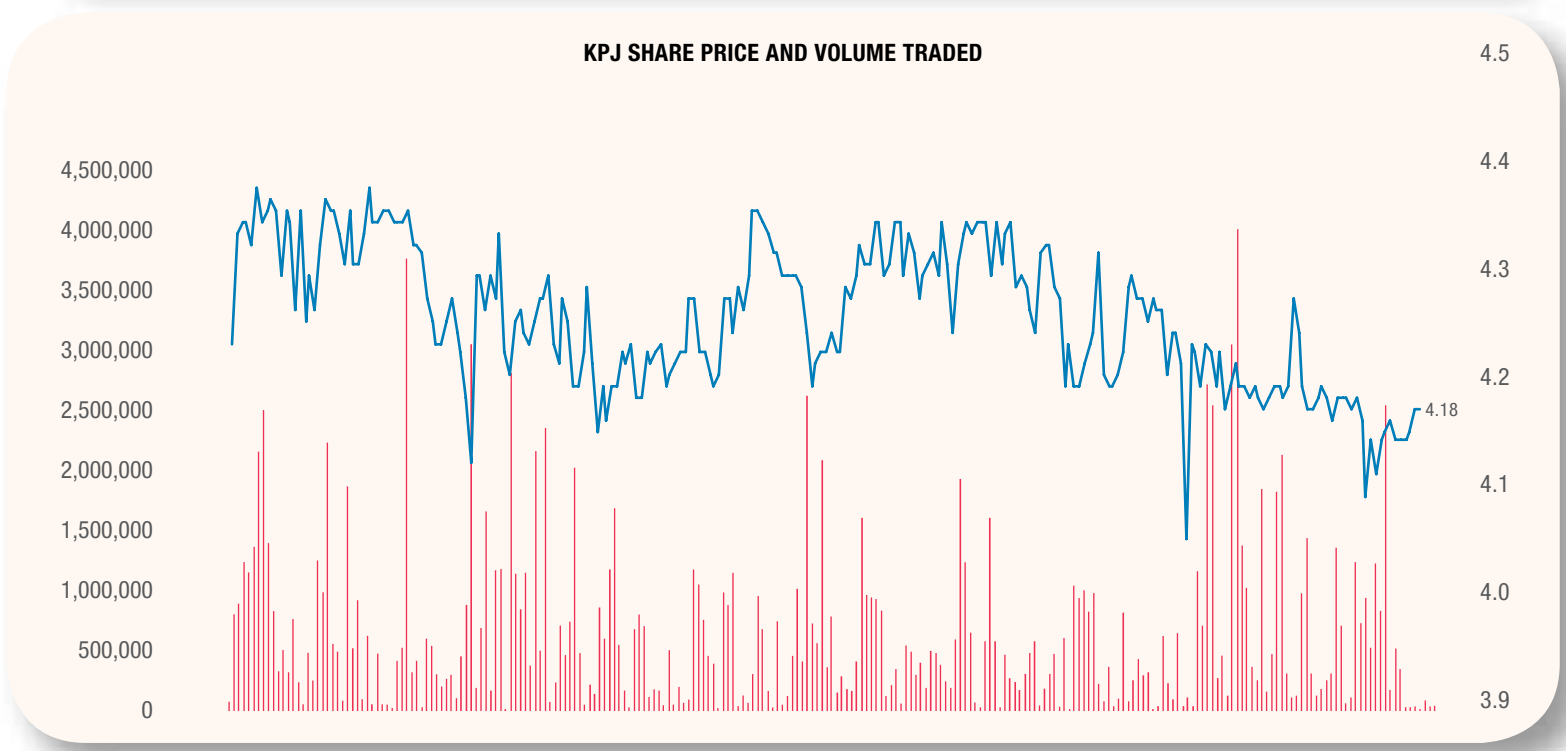
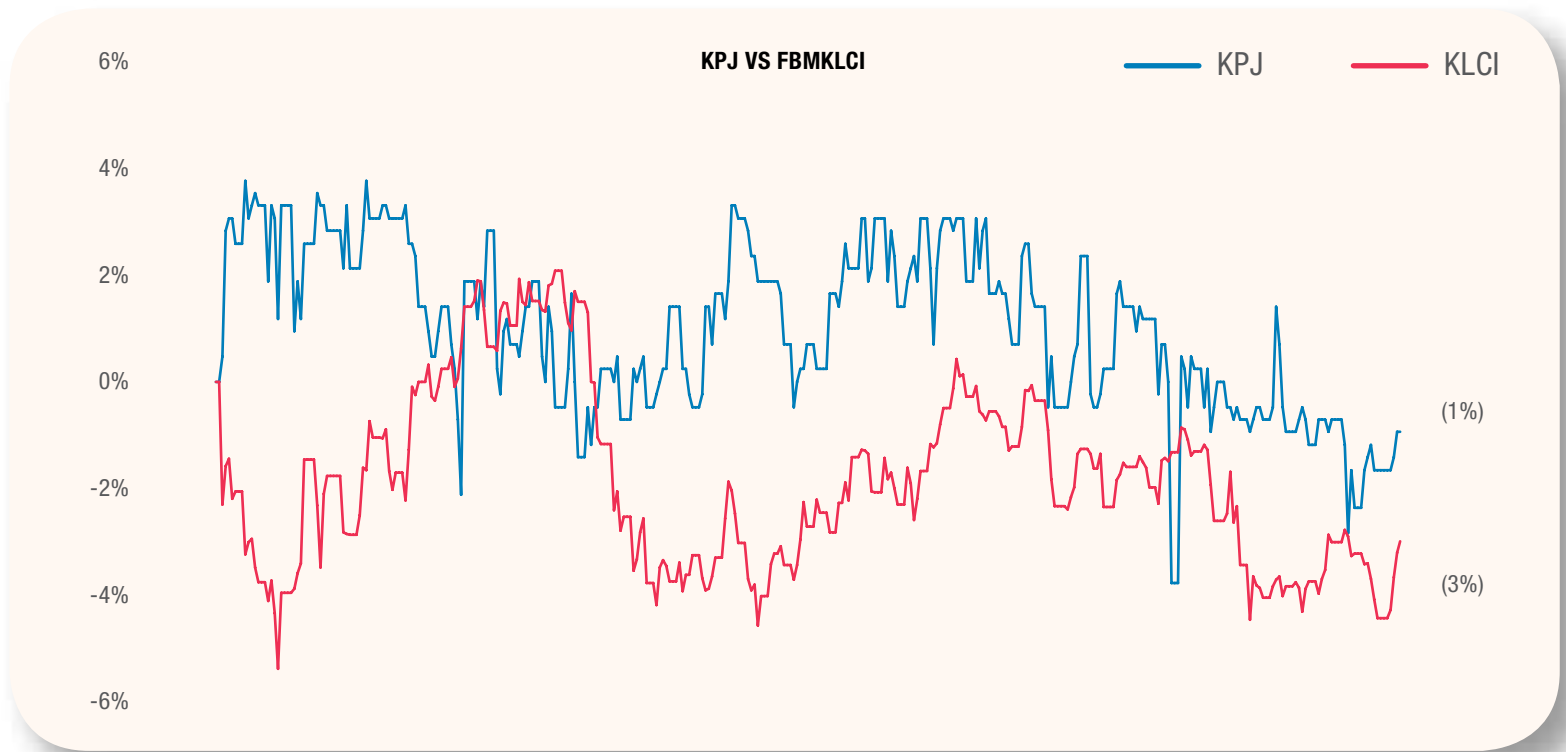
DATE	MEETINGS	VENUE	AGENDA
19 May 2016	23rd Annual General Meeting	Puteri Pacific Hotel, Johor Bahru	Re-election of Directors and Presentation of Company's Performance.

## WEBSITE

The Group has established a website at [www.kpjhealth.com.my](http://www.kpjhealth.com.my) which shareholders can access. The Investor Relations team endeavours to ensure that the Investor Relations section of the Corporate website remained up-to-date with the latest Group disclosure.

## KPJ SHARE PRICE PERFORMANCE

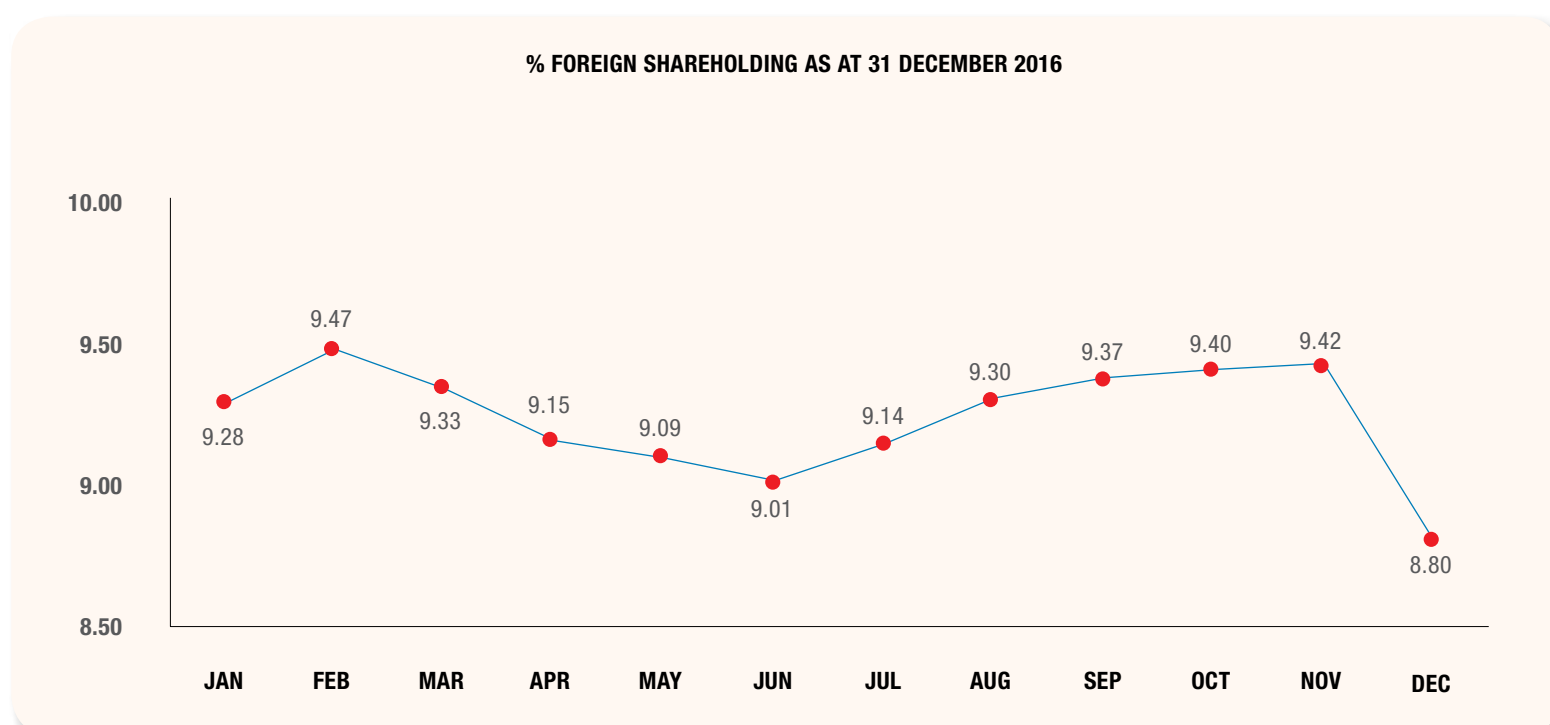
2016 was a challenging and turbulent year which saw significant investment funds shifting away from most global emerging markets including Malaysia. Against this backdrop, KPJ share price performance throughout the year was closed at RM4.18 compared to RM4.22 in 2015. This represented a 1% drop in KPJ share price performance, compared to the drop in FBMKLCI performance of 3%.





SHARE PRICE (RM)	1Q	2Q	3Q	4Q	FY2016
High	4.40	4.36	4.37	4.30	4.40
Low	4.12	4.16	4.19	4.06	4.06
Close	4.27	4.23	4.23	4.18	4.18
Trading Range	0.28	0.20	0.18	0.24	0.34
Average Volume	796,400	629,076	472,928	696,823	648,241
Market Capitalisation (billion)	4,444	4,415	4,428	4,381	4,381

## FOREIGN SHAREHOLDING (%)



# Statement of Value Added

## VALUE DISTRIBUTION

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

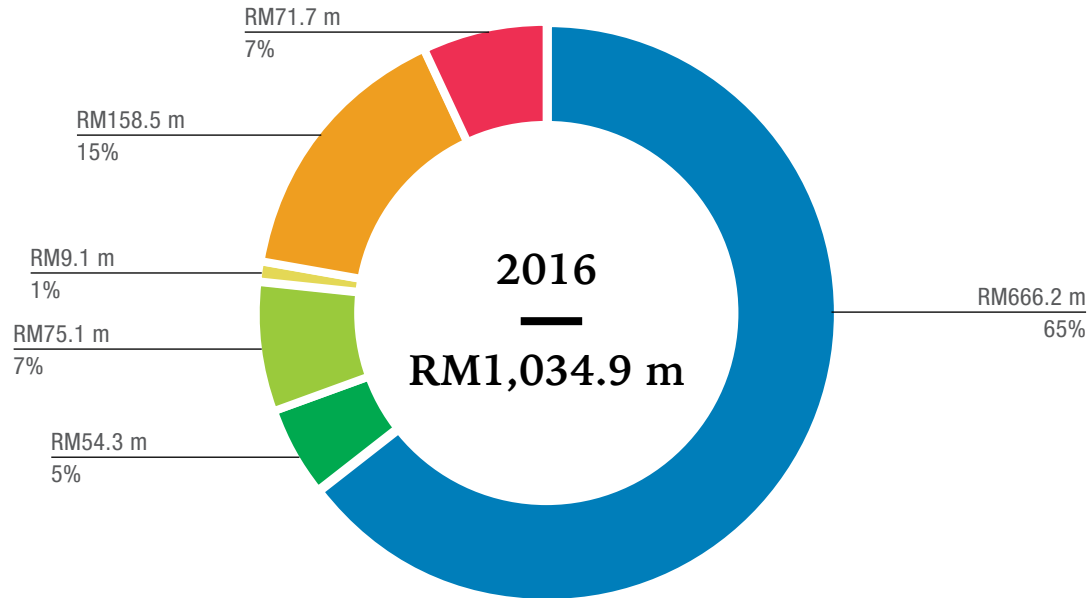
The Statement of Value Added illustrates how KPJ Healthcare Berhad's performance supports the Group's ability to deliver financial value to its stakeholders.

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

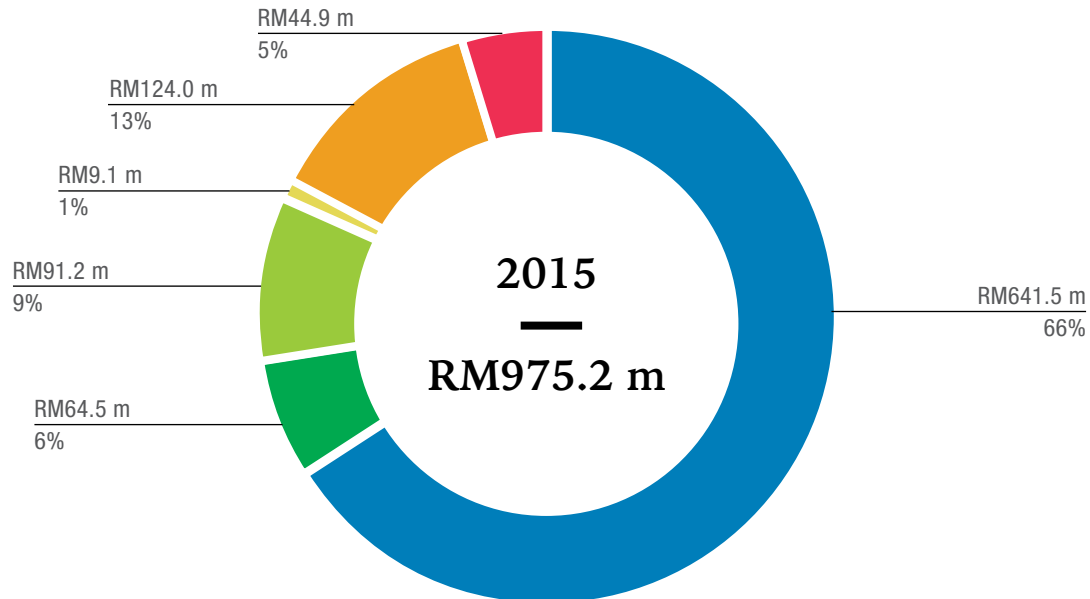
<b>VALUE DISTRIBUTED</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Revenue	3,021,094	2,847,593
Purchase of goods and services	(1,986,140)	(1,900,293)
Value added by the Group	1,034,954	947,300
Other income	33,175	39,082
Finance income	16,298	13,731
Finance costs	(83,137)	(64,157)
Share of results of associates	33,647	39,198
<b>VALUE ADDED AVAILABLE FOR DISTRIBUTION</b>	<b>1,034,937</b>	<b>975,154</b>
<b>DISTRIBUTION</b>		
To Employees:	666,235	641,510
To Government/Approved agencies:	54,296	64,479
To Shareholders:		
Dividends	68,421	81,405
Non-controlling interests	6,680	9,799
Community investment	9,122	9,108
Retained for re-investment	158,531	124,036
Retained for future growth	71,652	44,817
<b>TOTAL DISTRIBUTION</b>	<b>1,034,937</b>	<b>975,154</b>
No of employees at the year end	12,635	12,329
Value added per employee (RM'000)	82	77
Wealth created per employee (RM'000)	82	79
No of shares at year end ('000 units)	1,063,568	1,054,492
Value added per share (RM)	0.97	0.90
Wealth created per share (RM)	0.97	0.92



# Distribution of Value Added



- To Employees
- To Government/ Approved Agencies
- To Shareholders
- Community investment
- Retained for re-investment
- Retained for future growth



# Group Quarterly Performance

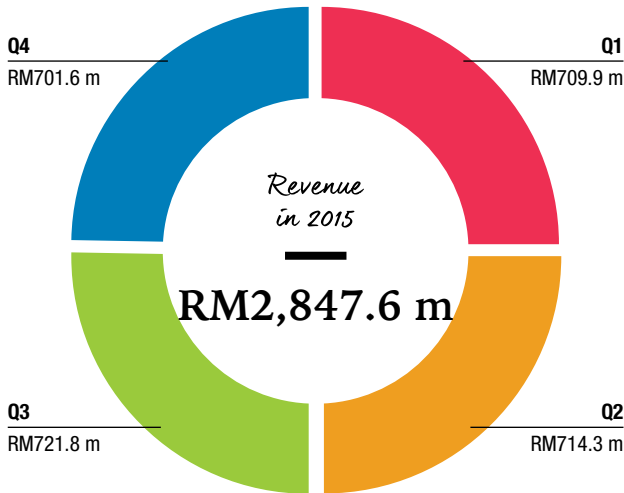
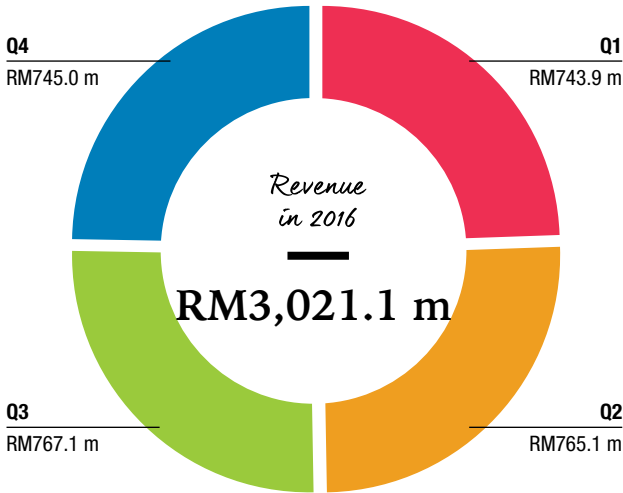
2016 (RM'000)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR END 2016
Revenue	743,946	765,124	767,039	744,985	3,021,094
<b>Gross profit</b>	<b>232,246</b>	<b>222,151</b>	<b>230,532</b>	<b>213,103</b>	<b>898,032</b>
Operating profit	61,137	51,139	52,075	79,012	243,363
Finance income	2,693	2,434	5,241	5,930	16,298
Finance costs	(20,747)	(16,392)	(18,137)	(27,861)	(83,137)
Share of results of associates	8,338	8,905	9,904	6,500	33,647
Profit before zakat and tax	51,421	46,086	49,083	63,581	210,171
Zakat	(400)	(740)	(570)	(2,097)	(3,807)
Profit before tax	51,021	45,346	48,513	61,484	206,364
Taxation	(14,398)	(13,879)	(14,234)	(7,978)	(50,489)
<b>Net profit for the financial year</b>	<b>36,623</b>	<b>31,467</b>	<b>34,279</b>	<b>53,506</b>	<b>155,875</b>
Profit for the financial year attributable to:					
Owners of the Company	34,173	30,334	32,497	52,191	149,195
Non-controlling interests	2,450	1,133	1,782	1,315	6,680
	<b>36,623</b>	<b>31,467</b>	<b>34,279</b>	<b>53,506</b>	<b>155,875</b>
Basic earnings per share (EPS) (sen)	3.25	2.81	3.03	4.60	13.69

2015 (RM'000)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR END 2015
Revenue	709,887	714,272	721,839	701,595	2,847,593
<b>Gross profit</b>	<b>218,571</b>	<b>224,026</b>	<b>227,374</b>	<b>156,400</b>	<b>826,371</b>
Operating profit	53,732	59,272	60,573	47,259	220,836
Finance income	2,558	3,057	3,090	5,026	13,731
Finance costs	(14,609)	(15,903)	(17,810)	(15,835)	(64,157)
Share of results of associates	8,935	9,008	9,609	11,646	39,198
Profit before zakat and tax	50,616	55,434	55,462	48,096	209,608
Zakat	(570)	(570)	(570)	(570)	(2,280)
Profit before tax	50,046	54,864	54,892	47,526	207,328
Taxation	(13,666)	(16,165)	(14,431)	(17,937)	(62,199)
<b>Net profit for the financial year</b>	<b>36,380</b>	<b>38,699</b>	<b>40,461</b>	<b>29,589</b>	<b>145,129</b>
Profit for the financial year attributable to:					
Owners of the Company	33,894	35,994	38,157	27,285	135,330
Non-controlling interests	2,486	2,705	2,304	2,304	9,799
	<b>36,380</b>	<b>38,699</b>	<b>40,461</b>	<b>29,589</b>	<b>145,129</b>
Basic earnings per share (EPS) (sen)	3.18	3.59	3.68	2.59	13.04

# Group Quarterly Performance

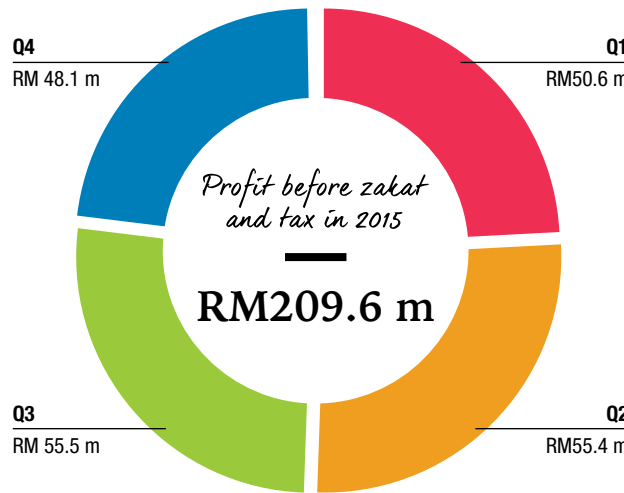
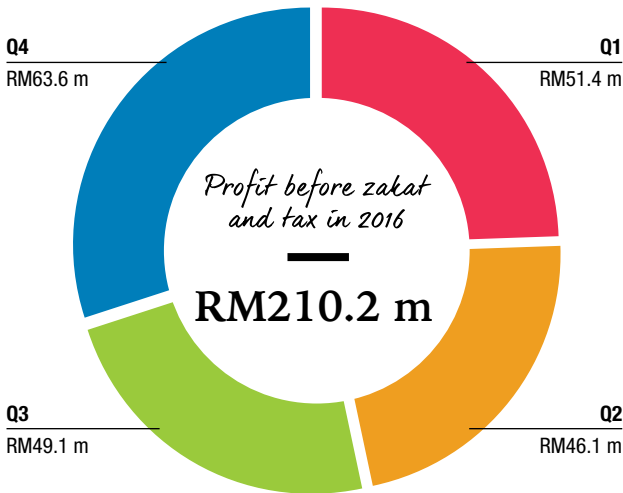


## REVENUE



● Q1, First Quarter   
 ● Q2, Second Quarter   
 ● Q3, Third Quarter   
 ● Q4, Fourth Quarter

## PROFIT BEFORE ZAKAT AND TAX



● Q1, First Quarter   
 ● Q2, Second Quarter   
 ● Q3, Third Quarter   
 ● Q4, Fourth Quarter

# Sustainability Statement

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*Sustainability is  
Satisfaction Delivered*



## ABOUT THIS REPORT

Our sustainability focus is based on our aspirations as well as stakeholder expectations. We are committed to strengthening our resource and environmental management, occupational health and safety, as well as making an impact through community engagement. This focus grounds us as we navigate the rapidly evolving healthcare ecosystem.

### CORPORATE VISION

Preferred Healthcare Provider

### CORPORATE MISSION

Deliver Quality Healthcare Services

### CORE VALUES

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

*KPJ aspires to build healthier communities. Our tagline 'Care for Life' underlines our ultimate objective to place patients' needs at the centre of what we do and to deliver quality care in a manner that offers the greatest convenience, comfort and confidence in positive outcomes.*



### REPORT SCOPE AND BOUNDARIES

This Sustainability Statement covers the reporting period between January 2016 and December 2016. It covers the operations of KPJ in Malaysia only. The report illustrates in detail our efforts in creating value in areas that are most relevant to the Company.

The Sustainability Statement is prepared according to Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statements in Annual Reports. This statement includes information on issues material to us, as well as our impact on society and the environment.

## SUSTAINABILITY MANAGEMENT - HOW WE CREATE VALUE

Sustainability is embedded in our mission statement of 'Care for Life'. As a healthcare group, we pioneered many services and solutions that have now become the norm in the industry. Social impact has also been a priority through community development programmes.

To continue as a trusted healthcare provider where patients are at the centre of all that we do, we need to always ensure better services and benefit to society. Our commitment can only be realised by nurturing a shared culture of continuous improvement among our employees to inspire effective ways of managing our operations and unlocking innovative opportunities.

To see sustainability as a compliance exercise or as a means for achieving efficiency, would mean missing opportunities to unlock strategic advantages and to dominate the competitive landscape of healthcare services. As a business, we face many challenges: changing regulatory requirements, finite natural resources,

evolving demands for healthcare and safety, and increased expectations for corporate accountability. How we manage such challenges will determine our future success.

Our sustainability direction and efforts are spearheaded by the Sustainability & Risk Committee, which oversees the management and implementation of all sustainability issues, with oversight from the Board. The Committee comprises of key management personnel and meets at least four times annually. It reviews sustainability updates and reporting, and recommends any changes in sustainability policies, standards and procedures, as well as their implementation to the Board.



For more information please refer to Statement on Corporate Governance at pages 150 to 164.

### OUR SUSTAINABILITY GOALS

#### Adherence to regulatory requirements

We will continue to comply with all healthcare related quality and regulatory standards.

#### Anti-corruption

We strive to promote transparency and fight corruption in various forms.

#### Responsible products and services

We work each day to ensure that our products and services have a positive impact on the well-being of society including in the areas of privacy, health and safety.

#### Anti-competitive behaviour

We will uphold ethical business practices across the Group.

#### Energy and resources management

We will strive to reduce our energy consumption and improve our resource management.

#### Community investment

We will continuously contribute to the enhancement of socio-economic benefits and to create a positive social impact.

#### Occupational safety and health

We aim to enhance our ability to anticipate, recognise, evaluate and control hazards arising at the workplace that could impair the health and well-being of our workers.

#### Workforce inclusivity and diversity

We strive to build a diverse and inclusive workforce, including at the Board and management level.

#### Talent Management

We will build on our talent management strategies to strengthen our workforce and ensure continuous succession planning, with a strong focus on our consultants.



## MATERIALITY

Understanding the economic, environmental and social components of sustainability will make us more responsive in transforming the organisation. A materiality analysis was conducted internally with key representatives of the company to identify material issues in our business value chain. Issues were identified and ranked based on importance to the organisation and stakeholders. The issues were then classified under Bursa Malaysia's triple bottom line: economic, environmental and social (EES).



**ECONOMIC  
IMPACT**

- Patient satisfaction
- Information technology (IT) and innovation
- Nurturing future medical professionals
- Access to quality healthcare
- Certification, accreditation and standards

- Waste management
- Water management
- Electricity consumption



**ENVIRONMENTAL  
IMPACT**



**SOCIAL  
IMPACT**

Community outreach	Employee welfare & benefits*
Our workforce*	Training & career development*
Safety at the workplace	Employee engagement*
Diversity	



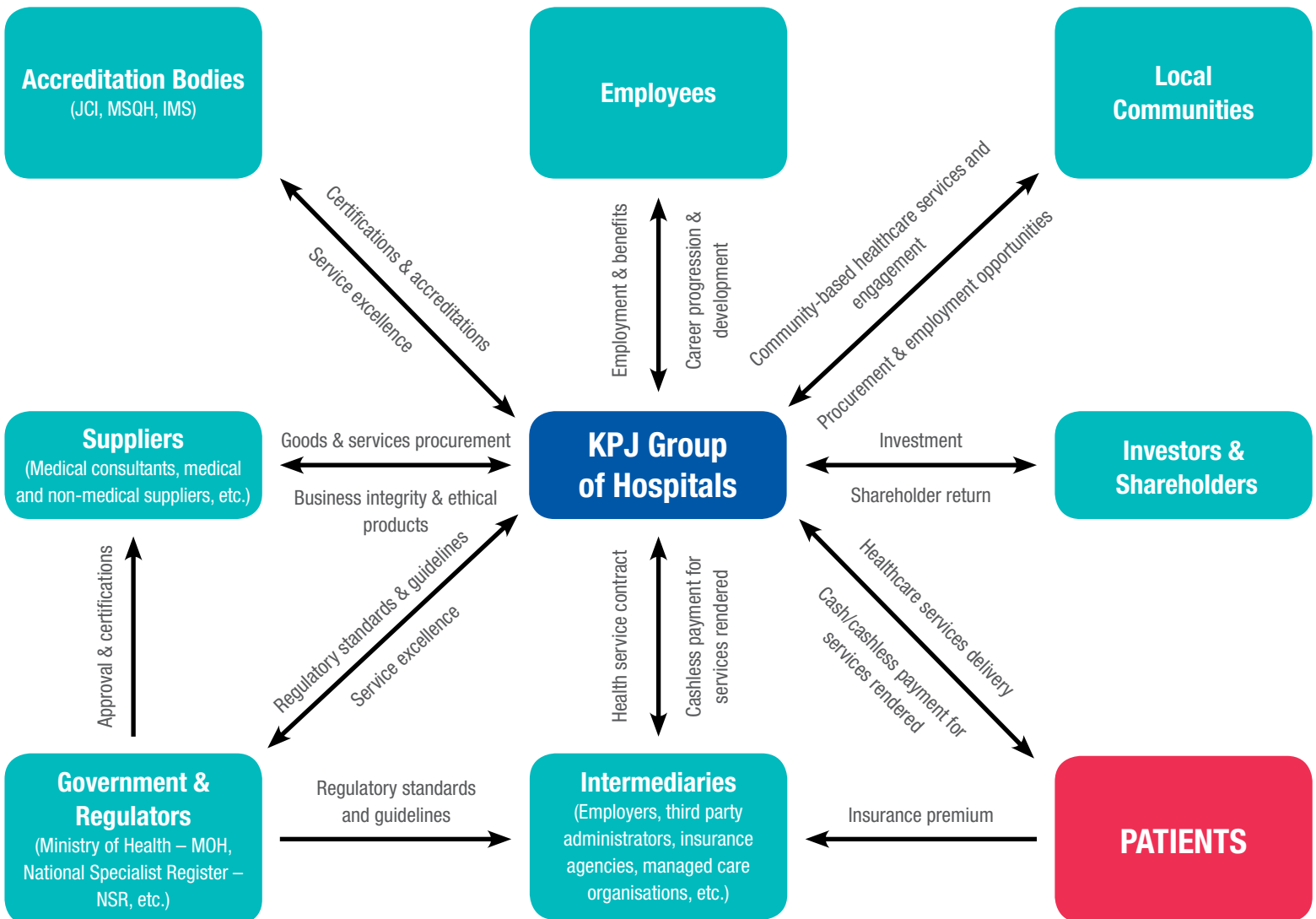
\* Further information on our workforce, employee welfare & benefits, training & career development, and employee engagement is disclosed in the Talent Management section on pages 69 and 70. Employee welfare and benefits in the Sustainability Statement cover work-life balance.

## RESPONDING TO STAKEHOLDERS

One of the main challenges in our business is the provision of healthcare that is accessible to all communities and income groups. Population growth and the increasing proportion of ageing population, rising per capita incomes, changing disease patterns, and the rising cost of providing healthcare are issues that healthcare providers and governments must tackle.

We engage with industry, government, community groups, patients, academic organisations and our employees to share information on our policies, practices and services. Our intention is also to understand their expectations and to enhance mutual trust and understanding. We regularly engage with our stakeholders through, for example, one-on-one meetings, town hall meetings, surveys, roadshows or formal partnerships.

Our stakeholder ecosystem demonstrates the interconnection of our stakeholders.


















## RESPONDING TO STAKEHOLDERS

Highlights of stakeholder engagement in 2016:

STAKEHOLDER	KEY HIGHLIGHTS 2016		
 <b>Employees</b>	Spent a total of <b>RM10.3 million</b> on employee training and development programmes, an increase of <b>24%</b> from 2015 <span style="float: right;"><b>46%</b> of our management level staff are <b>women</b></span> 		
 <b>Customers/Patients</b>	Achieved <b>86.1%</b> on Customer Service Index score  Introduced <b>new loyalty programme</b> KPJ Care Card <b>2016 Frost &amp; Sullivan</b> Malaysia Hospital of the Year <b>2016 Global Health and Travel Consumer Choice</b> – Orthopaedics Service Provider of The Year <b>2016 Reader’s Digest Trusted Brand Awards</b> – Gold for Private Hospital Category		
 <b>Suppliers</b>	<b>Contracted vendors and suppliers</b> are required to adhere to: <ul style="list-style-type: none"> <li>(i) Corporate Integrity (CI) Agreement</li> <li>(ii) KPJ Safety, Health and Environmental Regulations</li> </ul>		
 <b>Investors/Shareholders</b>	<b>49</b> Analyst or Investors Meetings	<b>5</b> Teleconference Calls	<b>10</b> Conferences & Road Shows
 <b>Accreditation bodies</b>	<b>2 new KPJ hospitals</b> obtained Malaysian Society for Quality in Health (MSQH) accreditation – KPJ Damai Specialist Hospital and KPJ Pasir Gudang Specialist Hospital <b>1 hospital</b> obtained Joint Commissioning International (JCI) 2nd cycle recertification – KPJ Penang Specialist Hospital <b>1 new hospital</b> received Integrated Management System (IMS) certification - KPJ Bandar Maharani Specialist Hospital <b>2 Klinik Waqaf An-Nur (KWAN)</b> received MSQH accreditation		
 <b>Local communities</b>	<b>2</b> new KWAN facilities	Total of <b>19</b> KWAN facilities in Malaysia, treated <b>100,292</b> underprivileged community members in 2016	
 <b>Intermediaries</b>	Co-ordination between hospital, corporate clients and insurance providers on activities pertaining to health service contracts		
 <b>Government and Regulators</b>	Regular engagement with Ministry of Health (MOH) and other relevant government agencies.		



## SUSTAINABILITY STATEMENT ECONOMIC



### CUSTOMER SATISFACTION

Customer Service Index score improved from 85.1% in 2015 to **86.1% in 2016**.



### TRAINING

Up to **75,000 hours** spent on customer service training in 2016.



### ONLINE APPOINTMENT BOOKING SYSTEM

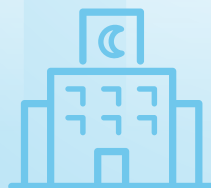
Introduced an online appointment booking system in 2016 to help reduce waiting times for patients.



**75%**

### EMPLOYMENT

**75%** of graduates from KPJ Healthcare University College (KPJUC) joined our hospitals.



### NEW HOSPITALS

**Two new hospitals** achieved MSQH accreditation.

We aim to be a world-class provider of quality healthcare. Our approach to quality combines the concepts of personal care and patient centredness with excellence in clinical care and service delivery at all levels.



## PATIENT SATISFACTION


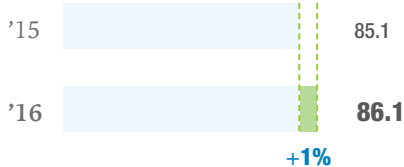



As the number of private healthcare providers in Malaysia increases, achieving patient loyalty through exceptional service becomes a critical component of our value proposition. Our C.A.R.E. approach, which stands for Connect, Acquire, Regulate and Engage, begins by connecting with customers.

KPJ's Service Quality Management (SQM) division was established in 2013 to ensure that our employees are skilled in providing high quality care and excellent service to our patients and their families. It is also responsible for making sure that the facilities and the environment in our hospitals are appropriately maintained and contribute to a pleasant customer experience.

In line with our C.A.R.E. strategy, we have made the quality of customer engagements an integral element in the performance assessments of our front line employees. Since 2014, a significant portion of the annual performance appraisal of hospital employees has been tied to department customer surveys.





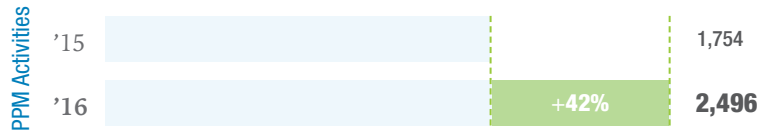
DESCRIPTION	2015	2016	2017 target
Total number of staff trained in customer service	4,952	6,235	7,500
Total number of hours of customer service training	60,000	75,000	90,000

### TOOLS FOR IMPROVING SERVICE QUALITY AT KPJ

 <p><b>CUSTOMER FEEDBACK</b></p>	<p>We systematically collect customer feedback at the service unit level. Feedback collection is usually obtained from patients after they are discharged. In 2016, we developed and introduced a new process for our quarterly customer surveys. They can now be conducted online and the results are available immediately, making it easy to identify areas that we need to improve. We conduct Quality Assurance Audits on these surveys to ensure that they are done according to best practices and accurately reflect customers' perception of the services delivered by us. We also conduct periodic Service Environment Audits to ensure that the physical facilities of our hospitals meet rigorous service level standards. These audits serve as crucial performance indicators for all KPJ hospitals.</p> <p style="text-align: center;">Customer service index (CSI)</p> <div style="text-align: center;">  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>CSI Score</th> </tr> </thead> <tbody> <tr> <td>'15</td> <td>85.1</td> </tr> <tr> <td>'16</td> <td>86.1</td> </tr> </tbody> </table> <p style="text-align: center; color: green; font-weight: bold;">+1%</p> </div>	Year	CSI Score	'15	85.1	'16	86.1
Year	CSI Score						
'15	85.1						
'16	86.1						
 <p><b>KPJ SERVICE QUALITY COACH PROGRAMME</b></p>	<p>The KPJ Service Quality Coach programme was started in 2014 and has been implemented at all hospitals in 2016. Employees from each hospital are selected to participate in intensive training on customer service conducted by external consultants. Service Quality Coaches will then train their peers at their respective hospitals. Each year, these coaches train about 6,000 employees throughout the Group.</p>						
 <p><b>TRAINING</b></p>	<p>The SQM division conducts additional training on customer service. In 2016, <b>26 workshops</b> with external speakers were attended by more than <b>900 employees</b>.</p>						
 <p><b>STANDARD PEOPLE PRACTICE</b></p>	<p>KPJ's Standard People Practice (SPP) is a manual outlining best practices in customer service. It also serves as a reference point for KPJ Service Quality Coaches.</p>						

## PATIENT SATISFACTION

### TOOLS FOR IMPROVING SERVICE QUALITY AT KPJ

 <p><b>PATIENT COMMUNICATION MANAGEMENT SYSTEM</b></p>	<p>Our Patient Communication Management System (PCMS) is an online management system to effectively channel patient complaints, requests and suggestions to the appropriate service units. It improves efficiency and managerial monitoring of service level agreements. While the PCMS is currently only used for internal management purposes, we are now planning to link it to our KPJ website and make it accessible to our customers to further improve our workflow management and to enhance customer service satisfaction.</p>						
 <p><b>KPJ CARE</b></p>	<p>KPJ Care, our new loyalty programme card was introduced in 2016. It is designed to consolidate the various loyalty programmes used previously in different KPJ hospitals. While initially offering simple benefits, KPJ Care rewards frequent use of services, thus adding value to loyal customers.</p>						
 <p><b>PLANETREE</b></p>	<p>To improve our services and employee engagement, we have partnered with Planetree, a non-profit organisation that helps healthcare providers around the world to transform how care is delivered. The Planetree project was initiated at KPJ Damansara Specialist Hospital and KPJ Ampang Specialist Hospital, and we are currently in the process of certifying these two hospitals.</p>						
 <p><b>PLANNED PREVENTATIVE MAINTENANCE</b></p>	<p>Planned Preventive Maintenance (PPM) is an important part of managing hospitals. By carefully managing PPM, we can ensure that our medical devices and equipment are well maintained and functioning. In 2015, KPJ engaged Pride Outlet Sdn Bhd, an intrapreneur company, to conduct PPM activities for eight hospitals in the central region. The scheduled PPM activities increased from 1,754 in 2015 to 2,496 in 2016 - a 42% increase. In 2017, we aim to expand our PPM activities to our hospitals in the southern and northern region of Malaysia.</p> <div data-bbox="414 1107 1173 1241">  <table border="1"> <caption>PPM Activities</caption> <thead> <tr> <th>Year</th> <th>PPM Activities</th> </tr> </thead> <tbody> <tr> <td>'15</td> <td>1,754</td> </tr> <tr> <td>'16</td> <td>2,496 (+42%)</td> </tr> </tbody> </table> </div>	Year	PPM Activities	'15	1,754	'16	2,496 (+42%)
Year	PPM Activities						
'15	1,754						
'16	2,496 (+42%)						

### PATIENT SAFETY

To ensure patient safety, KPJ has set out six Patient Safety Goals in line with the International Patient Safety Goals of the World Health Organisation (WHO). KPJ's infection prevention and risk management system involves all relevant departments within the business in the identification and prevention of clinical incidents and hospital acquired infections (HAIs).

#### Clinical Incidents

Clinical incidents refer to any unplanned healthcare events (such as falls, medication-related incident, etc.) that cause or has the potential to cause harm to a patient. At KPJ, every patient incident will be reported and proper investigations will be carried out to determine the root cause of the incident, so that corrective and preventive actions can be taken. Every incident serves as a lesson learnt and will be communicated at management meetings at the hospital and Group levels.

#### Hospital Acquired Infections (HAIs)

Hospital acquired infections (HAIs), also known as nosocomial infections, refer to infections that are acquired in a hospital. At KPJ, it is vital for us to ensure that all our patients and visitors will not acquire another infection during their stay or visit to our hospitals. Thus, monitoring and surveillance of HAIs along with preventive measures and risk management systems are in place at all our hospitals. We also follow the guidelines and recommendations provided by the US Centers for Disease Control and Prevention (CDC) for the prevention of diseases, injuries, and disabilities. This year, we have achieved positive results in reducing HAIs at our hospitals and have also met the targets set by MOH.

In 2016, we have managed to reduce our overall clinical incident rate from 1.26 in 2015 to **1.02 in 2016**.

*\* Clinical incident rates are measured as the number of incidents per 1,000 inpatient days.*



## PATIENT SATISFACTION

DESCRIPTION	2015	2016	MOH TARGET	TARGET ACHIEVED
Hand Hygiene compliance	79.5%	81.7%	≥75%	√
Rate of Catheter Related Bloodstream Infection (CRBSI)	0.20	0.03	<5 per 1000 catheter days	√
Surgical Site Infection (SSI)	0.43	0.37	<2 per 1000 surgeries	√

\* Note: The indicators in this table are only applicable to KPJ hospitals in Malaysia.

√ Statistically within or above target

One of our key initiatives to prevent HAIs is to improve hand hygiene as clean hands are the best protection against infection. Our focus on hand hygiene is evidenced by the compliance audit held at all hospitals to ensure that we achieve the target set by MOH. Hand hygiene posters are also present in all washrooms and wards, along with hand sanitisers throughout our hospitals. Our commitment towards hand hygiene can also be seen through our participation in the Asia Pacific Hand Hygiene Excellence Award.

### 2017 INITIATIVES TO ACHIEVE PATIENT SAFETY GOAL

1. To adopt **Patient Safety Culture** by carrying out Clinical Audit and Surveys, which covers safety and quality improvement activities, at all KPJ hospitals.
2. **Patient Challenge** to encourage patients to ask our consultants and nurses if they cleaned their hands before attending to them.



(For more information on KPJ Patient Safety Goals and initiatives, please refer to Medical Advisory Committee (MAC) Report on pages 172 to 174.)

### QUALITY NURSING

KPJ has seen recent movements towards continuous improvement in all areas of our work. Our nurses endeavour to achieve excellence by taking into account patient perception in developing strategies to improve quality of care. Based on our customer feedback, the quality of our nursing care has been identified as one of the main determinants of the overall patient satisfaction rating across all our hospital services.

All our nurses are equipped with competent knowledge on nursing care especially in the areas of paediatrics, orthopaedics and midwifery. Furthermore, critical care nurses and nurses who are waiting for their post-basic certification are required to be equipped with emergency life support skills such as Advanced Cardiovascular Life Support (ACLS), Paediatric Advanced Life Support (PALS), Neonatal Resuscitation Programme (NRP), Advanced Trauma Life Support (ATLS), Advanced Life Support Obstetrics (ALSO), Malaysian Trauma Life Support (MLTS) for Accident & Emergency (A&E) nurse, and Emergency Obstetric Drills.

Nursing care at KPJ hospitals includes the provision of diabetic counselling, pain management, parentcraft classes for new parents, and aged care for elderlies at KPJ Senior Living Care. In addition, we have developed value added nursing care services, through our Home Nursing Service, where our nurses make home visits to provide professional care services, wound care, care for the aged, postnatal care and breastfeeding counselling.

To further improve our nursing care, we have introduced a structured improvement programme which includes:

1. Providing holistic care for patients through a structured nursing rounding programme, also known as Explain, Pain, Elimination, Environment & Plan (EPEEP), where nurses attend to patients every 2 hours instead of attending to a patient when the patient called. The EPEEP is part of an initiative known as Transforming Care at Bedsides (TCAB), which was adopted by KPJ to increase nurse-patient direct contact time.
2. Conducting workshops, training sessions or literature reviews to improve and standardise preventive healthcare measures at KPJ.
3. Clinical Surveys, which covers policies and procedures, to ensure that all nurses comply with our Patient Safety Goals.

## INFORMATION TECHNOLOGY (IT) AND INNOVATION

We use information technology (IT) extensively to modernise the operating systems within the Group and to improve customer satisfaction.

KPJ's Clinical Information System (KCIS) ensures that each customer has a seamless experience from registration to diagnosis to treatment and to follow-up care, as well as electronic orders. Introduced in 2011, 17 hospitals are now using the system. By using the latest technology in information management, we can increase efficiency and improve patient safety by reducing medication errors and minimise risks. As part of the KCIS, KPJ has adopted new solutions utilising cloud based services, such as the Electronic Medical Record (EMR). Our hospitals that are not yet using KCIS are in the midst of adopting an upgraded KCIS system, also known as KCIS2. In 2017, we will be looking to implement this system at three other KPJ hospitals and upgrade three of our hospitals that are currently using KCIS to KCIS2.

KPJ Healthcare's Digital Transformation and Innovation programme is leading the adoption of new technologies. An online appointment booking system introduced in May 2016 is already operational in five hospitals. It has reduced waiting times and saved hospital resources for other duties. We are in the process of integrating a mobile application to the system.

### TRANSFORMING SERVICES THROUGH INNOVATION

Our recently formulated New Products and Services unit is tasked with exploring new ways of thinking and practising medicine.

Being the premier healthcare service provider in the country means that our medical professionals are contributing to not only the care in our hospitals, but also to the nation's wider medical industry. The unit is involved in developing the medical profession and innovating new methods through their positions in industry-related groups and associations.

### EMBRACING INNOVATION



#### 3D PRINTING:

Medical applications for 3D printing are expanding rapidly and are expected to revolutionise health care. We have identified key areas to explore the possibilities of 3D printing, and the consultants at KPJ KL Dental Specialist Centre have already successfully used the technology with promising results. This project is the first of its kind in Malaysia.



#### IBM WATSON:

We are exploring the use of IBM Watson for Oncology patients in six of our Malaysian hospitals. IBM Watson is a cognitive computing system which has been specifically designed to support the oncology community. It processes information more like a human than a computer, by understanding natural language, generating hypotheses based on evidence and learning from experience.



#### INNOVATION AND INITIATIVES:

Service innovations and initiatives have been a performance requirement for all hospitals since 2014. In 2016, we introduced a service initiative database to record all initiatives on a single platform to make it easy to share them with other hospitals. In 2016, we recorded more than 900 service innovations and initiatives across the group.



#### EMPLOYEE INNOVATION DAY TALKS:

This series of talks was introduced in 2016 and are now held every month.



## NURTURING FUTURE MEDICAL PROFESSIONALS

The Group not only supports the development and employment of healthcare professionals for KPJ and other hospitals in Malaysia, but contributes significantly to building a strong academic foundation for the industry in Malaysia. KPJ Healthcare University College (KPJUC) offers 38 programmes from foundation to postgraduate studies such as a masters in medicine and PhD in nursing and other allied health courses. Through KPJUC, we will continue to focus on grooming and developing new talent, with a strong focus on our nursing programmes. KPJUC enables long term academic development, especially for nurses, to broaden their career horizons.

### EDUCATION SPONSORSHIP

While KPJUC's objective is to produce quality graduate for the Group's hospitals, we also want to make sure that talented young people with an ambition for a career in healthcare are able to pursue their dreams, regardless of their financial background. That is why KPJUC offers full and partial scholarships for students from low income families with good academic results. In 2016, we sponsored 250 students in various programmes. More than RM2 million a year has been spent on these sponsorship programmes, on an annual basis.

### SECURED EMPLOYMENT

We are proud to have secured employed for 75% of our KPJUC graduates in our hospitals and other subsidiaries. With the expansion of our operations and new hospitals opening every year, KPJUC's role in producing new talent is crucial for the success of the Group.

DISCIPLINE	NO. OF KPJUC GRADUATES EMPLOYED
Nursing	5,855
Pharmacy	202
Allied Health	334
Other fields	87
<b>Total</b>	<b>6,478</b>



(For more information, please refer to our Education chapter on pages 60 to 67.)

## ACCESS TO QUALITY HEALTHCARE



Achieving universal access to quality healthcare is one of the focus areas of the 11th Malaysia Plan for 2016-2020. Private healthcare providers have an important role in expanding capacity and hence increasing accessibility. Our strategic approach is to expand and upgrade more hospitals. As part of our efforts to provide healthcare access to the public, we also work closely with our intermediary entities, which include employers, insurance agencies and third party administrators, to explore opportunities for greater utilisation of KPJ hospital services.

### CARING FOR THE AGEING POPULATION



KPJ embarked on the Senior Living Care initiative in 2011 and there has been a steady increase in occupancy levels at the three facilities, suggesting that there is a growing need for affordable care for the elderly in Malaysia. KPJ has two facilities for ageing patients in Malaysia and one in Australia. They are designed to offer a home-like environment, where quality care is provided to all residents.

#### Malaysia


- KPJ Tawakkal Health Centre, Kuala Lumpur
- Sibu Geriatric Health and Nursing Centre, Sibul



#### Australia

- Jeta Gardens Retirement Resort, Brisbane



 (For more information, please refer to our Senior Living Care chapter on pages 48 and 49.)

### HEALTH TOURISM




Medical tourism is on the rise in Malaysia, and is an important growth segment for KPJ. Compared to many countries in the region, we offer identical medical services at a more affordable price. The consultants and physicians in KPJ have international qualifications and are supported by trained and experienced medical staff, making us an attractive choice for patients seeking treatment abroad. KPJ's medical tourism hubs are located at 5 locations covering 11 KPJ hospitals across the northern, central and southern regions of Peninsular Malaysia, as well as Sabah and Sarawak.

**In order to better communicate with our patients from abroad, we have multi-lingual staff at the following hospitals:**

- KPJ Ampang Puteri Specialist Hospital - Arabic and Korean
- KPJ Tawakkal Specialist Hospital - Arabic
- KPJ Damansara Specialist Hospital - Japanese
- KPJ Penang Specialist Hospital - Thai



Most of our hospitals also have staff who are fluent in Mandarin, Tamil, Hindi and Indonesian languages to assist foreign patients.

 (For more information, please refer to our Medical Tourism chapter on pages 50 to 53.)





## CERTIFICATION, ACCREDITATION AND STANDARDS



The emphasis on certification and standards is crucial to ensure that all necessary processes and systems are in place during service delivery. Our hospitals are recognised by accreditation bodies such as the Joint Commission International (JCI) and Malaysian Society for Quality in Health (MSQH). As of March 2017, 18 KPJ hospitals have been MSQH-accredited and 4 KPJ hospitals have been JCI-accredited. We have an Integrated Management System (IMS) that integrates the ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Safety and Health Management System). Our aim is to have all new hospitals achieve MSQH accreditation after two years of operation.

As part of quality assurance, headed by our Clinical Quality Services department, we have also conducted gap analysis, along with internal audits and surveys on our hospital operations. External audits are conducted by accreditation bodies.



(For more information on our Clinical Governance and the list of KPJ Hospitals with IMS certification, please refer to our Medical Advisory Committee (MAC) Report on pages 172 to 177.)

## PERSONAL DATA PROTECTION

Part of good governance and systems includes protecting the privacy of our clients' data. With effect from 15 November 2013, we are in full compliance with the personal data protection principles under the Personal Data Protection Act 2010 (PDPA), which regulates the processing of personal data in commercial transactions. We will continue to uphold the confidentiality of our patient's health information.



## SUSTAINABILITY STATEMENT ENVIRONMENTAL



### ENERGY USAGE

Total electricity consumption:  
**104,610,410 kWh**



### WATER USAGE

Water consumption:  
**1,021,647 m<sup>3</sup>**



### WASTE

We collected and disposed of **1,170,870 kg** of hazardous waste.



### MONITORING OUR ENVIRONMENTAL IMPACT

Healthcare is one of the largest service sectors, affecting a large proportion of the world's population. Hospitals are large consumers of resources and produce significant amount of non hazardous waste, general and domestic waste, as well as hazardous waste that may be infectious, toxic and radioactive. KPJ is fully aware of the need to use resources responsibly and we are committed to minimising our environmental impact by complying with all relevant regulations and best practices.

Our hospitals are committed to creating and maintaining a safe and healthy environment for all patients, employees and visitors. We comply with, and whenever possible, exceed all applicable national safety and health standards, as well as fire and environmental regulations.

All hospitals within our network have adopted a robust Safety, Health and Environment (SHE) policy and comply with the IMS quality certification, which covers the OHSAS 18001 standard for employee health and safety, the EMS 14001 environmental standard and the ISO 9001 standard for quality management. The IMS requires the Group to undergo an annual internal and external audit.

Each of our MSQH-accredited hospitals has its own committee, which oversees the SHE policy and all related procedures. Our SHE policy statement covers issues such as energy and water consumption, as well as conventional and hazardous waste disposal. The quantitative environmental data in this statement for 2016 refers to the 17 MSQH accredited hospitals. Despite having 18 MSQH hospitals, only data from 17 MSQH accredited hospitals were included as the newly accredited hospital was only added to the list in December 2016.

## WASTE MANAGEMENT

With waste management programmes and changes in consumption patterns, a healthcare facility can reduce the amount of waste generated and in doing so, saves cost and minimises its environmental impact.

The majority of waste produced by hospitals is general waste, but some of it is hazardous and requires proper handling. The irresponsible disposal of such waste can have a health impact on local communities in the form of mercury pollution from medical waste incinerators or in the form of drinking water that has been tainted by pharmaceuticals. Biohazardous waste, such as blood, body fluids, discarded surgical tools, inoculated culture media, tissues, and slides are capable of infecting humans with diseases.

The Group is acutely aware that the waste produced in our operations must be disposed of in an appropriate manner to avoid harming the environment and to protect the safety of our patients, staffs and the community at large. To this end, the Group adheres to strict guidelines in the disposal of clinical waste such as needles, samples and fluids. We have an appointed clinical waste disposal contractor whose operations adhere to the regulatory standards set by MOH. Our nursing professionals and other hospital staff are trained on proper disposal methods. Non-clinical waste, such as paper and other recyclable items are sent for recycling.

Waste disposal is carried out in accordance with environmental regulations. The handling, labelling, storage, packaging and collection are done according to requirements of the Environmental Quality Act 1974 (Act 127) and subsequent amendments, as well as subsidiary legislation referring to scheduled waste. Waste is removed daily via dedicated vehicles and the designated collection areas are kept clean.

The amount of hazardous waste produced per patient from our hospitals increased by 18.6% from 0.43 kg in 2015 to 0.51 kg in 2016 due to an increase in patients' activities. By improving our awareness on handling waste according to regulations, we aim to minimise the amount of hazardous waste produced to not more than 0.5 kg per patient in 2017.

Waste is an inevitable by-product of our hospital activities and is influenced by regulatory and safety guidelines as well as new opening of hospitals and services.

Description	Year-on-year data		Variance
	2015	2016	
Hazardous waste (Clinical Waste) (kg)	976,136	1,170,870	194,738
No. of patients served	2,294,318	2,289,990	4,328
Total waste (kg/patient)	0.43	0.51	0.08

## AIR QUALITY MANAGEMENT

Indoor air quality (IAQ) encompasses a variety of parameters such as temperature, humidity, and chemical and biological contaminants that can affect a person's health and well-being. It is vital to manage IAQ for patients, hospital staff and visitors. However, due to their conditions, patients can harbour air contaminants which in turn bring about a range of health concerns such as potential infections, viruses, allergic reactions, respiratory problems and other diseases. To ensure good IAQ, KPJ has taken several measures such as restricting air movement in and between various departments, ensuring property humidity and temperature levels for various hospital areas, and complying with specific requirements for ventilation and filtration to dilute and remove contaminants from the air.

KPJ also continuously implements IAQ programmes with proactive, investigative, and corrective measures. Some of these include regular upkeep of the Air Handling Units (AHU) by replacing filters in a timely manner; decontamination of ventilation ducts and ensuring that all related mechanical aspects are maintained in accordance with the hospital's requirement and standards.

## RADIATION MANAGEMENT

Management and utilisation of radiation emitting equipment in Diagnostic Imaging, Radiotherapy and Oncology Services at KPJ hospitals are done with utmost care. Some of the dangers or risks of radiation include radiation burn, acute radiation syndrome and cancer. KPJ complies with the Atomic Energy Licensing Act 1984 (Act 304) and annually applies for a Class C licence under the Radiation Protection (Licensing) Regulations 1986 from MOH to operate radiation-emitting equipment. We have also implemented a Quality Assurance Programme (QAP), which ensures that our performance and safety standards continue to meet the specific requirements to provide a safe environment for both our patients and staffs. Towards this end, we are guided by the Atomic Energy Licensing (Basic Safety Radiation Protection) Regulations 2010.



## WATER MANAGEMENT

Hospitals rely on adequate supplies of quality water. They are water intensive facilities: water is needed in cooling equipment, plumbing, cleaning, and medical process rinses. Reducing consumption means less cost but also provides environmental benefits by reducing the strain on municipal water supplies and reducing the energy needed to treat and deliver water.

At KPJ, we encourage all our hospitals to conduct water-saving initiatives in order to meet our water-saving goals. Some of our water saving initiatives include monitoring and tracking of water leakages, as well as installation of water-flow limiters. In 2016, we managed to reduce our water consumption by 1.8% per employee. The reduction was due to the effectiveness of water saving initiatives and an increase in staff awareness. Moving forward, we aim to limit out water consumption to not more than 111 m<sup>3</sup> per employee.

Total water consumption:

Description	Year-on-year data		Variance
	2015	2016	
Total water consumption (cubic meter, m <sup>3</sup> )	1,025,804	1,021,647	4,157
No. of employees	9,062	9,189	127
Total water consumption (m <sup>3</sup> /employee)	113	111	(2)

## ELECTRICITY CONSUMPTION

Modern healthcare facilities are highly energy intensive – they are open 24 hours a day, occupied by thousands of patients, employees and visitors daily. They also use energy-intensive medical equipment, ventilation and air-conditioning systems, and house facilities such as laundries, laboratories, refrigeration units and food preparation areas. In order to manage our electricity consumption, we regularly run campaigns to increase staff awareness on energy efficiency and saving. We also invite our staffs to come up with new ideas or initiatives to conserve energy through our e-Idea platform.

In 2016, our electricity consumption increased by 7% due to an increase in the number of new hospital service areas and technical inefficiency in our chillers. The increase is equivalent to an 8.3% increase in average electricity consumption per square feet (sq ft) of our hospitals from 24.64 kWh in 2015 to 26.37 kWh in 2016.

Electricity consumption within the organisation:

Description	Year-on-year data		Variance
	2015	2016	
Total electricity consumption (kilowatt per hour, kWh)	97,756,675	104,610,410	6,853,735
Total area of KPJ hospitals (sq ft)	3,966,948	3,966,948	-
Total electricity consumption (kWh/sq ft)	24.64	26.37	1.73


With the projected completion of our energy saving initiatives, which include the pilot system KPJ HQ and KPJ Ampang Puteri Specialist Hospital, we aim to limit our electricity consumption to not more than 27.69 kWh per sq ft or 5% increase in 2017.



**DATO' AMIRUDDIN  
ABDUL SATAR**

President & Managing Director,  
KPJ Healthcare Berhad

“  
KPJ's new energy saving initiatives include installing a system that saves energy by controlling chillers. This project will be piloted at KPJ HQ (Menara 238) and KPJ Ampang Puteri Specialist Hospital. If the pilot project proves to be successful, it will be expanded throughout the entire group. We are also working to install energy-efficient LED lights at our new hospitals. We will be reviewing the impact of these systems and any other initiatives that would enable us to manage energy in a more efficient manner.  
”

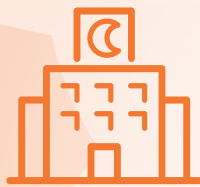


**Water and  
Electricity  
Contingency Plan**

Our contingency plan provides guidelines to ensure that supply disruption events will have minimal or no impact to our hospital operations. One of these measures includes having back-up water supplies and electricity generators.



## SUSTAINABILITY STATEMENT PEOPLE



### NEW KWAN OPENED

Opened **two new** Klinik Waqaf An-Nur (KWAN) clinics and treated over **100,000** patients from underprivileged communities.



### TRAINING AND DEVELOPMENT

**RM10.3 million** spent on employee training and development programmes.



### MANPOWER

**46%** of our management positions are held by women



### TRAINING HOURS

Employees spent an average of **47 hours** on training



## COMMUNITY OUTREACH

*We are a part of the communities we operate in. In line with our 'Care for Life' philosophy, we want to focus on community care and the well being of individuals. Our community and CR initiatives focus on what we do best, provision of healthcare services.*

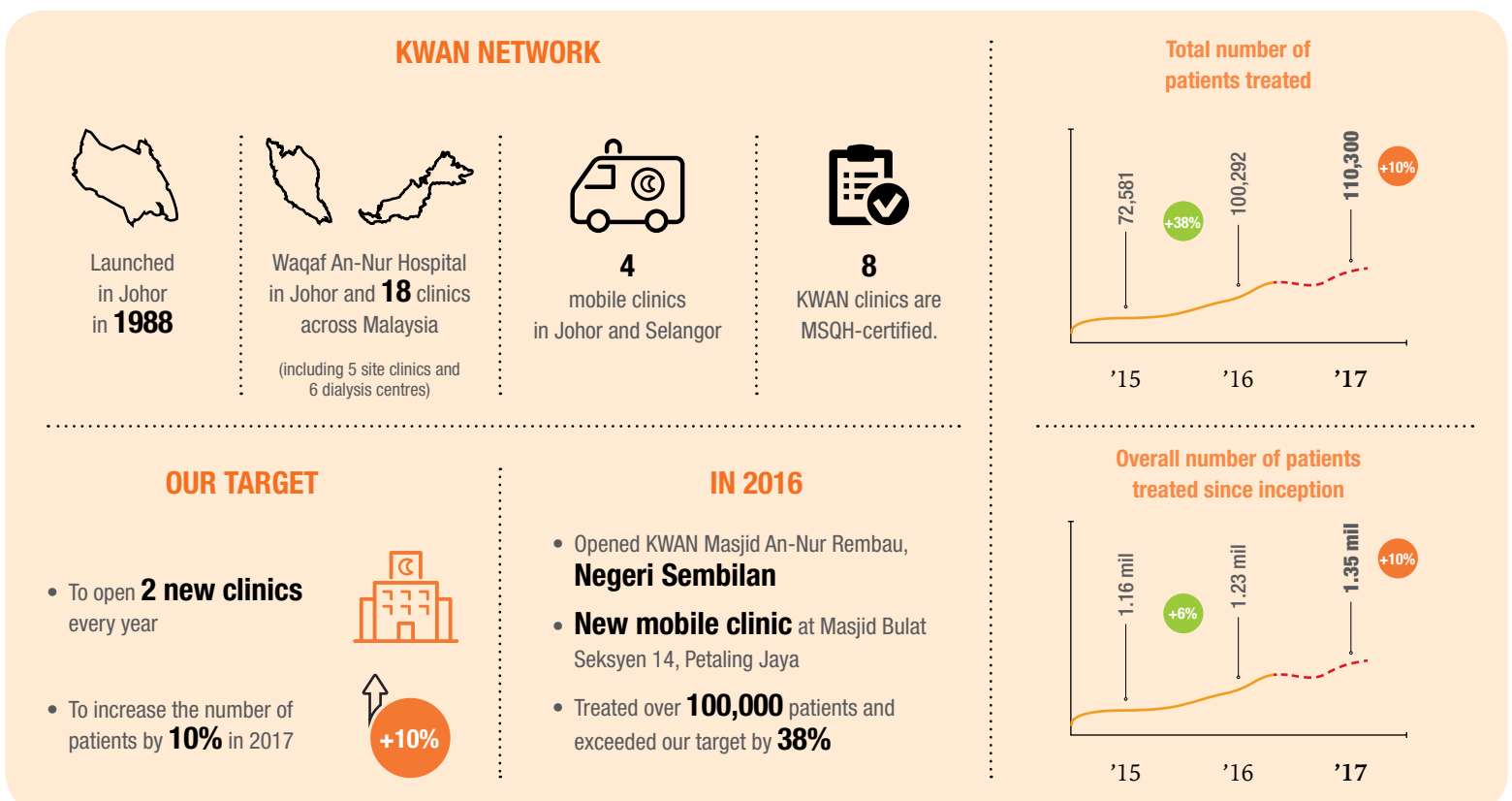
Our community outreach programmes are in line with the Governments efforts to implement programmes based on community development, solidarity, social welfare, health and safety. Over the years, we have conducted complimentary basic health screenings, organised public health talks and campaigns that advocate healthy lifestyles and good hygiene, assisted orphanages, homes for senior citizens and the underprivileged, as well as made zakat contributions and donations. Our community investment in 2016 was RM9.1million.

Our Talent Management services has the overall responsibility for Klinik Waqaf An-Nur (KWAN) clinics. KPJ's other community programmes are planned by individual business units and departments. The community programmes are funded from business operation profits and local religious authorities (e.g. The Zakat or Islamic Tithes Department), partnerships with other institutions, as well as funds raised from the general public and employees.

### KLINIK WAQAF AN-NUR (KWAN)

The Malaysian private sector is encouraged to set up more healthcare facilities that cater to the needs of low- and middle-income households, as well as specialist healthcare facilities such as dialysis, rehabilitation and medical testing lab centres in urban areas.

We have responded to this call through our flagship initiative, the network of Klinik Waqaf An-Nur (KWAN), which provides charity outpatient clinics and dialysis centres for the underprivileged communities. At KWAN facilities, patients are charged a fee of only RM5 for a regular outpatient visit and around RM90 for dialysis services. Treatment is rendered by qualified medical consultants and includes the cost of the medicines prescribed. The Group spent around RM3.5 million to provide clinical resources and medication to KWAN in 2016.



## COMMUNITY OUTREACH

### BABY HATCHES

It is difficult to estimate how many babies are abandoned in Malaysia every year. Prompt discovery and access to medical attention are crucial in ensuring the survival and well-being of abandoned babies. To respond to these needs, we opened our first baby hatch in 2010 and now provide hatches in nine KPJ hospitals. The baby hatches are a collaboration with the Social Welfare Department (JKM) and OrphanCare, a child protection NGO. Since its inception in 2010, we have received 17 babies through our baby hatches.

Mother or guardians considering abandonment are offered opportunities for discussion, information and counseling with nurses or social care staff. Babies found in the baby hatch are placed for adoption through a regulated process overseen by OrphanCare and JKM in Peninsular Malaysia, whereas in East Malaysia, this process is overseen by JKM only.



#### Baby Hatches are available at 9 KPJ Hospitals:

- KPJ Ipoh Specialist Hospital
- KPJ Johor Specialist Hospital
- KPJ Damansara Specialist Hospital
- KPJ Tawakkal Specialist Hospital
- KPJ Seremban Specialist Hospital
- KPJ Penang Specialist Hospital
- KPJ Perdana Specialist Hospital
- KPJ Kuching Specialist Hospital
- Damai Specialist Hospital



### EDUCATING THE PUBLIC

As healthcare professionals, we recognise our role in contributing to the prevention of diseases and educating the public. We reach out to the community through public health screening sessions, health talks and other events. During talks and seminars held outside the hospitals, booths are usually set up to provide basic health screening services such as blood glucose and cholesterol tests, as well as blood pressure and body mass index (BMI) monitoring. Not only does this encourage people to take a greater interest in their health, it also ensures that any latent problems are diagnosed and treated.

In 2016 we conducted a number of public health awareness campaigns, including:

- Free mammogram screening in collaboration with The Ministry of Women, Family and Community Development for women aged 40 and above at KPJ Klang Specialist Hospital and KPJ Damansara Specialist Hospital.
- Free eye screening in conjunction with World Sight Day 2016 campaign to create awareness on the importance of eye screening to prevent vision-related diseases.





- Health awareness talks on topics such as breast cancer, kidney health (in conjunction with World Kidney Day), heart and lung health, infectious diseases, hand hygiene and vaccinations.
- Regular blood donation drives to help sustain supplies at the National Blood Bank.






## OUR WORKFORCE

Healthcare professionals play a crucial role in community well-being and are well-respected members of society. As the main drivers of our growth, our employee services and programmes are continuously refined to help us succeed at every stage of employment and to make KPJ Healthcare Berhad a better place to work.

 <p><b>KPJ WORKFORCE IN 2016</b></p>	<ul style="list-style-type: none"> <li>• <b>12,635 employees</b> serving in <b>25 hospitals</b> in Malaysia. </li> </ul>
	<ul style="list-style-type: none"> <li>• Provided health care services to almost <b>2.7 million patients.</b> </li> </ul>
	<ul style="list-style-type: none"> <li>• Spent a total of <b>RM10.3 million</b> on employee training and development programmes, an increase of 24% from 2015.</li> </ul>
	<ul style="list-style-type: none"> <li>• Employees received an average of <b>47 hours</b> of training, exceeding the mandatory 30 hours of training per year. </li> </ul>

\* Note: Total employees and respective calculations do not include specialist medical consultants at KPJ Hospitals. Only resident medical officers are included in the total employee count.

 (For more information on our workforce, please refer to our Talent Management section on pages 69 and 70.)

We encourage open communication at the workplace and have clear procedures for solving grievances set out in our governance system. In 2016, we resolved all 61 reported employee complaints. We also provide all employees with an opportunity to regularly discuss their performance and career development.

## SAFETY AT THE WORKPLACE

As JCI and MSQH accredited hospitals, we have an Integrated Management System that covers OHSAS 18001:2007. All of our hospitals have a robust SHE policy and apply stringent policies on planned preventive maintenance, safe and proper disposal of sharp and hazardous materials, and monitor exposure levels of employees who work in close proximity with radiation and diagnostic imaging services. Our Safety and Health Officers are also registered with the Department of Occupational Safety and Health (DOSH) Malaysia and have undergone DOSH-recognised safety training programmes as provided by the National Institute of Occupational Health and Safety (NIOOSH) Malaysia. KPJ adopts the Hazard Identification, Risk Assessment and Risk Control (HIRARC) system to identify potential hazards, and to assess and control risks of injury or harm due to the exposure of these hazards. We regularly train our employees on the latest

OSH practices and procedures, and share this information between hospitals as a preventive measure. For example, sharing cases of incidents of fire and other emergencies, as well as disaster action plans is useful for other hospitals. Contracted vendors and suppliers are also required to adhere to our health and safety measures.

Employee health and safety incidents are tracked.

Description	2015	2016
OSH-related incident rate (per 1,000 manpower)	5.2	4.8

\* Types of incidents recorded include slips and falls, fall from height, sharp injury, chemical spills, burns, electrical incidents and other office-related incidents.

This year, we have recorded a 7.7% reduction in OSH-related incident rate and are now moving towards zero incident.

Currently all hospitals in the Group are reporting their OSH related incidents on a yearly basis to DOSH.

Initiatives to reduce health and safety incidents at hospitals in 2016
Promoting suitable footwear
Awareness trainings on workplace safety
Follow good housekeeping practices i.e. clear access ways, effective disposal system for needles, signage for wet slippery areas
Limiting access to high risk areas
Measures to ensure workloads remain reasonable, by eg. rescheduling duty rosters

### Fire at KPJ Sabah

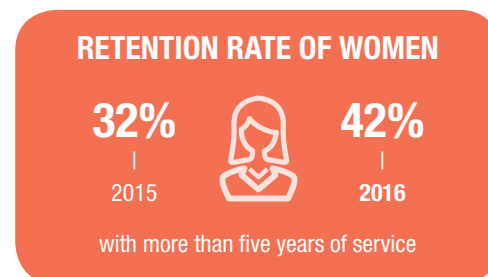


Services at the KPJ Sabah Specialist Hospital were temporarily disrupted in July 2016 after its main switchboard caught fire, believed to have been caused by a short circuit. During the emergency, patient safety was our topmost priority. The first action was to transfer in-patients, visitors and staff to our sister hospital KPJ Damai Specialist Hospital to make sure patients continued receiving quality treatment without further interruptions in view of the effects of the fire. We also transferred 6 oncology patients to KPJ Damansara to continue their oncology treatment at our own cost. As a preventive measure, we have worked on various initiatives to ensure that a similar incident does not occur at other KPJ Hospitals.

(For more information on our efforts to ensure patient safety and ways to deal with clinical incidents, please refer to our Patient Safety section in Sustainability Statement and Business Continuity Management (BCM) chapter on pages 90 and 91, as well as 178 and 179, respectively).

## DIVERSITY

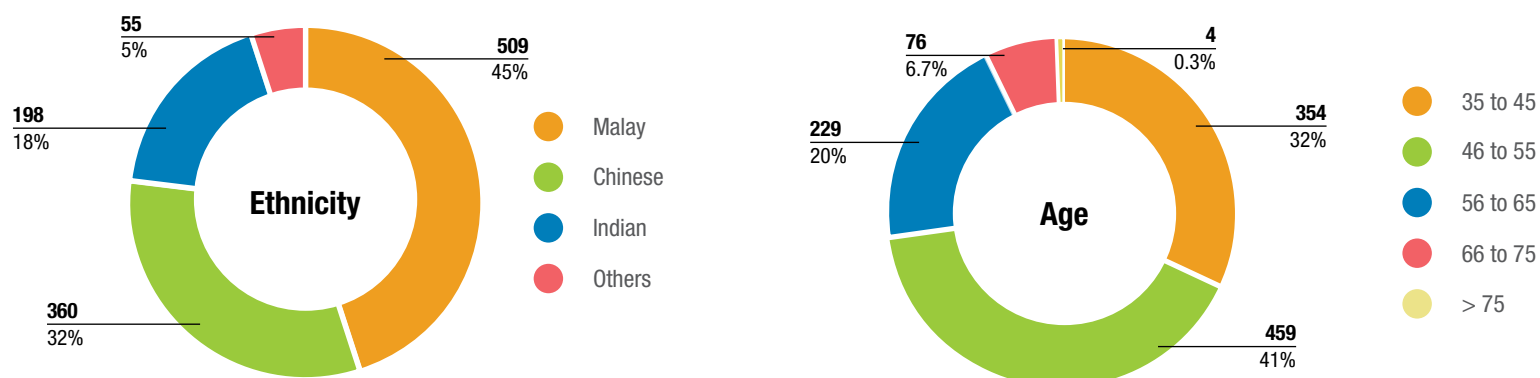
KPJ is committed to maintaining a diverse workforce. 79% of our employees are women. We have been actively promoting women to senior management positions, whereby currently 46% of management level staff in the Group are women. We have also been able to improve retention rates of women by emphasising work life balance: the current retention rate of women with at least five years of service is 42%, a satisfactory result in a field that is challenging for employees with families. Our commitment towards a diverse workforce is further reflected by our involvement in programmes that celebrate diversity such as the flexWorkLife.my initiative by TalentCorp and the Ministry of Women, Family and Community Development.



We are currently guided by the KPJ Employee Handbook, which states that recruitment and promotion is done based on merit and achievements without any kind of discrimination. Disciplinary action will be taken against any employee that commits unwanted action or behavior of a sexual nature, whether verbal or physical against another person, outside or inside of the Company's premises.

We are also paying close attention to succession and exit planning. Our target is to hire 30 new consultants every year to ensure that the Group has sufficient pool of consultants to replace those who are retiring and for sustainable operations of our hospitals (e.g. new hospitals and new specialisation or sub-specialisation unit). We are also evaluating our hiring practices to make sure that our consultants are diverse in terms of age and ethnicity.

### BREAKDOWN OF CONSULTANTS BY ETHNICITY AND AGE:



## ADVOCATING WORK-LIFE BALANCE

We believe in a healthy work-life balance and offer our employees flexible working hours and crèches for childcare. Our crèches are operated internally and are open 24 hours to accommodate our nurses on shift work. To date, six of our hospitals have creches and we aim to provide this facility to all our remaining hospitals. As healthcare professionals we walk the talk, and promote healthy living amongst our employees. We run voluntary wellness and health initiatives such as our BMI programme, which encourages employees to make lifestyle changes. In 2016, this programme has contributed to a 4% decline in the number of our employees categorised as pre-obese and obese.

We introduced the option to work staggered hours in 2013, giving employees in certain functions the option to start the day later and since its implementation, almost 42% of our employees have used this option.

We have also piloted a work from home programme for employees in the Information Technology (IT) Services. Employees may work from home for up to two days in a week. Employees find that they can focus better without the distractions they face at work and we are considering expanding the initiative to other departments.

We will continue to make improvements to our work-life balance practices by obtaining feedback from employees through surveys.



*2 August 2016*



KPJ entered into a Memorandum of Understanding with Sojitz Corporation and Capital Medica Co. Ltd of Japan for the proposed opening of an Oncology Centre at RS Medika Bumi Serpong Damai with estimated cost approximately USD12 million.

*23 September 2016*



KPJ engaged with two major specialist centres from South Korea and entered into a Memorandum of Understanding with Plastic and Reconstructive Surgery experts DK Medical Centre and entered a Memorandum of Agreement with Barun Development Co., the holding company of Sebarun Hospital which specialises in Spine and Joint treatment. Both of the technical collaborations will be focused at KPJ Tawakkal Health Centre and are expected to attract more health tourism activities in Kuala Lumpur.

*17 October 2016*



To cater for the needs and demand for quality private healthcare of patients residing within the vicinity of Batu Pahat and the surrounding areas, KPJ, through its wholly-owned subsidiary Puteri Specialist Hospital (Johor) Sdn Bhd entered an Agreement To Lease with JLand and Johor Corporation, for the lease of a hospital building to reconstructed to be know as KPJ Batu Pahat Specialist Hospital comprising a seven (7) storey 90-bed specialist facility.

*1 December 2016*



KPJ entered into a Sale and Purchase Agreement with Dr Mohd Adnan bin Sulaiman and Azizan bin Sulaiman, on the disposal of its 30% equity shareholding in Hospital Penawar Sdn Bhd for a total cash consideration of RM2,209,860.00.



# Awards and Achievements 2016

## KPJ HEALTHCARE BERHAD

- 1. 14 April 2016 -**  
Malaysia Hospital of the Year, awarded by Frost & Sullivan, Kuala Lumpur Malaysia
- 2. 18 May 2016 -**  
Malaysia Hospital of the Year, awarded by Frost & Sullivan and Global Health & Travel, Bangkok Thailand
- 3. 18 May 2016 -**  
GHT – Consumer Choice – Orthopaedics Service Provider of the Year, awarded by Asia Pacific Healthcare & Medical Tourism Bangkok, Thailand
- 4. 24 May 2016 -**  
Reader's Digest 18th Trusted Brand Award - Gold winner for Private Healthcare, awarded by Reader's Digest Asia Kuala Lumpur
- 5. 27 October 2016 -**  
Anugerah Ketua Pengarah MPC, awarded by Malaysia Productivity Corporation

## KPJ SELANGOR SPECIALIST HOSPITAL

- 6. 25 August 2016 -**  
Gold Class II Award for Services Sector Category, awarded by Malaysia Society of Occupational Safety and Health (MSOSH)
- 7. 1 September 2016 -**  
Bronze, Recognition of Lean Management Practice, awarded by MPC
- 8. 27 October 2016 -**  
CLEAR, Winner for National Team Excellence on Innovative and Creative Circle (ICC & QE/5S) Convention, awarded by MPC

## KPJ SEREMBAN SPECIALIST HOSPITAL

- 9. 25 August 2016 -**  
Gold Award Class I for Services Sector Category, awarded by Malaysia Society of Occupational Safety and Health (MSOSH)

## KPJ IPOH SPECIALIST HOSPITAL

- 10. 8 December 2016 -**  
OSH Award, awarded by Majlis Keselamatan Negara

## KPJ JOHOR SPECIALIST HOSPITAL

- 11. 23 - 26 August 2016 -**  
Gold Award at International Convention on Quality Control Circle, awarded by International Convention ICC 2016, Bangkok
- 12. 27 October 2016 -**  
INETSFT TEAM, Winner for National Team Excellence on Innovative and Creative Circle (ICC & QE/5S) Convention, awarded by MPC

## KPJ AMPANG PUTERI SPECIALIST HOSPITAL

- 13. 27 October 2016 -**  
DIAMOND, Winner for National Team Excellence on Innovative and Creative Circle (ICC & QE/5S) Convention, awarded by MPC

## KPJ DAMANSARA SPECIALIST HOSPITAL

- 14. 25 August 2016 -**  
Gold Class II Award for Services Sector Category, awarded by Malaysia Society of Occupational Safety and Health (MSOSH)

## 15. 27 October 2016 -

TEAM APOTHECARIST, Winner for National Team Excellence on Innovative and Creative Circle (ICC & QE/5S) Convention, awarded by MPC

## KEDAH MEDICAL CENTRE

- 16. 23 - 26 August 2016 -**  
Gold Award at International Convention on Quality Control Circle, awarded by International Convention ICC 2016, Bangkok

## 17. 27 October 2016 -

RISK, Winner for National Team Excellence on Innovative and Creative Circle (ICC & QE/5S) Convention, awarded by MPC

## KPJ TAWAKKAL SPECIALIST HOSPITAL

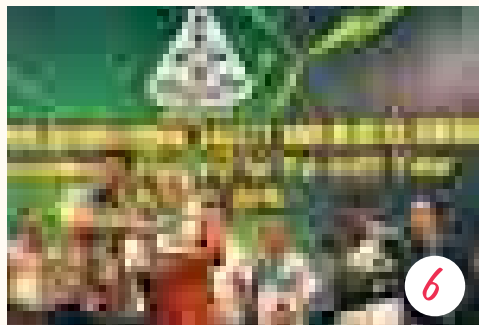
- 18. 21 June 2016 -**  
Gold Award at ROSPA Occupational Health and Safety Awards 2016, awarded by The Royal Society for the Prevention of Accidents, London United Kingdom

## KPJ PENANG SPECIALIST HOSPITAL

- 19. 25 August 2016 -**  
Gold Class II Award for Services Sector Category, awarded by Malaysia Society of Occupational Safety and Health (MSOSH)

## KPJ KLANG SPECIALIST HOSPITAL

- 20. 27 October 2016 -**  
GALAXY, Winner for National Team Excellence on Innovative and Creative Circle (ICC & QE/5S) Convention, awarded by MPC



# KPJ in the News

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# 2016 Events Highlights

## KPJ JOHOR SPECIALIST HOSPITAL

- 16 FEBRUARY 2016**  
'Media Nite' was held successfully to strengthen ties with the Southern region media.
- 1 AUGUST 2016**  
Launch of the Medical Emergency Team (MET), which provides rapid medical assistance for patients, with the aim of saving lives.

## KPJ IPOH SPECIALIST HOSPITAL

- 25-26 MARCH 2016**  
World Kidney Day, a global awareness campaign, which centered on children's kidney disease at raising the awareness of importance of kidney and also preventative behaviours, risk factors and awareness about how to live with a kidney disease.
- 7,8,17,23 & 24 NOVEMBER 2016**  
Free Eye Screening and Provision of Spectacles for primary school students in order correct vision impairment.

## KPJ AMPANG PUTERI SPECIALIST HOSPITAL

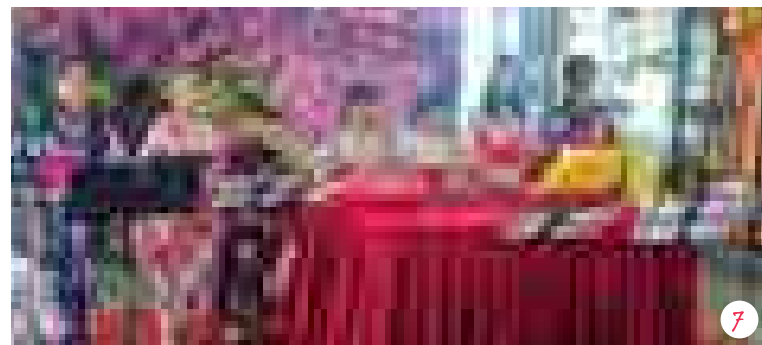
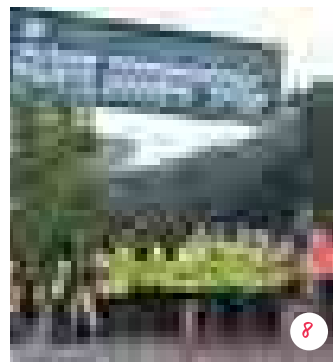
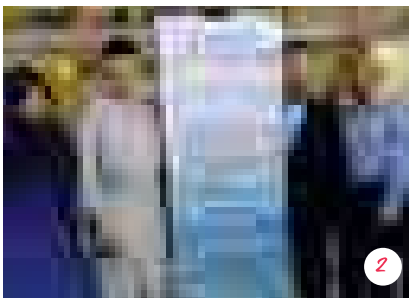
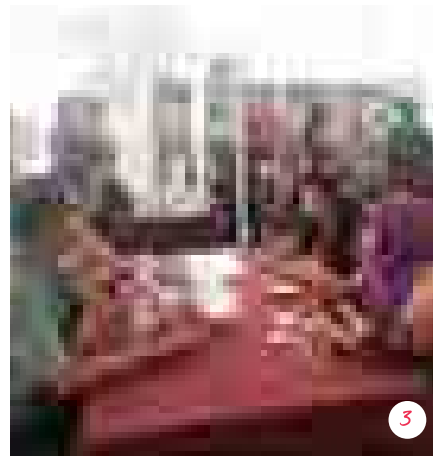
- 9 OCTOBER 2016**  
Talk on breast cancer, to increase public awareness more about the leading killer among women delivered by Breast Surgeon and Endocrinologist, KPJ Ampang Puteri Specialist Hospital.
- 26 JUNE 2016**  
'Funding Nemo' initiative, about Nimo Andi Duale's journey from Somalia who underwent a surgery successfully conducted by Dr Jismi Ali Yaakub and fully funded by the hospital.

## KPJ DAMANSARA SPECIALIST HOSPITAL

- 7 MARCH 2016**  
Sakura Festival Celebration, celebrated with the Japanese community in Malaysia, in honour of our patients and customers.
- 17 DECEMBER 2016**  
KPJ Damansara Fun Run 2016 promoted healthy lifestyle alongside the KPJ brand.

## KPJ SELANGOR SPECIALIST HOSPITAL

- 28 FEBRUARY 2016**  
Program Mammogram Selangor 2016, a collaboration with Pejabat ADUN Taman Medan, Jawatankuasa Tetap Hal Ehwal Wanita & Keluarga Selangor, MBPJ, to encourage the uptake of mammogram screening among women for breast cancer.
- 30 NOVEMBER 2016**  
Official visit to the new outpatient block by YB Dato' Kamaruzzaman Abu Kassim, Chairman of KPJ Healthcare Berhad.







## KPJ PERDANA SPECIALIST HOSPITAL

- 11. **16 SEPTEMBER 2016**  
‘Kayuhan Hari Malaysia’ to encourage and promote healthy lifestyle campaign by cutting down calories and reduce risk of health problems.
- 12. **29TH & 30TH SEPTEMBER 2016**  
A platform for raising awareness on cardiovascular disease through heart healthy activities.

## KPJ SEREMBAN SPECIALIST HOSPITAL

- 13. **29 FEBRUARY 2016**  
World Cancer Month 2016.
- 14. **19 SEPTEMBER 2016**  
Launch of Klinik Wakaf An- Nur, Rembau, which is a CR initiative focusing primarily on affordable healthcare services.

## KPJ PENANG SPECIALIST HOSPITAL

- 15. **16 SEPTEMBER 2016**  
Malaysia Day Convey, CR initiatives participated by several bikers club who rode to ‘Perkampungan Orang Asli’ conducted ‘gotong-royong’, donation to the needy, awareness of Malaysia Day Celebration and to instil patriotism among the public.
- 16. **5 NOVEMBER 2016**  
Install water pumping system for the ‘Perkampungan Orang Asli’, Ulu Legong Baling, Kedah as part of CR programme.

## KPJ KAJANG SPECIALIST HOSPITAL

- 17. **21 MAY 2016**  
A collaboration with PERKESO to design ablution water bottles aiming to help Muslim inpatients.
- 18. **16 APRIL 2016**  
Anti-Dengue campaign 2016 to rally the community to take action against dengue.

## KEDAH MEDICAL CENTRE

- 19. **17 AUGUST 2016**  
Hospital exhibition and free health check-up in conjunction of Indonesia’s 71st Independence Day.
- 20. **25 SEPTEMBER 2016**  
Launch of Yayasan Kebajikan Atlet Kebangsaan (YAKEB) medical card, specially for former athletes from Kedah and Perlis to get medical treatment at Kedah Medical Centre.



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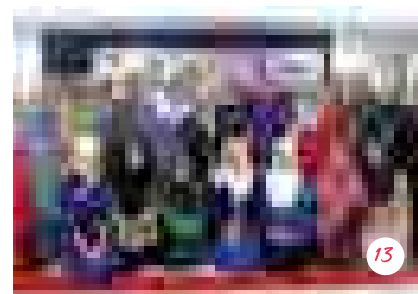
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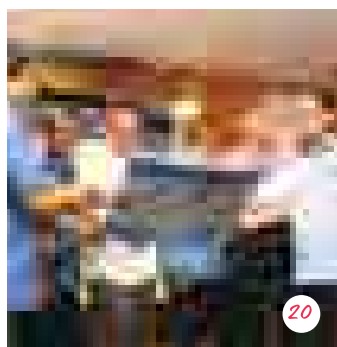
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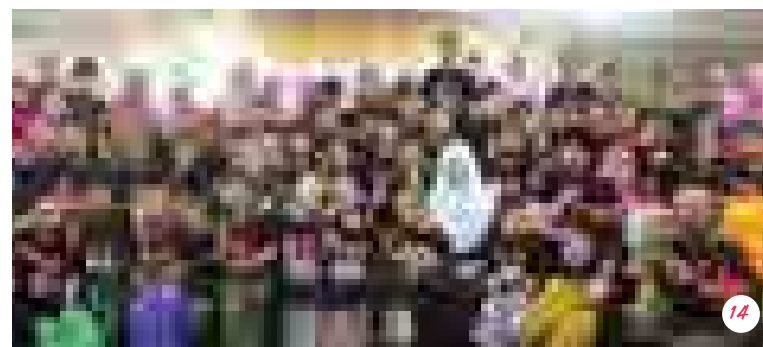
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# 2016 Events Highlights

## KPJ TAWAKKAL SPECIALIST HOSPITAL

- 21. **23 APRIL 2016**  
World Health Day – Launch of Stay Super, Beat Diabetes to increase awareness about the rise in diabetes and its staggering burden and consequences on patients and their families.
- 22. **28-29 JULY 2016**  
Hosted the launching of the 1st Regional World Breastfeeding Week Conferences with the theme “Breastfeeding: A Key to Sustainable Development”. The Conference aimed to educate train and upgrade the skills of health professionals working in fields & breastfeeding and lactation, to support more mothers to exclusively breastfeed their babies for sustained periods of time.

## KPJ PUTERI SPECIALIST HOSPITAL

- 23. **1 JANUARY 2016**  
Celebrate New Year Babies & Back to School Program with patients.
- 24. **7 DECEMBER 2016**  
Anak Permata Health Day 2016, which care underprivileged children. The hospital offers the children free medical care to uplift their lives.

## KPJ PAHANG SPECIALIST HOSPITAL

- 25. **19 JUNE 2016**  
CR Shopping Raya programme with 30 orphans from Kampung Peramu at Kuantan Parade to help ease the burden for the needy during the festive holidays.
- 26. **17 DECEMBER 2016**  
Circumcision & Community Outreach Programme with orphans from Kampung Peramu.

## KPJ SENTOSA KL SPECIALIST HOSPITAL

- 27. **12 AUGUST 2016**  
Exclusive appointment as panel healthcare provider for BENITA (BERNAMA).
- 28. **29 OCTOBER 2016**  
‘PinkSaves’ annual cancer campaign reached out to promote on importance of early screening toward prevention of women’s cancer.

## KPJ KLANG SPECIALIST HOSPITAL

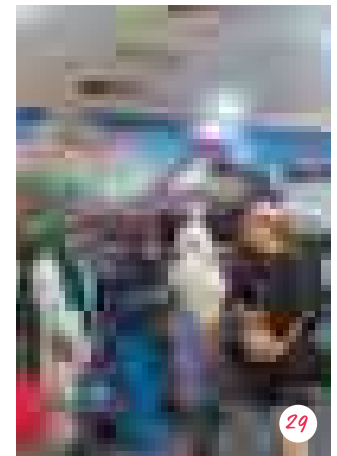
- 29. **16 JUNE 2016**  
Iftar treat for kids, the disables, single mothers and underprivileged families of Mukim Sg. Pinang. The event marked the continuation of a well-established tradition of charity giving by the hospital and paved the way for a dedicated corporate responsibility.
- 30. **27 & 28 JULY 2016**  
KPJ Quality Convention hosted by KPJ Klang aiming to showcase quality improvement initiatives to improve work process to delivering excellent services to patients.



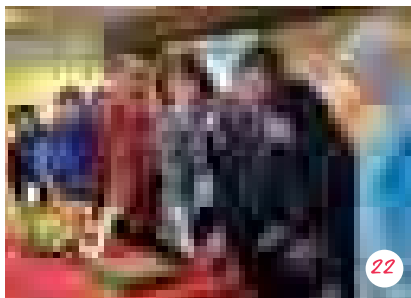
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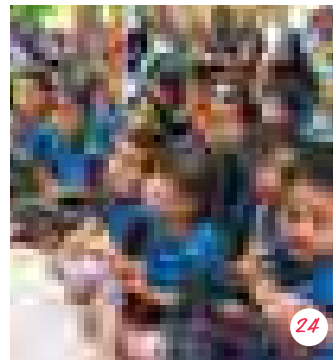
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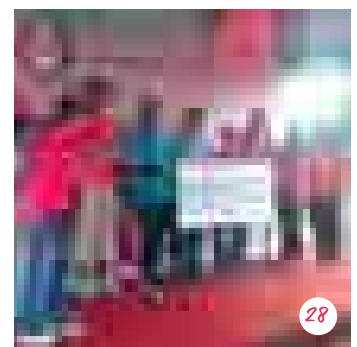
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## KPJ DAMAI SPECIALIST HOSPITAL

- 31. **25 JANUARY 2016**  
Toys donation to Rumah Anak Yatim Tambunan.
- 32. **4, 11 & 18 SEPTEMBER 2016**  
Smart partnership with Kinabalu Pink Ribbon to create awareness about breast cancer.

## KPJ KUCHING SPECIALIST HOSPITAL

- 33. **14 MAY 2016**  
Corporate responsibility with Kampung Rayu with the aim of contributing to the well-being of community.
- 34. **26 NOVEMBER 2016**  
KPJ Miri Specialist Hospital groundbreaking ceremony by YB Datuk Seri Dr. S. Subramaniam, Minister of Health Malaysia.

## KLUANG UTAMA SPECIALIST HOSPITAL

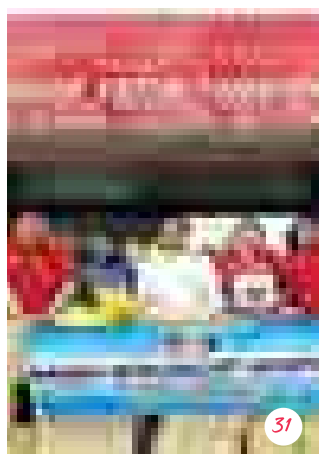
- 35. **8 APRIL 2016**  
Walk for Health 2016 to heighten public awareness about the importance of active lifestyles to cut down risks of lifestyle-triggered illnesses.
- 36. **19 DECEMBER 2016**  
Groundbreaking ceremony of newly KPJ Kluang Specialist Hospital, officiated by YB Datuk Halimah Sadique, Deputy Minister of Urban Wellbeing, Housing and Local Government.

## KPJ SABAH SPECIALIST HOSPITAL

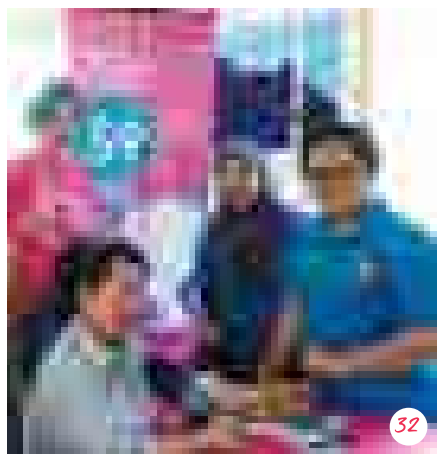
- 37. **8 – 10 JANUARY 2016**  
Dengue Management Workshop, an ongoing effort to tackle dengue in the region.
- 38. **23 JULY 2016**  
Varicose Vein Awareness campaign to encourage public to seek treatment for deep venous thrombosis (DVT).

## SIBU SPECIALIST MEDICAL CENTRE

- 39. **26 MARCH 2016**  
To mark International Women's Day Celebration by creating an awareness of important of women diseases.
- 40. **9 APRIL 2016**  
CR programme – 'Seminar Kesihatan Ketua Masyarakat & Ketua Kaum Daerah Seratok'.



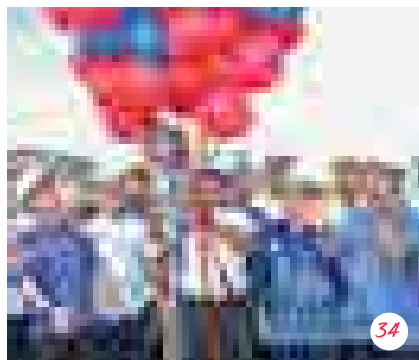
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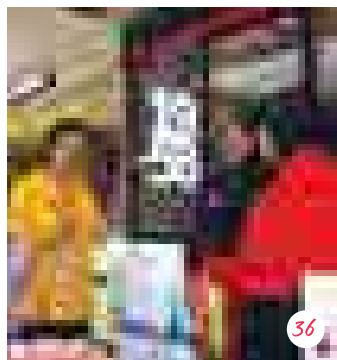
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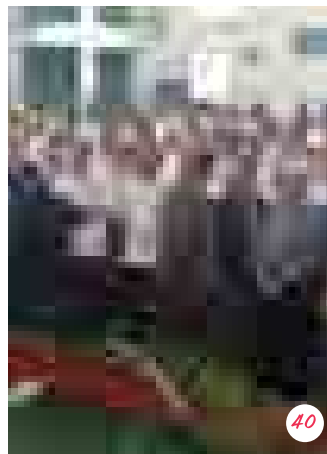
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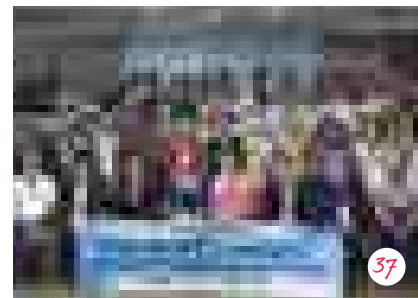
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# 2016 Events Highlights

## KPJ PASIR GUDANG SPECIALIST HOSPITAL

- 41. **27 JUNE 2016**  
CR programme 'Secupak Beras, Segantang Kasih', donating funds, food items and other necessities to the needy.
- 42. **26 SEPTEMBER 2016**  
'Jelajah Media Johor 2016', is providing free medical check-up and medicine to teachers and parents with an objective to heighten the awareness of health and creating a healthy, nurturing and loving families.

## KPJ RAWANG SPECIALIST HOSPITAL

- 43. **24 SEPTEMBER 2016**  
World Pharmacy Day 2016 to highlight importance of vaccination and medication among the public.
- 44. **28 JULY 2016**  
CR Programme 'Jom Shopping Raya' with underprivileged children from Pusat Jagaan Raudhah, Sg Buaya & Pusat Jagaan Anak Yatim Keramat.

## KPJ BANDAR MAHARANI SPECIALIST HOSPITAL

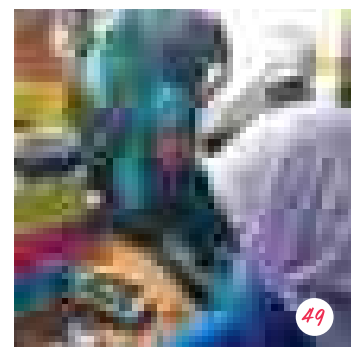
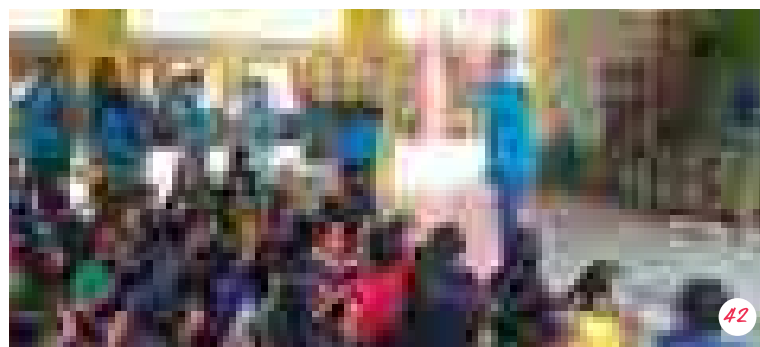
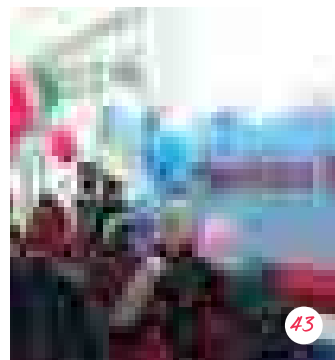
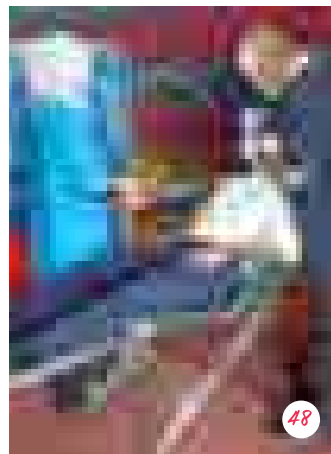
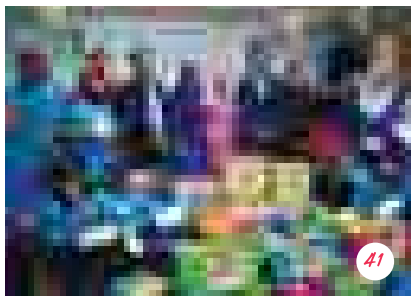
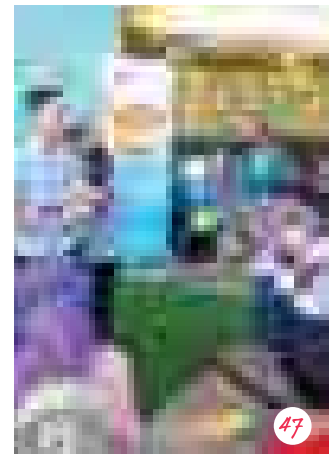
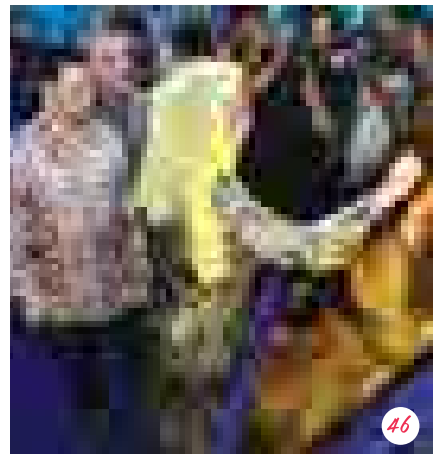
- 45. **21 AUGUST 2016**  
Jalur Gemilang Giveaway to Muar Taxis to promote services and packages in conjunction with Merdeka Day.
- 46. **30 OCTOBER 2016**  
Official Launch of KPJ Bandar Maharani Specialist Hospital graced by Permaisuri Johor.

## TAWAKKAL HEALTH CENTRE

- 47. **26 MARCH 2016**  
World Oral Health Day Campaign.
- 48. **10 NOVEMBER 2016**  
Corporate Sales visit with Perodua HQ, Rawang.

## LABLINK

- 49. **13 MAY 2016**  
Thalassemia Awareness Day creating awareness about this disease, prevention measures and measures to avoid its transmission.
- 50. **1 OCTOBER 2016**  
Health Screening Campaign promoting healthy lifestyle and new branch of Lablink at Wangsa Maju.



# 2016 Events Highlights



## KPJ HEALTHCARE UNIVERSITY COLLEGE

- 51. **25 MAY 2016**  
 KPJ Healthcare University College (KPJUC) had organised its 3rd International Conference on Multidisciplinary Healthcare with a theme "Hospital Transformation: Bridging and Integrating Patient Care, Education and Research Excellence".
- 52. **20 NOVEMBER 2016**  
 'Komuniti Sihat Sehati Sejiwa', a programme for awareness on preventing drug abuse.

## KFCH INTERNATIONAL COLLEGE

- 53. **5 NOVEMBER 2016**  
 Chill Fun Ride 2016, a cycling event with the aims of fostering the relationship between the college with the community and promoting active healthy lifestyle.
- 54. **24 NOVEMBER 2016**  
 Junior cooking class conducted to promote culinary and healthy diet among kids.

## KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT

- 55. **6 AUGUST 2016**  
 Public Talk-Five Common Eye Blinding Diseases by Dr Helen Tan.
- 56. **8,10 & 11 SEPTEMBER 2016**  
 Oh! MyKids Health Fair, 1Utama.



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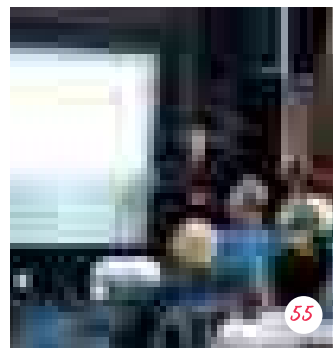
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# Our Operating Environment

## GOVERNING REGULATIONS

In view of the highly-regulated industry of healthcare services, KPJ is cognisant to the importance of adhering and complying to all relevant local and international standards and industry regulations, in managing and sustaining the business. The key regulations that impact KPJ as follows:


CORPORATE / FINANCIAL
Companies Act, 1965
Bursa Malaysia Securities Berhad Listing Requirements
Malaysian Financial Reporting Standards,
International Financial Reporting Standards
Goods & Services Tax Act 2014
Income Tax Act 1967
Industrial Relation Act 1967
Employment Act 1955 (Act 265)
Employees' Social Security Act (SSA) 1969
Employees' Provident Fund Act 1991
Holiday Act 1951

MEDICAL / HEALTHCARE
Private Healthcare Facility and Services Act 1998 (Act 586)
Medical Act 1971 (Act 50)
Nurses Act 1950 (Act 14)
Nurses Registration Regulations 1985
Registration of Pharmacist Act 1951
Poisons Act 1952 (Act 366) (Revised - 1989)
Poison Regulations 1952
Sale of Drug Act 1952 (Act 368)
Medical Device Act 2012 (Act 737)
Registration Of Engineers Act 1967 (Incorporating amendments up to 2007)
Atomic Energy Licensing Act 1984 (Act 304)
Factories and Machinery Act 1967 (Revised - 1974) Act 139 (Incorporating latest amendment - Act A1268 of the year 2006)
Factories and Machinery (Noise Exposure) Regulations 1989
Factories and Machinery (Building Operations and Works of Engineering Construction (Safety) Regulations 1986
Factories and Machinery (Electric Passenger and Goods Lift) Regulations 1970
Factories and Machinery (Safety, Health and Welfare) Regulation 1970
Factories and Machinery (Steam Boiler and Unfired Pressure Vessel) Regulations 1970
Environmental Quality Act 1974 (Act 127)
Environmental Quality (Scheduled Wastes) Regulations 2005
Fire Services Act 1988 (Act 341)
Food Act 1983 (Act 281) (Akta Makanan 1983)

MEDICAL / HEALTHCARE (CONTINUED)
Food Regulations 1985
Food Hygiene Regulations 2009 (Peraturan-Peraturan Kebersihan Makanan 2009)
Malaysian Qualifications Agency Act 2007 (Act 679)
Uniform Building By Laws 1984 (Act 133)
Electricity Supply Act 1990 (Act 447)
Water Services Industry Act 2006 (Act 655)
Halal Certification 2014 (Sijil Halal)
Personal Data Protection Act 2010 (Act 709)
Occupational Safety and Health 1994 (Act 514)
Occupational Safety and Health (Safety and Health Committee) Regulations 1996
Occupational Safety and Health (Safety and Health Officer) Regulations 1997
Occupational Safety and Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulations 2000
Occupational Safety and Health ( Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004
Occupational Safety and Health ( Classification, Labelling and Safety Data Sheets of Hazardous Chemicals) Regulations 2013
Atomic Energy Licensing Act 1984 (Act 304)
Atomic Energy Licensing (Basic Safety Radiation Protection) Regulations 2010
Radiation Protection (Basic Safety Standard) Regulations 1988
Radiation Protection (Licensing) Regulations 1986

## COMMITTEES

We have put in place relevant committees to oversee the various governance, compliance and risk management areas.

 [Please refer to Statement on Corporate Governance on pages 150 to 164 in this Annual Report for details of role, scope and coverage of these various committees.]

## ACCREDITATIONS

KPJ prioritises obtaining industry and medical accreditations as part of building our brand equity and industry credibility. The list of current accreditations is stated in the Medical Advisory Committee (MAC) Report on page 175.

### *Psychosocial well-being of staff*

By virtue of the nature of the healthcare business, the medical staff team can be exposed to extremely-stressful environments. KPJ takes into high priority the well-being and welfare of our medical team and staff, and makes available the following measures to support them.

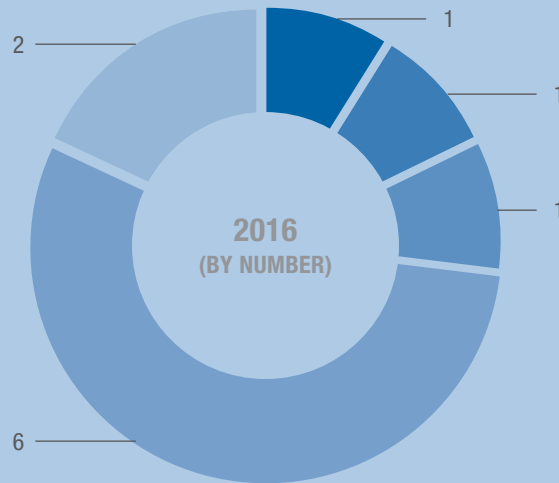
- Counselling on work related or personal issues
- Support staff exposed to traumatic incidents
- Stress management and motivational sessions
- Rejuvenate working environment
- Activities by Sport's Club etc

Calendar, People, Information icons

# ELEVEN

## BOARD OF DIRECTORS

BALANCED SIZE AND COMPOSITION



- Chairman
- President & Managing Director
- Executive Director
- Independent Non-Executive Directors
- Non-Independent Non-Executive Directors



## Board of Directors

▶ From left to right

**1 AMINUDIN DAWAM**  
(Executive Director)

**2 TAN SRI DATIN PADUKA SITI SADIAH SHEIKH BAKIR**  
(Independent Non-Executive Director)

**3 DATUK AZZAT KAMALUDIN**  
(Independent Non-Executive Director)

**4 DATO' KAMARUZZAMAN ABU KASSIM**  
(Chairman)

**5 AHAMAD MOHAMAD**  
(Non-Independent Non-Executive Director)

**6 PROF DATO' DR. AZIZI OMAR**  
(Independent Non-Executive Director)







## Board of Directors



◀ From right to left

- 7 DR. KOK CHIN LEONG**  
(Independent Non-Executive Director)
- 8 ZAINAH MUSTAFA**  
(Independent Non-Executive Director)
- 9 DATO' AMIRUDDIN ABDUL SATAR**  
(President & Managing Director)
- 10 ZULKIFLI IBRAHIM**  
(Non-Independent Non-Executive Director)
- 11 DR. YOONG FOOK NGIAN**  
(Independent Non-Executive Director)

# Directors' Profiles

## DATO' KAMARUZZAMAN ABU KASSIM

Chairman

MALAYSIAN  
AGED **53**

### BOARD APPOINTMENT

12 January 2011

### LENGTH OF SERVICE

9 years

### GENDER

Male

Total Board  
Meetings Attended  
**4/4**  
2016



### WORKING EXPERIENCE

Dato' Kamaruzzaman Abu Kassim, was first appointed as a Non-Independent Non-Executive Director on 1 August 2006 but resigned on 1 January 2009 following internal restructuring within Johor Corporation (JCorp). He was later reappointed as a Non-Independent Non-Executive Director on 3 January 2011 and subsequently as Chairman of KPJ on 12 January 2011.

Dato' Kamaruzzaman's tenure with JCorp spans across 24 years in various capacities. Prior to his present role, Dato' Kamaruzzaman also held the role as the Chief Operating Officer of JCorp (1 August 2006), and thereafter as the Senior Vice President, Corporate Services & Finance of JCorp on 1 January 2009. He later went on

to become the President and Chief Executive of JCorp, effective 1 December 2010. He joined JCorp in December 1992 when it was then known as Perbadanan Kemajuan Ekonomi Negeri Johor, as a Deputy Manager in the Corporate Finance Department, and thereon as General Manager in 1999.

His career started as an Audit Assistant with Messrs K.E Chen & Associates in May 1988 and later joined Coopers & Lybrand (currently known as PricewaterhouseCoopers) in 1989.

### DIRECTORSHIPS

Dato' Kamaruzzaman is also the Chairman of several companies within the JCorp Group,

namely Kulim (Malaysia) Berhad, Johor Land Berhad, QSR Brands (M) Holdings Sdn Bhd as well as Waqaf An-Nur Corporation Berhad, an Islamic endowment institution which spearheads Johor Corporation's Corporate Responsibility programmes.

He sits as the Chairman of Damansara REIT Managers Sdn Berhad, the Manager for Al-'Aqar Healthcare REIT and Al-Salam Real Estate Investment Trust.

### QUALIFICATION

Dato' Kamaruzzaman holds a Bachelor of Commerce (Accountancy) from the University of Wollongong, New South Wales, Australia in 1987.



## DATO' AMIRUDDIN ABDUL SATAR

President & Managing Director

MALAYSIAN  
AGED **53**

### BOARD APPOINTMENT

1 July 2011

### LENGTH OF SERVICE

6 years

### GENDER

Male

Total Board Meetings Attended  
**4/4**  
2016



### WORKING EXPERIENCE

Dato' Amiruddin Abdul Satar has been the President & Managing Director of KPJ Healthcare Berhad since 1 January 2013.

Dato' Amiruddin contributes actively in the development of the Malaysian healthcare sector through his involvement with the Association of Private Hospitals of Malaysia (APHM), where he currently holds the role as Vice President.

Dato' Amiruddin gained significant experience in finance and management through his capacity as an Accountant and Finance Manager of several large and reputable organisations in the country.

### DIRECTORSHIPS

He also holds directorships in several KPJ hospitals as the Chairman and also a Director in Damansara REIT Managers Sdn Berhad, the manager for Al-'Aqar Healthcare REIT and Al-Salam Real Estate Investment Trust.

### QUALIFICATION

Dato' Amiruddin is an alumnus of the Henley Business School, University of Reading, United Kingdom where he obtained his Masters in Business Administration (MBA) in 2010. He is also a member of the Association of Chartered Certified Accountants (ACCA).

## Directors' Profiles

### AMINUDIN DAWAM

Executive Director

MALAYSIAN  
AGED **53**

#### BOARD APPOINTMENT

1 January 2014

#### LENGTH OF SERVICE

3 years

#### GENDER

Male

Total Board  
Meetings Attended  
**4/4**  
2016



#### WORKING EXPERIENCE

Aminudin Dawam was appointed to the Board as Non-Independent Non-Executive Director on 1 January 2014. With effect from 1 May 2015, he was re-designated as an Executive Director of the Company.

He is also a member of the KPJ Board Tender Committee and Building Committee.

He joined Johor Corporation (JCorp) after graduation in 1988 before joining KPJ in 1992 as Operations Manager of Pharmicare Sdn Bhd for two years. He has managed various hospitals within the KPJ Group as the General Manager. He was previously the Commissioning Director for United Hospital, Dhaka, Bangladesh; before

being appointed as the Group General Manager of KPJ from 2008 till 2011. Between 2011 till 2013, he joined Pantai Holding Berhad as the Chief Operating Officer, Malaysia Operations overseeing the operations of both Pantai and Gleneagles hospitals in Malaysia.

He rejoined JCorp in September 2013 as the Senior Vice President, Business Development Division until 31 December 2016 and came fully on board as KPJ's Executive Director on 1 January 2017.

#### DIRECTORSHIPS

Aminudin holds a number of directorship/ chairmanship/committees of various companies

within the JCorp and the KPJ Group. Among others, he is a member of JCorp's Internal Audit Committee and Chairman of the Audit and Risk Committee of Industrial Development Division, as well as Chairman of the Tender Board Committee for Johor Land Berhad.

#### QUALIFICATION

He graduated with a Bachelor of Business Administration (in Finance) from Sam Houston State University, Huntsville, Texas, USA in 1986 and completed his Masters' degree at the same university in 1988. He obtained Post-Graduate Diploma in Health Sciences & Hospital Management at South Bank University, London, United Kingdom in 1997.



## TAN SRI DATIN PADUKA SITI SADIAH SHEIKH BAKIR

*Independent Non-Executive Director*

MALAYSIAN  
AGED **64**

### BOARD APPOINTMENT

1 March 1993

### LENGTH OF SERVICE

24 years

### GENDER

Female

Total Board Meetings Attended  
**4/4**  
2016



### WORKING EXPERIENCE

Tan Sri Datin Paduka Siti Sadiah Sheikh Bakir is an Independent Non-Executive Director of KPJ, redesignated on 1 May 2015 from Non-Independent, Non-Executive Director. Tan Sri served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012.

From 1 January 2013 until 31 December 2014, she served as KPJ's Corporate Advisor. She was the Chairman and Pro-Chancellor of KPJ Healthcare University College (KPJUC) between 1 August 2011 to 31 December 2016.

Her career with Johor Corporation (JCorp) commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB), from 1989 until the listing of KPJ in November 1994.

Committed to promoting excellence in healthcare, Tan Sri is the President of Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare services, elected since its inception in 1997 to date. She sits on many other councils and committees at the national level, including as a member of the Academic Committee of the Razak School of Government (RSOG). She also sits on several University Committees, including Universiti Malaya and University of Reading Malaysia. In June 2016, she was appointed as the Chairman of Universiti Utara Malaysia, an eminent management university in Malaysia.

In 2010, Tan Sri was named the 'CEO of The Year 2009' by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2015, due to her contributions to the healthcare industry in Malaysia. She launched her biography entitled "Siti Sa'diah: Driven by Vision, Mission and Passion", penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

### DIRECTORSHIPS

Tan Sri sits on the Boards of Chemical Company of Malaysia Berhad (CCM), CCM Duopharma Biotech Berhad, OSK Holdings Berhad, and she is the Chairman of Nationwide Express Holdings Berhad. She served on the Board of Damansara REIT Managers Sdn Berhad – the Manager for Al-'Aqar Healthcare REIT and Al-Salam REIT, from 2006 until March 2016. Tan Sri was also a Director of KFC Holdings (Malaysia) Bhd and QSR Brands Bhd from 2010 until their privatisation in 2013 as well as Kulim (Malaysia) Berhad from 2005 to its privatisation in October 2016.

She was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and a Board member of MATRADE from 1999 to 2010.

### QUALIFICATION

She holds a Bachelor of Economics from University of Malaya and an MBA from Henley Business School, University of Reading, London, United Kingdom.

## Directors' Profiles

### ZAINAH MUSTAFA

*Independent Non-Executive Director*

MALAYSIAN  
AGED **62**

#### BOARD APPOINTMENT

21 February 1994

#### LENGTH OF SERVICE

22 years

#### GENDER

Female

Total Board  
Meetings Attended  
**4/4**  
2016



#### WORKING EXPERIENCE

Zainah Mustafa, has served as a Director in KPJ since 21 February 1994 and is also the Chairman of the KPJ Audit Committee. She has been an Independent Non-Executive Director since 1 December 2004.

She is currently a Fellow Member of the Association of Certified Chartered Accountants (FCCA). She joined JCorp in October 1978 and has held various roles including as its Group Chief Financial Officer before retiring on 31 October

2002. She started her career as an Assistant Senior Auditor in Perbadanan Nasional Berhad in 1977 after graduating from Institut Teknologi MARA (presently Universiti Teknologi MARA).

#### DIRECTORSHIPS

She also sits on the board of other companies in the Johor Corporation (JCorp) Group of Companies namely Damansara REIT Managers Sdn Berhad and Al-'Aqar Capital Sdn Bhd and also Damansara Realty Berhad.

#### QUALIFICATION

Zainah obtained her Association of Chartered Certified Accountants (ACCA) United Kingdom in 1976.



## ZULKIFLI IBRAHIM

*Non-Independent Non-Executive Director*

MALAYSIAN  
AGED **59**

### BOARD APPOINTMENT

1 January 2014

### LENGTH OF SERVICE

3 years

### GENDER

Male

Total Board Meetings Attended  
**4/4**  
2016



### WORKING EXPERIENCE

Zulkifli Ibrahim, was appointed to the Board of KPJ on 1 January 2014. He is also the Chairman of the KPJ Board Tender Committee. He is currently the Senior Vice President/Chief Executive, Industrial Development Division of Johor Corporation (JCorp).

After serving various companies in the private sector since his graduation in 1983, he joined JCorp Group in 1990 as the Financial Controller of Sindora Berhad.

In 1996, he was appointed the Managing Director of Antara Steel Mills Sdn Bhd until 2000 before joining PJB Pacific Capital Group in 2001 as the Chief Operating Officer. He was the Chief Operating Officer of JCorp after serving Kulim (Malaysia) Berhad as the Chief Operating Officer in 2003.

### DIRECTORSHIPS

He is also the Chairman and Director of several other companies within the JCorp Group.

### QUALIFICATION

He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants since 1992.

## Directors' Profiles

### DATUK AZZAT KAMALUDIN

*Independent Non-Executive Director*

MALAYSIAN  
AGED **71**

#### BOARD APPOINTMENT

1 September 1994

#### LENGTH OF SERVICE

22 years

#### GENDER

Male

Total Board  
Meetings Attended  
**4/4**  
2016



#### WORKING EXPERIENCE

Datuk Azzat Kamaludin, was appointed to the Board of Directors on 1 September 1994 as an Independent Non-Executive Director. He is also a member of the Audit Committee, the Nomination and Remuneration Committee and KPJ Board Tender Committee.

Datuk Azzat served as an administrative and diplomatic officer with the Ministry of Foreign

Affairs from 1970 to 1979. A lawyer by training, he was admitted as an advocate and solicitor of the High Court in 1979 and has been in practice as partner of Azzat and Izzat, a law firm.

#### DIRECTORSHIPS

He currently serves as Director of several public-listed companies, namely, Boustead Holdings Berhad, BHIC Berhad and Axiata Group Berhad.

#### QUALIFICATION

Datuk Azzat graduated with a Degrees in Law and in International Law from Cambridge University, United Kingdom in 1968 and 1969 respectively. Thereafter, admitted as a Barrister-at-Law of the Middle Temple, London in 1970.





**DR. YOONG FOOK NGIAN**  
*Independent Non-Executive Director*

MALAYSIAN  
AGED **75**

**BOARD APPOINTMENT**  
7 July 2005

**LENGTH OF SERVICE**  
12 years

**GENDER**  
Male



Total Board Meetings Attended  
**4/4**  
2016

### WORKING EXPERIENCE

Dr. Yoong Fook Ngian, was appointed to the Board of KPJ on 7 July 2005. He is an Independent Non-Executive Director of KPJ and the Chairman of the Medical Advisory Committee (MAC). He is also a member of the KPJ Board Tender Committee and the Building Committee.

He was the Medical Director of Ipoh Specialist Hospital from 1994 to December 2006. He is a Life Member of the Malaysian Medical Association and a past-Chairman of the Perak

branch. He is also a past-President of the Perak Medical Practitioners' Society.

Dr. Yoong was employed by the Ministry of Health from 1966 to 1975. His last posting with the Ministry of Health was as Head of Ear, Nose & Throat (ENT) Surgery at the Kuala Lumpur General Hospital before venturing into private practice in 1975. He has been Resident ENT Consultant in Ipoh Specialist Hospital since 1983 and is also one of its founding doctors.

### QUALIFICATION

He received his Bachelors of Medicine and Bachelors of Surgery (MBBS) from the University of Sydney in 1966. He obtained his post-graduate qualification in Otolaryngology in 1972 and was conferred a Fellow of the Royal College of Surgeons of Edinburgh. He is also a Fellow of the College of Surgeons of Malaysia and a member of the Academy of Medicine of Malaysia.

## Directors' Profiles

### AHAMAD MOHAMAD

*Non-Independent Non-Executive Director*

MALAYSIAN  
AGED **63**

#### BOARD APPOINTMENT

1 January 2005

#### LENGTH OF SERVICE

12 years

#### GENDER

Male

Total Board  
Meetings Attended  
**4/4**  
2016



#### WORKING EXPERIENCE

Ahamad Mohamad, was appointed to the Board on 1 January 2005. He joined Johor Corporation (JCorp) in 1976 as a Company Secretary for various companies within the JCorp Group.

He has been involved in many of JCorp's projects including the early development of the Johor Specialist Hospital prefabricated housing project and the Kotaraya Complex in Johor Bahru.

#### DIRECTORSHIPS

He has served as the Managing Director of Kulim (Malaysia) Berhad from 30 June 1994 until his retirement on 31 December 2016. He was appointed as a Non-Executive Director and Corporate Advisor for Kulim on 1 January 2017.

He is also the Chairman of E.A. Technique Berhad and director of several other companies within the JCorp Group, and a Director of Waqaf An-

Nur Corporation Berhad, an Islamic endowment institution that spearheads JCorp Group's corporate programmes, namely the Corporate Waqaf concept initiated by JCorp.

#### QUALIFICATION

He graduated with a Bachelor of Economics (Honours) degree in 1976 from the University of Malaya.



## DR. KOK CHIN LEONG

*Independent Non-Executive Director*

MALAYSIAN  
AGED **59**

### BOARD APPOINTMENT

7 July 2005

### LENGTH OF SERVICE

12 years

### GENDER

Male

Total Board Meetings Attended  
**4/4**  
2016



### WORKING EXPERIENCE

Dr. Kok Chin Leong, was appointed to the Board of KPJ on 7 July 2005. He is an Independent Non- Executive Director of KPJ and also a member of the Audit Committee. He has been a member of the KPJ Clinical Governance Policy Committee since 2001 and been the Chairman for the Committee since 2005 and the Advisor for KPJ's Clinical Information System since January 2003.

He has sat on the Executive Committee of the Malaysian Paediatric Association (MPA) since 2009, and was the President of MPA from 2013 to 2015. He is also the President for ASEAN Paediatric Federation from 2014 to 2017.

He also sat on the Board for the Association of Private Hospital of Malaysia (APHM) from 2008 to 2010 and the Malaysian Society for Quality in Health (MSQH) from 2011 to 2013. He has been the Resident Consultant Paediatrician at the KPJ Puteri Specialist Hospital, Johor Bahru, since 1994 and was appointed as the Medical Director in February 2000 until June 2006. His main interests are in Health Informatics, Patient Safety in Healthcare Delivery, Clinical Governance, and Clinician Performance & Appraisal Assessment.

His medical career commenced in 1986 at the Kuala Lumpur General Hospital in Clinical Paediatrics, and from there, he went on to work as Senior House Officer/Registrar at Derby Children's Hospital, United Kingdom in 1990. He served as the Clinical Specialist in Paediatrics

at Hospital Sultanah Aminah, Johor Bahru from 1991 to 1992; the Head of Department of Paediatrics at Batu Pahat Hospital from 1991 to 1993 and Senior Consultant Paediatrician at Hospital Sultanah Aminah, Johor Bahru from 1993 until 1994.

### QUALIFICATION

Dr Kok received his Bachelor of Medicine and Bachelor of Surgery (MBBS) in 1982 from University of Malaya and completed his postgraduate studies in Paediatrics (Master of Medicine Paediatrics) in 1990 from Universiti Kebangsaan Malaysia. He was conferred a Fellow of the Royal College of Physician of United Kingdom in 1990 and registered as full medical practitioner with the Malaysian Medical Council in 1983.

## Directors' Profiles

### PROF. DATO' DR. AZIZI OMAR

Independent Non-Executive Director

MALAYSIAN  
AGED **68**

#### BOARD APPOINTMENT

1 February 2016

#### LENGTH OF SERVICE

1 year

#### GENDER

Male

Total Board Meetings Attended  
**4/4**  
2016



#### WORKING EXPERIENCE

Prof. Dato' Dr. Azizi Omar was appointed to the Board of KPJ Healthcare Bhd on 1 February 2016. He is an Independent Non-Executive Director of KPJ. He is also a member of KPJ's Medical Advisory Committee.

Prof. Dato' Dr. Azizi is a Consultant Paediatrician and Paediatric Respiratory Physician at KPJ Damansara Specialist Hospital where he was also the Medical Director from 15 May 1997 to 3 May 2016. He is also a Professor and member of the Senate and Board of Directors of the KPJ Healthcare University College. He heads KPJ's Research & Development Committee and edits the KPJ Medical Journal.

He was formerly a Professor of Paediatrics (Respiratory Paediatrics and Clinical Epidemiology) at the Universiti Kebangsaan Malaysia where he also served as the Head of the Department of Paediatrics and a Deputy Dean until his optional retirement in 1997 to join KPJ Damansara Specialist Hospital. He has also served as Adjunct Professor of Paediatrics at the Faculties of Medicine of Universiti Teknologi MARA and Universiti Tunku Abdul Rahman.

He was also a past President of the Malaysian Paediatric Association. He served in the Malaysian Medical Council as an appointed member. He was a member of the Board of Association of Private Hospitals of Malaysia. He chaired the Clinical Practice Guidelines Committees for Childhood Pneumonia and Respiratory Infections and the Management of Childhood Asthma. He has served as chairman of the subcommittee for Credentialing of Paediatric Respiratory Physicians for the National Specialists Register (NSR). His current interests are in implementing and enhancing quality and safety issues in healthcare through active involvement in clinical governance, teaching and research.

He established the Respiratory Paediatrics as a Paediatric subspecialty in Malaysia and pioneered research in paediatric asthma and respiratory illnesses in Malaysian children. He has published substantially in international and local journals. He has been deeply involved in paediatric undergraduate and postgraduate training and in teaching research methodology and Clinical Epidemiology.

#### QUALIFICATION

Prof. Dato' Dr. Azizi obtained his Bachelors of Medicine and Bachelors of Surgery (MBBS) at the University of Tasmania in 1977. He pursued postgraduate training in Paediatrics and Paediatric Respiratory Medicine in Kuala Lumpur General Hospital; University Kebangsaan Malaysia; the Hospital for Sick Children, Great Ormond Street, London; the Birmingham Children Hospital and Dudley Road Hospital, Birmingham. He trained in paediatric flexible bronchoscopy at the University of North Carolina, Chapel Hill, USA, and in Clinical Epidemiology and Research Methodology at the University of Newcastle, Australia.

He obtained his Membership of the Royal College of Physicians, UK (MRCP) in 1982 and Master of Medical Science (MMedSc) in Clinical Epidemiology from Newcastle University, NSW, in 1990. He became a Fellow of Royal College of Physicians (FRCP) of Edinburgh (1994) and Glasgow (1995), Fellow of Academy of Medicine Malaysia (FAMM) (1997) and Fellow of College of Chest Physicians (USA)(FCCP) (1998).

#### Notes:

None of the Directors have:

- Any family relationship with any Director and/ or major shareholder of KPJ.
- Any conflict of interest with KPJ.
- Any conviction for offences within the past five years (other than traffic offences).
- Any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2016.



# FIFTEEN

EXECUTIVE COMMITTEE

TOTAL WORKING YEAR EXPERIENCE  
IN THE GROUP

# 250+

PROFESSIONAL SKILLS OF  
EXECUTIVE COMMITTEE  
MEMBERS ARE WELL-  
BALANCED.



## Executive Committee

▶ From left to right

### **AMINUDIN DAWAM**

Executive Director

### **DATO' AMIRUDDIN ABDUL SATAR**

President & Managing Director, Exco Chairman

### **JASIMAH HASSAN**

Vice President (I), Business Operations & Clinical Services



▶ From left to right

### **MOHD JOHAR ISMAIL**

Vice President (II), Project Management, Bio Medical & International Operation Services

### **MOHD SAHIR RAHMAT**

Vice President (I), Corporate & Financial Services

### **DATO' ABDOL WAHAB BABA**

Vice President (I), Business Development Services

### **DATIN SABARIAH FAUZIAH JAMALUDDIN**

Vice President (II), Group Talent Management Services





## Executive Committee



◀ From right to left

**MOHD NASIR MOHAMED**

Senior General Manager, Group Operations Services

**RAFEAH ARIFFIN**

Senior General Manager, Group Marketing & Strategic Communications Services

**AHMAD NASIRRUDDIN HARUN**

Senior General Manager, Strategic Support Services

**NORHAIZAM MOHAMMAD**

Senior General Manager, Group Finance Services



◀ From right to left

**ROSLAN AHMAD**

Senior General Manager, Group Operations Services

**MAH LAI HENG**

Senior General Manager, Group Operations Services

**DR. MUBBASHIR IFTIKHAR**

General Manager, New Products & Services Development

**ERIC SIM KAM SENG**

Chief Information Officer, Information Technology Services



## Executive Committee

### Members' Profiles



Dato' Amiruddin Abdul Satar, a Malaysian, male, aged 53, has been the President & Managing Director of KPJ Healthcare Berhad since 1 January 2013.

He also holds directorships in several KPJ hospitals as the Chairman.

Dato' Amiruddin contributes actively in the development of the Malaysian healthcare sector through his involvement with the Association of Private Hospitals of Malaysia (APHM), where he currently holds the role as Vice President.

Dato' Amiruddin gained significant experience in finance and management through his capacity as an Accountant and Finance Manager of several large and reputable organisations in the country.

Dato' Amiruddin is an alumnus of the Henley Business School, University of Reading, United Kingdom where he obtained his Masters in Business Administration (MBA) in 2010. He is also a member of the Association of Chartered Certified Accountants (ACCA).

1

**DATO' AMIRUDDIN ABDUL SATAR**  
President & Managing Director





2

## **AMINUDIN DAWAM** Executive Director

Aminudin Dawam, a Malaysian, male, aged 53, was appointed to the Board as Non-Independent Non-Executive Director on 1 January 2014. With effect from 1 May 2015, he was re-designated as Executive Director of the Company.

He is also a member of the KPJ Board Tender Committee and Building Committee.

He joined Johor Corporation (JCorp) after graduation in 1988 before joining KPJ in 1992 as Operations Manager of Pharmicare Sdn Bhd for two years. He has managed various hospitals within the KPJ Group as the General Manager. He was the Commissioning Director for United Hospital, Dhaka, Bangladesh; before being appointed as the Group General Manager of KPJ from 2008 until 2011. Between 2011 and 2013, he joined Pantai Holdings Berhad as the Chief Operating Officer, Malaysia Operations overseeing the operations of both Pantai and Gleneagles hospitals in Malaysia.

He rejoined JCorp in September 2013 as the Senior Vice President, Business Development Division until 31 December 2016 and came fully on board as KPJ's Executive Director on 1 January 2017.

Aminudin holds a number of directorship/chairmanship/committees membership of various companies within the JCorp and the KPJ Group. Among others, he is a member of JCorp's Internal Audit Committee and Chairman of the Audit and Risk Committee of Industrial Development Division, as well as Chairman of the Tender Board Committee for Johor Land Berhad.

He graduated with a Bachelor of Business Administration (in Finance) from Sam Houston State University, Huntsville, Texas, USA in 1986 and completed his Masters' degree at the same university in 1988. He obtained Post-Graduate Diploma in Health Sciences & Hospital Management from South Bank University, London, United Kingdom in 1997.



3

## **JASIMAH HASSAN** Vice President (I) Business Operations & Clinical Services

Jasimah Hassan, a Malaysian, female, aged 56, joined KPJ Healthcare in 1993 as the General Manager of Tawakkal Specialist Hospital. Since then, she has managed various hospitals and companies within the KPJ Group in various capacities as General Manager, Executive Director, Chairman of Hospital, and as Chairman of the Board of Puteri Nursing College Sdn Bhd from 2000 to 2011. Currently, she is the Deputy Chairman for the KPJ Healthcare University College.

Jasimah sits as a Board member for the Association of Private Hospital Malaysia (APHM); and has been the Honorary Treasurer for the Asian Society for Quality in Health (ASQUA) since 2007. She was previously the Treasurer of the Malaysian Society for Quality in Health (MSQH) from 1998 to 2010.

She graduated with a Bachelor of Science in Mathematics from Indiana University Bloomington, Indiana, USA and holds an MBA (Finance) from North Texas University, Texas, USA.



4

### **MOHD SAHIR RAHMAT**

**Vice President (I)**

Corporate & Financial Services

Mohd Sahir Rahmat, a Malaysian, male, aged 53, joined the KPJ Group in 1991, where he has managed several companies within KPJ locally and abroad. He was the Group Chief Financial Officer since July 2011 and has also served as the Group's Senior Finance Manager. He went to become the Executive Director at KPJ Klang Valley hospitals, KPJ Johor Specialist Hospital, Kuching Specialist Hospital (Sarawak) and Damai Specialist Hospital (Sabah).

He is currently the Director and also Chairman of several hospitals and companies within the Group.

Mohd Sahir graduated with Bachelor in Accountancy from University Kebangsaan Malaysia and obtained his Postgraduate Diploma in Health Services and Hospital Management from South Bank University, London. He received his MBA from Henley Management College, London, UK in 2006.



5

### **DATO' ABDOL WAHAB BABA**

**Vice President (I)**

Business Development Services

Dato Abdol Wahab Baba, a Malaysian, male, aged 60, has been in charge of Business Development, Strategic Planning and Intrapreneur Business for KPJ Healthcare since 2013.

Dato Wahab's career with the KPJ Group spans 27 years, holding several senior positions at several KPJ Hospitals in Malaysia and Jakarta. Prior to his current position, he served as the Chief Risk Officer from 2003 to 2013.

He currently sits as the Group Chairman on the Board of several other hospitals and companies within the KPJ Group. He is also the Deputy Chairman for SMC Healthcare Sdn Bhd, the operator of KPJ Sabah Specialist Hospital.

A Harvard University alumni, he holds an MBA from East London University (UEL); a Bachelor's Degree in Accounting from MARA University of Technology, UiTM; and a post-graduate Diploma in Healthcare from South Bank University.



6

### **DATIN SABARIAH FAUZIAH JAMALUDDIN**

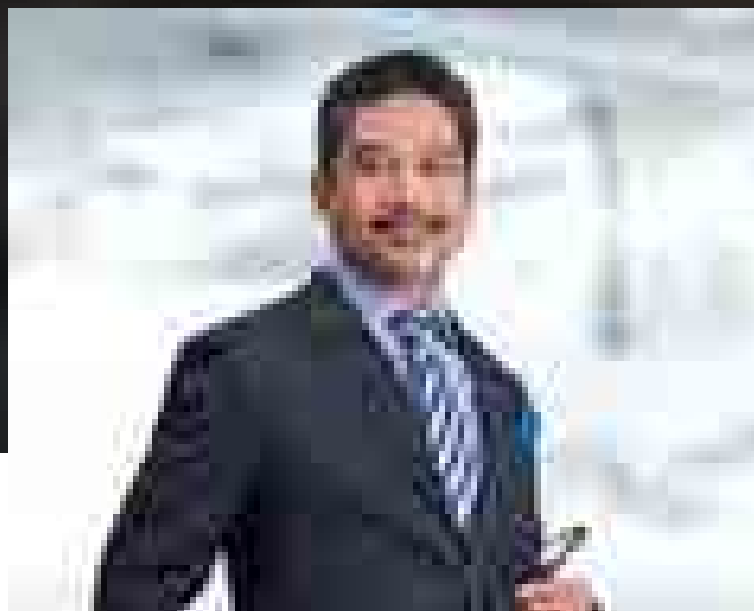
**Vice President (II)**

Group Talent Management Services

Datin Sabariah Fauziah, a Malaysian, female, aged 55, commenced her career in the banking industry prior to joining KPJ. She has since been with the KPJ Group for 23 years in various capacities including serving as General Manager of KPJ Hospitals. She currently oversees and manages the development of the Group's strategic human capital. The portfolio encompasses talent management, engagement of talents and managing the diversity of the talent pool. In collaboration with the Hospital Operations unit, she also manages the synergy of compensation and benefits, policies and procedures within the Group.

She is also the Integrity and Corporate Responsibility champion for the Group, spearheading the integrity framework, and overseeing Klinik Wakaf activities and other special projects.

Datin Sabariah Fauziah holds a Bachelor in Business Administration from Ohio University, United States; a Post-Graduate Diploma in Health Services and Hospital Management from South Bank University, United Kingdom; and a Masters in Business Administration from the University of Sunshine Coast, Australia.



7

### **MOHD JOHAR ISMAIL**

**Vice President (II)**

Project Management, Bio Medical & International Operation Services

Mohd Johar Ismail, a Malaysian, male, aged 53, joined the KPJ Group in 1993 and currently oversees Project Management, Bio Medical and International Operation Services for KPJ. He also holds multiple portfolios within the Group, and sits as Chairman of KPJ Seremban Specialist Hospital, KPJ Kajang Specialist Hospital, Teraju Farma Sdn Bhd, Total Meal Solution Sdn Bhd, and Pride Outlet Sdn Bhd. He is also the Deputy Chairman of KPJ Ampang Puteri Specialist Hospital.

With his experience and track record for turning around hospitals and improving operational efficiencies, he also sits as a Director for KPJ Selangor Specialist Hospital, KPJ Klang Specialist Hospital, KPJ Miri Specialist Hospital, KPJ BDC Specialist Hospital, SMC Pusrawi Hospital, Sterile Services Sdn Bhd, and Healthcare Technical Services Sdn Bhd. He is an Executive Director of KPJ Dhaka (Ptd) Ltd and Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College in Bangladesh. Apart from that, he is the President Director of two hospitals in Indonesia namely PT Khidmat Rawatan Jasa Medika RS Permata Hijau and PT Khidmat Rawatan Jasa Medika RS Bumi Serpong Damai.

Mohd Johar started his career as an Internal Auditor with Perbadanan Kemajuan Ekonomi Negeri Johor (PKENJ) in 1988, and was seconded to JSEDC Group of Companies between year 1988 to year 1993.

Mohd Johar graduated with a Bachelor of Accountancy (Hons) from Universiti Kebangsaan Malaysia; and holds a Post Graduate Diploma in Health Management from South Bank University, England.



8

### AHMAD NASIRRUDDIN HARUN

Senior General Manager  
Strategic Support Services

Ahmad Nasirruddin Harun, a Malaysian, male, aged 54, holds several portfolios within the KPJ Group. He is the Chairman for KPJ Penang Specialist Hospital; deputy Chairman for KPJ Ipoh Specialist Hospital; Executive Director for KPJ University College (KPJUC); Executive Director for Pharmaserv Alliances Sdn Bhd; Lablink (M) Sdn Bhd and the Director-in-Charge for Jeta Gardens Aged Care, Australia. He is also the Chairman for Taiping Medical Centre, and Sri Manjung Specialist Centre, Perak.

Prior to joining KPJ Ipoh Specialist Hospital as an accountant in 1995, he started out as an auditor in Coopers & Lybrand in 1986.

He was awarded the Ahli Mahkota Perak (A.M.P) by his Royal Highness Sultan Dr Nazrin Muizzuddin Shah, Sultan of Perak in November 2016, for his contributions to the state's healthcare sector and sporting arena.

Ahmad Nasirruddin holds a Degree in Accountancy from MARA University of Technology, Shah Alam; a post-graduate Diploma in Health Services and Hospital Management from South Bank University, London, and a Master in Business Administration from Henley Business School, University of Reading, United Kingdom.



9

### NORHAIZAM MOHAMMAD

Senior General Manager  
Group Finance Services

Norhaizam Mohammad, a Malaysian, female, aged 44, joined KPJ in 2008 as the Head of Group Finance and Account Services. Within this portfolio, she oversees Group Financial Reporting and Budget, Treasury/Finance and Tax for the organisation. She is also a member of the Hospital Operations Committee, which oversees the financial operations of hospitals within the Group.

She is a certified representative and a member of UK Investors Relation Society and Malaysian Investor Relations Association (MIRA). She is also a member of the Malaysian Society for Quality in Health (MSQH), an accredited body for accreditation of public and private hospitals in Malaysia. She is currently the Honorary Treasurer of MSQH, a position she has held since December 2010.

Prior to joining KPJ, she was with Audit and Business Assurance Services, PricewaterhouseCoopers (PwC) Kuala Lumpur for 11 years.

Norhaizam graduated with a Bachelor in Accountancy and Finance (Hons) from Manchester Metropolitan University, United Kingdom, and also holds a Master Degree in Business Administration from the University East London, United Kingdom.



10

## **RAFEAH ARIFFIN**

### **Senior General Manager**

Group Marketing & Strategic Communications Services

Rafeah Ariffin, a Malaysian, female, aged 53, has more than 20 years of experience in Finance, Marketing and Corporate Communications, out of which more than 15 years has been in the healthcare sector.

Since joining KPJ in 2007, Rafeah has been instrumental in propelling the growth of KPJ's Health Tourism services to international tourists, which has seen the opening up of key markets including South East Asia and the Middle East. As head of Strategic Communications, she led the successful rebranding of KPJ which placed KPJ in the list of Malaysia's Top 100 Brands of Malaysia and garnered a 82% consumer brand recall as proven via an independent market survey. She is also CEO of KPJ Wellness and Lifestyle Programme, which currently has more than 20,000 members since its inception in 2008.

In 2013, Rafeah became an Alumni of INSEAD University and in the following year, received an award as being among the 100 Most Talented Global Marketing Leader by the World Marketing Congress.

She graduated from the University of North Texas with a Bachelor of Business Administration in Finance and a Master of Business Administration (Management).



11

## **MAH LAI HENG**

### **Senior General Manager**

Group Operations Services

Mah Lai Heng, a Malaysian, female, aged 58, was appointed Senior General Manager of the KPJ Group Clinical & Quality Services in 2012. In January 2015, she relinquished that role to focus on Business Operations as Executive Director for the East Malaysia Group of Hospitals, as well as Kuantan Specialist Hospital, Pahang, and KPJ Pahang Specialist Hospital. She is also the Company Director for several companies within the KPJ Group including Pharmicare Sdn Bhd, Medical Supplies (Sarawak) Sdn Bhd, SMC Healthcare Sdn Bhd and Amity Development Sdn Bhd.

Mah has held several positions across the KPJ network over her 20-year tenure with the Group. She was General Manager for KPJ Kuching Specialist Hospital and Chief Executive Officer of KPJ Penang Specialist Hospital. Mah first joined KPJ as a Nursing Tutor at KPJ's Putri Nursing College (now known as KPJ Healthcare University) in 1996.

She is also a facilitator and trained surveyor for the Malaysian Society Quality in Health since 2001.

Mah holds a degree in Nursing Sciences from University Malaya and completed her Advanced Critical Care Nursing from University South Australia. She obtained her Master in Business from the Henley Business School, University of Reading, United Kingdom, in 2009.



12

### **MOHD NASIR MOHAMED**

**Senior General Manager**  
Group Operations Services

Mohd Nasir Mohamed, a Malaysian, male, aged 56, joined KPJ in 1993 and has held various positions in companies and hospitals within the KPJ Group. At present, he is the Executive Director of six (6) hospitals in KPJ namely KPJ Ipoh Specialist Hospital, KPJ Penang Specialist Hospital, Kedah Medical Centre, Taiping Medical Centre, Sri Manjung Specialist Centre and KPJ Perlis Specialist Hospital. He also sits on the Board of several support companies within the Group namely Pharmaserv Alliances Sdn Bhd, Malaysian Institute of Healthcare Management, Healthcare IT Solutions Sdn Bhd, and Pride Outlet Sdn Bhd.

Prior to joining KPJ, he was in the corporate and commercial banking industry for seven (7) years.

Mohd Nasir graduated with Bachelor of Accounting Degree in 1985 from University of Abertay, Dundee, Scotland. He also holds a Post Graduate Diploma in Healthcare Services and Hospital Management from South Bank University, London, United Kingdom.



13

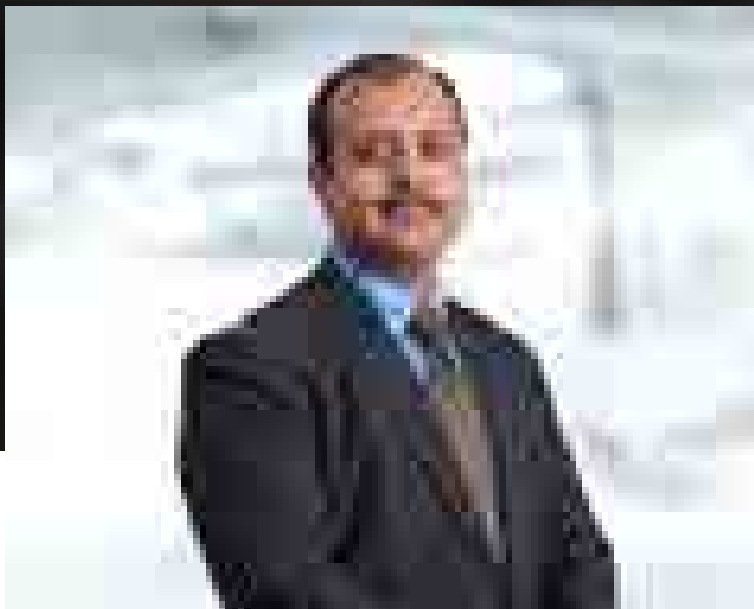
### **ROSLAN AHMAD**

**Senior General Manager**  
Group Operations Services

Roslan Ahmad, a Malaysian, male, aged 53, is the Executive Director of five (5) hospitals in the KPJ Group, - KPJ Ampang Puteri Specialist Hospital, KPJ Selangor Specialist Hospital, KPJ Kajang Specialist Hospital, KPJ Seremban Specialist Hospital and KPJ Perdana Specialist Hospital, Kota Bharu.

Roslan joined KPJ in 1996 as a Corporate Planner, before moving on to manage a number of KPJ hospitals namely KPJ Ampang Puteri Specialist Hospital; KPJ Johor Specialist Hospital; KPJ Ipoh Specialist Hospital; KPJ Selangor Specialist Hospital; and United Hospital in Dhaka, Bangladesh. Prior to joining KPJ, he was attached to the Malaysian Pineapple Industry Board in 1988 and served its London office for five (5) years until 1995.

He holds a Bachelor's degree in Accounting from University of Minnesota Duluth and a Master in Business Administration from Miami University in 1987. He also holds a Post Graduate Diploma in Hospital Management from South Bank University London.



**14**

## **DR. MUBBASHIR IFTIKHAR**

**General Manager**

New Products & Services Development

Dr. Mubbashir Iftikhar, a Pakistani, male, aged 46, is in charge of developing KPJ's new products and services. Prior to taking on this portfolio, he served as KPJ's Chief Information Officer (CIO) from 2011 to 2015. Key projects he worked on included Cloud Enablement, KPJ Clinical Information Systems (KCIS), Picture Archiving and Communication Systems (PACS) and the web portals.

A medical doctor from University of Punjab, Lahore, Pakistan, he is overseeing a key area of business thrust, i.e. Innovation and Digitalisation, where a new appointment system has started to take shape and implemented in 4 hospitals in 2016. He is also leading important aspects of business from innovation standpoint.



**15**

## **ERIC SIM KAM SENG**

**Chief Information Officer**

Information Technology Services

As Chief Information Officer (CIO), Eric Sim Kam Seng, a Malaysian, male, aged 48, heads KPJ's entire information technology (IT) portfolio, including managing five (5) IT divisions and overseeing the governance and integrity of IT services at all KPJ hospitals.

Eric was instrumental in KPJ's ongoing shift onto online digitisation, including the consolidation and digitisation of KPJ's entire clinical system online through the Clinical Information System (KCIS); and shifting KPJ's entire network onto cloud. Eric continues to focus on adopting a healthcare information management system framework by transforming earlier healthcare information system to a cloud computing version that would strengthen web based application, integration, data warehousing and big data analytic as the platform to create the opportunities for more product and services. Moving into cloud and cloud computing platform also enables KPJ to deliver shared services that can improve cost of investment to produce better outcome in productivity and financial savings.

He holds a Master in Business Management, major in Project Management from Asia e-University, Malaysia. He also holds several other qualifications, including in Business Management from University Bolton, UK, Computer Science from NCC & University Portsmouth United Kingdom, Financial Management from Institute Financial Accountants, United Kingdom and Electrical Engineering from City & Guilds, United Kingdom.

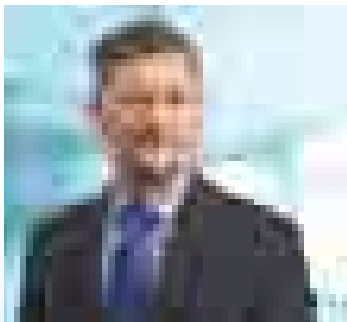
**Notes:**

None of the Executive Committee Members have:

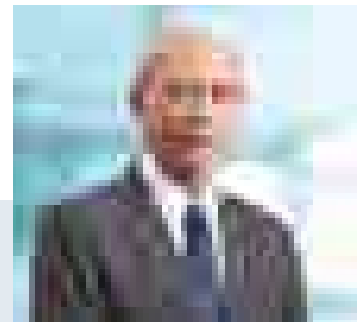
- Any family relationship with any Director and / or major shareholder of KPJ.
- Any conflict of interest with KPJ.
- Any conviction for offences within the past five years (other than traffic offences).
- Any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2016.

# Hospital

## Medical Directors



**DATO' AMIRUDDIN  
ABDUL SATAR**  
President & Managing Director



**DATUK DR  
HUSSEIN AWANG**  
KPJ Tawakkal Health Centre



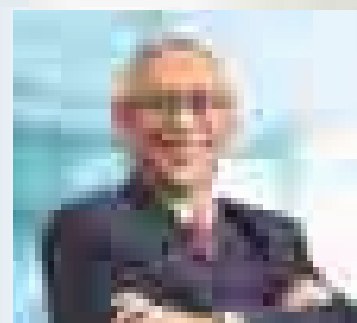
**DR. CHAN  
KHENG KHIM**  
KPJ Tawakkal Specialist Hospital



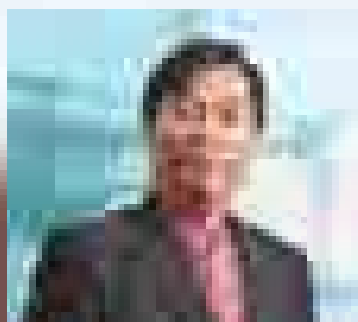
**PROF. (C) DR. WAN  
HAZMY CHE HON**  
KPJ Seremban Specialist Hospital



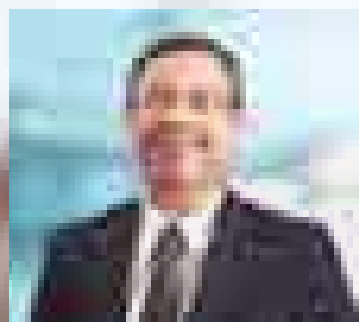
**DR. R.  
PADMANATHAN**  
KPJ Penang Specialist Hospital



**DR. MAHAYIDIN  
MOHAMMAD**  
KPJ Perdana Specialist Hospital



**DR. KHALED  
MAT HASSAN**  
KPJ Kuantan Specialist Hospital



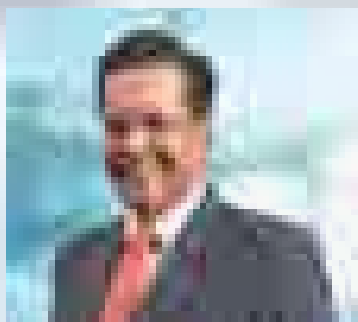
**DR. MOHD  
HARRIS LU**  
KPJ Sentosa KL Specialist Hospital



**DATO' DR.  
N. SIVAMOHAN**  
KPJ Klang Specialist Hospital



**DR. DAVID  
LING SHENG TEE**  
KPJ Kuching Specialist Hospital



**PROF. DATUK DR. AJAZ  
AHMAD NAPIJAN**  
KPJ Sabah Specialist Hospital



**DR. AB  
RAZAK SAMUDIN**  
KPJ Pasir Gudang Specialist Hospital



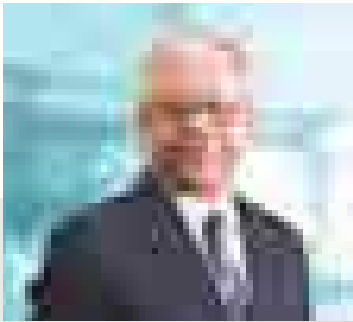
**DR. NOOR  
HISHAM MANSOR**  
KPJ Rawang Specialist Hospital



**DR. LEE  
MIN CHUANG**  
Sri Manjung Specialist Centre



# Hospital Medical Directors



**DR RUSLI  
ARSHAD**

KPJ Johor Specialist Hospital



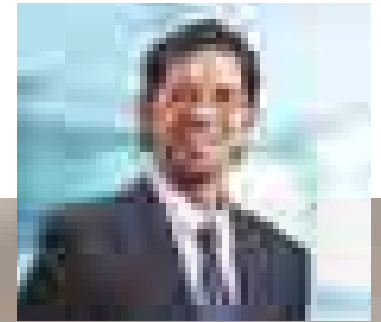
**DATO' DR  
FADZLI CHEAH**

KPJ Ipoh Specialist Hospital



**DATO' DR ABDUL  
WAHAB ABDUL GHANI**

KPJ Ampang Puteri Specialist Hospital



**DR ROSLAN  
MAHAMUD**

KPJ Damansara Specialist Hospital



**DR. BALAKRISHNAN  
SUBRAMANIAM**

KPJ Kajang Specialist Hospital



**DATO' DR.  
KAMARUZAMAN ALI**

Kedah Medical Centre



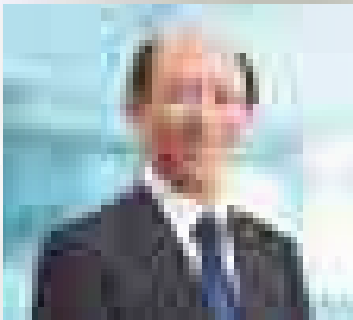
**PROF. (C) DATO' DR.  
SHAHRUDIN MOHD DUN**

KPJ Selangor Specialist Hospital



**DR. SAHARUDIN  
ABDUL JALAL**

KPJ Puteri Specialist Hospital



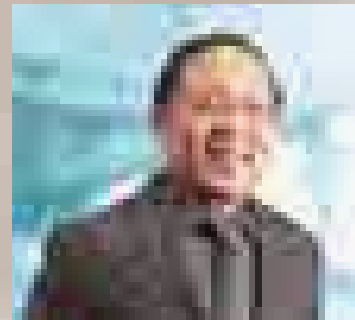
**DR. LIM  
KEOK TANG**

Damai Specialist Hospital



**DR. AHMAD  
FARID DAUD**

Kluang Utama Specialist Hospital



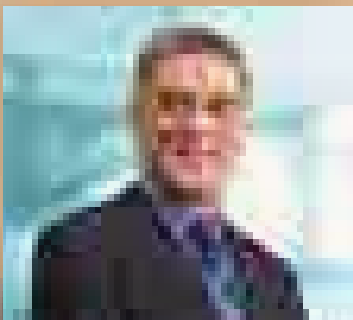
**DR. ONG  
BOON TEIK**

Taiping Medical Centre



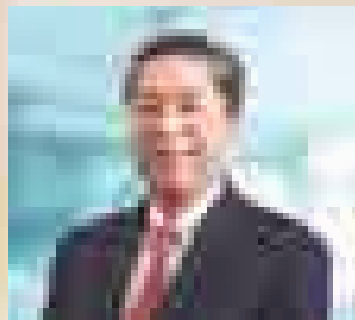
**DR. WONG  
CHYA WEI**

Sibu Specialist Medical Centre



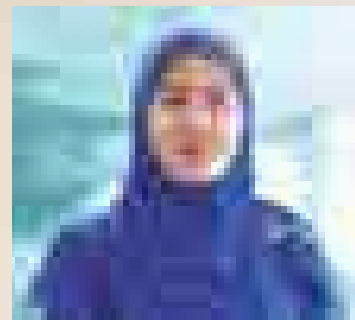
**DATO' DR. MAHMOOD  
AWANG KECHIK**

KPJ Bandar Maharani Specialist Hospital



**DATO' DR.  
NGUN KOK WENG**

KPJ Pahang Specialist Hospital



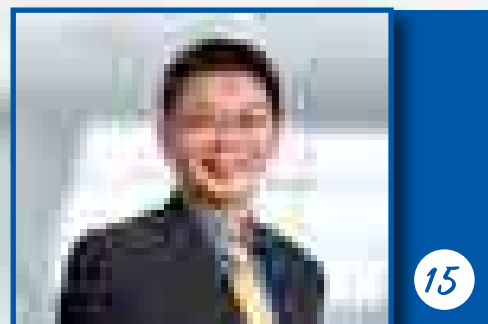
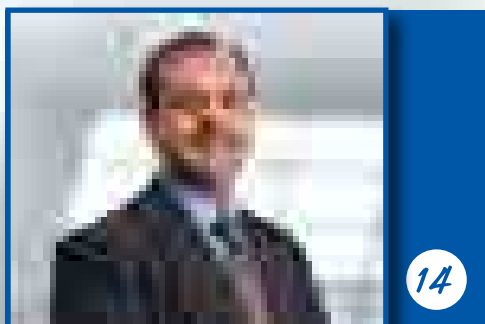
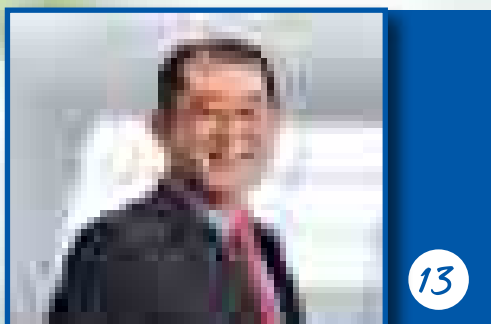
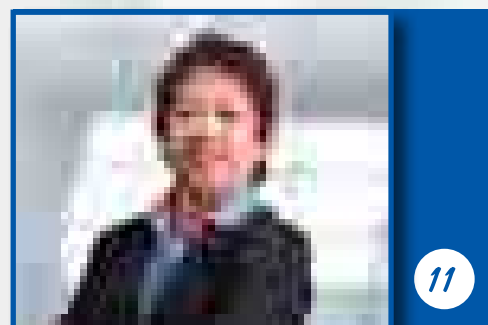
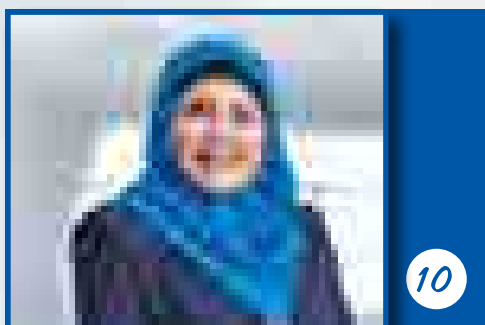
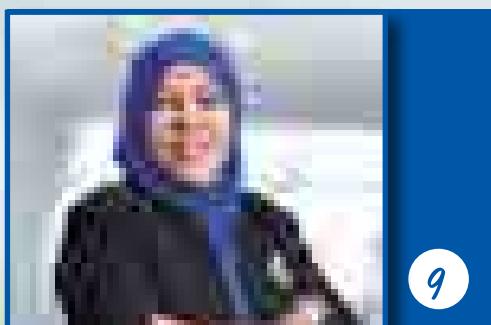
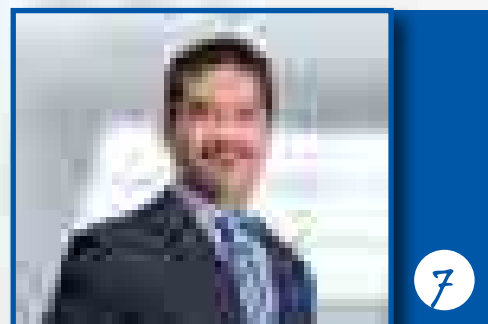
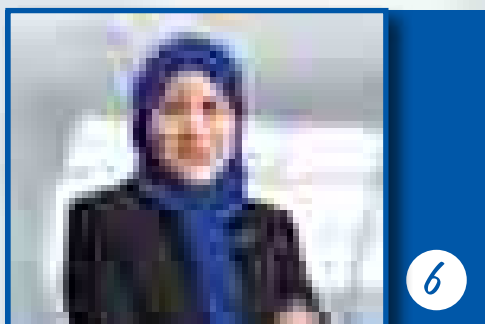
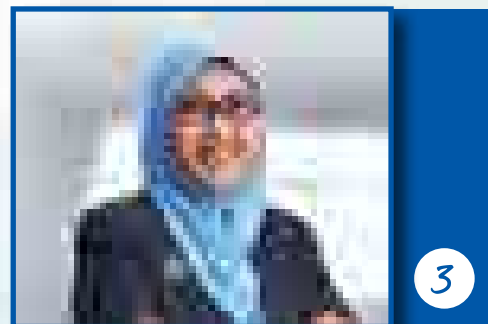
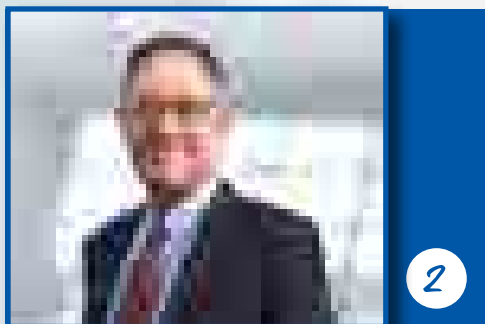
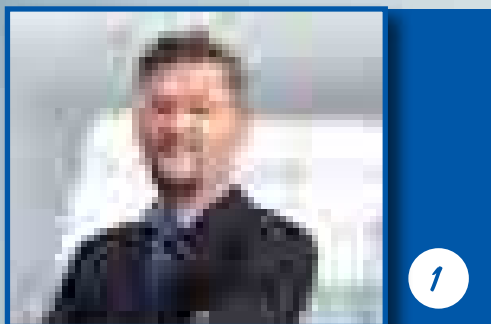
**DR NORAZLINA  
BINTI BACHIK NG**

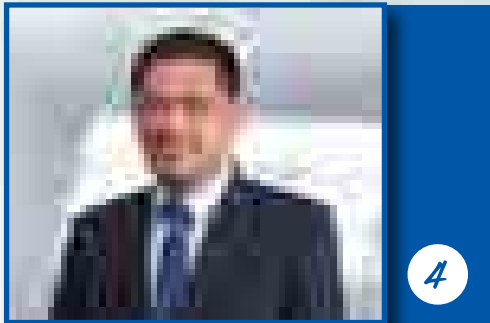
KPJ Pusat Pakar Mata Centre For Sight



# Hospital Management Committee

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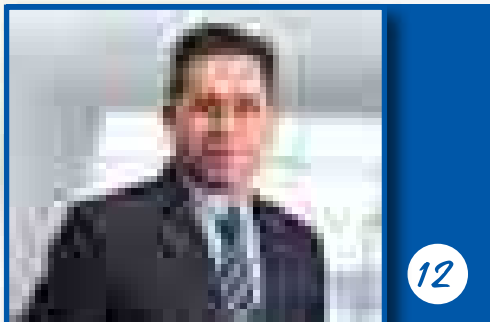




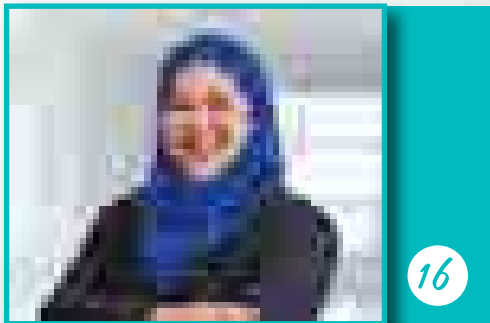
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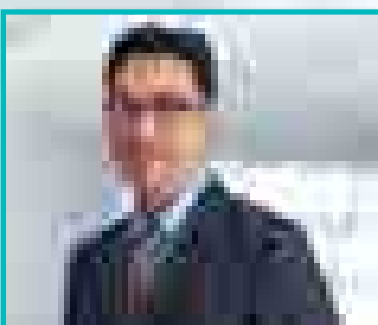
1. **DATO' AMIRUDDIN ABDUL SATAR**
  - President & Managing Director
  - EXCO Chairman
2. **AMINUDIN DAWAM**
  - Executive Director
3. **JASIMAH HASSAN**
  - Vice President (I)
  - Business Operation & Clinical Services
4. **MOHD SAHIR RAHMAT**
  - Vice President (I)
  - Corporate & Financial Services
5. **DATO' ABDOL WAHAB BABA**
  - Vice President (I)
  - Business Development Services
6. **DATIN SABARIAH FAUZIAH JAMALUDDIN**
  - Vice President (II)
  - Group Talent Management Services
7. **MOHD JOHAR ISMAIL**
  - Vice President (II)
  - Project Management, Bio Medical & International Operation Services
  - Executive Director – International
8. **AHMAD NASIRRUDDIN HARUN**
  - Senior General Manager
  - Strategic Support Services
9. **NORHAIZAM MOHAMMAD**
  - Senior General Manager
  - Group Finance Services
10. **RAFEAH ARIFFIN**
  - Senior General Manager
  - Group Marketing & Strategic Communications Services
11. **MAH LAI HENG**
  - Senior General Manager
  - Group Operation Services
  - Executive Director – Eastern Region
12. **MOHD NASIR MOHAMED**
  - Senior General Manager
  - Group Operation Services
  - Executive Director – Northern Region
13. **ROSLAN AHMAD**
  - Executive Director – Central Region (Southern)
14. **DR. MUBBASHIR IFTIKHAR**
  - General Manager
  - New Products & Services Development
15. **ERIC SIM KAM SENG**
  - Chief Information Officer
  - Information Technology Services
16. **NORITA AHMAD**
  - Executive Director & Chief Executive Officer, KPJ Johor Specialist Hospital

## Hospital Management Committee

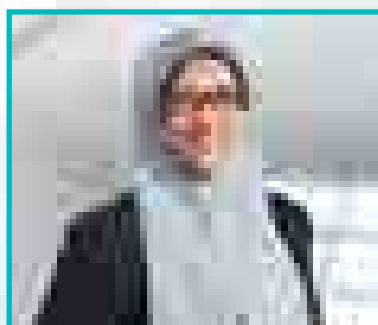
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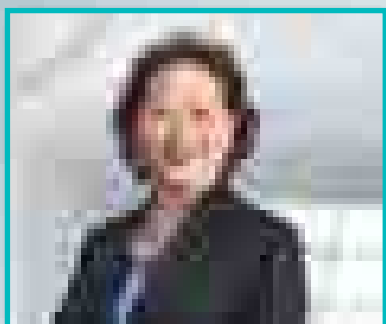
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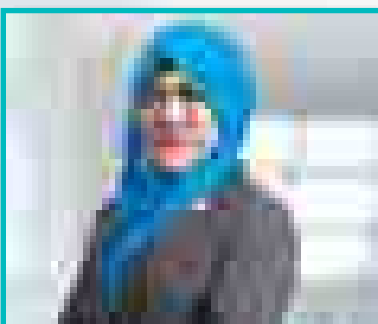
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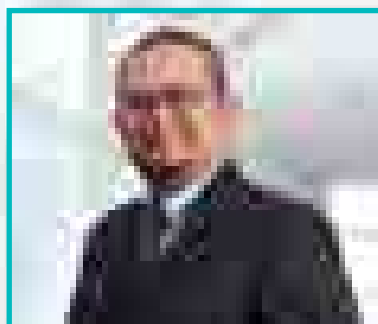
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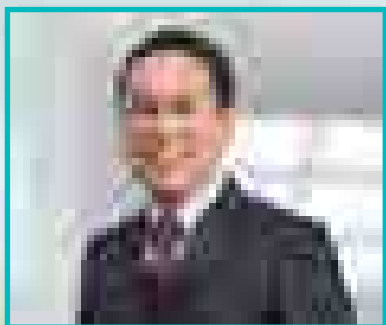
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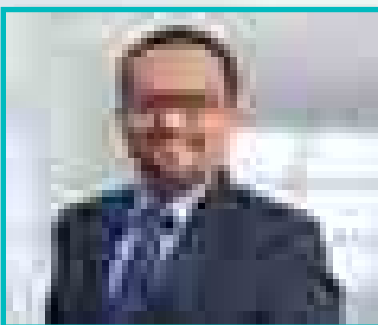
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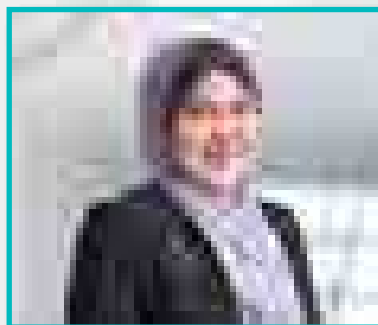
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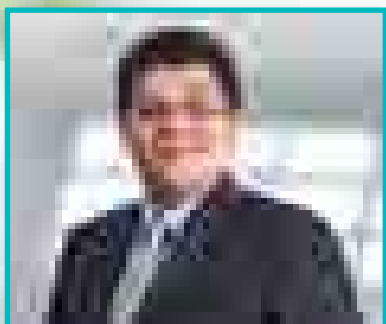
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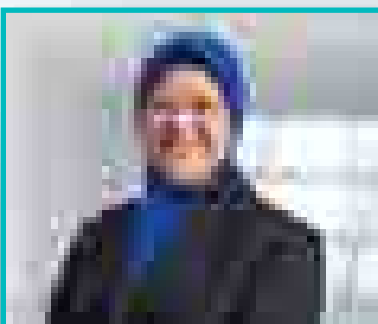
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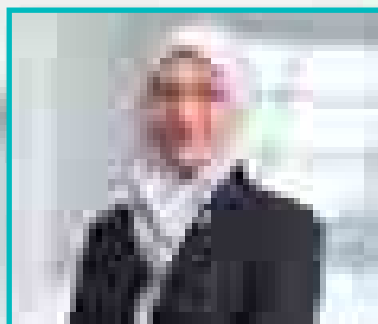
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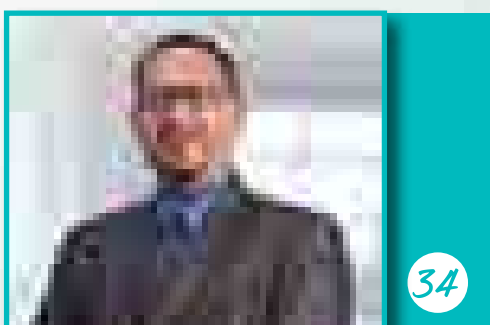
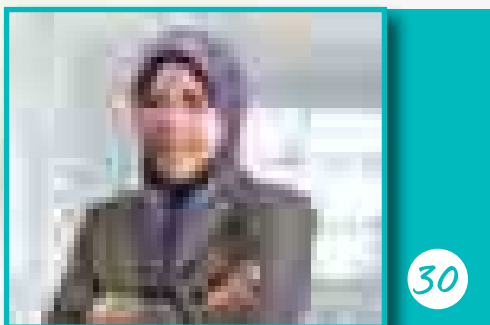
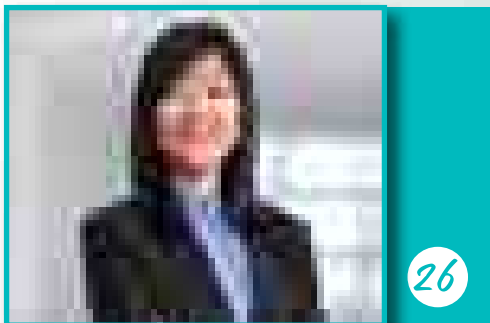
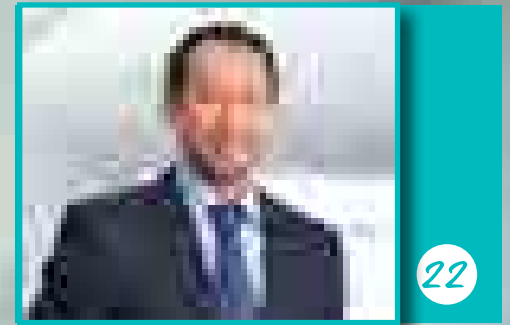
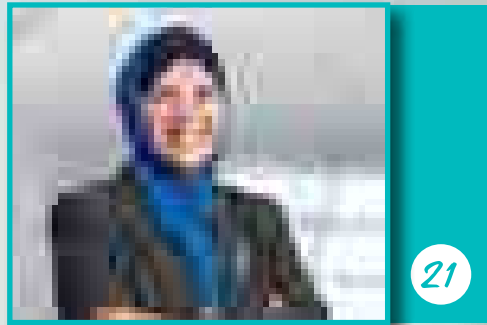
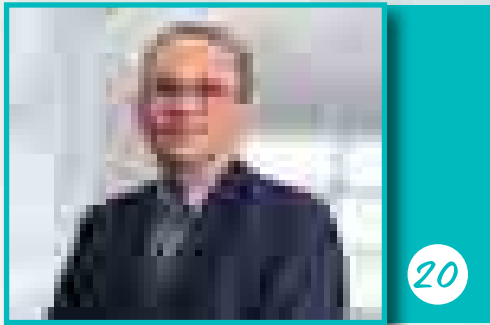
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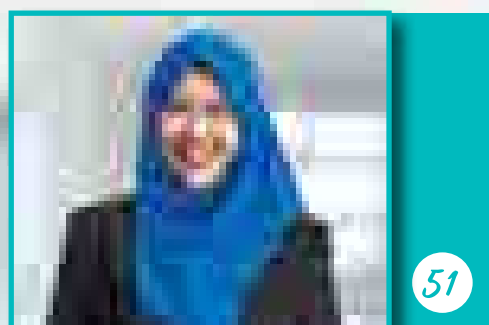
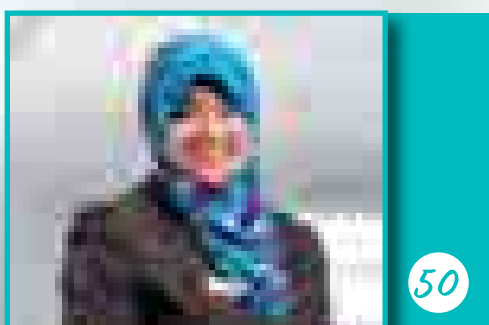
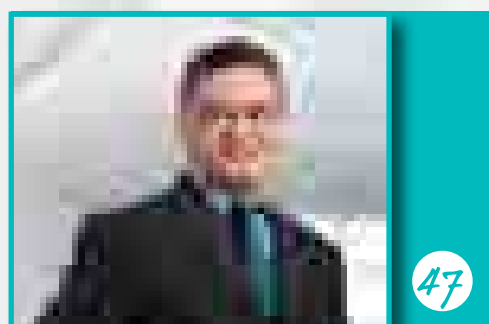
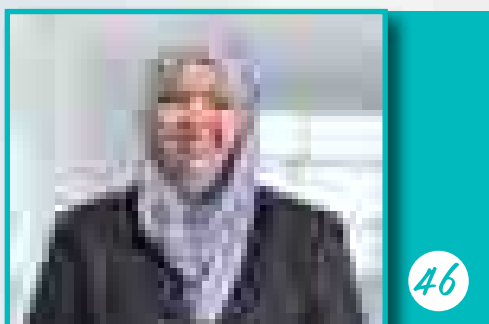
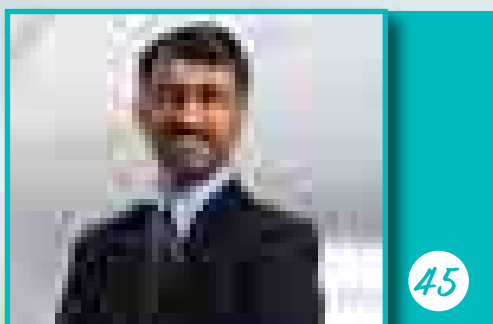
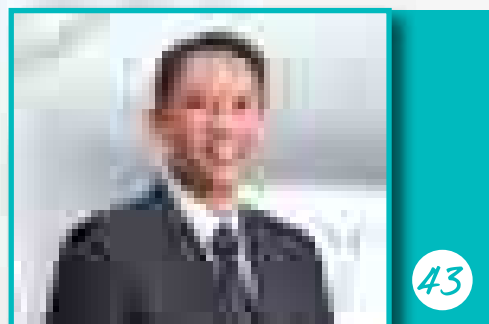
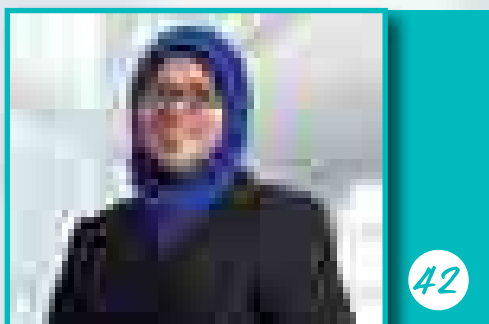
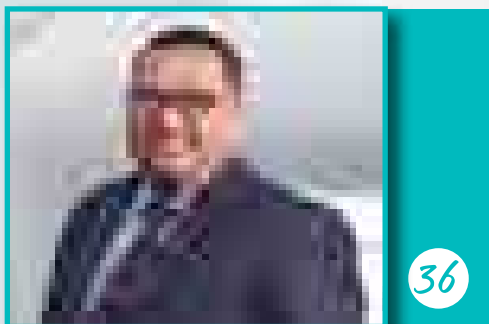
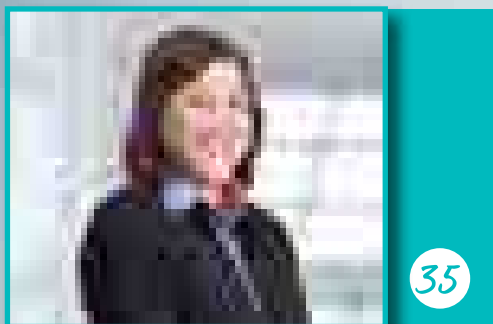
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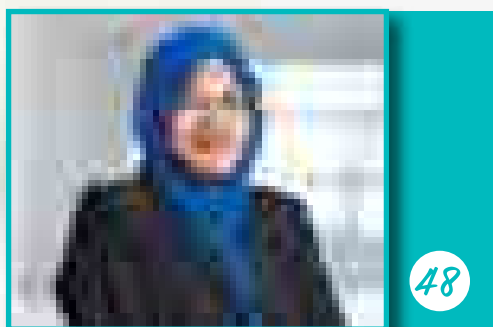
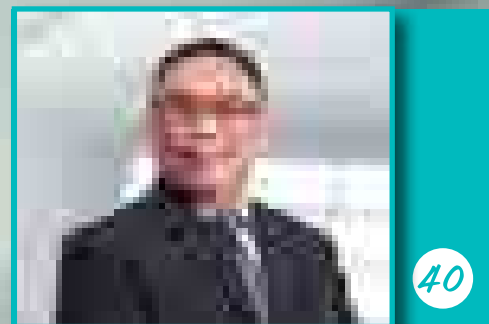
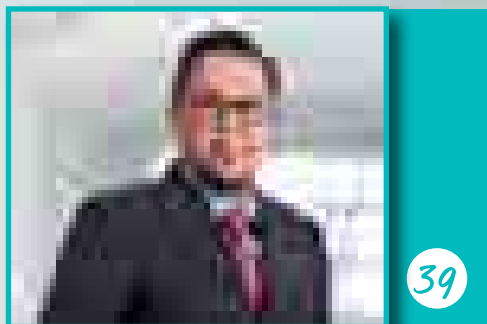
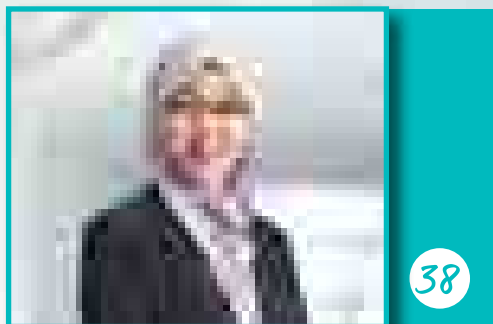


- 17. MOHD TAUFIK ISMAIL**
  - Executive Director - Central Region (Northern)
- 18. KHAIRUN AHMAD**
  - Executive Director & Chief Executive Officer, KPJ Puteri Specialist Hospital
- 19. DR. MUNIRAH KHUDRI**
  - Chief Executive Officer, KPJ Ampang Puteri Specialist Hospital
- 20. PROF. DR ABD AZIZ ABD RAHMAN**
  - Chief Executive Officer, KPJ Penang Specialist Hospital
- 21. MAISARAH OMAR**
  - Chief Executive Officer, KPJ Seremban Specialist Hospital
- 22. ASMADI MOHD BAKRI**
  - Chief Executive Officer, KPJ Ipoh Specialist Hospital
- 23. FAWZIAH MUHAMMAD**
  - Chief Executive Officer, KPJ Damansara Specialist Hospital
- 24. NORHALIDA ABDULLAH**
  - General Manager, KPJ Selangor Specialist Hospital
- 25. MOHD FARID SALIM**
  - Chief Executive Officer, KPJ Tawakkal Specialist Hospital
- 26. ALICE LIU GHEE VOON**
  - Chief Executive Officer, KPJ Kajang Specialist Hospital
- 27. ZABIDI ABDUL RAZAK**
  - Chief Executive Officer, Kedah Medical Centre
- 28. YASSER ARAFAT ISHAK**
  - Chief Executive Officer, KPJ Perdana Specialist Hospital
- 29. MIRANDA HARUMAL**
  - Chief Executive Officer, KPJ Sentosa KL Specialist Hospital
- 30. ROSNANI ISMAIL**
  - Chief Executive Officer, KPJ Klang Specialist Hospital
- 31. MOHD AZHAR ABDULLAH**
  - Chief Executive Officer, KPJ Pasir Gudang Specialist Hospital
- 32. ZAHARAH OSMAN**
  - Chief Executive Officer, KPJ Rawang Specialist Hospital
- 33. NOR AZLINA JEMAIN**
  - Chief Executive Officer, KPJ Sabah Specialist Hospital
- 34. MUHAMMAD BADRI HUSSIN**
  - Chief Executive Officer, KPJ Pahang Specialist Hospital

## Hospital Management Committee

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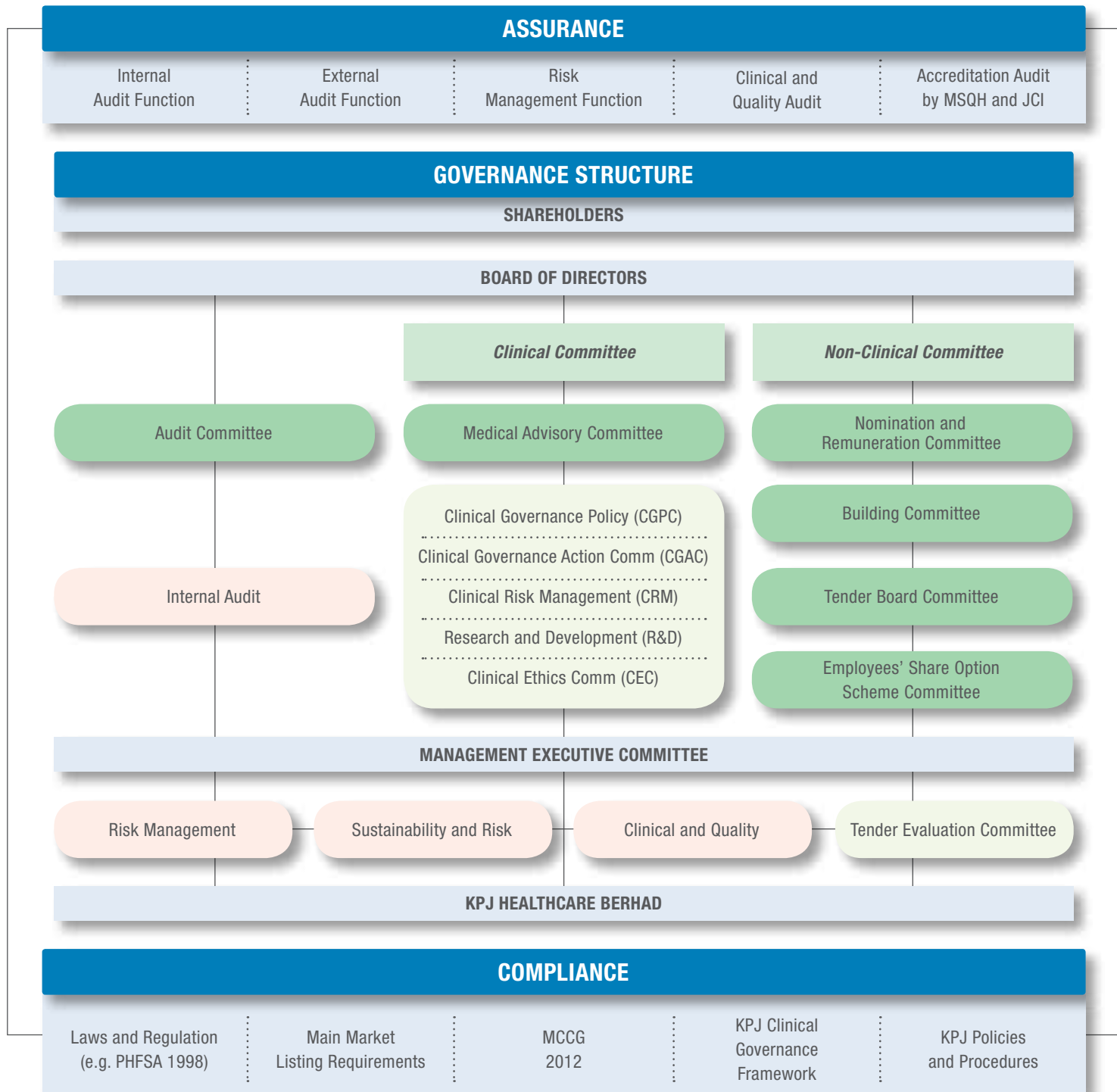




- 35. WENDY VOO**
  - General Manager
  - KPJ Damai Specialist Hospital
- 36. MOHAMAD SOFIAN ISMAIL**
  - General Manager
  - KPJ Bandar Maharani Specialist Hospital
- 37. MOHAMAD HAFIZ ZAINI**
  - General Manager
  - KPJ Kuching Specialist Hospital
- 38. HALIZA KHALID**
  - General Manager
  - Kluang Utama Specialist Hospital
- 39. HAZARUL AZLY HAMZAH**
  - General Manager
  - Taiping Medical Centre
- 40. DENIS SAVING BONIFACE**
  - General Manager
  - Sibu Specialist Medical Centre
- 41. CHEOW JEN HURN**
  - General Manager
  - Sri Manjung Specialist Centre
- 42. SHARIAN HUSSAIN**
  - General Manager
  - KPJ Perlis Specialist Hospital
- 43. FEIRULSHA MOHD KHALID**
  - General Manager
  - RS Medika Permata Hijau, Jakarta, Indonesia
- 44. YUSMAH SALLEH**
  - General Manager
  - RS Medika Bumi Serpong Damai, Jakarta, Indonesia
- 45. MUHAMMAD GUNASINGAM**
  - General Manager
  - Jeta Gardens, Brisbane, Australia
- 46. ZAITON SULAIMAN**
  - Chief Executive Officer
  - Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College, Dhaka, Bangladesh
- 47. ZAINAL ABIDIN LAJAT**
  - General Manager
  - Pharnaserv Alliances Sdn Bhd
- 48. NORA BUHARI**
  - General Manager
  - Lablink (M) Sdn Bhd
- 49. ZAWARI ABDULLAH**
  - General Manager
  - Sterile Services Sdn Bhd
- 50. FARAHYAH BADRI**
  - General Manager
  - KPJ Tawakkal Health Centre
- 51. SITI ZAILA IDRUS**
  - General Manager
  - KPJ Healthcare University College
- 52. CHRISTINE CHEW WAI FONG**
  - General Manager
  - KPJ Pusat Pakar Mata Centre for Sight

# Statement on Corporate Governance

The chart below illustrates the Corporate Governance Model adopted by the Group:



● Board Committee    
 ● Management/Working Committee    
 ● Services Unit





The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

In line with this commitment, the Board is continuously reviewing and has taken, where appropriate, the necessary steps to comply with the requirements on the standards of corporate responsibility, integrity and accountability as enshrined in the eight (8) Principles and 26 Recommendations of the MCGG 2012. The Board is pleased to elaborate on the Group's application and extent of compliance with MCGG 2012 during the financial year 2016 in this statement:

## 1. ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND MANAGEMENT

### BOARD OF DIRECTORS

#### Separation of Power between the Board and Management

The Group has documented clear policies for identifying and separating the functions of the Board and Management, Chairman as well as the President & Managing Director in ensuring the smooth running of the Group's business and operations. These are enshrined in the Board Policy Manual, a copy of which is made available to all Directors of the Company.

The roles of the Chairman of the Board, President & Managing Director, Executive Director and the eight (8) Non-Executive Directors 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.

Dato' Kamaruzzaman Abu Kassim as the Chairman continues to lead the Board by providing oversight over the strategies and business affairs of the Group. He is also the President and Chief Executive of Johor Corporation (JCorp) and has never held the position of President & Managing Director of the Company.

Dato' Amiruddin Abdul Satar, 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 Board has also developed and approved the Corporate Objectives for 2016, for which the President & Managing Director has the responsibility to achieve them. It also forms the basis where the performance of Management will be assessed.

### Board Structure, Composition and Balance

The composition of the Board of Directors is as follows:

- One (1) Non-Independent Non-Executive Chairman;
- Two (2) Non-Independent Non-Executive Directors;
- Six (6) Independent Non-Executive Directors;
- One (1) President & Managing Director; and
- One (1) Executive Director.

The present size and composition remains well-balanced and is made up of professionals with a wide range of knowledge and experience in business, operations and finance, all relevant to the direction of a large, expanding Group. The profiles of all Board Members, comprising of their qualification, experience and calibre are disclosed on pages 120 to 130 of this Annual Report.

The Company's Chairman is a Non-Independent Non- Executive Director and there are six (6) Independent Non- Executive Directors out of the eleven (11) Board members.

As the Chairman is representing JCorp which has a substantial interest in the Company, he is well-placed to act on behalf of and in the best interest of all shareholders. The Board believes that the current Chairman and Board members comprise of a well-balanced mix of professionals with a diverse range of knowledge and experience which are relevant to guide the Company and the Group.

The Independent Non-Executive Directors do not engage in any business dealings or the day-to-day management of the Company. Hence, they are capable of exercising independent judgement and act in the best interests of the Company and its shareholders. All Independent Non-Executive Directors are qualified professionals in their respective fields and carry with them vast industry experience along with subject matter expertise in medical, legal, accounting and business management.

The current Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and Recommendation 3.5 of the MCGG 2012, whereby six (6) out of eleven (11) members are Independent Non-Executive Directors who meet the criteria of "Independent Director", as defined in Paragraph 1.01 of the MMLR. The high number of Independent Non-Executive Directors further provides for diversity of views as well as effective check and balances in the functioning of the Board.

Although all the Directors have equal oversight responsibilities for the Group, the role of these Independent Non-Executive Directors is particularly important in ensuring that all business strategies proposed by the Management are fully and independently deliberated and assessed, takes into account the long term interest of, not only the shareholders, but also employees, customers, suppliers and the many communities in which the Group operates.

# Statement on Corporate Governance

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## Board Duties and Responsibilities

All members of the Board contribute significantly in the areas of formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls and governance.

As prescribed by the MCG 2012, the Board assumes six (6) principal stewardship responsibilities as follows:-

- **Reviews and approves the strategic business plans for the Group**  
The Strategic Business Plan for the period 2017 – 2021 was tabled, discussed and approved by the Board at its meeting on November 2016. Additionally, on an ongoing basis, the Board will assess whether projects, purchases and sales of equity as well as other strategic considerations proposed at Board meetings during the year, are in line with the objectives and broad outline of the adopted strategic plans.
- **Oversees the conduct of the Company's business to evaluate whether the business is being properly managed**  
The Board has the responsibility to oversee and review the Group's annual budget, operational and financial performance on a periodic basis against the budget.  
  
At Board meetings, all operational matters will be discussed and the appropriate consultation will be sought, where necessary. Periodically, the performance of the Group will be benchmarked against the performance of its competitors.
- **Identifies and manages principal risks while ensuring the implementation of appropriate systems to manage these risks**  
Various Committees, in relation to clinical and operational risks, have been set up under the Medical Advisory Committee. The functions of each Committee have been disclosed in the Statement on Risk Management and Internal Control on pages 165 to 168 of this Annual Report.
- **Succession planning, which includes the appointment, training, determination of compensation levels and where appropriate, the replacement of senior management**  
The Board will deliberate on the latest plans and actions taken in respect of the succession planning as provided by the Group Talent Management Services. More importantly, after several years of continuous efforts in emphasising and communicating the importance of succession planning, the subject has now become an on-going agenda, reviewed and discussed at various high-level management and operational meetings of the Group. An overview of the Group Talent Management Services and its importance to the Group are elaborated on pages 69 to 70 of this Annual Report.

- **Develops and implements the Investor Relations programme or shareholder communications policy for the Group**

The Group has introduced many activities with regard to engagement and communication with investors to ensure that they are well-informed about the Group affairs and developments. Details of Investor Relations activities are disclosed on pages 75 to 77 and 164 of this Annual Report.

- **Reviews the adequacy and integrity of the Group's internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines**

The Board's function with regards to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both Board and Management levels. Aided by the Group Internal Audit division that operates independently, the active functioning of these Committees through their regular meetings and discussions provide not only a strong check and balance, but also reasonable assurance on the adequacy of the Group's internal controls. Detailed discussion of these functions are elaborated in the Statement on Risk Management and Internal Control; and the Audit Committee Report on pages 165 to 171 of this Annual Report.

The Board is also responsible in ensuring the smooth function of core processes, board governance, corporate values and ethical oversight. The Independent Non-Executive Directors will further provide an independent and objective perspective that acts as an effective check and balance mechanism in deliberating the above mentioned.

## Formalised Ethical Standards through Code of Ethics

Terms of reference have been developed for both the Board and Management, defining their respective authorities, duties and responsibilities, and this is covered by the Group's Code of Conduct and Business Ethics.

While the Chairman encourages full discussion and deliberation of issues affecting the Group by all Board Members, the Board has also appointed Zainah Mustafa, the Independent Non-Executive Director who is also the Chairman of the Audit Committee, to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders.

The Directors adhere to the Code of Ethics which is contained in the Board Policy Manual, the important aspects of which are as follows:

- Members must represent non-conflicted loyalty to the interests of the Group;
- Members must avoid conflict of interests with respect to their fiduciary responsibilities;
- Members may not attempt to exercise individual authority over the Group unless it is explicitly provided for in the Board Policy Manual; and
- Members will respect the confidentiality appropriate to issues of a sensitive nature.



The Group also has in place a comprehensive Policy of Whistle-Blowing that outlines the Group's commitment to promote highest standards of the governance, ethics and integrity in all aspects of business dealings. The Policy of Whistle-Blowing is available at [www.kpjhealth.com.my](http://www.kpjhealth.com.my)

## Strategies Promoting Sustainability

The Board believes that developing sustainable business practices is not only critical to the future of the Group, but also for the benefit of future generations as well. For the Group, sustainability means balancing of Economic, Environment and Social (EES) aspects in operating a competitive and ethical business through good processes and policies which are applied to all stakeholders.

The Group's commitment to the evolving EES is disclosed in the Sustainability Statement on pages 82 to 104.

## Access to Information and Advice

Prior to each Board meeting, the Board Report will be circulated to all Directors so that each Director has ample time to peruse and review papers for further deliberation at the Board meeting. The Board Report includes among others, the following details:

- Minutes of meeting of all Committees of the Board;
- Any matters arising from previous meetings;
- Business strategies and corporate proposals;
- Review of operational matters and financial report of the Group;
- Review of clinical and professional services report;
- Approval sought for capital expenditure and expansion project reports;
- Report on Audit Committee and Risk Management matters; and
- Report of the Registrar.

There is also a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets; acquisition and disposal of assets that are material to the Group; major investments; changes to management and control structure of the Group, including key policies, procedures and authority limits.

The Board is fully aware of its duties and responsibilities with regards to the matters stated above. Decisions and deliberations at the Board meetings are recorded in the minutes of the meeting by the Company Secretary. All minutes will be confirmed prior to the meeting.

The Directors, whether as a full Board member or in their individual capacities, have full access to all information within the Company and could, where necessary take independent advice at the Group's expense, in furtherance of their duties and responsibilities.

## Qualified and Competent Company Secretaries

The Company Secretaries are appointed by the Board and attend all Board and Board Committee Meetings. They are responsible for providing Directors with advice on compliance and corporate governance issues.

The Board has unrestricted access to the advice and services of Company Secretaries. In between meetings, the President & Managing Director meets regularly with the Chairman and other Board Members to keep them abreast on the Group's current developments.

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

The Company Secretaries safeguard all statutory books and records of the Group, which are maintained in the statutory register of the Group. Company Secretaries also ensure that all Board meetings are properly convened, ensuring accurate and proper records of the proceedings and resolutions passed are recorded. The Company Secretaries also have to ensure that any change in the Group's statutory information be duly completed in the relevant prescribed forms and lodged with the Companies Commission of Malaysia within the prescribed period of time.

## Board Charter

A Board Charter was adopted in 2014. It captures and formalises governance practices, Board policies and guidelines subsisting throughout the Company onto one formal document in providing clear guidance to all stakeholders.

The Charter is regularly reviewed and kept up-to-date with changes in regulations and best practices, while ensuring its effectiveness and relevance to the Board's objectives.

## 2. STRENGTHENED COMPOSITION

### Nomination and Remuneration Committee

The Board has established its own Nomination and Remuneration Committee (NRC). The composition of the NRC complies with the requirements of Paragraph 15.08A of the MMLR.

The terms of reference are available to the public on the Group website at [www.kpjhealth.com.my](http://www.kpjhealth.com.my).

# Statement on Corporate Governance

The Board believes that the current composition of NRC is capable of acting collectively in the best overall interests of shareholders with reference to nomination and remuneration of Board members. In November 2016, the Board approved to extend the term of Aminudin Dawam as Executive Director for 2 years with effect from 1 January 2017 to 31 December 2018. The NRC meeting was held as follows:

MEMBER OF THE COMMITTEE	30 NOVEMBER 2016
Dato' Kamaruzzaman Abu Kassim – Chairman, Non-Independent Non-Executive Director	√
Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir – Independent Non-Executive Director	√
Datuk Azzat Kamaludin – Independent Non-Executive Director	√
Zainah Mustafa – Independent Non-Executive Director	√

The Chairman of the NRC shall be available to answer questions about the NRC matters at the Annual General Meeting (AGM) of the Company.

## Remuneration policies and procedures

The Board believes that the levels of remuneration offered by the Group are sufficient to attract Directors of calibre as well as sufficient experience and talent to contribute to the performance of the Group. The remuneration framework for the President & Managing Director has the underlying objective of attracting and retaining an Executive Director needed to manage the Company successfully. The remuneration package of the President & Managing Director is structured to commensurate with the achievement of corporate targets set by the Board and his individual performance. The Non- Executive Directors are remunerated based on fixed annual fees approved by the shareholders of the Company.

The details on the remuneration of the Directors are as follows:

	SALARY AND OTHERS (RM)	ALLOWANCES AND FEES (RM)	FEES FROM SUBSIDIARIES (RM)	BENEFIT IN KIND (RM)	TOTAL (RM)
<b>President &amp; Managing Director</b>					
Dato' Amiruddin Abdul Satar	1,363,000	113,000	50,000	32,000	1,558,000
<b>Executive Director</b>					
Aminudin Dawam	-	89,000	-	-	89,000
<b>Non-Independent Non-Executive Director</b>					
Dato' Kamaruzzaman Abu Kassim <sup>(a)</sup>	-	166,000	-	-	166,000
Ahamad Mohamad <sup>(a)</sup>	-	85,000	-	-	85,000
Zulkifli Ibrahim <sup>(a)</sup>	-	88,000	-	-	88,000
<b>Independent Non-Executive Director</b>					
Zainah Mustafa	-	103,000	-	-	103,000
Datuk Azzat Kamaludin <sup>(c)</sup>	-	100,000	2,000	-	102,000
Dr. Kok Chin Leong <sup>(d)</sup>	-	185,000	-	-	185,000
Dr. Yoong Fook Ngian <sup>(b)</sup>	-	306,000	-	-	306,000
Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir	-	391,000	31,000	21,000	443,000
Prof. Dato' Dr. Azizi Omar	-	80,000	24,000	-	104,000

(a) Representative of majority shareholders

(b) Received allowance for professional advisory services as Medical Advisory Chairman

(c) Received allowances for appointment as Independent Director of subsidiary hospitals

(d) Received allowances for professional advisory services on implementation of KPJ Clinical Information System (K-CIS)



## Recruitment Process and Annual Assessment

The Board is responsible to the shareholders. All Directors appointed during the financial year retire at the AGM of the Company in the period of appointment and are eligible for re-election. In compliance with Paragraph 7.26(2) of the Listing Requirements, all Directors shall retire at least once every three (3) years.

The Company has in place a formal and transparent procedure on the appointment of new Directors. All nominees to the Board are first considered by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to oversee a highly-regulated healthcare business, before they are recommended to the Board.

While the Board is responsible for the appointment of new Directors, the NRC is delegated to the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. The NRC evaluates the nominees' ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.

## Board Performance Evaluation

The effectiveness of the Board is vital to the success of the Group. For that reason, a large portion of the Board Policy Manual is devoted to explaining and outlining the format and procedure for evaluating Board Members performance. The availability of the structured format for Board Members evaluation assists the members in discharging their duties effectively and efficiently.

The Board, through the NRC, undertakes a rigorous evaluation each year in order to assess how well the Board, its Committees, the Directors and the Chairman are performing, including assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times. The evaluation covers the Board's composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete a questionnaire regarding the Board and Committees' processes, their effectiveness and where improvements may be considered. The process also includes a peer review in which Directors assess their fellow Directors' performance against a set criteria, including the skills they bring to the Group and the contribution they make. The Company Secretary reports the outcome of the evaluation exercise to the NRC and then to the Board for notation.

Following the performance evaluation process for 2016 which was conducted in February 2017, the Board has concluded that the Board and its Committees operate effectively. Additionally, the Chairman is satisfied that each Director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning matters to be considered by the Board, has a good understanding of the Group's business and their commitment to the role remains strong.

## 3. REINFORCE INDEPENDENCE

### Assessment of Independence Annually

The independence of all Directors, including the Non- Independent Non-Executive Directors is reviewed annually via the NRC which undertakes the independent assessment by taking into account their skills, experience and contributions as well as their background, economic viability and family relationships, and thereafter determines whether the Directors can continue to bring independent and objective judgement to the Board. The NRC shall also determine whether there are relationships or circumstances which could affect, or appear to affect, the Independent Non-Executive Directors' judgement.

Tenure is not part of the independence assessment criteria as the Board is of the view that the fiduciary duties as promulgated in the Act are paramount for all Directors, irrespective of their status. The ability of a Director to serve effectively is very much dependent on his calibre, qualifications, experience and personal qualities, particularly his integrity and objectivity. The Directors' Peer Evaluation would also indicate the Independent Directors' ability or inability to act independently. Furthermore, the Board agrees that there are significant advantages to be gained from long-serving Directors who not only possess tremendous insight but also in-depth knowledge of the Company's business and affairs. The Directors are enthusiastic and passionate about spearheading the Group to the next level.

### Tenure of Independent Directors

As advocated in Recommendation 3.3 of the MCCG 2012, the Board should justify and seek the shareholders' approval for the retention of the independent status of four (4) existing Directors who have served in that capacity for more than nine (9) years. Zainah Mustafa (appointed 1 December 2004), Datuk Azzat Kamaludin (appointed on 1 September 1994), Dr. Yoong Fook Ngian (appointed 7 July 2005) and Dr. Kok Chin Leong (appointed 7 July 2005) have served the Company for more than nine (9) years.

### Shareholders' Approval for the re-appointment of Independent Directors

The Board recommends that the tenure of Zainah Mustafa, Datuk Azzat Kamaludin, Dr. Yoong Fook Ngian and Dr. Kok Chin Leong as Independent Board Members be retained subject to the shareholders' approval at the forthcoming Annual General Meeting (AGM), on the basis of their strong professionalism, competencies and vast experience in the healthcare industry and corporate world.

### Separate Positions of the Chairman and President & Managing Director

The Chairman as well as the President & Managing Director of the Company are held by two separate individuals. This complies with the requirements of MCCG 2012.

# Statement on Corporate Governance

## Composition of the Board

As mentioned in the Board Structure, Composition and Balance section above, the Board believes that the present size and composition remains well-balanced, ensuring that the necessary checks and balances are conducted with regard to the decision-making process of the Board.

## 4. FOSTER COMMITMENT

### Commitment of Board Members and Protocols for Accepting New Directorship

The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors' attendance. For the financial year 2016 the schedule of meetings were fixed in December 2014.

During the year ended 31 December 2016, the Board convened four (4) meetings on the following dates and venues:

DATE	VENUE
29 February 2016	Level 16, Menara 238, Kuala Lumpur
19 May 2016	Puteri Pacific Hotel, Johor Bahru
29 August 2016	KPJ Pahang Specialist Hospital, Kuantan
30 November 2016	KPJ Selangor Specialist Hospital, Shah Alam

The Board Members remain committed and dedicated in fulfilling their duties and responsibilities and this is reflected via their attendance at each Board meeting as listed below:

BOARD MEMBERS	29 FEBRUARY 2016	19 MAY 2016	29 AUGUST 2016	30 NOVEMBER 2016
Dato' Kamaruzzaman Abu Kassim	√	√	√	√
Dato' Amiruddin Abdul Satar	√	√	√	√
Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir	√	√	√	√
Tan Sri Dato' Dr. Yahya Awang	√	√	√	√
Datuk Azzat Kamaludin	√	√	√	√
Zainah Mustafa	√	√	√	√
Aminudin Dawam	√	√	√	√
Dr. Yoong Fook Ngian	√	√	√	√
Dr. Kok Chin Leong	√	√	√	√
Zulkifli Ibrahim	√	√	√	√
Ahamad Mohamad	√	√	√	√

All Directors have complied with the minimum of 50% attendance as stipulated by Paragraph 15.05(3)(c) of the MMLR.

### 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 the Continuous Education Programmes (CEP), particularly on relevant laws, regulations, changing commercial risks and environment as required by Paragraph 15.08(3) of the MMLR. It regularly assesses the training needs of its Directors to ensure that they are updated with the latest requirements. The Company Secretary will assist to schedule dates for training of Directors whether in a group or on an ad-hoc basis.

# Statement on Corporate Governance



During the year, the Board members have attended the following training programmes organised by various parties:

## **Corporate Governance (including audit, risk management & internal control)**

NAME	COURSES/WORKSHOP	DATE	ORGANISER
1. Dato' Kamaruzzaman Abu Kassim (Keynote Address)	Governance Symposium 2016: Driving Public-Private Governance Forward	18 August	Malaysian Institute of Corporate Governance & Institut Akauntan Malaysia
2. Dato' Amiruddin Abdul Satar	Comparative Analysis of PERS, MPERS and MFRS Frameworks	16-17May	The Malaysian Institute of Certified Public Accountants
3. Aminudin Dawam	Corporate Governance Summit 2016	21-22 March	Asian World Summit
	Corporate Governance Breakfast Series With Directors: The Cybersecurity Threat And How Board Should Mitigate The Risks	18 November	Bursa Malaysia
4. Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir	Bursa Malaysia Independent Directors Programme: The Essence of Independence	21 March	Chemical Company Malaysia Berhad
	The Institute of Internal Auditors Malaysia 2016 Audit Committee Conderence: Setting the Right Tone	29 March	The Institute of Internal Auditors Malaysia
	International Forum on Quality and Safety in Healthcare	12-15 April	Institute for Healthcare Improvement (IHI) & BMJ
	Fraud Risk Management: Whose Responsibility Is It?	8 September	MICG
	ISQua's 33rd International Conference Tokyo 2016-12-07 Change and Sustainability in Healthcare Quality: the Future Challenges	16-19 October	International Society for Quality in Healthcare (ISQua)
	Corporate Governance Breakfast Series With Directors: The Cybersecurity Threat And How Board Should Mitigate The Risks	18 November	Bursa Malaysia
	As a speaker Women's Institute Management (WIM) Conference 2016: On Integrity and Governance for Company Directors (Public & Private Sectors)	21-22 November	Women's Institute Management (WIM)
5. Datuk Azzat Kamaludin	Bursa Sustainability Engagement Series For Directors / CEOs	2 June	Bursa Malaysia
	Corporate Governance Breakfast Series With Directors: The Cybersecurity Threat And How Board Should Mitigate The Risks	18 November	Bursa Malaysia
6. Zainah Mustafa	Fraud Risk Management: Whose Responsibility Is It?	8 September	MICG
	Corporate Training to Board of Directors of Damansara Realty Berhad – Business Sustainability	26 August	Bursatra
7. Dr. Yoong Fook Ngian	Independent Directors Program: The Essence of Independence	29 September	Bursa Malaysia
8. Dr. Kok Chin Leong	Independent Directors Program: The Essence of Independence	29 September	Bursa Malaysia
9. Prof. Dato' Dr. Azizi Omar	Mandatory Accreditation Program	2-3 March	Bursatra
	Directors Duties, Business Ethics & Governance Seminar 2016	28 April	Bursatra
	Independent Directors Program: The Essence of Independence	29 September	Bursatra

# Statement on Corporate Governance

## Leadership, Legal & Business Management

NAME	COURSES/WORKSHOP	DATE	ORGANISER
1. Dato' Kamaruzzaman Abu Kassim	Meetings and Dinner with YUM in Plano, Dallas, USA	17-20 January	YUM
	KEEP Top Management Session 1	21 February	Johor Corporation
	KEEP for Johor Corporation Leadership and Top Management	25 April	Johor Corporation
	JLP Engagement Session with The President & Chief Executive of Johor Corporation	4 September	Johor Corporation
	Mini Misi Kesenambungan Bisnes Johor Corporation	4 October	Johor Corporation
	Balance Scorecard Workshop For Top Management	16-17 October	Johor Corporation
	Bengkel Nilai Teras Johor Corporation 2.0 Untuk Pengurusan Atasan – Good To Great	13 November	Johor Corporation
	International Franchise Convention	30 May - 5 June	KFC/Pizza
	Pizza Hut Brand Conference	26-29 November	KFC/Pizza
2. Dato' Amiruddin Abdul Satar	Penyertaan Anggota Pekerja Johor Corporation Di Dalam Jcorp Premier Brown Bag Session	4 October	Johor Corporation
3. Aminudin Dawam	Knowledge Empowerment Program for JCorp Leadership & Top Management	24 - 25 April	Johor Corporation
4. Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir	CCMB Group Directors & Senior Management Training (#34/2016): TTPA Corporate Liability Law & Anti-Corruption Compliance: Big Opportunities Great Challenges- What's your next move?	21 July	Chemical Company Berhad Malaysia
5. Zulkifli Ibrahim	Achieving Business Continuity Through Innovation and Corporate Responsibility	4 October	Johor Corporation
6. Datuk Azzat Kamaludin	LTAT- Power Talk "What Will Distinguish The Great Boards Of Tomorrow"	25 July	MINDA – Malaysian Directors Academy
7. Ahamad Mohamad	Knowledge Empowerment Programme (KEEP) for JCorp Leadership & Top Management	21 February	Johor Corporation
	Penyertaan Anggota Pekerja Johor Corporation Di Dalam Jcorp Premier Brown Bag Session	4 October	Johor Corporation
	Engagement Session with President & Chief Executive JCorp – Johor Corporation Leadership Programme (JLP)	4 September	Johor Corporation
	Session with YB Dato' Kamaruzzaman Abu Kassim – Johor Corporation Leadership Programme (JLP)	8 May	Johor Corporation

## Financial and Capital Markets

NAME	COURSES/WORKSHOP	DATE	ORGANISER
1. Dato' Kamaruzzaman Abu Kassim	Johor International Bioeconomy Conference 2016	24 October	Johor Biotechnology & Biodiversity Corporation (J-Biotech)
	12th WIEF Jakarta, Indonesia	1-2 August	World Islamic Academic Forum
	Economic Walk Through Session	12 October	Johor Corporation
2. Aminudin Dawam	Invest Malaysia KL	12-13 April	Bursa Malaysia & Maybank
3. Datuk Azzat Kamaludin	Khazanah Megatrends Forum 2016	26-27 September	Khazanah Nasional





## Industry

NAME	COURSES/WORKSHOP	DATE	ORGANISER
1. Dato' Amiruddin Abdul Satar	APHM Healthcare Conference 2016: Safe & EFFICIENT Hospitals – Healthy Outcomes for both patients and shareholders?	1-3 June	Association Of Private Hospitals, Malaysia (APHM)
2. Aminudin Dawam	KPJ Medical Workshop & Exhibition	12-13 November	KPJ Healthcare Berhad
3. Tan Sri Datin Paduka Siti Sa'diah Shekh Bakir (as a panellist)  (As a moderator)	KPJUC 3rd International Conference on Multidisciplinary Healthcare	25 May	KPJ University College
	3rd Retirement Living & Senior Care SEA Conference – Advisory Board for Retirement Living & Senior Care World Southeast Asia 2016	28 September	Retirement Living & Senior Care World Southeast Asia 2016
	MSQH Healthcare Summit 2016: Enhancing Ethical, Safe and Quality Care through Patient & Family Engagement – Do Malaysian Healthcare Service Providers Have the Values to Deliver Ethical, Safe and Quality Care?	1 December	Malaysian Society for Quality in Health (MSQH)
4. Dr. Yoong Fook Ngian	KPJ Medical Workshop & Exhibition	12-13 November	KPJ Healthcare Berhad
	APHM Healthcare Conference 2016: Safe & EFFICIENT Hospitals – Healthy Outcomes for both patients and shareholders?	1-3 June	Association Of Private Hospitals, Malaysia (APHM)
5. Prof. Dato' Dr. Azizi Omar	KPJ Medical Workshop & Exhibition	12-13 November	KPJ Healthcare Berhad
	APHM Healthcare Conference 2016: Safe & EFFICIENT Hospitals – Healthy Outcomes for both patients and shareholders?	1-3 June	Association Of Private Hospitals, Malaysia (APHM)
	Consensus Guideline on use of Omalizumab in difficult asthma	5 March	Ministry of Health
	MTS Annual Congress 2016	28-31 July	Malaysian Thoracic Society (MTS)

## Technology

NAME	COURSES/WORKSHOP	DATE	ORGANISER
1. Dato' Amiruddin Abdul Satar	The Evolution of Retail Asia Pacific: Innovation and Disruption	12-13 October	i2i Events Ltd
2. Datuk Azzat Kamaludin	GSMA Mobile World Congress Shanghai	29 June - 1 July	GSM Association
3. Dr. Kok Chin Leong	Corporate Directors Advanced Programme (CDAP): Cybersecurity Risk Management for the Boardroom and C-Suite	24 March	Malaysia Directors Academy
	KPJ Cyber Security Workshop 2016	14 June	KPJ Healthcare Berhad

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Malaysian Financial Reporting Standards

In presenting the annual financial statements and quarterly announcements to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators. Timely release of announcements reflect the Board's commitment to provide transparent information on the Group's performances and activities.

In the preparation of the financial statements, the Directors have taken necessary steps to ensure that the Group consistently complied with all applicable Malaysian Financial Reporting Standards, provisions of the Companies Act 1965 and relevant provision of laws and regulations in Malaysia, including the respective countries in which the subsidiaries operate, and that the policies are supported by reasonable and prudent judgement and estimates.

The Audit Committee assists the Board in ensuring that both the annual financial statements and quarterly announcements are accurate and the preparation is consistent with the accounting policies adopted by the Group. The quarterly reports, prior to tabling to the Board for approval, will be reviewed and approved by the Audit Committee.

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. This is to ensure a true and fair view of the financial position of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently; made judgement and estimates that are reasonable, prudent and prepared the financial statements on a going-concern basis; as the Directors have a reasonable expectation, having made enquiries that the Group and Company have resources to continue in operational existence for the foreseeable future. The Directors have the overall responsibilities for taking such steps necessary to safeguard the assets of the Group, as well as prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169(15) of the Companies Act 1965 is set out in the Financial Statements on page 190 of the Annual Report.

### Assessment of Suitability and Independence of External Auditors

The Board, through the Audit Committee has maintained an appropriate relationship with the External Auditors as there is a formal and transparent arrangement in the review of the External Auditors' audit plan, report, internal control issues and procedures.

In 2016, the External Auditors attended all four (4) Audit Committee Meetings which were held on 18 February 2016, 9 May 2016, 5 August 2016 and 14 November 2016. They also attended the Company's 23rd AGM held on 19 May 2016.

The Audit Committee met with the External Auditors without the presence of the Executive Board Member and Senior Management twice (2) during the year, on 18 February 2016 and 5 August 2016. The Board is of the view that the External Auditors are independent and they are reappointed annually at the AGM.

## 6. RECOGNISE AND MANAGE RISKS

### Framework to Manage Risk

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.

The Committees are divided into Board and Management Committees. The Board Committees comprises of six (6) main Committees:

- Audit Committee;
- Building Committee;
- Medical Advisory Committee;
- Nomination and Remuneration Committee;
- Tender Board Committee; and
- Employees' Share Option Scheme (ESOS) Committee.



## Board Committees

### Audit Committee (AC)

The Audit Committee is chaired by Zainah Mustafa, and comprises of two (2) other members, Datuk Azzat Kamaludin and Dr. Kok Chin Leong, all of whom are Independent Non-Executive Directors. The Committee meets on a scheduled basis at least four (4) times a year.

The profiles of each AC Member are disclosed on pages 120 to 130 of this Annual Report. Pursuant to Paragraph 15.15 of the MMLR, the Audit Committee Report for the financial year which sets out the composition, terms of reference and a summary of activities of the Audit Committee is presented on pages 161 to 171 of this Annual Report.

### Building Committee (BC)

The main purpose of the Committee is to oversee the timeline and costs of each development project undertaken by the Group and to address any issues relating to these projects.

The Committee meets on a scheduled basis at least four (4) times a year. All reports and minutes of the meeting are escalated to the Board.

MEMBER OF THE COMMITTEE	14 FEBRUARY 2016	29 APRIL 2016	11 AUGUST 2016	1 NOVEMBER 2016
Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir (Chairman) – Independent Non-Executive Director	√	√	√	√
Dato' Amiruddin Abdul Satar – President & Managing Director	√	x	√	x
Dr. Yoong Fook Ngian – Independent Non-Executive Director	√	x	√	√
Aminudin Dawam – Executive Director	√	√	√	√

### Medical Advisory Committee (MAC)

The Committee's role is to ensure that the best clinical governance activities and guidelines are adopted and practised by the Group. The Committee meets on a scheduled basis at least four (4) times which were held on 18 February, 5 May, 4 August and 3 November. This Committee chaired by Dr. Yoong Fook Ngian, Independent Non-Executive Director.

The functions and activities carried out by the Committee are set out under the Medical Advisory Committee Report on pages 172 to 177 of this Annual Report.

### Tender Board Committee (TBC)

In an effort to achieve high standards of corporate governance, the Board established the Tender Board Committee (TBC) in 2014. The main purpose of the Committee is to evaluate any major purchases, acquisitions or disposals of assets, awards of contracts and appointments of consultants/advisors for the Group.

In 2016, the TBC held three (3) meetings to evaluate major purchases, awards of contracts and made its recommendations to the Board accordingly.

MEMBER OF THE COMMITTEE	10 MAY 2016	7 OCTOBER 2016	29 NOVEMBER 2016
Zulkifli Ibrahim (Chairman) – Non-Independent Non-Executive Director	√	√	x
Datuk Azzat Kamaludin – Independent Non-Executive Director	√	√	√
Aminudin Dawam – Independent Non-Executive Director	√	√	√
Dr. Yoong Fook Ngian – President & Managing Director	√	x	√
Dato' Amiruddin Abdul Satar – Executive Director	√	√	√

# Statement on Corporate Governance

## Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established on 26 November 2014, comprising of a majority of independent directors. The Board has delegated the ESOS Committee to review the rules and regulations relating to the ESOS scheme and ensure that the ESOS scheme is implemented in accordance with the ESOS By-Laws with regards to amongst others, eligibility, options offer and allocation, basis of allotment, termination and appeals, if any.

The ESOS Committee reports to the Board of their deliberations and recommendations. Minutes of the ESOS Committee are presented at the Board meetings for further discussion and direction. While the ESOS Committee has the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by the ESOS Committee will be brought to the attention of the Board.

In 2016, the ESOS Committee met once (1) in 2016 to deliberate and approve the ESOS options granted to employees.

MEMBER OF THE COMMITTEE	29 AUGUST 2016
Dato' Kamaruzzaman Abu Kassim (Chairman) – Chairman	√
Zainah Mustafa – Independent Non-Executive Director	√
Datuk Azzat Kamaludin – Independent Non-Executive Director	√

## Management Committees

The Management Committees comprise of two (2) main Committees:

- Executive Committee
- Tender Evaluation Committee

## Executive Committee (EXCO)

The terms of reference and objectives of the EXCO are as follows:

### 1. Purpose

The main objective and purpose of the EXCO are as follows:

- To manage all aspects of the Group's business;
- To implement the strategic business plans and policies approved by the Board of Directors; and
- To identify, formulate and prioritise strategic issues as well as chart strategic directions for action by Management and employees.

### 2. Members

There are 15 members of EXCO as follows:

- President & Managing Director
- Executive Director
- Vice President I – Business Operations & Clinical Services
- Vice President I – Corporate and Financial Services
- Vice President I – Business Development & Intreprenuer Services
- Vice President II – Project Management, Commissioning, Bio Medical and International Operation Services
- Vice President II – Group Talent Management Services
- Senior General Manager – Group Operations
- Senior General Manager – Group Strategic Support Services & Education
- Senior General Manager – Group Finance Services
- Senior General Manager – Group Marketing, Corporate Communication & Public Relation Services
- Senior General Manager – Group Operations / Credit Management
- Senior General Manager – Group Operations / Informatics Management
- Chief Information Officer – Information Technology Services
- General Manager – Product and Services Development

### 3. Meetings

Meetings are usually held on every Tuesday of the week.



## **Tender Evaluation Committee (TEC)**

In an effort to achieve high standards of corporate governance, the Board had in February 2014 resolved to establish the Tender Evaluation Committee (TEC). The main purpose of the Committee is to evaluate and make its recommendations to the TBC on major purchases, acquisitions or disposals of assets, awards of contracts and appointments of consultants/advisors for the Group.

The members of the TEC are:

- a) Mohd Sahir Rahmat (Chairman) – Vice President (I), Corporate and Financial Services
- b) Jasimah Hassan – Vice President (I), Business Operations and Clinical Services
- c) Ahmad Nasirruddin Harun – Senior General Manager – Group Education and Strategic Support Services
- d) Mohd Taufik Ismail – Executive Director Central Region (Northern)
- e) Roslan Ahmad – Senior General Manager – Group Operations

In 2016, the TEC met four (4) times on 28 January 2016, 11 April 2016, 19 July 2016 and 21 November 2016 and made its findings and recommendations to the TBC as required.

## **Internal Audit Function**

The Board acknowledges its primary responsibility for the Group's system of internal controls and risk management. The effectiveness of the system of internal controls and risk management of the Group is reviewed by the Audit Committee. A more detailed discussion is set out in the Statement on Risk Management and Internal Control as well as the Audit Committee Report on pages 165 to 167 and 171 of this Annual Report.

The Internal Audit function is undertaken in-house, headed by a General Manager who is a certified auditor and is assisted by 15 experienced Internal Auditors of various disciplines. In 2016, the Group spent around RM2.2 million on the Internal Audit function in terms of employee remuneration and benefits.

## **Sustainability and Risk Committee (SRC)**

The KPJ's Sustainability and Risk Committee has been established to assist KPJ Board of Directors fulfilling its oversight responsibilities in relation to KPJ Group's objective, policies and practices pertaining to Economic, Environment and Social (ESS) risks and achieve compliance with sustainable development, responsibilities and commitments and strive for an industry leadership position on sustainability.

The Committee is organised from the management staff of KPJ as follows:-

- a) Dato' Amiruddin Abdul Satar – President & Managing Director (Chairman)
- b) Mohd Sahir Rahmat – Vice President (I) Corporate & Financial Services
- c) Dato' Abdul Wahab Baba – Vice President (I) Business Development & Intreprenuer Services
- d) Datin Sabariah Fauziah Jamaluddin – Vice President (II) Group Talent Management Services
- e) Rafeah Ariffin – Senior General Manager - Group Marketing, Corporate Communication & Public Relation Services
- f) Mohd Taufik Ismail – Executive Director Central Region (Northern)
- g) Khairul Annuar Azizi – General Manager - Risk, Compliance & Investor Relations Services

In 2016, the SRC met two (2) times on 9 September and 9 November 2016 and conducted an internal materiality workshop which involved key persons of every services on 13 December 2016.

## **7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

### **Corporate Disclosure Policy**

The Company has in place policies and procedures for compliance with the MMLR and ensures that all material information are announced immediately to Bursa Malaysia Securities Berhad as required.

The Compliance Department was set up in January 2014 and is tasked with monitoring all compliance matters that require disclosure in accordance with the requirements of MMLR.

### **Leverage on Information Technology**

The corporate website at [www.kpjhealth.com.my](http://www.kpjhealth.com.my) is maintained to disseminate information and create greater awareness of the Group activities, performance and other relevant information for the benefit of all stakeholders and general public.

The Group also has a dedicated website for Investor Relations where all information relating to quarterly result announcements, Annual Reports, changes to shareholding and press releases are published concurrently with Bursa Malaysia website. This website also sends out alerts to investors for any announcement made in relation to the Company.

# Statement on Corporate Governance

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## 8. STRENGTHEN RELATIONSHIP WITH THE SHAREHOLDERS

### Shareholder Participation at the AGM

At each AGM, the Chairman presents the progress and performance of the Company, in addition to encouraging shareholders to participate in the question-and-answer session. The President & Managing Director, the Chairman of the Audit Committee and other Board Members are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting. Apart from the Board Chairman and President & Managing Director, shareholders or stakeholders may convey any concerns that they may have to Zainah Mustafa, the Independent Non-Executive Director who is also the Chairman of the Audit Committee.

Each item of special business included in the notice of the meeting will be accompanied by detailed explanations. Separate resolutions are proposed for substantially different issues at the meeting and the Chairman declares the number of proxy votes received both for and against each resolution. The Company also provides shareholders with a summary of the discussions at the AGM by publishing the minutes on the website.

### Poll Voting

Pursuant to Paragraph 8.29A of the MMLR, all resolutions tabled at the General Meeting are to be voted by poll.

Before the AGM, the Chairman will inform the shareholders prior to the discussion of the resolutions on the casting of votes by poll. An Independent scrutineer will be appointed to validate the votes cast at the AGM.

At the 23rd Annual General Meeting held on 19 May 2016, the Company obtained the shareholders' mandate to allow the Group to enter into recurrent related party transactions as set out in the Notes of the Compliance Information on pages from 180 to 181. As required by the MMLR and the Company's Articles of Association, a Director who has an interest in a transaction shall abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and general meetings convened to consider such matters.

### Effective Communication and Proactive Engagements with Shareholders

The Group understands that one of its major responsibilities is to provide sufficient and timely information as and when necessary to its shareholders and investors, as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors.

As part of the Group's commitment to promote a high level of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations function. The President & Managing Director and senior management personnel hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance.

Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as privileged material information about the Group will be safeguarded until such time that such information has been announced to Bursa Securities Malaysia as required by the MMLR.

In addition, the Group has established a website at [www.kpjhealth.com.my](http://www.kpjhealth.com.my) which shareholders can access. The Group's quarterly and annual results announcements, including press releases are posted in the Investor Relations page on the Group's website immediately after announcements are made on the Bursa Malaysia's website. This website also sends out alerts to investors who opted to get this service for free on any announcement by the Company to Bursa.

Other than the website, the Group continues to produce and enhance its Annual Report, Corporate Brochures and Fact Sheets to provide sufficient details to the shareholders and stakeholders. Other than that, the Group also makes regular announcements on Bursa Securities Malaysia to provide stakeholders with important information which may affect their investment decisions, thus enhancing the level of transparency.

As part of the Group's commitment to an effective investor relations function, the Company hosted meetings, tele-conferencing and briefings to analysts and investors via participation in events organised by investment banks or research houses in Malaysia and abroad.

The Senior Management personnel involved in Investor Relations activities are:

- Dato' Amiruddin Abdul Satar – President & Managing Director
- Mohd Sahir Rahmat – Vice President (I) – Corporate & Financial Services
- Khairul Annuar Azizi – General Manager – Risk, Compliance & Investor Relations

### Compliance Statement

Pursuant to Paragraph 15.25 of the MMLR, the Board is pleased to report that this Statement on Corporate Governance provides the Corporate Governance practices of the Company with reference to the MCCG 2012. The Board, however, has reserved several of the Recommendations and their Commentaries, and has rationalised and provided justifications for any deviations in this Statement. Nevertheless, KPJ will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders. Signed on behalf of the Board of Directors in accordance with its resolution on 20 February 2017.

# Statement on Risk Management and Internal Control



## INTRODUCTION

The Board of Directors of KPJ Healthcare Berhad (KPJ) is pleased to provide the following statement on the state of internal controls of the Group which has been prepared in accordance with the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia Securities Berhad.

## BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as reviewing its adequacy, integrity and effectiveness. The Board has put in place a sound governance structure, risk management framework and internal control system pursuant to Principle 6 of the Malaysian Code on Corporate Governance 2012 to ensure effective oversight of controls and risks in the Group.

The Audit Committee (AC) reviews the adequacy and effectiveness of internal controls system and risk management framework through the internal audits and risk management reviews conducted by the Group Internal Audit Services and the Risk & Compliance Services respectively. Issues raised and actions taken by Management to address these issues were deliberated in the AC meetings and the minutes of the AC meetings were then presented to the Board.

## MANAGEMENT RESPONSIBILITY

The Management is overall responsible for implementing the Board's policies on risks and controls by allocating resources for the design and implementation of policies and procedures on risk management and internal control system to facilitate the identification and evaluation of significant risks faced by the Group and formulating adequate controls to manage these risks, according to the risk appetite set by the Board.

The principal objective of the risk management framework and internal control system is to identify and manage business risks effectively and safeguard assets.

As the internal controls system is designed to manage and reduce risks rather than eliminating them, the system can only provide reasonable assurance to the Board regarding the achievement of company objectives through:-

- effectiveness and efficiency of operations
- reliability of financial reporting
- compliance with applicable laws and regulations

The likelihood of achievement of the Group's objectives is affected by limitations inherent in any internal control systems. The Management therefore has to consider the cost of implementation of internal controls against the expected benefits to be derived.

## RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

### Integrity and Ethical Values

The Group is committed to promote ethical behaviour culture in employees and medical consultants. At the annual staff assembly called "Pedoman" (Perhimpunan,

Dialog dan Anugerah Tahunan Anggota Pekerja), all employees and medical consultants are reminded of the five Core Values adopted by the Group, which are Safety, Courtesy, Integrity, Professionalism and Continuous Improvement.

Employees are expected to be transparent in their conduct to promote high ethical values and reaffirm their commitment to the Group through the Staff Integrity Pledge ceremony.

In addition, the Group also encourages employees to report directly to the Managing Director of any misconduct or unethical behaviour committed by any staff of the Group through the annual Borang Peradaban declaration.

To complement this expectation, the Group also has in place a comprehensive Policy of Whistle-Blowing that outlines the Group's commitment to promote the highest standards of governance, ethics and integrity in all aspects of business dealings. The Policy covers, inter-alia, 3 tiers of whistle-blowing reporting line, comprising of the Managing Director, the Chairman of the Audit Committee and the Chairman of the Board, to facilitate whistle-blowing activities according to different possible circumstances. In order to encourage a conducive environment for effective whistle-blowing, the Policy also provides assurances on the preservation of identity, confidentiality of information and protection of whistle-blowers from possible retaliation.

The Group is also a signatory to the "Malaysian Corporate Integrity Pledge" since 2011, introduced by the Malaysian Institute of Integrity (MII) in support of the Government efforts to combat corruption and unethical practices.

The Group has put in place the "No Gifts and Entertainment" policy applicable to all staff and the "Asset Declaration" policy applicable to staff of Manager grade and above. The purpose of these policies is to uphold ethical and responsible behaviour by all its employees and to avoid conflict of interest situation in any ongoing or potential business dealings in the Group with various suppliers and service providers.

### Control Structure

The Group adopts the COSO Internal Control Framework as a guide to ensure an appropriate and sound system of internal controls are in place, which encompasses five inter-related components i.e. the Control Environment, Risk Assessment Framework, Control Activities, Information and Communication and Continuous Monitoring process.

The Group's operations is headed by the President & Managing Director, who is assisted by five (5) Vice Presidents for the following functions:

- Business Operations and Clinical Services
- Corporate and Finance Services
- Project Management, Biomedical & International Operation Services
- Business Development Services
- Talent Management Services

All the hospitals within the Group are clustered into five (5) zones, whereby one hospital at each cluster will act as the control hub of the other hospitals within the cluster. Each cluster is headed by an executive director who will oversee and control all the hospitals' operations.

# Statement on Risk Management and Internal Control

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At the hospital level, the Executive Directors and the Chief Executive Officers are assisted by the Medical Directors who oversee all clinical governance in the hospitals.

At the Corporate level, the Group exercises its oversight via the Medical Advisory Committee on clinical matters and the Executive Committee (EXCO) on all hospital operations matters.

## Assignment of Authority and Responsibility

The Board has delegated certain responsibilities to Board Committees which function with clearly defined terms of reference. The functions and activities carried out by the Board Committees are set out in the Statement On Corporate Governance on pages 150 to 164 of this Annual Report.

The Board also assigns authority and responsibility mainly to the EXCO which is headed by the President/Managing Director, to manage operations as well as discuss strategic issues pertaining to the delivery of services and business operations of the Group.

Several committees have been formed to identify, evaluate, monitor and manage the significant risks affecting the Group operations:-

### 1. Medical Advisory Committee (MAC)

MAC is the apex clinical committee that is responsible for the Group's clinical governance framework and guidelines for sound and ethical medical practices.

There are various sub-committees under the MAC; namely Clinical Governance Policy Committee, Clinical Governance Action Committee, Clinical Ethics Committee and Research & Development Committee

### 2. Clinical Risk Management Committee (CRMC)

CRMC is entrusted to review and oversee the effectiveness of the clinical ERM framework. All major clinical risk incidents related to patient and staff safety are presented to CRMC.

### 3. Tender Evaluation Committee (TEC)

TEC is responsible for evaluating all tenders for purchases, acquisitions or disposals of assets, award of contracts and appointment of project development consultants/advisors for the Group. TEC will make appropriate recommendation to the Tender Board Committee.

## Commitment to Continuous Learning

The Group, being in a service-oriented industry, recognises the importance of sustainable investment in improving the skills and competencies of its management, medical consultants and employees. This is achieved through facilitating various training programs, seminars, workshops and service quality initiatives.

To improve staff competency in delivering quality service, the Group spent RM10.3million in 2016 on conducting staff training and development programs. Each employee is mandated to undergo at least 30 hours of training per year on work related areas such as customer service, clinical safety and leadership program, facilitated by the Group's Talent Management Services in collaboration with KPJ Healthcare University College's (KPJUC) teaching professionals or external trainers.

To promote continuous learning and upgrading of knowledge, the Group has a sponsorship program for eligible executives to further their studies in various post-graduate program in hospital management and clinical disciplines. In 2016, 1 executive obtained her Master degree from Universiti Teknologi Malaysia (UTM). Since this program was started in 2005, 87 staff have benefited and obtained their Masters degrees.

Nurses, which represent around half of the Group's total workforce, are also encouraged to further their studies either for the Degree in Nursing or Masters in Science (Nursing) through collaboration with KPJUC, foreign universities or to take up post-basic courses in OT, ICU, CICU, renal and midwifery to enhance their knowledge and skills. The Group also organises the KPJ Medical Conference, Medical Workshop and Nursing Convention annually for the medical consultants, nurses and allied health staff to deliberate and discuss medical and clinical issues related to their practices to promote patient safety and standardisation of clinical practices.

Currently, 18 hospitals in the Group have received their accreditation certifications from the Malaysian Society for Quality in Health (MSQH), out of which 4 hospitals namely KPJ Johor Specialist Hospital, KPJ Seremban Specialist Hospital, KPJ Ampang Puteri Specialist Hospital and KPJ Penang Specialist Hospital, have also been certified by the Joint-Commission International with the internationally recognised and prestigious "JCI Accreditation". It is the Group's aspiration that all hospitals in its network would be accredited upon reaching operational maturity.

## RISK MANAGEMENT FRAMEWORK

### Group-Wide Objectives

The Board has established an organizational structure with clearly defined lines of accountability and responsibility to support the ideal control environment. The Audit Committee's responsibilities have been expanded to include the assessment of risks that the Group faces in its operations.

The Group subscribes to the "Australian/New Zealand Standard 4360:1999 Risk Management" to guide its risk management activities and adopted the "Australian/New Zealand Standard HB228:2001 Guidelines for Managing Risk in Healthcare" as its base framework in managing its business risks, comprising as follows:-

- Patient Care
- Clinical Staff
- Employee
- Property
- Financial
- Corporate Governance
- Others





The Group has put in place an Enterprise-Wide Risk Management (ERM) framework for managing risks associated with its business and operations. The ERM framework features a risk governance structure that comprises of 3 levels of defence with clear lines of responsibilities and accountabilities as follows:-

Level 1 – Hospital-level Management and Board

Level 2 – Clinical Services & Risk Management Services at HQ

Level 3 – Group Internal Audit at HQ

Risk Coordinators are appointed at each hospital to co-ordinate and monitor the implementation of risk management activities across all aspects of operations. All hospitals and subsidiaries are required to identify and mitigate relevant risks that may affect the achievement of the Group's objectives and report all significant risks arising from operations to their respective Boards.

The Group coordinates its risk management activities through a risk reporting & escalation framework called "Incident Reporting & Root Cause Analysis". This is to ensure that all risk incidents are documented, investigated and root causes are identified to prevent future recurrence and ensure patient safety is given top priority.

As a healthcare service provider, clinical risk forms the biggest risk class the Group faces. Therefore, the Board has entrusted the CRM committee which comprises of medical consultants of various disciplines to review and deliberate on all reported risk incidences. The minutes and decisions of this committee are presented to the MAC, which is the apex-committee for all clinical matters of the Group.

Both clinical and non-clinical risk matters are also reported to the AC which has oversight authority on all risk management and internal control issues of the Group.

## CONTROL ACTIVITIES

### Policies and Procedures

Policies and procedures are documented comprehensively, which are reviewed regularly to ensure relevance and compliance with the current and applicable laws and regulations. These policies and procedures help to ensure that appropriate authority limits are in place, business activities are carried out according to set standards and necessary actions are taken to address and minimise risks and ensure the orderliness and continuity of business functions.

### Segregation of Duties

The delegation of responsibilities by the Board to the Management and Operating Units are clearly defined and authority limits are strictly enforced and reviewed regularly. Different authority limits are set for different categories of managers for the procurement of capital expenditure, donations and approval of general and operational expenses. Similarly, cheque signatories and authority limits are clearly defined and enforced.

## INFORMATION AND COMMUNICATION

### Information Technology

Information technology continues to be the backbone of the hospital operations whereby the Group has a strong dedicated team of IT professionals to deliver and manage its in-house developed integrated systems comprising of Hospital Information Technology System (HITS) and KPJ Clinical Information System (KCIS).

HITS is an integrated hospital management system covering the complete range of patient service processes from registration to billing. HITS also has functionalities covering financial and material management modules, making it a truly reliable and robust system that has served the Group's information needs well since 1997.

KCIS on the other hand is a system that caters to the clinical activity needs of the hospitals to facilitate seamless communication amongst clinical professionals. KCIS key functionalities include patient clinical information, e-pharmacy, e-ordering and clinical reporting. KCIS was launched in 2011 and is being rolled-out in phases to all hospitals. Presently, 17 hospitals have started using KCIS with 3 more hospitals identified for implementation in 2017.

KCIS and HITS likely will come to an end of implementation in 2017, making its way for 2nd generation products, like migration to web-based and cloud computing solution and shared services. KCIS2 and HITS2 will enable greater integration between hospitals enterprise wide with Mobility and Internet of Things capability to enhance management, care providers and customers (patient) experience and expectation. The Group is looking at improving our data warehousing with the 2nd generation products and also introduce Big Data Analytics to tap into Group's vast data and provide greater insight for informed decision-making.

KPJ Data Centre and Private Cloud implemented since 2014 is a good learning curve into cloud technology and cloud computing knowledge and experience. KPJ will continue its migration from its present 13 sites to achieve 30 sites by end of 2018.

### Communication and Information Sharing

The Group promotes the culture of effective communication and information sharing amongst the hospitals and key subsidiaries through the holding of functional group meetings and conferences. The objective behind these meetings and conferences is to share and reinforce key business strategies, review performance, discuss current issues and communicate new policies and procedures.

Such meetings and conferences are held either on monthly, quarterly or annual basis, comprising of diverse functional groups such as hospital management, chief nursing officers, finance managers, pharmacists and risk coordinators.

The Group conducts the Pedoman annual staff gathering at the beginning of every year, whereby achievements and challenges faced during the previous financial year are shared with staff, new strategic initiatives, corporate KPI and business targets for the new financial year are also presented.

# Statement on Risk Management and Internal Control

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## Insurance Coverage

The Group has in place an adequate insurance coverage to protect its major assets against any mishaps. The coverage is reviewed yearly taking into account the changes in risk profiles and business activities.

All specialists, medical officers and other healthcare professionals of KPJ Group are covered by the Medical Malpractice Insurance to mitigate against medico-legal risks in the course of performing their duties.

The fire incident at KPJ Sabah which is explained in the Business Continuity Management section on pages 178 to 179 of this Annual Report triggered claims against the Fire, Fire Consequential Loss and Electronic Equipment insurance policies. All the losses suffered have all been compensated by the insurers.

## CONTINUOUS MONITORING AND ASSURANCE

### Ongoing Monitoring

The main assurance process of the Group is primarily undertaken by the Level 2 and Level 3 defence line functions. The effectiveness of internal control systems implemented throughout the Group is assessed primarily by the Group Internal Audit through the conduct of regular audits on the hospitals and key subsidiaries.

The assurance on the effectiveness of the ERM framework is provided primarily by the Clinical & Quality Services and Risk Management Services through on-site and off-site reviews. In 2016, 25 clinical audits and 9 risk & compliance reviews were conducted by these departments respectively.

Reports generated by the Level 2 and Level 3 lines of defence mentioned above are presented to the Clinical Risk Management Committee and Audit Committee respectively for deliberation.

The Group's risk management framework and internal control systems do not apply to the associate companies where it does not exercise management control over their operations. The Group's interest are served through representation on the Board of Directors of these associate companies as well as through regular review of management accounts that they provide to the Group. The Board is satisfied with the information provided to assess the associates' performance for informed and timely decision-making on the Group's investments in these associates.

### Independent Evaluation

All hospitals certified with the MSQH and JCI accreditation have to undergo stringent surveillance audit by the respective surveyors and audit teams to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed, usually every three (3) years.

In 2016, MSQH conducted 5 hospital accreditation audits and JCI conducted 2 hospital audits as part of the accreditation process cycle.

## Review Of This Statement By The External Auditors

This Statement on Risk Management and Internal Control has been reviewed by the External Auditors as required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the inclusion in the Annual Report for the year ended 31st December 2016. 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 Managing Director and Vice President (I) – Corporate and Financial Services, that the Group's risk management framework and internal control system are operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report, based on the risk management and internal control system adopted by the Group.

The Board is of the view that the system of internal controls instituted throughout the Group is sound and effective and provides a level of confidence on which the Board relies for assurance. In the year under review and up to the date of this report, there was no significant control failure or weakness that would result in any material separate disclosure in the Annual Report. The Board ensures that the internal control system and the risk management practices of the Group are reviewed regularly to meet the changing and challenging operating environment.

The Board is therefore pleased to disclose that the system of internal control and risk management of the Group is sufficient, appropriate, effective and in line with the Malaysian Code of Corporate Governance and the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.



## Audit Committee Member



### 1. COMPOSITION AND ATTENDANCE

#### 1.1 COMPOSITION

The Audit Committee (AC) members comprise of three (3) Independent Non-Executive Directors, all of whom are also members of the Board of KPJ Healthcare Berhad.

The composition of the Committee and the record of their attendance at AC meetings held during the financial year are as follows:

NAME OF MEMBER	STATUS OF DIRECTORSHIP	NO. OF MEETING ATTENDED
<b>Zainah Mustafa</b> <i>Chairman</i>	Independent Non-Executive Director	5/5
<b>Datuk Azzat Kamaludin</b> <i>Member</i>	Independent Non-Executive Director	5/5
<b>Dr Kok Chin Leong</b> <i>Member</i>	Independent Non-Executive Director	5/5

The Chairman of the Committee, Zainah Mustafa is a member of the Malaysian Institute of Accountants (MIA). This meets the requirement of Section 15.09 (1) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements which stipulates at least one of the Committee members fulfilling the financial expertise requisite.

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

## 1.2 ATTENDANCE

AC meetings for 2016 were pre-arranged in December 2015 and communicated to the members early to ensure their time commitment. A minimum of four (4) meetings a year shall be planned, although additional meetings may be called at any time at the Chairman's discretion.

The quorum for all five (5) meetings held during financial year 2016 was fulfilled. The meetings were held on 18 February 2016, 15 March 2016, 9 May 2016, 5 August 2016 and 14 November 2016 respectively.

The Company Secretaries act as the AC Secretary in all AC meetings. The President & Managing Director, Vice President (I) Corporate and Financial Services, Vice President (I) Business Operations & Clinical Services together with Head of Internal Audit and other members of Senior Management and External Auditors shall normally attend the meetings. Other Directors, Executive Directors of the hospitals and employee of the company and/or Group may attend any particular meeting upon invitation where appropriate.

In year 2016, the External Auditors attended three (3) out of five (5) meetings which was held on 18 February 2016, 15 March 2016 and 5 August 2016 respectively. Separate private sessions were also conducted without Management's presence on 18 February 2016 and 5 August 2016.

Minutes of the AC meetings were circulated to all members and extracts of the decisions made were escalated to relevant process owners for action. The Chairman of AC meeting provides a report and highlights significant points on the decisions and recommendations of AC to the KPJ Board.

## 2. SUMMARY OF WORK

During the year 2016, the Committee carried out the following work:

### a) Financial results

- i) Reviewed the quarterly unaudited financial result announcements before recommending the same to the Board for approval; and
- ii) Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with Listing Requirements of Bursa Malaysia, Malaysian Financial Reporting Standards and other relevant legal and regulatory requirements.

### b) Risk Management

- i) Reviewed the system in place to identify, assess, mitigate and monitor Group-Wide Risk Assessment to promote and improve risk management awareness and processes; and
- ii) Reviewed the risk profile of the Group and major initiatives having significant impact on the business.

### c) Internal Audit

- i) Reviewed and approved the revised Audit Charter;
- ii) Reviewed and approved the annual audit plan for the year 2015/2016 to ensure adequate resources, competencies as well as comprehensive audit scope and coverage over the significant and high risk audit activities;
- iii) Deliberated on the Internal Audit Reports that were tabled and appraised the adequacy of Management's responsiveness to the audit findings and recommendations;
- iv) Evaluated the results of scheduled follow-ups, investigations and special audits performed and confirmed the appropriate actions were taken to correct the weaknesses; and
- v) Assessed the status of audit activities as compared to the approved annual audit plan.

### d) External Audit

- i) Reviewed the audit plan, audit strategy and scope of work for the year;
- ii) Reviewed the results of the interim and annual audit, audit reports, Management Letter together with Management's response to their findings and "Key Audit Matters";
- iii) Assessed the independence and objectivity of the external auditors during the year and prior to appointment of the external auditors for adhoc non-audit services. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work;
- iv) Deliberated on the updated development in Financial Reporting and Regulatory Environment;
- v) Assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board of Directors; and
- vi) Met with the External Auditors without the presence of Management on 18 February 2016 and 5 August 2016 respectively.

### e) Related Party Transactions

Reviewed on a quarterly basis the related party transactions and recurrent related party transactions entered into by the Group as well as any conflict of interest situation that arises within the Group.

### f) Annual Reporting

Reviewed and recommended the Statement on Risk and Internal Control, Audit Committee Report as well as Statement on Corporate Governance for Annual Report, prior to Board approval.

### g) Other Matters

- i) Deliberated on the progress and status on IT strategies issues.
- ii) Reviewed and deliberated on the subsidiaries performance.

### h) Directors' Training

For the year under review, the relevant Committee members have attended various conferences, seminars and trainings and the details of the training attended are reported under the Statement on Corporate Governance in pages 157 to 159.



### 3. INTERNAL AUDIT FUNCTION

The in-house Internal Audit Services carries out KPJ's internal audit function in assisting the Board to oversee that Management has in place a sound risk management, internal control and governance systems.

Internal Audit Services, as the third line of defense, reviews the effectiveness of the internal control structures over the Group activities focusing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually in accordance with the approved Audit Plan. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group. Internal Audit Services also carries out investigative audits where there are improper, illegal and dishonest acts reported.

Internal Audit Services reports functionally to the Audit Committee and administratively to President, and is independent of the activities or operations of other operating units. Internal Audit Service's authority, scope and responsibilities are governed by its Audit Charter which is approved by Audit Committee and aligned with the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors.

The audit reports which provide the results of the audit conducted are submitted to the Committee for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the AC to execute its oversight function by reviewing and deliberating the audit issues, audit recommendations as well as Management's responses to these recommendations. Where appropriate and applicable, the AC directed Management to take cognisance of the issues raised and establish necessary steps to strengthen the system of internal control based on Internal Audit's recommendations.

The total costs incurred for maintaining the internal audit function for the financial year ended 31 December 2016 is approximately RM2.2 million, comprising mainly salaries and incidental costs such as travelling, accommodation and training cost as well as consultancy fees. Various in-house training programmes and external courses were provided to staff members in the areas of auditing skills, technical skills, business acumen, strategic management and personal development to enhance the desired competency level.

The Internal Audit Services within its terms and reference had the following work undertaken for the financial year 2016:-

- i) Reviewed and appraised the adequacy and integrity of the internal financial controls so as to ensure that it provides a reasonable but not absolute assurance that assets are properly safeguarded;
- ii) Ascertained the effectiveness of Management in identifying principal risks and managed such risks through the Risk Management Framework set-up by the Group;
- iii) Ascertained the level of compliance with Group's plans, policies, procedures and adherence to laws and regulations;
- iv) Appraised the effectiveness of administrative and financial controls applied and the reliability and integrity of data that is produced within the Group;
- v) Performed follow-up reviews of previous audit reports to ensure appropriate actions are implemented to address control weaknesses highlighted;
- vi) Carried out investigations and special reviews requested by the Committee and/or Management;
- vii) Witnessed the tender opening process for procurement of services or assets. The witnessing process is to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner; and
- viii) Prepared the Audit Committee Report for the Company's Annual Report for financial year ended 31 December 2016.

During the financial year ended 31 December 2016, Internal Audit Services accomplished a total of 83 audits comprising scheduled financial and operational audits at the hospitals and support companies including due diligence, special audits and ad hoc assignments. Reviews on compliance with the established procedures, guidelines and statutory obligations are also performed.

Investigations were also made at the request of the AC and Management on specific areas of concern to follow up in relation to high risk areas identified in the regular reports. These investigations provided additional assurance on the integrity and robustness of the internal control systems.

All findings resulting from the audits were reported to the AC, Senior Management and relevant Management of operating hospitals and support companies. Management of the operating hospitals and support companies were accountable to ensure proper rectification of the audit issues and implementation of action plans within the timeframe specified. Follow up by Internal Audit Services on the actions taken is updated in the subsequent audits.

# Medical Advisory Committee (MAC) Report

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Clinical Governance is about the quality and safety of patient care and everything we do as individuals and as an organisation is to achieve high standards of clinical care. This includes the management of human resource and clinical governance.

KPJ defines clinical governance as “A framework through which organisations are accountable for continually improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.”

At KPJ hospitals, overall responsibility for clinical governance lies with the hospital’s Medical Director. However, clinical governance is the responsibility of every member including doctors, nurses, physiotherapists, radiographers, laboratory staff, cleaners, porters and administrative staff.

At the Group level, the Group Medical Advisory Committee (MAC) develops and monitors clinical governance activities and guidelines for the Group (Figure 1).

All hospitals have complied with the Hospital Clinical Committee meetings as stipulated in the KPJ Medical Professional By-Laws. The reports from the Hospital Clinical Committee meetings are collected and compiled and discussed during the various hospital meetings and finally presented to the Hospital Board of Directors.

Safety is a priority at KPJ. We are committed to a just culture of safety in which employees are encouraged to come forward when they or others make mistakes, allowing us the opportunity to improve the care we deliver and prevent potential errors.

KPJ ensures that all our hospitals are continually in compliance with the highest level of quality care and patient safety standards as set by the Malaysian Standards for Quality and Health (MSQH), Joint Commission International (JCI), Integrated Management Systems (IMS) and other regulatory, licensing and accreditation agencies.

## KPJ PATIENT SAFETY GOALS

These goals are designed to ensure all KPJ hospitals are offering patients the best care possible. Medication safety measure, following hand hygiene guidelines and preventing patient falls are examples of these goals.

These goals were first initiated in 2009 and have been reviewed several times since then. In 2016, the patient safety goals were reviewed again and with additional changes in several practices as illustrated in Figure 2: KPJ Patient Safety Goal 2016.

## INCIDENT REPORTING SYSTEM

KPJ’s Incident Reporting System allows any employee to report a near miss, process problem, or a patient event. An event is anything that occurs in the hospital or outpatient setting that caused or has the potential to cause a medical error or injury.

Our doctors and employees are encouraged to report events even if it did not cause harm to the patient. Reporting of “near misses” provides an opportunity for the Risk Management Committee to identify flaws in the system and to implement changes before they impact the patient adversely.

## INFECTION CONTROL

Infection Control practitioners diligently work to improve the quality of healthcare through infection control practices and ongoing education. KPJ is dedicated to improve patient care, preventing adverse outcomes and promoting patient safety while minimising occupational hazards for our employees.

Antimicrobial resistance has been identified as a major threat by the World Health Organisation due to the lack of new antibiotics in the development pipeline and infections caused by multi-drug resistant pathogens becoming untreatable.

Hence, KPJ has developed our own guideline providing practical recommendations on reporting antibiotic resistance and antibiotic consumption focusing on surveillance and feedback mechanisms.

## HAND HYGIENE

Clean hands are the best protection against infection. With an increase in drug-resistant bacteria present in all hospital settings, it is increasingly important for healthcare providers to follow hand hygiene guidelines.

KPJ Group of hospitals have also embarked into Patient for Patient Safety (PFPS) drive by encouraging patients to ask whether the healthcare provider has washed his or her hands before reaching out to them.

The commitment towards hand hygiene program is obvious as seen in the involvement of the hospitals in participating in the Asia Pacific Hand Hygiene Excellence Award.

The Hand Hygiene Excellence Award (HHEA) was introduced in 2010 in Asia Pacific after World Health Organisation (WHO) introduced their global campaign “Saves Lives: Clean Your Hands”. This award is conceived as a platform to recognise and honour those hospitals and healthcare-providers that have used their creativity and knowledge to improve patient safety through successful implementation of the WHO multimodal strategy in their healthcare facility.

KPJ Tawakkal Specialist Hospital wanted to demonstrate their distinction in successfully reducing Hospital Acquired Infection (HAI) rates by implementing a Hand Hygiene Program that focused on changes in the system, training and education, evaluation and feedback and checklists as reminders to ensure hand hygiene is consistently practised at the workplace. By showing their enthusiasm and creativity in their hand hygiene program, they have successfully been shortlisted for the Asia Pacific Hand Hygiene Excellence Award (APHHEA).



## QUALITY

The Quality Services monitors and assess patients' data to improve the quality of patient care and operational processes delivered at our hospitals. The healthcare personal works hand in hand with all the different clinical units to identify and address quality.

Some of the quality initiatives that all KPJ Hospitals are to be certified are Hospital Accreditation by Malaysia Society of Quality Healthcare (MSQH) and Integrated Management Systems (IMS). These quality initiatives ensure that the hospitals adhere to all safety requirements enforced by national bodies i.e. Ministry of Health (MOH), Fire Department (BOMBA), Department of Environment (DOE) & Department of Safety & Health (DOSH). (Tables 1, 2 & 3)

Another part of the hospitals' Quality activities is by encouraging innovation via Innovative Creative Circle (ICC) projects and Suggestion Scheme activities and competitions within the Group and at National and International levels. (Table 4)

**Figure 1: Clinical Governance Structure**

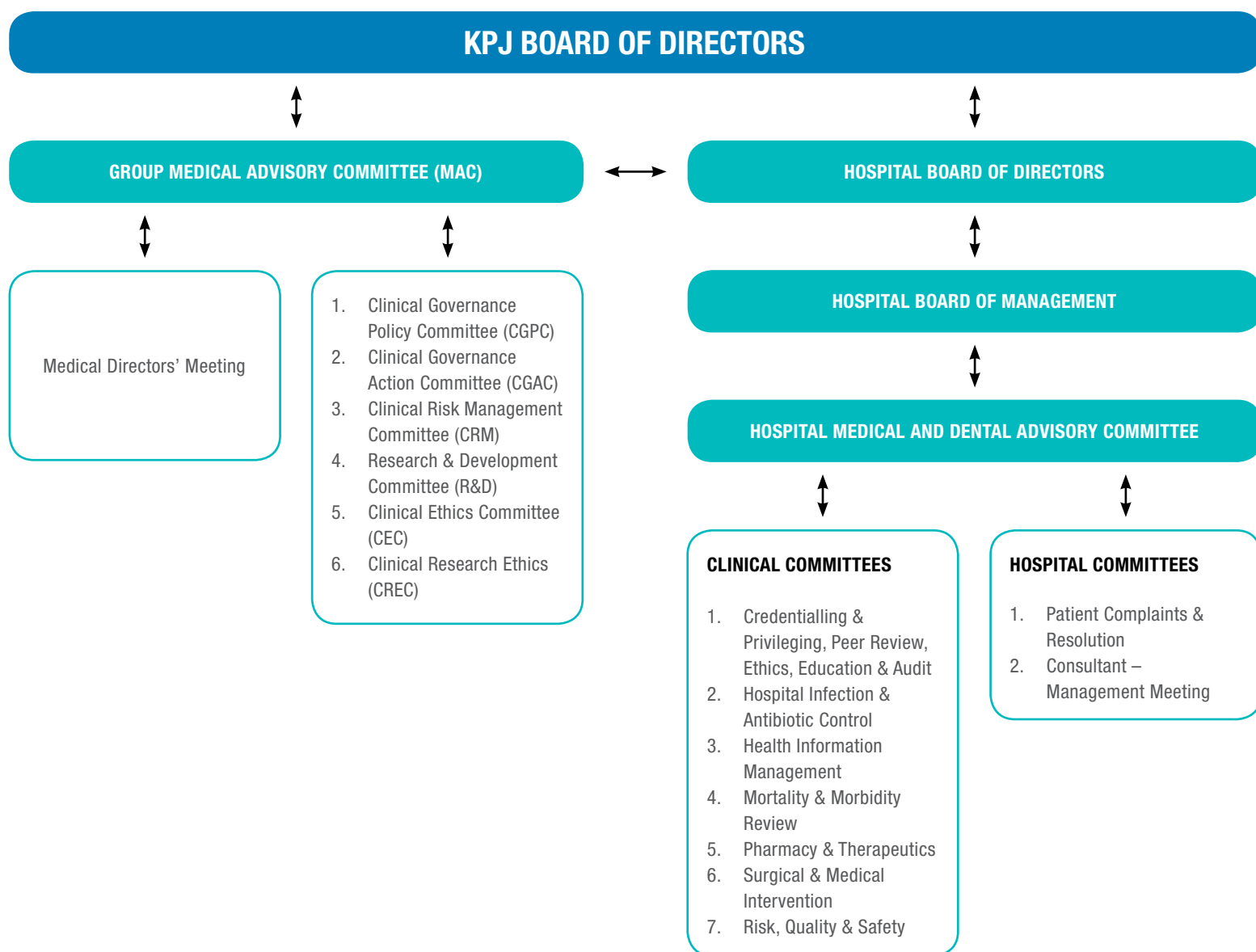








Figure 2: KPJ Patient Safety Goals (additional requirements)

	<p><b>PSG 1: IDENTIFY PATIENT CORRECTLY</b>                  Identification (ID) tag / card required for both inpatient and outpatient; To ask patient for two identifier that the patient is familiar with.</p>
	<p><b>PSG 2: IMPROVE THE EFFECTIVENESS OF COMMUNICATION AMONG CAREGIVERS</b>                  Critical values (laboratory and diagnostic imaging), need to be reported directly to the ordering physician within 30 minutes; Use of SBAR (Situation Background Assessment Recommendation).</p>
	<p><b>PSG 3: IMPROVING THE SAFETY OF USING MEDICATIONS</b>                  Review HAM list to include concentrate electrolyte; Establish tracking process of drug Propofol and other psychotropic drugs; Review LASA (Look Alike Sound Alike) drug list; Review appropriateness of the drugs before administration.</p>
	<p><b>PSG 4: ENSURE CORRECT SITE, CORRECT PROCEDURE, CORRECT PATIENT SURGERY</b>                  One single way to do site marking – to only use “arrow” symbol (↑); Time out process to be done prior to all procedures; To inform &amp; educate patient and family the importance of site marking.</p>
	<p><b>PSG 5: HAND HYGIENE TO REDUCE HOSPITAL ACQUIRED INFECTION</b>                  All staff and doctors are required to practice hand hygiene at all times; Patient engagement in hand hygiene (HH) is encouraged; Hand Hygiene with soap and water for patient with Clostridium difficile infection; Process of Hand Hygiene audit using WHO format.</p>
	<p><b>PSG 6: REDUCE THE RISK OF PATIENT HARM RESULTING FROM FALL</b>                  To assess risk level to fall for all inpatients and outpatients; Physical restraint prescribed by Consultant after getting consent from family members; Restraint site to be checked periodically; Frequency of reassessment is daily; Patients in Labour room, ICU and paediatric wards are automatically categorised as ‘high risk’ for fall.</p>





**Table 1: List of Accredited Hospitals**

HOSPITALS	JCI	MSQH
1. KPJ Ampang Puteri Specialist Hospital	√	√
2. KPJ Seremban Specialist Hospital	√	√
3. KPJ Penang Specialist Hospital	√	√
4. KPJ Johor Specialist Hospital	√	√
5. KPJ Damansara Specialist Hospital		√
6. KPJ Ipoh Specialist Hospital		√
7. KPJ Selangor Specialist Hospital		√
8. KPJ Perdana Specialist Hospital		√
9. KPJ Kajang Specialist Hospital		√
10. KPJ Tawakkal Specialist Hospital		√
11. Kedah Medical Centre		√
12. KPJ Puteri Specialist Hospital		√
13. KPJ Sentosa KL Specialist Hospital		√
14. KPJ Klang Specialist Hospital		√
15. KPJ Pasir Gudang Specialist Hospital		√
16. KPJ Damai Specialist Hospital		√
17. KPJ Rawang Specialist Hospital		√
18. KPJ Bandar Maharani Specialist Hospital		√

**Table 2: Hospitals with IMS Certification**

HOSPITALS	ISO 9001	OHSAS 18001	ISO 14001
1. KPJ Ampang Puteri Specialist Hospital	√	√	√
2. KPJ Seremban Specialist Hospital	√	√	√
3. KPJ Penang Specialist Hospital	√	√	√
4. KPJ Johor Specialist Hospital	√	√	√
5. KPJ Damansara Specialist Hospital	√	√	√
6. KPJ Ipoh Specialist Hospital	√	√	√
7. KPJ Selangor Specialist Hospital	√	√	√
8. KPJ Perdana Specialist Hospital	√	√	√
9. KPJ Kajang Specialist Hospital	√	√	√
10. KPJ Tawakkal Specialist Hospital	√	√	√
11. Kedah Medical Centre	√	√	√
12. KPJ Puteri Specialist Hospital	√	√	√
13. Kuantan Specialist Hospital	√	√	√
14. KPJ Sentosa KL Specialist Hospital	√	√	√
15. KPJ Klang Specialist Hospital	√	√	√
16. Kluang Utama Specialist Hospital	√	√	√
17. Taiping Medical Centre	√	√	√
18. KPJ Pasir Gudang Specialist Hospital	√	√	√
19. Kuching Specialist Hospital	√	√	√
20. KPJ Rawang Specialist Hospital	√	√	√
21. KPJ Bandar Maharani Specialist Hospital	√	√	√

# Medical Advisory Committee (MAC) Report

**Table 3: Hospitals with BFHI and Certification**

HOSPITALS	BFHI CERTIFIED	BFH INITIATIVE
1. KPJ Ampang Puteri Specialist Hospital	√	
2. KPJ Seremban Specialist Hospital	√	
3. KPJ Penang Specialist Hospital	√	
4. KPJ Johor Specialist Hospital	√	
5. KPJ Damansara Specialist Hospital	√	
6. KPJ Ipoh Specialist Hospital	√	
7. KPJ Selangor Specialist Hospital	√	
8. KPJ Perdana Specialist Hospital	√	
9. KPJ Kajang Specialist Hospital	√	
10. KPJ Tawakkal Specialist Hospital	√	
11. KPJ Puteri Specialist Hospital	√	
12. KPJ Sentosa KL Specialist Hospital	√	
13. Kedah Medical Centre	√	
1. KPJ Klang Specialist Hospital		√
2. KPJ Pasir Gudang Specialist Hospital		√
3. KPJ Rawang Specialist Hospital		√

**Table 4: Winners in Quality Competitions at National and International Levels**

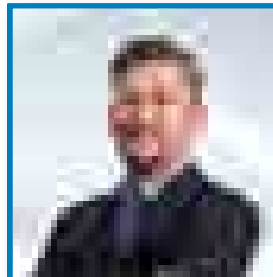
NATIONAL LEVEL – Team Excellence Competition by MPC	
HOSPITALS	PLACING / AWARD
1. KPJ Damansara Specialist Hospital	1st runner up for QE / 5S
2. KPJ Ampang Puteri Specialist Hospital	2nd runner up for QE / 5S

INTERNATIONAL LEVEL - International Convention ICC 2016, Bangkok	
HOSPITALS	PLACING / AWARD
1. KPJ Johor Specialist Hospital	Gold Award
2. Kedah Medical Centre	Gold Award

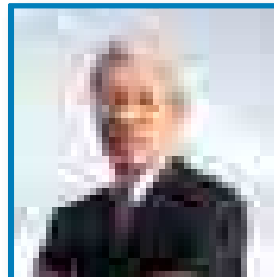
# Medical Advisory Committee (MAC)



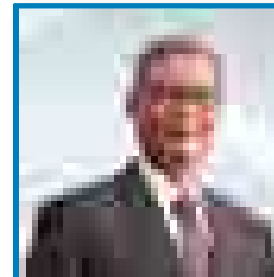
**DR. YOONG FOOK NGIAN**  
• KPJHB Board Member  
• Chairman of MAC



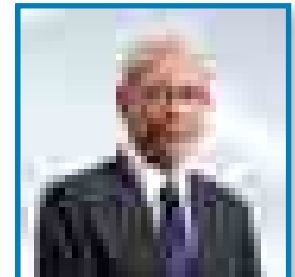
**DATO' AMIRUDDIN ABDUL SATAR**  
• President & Managing Director, KPJHB



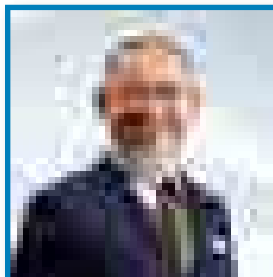
**DR. KOK CHIN LEONG**  
• KPJHB Board Member  
• Chairman, Group Clinical Governance Policy Committee (CGPC)



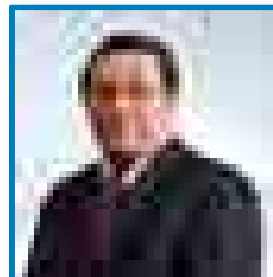
**PROF. DATO' DR. AZIZI OMAR**  
• KPJHB Board Member  
• Chairman, Group Research & Development Committee (R&D)



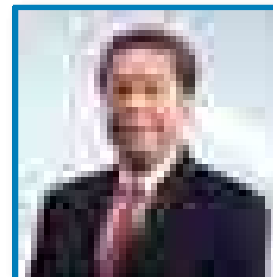
**DATUK DR. HUSSEIN AWANG**  
• Chairman, Medical Directors' Committee



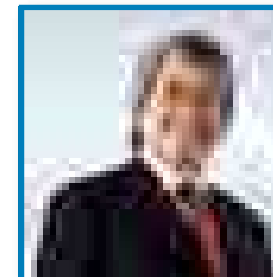
**PROF. (C) DATO' DR. SHAहरुDIN MOHD DUN**  
• Chairman, Group Clinical Governance Action Committee (CGAC)



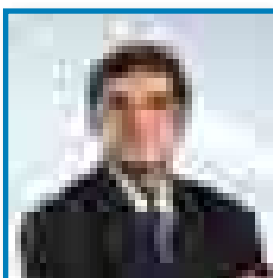
**DATO' DR. ZAKI MORAD MOHD ZAHER**  
• Chairman, Group Clinical Ethics Committee (CEC)



**DATO' DR. NGUN KOK WENG**  
• Chairman, Group Clinical Risk Management (CRM)



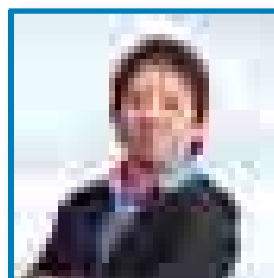
**DR. MOHD HAFETZ AHMAD**  
• Chairman, Group Research Ethics Review Committee (RERC)



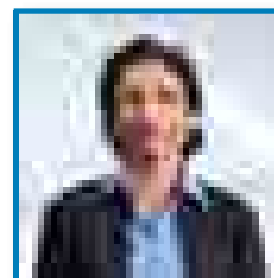
**DATO' DR. S JENAGARATNAM**  
• Consultant Anaesthetist, KPJ Ipoh Specialist Hospital



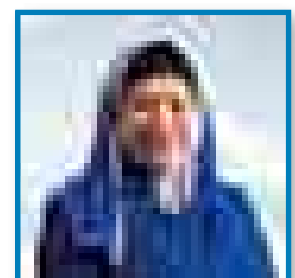
**JASIMAH HASSAN**  
• Vice President (I) Business Operations and Clinical Services



**MAH LAI HENG**  
• Senior General Manager, Group Business Operations



**GUNAVATHY KALEE**  
• Deputy General Manager, Clinical & Quality Services (CQS)



**DR. ALIZA JAMALUDDIN**  
• Senior Corporate Manager, CQS

# Business Continuity Management

KPJ has a Business Continuity Management (BCM) plan in place to ensure that critical business processes can be maintained or restored in the event of a major internal or external incident. KPJ adopted the requirements of the Private Healthcare Facilities and Services Act 1998 (Act 586), Occupational Safety and Health 1994 (Act 514), JCI and MSQH standards in formulating the BCM.

OBJECTIVES OF BCM	
i.	To provide policy framework for response and management of both internal and external disaster situations that may affect the running of the hospital operations and the safety of patients, staff, visitors and hospital facilities.
ii.	To be able to manage disaster efficiently, from identifying and declaring of disaster, alerting the relevant authorities and managing the disaster' site and the victims involved.
iii.	Identify responsibilities of individuals and services in the event of a disaster situation at any time of the day.

DESIGN OF BCM	
i.	Provide logical and flexible chain of command to allow the maximum use of resources during an emergency or disaster.
ii.	Attend promptly and efficiently to all individuals requiring medical attention.
iii.	Minimise injury or illness to people, damage or loss of organisation's property and records.
iv.	Provide maximum safety and protection for patients, visitors and staff.
v.	Respond appropriately and quickly, and when necessary, integrate KPJ Disaster & Emergency Management Plan with the emergency / mass casualty disaster plan of the relevant support organisations.
vi.	Maintain and restore all operational services as quickly as possible following the emergency / disaster.
vii.	Coordinate with other KPJ Hospitals and relevant government / statutory agencies where necessary for resources and support.
viii.	Provide supportive action in the event of an external emergency or disaster.

The continuity of business is ensured through a continuous cycle of activities that includes the followings:-

- Developing and reviewing of contingency plans with all steps and actions to be taken in case of a disruption event
- Various scenarios to be prepared against different adverse situations
- Continuous control and monitoring of events that can impact the business
- Testing, from simulation exercises to full testing, to ensure the validity of the plan and involve and provide training to the staff

KPJ Hospitals fulfil a central role in disaster response; possess robust emergency management plans that address the mitigation preparedness and response phases of the disaster management cycle.

## BCM FOR INFORMATION TECHNOLOGY

Business Continuity Management in Information Technology (IT) is a holistic approach to manage technology system in the event of a major disruption.

KPJ IT Services has adopted ISO27001 (Information Security Management System) to develop KPJ IT Security Management System (ISMS) framework to identify the scope and implement policies to manage and overcome security threats to its systems and the mitigation plan to minimise the risks to its clients.

Managing the information security and cyber security risks is an ongoing process to continuously identify new security threats to the systems and assess the effectiveness of the controls implemented. Assessing information security risk provides clarity on what assets needs to be protected and determines why it is at risk.

RISK ASSESSMENT SHALL BE CARRIED OUT TO:-	
•	Ensure Security policies are in place to govern access control and asset management to avoid leakage of information per the requirements of PDPA
•	Consider new threats and vulnerabilities
•	Confirm that controls remain effective and appropriate
•	Confirm the risk that remains after the control for the treatment of risk have been implemented



## FIRE INCIDENT IN KPJ SABAH SPECIALIST HOSPITAL (KPJ SABAH)

*On Monday, 11 July 2016 at approximately 5.17am, an early-morning electrical fire at the Main Switch Board (MSB) Room resulted in total power shutdown and smoke contamination at the hospital. The fire was successfully contained by Bomba Kota Kinabalu, Sabah and did not cause any injury to patients or staff.*

IMMEDIATE ACTION TAKEN	
CLINICAL ACTIONS	NON-CLINICAL ACTIONS
All patients involving 3 ICU patients and 20 inpatients were safely evacuated to the nearby KPJ Damai Specialist Hospital (KPJ Damai) for safety and continued medical treatment.	Lodged report to relevant authorities (Bomba and Police Department) and Insurance Companies for further investigation.
Mobilisation of nurses and other support services to KPJ Damai to ensure continuous patient care patients and facilitate services.	Temporary cabling work to restore power to the hospital to enable it to resume operation as soon as possible.
Our KPJ Sabah consultants continuously extend their services to patients by having temporary clinic sessions at KPJ Damai.	Energising of lighting system, chillers, calibrating and testing of major clinical and support facilities and biomedical equipment were commenced within 7 days.
Support services like imaging and laboratory services was also extended by KPJ Damai and other private hospitals around Kota Kinabalu.	This was to ensure all clinical and critical areas can function without interruptions. At the same time, arrangements were made to restore / replace the damaged MSBs and equipment.
Due to the interruption, all emergency admissions and surgeries were redirected to KPJ Damai. Arrangements were also made for 6 Oncology patients to continue their radiotherapy treatment at KPJ Damansara in Petaling Jaya. All expenses incurred for the arrangement for patients and their accompanying family members were borne by KPJ Sabah.	

The BCM in KPJ Group has been proven to be effective. The hospital managed to transfer patients safely without any untoward incident within 1 hour of evacuation ordered by Bomba. Nevertheless, arising from this incident, the Group took this opportunity to refine further the BCM framework based on the valuable experience gained.

The KPJ Sabah fire incident experience were shared with the other hospitals in the Group to create awareness and take proactive action to review their own facilities and access their readiness and competency to handle a similar disaster.



# Compliance Information

In conformance with the Bursa Malaysia Securities Berhad Listing Requirements, the following information is provided:

## 1. UTILISATION OF SUKUK PROGRAMME

In year 2015, Point Zone (M) Sdn Bhd has raised RM1,500 million to be utilised for refinancing outstanding amount of previous Islamic Commercial Papers/Islamic Medium Term Notes Programme of up to RM500 million and to finance the expansion and working capital requirements of the KPJ Groups' healthcare related businesses.

	AMOUNT UP TO (RM MILLION)
At 1 January 2016	700.0
Issued during the financial year	(100.0)
<b>At 31 December 2016</b>	<b>600.0</b>

## 2. TREASURY SHARES

The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad (Bursa Malaysia) during the financial year.

## 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 29 January 2014, Warrants 2014/2019 were issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in the Company's Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants (Warrants 2014/2019) on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM4.01 per Rights Share (Rights Issue).

Each new warrant (2014/2019) is entitled at any time during the exercise period, to subscribe for one (1) new ordinary share at the exercise price of RM4.01.

## 4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

During the financial year, the Company did not issue any ADR or GDR programme.

## 5. IMPOSITIONS OF SANCTIONS / PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

## 6. NON-AUDIT FEES

During the financial year, the Company paid and payable RM253,480 in relation to corporate exercise.



## 7. PROFIT ESTIMATE, FORECAST OR PROJECTIONS

The Company did not make any release on the profit estimate, forecast or projections for the financial year.

## 8. PROFIT GUARANTEE

There is no profit guarantee given by the Company in respect of the financial year.

## 9. MATERIAL CONTRACTS

There is no material contract by the Company and its subsidiaries, involving Directors' and major shareholders' interest substituting at the end of the financial year.

## 10. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

At Annual General Meeting (AGM) held on 19 May 2016, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature with the following parties:

PARTY TRANSACTED WITH	NATURE OF TRANSACTIONS	ESTIMATED AGGREGATE VALUE FROM 19 MAY 2016 TO DATE OF NEXT AGM RM'000	FREQUENCY OF TRANSACTIONS
Johor Corporation	Secretarial fees payable	385	Monthly
Pro Corporate Management Services Sdn Bhd	Registrar fees payable	250	Monthly
HC Duraclean Sdn Bhd	Housekeeping contract fees payable	14,271	Monthly
Healthcare Technical Services Sdn Bhd	Project management and maintenance fees of non-medical equipment	9,913	Contract basis
Teraju Fokus Sdn Bhd	Security services fees payable	5,372	Monthly
TMR Urusharta (M) Sdn Bhd	Project management and maintenance fees of lab premises payable	139	Contract basis
MIT Insurance Brokers Sdn Bhd	Insurance coverage payable	5,000	Contract basis
Damansara Asset Sdn Bhd	Building management service fees payable	1,331	Monthly
Metro Parking (M) Sdn Bhd	Rental Income for renting of land for car park	3,000	Monthly
Al-'Aqar Healthcare REIT	Rental payable for renting of retirement village building and aged care facility in Australia	11,500	Monthly
		<b>51,161</b>	

# Directors' Responsibility Statement

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The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, and the Bursa Malaysia Securities Berhad Listing Requirements.

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 have adopted suitable accounting policies and applied them consistently. The Directors have also made judgment and estimates that are on going concern basis as the Directors have a reasonable expectation, having made enquires, that the Group and Company have resources to continue in operational existence for the foreseeable future.

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 Companies Act, 1965.

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.