



# Delivering What Matters to You



INTEGRATED ANNUAL REPORT 2021



# Commemorating 40 Years of Delivering What Matters to Our Stakeholders

KPJ HEALTHCARE BERHAD 

## OUR VISION

### The Preferred Healthcare Provider

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

## OUR MISSION

### Deliver Quality Healthcare Services

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

## OUR CORE VALUES

### Values That Guide Us

We are guided by our five Core Values which underpin our dedication to “Care for Life”. It is our hope that through these five Core Values, we can maintain and grow KPJ’s patient-centric healthcare services focused on compassionate care.



Ensuring Safety



Exercising Professionalism at All Times



Delivering Service with Courtesy



Striving for Continuous Improvement



Performing Duties with Integrity



## DELIVERING WHAT MATTERS TO YOU

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

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

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

## NAVIGATION ICONS



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

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## PROXY FORM

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#### Statement from Our Chairman



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#### President & Managing Director's Review



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#### Chief Financial Officer's Review



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



# About this Report

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

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

## REPORTING SCOPE AND BOUNDARY

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

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

## REPORTING FRAMEWORKS

In line with best practices, this Report adopts the Value Reporting Foundation’s (formerly known as the International Integrated Reporting Council) Integrated Reporting Framework. The <IR> Framework is a principles-based, multi-capital, framework that is used to accelerate the adoption of integrated

reporting across the world. Our reporting is also aligned with the updated Malaysian Code on Corporate Governance 2021 (MCCG 2021) that was released in April 2021, the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Companies Act 2016 (CA 2016), and both the International Financial Reporting Standards (IFRS) and Malaysian Financial Reporting Standards (MFRS).

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

## FORWARD-LOOKING STATEMENTS

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

## APPROVAL BY THE BOARD

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



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



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

## FEEDBACK



We value meaningful and inclusive engagement with all our stakeholders. Should you have any comments or feedback on this report, please contact KPJ’s Investor Relations Services at [ir@kpjhealth.com.my](mailto:ir@kpjhealth.com.my).

## NAVIGATING THIS REPORT +

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

### OUR SIX CAPITALS



**Financial Capital**



**Manufactured Capital**



**Natural Capital**



**Human Capital**



**Intellectual Capital**



**Social and Relationship Capital**

[More information on this can be found on page 10.](#)

### OUR SEVEN STRATEGIC THRUSTS



**Capacity Building**



**Enriched Customer Relationships**



**Innovation @ The Core**



**New Niches**



**Human Resource**



**Business Process Improvement**



**Sustainable Value for Stakeholders**

[More information on this can be found on pages 21 to 23.](#)

### OUR REPORTING SUITE

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

Reporting Suite	Integrated Annual Report 2021	Sustainability Report 2021
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>• President &amp; Managing Director's Review</li> <li>• Corporate Governance Overview Statement</li> <li>• Audit Committee Report</li> <li>• Statement on Risk Management and Internal Control</li> <li>• Directors' Report</li> <li>• Independent Auditor's Report</li> <li>• Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>• Global Reporting Initiative (GRI)</li> </ul>
<b>Reporting Frameworks</b>	<ul style="list-style-type: none"> <li>• Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR)</li> <li>• Value Reporting Foundation's &lt;IR&gt; Framework</li> <li>• Malaysian Code on Corporate Governance 2021</li> <li>• Companies Act 2016 (CA 2016)</li> <li>• Malaysian Financial Reporting Standards (MFRS)</li> <li>• International Financial Reporting Standards (IFRS)</li> </ul>	<ul style="list-style-type: none"> <li>• MMLR</li> <li>• Global Reporting Index Standards</li> <li>• FTSE4Good Bursa Malaysia Index Criteria</li> </ul>

# At a Glance



**MALAYSIA**

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



**BANGLADESH**

- 1** Hospital
- 1** Nursing College



**THAILAND**

- 1** Hospital



**INDONESIA**

- 2** Hospitals



**AUSTRALIA**

- 1** Senior and Assisted Living Care Centre



**Hospitals**

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



**Ambulatory Care Centre (ACC)**



**Education**



**Senior and Assisted Living Care**






**Klinik Waqaf An-Nur**



**Mobile Clinics**

## At a Glance

ANCILLARY SERVICES
Pathology and Diagnostic
Technical Consultancy Services
Healthcare Engineering
Hospital Catering
Hospital Laundry
Wholesale Distributor Pharmaceutical Products/ Retail Pharmacies
Central Sterile Services
AMBULATORY CARE AND WELLNESS
Senior and Assisted Living Care
Confinement Centres
Eye Centre
Dental
Rehabilitation
Haemodialysis

EMPLOYEES			
<b>Total</b> <b>15,247</b>	<b>14,431</b> Malaysia	<b>403</b> Indonesia	<b>413</b> Bangladesh
MEDICAL CONSULTANTS			
<b>Total</b> <b>1,410</b>	<b>1,255</b> Malaysia	<b>111</b> Indonesia	<b>44</b> Bangladesh
OPERATING BEDS			
<b>Total</b> <b>3,626</b>	<b>3,376</b> Malaysia	<b>170</b> Indonesia	<b>80</b> Bangladesh
AVERAGE OCCUPANCY RATE			
<b>Malaysia</b> <b>42%</b>	<b>Indonesia</b> <b>49%</b>	<b>Bangladesh</b> <b>69%</b>	
OUTPATIENTS		INPATIENTS	
<b>Total</b> <b>2,821,701</b>		<b>Total</b> <b>234,206</b>	
<b>2,618,497</b> Malaysia		<b>221,525</b> Malaysia	
<b>74,265</b> Indonesia		<b>5,624</b> Indonesia	
<b>128,939</b> Bangladesh		<b>7,057</b> Bangladesh	

\* Information as at 31 December 2021

# What We Do

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



### HOSPITAL OPERATIONS

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

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



### AMBULATORY CARE

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

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



### CLINICAL OPERATIONS

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



### ANCILLARY SERVICES

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

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



### DIAGNOSTIC SERVICES

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



### BUSINESS DEVELOPMENT SERVICES

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



### SENIOR AND ASSISTED LIVING CARE

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



## What We Do

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



### EDUCATION SERVICES

Three of the Group's platforms offer education programmes:

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



### HEALTH TOURISM

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

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

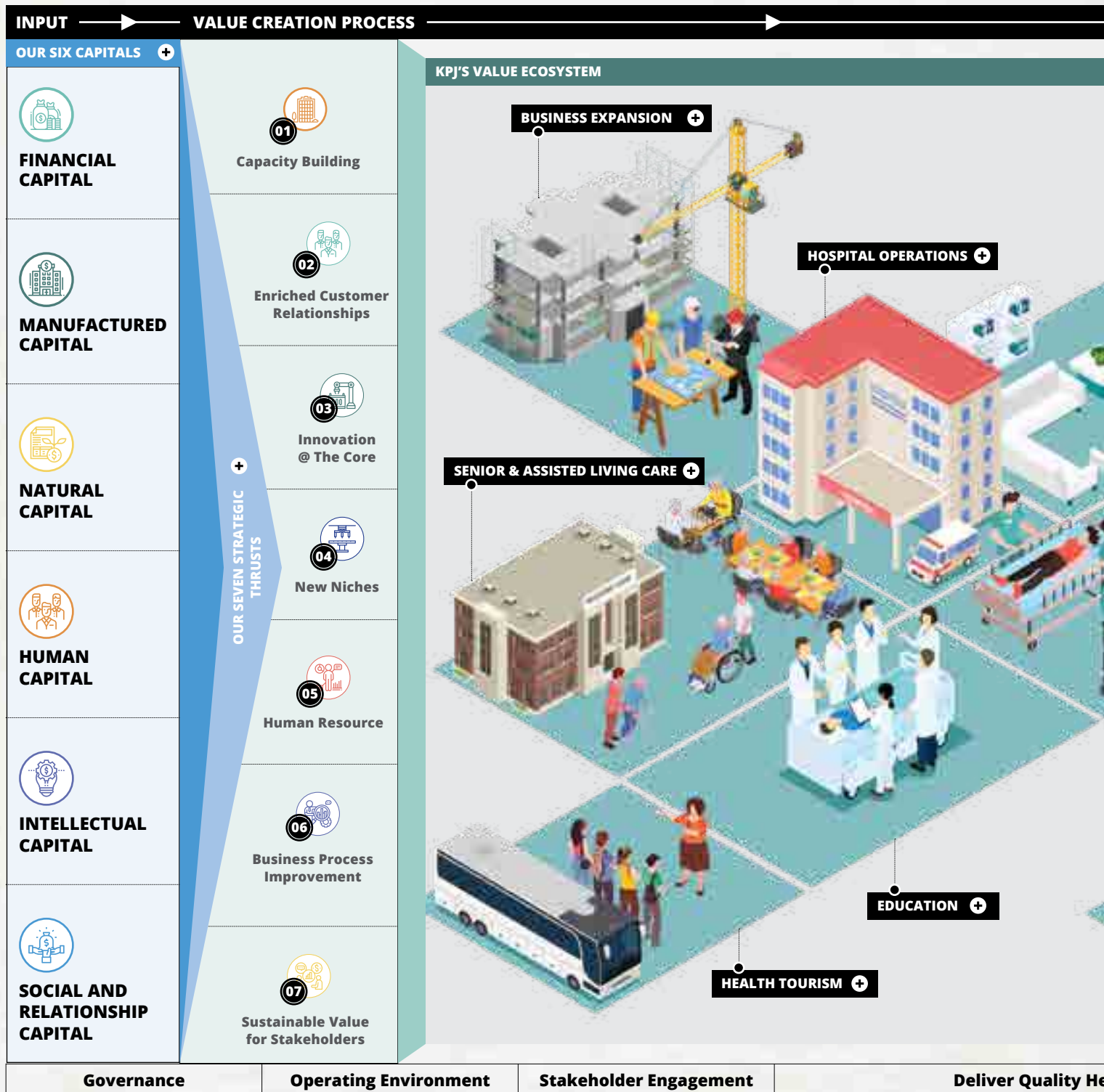
## AWARDS AND RECOGNITION



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

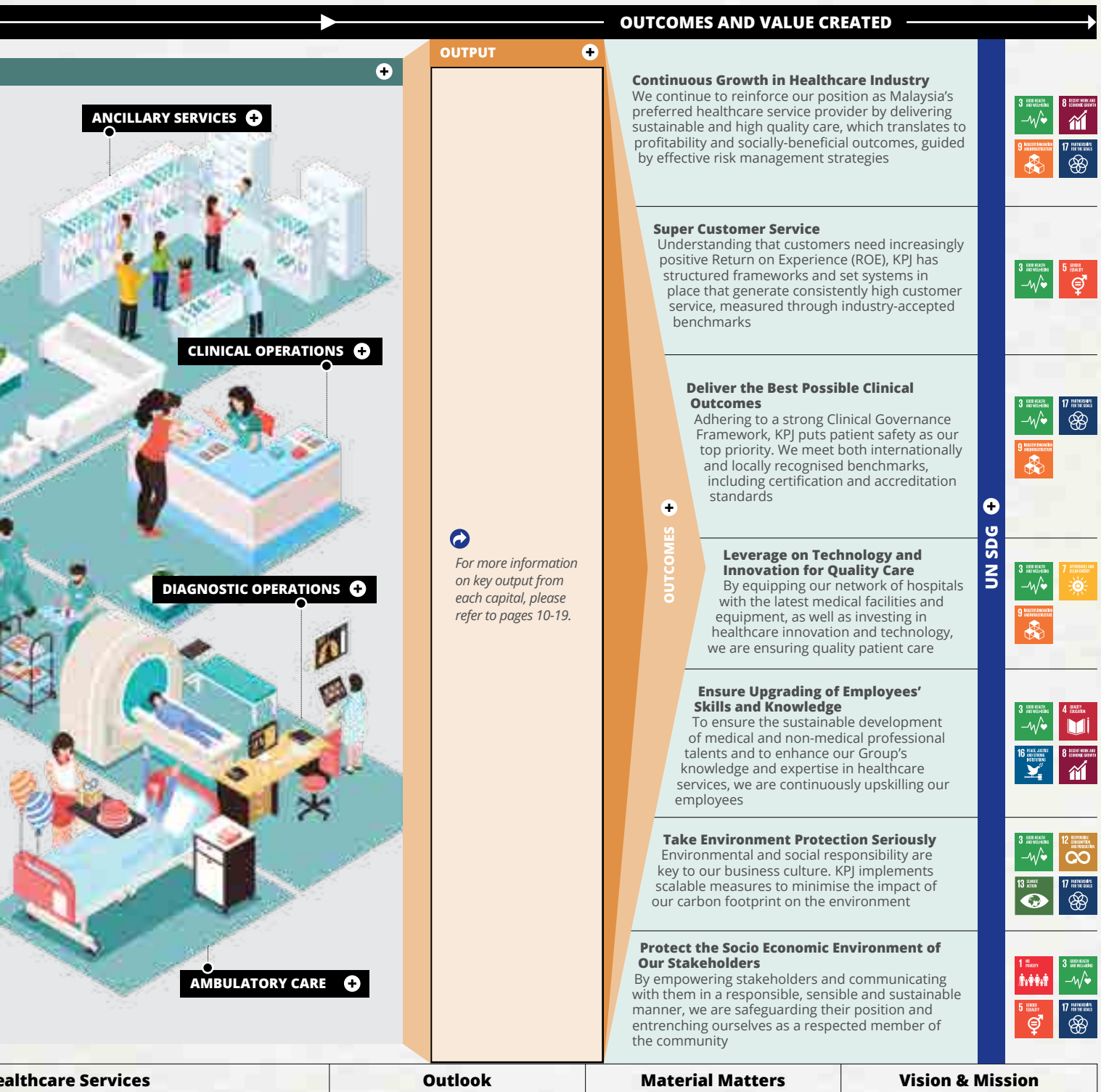
# How We Create Value

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



## How We Create Value

This will in turn generate long-term value for our stakeholders which is crucial to our continued ability to deliver quality healthcare services.



# Our Six Capitals



## FINANCIAL CAPITAL

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

### Trade-Offs

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

### Link To Strategic Thrusts

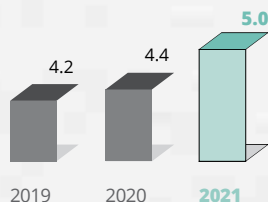


### Link To Material Matters

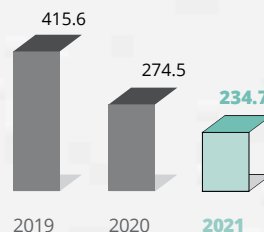
- Cost of Healthcare Services
- Government Regulations
- Funders for Healthcare Services

## KEY INPUT

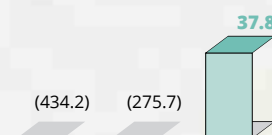
### MARKET CAPITALISATION (RM BIL)



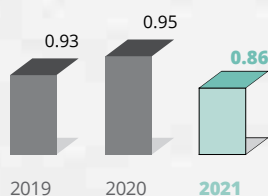
### CAPITAL EXPENDITURE (RM MIL)



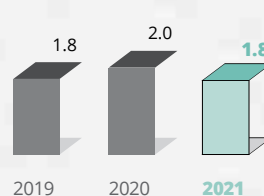
### CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES (RM MIL)



### DEBT/EQUITY RATIO



### TOTAL BORROWINGS (RM BIL)

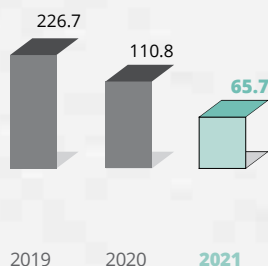


## ACTIVITIES AND PROCESSES

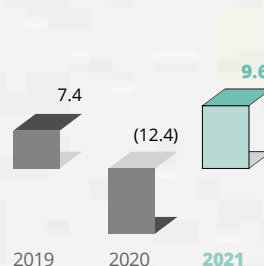
- Funding the development of new hospitals and ACCs to expand our network
- Funding the expansion of existing hospitals to meet increased market demand
- Funding for new or upgraded equipment
- Funding for research and development (R&D) as well as innovation activities
- Cost optimisation programme to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

## KEY OUTPUT

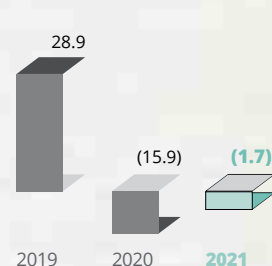
### NET PROFIT (RM MIL)



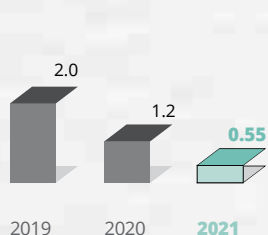
### REVENUE GROWTH (%)



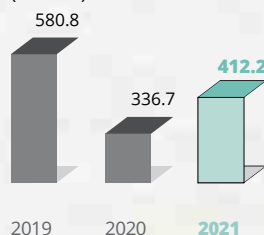
### EBITDA GROWTH (%)



### DIVIDEND PAYOUT PER SHARE (Sen)



### CASH GENERATED FROM OPERATIONS (RM MIL)



## Our Six Capitals



### MANUFACTURED CAPITAL

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

#### Trade-Offs

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

#### Link To Strategic Thrusts

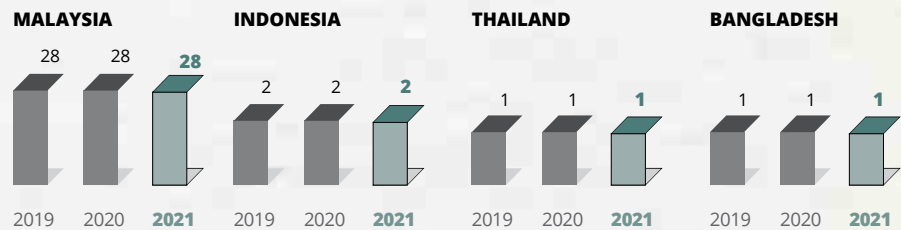


#### Link To Material Matters

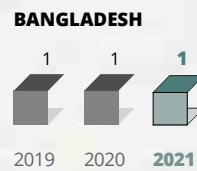
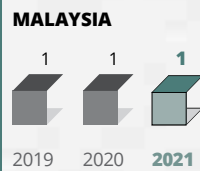
- Government Regulations

#### KEY INPUT

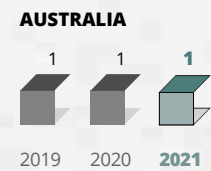
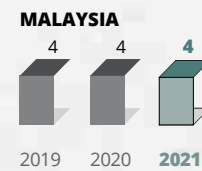
##### HOSPITALS



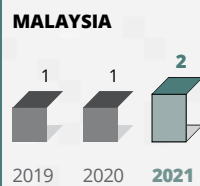
##### EDUCATION



##### SENIOR AND ASSISTED LIVING CARE CENTRES



##### AMBULATORY CARE CENTRES



#### High Tech System for Diagnostic Imaging

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

#### High Tech System for Cancer Treatment

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

#### Basic Imaging with Advance Technology

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

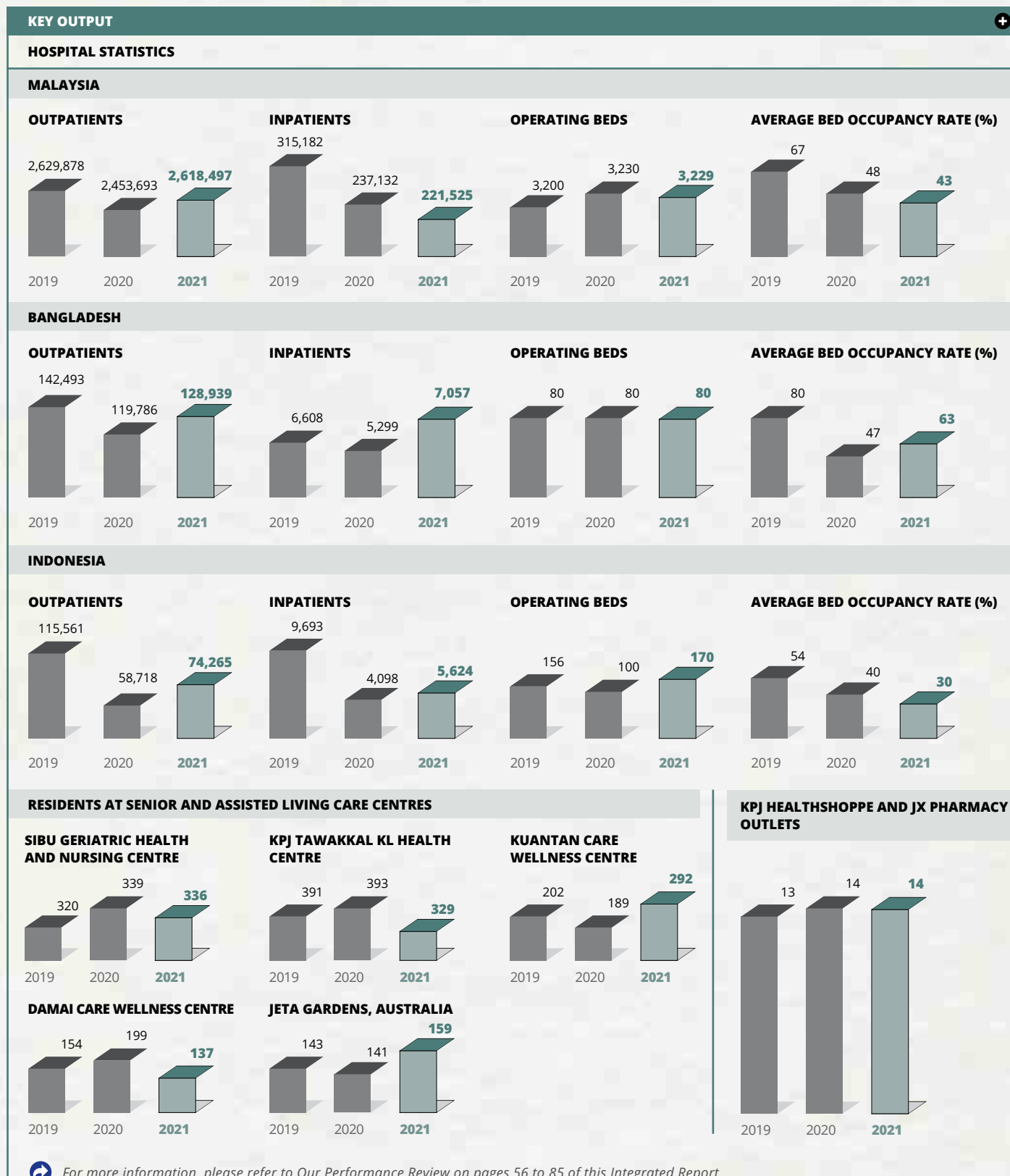
#### Special Diagnostic Services

- Heart Lung Machine
- Laser Eye Surgery

#### ACTIVITIES AND PROCESSES

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

## Our Six Capitals



## Our Six Capitals



### NATURAL CAPITAL

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

#### Trade-Offs

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

#### Link To Strategic Thrusts

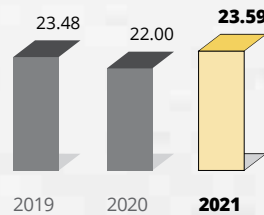


#### Link To Material Matters

- Cost of Healthcare Services

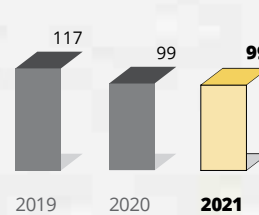
#### KEY INPUT

##### AVERAGE ELECTRICITY CONSUMPTION PER SQUARE FOOT (SQ FT) (KWH)



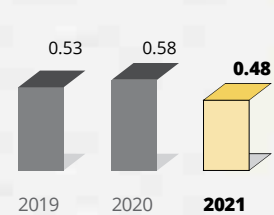
achieved target of not more than 27.69 kWh per sq ft

##### AVERAGE WATER CONSUMED PER EMPLOYEE (M<sup>3</sup>)



achieved target of not more than 111 m<sup>3</sup> per employee

##### AVERAGE HAZARDOUS WASTE GENERATED PER PATIENT (KG)



achieved target of not more than 0.5 kg per patient

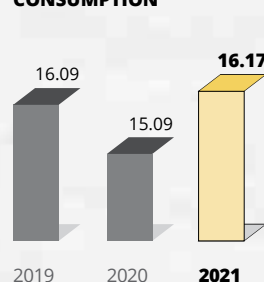
#### ACTIVITIES AND PROCESSES

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

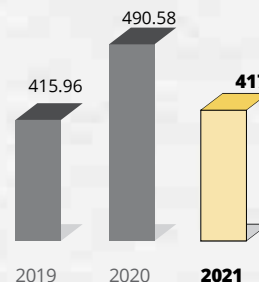
For more information on our environmental initiatives, please refer to Environmental Section of our Sustainability Report.

#### KEY OUTPUT

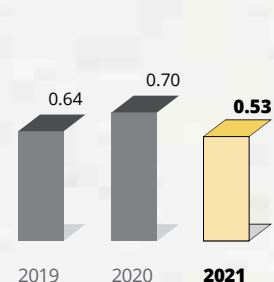
##### GHG EMISSION PER SQUARE FOOT (SQ FT) (CO<sup>2</sup>) - ELECTRICITY CONSUMPTION



##### GHG EMISSION PER EMPLOYEE (CO<sup>2</sup>) - WATER CONSUMPTION



##### GHG EMISSION PER PATIENT SERVED (CO<sup>2</sup>) - HAZARDOUS WASTE



## Our Six Capitals



### HUMAN CAPITAL

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

#### Trade-Offs

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

#### Link To Strategic Thrusts



#### Link To Material Matters

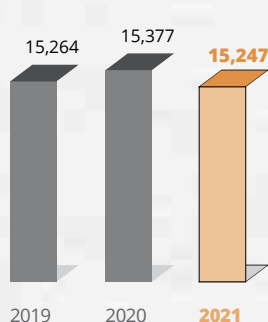
- Managing and Retaining Talent

### KEY INPUT

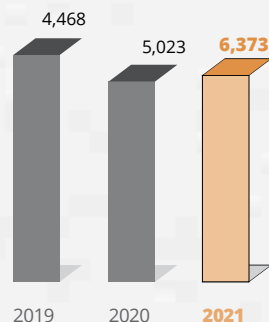


#### A DIVERSE WORKFORCE

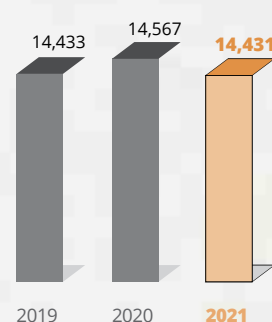
##### TOTAL STAFF IN GROUP



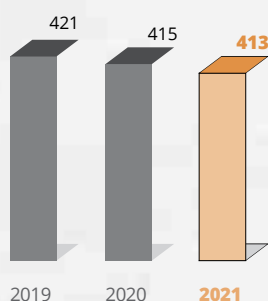
##### NO. OF TRAINED NURSES



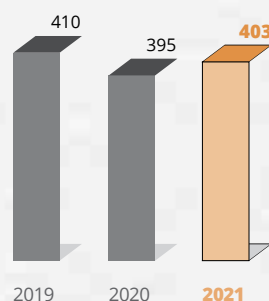
##### TOTAL STAFF IN MALAYSIA



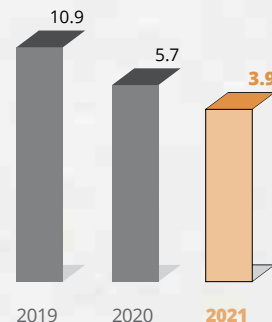
##### TOTAL STAFF IN BANGLADESH



##### TOTAL STAFF IN INDONESIA



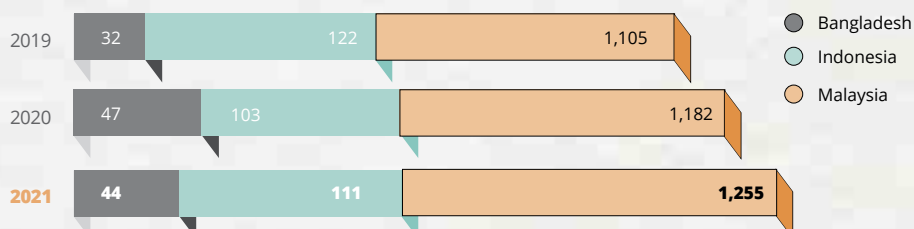
##### INVESTMENT IN TRAINING AND DEVELOPMENT (RM MIL)



#### MALE:FEMALE GENDER DIVERSITY RATIO



#### MEDICAL CONSULTANTS





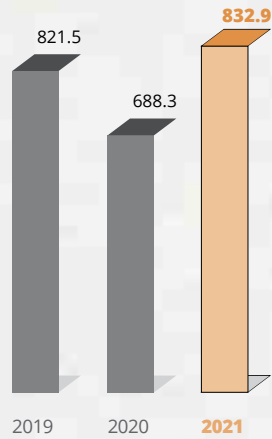
## Our Six Capitals

### ACTIVITIES AND PROCESSES

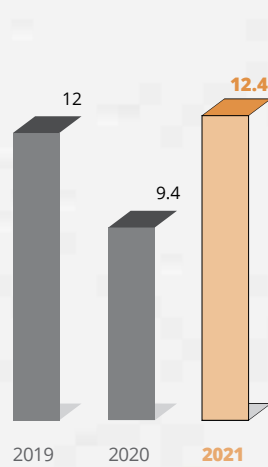
- Competitive and fair remuneration packages
- Fair employment practices
- Investing in employees' career development, including skillset training and leadership development initiatives
- Succession planning to identify and guide internal talent as future leaders in the organisation
- Continuing Education opportunities for all qualified employees
- Organise annual healthcare conferences/workshops at both national and industry levels such as KPJ Healthcare Conference
- Occupational health and safety management systems
- Employee engagement initiatives such as:
  - Activities conducted by the Sports and Recreational Clubs
  - Annual events such as Family Day, Talent Management Day and Sports Carnivals
  - Employee participation in CSR initiatives

### KEY OUTPUT

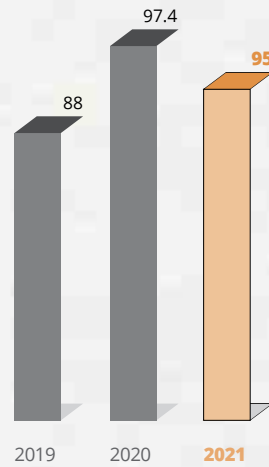
**EMPLOYEE COMPENSATION & BENEFIT COSTS (RM mil)**



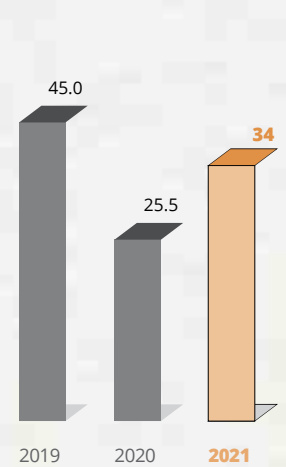
**STAFF ATTRITION RATE (%)**



**STAFF RETENTION RATE (%)**



**AVERAGE TRAINING HOURS PER EMPLOYEE (HOURS)**



### RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

● Female ● Male



For more information on our employees, please refer to the Materiality People 2 to Materiality People 4 in the Social Section of our Sustainability Report.

## Our Six Capitals



### INTELLECTUAL CAPITAL

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

#### Trade-Offs

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

#### Link To Strategic Thrusts



#### Link To Material Matters

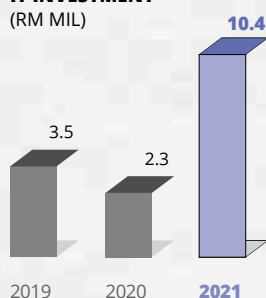
- Quality of Service Standards
- Government Regulations

### KEY INPUT

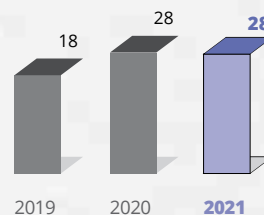
#### HOSPITAL ACCREDITATION



#### IT INVESTMENT (RM MIL)



#### NO. OF HOSPITALS INTEGRATED WITH KPJ ONLINE BOOKING SYSTEM



### ACTIVITIES AND PROCESSES

- Clinical Services introduced new services in line with new technology or meeting customers' expectations and endeavour to provide a safe healing environment. This was the new service initiated and in progress:
  - Acute Stroke Centre
- Continued with digitisation initiatives via Health Information System (HIS) migration, to third generation Cloud Computing
- Implementation of integrated systems that increase effectiveness, improve monitoring and tracking of treatment outcomes with an emphasize on information security
- Continuous improvement on the completed Data Centre to be ready for any new transformation initiatives to support the whole hospital network
- Cyber security and IT Risk Assessment actions were undertaken to prepare for ISO 27001
- Most hospitals continued monitoring and renewing their certifications including:
  - Joint Commission International (JCI)
  - Malaysian Society for Quality in Health (MSQH)
  - Integrated Management System (IMS)
  - International Standardisation Organisation (ISO)
    - ISO 9001:2015 – Quality Management System (QMS)
    - ISO 14001:2015 – Environmental Management System (EMS)
    - ISO 45001:2018 – Occupational Safety & Health Management System
    - Hospitals certified with ISO 18001:2007 OHSAS have converted to ISO 45001:2018 Occupational Safety and Health Management System
- In-house nursing and healthcare dashboard
- Comprehensive Clinical Governance policies, structure and management in place
- The biennial KPJ Quality Convention has been the platform for employees to showcase innovative projects that can effectively improve operations.

## Our Six Capitals

### KEY OUTPUT

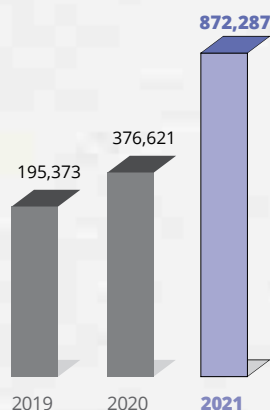
#### NUMBER OF DOCTORS CURRENTLY UNDERGOING MEDICAL SPECIALIST PROGRAMMES (AS AT DECEMBER 2021)

Programme	Total
Otorhinolaryngology - Head And Neck Surgery	7
Radiology	11
Orthopedic	7
General Surgery	4
Postgraduate Training In Internal Medicine	2
Postgraduate Training In Paediatric	1
<b>Total</b>	<b>32</b>

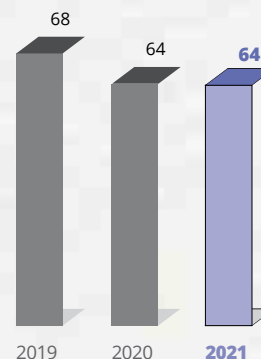
#### NUMBER OF STUDENTS CURRENTLY UNDERGOING OTHER POSTGRADUATE PROGRAMMES (AS AT DECEMBER 2021)

Programme	Total
PhD in Nursing	6
Master in Nursing	9
Master in Pharmaceutical Science	11
Master in Physiotherapy	5
Master in MBA in Healthcare Management	22
<b>Total</b>	<b>53</b>

#### TOTAL NUMBER OF KPJ ONLINE APPOINTMENTS



#### AVERAGE OF INNOVATION RECEIVED PER HOSPITAL



#### Certifications by number of Hospitals

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

For more information on our digital healthcare innovations, technology and cyber security enhancements, KPJUC, as well as accreditations and certifications, please refer to Materiality Economic 4 and 5 within the Economic section and Materiality People 2 of our Sustainability Report.

## Our Six Capitals



### SOCIAL AND RELATIONSHIP CAPITAL

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

#### Trade-Offs

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

#### Link To Strategic Thrusts

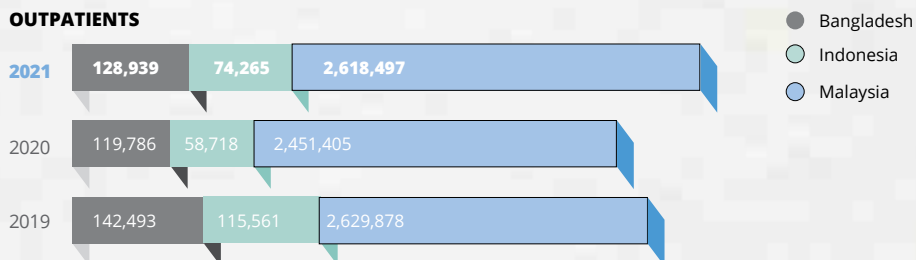


#### Link To Material Matters

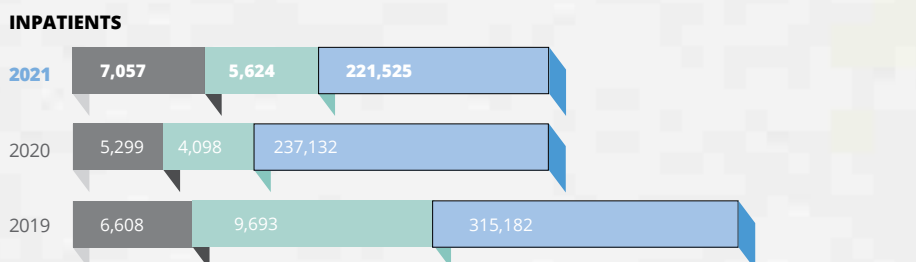
- Cost of Healthcare Services
- Quality of Service Standards
- Government Regulations
- Funders for Healthcare Services

### KEY INPUT

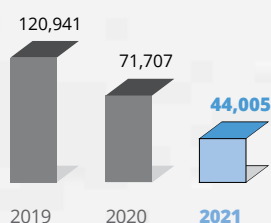
#### OUTPATIENTS



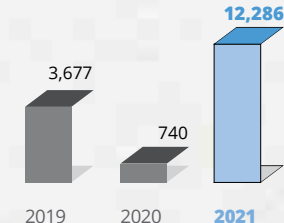
#### INPATIENTS



#### TOTAL NO. OF KWAN CLINICS' PATIENTS



#### TOTAL NO. OF MOBILE CLINICS' PATIENTS



### ACTIVITIES AND PROCESSES

#### For our Patients

- Increased focus on KPJ Brand through specially designed onground and online initiatives
- KPJ's Customer Service Tools include:
  - KPJ Service Quality Coach
  - Customer Service Workshops
  - SQM Mentoring Programme
  - Standard People Practice (SPP)
  - Planetree project focusing on person-centred care
  - Premier Customer Service Programme
  - Customer Service Management Recognition by SIRIM
  - KPJ Care Card Loyalty Programme
- Integrated SQM Portal comprising the following elements:
  - Patient Communication Management System (PCMS)
  - SQM External Survey
  - Online Training Module
  - FAQ on SQM Application Portal
  - KPJ Dashboard
- Planned Preventive Maintenance (PPM)
- Ongoing commitment to reduce admission and discharge waiting times

#### For the Government

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

#### For our Intermediaries

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

#### For our Vendors and Suppliers

- Efficient, streamlined and fair procurement processes and policies
- Regular interaction with suppliers
- Fair contract negotiations with suppliers and vendors
- Assessment process with regards to suppliers and vendors
- All suppliers, vendors and other related third parties are required to sign the Corporate Integrity Agreement (CIA), to ensure transparency in building mutually beneficial working relationships

## Our Six Capitals

### ACTIVITIES AND PROCESSES



#### For Accreditation and Industry Bodies

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

#### For the Community

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

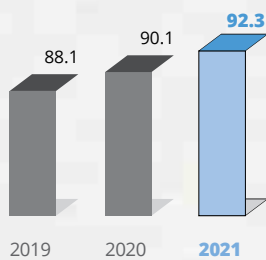
#### For our Investors and Shareholders

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

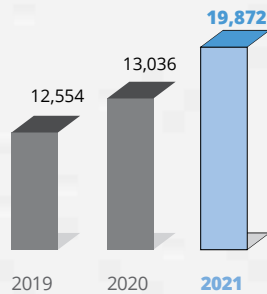
### KEY OUTPUT



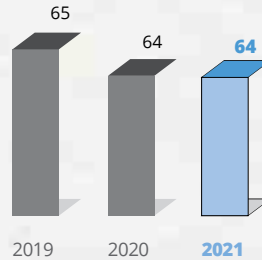
#### CUSTOMER SATISFACTION INDEX (%)



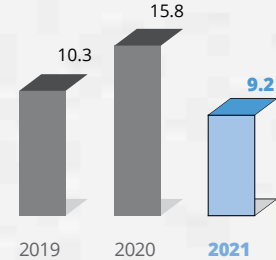
#### TOTAL NO. OF STAFF TRAINED IN CUSTOMER SERVICE



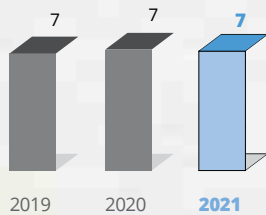
#### TOTAL NO. OF SERVICE QUALITY COACHES



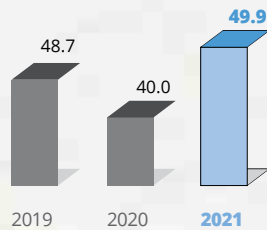
#### TOTAL INVESTMENT IN COMMUNITY OUTREACH PROGRAMMES (RM MIL)



#### NO. OF HOSPITALS WITH BABY HATCHES

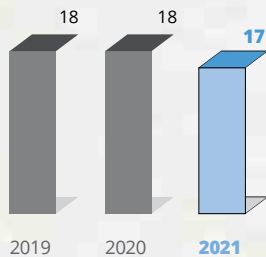


#### TAX DISTRIBUTION TO GOVERNMENT/APPROVED AGENCIES (RM MIL)

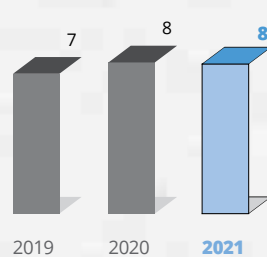


### KLINIK WAQAF AN-NUR

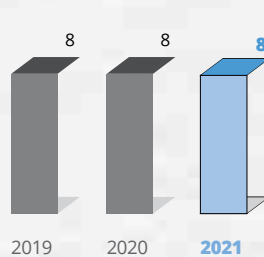
#### CLINICS



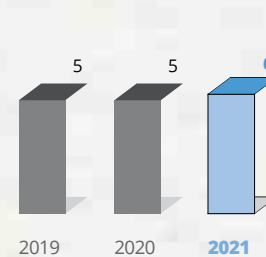
#### CLINICS OPERATING AS DIALYSIS CENTRES



#### CLINICS WITH MSQH CERTIFICATION



#### MOBILE CLINICS



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

# Our Strategic Progress

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

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

1

**Our Group Tagline -**

## CARE FOR LIFE

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

2

**Our Vision -**

## THE PREFERRED HEALTHCARE PROVIDER

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

3

**Our Mission -**

## DELIVER QUALITY HEALTHCARE SERVICES

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

4

**Our Five -**

## CORE VALUES

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



**Ensuring Safety**



**Delivering Service with Courtesy**



**Exercising Professionalism at All Times**

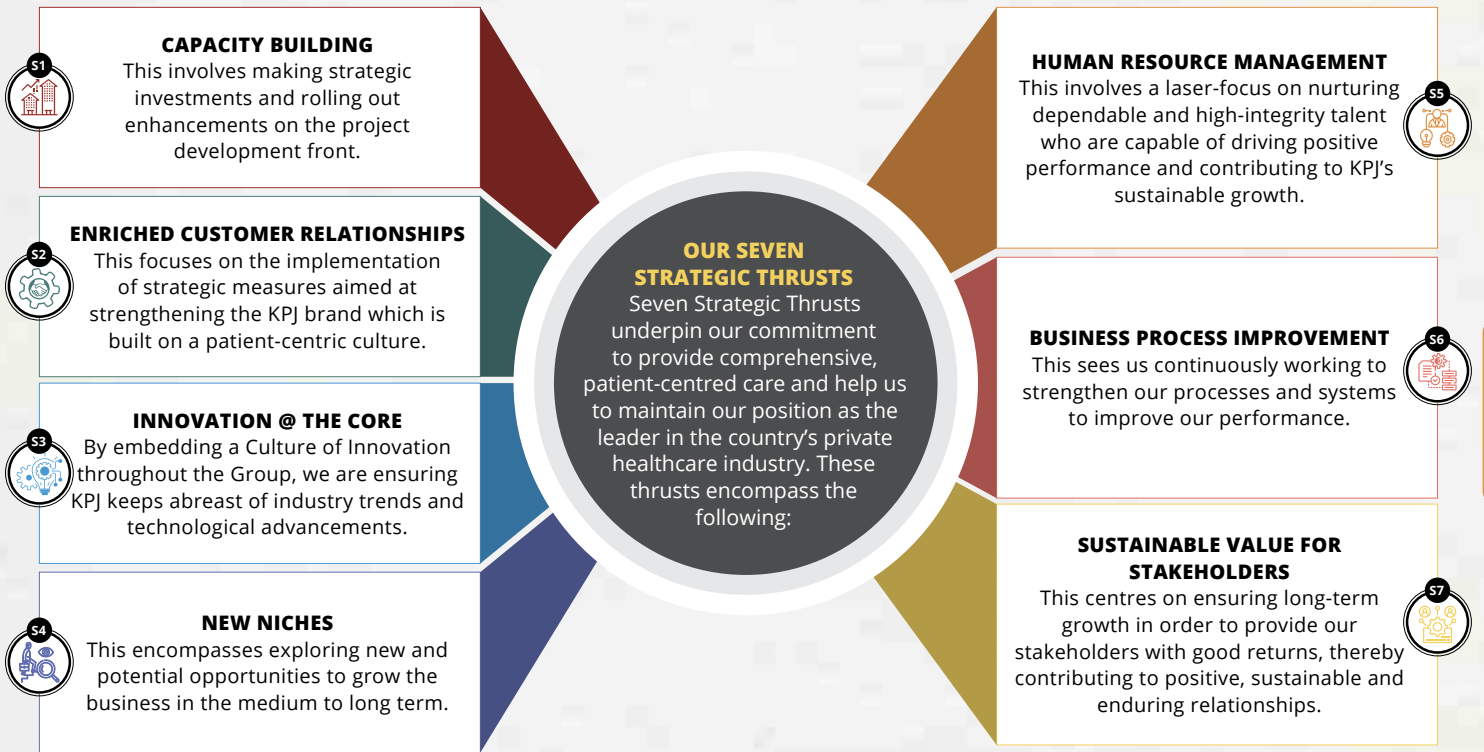


**Striving for Continuous Improvement**



**Performing Duties with Integrity**

## Our Strategic Progress







### STRATEGIC PROGRESS

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

Strategic Thrust	Strategic Focus 2021	Strategic Focus 2022-2026
 <b>CAPACITY BUILDING</b>	<p><b>Strengthen Business and Operational Excellence</b></p> <p><b>Achieved</b> Added 146 licensed beds, and recruited 33 new resident consultants.</p> <p><b>Continuous Improvement</b> Private and Public Partnership (PPP) with the Ministry of Health (MOH) on decanting non-COVID cases.</p> <ul style="list-style-type: none"> <li>A total of 6,344 decanted cases were received from MOH hospitals with a total value of RM50 million.</li> <li>56% of the referrals were surgical cases and 34% were medical cases.</li> </ul> <p>Four elective Renal transplant cases were successfully performed at KPJ Tawakkal KL. KPJ provides the facilities and manages the pre- and post-surgery care of the patient and donor.</p> <p><b>Achieved</b> Allocated resources and dedicated wards and ICU beds for COVID positive cases. Treated a total of 2,661 COVID-19 patients.</p>	<p><b>Continue to Strengthen Business and Operational Excellence</b></p> <p><b>In Progress</b> Damansara Specialist Hospital 2 (DSH2), the latest addition to the Group is targeted to open in the third quarter of 2022.</p> <p>To re-energise Health Tourism.</p> <p><b>Continuous improvement</b> Continue the collaboration with MOH on outsourcing services.</p> <p>To continue the strategic recruitment of new consultants with sub-specialties.</p> <p>To strengthen our current packages and introduce more packages, customised corporate screening and services to the public (including OSH services).</p> <p>Increase efficiency by embracing the Hub-and-spoke Model.</p> <p>Digital transformation – upgrade to a new integrated, next-generation Hospital Information System (nHIS).</p>

## Our Strategic Progress

Strategic Thrust	Strategic Focus 2021	Strategic Focus 2022-2026
 <p><b>ENRICHED CUSTOMER RELATIONSHIPS</b></p>	<p><b>Provide Patient Centric Benefits in Our Services</b></p> <p><b>Achieved</b> Surpassed our target of 90% in our Customer Satisfaction Index.</p> <p><b>Achieved</b> Recruitment of KPJ Care members increased by 30%.</p>	<p><b>Enhance Clinical and Service Quality</b></p> <p><b>Achieved and Continuous Improvement</b> To continuously enhance KPJ Care loyalty to acquire new KPJ Care members and member benefits.</p>
 <p><b>INNOVATION @ THE CORE</b></p>	<p><b>Leverage Technology and Innovation for Quality Care</b></p> <p><b>Achieved</b> Implementation of Telemedicine and Medication Delivery (TMD).</p> <p>Gained significant market reach via social media.</p> <p><b>Achieved</b> Continued strategy to drive intensive marketing campaigns on social media.</p>	<p><b>Embrace Digitalisation and Technology in an Enhanced Manner</b></p> <p><b>Achieved and Continuous Improvement</b> To amplify KPJ brand loyalty as well as the services and packages take-up rate with frequent and personalised marketing communications on digital marketing platforms.</p>
 <p><b>NEW NICHES</b></p>	<p><b>Continuous Growth in Healthcare Industry</b></p> <p><b>Achieved</b> Opened Ambulatory Care Centre (ACC) in Puchong Kinrara, Selangor.</p>	<p><b>Strengthen Business and Operational Excellence</b></p> <p>Location Analysis for ACC Expansion Plan.</p>
 <p><b>HUMAN RESOURCE MANAGEMENT</b></p>	<p><b>Build a Culture of High Performance</b></p> <p><b>Achieved</b> Successful communication of anti-corruption policy/ABMS to all employees with 91% of employees taking up the e-pledge.</p> <p><b>Achieved</b> Invested RM3.93 million in training and development programmes for employees.</p> <p><b>Achieved</b> Identified top talent via the Talent Validation Programme (TVP) and Talent Development Programme (TDP).</p>	<p><b>Synergise Organisation, People and Culture</b></p> <p><b>Achieved and Continuous Improvement</b> Improve staffing efficiency via manpower audits, job evaluation analysis, career pathing, talent development programmes, as well as undertake reviews of HR and HR-related policies and other initiatives.</p>

### COVID-19 IMPACT

#### 1 Impact on Patients

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

##### Mitigation Plans:

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

#### 2 Impact on Workforce

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

##### Mitigation Plans:

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

#### 3 Impact on Operations


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

##### Mitigation Plans:

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



## Our Strategic Progress

Strategic Thrust	Strategic Focus 2021	Strategic Focus 2022-2026
 <p><b>BUSINESS IMPROVEMENT</b></p>	<p><b>Upgrading Hospital Information System</b></p> <p><b>Take Environmental Protection Seriously</b></p> <p><b>Achieved</b> Waste: The amount of clinical waste generated per patient was 0.48 kg which was below our target of 0.5kg per patient.</p> <p><b>Achieved</b> Water: The water consumption per employee was 99 m<sup>3</sup> which was below our target of not more than 111 m<sup>3</sup> per employee.</p> <p><b>Achieved</b> Energy: Maintained our average consumption within the target of not more than 27.69 kWh per square foot for four consecutive years.</p>	<p><b>Embrace Digitalisation and Technology in an Enhanced Manner</b></p> <p><b>Take Environmental Protection Seriously</b></p> <p><b>In Progress</b> Completion of the pilot project of the new next-generation HIS (Phase 1) at KPJ DSH2 by the first quarter of 2022.</p> <p><b>Target</b> Reduced greenhouse gas (GHG) emissions by 5%.</p>
	<p><b>Protect the Socio-Economic Environment of Our Stakeholders</b></p> <p><b>Achieved</b> 17 KWAN clinics and 6 mobile clinics served 56,291 patients from underprivileged communities nationwide.</p> <p><b>Achieved</b> An investment of RM9.2 million was made in the Outreach Programme for the local community.</p> <p><b>Achieved</b> Dividend payout of 36% (RM23.7 million) of our profit after tax (PAT).</p> <p><b>Achieved</b> Collaboration with the Government to assist in flattening the COVID-19 curve.</p>	<p><b>Synergise Our Organisation, People and Culture</b></p> <p><b>Continuous Improvement</b> Strengthen KWAN mobile clinics by identifying potential partners such as banks or other corporate entities within the Klang Valley.</p> <p><b>Continuous Improvement</b> Designing a Strategic CSR Programme with measurable impact for the local community.</p> <p>Continued to protect shareholders' interests with dividend pay-out of 40% of PAT.</p> <p><b>Continuous Improvement</b> Collaboration with the Government to cater to the increased demand for healthcare services and a shortage in the provision of certain healthcare services.</p>

### 4 Impact on Finance

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

**Mitigation Plans:**

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

### 5 Impact on Technology

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

**Mitigation Plans:**

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

### 6 Impact on Industry

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

**Mitigation Plans:**

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

07:30

**Sanitising and  
Cleaning Service**

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



07:00 to 12:00

**Delivering on our  
“Care for Life”  
mandate**

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



00:20

**Specialist Consultation**

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



10:15

**Medical Consultation**

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



00:30

**Pharmaceutical and Medical Products**

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



# Statement From Our Chairman

## LAYING SOLID FOUNDATIONS FOR THE FUTURE



### Dear Valued Stakeholders,

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

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

**DATUK MD ARIF BIN MAHMOOD**  
Chairman



### CONTINUING TO GROW FROM STRENGTH TO STRENGTH

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

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

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

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

## Statement From Our Chairman



The number of inpatient and outpatient visits

## IMPROVED

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

The Group's

## HYBRID HOSPITAL APPROACH

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

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

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

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

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

### REMAINING STEADFAST DESPITE ANOTHER CHALLENGING YEAR

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

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

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

## Statement From Our Chairman

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

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

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

### THE YEAR’S KEY DEVELOPMENTS

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



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

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

**Empower Our Organisation, People and Culture**

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

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

**Strengthen Our Business and Operational Excellence**

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

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

## Statement From Our Chairman



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

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

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

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

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



## Statement From Our Chairman



### Strengthening Market Penetration among Communities

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

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

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



### A Return to the Sukuk Market

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

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

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





## Statement From Our Chairman

### COMMITTED TO RESPONSIBLE CORPORATE PRACTICES

#### Upholding Good Governance

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

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

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

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

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

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



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



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



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



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

#### Sustainability within KPJ

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

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

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

## Statement From Our Chairman

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



### ECONOMIC

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

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

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



### ENVIRONMENTAL

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

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

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

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



### SOCIAL

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

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

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

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



### GOVERNANCE

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

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

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



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

## Statement From Our Chairman

### RECOGNISED FOR UPHOLDING EXCELLENCE

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

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

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



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

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

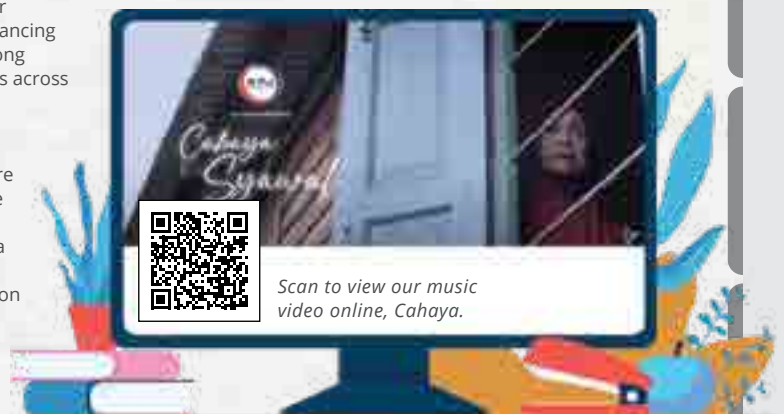
KPJ Healthcare Berhad received recognition as One of the Most Preferred Graduate Employers to Work for in 2022 when we were voted a Champion in the Healthcare (Hospitals) category at the Graduates' Choice Award (GCA) 2022 event. The CGA is Malaysia's most authoritative graduate employer branding award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

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

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

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

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



## Statement From Our Chairman

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

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

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

### MOVING FORWARD

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

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

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

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

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

## Statement From Our Chairman

### ACKNOWLEDGEMENTS

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

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

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

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

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

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

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

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

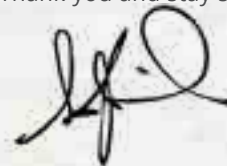
We also welcome onboard our new President & Managing Director, Dato' Mohd Shukrie Bin Mohd Salleh, who is known for his leadership in transformation and growth. He brings with him a wide spectrum of in-depth experiences spanning leadership roles in key transportation and logistics companies as well as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

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

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

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

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



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

# President & Managing Director's Review

**DATO' MOHD SHUKRIE BIN MOHD SALLEH**  
*President & Managing Director*

## STABILISING THE BUSINESS AND FUTURE- PROOFING KPJ



**Dear Valued Shareholders  
 and Other Stakeholders,**

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



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

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



## President & Managing Director's Review

### CONTINUING TO MAKE RESILIENT STRIDES FORWARD



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

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

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

As a result of the preparations made in 2020 to strengthen our COVID-19 response capability, the Group's hospitals were also able to quickly ease into their role as hybrid hospitals (i.e., where both COVID-19 and non-COVID-19 patients are managed under the same roof). This certainly lent much needed support to Ministry of Health (MOH) hospitals that were unable to manage COVID-19 patients due to their limited capacity. These preparatory measures included enhancing clinical

protocols, designating additional resources to handle such cases, dedicating specific areas to allow for better segregation and management of COVID-19 patients, as well as undertaking a review of facilities and support services such as catering, linen and cleaning services. As facilities and resources were transformed to accommodate the influx of positive cases, KPJ became the single largest private services provider to assist the Malaysian Government in the treatment of decanted COVID-19 cases.

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

continued for a good part of the first half of the year, although it varied between hospitals and regions.

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

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



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

## President & Managing Director's Review

○  
**TOTAL REVENUE**  
**10%** rise  
 to **RM2.6 billion** in 2021,  
 from **RM2.4 billion**  
 previously

● ●  
**EBITDA**  
**RM529.5**  
**million**  
 2% lower than the EBITDA of  
**RM538.9 million** in 2020

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

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

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

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

### KPJ'S COVID-19 RESPONSE

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

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

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

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

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

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



## President & Managing Director's Review

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

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

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

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

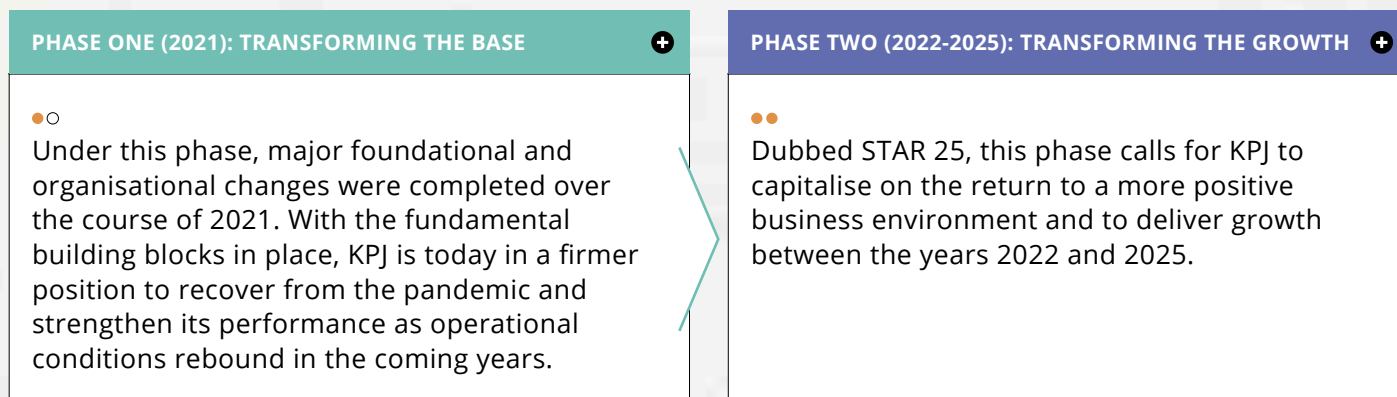
Aside from the usual SOPs relating to social distancing and the wearing of face masks, staff meet virtually where possible. They also follow team rotations where half the workforce is present at the workplace, while the other half work from home. As KPJ sets the necessary COVID-19 mitigatory measures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



## President & Managing Director's Review

### MAKING STRONG INROADS ON THE TRANSFORMATION FRONT

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



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

**#1 Synergise Our Organisation, People and Culture** ● ○ ○ ○ ○

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

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

Hospital, KPJ Ampang Puteri Specialist Hospital, KPJ Klang Specialist Hospital and KPJ Penang Specialist Hospital.

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

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

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

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

## President & Managing Director's Review



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

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

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

### #2 Enhance Clinical and Service Quality



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

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

## President & Managing Director's Review

### #3 Embrace Digitalisation and Technology in an Enhanced Manner ●●●○○

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

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

In 2021, the Group initiated a tender to replace the current electronic medical records (EMR) system with a new next-generation Healthcare Information System (HIS) capable

of delivering on the initiatives and integration necessary to meet our business vision and goals. The pilot project for the HIS is all set to be implemented at the new DSH2 this year. From 2023 onwards, the HIS will be rolled out in phases throughout the Group.

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

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

### #4 Strengthen Business and Operational Excellence ●●●○○

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

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

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

## President & Managing Director's Review

### #5 Refresh the KPJ Brand and Marketing

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

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

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

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

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

### OUR STRATEGIES FOR GROWTH

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



## President & Managing Director's Review



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

### Integrated Digital Ecosystem

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

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

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

### Raising the Standard of Clinical Excellence

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

### Championing Sustainability in Healthcare

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

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

### Other Strategies to Bolster Our Position

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

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

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

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

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

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

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

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

### ACKNOWLEDGEMENTS

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

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

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

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



**Dato' Mohd Shukrie Bin Mohd Salleh**

President & Managing Director  
KPJ Healthcare Berhad

# Chief Financial Officer's Review

## FOCUSED ON DELIVERING A RESILIENT PERFORMANCE



**Dear Valued Stakeholders,**

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



**NORHAIZAM BINTI MOHAMMAD**  
Chief Financial Officer

### A RESILIENT PERFORMANCE IN 2021

Revenue  
**RM2.6 billion**

Gross Profit  
**RM940.1 million**

EBITDA  
**RM529.5 million**

Profit Before Tax  
**RM115.6 million**

Net Profit  
**RM65.7 million**



## Chief Financial Officer's Review

## REVENUE



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

The increase in revenue was primarily attributable to the following:

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

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

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

#### Malaysia

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

#### Others

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

## Chief Financial Officer's Review

### OTHER INCOME

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

### ADMINISTRATIVE EXPENSES

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

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

### EBITDA AND PROFIT BEFORE TAX

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

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

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

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

### Malaysia

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

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

### Others

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

### NET FINANCE COST

#### Finance Costs

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

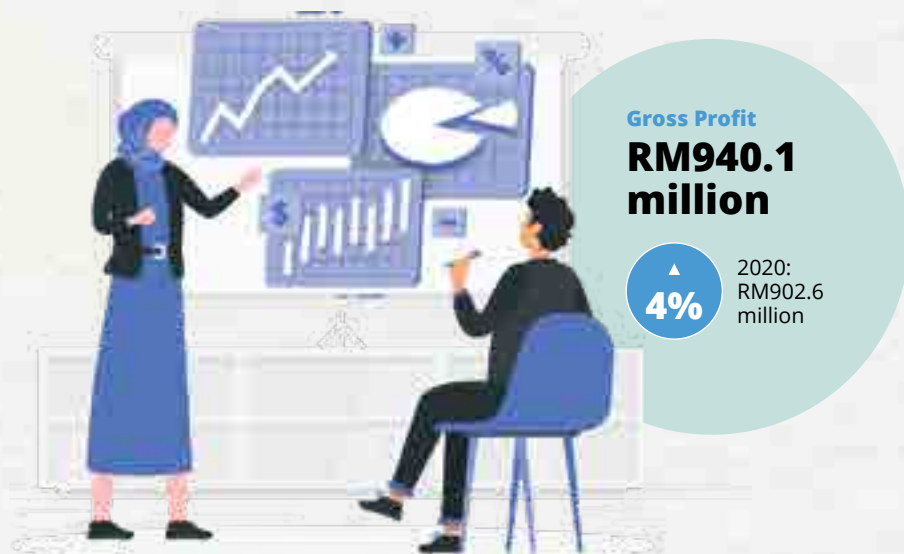
On 7 March 2022, the Group made its first issuance of RM650 million from the RM3.0 billion Sukuk Wakalah Programme. The tenure of the issuance consists of five-year, seven-year and ten-year Sukuk Wakalah being priced at a profit rate of 4.29%, 4.58% and 4.66% respectively.

#### Finance Costs from Lease Liabilities

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

### TAXATION

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



## Chief Financial Officer's Review

### FINANCIAL POSITION AS AT 31 DECEMBER 2021

#### TOTAL ASSETS

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

#### TOTAL LIABILITIES

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

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

#### LIQUIDITY AND CASH FLOWS

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

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

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

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

#### CAPITAL MANAGEMENT

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

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

#### RETURNS TO SHAREHOLDERS

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

These dividend pay-outs comprised the following interim dividends:

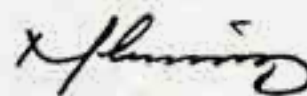
- + An interim dividend of 0.25 sen per share on 4,299,041,642 shares that was declared on 24 August 2021 and paid out on 15 October 2021; and**
- + An interim dividend of 0.30 sen per share on 4,326,306,794 shares that was declared on 26 November 2021 and paid out on 28 December 2021.**

In total, dividends amounting to RM23.73 million (2020: RM51.36 million) were paid out to shareholders in respect of financial year 2021 representing 36% of the Group's net profit for 2021. The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021.

#### MOVING FORWARD

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

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



**Norhaizam Binti Mohammad**  
Chief Financial Officer

# Group Quarterly Performance

<b>2021 (RM'000)</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Year End 2021</b>
Revenue	605,944	632,829	698,958	689,118	2,626,849
Gross profit	221,168	225,247	246,034	247,613	940,062
Operating profit	55,110	45,094	81,967	66,177	248,348
Finance income	2,725	2,445	1,638	1,875	8,683
Finance costs					
- Borrowings	(24,077)	(22,004)	(21,824)	(22,639)	(90,544)
- Lease liabilities	(18,350)	(17,681)	(21,844)	(18,870)	(76,745)
Finance costs - net	(39,702)	(37,240)	(42,030)	(39,634)	(158,606)
Share of results of associates, net of tax	4,748	6,332	3,488	11,288	25,856
Profit before tax	20,156	14,186	43,425	37,831	115,598
Tax	(4,918)	(5,433)	(25,497)	(14,099)	(49,947)
<b>Profit for the financial year</b>	<b>15,238</b>	<b>8,753</b>	<b>17,928</b>	<b>23,732</b>	<b>65,651</b>
Profit for the financial year attributable to:					
Owners of the Company	12,976	6,958	12,639	18,460	51,033
Non-controlling interests	2,262	1,795	5,289	5,272	14,618
	15,238	8,753	17,928	23,732	65,651
Basic EPS (sen)	0.30	0.17	0.29	0.43	1.19
<b>2020 (RM'000)</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Year End 2020</b>
Revenue	665,816	475,849	633,438	622,340	2,397,443
Gross profit	262,689	155,266	255,517	229,083	902,555
Operating profit	87,992	51,633	86,943	56,608	283,176
Finance income	2,661	3,350	2,728	5,425	14,164
Finance costs					
- Borrowings	(25,164)	(20,534)	(24,284)	(24,270)	(94,252)
- Lease liabilities	(17,991)	(17,986)	(14,446)	(18,801)	(69,224)
Finance costs - net	(40,494)	(35,170)	(36,002)	(37,646)	(149,312)
Share of results of associates, net of tax	7,589	2,505	5,192	1,660	16,946
Profit before tax	55,087	18,968	56,133	20,622	150,810
Tax	(14,553)	(8,035)	(20,556)	3,146	(39,998)
<b>Profit for the financial year</b>	<b>40,534</b>	<b>10,933</b>	<b>35,577</b>	<b>23,768</b>	<b>110,812</b>
Profit for the financial year attributable to:					
Owners of the Company	38,533	12,657	33,968	25,285	110,443
Non-controlling interests	2,001	(1,724)	1,609	(1,517)	369
	40,534	10,933	35,577	23,768	110,812
Basic EPS (sen)	0.90	0.30	0.79	0.59	2.58

# 5-Year Financial Performance

## STATEMENTS OF COMPREHENSIVE INCOME

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

## STATEMENTS OF FINANCIAL POSITION

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

\* Restated revenue for 2017, 2018 and 2019.

### 5-Year Financial Performance



# Statement of Value Added

## VALUE DISTRIBUTION

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

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

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

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

03:30

**Senior and Assisted Living Care**

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





05:23

**Towards Next-Generation Healthcare**

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



07:30

**Centre for Sight**

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



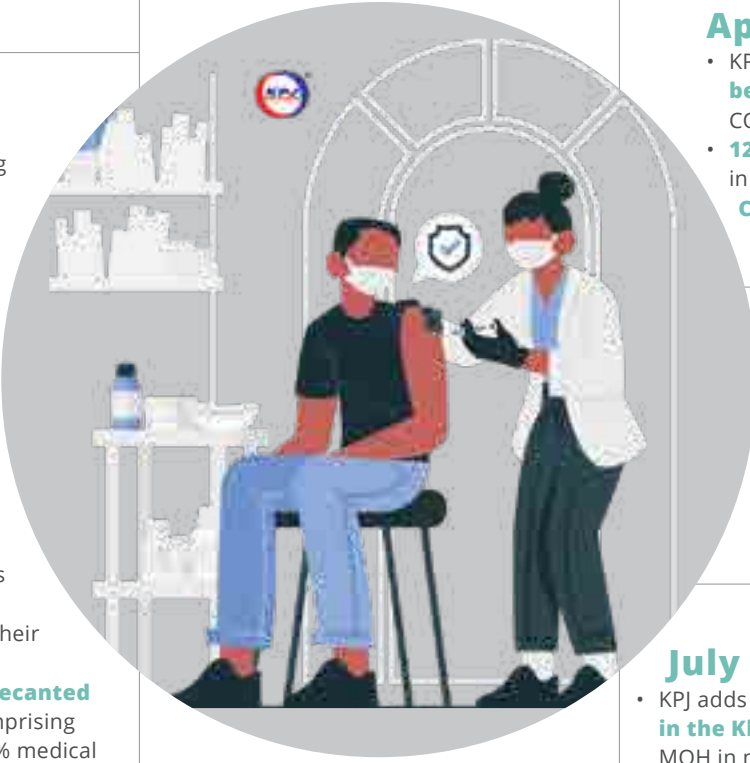
12:00 to 18:00

**Delivering high-quality patient experiences**

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

# Snapshot of KPJ's COVID-19 Response

## KEY COVID-19 MILESTONES IN 2021

<p><b>January</b></p> <ul style="list-style-type: none"> <li>The Government gazettes the <b>Emergency (Essential Powers) Ordinance 2021</b> enabling private hospitals in Malaysia to take in COVID-19 patients</li> <li>KPJ <b>commences receiving COVID-19 positive patients</b></li> <li>KPJ begins to offer <b>more than 100 surgeries and procedures</b> to the MOH for their <b>decanted non-COVID-19 patients</b></li> </ul>	<p><b>February</b></p> <ul style="list-style-type: none"> <li>KPJ's frontliners are <b>among the first batch of healthcare workers</b> to receive the COVID-19 vaccine</li> </ul>	<p><b>March</b></p> <ul style="list-style-type: none"> <li>KPJ kickstarts its <b>collaboration with the MOH and ProtectHealth Corporation</b></li> <li><b>10 KPJ hospitals</b> are appointed as Vaccination Administration Centres (Pusat Pemberian Vaksin or PPVs)</li> <li><b>More than 10,000 frontliners are vaccinated</b> at KPJ hospitals</li> </ul>
<p><b>December</b></p> <ul style="list-style-type: none"> <li><b>22</b> of KPJs hospitals serving as PPVs have administered <b>539,219 doses of vaccines</b> to the general public</li> <li>Some <b>14,514</b> or <b>99.8% of KPJ employees</b> have been <b>fully vaccinated</b> under the groupwide vaccination programme</li> <li>KPJ <b>initiates a groupwide COVID-19 Surveillance Test Programme</b> where all employees receive free kits and undertake fortnightly self-tests before entering their work premises</li> <li>By end December, <b>6,344 decanted non-COVID-19 cases</b> (comprising 56% surgical cases and 34% medical cases) from MOH hospitals have been treated</li> </ul>		<p><b>April</b></p> <ul style="list-style-type: none"> <li>KPJ allocates <b>over 200 ward beds and ICU beds</b> for COVID-19 related cases</li> <li><b>12 KPJ hospitals</b> begin taking in <b>MOH-decanted non-COVID-19 cases</b></li> </ul> <p><b>May</b></p> <ul style="list-style-type: none"> <li>KPJ's hospitals begin participating in the <b>National Immunisation Programme (NIP)</b> as PPVs</li> </ul>
<p><b>November</b></p> <ul style="list-style-type: none"> <li>KPJ rolls out its <b>COVID-19 Booster Vaccine Programme</b> for employees</li> </ul>	<p><b>October</b></p> <ul style="list-style-type: none"> <li>KPJ's hospitals continue to serve as PPVs for booster shots for the public</li> <li>The Government rolls out the <b>National Recovery Plan (NRP)</b> and KPJ implements a staggered <b>Return to Work framework</b> and enforces entry requirements to its premises with a <b>30% workforce presence</b></li> </ul>	<p><b>July</b></p> <ul style="list-style-type: none"> <li>KPJ adds <b>95 COVID-19 ward beds in the Klang Valley</b> to support the MOH in managing overwhelming COVID-19 admissions</li> <li>KPJ supports <b>two Mega PPVs</b> under the NIP i.e., at the KLCC (7 July-23 August) and at Mid Valley, South Key, Johor Bahru (19 July-15 October)</li> </ul> <p><b>August</b></p> <ul style="list-style-type: none"> <li><b>22 KPJ hospitals</b> are involved in <b>supporting MOH-decanted patients</b></li> </ul>

## Snapshot of KPJ's COVID-19 Response

### STRENGTHENING KPJ'S COVID-19 MANAGEMENT APPROACH +



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

To safeguard employees, consultants, patients and their families, we:	At the leadership level, Management adopted this COVID-19 approach:	We also opened up new opportunities amidst the crisis by leveraging:
<ul style="list-style-type: none"> <li>Enhanced Hospital Infection Control Committee protocols</li> <li>Reviewed the flow and implemented stringent screening at all hospital entry points</li> <li>Introduced Acute Respiratory Illness/Influenza-Like Illness (ARI/ILI) transit wards at hospitals to admit PUIs/suspects awaiting their PCR or confirmatory tests</li> <li>Disseminated pandemic-related educational updates via digital and physical platforms</li> <li>Initiated the groupwide COVID-19 Surveillance Test Programme</li> <li>Provided personal protective equipment (PPE)</li> <li>Implemented strict social distancing and facemask SOPs</li> <li>Encouraged virtual meetings and team rotations with half the workforce on site</li> <li>Undertook regular cleaning and sanitising activities</li> </ul>	<ul style="list-style-type: none"> <li>Senior Management and the Clinical team worked closely to mitigate pandemic issues</li> <li>The President &amp; Managing Director and Chief Operating Officer held weekly COVID-19 meetings to review and strengthen pandemic management</li> <li>The Group Clinical team organised clinical meetings to update/share experiences in managing COVID-19 patients and MOH-decanted non-COVID cases</li> <li>Daily COVID-19 related data was collected and reported to facilitate decision making</li> <li>A risk mitigation action plan was reviewed and strengthened to mitigate risks and ensure continuous operations</li> </ul>	<ul style="list-style-type: none"> <li>Online consultation</li> <li>Home delivery of medication</li> <li>Drive-through COVID-19 testing services</li> <li>Digital marketing and collaborative marketing</li> </ul>

### CONTINUING TO CARE FOR LIFE

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



We continue to engage the MOH at both the Federal and State levels to offer any further assistance for their immediate and future needs



We have set aside a total of 364 beds at 9 Klang Valley hospitals for MOH-decanted non-COVID-19 cases



Lablink continues to provide multiple COVID-19 testing options while broadening and strengthening its specialised test offering



We have laid out plans to make the most of the anticipated resurgence in the travel and health tourism segments now that the borders are fully opened

# Clinical and Hospital Operations

## REVIEW OF CLINICAL AND HOSPITAL OPERATIONS +



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



## ENSURING THE DELIVERY OF UNINTERRUPTED HEALTHCARE SERVICES

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

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

To minimise the transmission of the virus and manage the potential risk of exposure to persons under investigation (PUI) and confirmed cases, we reviewed the flow of people into hospital premises to ensure effective screening at all hospital entry points. We also introduced the Acute Respiratory Illness/

Influenza-Like Illness or ARI/ILI ward at the Group's hospitals to admit PUIs or patients who were awaiting their PCR or confirmatory tests for COVID-19 into this "transit" area. In December 2021, we initiated the COVID-19 Surveillance Test Programme whereby all KPJ employees are to undergo fortnightly self-tests before entering their work premises.

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

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



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

## Clinical and Hospital Operations

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

### + SERVING THE PEOPLE

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

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

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

<p>●○○</p> <p><b>ADULTS</b></p> <p><b>398,359</b> doses</p>	<p>●○○</p> <p><b>ADOLESCENTS</b></p> <p><b>24,596</b> doses</p>	<p>●●●</p> <p><b>BOOSTER SHOTS</b></p> <p><b>116,264</b> doses</p>
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KPJ also lent support to two Mega PPVs – the first at the Kuala Lumpur Convention Centre (KLCC) daily from 7 July until 23 August 2021, and subsequently at Mid Valley, South Key in Johor Bahru (JB) daily from 19 July 2021 to 15 October 2021. In addition, KPJ hospitals also provided supplies and equipment such as ventilators to public hospitals throughout the country. On top of this, a total of 13 of our Waqaf An Nur (KWAN) clinics and four mobile clinics set up information and registration kiosks to assist with the registration of vaccine recipients via the official approved platforms.

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

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

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

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

## Clinical and Hospital Operations



### ADOPTING THE HYBRID HOSPITAL MODEL

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

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

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

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

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

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

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

## Clinical and Hospital Operations

### GROUP PERFORMANCE IN 2021 +

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

### KEY FOCUS AREAS IN 2021

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



#### Safety and wellbeing of employees and consultants

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



#### Public-private partnership collaboration

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



#### New consultant recruitment plan

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



#### Engagement with stakeholders

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



#### Competitive and affordable packages

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



#### On-going cost containment exercise

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

## Clinical and Hospital Operations

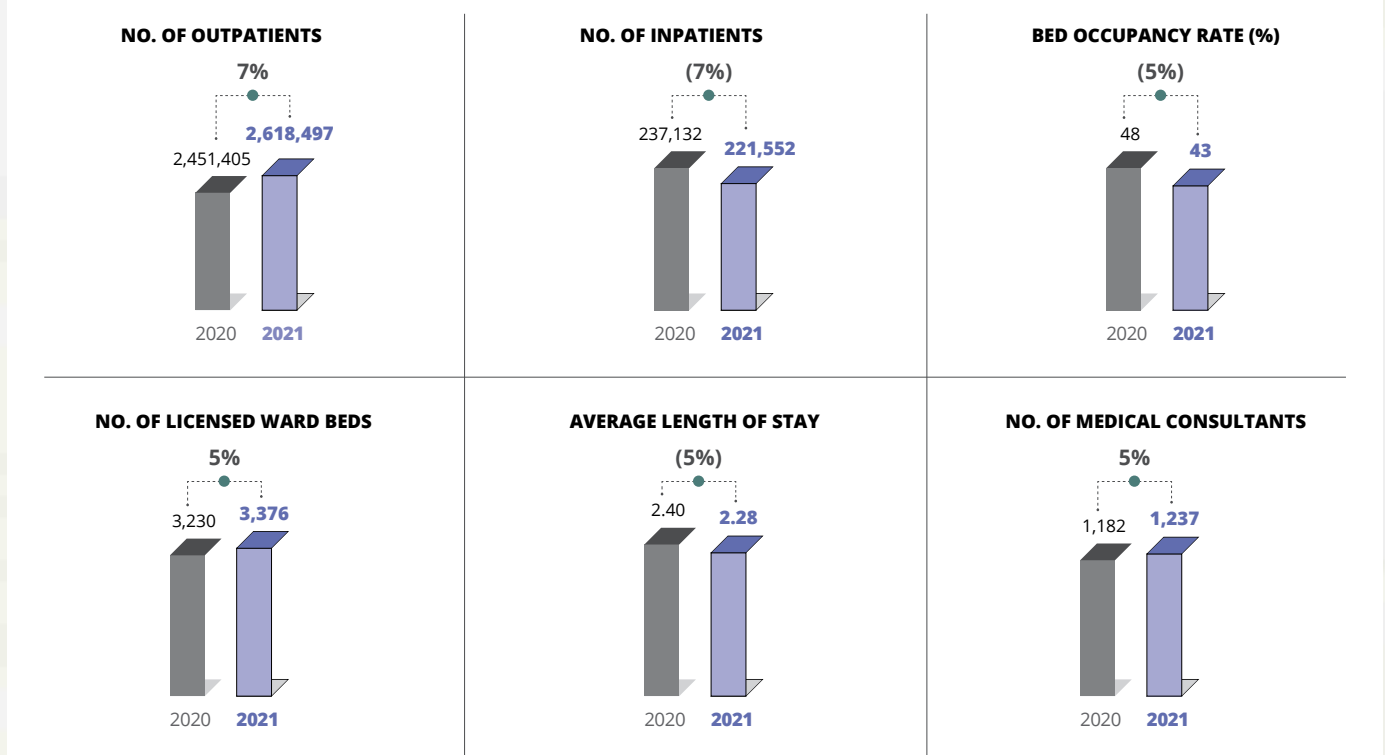
### GROUP PERFORMANCE IN 2021

#### OPERATIONAL HIGHLIGHTS

##### Malaysia Operations

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

#### SUMMARY OF MALAYSIA HOSPITALS STATISTICS AS AT 31 DECEMBER 2021



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

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

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



## Clinical and Hospital Operations



Malaysia\*

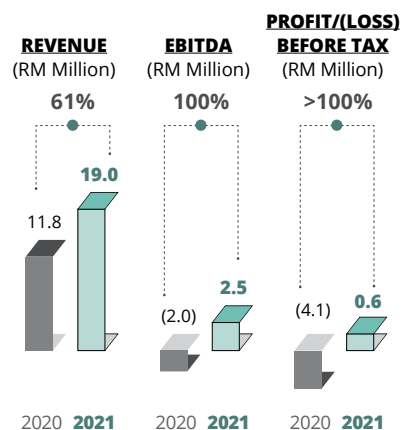
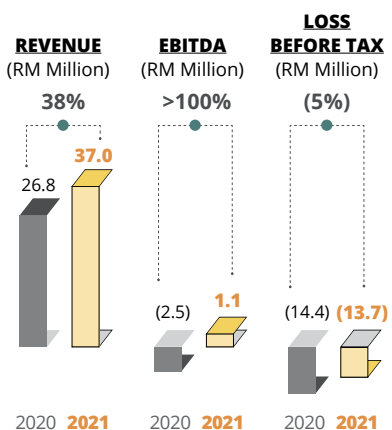
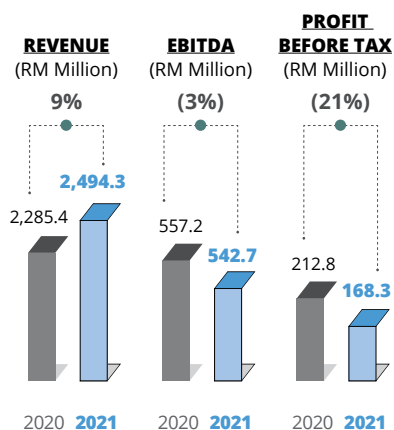


Indonesia



Bangladesh

### Financial Performance 2021 vs 2020



### Inpatient and Outpatient Performance 2021 vs 2020

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

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

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

### Other Significant Outcomes in 2021

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

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

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

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

## Clinical and Hospital Operations

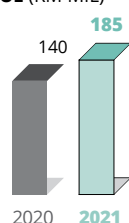
### PATHOLOGY - LABLINK (M) SDN BHD

#### BUSINESS OVERVIEW

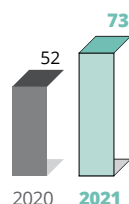
Lablink is a network of private laboratories offering pathology services through its headquarters in Kuala Lumpur and 30 hospital-based laboratory branches around Malaysia. Its headquarters focuses on high-end, speciality testing through its advanced laboratories which include Malaysia's first Bio-Safety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

#### FINANCIAL HIGHLIGHTS

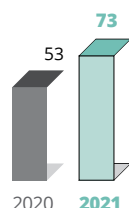
##### REVENUE (RM MIL)



##### EBITDA (RM MIL)



##### PBT (RM MIL)



#### OPERATIONAL HIGHLIGHTS

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

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

#### MOVING FORWARD

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



### BIOMEDICAL AND COMMISSIONING SERVICES

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

# Ambulatory Care and Wellness

## REVIEW OF AMBULATORY CARE AND WELLNESS DIVISION



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

### MAINTAINING OUR MOMENTUM DESPITE THE PANDEMIC

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

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

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



## Ambulatory Care and Wellness

### PERFORMANCE OF BUSINESS UNITS

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

#### CONFINEMENT CENTRES

##### BUSINESS OVERVIEW

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

##### 2021 HIGHLIGHTS

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

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

In 2021, two staff were tested positive after close contact with their family members. Consequently, all ABC staff who were identified to be in close contact with these two staff were quarantined and full refunds given to affected clients.

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

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

##### MOVING FORWARD

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



## Ambulatory Care and Wellness

### EYE CENTRES +

#### BUSINESS OVERVIEW

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

KPJCFS's competitive advantages include:

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

#### 2021 HIGHLIGHTS

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

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

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

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

#### MOVING FORWARD

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

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

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



## Ambulatory Care and Wellness

### PERFORMANCE OF BUSINESS UNITS

#### SPECIALIST DENTAL SERVICES

##### BUSINESS OVERVIEW

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



##### MOVING FORWARD

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

##### Short-term Focus:

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

##### Mid-term Focus:

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

##### Long-term Focus:

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

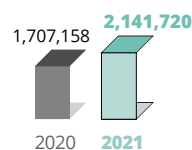
##### 2021 HIGHLIGHTS

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

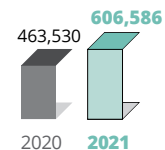
##### Customers Served in 2021

Local		Foreign	
2021	2020	2021	2020
4,932	4,605	409	577

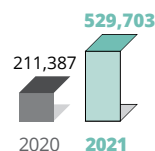
##### REVENUE (RM)



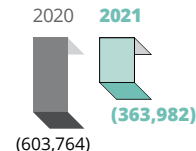
##### GROSS PROFIT (RM)



##### EBITDA (RM)



##### PBT (RM)



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

In FY2021, the Centre undertook the following activities:

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

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

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

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

## Ambulatory Care and Wellness

### REHABILITATION CENTRES

#### BUSINESS OVERVIEW

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

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



#### MOVING FORWARD

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

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

#### Short-term Focus:

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

#### Mid-term Focus:

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

#### Long-term Focus:

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

#### 2021 HIGHLIGHTS

##### Customers served in 2021

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

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

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

	2021	2020
Rehabilitative Therapy	<b>9,584</b>	13,532
Speech Therapy	<b>2,106</b>	1,986
Psychology	<b>6,910</b>	5,248

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

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

## Ambulatory Care and Wellness

### PERFORMANCE OF BUSINESS UNITS

#### HAEMODIALYSIS CENTRES

##### BUSINESS OVERVIEW

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



##### MOVING FORWARD

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

##### KPJ Tawakkal KL

###### Short-term Focus:

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

###### Mid to Long-term Focus:

- Add more chairs when the patient load touches 90% in accordance with the facilities that are available.

##### KPJ Kuantan Care & Wellness Centre

###### Short-term Focus:

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

###### Long-term Focus:

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

##### 2021 HIGHLIGHTS

###### KPJ Kuantan Care and Wellness Centre (KCWC)

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

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

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

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

###### KPJ Tawakkal KL

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

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

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

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

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



## Ambulatory Care and Wellness

### SENIOR AND ASSISTED LIVING CARE

#### BUSINESS OVERVIEW

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



#### MOVING FORWARD

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

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

#### Tawakkal Health Centre

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

#### Sibu Geriatric Centre

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

#### Kuantan Wellness Centre

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

#### 2021 HIGHLIGHTS

##### Customers served in 2021

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

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

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

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

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

#### Damai Wellness Centre

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

# Ancillary Services

## REVIEW OF ANCILLARY SERVICES DIVISION



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



### DELIVERING MIXED PERFORMANCES AMIDST CHALLENGING TIMES

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

## Ancillary Services

### PERFORMANCE OF THE BUSINESS UNITS

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

#### TECHNICAL CONSULTANCY

##### BUSINESS OVERVIEW

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

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

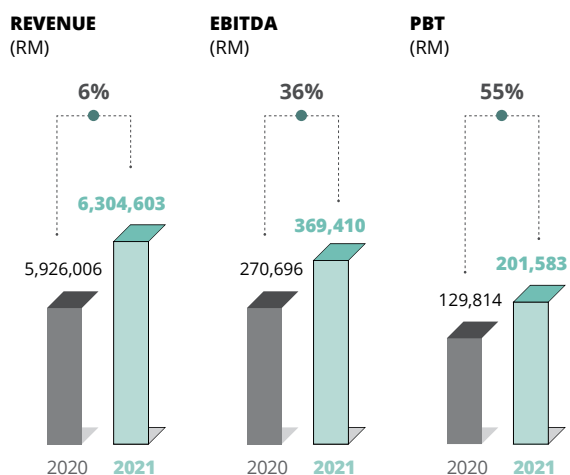


##### MOVING FORWARD

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

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

#### 2021 HIGHLIGHTS



HTS's key achievements in 2021 included the following:

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

These were among the major challenges HTS faced in 2021:

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

## Ancillary Services

### PERFORMANCE OF THE BUSINESS UNITS

#### HEALTHCARE ENGINEERING

##### BUSINESS OVERVIEW

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

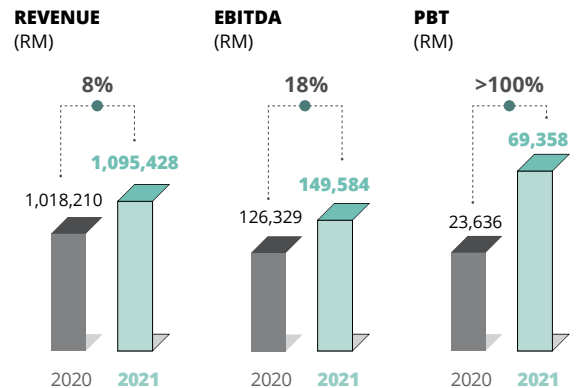
To ensure the safety of our patients, POSB's engineers regularly upgrade their skills while all testers/analysers are maintained and calibrated.



##### MOVING FORWARD

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

#### 2021 HIGHLIGHTS



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

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

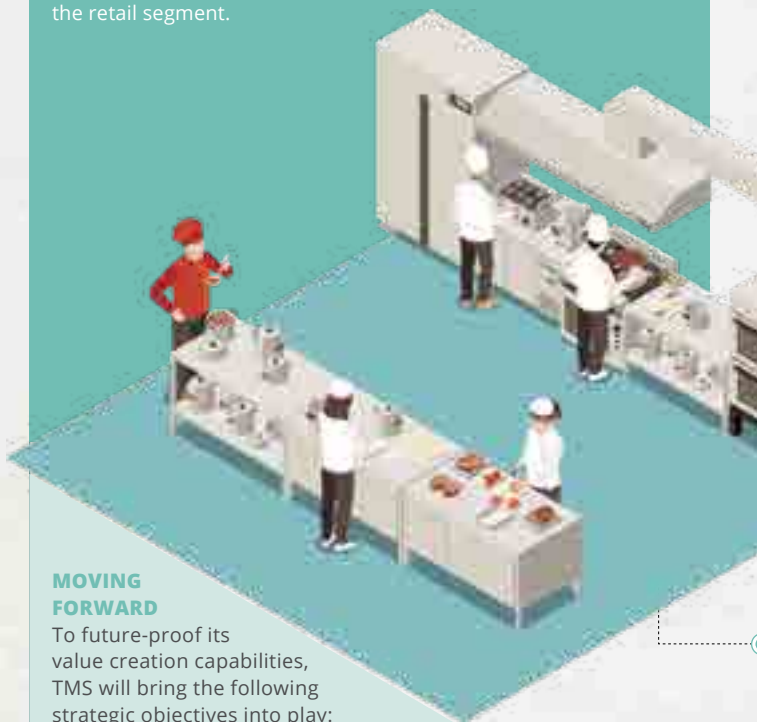
## Ancillary Services

### HOSPITAL CATERING

#### BUSINESS OVERVIEW

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

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



#### MOVING FORWARD

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

#### Short-term Focus:

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

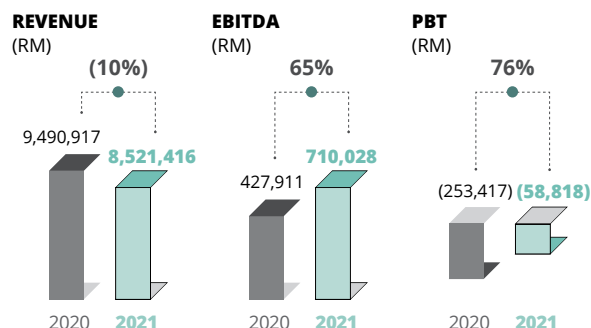
#### Mid-term Focus:

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

#### Long-term Focus:

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

#### 2021 HIGHLIGHTS



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

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

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

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

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

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

## Ancillary Services

### PERFORMANCE OF THE BUSINESS UNITS

#### HOSPITAL LAUNDRY

##### BUSINESS OVERVIEW

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



##### MOVING FORWARD

Moving forward, FLSB will focus on these objectives:

##### Short-term Focus:

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

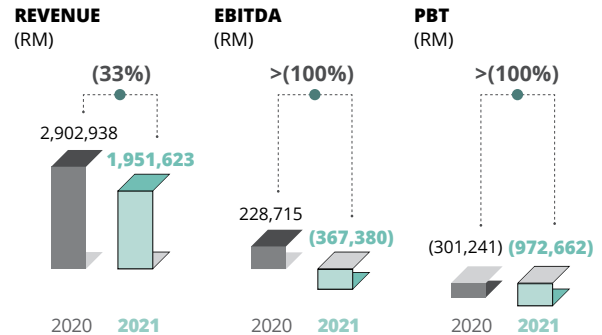
##### Mid-term Focus:

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

##### Long-term Focus:

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

##### 2021 HIGHLIGHTS



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

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

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

## Ancillary Services

### WHOLESALE AND DISTRIBUTION OF PHARMACEUTICAL AND MEDICAL PRODUCTS

#### BUSINESS OVERVIEW

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



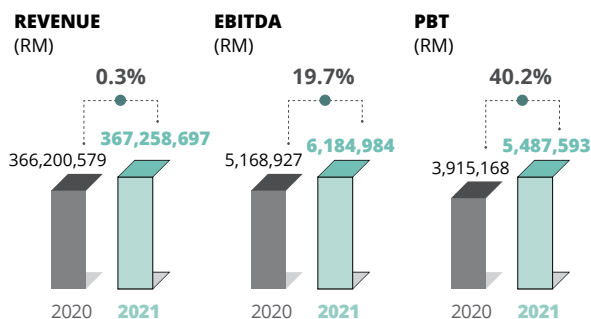
#### MOVING FORWARD

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

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

#### 2021 HIGHLIGHTS

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



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

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

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

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

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

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

## Ancillary Services

### PERFORMANCE OF THE BUSINESS UNITS

#### RETAIL PHARMACIES

##### BUSINESS OVERVIEW

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

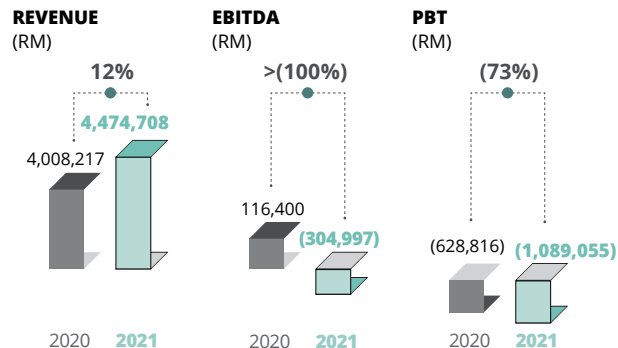
Leveraging the strong branding and financial support from the KPJ Group, the pharmacies also collaborate with KPJ hospital professionals on digital marketing activities such as Facebook Live sessions.



##### MOVING FORWARD

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

##### 2021 HIGHLIGHTS



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

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

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

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

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

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

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



## Ancillary Services

### CENTRALISED STERILISATION SERVICES

#### BUSINESS OVERVIEW

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

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



#### MOVING FORWARD

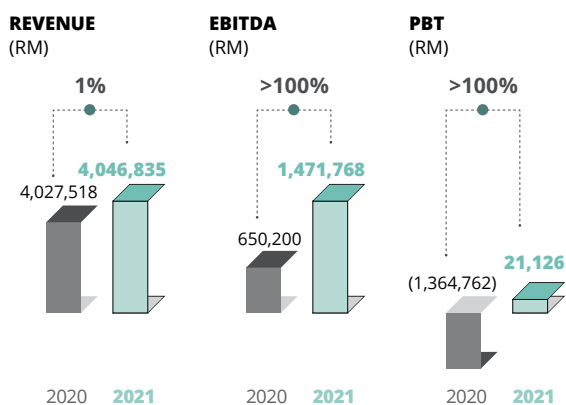
Moving forward, SSSB's strategy is to drastically cut back on spending and increase its focus on profitability. This will see it focusing its efforts on improving the autoclave utilisation rate by 65% and efficiency by 80% which will lend to better energy savings.

The company will also focus on these strategies:

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

#### 2021 HIGHLIGHTS

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



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

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

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

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

## Ancillary Services

### PERFORMANCE OF THE BUSINESS UNITS

#### EDUCATION – MALAYSIAN COLLEGE OF HOSPITALITY AND MANAGEMENT +

##### BUSINESS OVERVIEW

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

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

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

##### 2021 HIGHLIGHTS

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

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



##### MOVING FORWARD

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

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

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

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

## Ancillary Services

### EDUCATION - KPJ HEALTHCARE UNIVERSITY COLLEGE

#### BUSINESS OVERVIEW

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

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

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

#### MOVING FORWARD

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

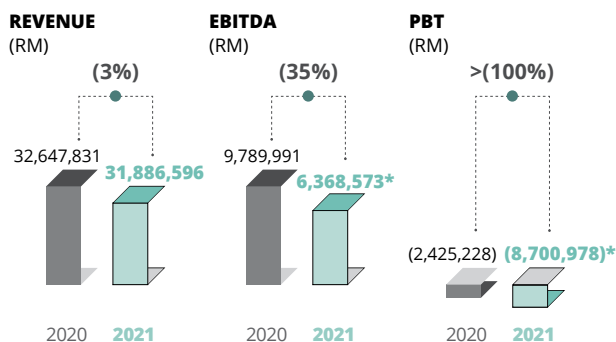
One of KPJUC's short-term objectives is the plan to offer a Micro-Credentialing (MC) Programme. While the earlier target to develop and to offer the MC-based programme in 2021 had to be put on hold, KPJUC has finalised the details and policy of the MC and is ready to offer a minimum MC programme in 2022.

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

As part of its value creation endeavours, KPJUC will be introducing a host of new programmes. Among the programmes in the pipeline for submission to the MOHE include the Master in Clinical Pharmacy,

#### 2021 HIGHLIGHTS

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



\*Note: excluding impairment of MCHM

In 2021, KPJUC achieved the following milestones:

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

Master in Health Sciences, Bachelor of Business Administration, Post Basic Emergency Medicine, and Foundation in Management. KPJUC will also be finalising the approval of a Master of Anaesthesiology programme. This Master Specialist programme is expected to commence by the third quarter 2022.

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

To this end, KPJUC has initiated the following activities:

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

## Ancillary Services



### OUTLOOK AND PROSPECTS

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



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

# Digitalisation

## LEVERAGING DIGITALISATION TO RE-ENERGISE KPJ



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

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

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

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



## Digitalisation

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



### CUSTOMER SERVICE EXCELLENCE

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



### NEW BUSINESS MODELS

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



### OPERATIONAL EXCELLENCE

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



### CONVERGED TECHNOLOGY PLATFORM

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



### SHARED SERVICES AND STANDARDISATION

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



### BEST OF BOTH WORLDS

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



### BEST PRACTICES IN PROJECT MANAGEMENT AND IT GOVERNANCE

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

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

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



### GTS - CHAMPIONING DIGITALISATION ACROSS KPJ

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

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

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



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

# Health Tourism

## LAYING THE FOUNDATIONS FOR A RECOVERY IN HEALTH TOURISM +



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

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

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

### A RESILIENT PERFORMANCE AMIDST A CHALLENGING MARKETPLACE

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

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

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

### PLANNING FOR IMPENDING MARKET RECOVERY

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

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

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

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

**Total revenue for the foreign patients' category rose by**



2020: RM62.1 million

**Number of visits increased by**



2020: 96,359 visits

00:30 to 23:50

## Delivering efficient, patient-centric healthcare

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



20:40

### Our Team Approach to Patient Care

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



20:00

### 24-Hour Accident and Emergency Services

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





22:05

**International Patient Centre**

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



23:00

**Surgical Operations**

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

# Our Market Landscape

## 2021'S CHALLENGING MARKET BACKDROP



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

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

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

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

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

### IMPACT ON THE HEALTHCARE INDUSTRY

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

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

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

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

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

## Our Market Landscape

### HEALTHCARE TRENDS



#### Positive Forces at Play

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

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



#### Shifting Demographics – Aging Populations and a Growing Middle Class

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

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



#### Greater Focus Needed on Healthcare Expenditure

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



#### Digitalisation as a Healthcare Enabler

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



#### A Growing Focus on Patient-Centric Experiences

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



#### The Need for More Innovative Healthcare Models

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

### 2022 – POTENTIALLY A TURNAROUND YEAR

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

Moving forward into 2022, the Malaysian economy is expected to grow between 5.3% and 6.3% particularly due to the high rates of vaccination achieved. With better COVID-19 management and higher vaccination rates, Bank Negara Malaysia (BNM) expects less disruption to domestic economic activity and spending in the event of any resurgences of the virus. The nation is expected to continue benefitting from the expansion in global demand, the easing of containment measures supporting the resumption in economic activities, continued recovery in the labour market and accelerated production activities. Further progress in infrastructure projects, continued policy support from the Government and expansion in exports underpinned by strong external demand and higher commodity prices, are also expected to support the growth momentum.



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

# Stakeholder Engagement

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

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



## Stakeholder Engagement



01

### PATIENTS

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

#### Engagement Platform

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

#### Key Concerns

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

#### Response

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

#### Impact to Strategy

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

#### Link to Strategic Thrust



02

### EMPLOYEES

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

#### Engagement Platform

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

#### Key Concerns

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

#### Response

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

#### Impact to Strategy

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

#### Link to Strategic Thrust



## Stakeholder Engagement



03

### CONSULTANTS

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

#### Engagement Platform

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

#### Key Concerns

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

#### Response

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

#### Impact to Strategy

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

#### Link to Strategic Thrust



04

### INVESTORS AND SHAREHOLDERS

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

#### Engagement Platform

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

#### Key Concerns

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

#### Response

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

#### Impact to Strategy

Shareholder value creation

#### Link to Strategic Thrust



## Stakeholder Engagement



05

### GOVERNMENT AND REGULATORS

Healthcare is one of the most regulated industries compared to other industries. Therefore, maintaining a strong relationship with government bodies and regulators is a crucial role for us since our business model depends on compliance with agencies such as the Ministry of Health (MoH), Department of Occupational Safety and Health (DOSH), Department of Environment (DOE), Bomba, Ministry of Human Resources (MOHR), Ministry of Higher Education (MOHE) and Malaysia Medical Council (MMC).

#### Engagement Platform

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

#### Key Concerns

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

#### Response

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

#### Impact to Strategy

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

#### Link to Strategic Thrust



06

### BUSINESS PARTNERS

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

#### Engagement Platform

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

- Competitive pricing offered via promotional packages
- Revising contracts and agreements and arranging panels for new KPJ hospitals with major corporate clients
- News updates on print/broadcast/digital platforms to increase brand prominence and promote services

#### Response

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

#### Key Concerns

- Clinical quality and healthcare delivery improvements are offered at reasonable prices

#### Impact to Strategy

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

#### Link to Strategic Thrust



## Stakeholder Engagement



07

### ACCREDITATION BODIES AND INDUSTRY ASSOCIATION

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

#### Engagement Platform

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

#### Key Concerns

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

#### Response

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

#### Impact to Strategy

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

#### Link to Strategic Thrust





## Stakeholder Engagement



08

### SUPPLIERS & VENDORS

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

#### Engagement Platform

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

#### Key Concerns

- Compliance with applicable regulatory requirements and quality standards

- Availability of products and services and ability to provide continuous support
- Fair and transparent negotiations
- Active communication with suppliers

#### Response

- Streamlining and centralising our procurement processes to improve efficiency and cost-effectiveness
- Reporting performance and monitoring to improve efficiency throughout the supply chain
- Contracted vendors and suppliers for medical and non-medical products are required to adhere to KPJ's Corporate Integrity Agreement (CIA) and the KPJ Safety, Health and Environmental (SHE) Policy
- Developed Supplier Code of Conduct

#### Impact to Strategy

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

#### Link to Strategic Thrust



09

### LOCAL COMMUNITIES

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

#### Engagement Platform

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

#### Key Concerns

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

#### Response

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

#### Impact to Strategy

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

#### Link to Strategic Thrust



# Material Matters

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

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

Material Matters	Factors	Affected Stakeholder Groups	Link to Strategic Thrusts	Link to Risks and Opportunities
<b>Cost of Healthcare Services</b>	<ul style="list-style-type: none"> <li>Fluctuations in the Ringgit Malaysia exchange rate affect the cost of imported items like drugs, surgical items and medical equipment.</li> <li>Supply chain disruptions result in the scarcity of supplies globally for healthcare essentials which in turn push prices up.</li> <li>Staff costs are inflated due to a shortage of experienced specialised healthcare professionals as well as competition from other operators.</li> <li>Efficient and vigorous cost optimisation measures help manage direct costs and operating overheads; while procurement policies are designed to obtain supplies from the best sources at the lowest prices possible. Investments in technology and in energy efficient appliances help to optimise energy consumption. All this led to CAPEX cost savings amounting to 31% in 2021.</li> <li>Since private healthcare services are priced based on a "cost plus" model, optimal cost management helps promote an efficient and competitive pricing framework.</li> </ul>	<ul style="list-style-type: none"> <li>Patients</li> <li>Intermediaries</li> <li>Government and Regulators</li> <li>Accreditation Bodies and Industry Associations</li> <li>Investors and Shareholders</li> <li>Local Communities</li> </ul>		<ul style="list-style-type: none"> <li>Ensuring Availability of Key Medical Staff and Consultants</li> <li>Clinical Care</li> </ul>
<b>Managing and Retaining Talent</b>	<ul style="list-style-type: none"> <li>Shortage of experienced specialised nurses and specialist consultants due to competition from other hospital operators.</li> <li>Competitive remuneration packages and benefits to attract and retain the right talent.</li> <li>A conducive working environment and culture promote a healthy work-life balance.</li> </ul>	<ul style="list-style-type: none"> <li>Employees and Consultants</li> <li>Investors and Shareholders</li> </ul>		<ul style="list-style-type: none"> <li>Ensuring Availability of Key Medical Staff and Consultants</li> </ul>
<b>Government Regulations</b>	<ul style="list-style-type: none"> <li>Strict licensing regime under the Private Healthcare Facilities and Services Act 1998.</li> <li>The cost of compliance with stringent regulations on licensing of hospital facilities, staffing ratio, quality standards, security of medical records, as well as occupational safety and health.</li> </ul>	<ul style="list-style-type: none"> <li>Government and Regulators</li> <li>Intermediaries</li> <li>Patients</li> <li>Employees and Consultants</li> <li>Investors and Shareholders</li> </ul>		<ul style="list-style-type: none"> <li>Government Policy and Compliance</li> </ul>

## Material Matters

Material Matters	Factors	Affected Stakeholder Groups	Link to Strategic Thrusts	Link to Risks and Opportunities
<b>Quality of Service Standards</b>	<ul style="list-style-type: none"> <li>• Patient-centric, qualified and experienced healthcare professionals.</li> <li>• Strict adherence to government regulations, accreditation standards and KPJ Clinical Governance Framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Patients</li> <li>• Intermediaries</li> <li>• Employees and Consultants</li> <li>• Investors and Shareholders</li> </ul>		<ul style="list-style-type: none"> <li>• Clinical Care</li> <li>• Compliance with Accreditation Requirements</li> <li>• Ensuring Availability of Key Medical Staff and Consultants</li> <li>• Insurance Management</li> </ul>
<b>Funders for Healthcare Services</b>	<ul style="list-style-type: none"> <li>• Intermediaries like private insurance companies, managed care organisations and corporate employers contribute around 66% of hospital revenue. However the prolonged COVID-19 impact is anticipated to reduce corporate spending.</li> <li>• Patients with medical insurance cards or letters of undertaking from their employers are able to be treated at any KPJ hospital nationwide.</li> <li>• Collectively, these intermediaries come together and mutually negotiate with KPJ as to how much the Group can charge for services. This in turn influences KPJ's revenue and market share.</li> </ul>	<ul style="list-style-type: none"> <li>• Patients</li> <li>• Employees and Consultants</li> <li>• Investors and Shareholders</li> <li>• Intermediaries</li> </ul>		<ul style="list-style-type: none"> <li>• Clinical Care</li> <li>• Compliance with Accreditation Requirements</li> <li>• Ensuring Availability of Key Medical Staff and Consultants</li> <li>• Insurance Management</li> </ul>
<b>COVID-19 Preparedness</b>	<ul style="list-style-type: none"> <li>• Patient flow into all KPJ hospital premises is being reviewed to avoid the potential risk of exposure to Persons Under Investigation (PUI) and confirmed COVID-19 cases. This is enabling effective screening at all entries into KPJ's hospital.</li> <li>• Adherence to hand hygiene compliance has become a ritual norm among healthcare professionals and the patients.</li> <li>• To ensure compliance with Standard Operating Procedures (SOPs), the identified COVID-19 Compliance Officers in the hospitals have been doing regular monitoring.</li> <li>• Retrofitting of the facilities has been initiated to minimise hospital-acquired infections and to ensure patient safety.</li> <li>• In managing COVID-19 patient admissions to KPJ's hybrid hospitals (in support of the MOH), initially only Category 1 and 2 patients were admitted, however admissions were eventually extended to include management of all the categories.</li> <li>• In 2021, KPJ nurses were deployed to serve in various government-related areas including COVID-19 wards, hospital PPVs, Mega PPVs, and District Health Offices. This sorely affected our manpower resources as many of our healthcare professionals were tested positive for the virus with a huge number being quarantined daily due to external contact. The situation was managed by leveraging group synergy within the region and training more nurses to be vaccinators.</li> <li>• KPJ hospitals also provided ventilators to public hospitals throughout Malaysia to mitigate the shortage at public hospitals.</li> </ul>	<ul style="list-style-type: none"> <li>• Government and Regulators</li> <li>• Patients</li> <li>• Employees and Consultants</li> <li>• Investors and Shareholders</li> <li>• Intermediaries</li> <li>• Accreditation Bodies and Industry Associations</li> </ul>		<ul style="list-style-type: none"> <li>• Ensuring Availability of Key Medical Staff and Consultants</li> <li>• Clinical Care</li> <li>• Compliance with Accreditation Requirements</li> <li>• Government Policy and Compliance</li> <li>• Disease Outbreak – COVID-19 Pandemic</li> </ul>

# Managing Risks and Opportunities

## ENSURING THE AVAILABILITY OF KEY MEDICAL STAFF AND CONSULTANTS

### Risk Definition

Growing demand for private healthcare services could potentially lead to a shortage of suitably qualified and experienced staff to provide patient centric care to our customers.

### Impact of Risk on KPJ

In order to ensure profitable growth in line with KPJ's long-term strategies, the expansion of KPJ's network of hospitals and the upgrading of existing hospitals require additional suitably qualified staff to cater to growing needs. The retirement of senior consultants may also jeopardise the continuity of the talent pool in certain sub-specialties.

### HOW WE MANAGE OR MITIGATE THE RISK

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

### OUTCOME

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

### LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

#### Material Matters

- Managing and Retaining Talent







#### Strategic Thrusts



### INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

## Managing Risks and Opportunities

<h3>CLINICAL CARE</h3> <p><b>Risk Definition</b> Delivering high quality, customer-focused healthcare services to provide for market needs and expectations.</p> <p><b>Impact of Risk on KPJ</b> Failure to provide high quality patient-centric care may lead to negative media comments and patient dissatisfaction that will affect KPJ's reputation and drive away customers.</p>	<h4>HOW WE MANAGE OR MITIGATE THE RISK</h4> <ul style="list-style-type: none"> <li>The Medical Advisory Committee (MAC) serves as the apex clinical committee overseeing KPJ's Clinical Governance Framework and the guidelines for sound and ethical medical practices. The MAC has various subcommittees within its purview namely the Central Credentialing and Privileging Committee (CCPC), Clinical Governance Policy Committee (CGPC), Clinical Governance Action Committee (CGAC), Clinical Risk Management Committee (CRMC), Research and Quality Innovation Committee (RQIC) and Clinical and Research Ethics Review Committee (CRERC).</li> <li>The Clinical Risk Management Committee (CRMC) is responsible for reviewing and overseeing the effectiveness of the clinical ERM framework, with all major clinical risks and incidents related to patient and staff safety presented to the CRMC.</li> <li>KPJ Patient Safety Goals under the purview of the MAC are designed to ensure that all KPJ hospitals are offering patients the best care possible.</li> <li>The analysis of trends of clinical outcomes are monitored and act as references to mitigate any risk that relates to clinical and infectious diseases.</li> <li>Continuous training and awareness programmes among healthcare professionals help KPJ to keep abreast of the latest protocols and guidelines.</li> </ul>		
	<h4>OUTCOME</h4> <ul style="list-style-type: none"> <li>In 2021, one new policy i.e., the Policy on Chaperone in the Hospital and one Guideline i.e., Guideline on Advance Care Planning were approved by the Clinical Governance Policy Committee, while four policies were updated. The policies are: <ul style="list-style-type: none"> <li>Blood transfusion Request and Consent Form;</li> <li>HIV Testing and Consent;</li> <li>Sedation Policy; and</li> <li>Policy on Paediatric Age Group.</li> </ul> </li> <li>In 2021, clinical surveys were conducted on the services and performance of 28 hospitals covering 14 criteria with an average result of 93.5%.</li> <li>Statistically, the incident rate in 2020 was reduced as compared to the same period in 2019.</li> <li>A higher number of prescription interventions were recorded in 2020 as compared to the same period in 2019.</li> </ul>		
	<h4>LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS</h4> <table border="0"> <tr> <td data-bbox="584 1059 888 1140"> <p><b>Material Matters</b></p> <ul style="list-style-type: none"> <li>Cost of Healthcare Services</li> <li>Quality of Service Standards</li> <li>Funders for Healthcare Services</li> </ul> </td> <td data-bbox="1025 1059 1372 1172"> <p><b>Strategic Thrusts</b></p>  </td> </tr> </table>	<p><b>Material Matters</b></p> <ul style="list-style-type: none"> <li>Cost of Healthcare Services</li> <li>Quality of Service Standards</li> <li>Funders for Healthcare Services</li> </ul>	<p><b>Strategic Thrusts</b></p> 
	<p><b>Material Matters</b></p> <ul style="list-style-type: none"> <li>Cost of Healthcare Services</li> <li>Quality of Service Standards</li> <li>Funders for Healthcare Services</li> </ul>	<p><b>Strategic Thrusts</b></p> 	
<h4>INCREASE/DECREASE IN IMPORTANCE / OR SAME</h4> <p><b>Increase</b></p>			
<h3>GOVERNMENT POLICY AND COMPLIANCE</h3> <p><b>Risk Definition</b> KPJ operates in a highly regulated environment which includes laws passed by the Malaysian Government pertaining to private healthcare facilities such as the Private Healthcare Facilities and Services Act 1998 (Act 586) and Occupational Safety and Health 1994 (Act 514).</p> <p><b>Impact of Risk on KPJ</b> Failure to comply with laws and regulations could result in KPJ being subject to patient claims, fines, penalties, damage to reputation, suspension from the treatment of patients, loss of operating license or accreditation which would result in the Group not being able to operate one or more of its hospitals thus causing a reduction in earnings.</p>	<h4>HOW WE MANAGE OR MITIGATE THE RISK</h4> <ul style="list-style-type: none"> <li>KPJ continues to strengthen its ERM framework and associated policies and procedures to ensure risks are mitigated as far as possible.</li> <li>KPJ has in place significant Clinical Care processes and policies overseen by the MAC and CRMC to ensure continuous compliance with existing laws, rules and regulations.</li> <li>KPJ continuously engages with the Ministry of Health (MOH) Malaysia to remain up to date on any potential changes in Government policies.</li> </ul>		
	<h4>OUTCOME</h4> <ul style="list-style-type: none"> <li>Hospital and other key operating licenses are renewed in a timely manner to ensure continuous service availability and safe work environments. The monitoring of hospital and operating licenses are undertaken centrally by Group Operation and Asset &amp; Facilities Management Services.</li> <li>Effective stakeholder management strategies are in place to manage the expectations of the relevant authorities.</li> <li>KPJ has embarked on the implementation of ISO 45001 (Occupational Health &amp; Safety Management System). As at 31 December 2021, a total of 18 hospitals were already ISO 45001:2018 Occupational Health and Safety Management System certified.</li> </ul>		
	<h4>LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS</h4> <table border="0"> <tr> <td data-bbox="584 1747 832 1789"> <p><b>Material Matters</b></p> <ul style="list-style-type: none"> <li>Government Regulations</li> </ul> </td> <td data-bbox="1058 1747 1224 1859"> <p><b>Strategic Thrusts</b></p>  </td> </tr> </table>	<p><b>Material Matters</b></p> <ul style="list-style-type: none"> <li>Government Regulations</li> </ul>	<p><b>Strategic Thrusts</b></p> 
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<h4>INCREASE/DECREASE IN IMPORTANCE / OR SAME</h4> <p><b>Same</b></p>			

## Managing Risks and Opportunities

### INTEGRITY AND ETHICS

#### Risk Definition

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

#### Impact of Risk on KPJ

In order to ensure profitable growth in line with KPJ's long-term strategies, the expansion of KPJ's network of hospitals and the upgrading of existing hospitals require additional suitably qualified staff to cater to growing needs. The retirement of senior consultants may also jeopardise the continuity of the talent pool in certain subspecialties.

### HOW WE MANAGE OR MITIGATE THE RISK

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

### OUTCOME

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

### LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

#### Material Matters

- Government Regulations

#### Strategic Thrusts



### INCREASE/DECREASE IN IMPORTANCE / OR SAME

Same

## Managing Risks and Opportunities

<h3 style="margin: 0;">COMPLIANCE WITH ACCREDITATION REQUIREMENTS</h3> <p><b>Risk Definition</b>                      KPJ obtains its hospital accreditation from internationally-acknowledged bodies, namely the Malaysian Society for Quality in Health (MSQH) and the Joint Commission International (JCI). These accreditations put the Group’s hospitals on par with international hospital accreditation standards.</p> <p><b>Impact of Risk on KPJ</b>                      It is necessary to maintain the Group’s hospital accreditations in order to remain a leader in the marketplace, thus ensuring KPJ’s reputation as the healthcare provider of choice.</p>	<b>HOW WE MANAGE OR MITIGATE THE RISK</b> <span style="float: right;">+</span>	
	<ul style="list-style-type: none"> <li>Maintaining national and international accreditation to remain a leader in the healthcare sector and to support health tourism initiatives.</li> <li>All hospitals with MSQH and JCI accreditation have to undergo stringent surveillance audits by the respective surveyors and audit teams to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed, usually every three years.</li> </ul>	
	<b>OUTCOME</b> <span style="float: right;">+</span>	
	<ul style="list-style-type: none"> <li>18 hospitals are certified with IMS Certification that includes ISO 9001:2015 Quality Management System, ISO 45001:2018 Occupational Health and Safety Management, ISO 14000:2015 Environmental Management System and ISO 22000:2018 Food Safety Management System.</li> <li>18 hospitals certified with ISO 18001:2007 OSHAS have completed their conversion to the ISO 45001:2018 Occupational Health and Safety Management System.</li> <li>19 hospitals are MSQH-accredited, while 4 are JCI-accredited.</li> <li>8 Klinik Wakaf An Nur (KWAN) clinics are MSQH-accredited.</li> <li>Two of our hospitals, namely KPJ Ampang Puteri and KPJ Damansara were certified with the Gold-Level Excellence in Person-Centred Care from Planetree International, the first and only in the Asia Pacific region. The hospitals will be going for the recertification in Q1, 2022.</li> <li>19 of our hospitals have been certified under the Baby Friendly Hospital Initiative (BFHI).</li> </ul>	
	<b>LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS</b> <span style="float: right;">+</span>	
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; vertical-align: top;"> <p><b>Material Matters</b></p> <ul style="list-style-type: none"> <li>Cost of Healthcare Services</li> <li>Quality of Service Standards</li> <li>Funders for Healthcare Services</li> </ul> </td> <td style="width: 40%; vertical-align: top; text-align: center;"> <p><b>Strategic Thrusts</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">02</div> <div style="text-align: center;">03</div> <div style="text-align: center;">06</div> <div style="text-align: center;">07</div> </div> </td> </tr> </table>	<p><b>Material Matters</b></p> <ul style="list-style-type: none"> <li>Cost of Healthcare Services</li> <li>Quality of Service Standards</li> <li>Funders for Healthcare Services</li> </ul>	<p><b>Strategic Thrusts</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">02</div> <div style="text-align: center;">03</div> <div style="text-align: center;">06</div> <div style="text-align: center;">07</div> </div>
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<b>INCREASE/DECREASE IN IMPORTANCE / OR SAME</b> <span style="float: right;">+</span>		
<p><b>Same</b></p>		

## Managing Risks and Opportunities

### INSURANCE MANAGEMENT

**Risk Definition**

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

**Impact of Risk on KPJ**

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

**HOW WE MANAGE OR MITIGATE THE RISK**

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

**OUTCOME**

- Renewal of Groupwide insurance policies with the competitive premium rates for optimum coverage for the period 1 January 2021 until 31 December 2021.
- Prior to the renewal, we undertook a comprehensive risk review of the Group's insurance needs, taking into account changes in the operating environment as well as assets and liabilities.

**LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS**

**Material Matters**

- Quality of Service Standards

**Strategic Thrusts**



**INCREASE/DECREASE IN IMPORTANCE / OR SAME**

Same

### CYBERSECURITY

**Risk Definition**

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

**Impact of Risk on KPJ**

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

**HOW WE MANAGE OR MITIGATE THE RISK**

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

**OUTCOME**

- Implemented new User Access Matrix (UAM) at all hospitals to enhance systems access security in 2016.
- Regular IT Security Bulletins issued on a monthly basis and IT Security Workshops to all staff to create awareness and enhance cybersecurity vigilance.
- Constant 24 x 7 monitoring of security infrastructure by the Security Operation Centre.
- Security enforcement for Users' and Administrator's Access & Privilege control, Remote Access.
- Connection control, KPJ Domain Control for all Desktop and Notebook, and USB Devices Control.
- IT Infrastructure and Systems readiness to ensure Business Continuity during a disaster.

**LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS**

**Material Matters**

- Quality of Service Standards

**Strategic Thrusts**

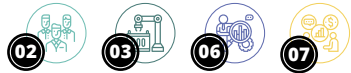
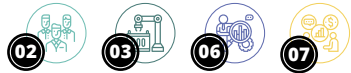
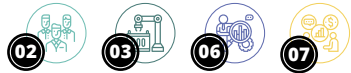


**INCREASE/DECREASE IN IMPORTANCE / OR SAME**

Same



## Managing Risks and Opportunities

<p><b>READINESS TO RESPOND TO MAJOR INTERNAL OR EXTERNAL INCIDENTS</b></p> <p><b>Risk Definition</b> During an emergency or an internal or external disaster, KPJ has to respond in a timely manner to critical incidents.</p> <p><b>Impact of Risk on KPJ</b> Failure to respond in a measured manner and ensure smooth hospital operations despite the emergency or internal or external disaster would lead to the disruption of hospital operations. This could cascade down to impact the Group's reputation in the marketplace, and may affect its future profitability.</p>	<p><b>HOW WE MANAGE OR MITIGATE THE RISK</b> +</p> <ul style="list-style-type: none"> <li>In order to strengthen the existing management plan under disaster and emergency situation, KPJ has developed the KPJ Business Continuity Management (BCM) Framework which serves as a guide for the Group in drafting BCM system plans, policies and procedures.</li> <li>The framework facilitates a structured and scalable approach for designing and executing the Business Continuity Plan (BCP) as well as provides a one-stop reference for the BCM concepts, expectations and deliverables from all stakeholders within the Group.</li> <li>KPJ has adopted the requirements of the Private Healthcare Facilities and Services Act 1998 (Act 586), Occupational Safety and Health 1994 (Act 514), Environmental Quality Act 1974 JCI and MSQH in formulating the BCM.</li> <li>KPJ has established Fire Rescue &amp; Prevention Plan procedures, together with the Emergency Response Team (ERT) and Occupational Safety and Health Committee in 2021.</li> </ul>				
	<p><b>OUTCOME</b> +</p> <ul style="list-style-type: none"> <li>KPJ has a Business Continuity Plan (BCP) in place to ensure that critical business processes and activities can be restored in a timely manner in the event of an incident or disaster.</li> <li>In December 2021, Peninsular Malaysia was hit by floods, indirectly impacting KPJ's staff and several of KPJ hospitals operations. Emergency Plans were effectively activated in accordance with the Disaster and Emergency Management Plan and Emergency Response Plan, as part of the BCP.</li> <li>Fire drill exercises were conducted at all KPJ hospitals throughout 2021. In addition, the majority of KPJ's hospitals have appointed qualified Safety Officers (SOs).</li> </ul>				
	<p><b>LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS</b> +</p> <table border="0"> <tr> <td data-bbox="584 1300 781 1327"><b>Material Matters</b></td> <td data-bbox="1058 1300 1257 1327"><b>Strategic Thrusts</b></td> </tr> <tr> <td data-bbox="584 1334 898 1393"> <ul style="list-style-type: none"> <li>Government Regulations</li> <li>Quality of Service Standards</li> </ul> </td> <td data-bbox="1058 1349 1405 1421">  </td> </tr> </table>	<b>Material Matters</b>	<b>Strategic Thrusts</b>	<ul style="list-style-type: none"> <li>Government Regulations</li> <li>Quality of Service Standards</li> </ul>	
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	<ul style="list-style-type: none"> <li>Government Regulations</li> <li>Quality of Service Standards</li> </ul>				
<p><b>INCREASE/DECREASE IN IMPORTANCE / OR SAME</b> +</p> <p><b>Same</b></p>					

## Managing Risks and Opportunities

### DISEASE OUTBREAK - COVID-19 PANDEMIC

#### Risk Definition

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

#### Impact of Risk on KPJ

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

#### HOW WE MANAGE OR MITIGATE THE RISK

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

#### OUTCOME

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

#### LINK TO MATERIAL MATTERS AND OUR SEVEN STRATEGIC THRUSTS

##### Material Matters

- COVID-19 preparedness

##### Strategic Thrusts



#### INCREASE/DECREASE IN IMPORTANCE / OR SAME

Increase

# Corporate Information



## REGISTERED OFFICE

### 📍 KPJ Healthcare Berhad

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

T (603) 2681 6222

F (603) 2681 6888

## CORPORATE OFFICE

### 📍 KPJ Healthcare Berhad

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

T (603) 2681 6222

F (603) 2681 6888

E [kpj@kpjhealth.com.my](mailto:kpj@kpjhealth.com.my)

## PRINCIPAL BANKERS

### 📍 Maybank Islamic Berhad

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

### 📍 HSBC Amanah Malaysia Berhad

No. 2, Leboh Ampang  
50100 Kuala Lumpur, Malaysia

## COMPANY SECRETARY

### 📍 Teh Peng Peng

(MAICSA 7021299)  
(SSM Practising Certificate  
202008000736)

### 📍 Hana Binti Ab Rahim @ Ali

(MAICSA 7064336)  
(SSM Practising Certificate  
202008003378)

## STOCK EXCHANGE LISTING

### 📍 Bursa Malaysia Securities Berhad

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

## AUDITOR

### 📍 Ernst & Young PLT

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

## REGISTRAR

### 📍 Johor Corporation

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

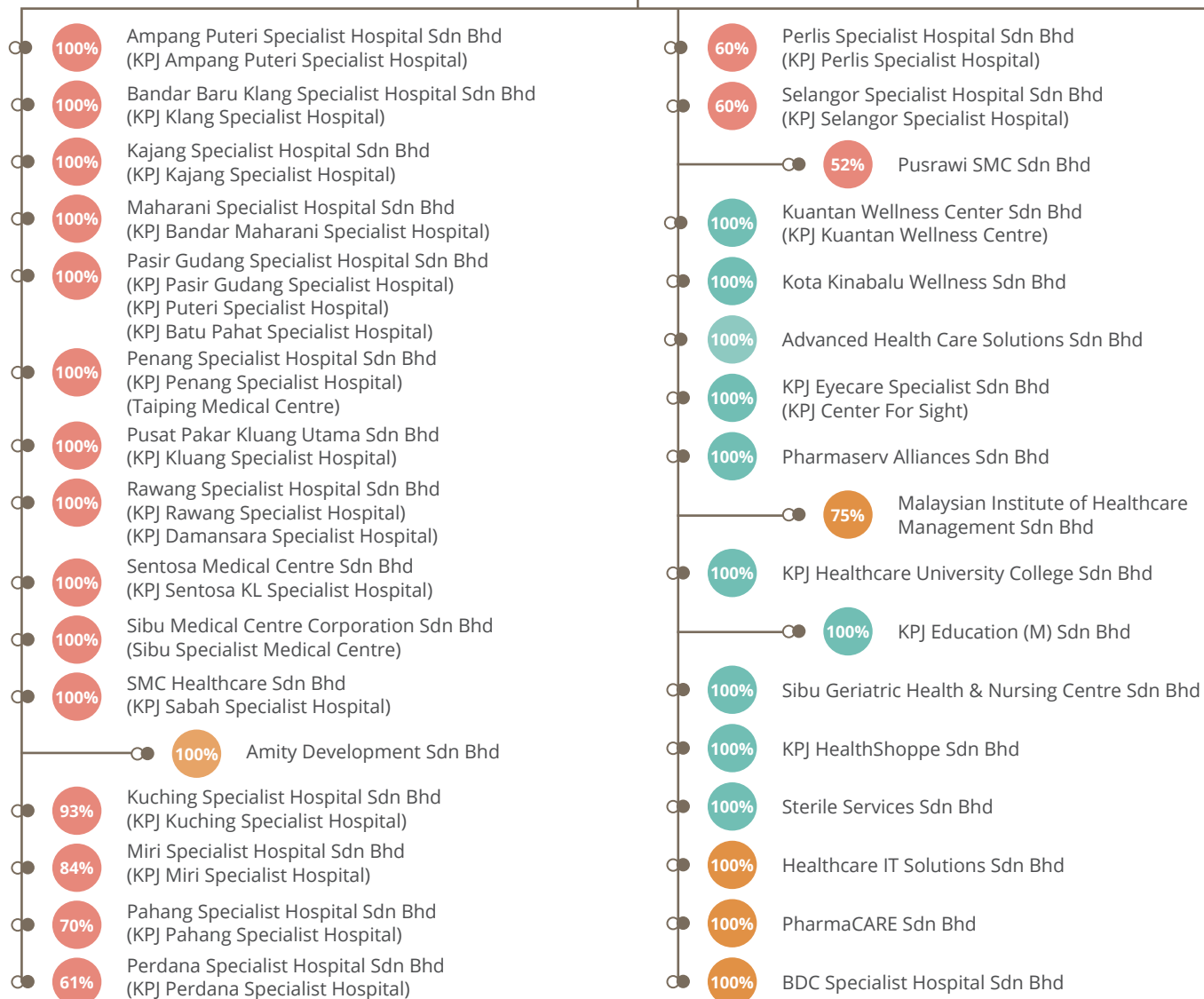
T 07-2972521 / 22

# Corporate Structure



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

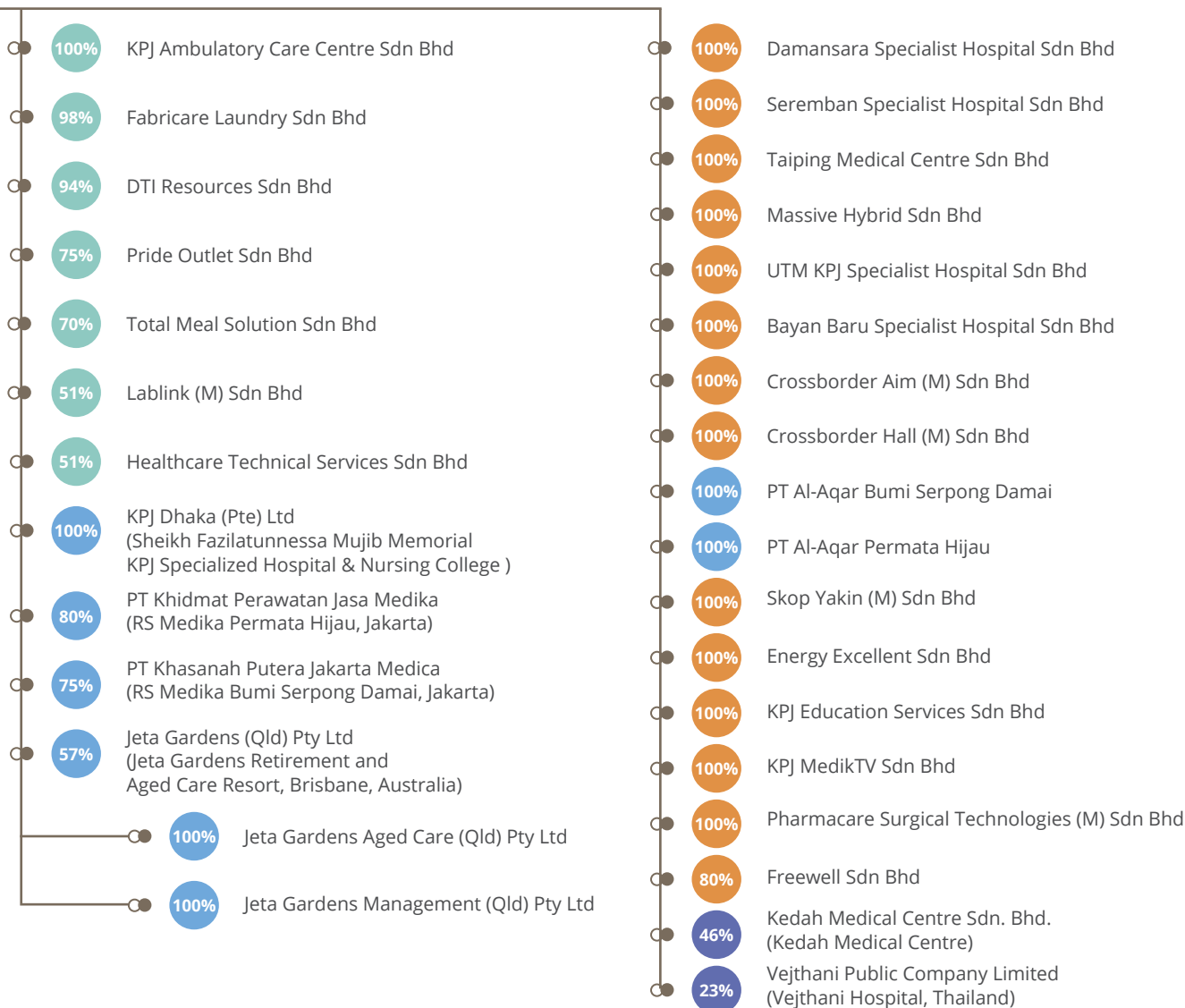
<b>100%</b> Johor Specialist Hospital Sdn Bhd (KPJ Johor Specialist Hospital)	<b>100%</b> Kumpulan Perubatan (Johor) Sdn Bhd	<b>100%</b> Point Zone (M) Sdn Bhd	<b>100%</b> Tawakal Holdings Sdn Bhd
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**LEGEND**

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

## Corporate Structure



# Who Governs Us

## BOARD OF DIRECTORS

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



# EXPERIENCED, EFFECTIVE AND



## COMMITTEE KEY

- |                          |  |                           |                               |
|--------------------------|--|---------------------------|-------------------------------|
| <b>A</b> Audit Committee | <b>N</b> Nomination and Remuneration Committee | <b>T</b> Tender Committee | <b>I</b> Investment Committee |
|--------------------------|--|---------------------------|-------------------------------|

## Who Governs Us




# AND ENERGETIC LEADERSHIP





**R** Risk and Governance Committee    **M** Medical Advisory Committee    **○** Chairman    **○** Member

# Who Governs Us

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

 Male

 Aged 59

 Malaysian

● ○ ○ ○ ○  
**Date of Appointment:**  
 1 April 2022

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

● ● ● ○ ○  
**Academic/Professional Qualification/Membership(s):**

- Degree in Electrical Engineering (summa cum laude), Boston University, USA
- Master of Business Administration, Massachusetts Institute of Technology, USA

● ● ● ● ○  
**Present Directorship(s):**  
**Listed Entity:**

- Nil

**Other Public Companies:**

- Nil

● ● ● ● ●  
**Board Meeting Attendance in 2021**

N/A



**PRESENT APPOINTMENT(S):**

- KPJ Healthcare Berhad**
- Chairman, Board of Directors

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

- PETRONAS Group**
- Executive Vice President & Chief Executive Officer, Downstream (2015 - 2021)
  - Senior Vice President, Corporate Strategy & Risk (2010 - 2015)
  - Vice President, Oil Business (2009 - 2010)
- ASEAN Bintulu Fertilizer (ABF)**
- Chief Executive Officer (2007 - 2009)
- PETRONAS Dagangan Berhad**
- Chairman (2015 - 2022)
  - Senior General Manager (Retail Business (2006 - 2007)
- PETRONAS Chemicals Group Berhad**
- Chairman (2015- 2022)
- BASF PETRONAS Chemicals SB (JV with BASF)**
- Chairman (2015 - 2022)
- Pengerang Refining Company Sdn Bhd (JV with Saudi Aramco)**
- Chairman (2018 - 2022)

**Pengerang Petrochemical Company Sdn Bhd (JV with Saudi Aramco)**

- Chairman (2018 - 2022)
- PETRONAS Marketing International SB**
- Chairman (2016 - 2022)
- PETRONAS Carigali Sdn Bhd**
- Director (2016 - 2021)
- PETRONAS International Corporation Limited (PICL)**
- Director (2015 - 2022)
- PETRONAS Refinery & Petrochemical Corporation Sdn Bhd**
- Director (2017- 2022)
- PETRONAS Gas Berhad**
- General Manager of Gas Processing Plant (Complex B), (2004-2006)
- PETRONAS Lubricants International SB**
- Chairman (2015 - 2018)
- ENGEN Limited, South Africa**
- Chairman (2015 - 2018)
  - Head of Projects and Head of Strategy (1999 - 2002)



## Who Governs Us



### PRESENT APPOINTMENT(S):

- KPJ Healthcare Berhad**
- President & Managing Director

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

- Malaysia Airports Holdings Berhad (MAHB)**
- Group CEO (2020-2021)
  - Acting Group CEO (2020)
  - COO (2019)
- AirAsia Group**
- CEO of Redbox Logistics (2018-2019)
  - COO of AirAsia Malaysia (2018-2019)
- Pos Malaysia Berhad**
- Group CEO (2015-2017)
- Konsortium Logistik Berhad**
- Group CEO (2013-2015)
- Pos Malaysia Berhad**
- Group COO (2011-2013)
- KL Airport Services Sdn Bhd**
- CEO/COO (2009-2011)
  - CFO/Principal Controller (2007-2009)
- Puspakom Sdn Bhd**
- CFO (2006-2007)
- DRB Hicom Berhad**
- Senior Manager, Corporate Finance & Advisory (2005-2006)
- Various other roles in internal audit and finance after graduation.

### DATO' MOHD SHUKRIE BIN MOHD SALLEH

President & Managing Director

Male Aged 48 Malaysian

● ● ● ● ●  
**Date of Appointment:**  
1 April 2022

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

● ● ● ● ●  
**Academic/Professional Qualification/Membership(s):**

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

● ● ● ● ●  
**Present Directorship(s):**  
**Listed Entity:**

- Nil

**Other Public Companies:**

- Nil

● ● ● ● ●  
**Board Meeting Attendance in 2021**

**N/A**

## Who Governs Us

### DATO' MOHD REDZA SHAH BIN ABDUL WAHID

Senior Independent Non-Executive Director

Male Aged 59 Malaysian

● ○ ○ ○ ○

**Date of Appointment:**

7 May 2020

● ● ○ ○ ○

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

1 year 11 months

● ● ● ● ○

**Academic/Professional**

**Qualification/Membership(s):**

- Associate Chartered Accountant (ACA)
- Member, Institute of Chartered Accountant in England and Wales (ICAEW)
- Chartered Bankers (Asian Institute of Chartered Bankers)
- Master of Science of Economics (International Banking and Finance), University of Wales, Cardiff, UK
- Bachelor of Science in Economic (Industry and Trade), London School of Economics, University of London, England

● ● ● ● ○

**Present Directorship(s):**

**Listed Entity:**

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

**Other Public Companies:**

- Waqaf An-Nur Corporation Berhad
- Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

● ● ● ● ●

**Board Meeting Attendance in 2021**

9/9



**PRESENT APPOINTMENT(S):**

**KPJ Healthcare Berhad**

- Chairman, Audit Committee
- Chairman, Nomination and Remuneration Committee
- Member, Investment Committee
- Member, Tender Committee

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

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

**Damansara REIT Managers Sdn. Bhd.**

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

**Waqaf An-Nur Corporation Berhad**

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

**Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)**

- Chairman

**The Islamic Finance Committee of the Malaysian Institute of Accountants**

- Member

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

**Khazanah Nasional Berhad**

- Senior Manager (1994-2000)

**Silterra Malaysia Berhad**

- Chief Financial Officer (2000-2002)

**Tradewinds Corporation Berhad**

- Group Chief Executive Officer (2002-2005)

**Tradewinds (M) Berhad**

- Acting Chief Executive Officer (2004-2005)

**DRB-HICOM Berhad**

- Group Chief Operating Officer (2005-2008)

**Bank Muamalat Malaysia Berhad**

- Chief Executive Officer (2008-2019)

## Who Governs Us



### PRESENT APPOINTMENT(S):

#### KPJ Healthcare Berhad

Independent Non-Executive Director

- Chairman, Risk and Governance Committee
- Member, Nomination and Remuneration Committee
- Member, Investment Committee

#### Sime Darby Property Berhad

Independent Non-Executive Director

- Member, Audit Committee
- Member, Risk Management Committee

#### Bank Islam Malaysia Berhad

Non-Independent Non-Executive Director

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

#### OIC Arbitration Center, Istanbul, Turkey

- Director

#### BIMB Investment Management Berhad

- Chairman
- Independent Non-Executive Director

#### Mohamed Ridza and Co.

- Managing Partner

#### Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

- Member, Integrity, Nomination and Governance Committee

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

#### Zaid Ibrahim and Co.

- Partner

#### Technip Asia Pacific, Kuala Lumpur

- General Legal Counsel

#### Arab Malaysian Corporation Berhad (AMCB)

- Group Legal Adviser

#### Rashid and Lee

- Advocate and Solicitor

#### Theta Edge Berhad

Senior Independent Non-Executive Director

- Member, Audit and Risk Management Committee
- Member, Nomination and Remuneration Committee

### MOHAMED RIDZA BIN MOHAMED ABDULLA

Independent Non-Executive Director

Male Aged 53 Malaysian

● ○ ○ ○ ○

#### Date of Appointment:

1 April 2020

● ● ● ● ○

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

2 years

● ● ● ● ○

#### Academic/Professional Qualification/Membership(s):

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

● ● ● ● ○

#### Present Directorship(s):

##### Listed Entity:

- Sime Darby Property Berhad
- Bank Islam Malaysia Berhad

#### Other Public Companies:

- BIMB Investment Management Berhad
- Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

● ● ● ● ●

#### Board Meeting Attendance in 2021

**9/9**

## Who Governs Us

### KHAIRUDDIN BIN JAFUS

Independent Non-Executive Director

 Male
  Aged 66
  Malaysian

● ○ ○ ○ ○

#### Date of Appointment:

7 May 2020

● ● ● ○ ○

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

1 year 11 months

● ● ● ● ○

#### Academic/Professional Qualification/Membership(s):

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

● ● ● ● ○

#### Present Directorship(s):

##### Listed Entity:

- Nil

##### Other Public Companies:

- Johor Land Berhad

● ● ● ● ●

#### Board Meeting Attendance in 2021

9/9



#### PRESENT APPOINTMENT(S):

##### KPJ Healthcare Berhad

- Chairman, Tender Committee
- Member, Audit Committee
- Member, Risk and Governance Committee

##### Johor Land Berhad

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

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

##### RHB Bank Group

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

##### Bank Pembangunan Malaysia Berhad

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

##### Bank Simpanan Nasional

- Director (2006-2008)

##### ABRAR Discounts Berhad

- General Manager (2004-2006)

##### Pinnacle Assets Sdn Bhd

- Director/Fund Manager Representative (2002-2004)

##### KSC Sdn Bhd

- General Manager (2000-2002)

##### ABRAR Unit Trust Management Berhad

- Chief Executive Officer (1996-1999)

##### ABRAR Futures Sdn Bhd

- Executive Director (1995-1996)

##### BBMB Securities Sdn Bhd

- Executive Director (1991-1994)

##### Bank Negara Malaysia

- Senior Assistant Manager (1978-1991)

## Who Governs Us



### PRESENT APPOINTMENT(S):

#### KPJ Healthcare Berhad

- Chairman, Investment Committee
- Member, Audit Committee
- Member, Nomination and Remuneration Committee

#### Telekom Malaysia Berhad

- Independent Non-Executive Director
- Chairman, Audit Committee

#### Lembaga Tabung Haji

- Member, Investment Panel

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

#### Asia School of Business

- Business Coach (2018-present)

#### Malaysian Industrial Development Finance Berhad

- Director (2018-2019)

#### Astro Overseas Ltd

- Chief Operating Officer (2014-2018)

#### Khazanah Nasional Berhad

- VP, SVP, Director of Investments (2005-2014)

#### Tricubes Berhad

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

#### Britac Capital Sdn Bhd

- Head Analyst (2001)

#### K.E. Malaysian Capital Partners Sdn Bhd

- Executive Director (2000)

#### Santander Investment Research (Malaysia) Sdn Bhd

- Financial Consultant (1999-2000)

#### Sithe Pacific LLC

- Financial Consultant (1998-1999)

#### CIMB Securities Sdn Bhd

- Remisier (1998)

#### UBS Research (Malaysia) Sdn Bhd

- Senior Research Analyst (1996-1998)

#### Crosby Research (Malaysia) Sdn Bhd

- Investment Analyst (1995-1996)

#### Baring Research (Malaysia) Sdn Bhd

- Investment Analyst (1994-1995)

#### Keluangsa Sdn Bhd

- Head of Research (1994)

#### Crosby Research (Malaysia) Sdn Bhd

- Research Executive (1991-1994)

#### William M. Mercer Zainal Fraser Sdn Bhd

- Analyst (1988-1991)

#### Aetna Universal Insurance Sdn Bhd

- Manpower Development Assistant (1987-1988)

### HISHAM BIN ZAINAL MOKHTAR

Independent Non-Executive Director

Male Aged 60 Malaysian

● ○ ○ ○ ○

#### Date of Appointment:

23 June 2021

● ● ● ● ○

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

9 months

● ● ● ● ○

#### Academic/Professional Qualification/Membership(s):

- Chartered Financial Analyst (CFA) Charterholder, CFA Institute
- Master in Business Administration, Massachusetts Institute of Technology, Massachusetts, USA
- Master of Science (Mathematics), Illinois State University, Normal, Illinois, USA
- Bachelor of Science (Mathematics), Illinois State University, Normal, Illinois, USA

● ● ● ● ○

#### Present Directorship(s):

##### Listed Entity:

- Telekom Malaysia Berhad

#### Other Public Companies:

- Nil

● ● ● ● ●

#### Board Meeting Attendance in 2021

**5/5**

## Who Governs Us

### LYDIA ANNE ABRAHAM

Independent Non-Executive Director

 Female  Aged 65  Malaysian

● ○ ○ ○ ○

**Date of Appointment:**

23 June 2021

● ● ● ○ ○

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

9 months

● ● ● ● ○

**Academic/Professional Qualification/Membership(s):**

- Degree in Mathematics, Essex University, United Kingdom
- Diploma in Computer Studies, Plymouth Polytechnic, United Kingdom

● ● ● ● ○

**Present Directorship(s):**

**Listed Entity:**

- Nil

**Other Public Companies:**

- Metrod Holdings Berhad

● ● ● ● ●

**Board Meeting Attendance in 2021**

4/5



**PRESENT APPOINTMENT(S):**

**KPJ Healthcare Berhad**

- Member, Tender Committee
- Member, Audit Committee
- Member, Risk and Governance Committee

**Metrod Holdings Berhad**

Independent Non-Executive Director

- Member, Audit Committee
- Member, Nominating Committee

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

**CISCO**

- Managing Director (2008-2011)

**SAP**

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

**BAAN Company**

- Director of Education Asia Pacific (1997-2000)

**Oracle Corporation Malaysia**

- Manager, Education Business (1994-1997)

**MCSB System Malaysia**

- System Integrator (1989-1994)

## Who Governs Us



### PRESENT APPOINTMENT(S):

#### KPJ Healthcare Berhad

- Member, Nomination and Remuneration Committee
- Member, Investment Committee

#### Johor Corporation

- Chief Investment Officer

#### Damansara REIT Managers Sdn Bhd

- Non Independent Non-Executive Director
- Member, Investment Committee

#### Damansara Holdings Berhad

- Non Independent Non-Executive Director

#### Kulim (M) Berhad

- Non Independent Non-Executive Director
- Member, Investment Committee

#### QSR Brands (M) Holdings Bhd

- Non Independent Non-Executive Director
- Chairman, Tender Committee

#### Johor Land Berhad

- Non Independent Non-Executive Director
- Chairman, Investment Committee

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

#### Johor Corporation

- General Manager (2017)

#### Fikiran Sepakat Sdn Bhd

- Director and Partner (2014-2017)

#### Iskandar Waterfront Holdings

- Special Officer to the Managing Director (2011-2014)

#### Iskandar Investment Berhad

- Executive Vice President, Strategy and Feasibility (2007-2011)

#### Grenland Malaysia

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

#### The Boston Consulting Group

- Energy Sector Specialist (1999-2001)

#### Shell Malaysia

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

### SHAMSUL ANUAR BIN ABDUL MAJID

Non-Independent Non-Executive Director

Male Aged 51 Malaysian

● ● ● ● ●  
**Date of Appointment:**  
7 May 2020

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

● ● ● ● ●  
**Academic/Professional Qualification/Membership(s):**

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

● ● ● ● ●  
**Present Directorship(s):**  
**Listed Entity:**

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

**Other Public Companies:**

- Kulim (Malaysia) Berhad
- QSR Brands (M) Holdings Bhd
- Johor Land Berhad

● ● ● ● ●  
**Board Meeting Attendance in 2021**

**9/9**

## Who Governs Us

**ROZAINI BIN MOHD SANI**  
*Non-Independent Non-Executive Director*

 Male  Aged 49  Malaysian

● ○ ○ ○ ○  
**Date of Appointment:**  
 7 May 2020

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

● ● ● ● ○  
**Academic/Professional Qualification/Membership(s):**

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

● ● ● ● ○  
**Present Directorship(s):**  
**Listed Entity:**

- Nil

**Other Public Companies:**

- Yayasan Johor Corporation

● ● ● ● ●  
**Board Meeting Attendance in 2021**

**9/9**



**PRESENT APPOINTMENT(S):**

- KPJ Healthcare Berhad**
  - Member, Tender Committee
  - Member, Audit Committee
- Johor Corporation**
  - Chief Financial Officer
- Yayasan Johor Corporation**
  - Chairman, Board of Trustees
- Johor Land Berhad**
  - Non-Independent Non-Executive Director
  - Member, Audit and Risk Committee
  - Member, Tender Committee

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

- Iskandar Waterfront Holdings**
  - Non-Executive Director (2017-2018)
- E.A Technique (M) Berhad**
  - Chief Operating Officer (2016-2017)
- Kulim (M) Berhad**
  - Non-Executive Director (2014-2016)
- Johor Corporation**
  - Senior Vice President, Finance and Corporate Services (2015-2016)
  - Vice President, Finance (2014-2015)
- Astro Malaysia Holdings Berhad**
  - Chief Financial Officer (2013-2014)
- PETRONAS Dagangan Berhad**
  - Chief Financial Officer (2010-2013)
- PETRONAS Group of Companies**
  - Various managerial roles (2001-2010)
- KPMG, Sydney, Australia**
  - Assistant Manager (1995-2001)



## Who Governs Us



### PROF DATO' DR. AZIZI BIN HAJI OMAR

Non-Independent Non-Executive Director

Male Aged 73 Malaysian

● ○ ○ ○ ○

#### Date of Appointment:

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

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

● ● ● ● ○

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

6 years 2 months

● ● ● ● ○

#### Academic/Professional

##### Qualification/Membership(s):

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

● ● ● ● ○

#### Present Directorship(s):

##### Listed Entity:

- Nil

##### Other Public Companies:

- Nil

● ● ● ● ●

#### Board Meeting Attendance in 2021

**9/9**

#### PRESENT APPOINTMENT(S):

##### KPJ Healthcare Berhad

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

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

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

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

##### National

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

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

##### Universiti Kebangsaan Malaysia (UKM)

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

##### Universiti Teknologi MARA (UiTM)

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

##### Universiti Tunku Abdul Rahman (UTAR)

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

## Who Governs Us

### ANNIE BINTI ROSLE

*Non-Independent Non-Executive Director*

 Female 
  Aged 54 
  Malaysian

● ○ ○ ○ ○

**Date of Appointment:**

23 June 2021

● ● ● ○ ○

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

9 months

● ● ● ● ○

**Academic/Professional Qualification/Membership(s):**

- Degree in Finance and Economics, London Guildhall University
- Graduate of Association of Chartered Certified Accountants (ACCA)

● ● ● ● ○

**Present Directorship(s):**

**Listed Entity:**

- Nil

**Other Public Companies:**

- QSR Brands (M) Holdings Berhad
- Battersea Power Station Development Company Limited

● ● ● ● ●

**Board Meeting Attendance in 2021**

5/5



**PRESENT APPOINTMENT(S):**

**KPJ Healthcare Berhad**

- Member, Tender Committee
- Member, Investment Committee

**Employees' Provident Fund (EPF)**

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

**Battersea Power Station Development Company Limited**

- Director

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

**KWASA Invest Ltd**

- Principal Officer

**Etiga Insurance**

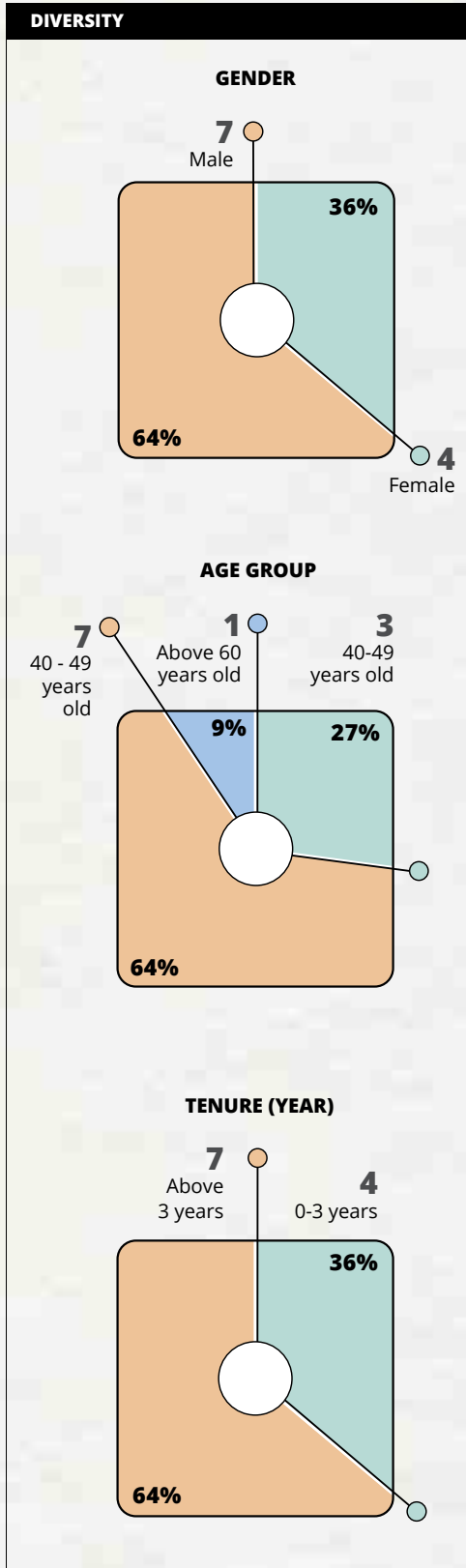
**CIMB Private Equity**



## **Delivering excellence on all fronts**

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

# Who Leads Us



## Who Leads Us



2



3



6



7



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11

### KPJ SENIOR MANAGEMENT TEAM

- 1 Dato' Mohd Shukrie Bin Mohd Salleh**  
President & Managing Director
- 2 Norhaizam Binti Mohammad**  
Chief Financial Officer
- 3 Suriaghandi Suppiah**  
Chief Operating Officer
- 4 Ariesza Noor**  
Chief Corporate Officer
- 5 Shathiran Bin Mohd Idrus**  
Chief Human Resource Officer

### REGIONAL HOSPITAL GROUPINGS AND REGIONAL CEOS

- 6 Roslan Bin Ahmad**  
Group Operations Services (Northern Region)
- 7 Dato' Mohamad Farid Bin Salim**  
Group Operations Services (Central Region I)
- 8 Maisarah Binti Omar**  
Group Operations Services (Central Region II)
- 9 Asmadi Bin Mohd Bakri**  
Group Operations Services (Southern Region I)
- 10 Khairun Bin Ahmad @ Saliman**  
Group Operations Services (Southern Region II)
- 11 Dr. Munirah Binti Khudri**  
Group Operations Services (East Coast Region)

## Who Leads Us



**DATO' MOHD SHUKRIE BIN MOHD SALLEH**  
President & Managing Director

Male 
 Aged 48 
 Malaysian 
 1 April 2022

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

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

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

- Nil

**OTHER PUBLIC COMPANIES:**

- Nil

**WORKING EXPERIENCE:**  
 Dato' Mohd Shukrie Bin Mohd Salleh brings to the table a wide spectrum of in-depth experiences spanning leadership roles in key transportation and logistics companies as well as in the areas of consumer and corporate banking, corporate finance and advisory, mergers and acquisitions, financial services, risk management, human resources and procurement.

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

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



**NORHAIZAM BINTI MOHAMMAD** (ACMA, CGMA)  
Chief Financial Officer

Female 
 Aged 49 
 Malaysian 
 20 April 2017

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

- Associate of The Chartered Institute of Management Accountants (CIMA) UK
- Fellow of Malaysian Institute of Accountants (MIA)
- Master of Business Administration, International Business with Merit from University of East London, London, UK (Twinning Programme with Women Institute Malaysia)
- Bachelor of Accountancy (Hons) from Manchester Metropolitan University, Manchester, UK
- President of Malaysian Society for Quality in Health (MSQH), a national accreditation body for public and private healthcare in Malaysia
- Member of Governing Committee for Private Healthcare Productivity Nexus (PHPN) by Malaysia Productivity Corporation (MPC) and Leader for sub-group Technology and Innovation
- Participated in Executive Coaching Programme with INSEAD Business School, Singapore

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

- Nil

**OTHER PUBLIC COMPANIES:**

- Nil

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

## Who Leads Us



### SURIAGHANDI SUPPIAH

Chief Operating Officer

- Male
- Aged 53
- Malaysian
- 1 September 2020

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

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

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

- Nil

● ● ● ●  
**OTHER PUBLIC COMPANIES:**

- Nil

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



### ARIESZA NOOR

Chief Corporate Officer

- Female
- Aged 45
- Malaysian
- 1 March 2021

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

- BCOM (Hons) Accounting and Finance, Lincoln University, New Zealand
- Fellow, CPA Australia

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

- Nil

● ● ● ●  
**OTHER PUBLIC COMPANIES:**

- Nil

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

Who Leads Us



**SHATHIRAN BIN MOHD IDRUS**

Chief Human Resource Officer

- Male
- Aged 57
- Malaysian
- 12 April 2021

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

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

● ● ● ●  
**OTHER PUBLIC COMPANIES:**  
 • Nil

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

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

Shathiran joined KPJ Healthcare Berhad in April 2021.



**ROSLAN BIN AHMAD**

Group Operations Services (Northern Region)

- Male
- Aged 58
- Malaysian
- 1 February 2021

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

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

● ● ● ●  
**OTHER PUBLIC COMPANIES:**  
 • Nil

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



## Who Leads Us



**DATO' MOHAMAD FARID BIN SALIM**

*Regional Chief Executive Officer*

Male
 Aged 57
 Malaysian
 1 February 2021

● ● ● ●

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

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

● ● ● ●

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

- Nil

● ● ● ●

**OTHER PUBLIC COMPANIES:**

- Nil

● ● ● ●

**WORKING EXPERIENCE:**

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

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

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



**MAISARAH BINTI OMAR**

*Group Operations Services (Central Region II)*

Female
 Aged 53
 Malaysian
 1 February 2021

● ● ● ●

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

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

● ● ● ●

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

- Nil

● ● ● ●

**OTHER PUBLIC COMPANIES:**

- Nil

● ● ● ●

**WORKING EXPERIENCE:**

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

## Who Leads Us



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

Male 
 Aged 54 
 Malaysian 
 1 February 2021

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

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

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

- Nil

● ● ● ●  
**OTHER PUBLIC COMPANIES:**

- Nil

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



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

Male 
 Aged 60 
 Malaysian 
 1 February 2021

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

- Master of Business Administration, Henley Management College, UK
- Degree in Accountancy – Universiti Kebangsaan Malaysia (UKM)

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

- Nil

● ● ● ●  
**OTHER PUBLIC COMPANIES:**

- Nil

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

## Who Leads Us



### DR. MUNIRAH BINTI KHUDRI

Group Operation Services (East Coast and East Malaysia Region)



Female



Aged 54



Malaysian



1 February 2021

● ○ ○ ○

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

- Master Of Business Administration, Henley Management College, UK
- Bachelor Of Medicine and Bachelor Of Surgery, Universiti Malaya (UM)
- Certified Transformational Manager by IPMA UK

● ● ○ ○

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

- Nil

● ● ● ○

#### OTHER PUBLIC COMPANIES:

- Nil

● ● ● ●

#### WORKING EXPERIENCE:

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

# Corporate Governance Overview Statement

The Board of Directors of KPJ Healthcare Berhad (Board) believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board plays an active role in guiding Management through its oversight while at the same time steering the Group’s business direction and strategy.

In line with this commitment, the Board is continuously reviewing and has taken, where appropriate, the necessary steps to comply with the Malaysian Code on Corporate Governance 2021 (MCCG 2021), which took effect on 28 April 2021. The MCCG 2021 is made up of 3 Principles and 48 Practices, out of which 5 are Step-Ups. The Board is pleased to elaborate on the Group’s application and the extent of compliance with the MCCG 2021 during the financial year ended 31 December 2021 in this Corporate Governance Overview Statement (CG Overview).

This statement is supplemented with a Corporate Governance Report (CG Report) pursuant to paragraph 15.25 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The CG Report is available on the Company’s website at [https://kpj.listedcompany.com/corporate\\_governance.html](https://kpj.listedcompany.com/corporate_governance.html) as well as on the website of Bursa Malaysia.

This statement should be read in conjunction with the Statement on Risk Management and Internal Control (SORMIC), and Audit Committee Report (AC) as well as Medical Advisory Committee Report (MAC). The Corporate Governance Framework is developed based on the following statutory requirements, best practices and guidelines:

<b>Companies Act 2016 (CA 2016)</b>	<b>Main Market Listing Requirements of Bursa Malaysia</b>	<b>Malaysian Code on Corporate Governance 2021</b>	<b>Corporate Governance Guide (4<sup>th</sup> Edition)</b>
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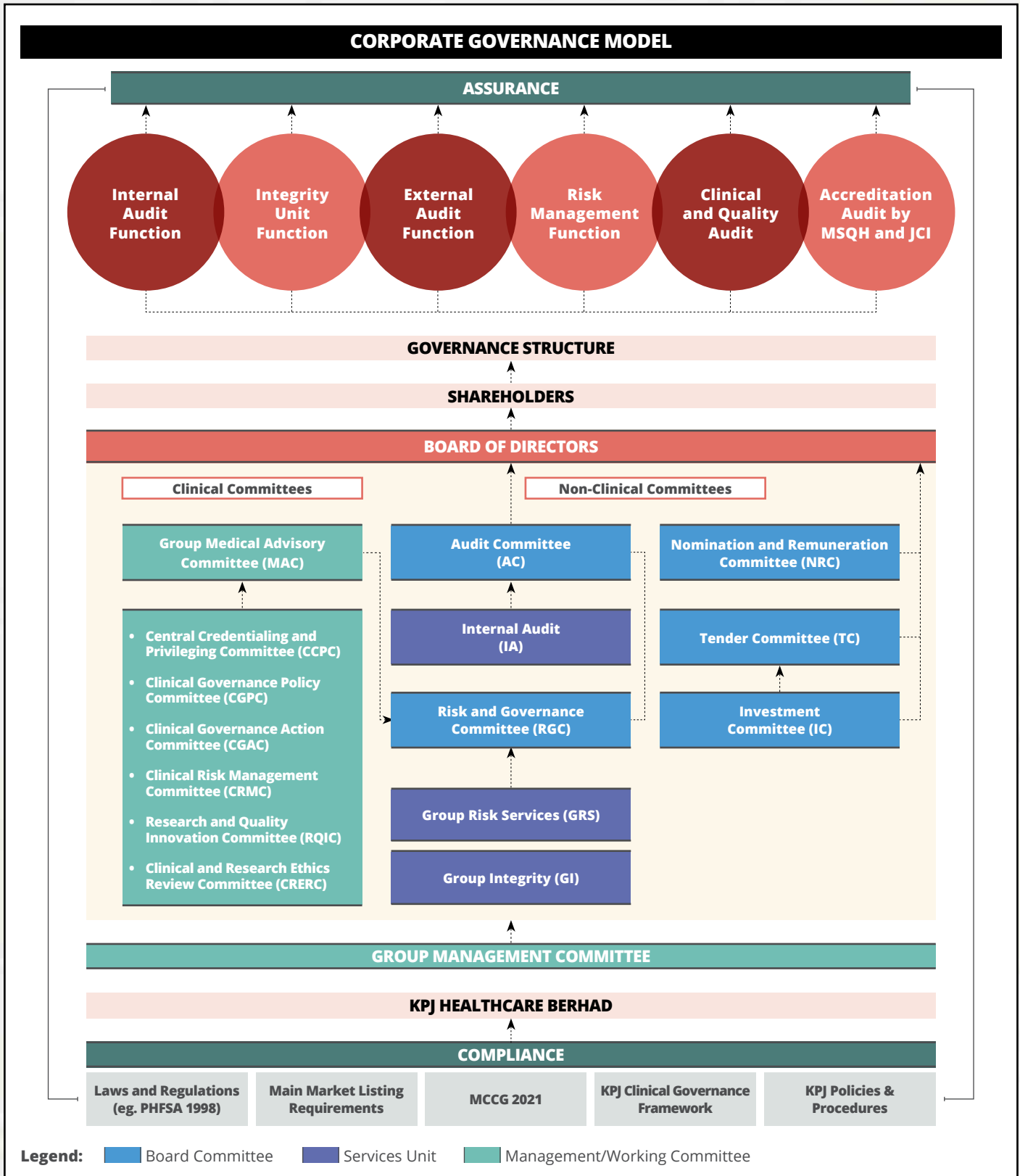
The Board has considered and takes guidance from the key CG Principles as set out in the MCCG 2021. A gap analysis was undertaken and the findings tabled to the Risk and Governance Committee (RGC). As at 11 April 2022, we have applied all the Practices in MCCG 2021 except for the following:

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

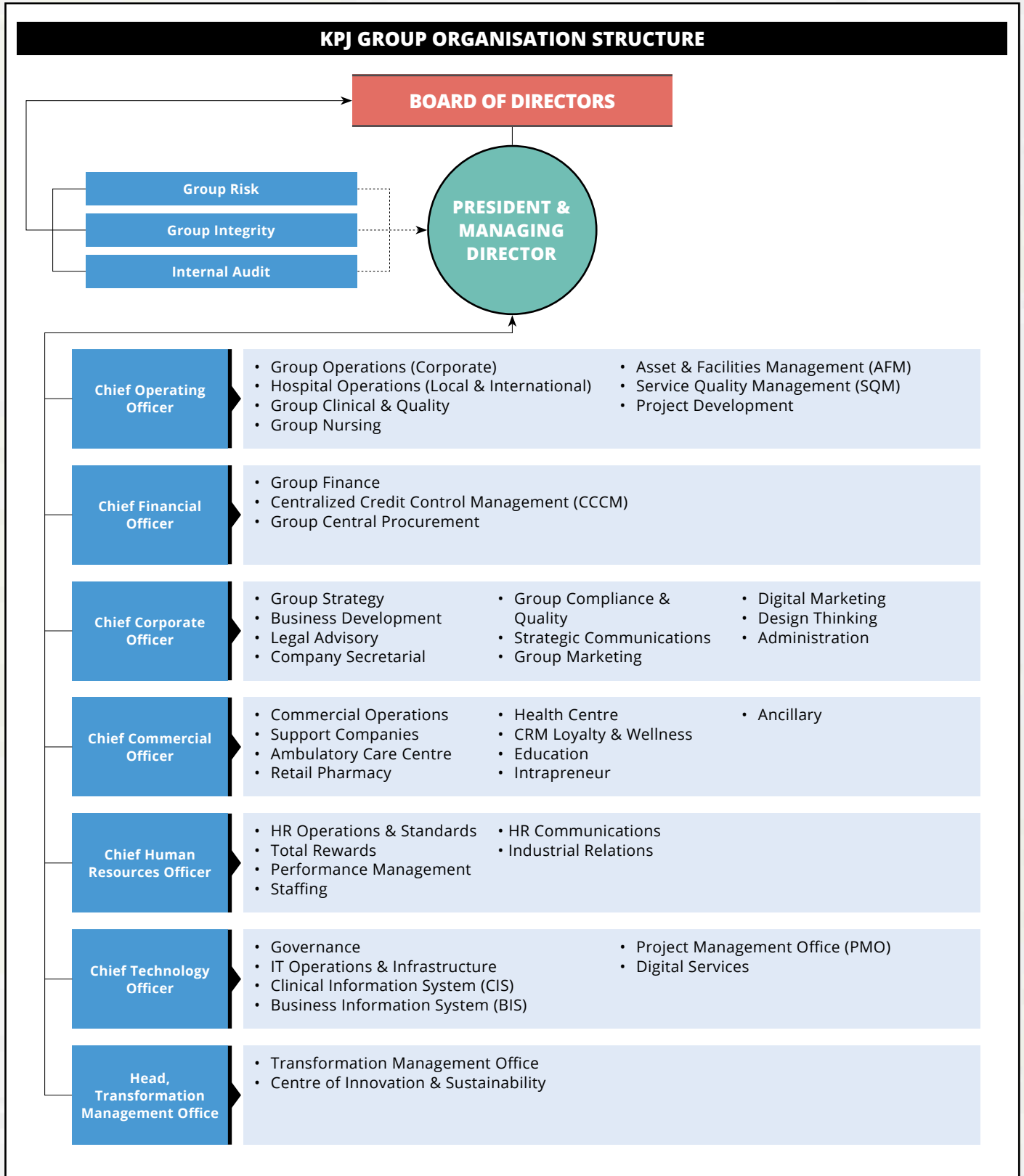
\* Large Companies are:  
 • Companies on the FTSE Bursa Malaysia Top 100 Index, or  
 • Companies with market capitalisation of RM2 billion and above, at the start of the Companies’ financial year.

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

Corporate Governance Overview Statement



## Corporate Governance Overview Statement



## Corporate Governance Overview Statement

Principle A	Principle B	Principle C
<b>BOARD LEADERSHIP AND EFFECTIVENESS</b>		

### STRUCTURAL CHANGES TO THE BOARD COMPOSITION

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

The President & Managing Director of the Company is responsible for leading the Management in the execution of broad policies, strategies and action plans approved by the Board. He regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group. The President & Managing Director is supported by the KPJ Group Management Committee ("KGMC") and other committees established under the Group's governance framework.

The Board had also developed and approved the Corporate Objectives for 2021. With the objective in place, the President & Managing Director played a key role in leading and ensuring the senior management team executes strategic plans to achieve them. Successful attainment of these goals becomes the basis of KPJ management's performance evaluation.

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

Each Director brought with him/her vast experience and astute insights to enable the Board to function effectively in discharging its duties and responsibilities in accordance with the Terms of Reference of the respective committees.

The roles of the Chairman of the Board, President & Managing Director and ten (10) Non-Executive Directors (NEDs) are kept separate with a clear division of responsibilities in line with best practices. The functions of the Chairman as well as those of the President & Managing Director are clearly segregated to ensure that there is a balance of power and authority.

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

## Corporate Governance Overview Statement

**Principle A**

**Principle B**

**Principle C**

**BOARD LEADERSHIP AND EFFECTIVENESS**

**BOARD OF DIRECTORS**

**Roles and Responsibilities**

The Board is committed to delivering sustainable value and determining long-term goals through its leadership with support from a dedicated Management Team. The Board is responsible for overseeing how Management best serves the interests of shareholders and other stakeholders on the environmental, social, and governance fronts, as well as in the areas relating to risk management, regulatory and governmental changes, plus global trends. The Board also promotes a Group culture based on KPJ's core values and defines its role in the society.

**ACTIVITIES IN 2021**

- Deliberated on, challenged and approved the Group's 5-Year Strategic Plan for 2022 to 2026, the Budget and the Balanced Scorecard for the year 2022;
- Supervised and guided Management in navigating the Group's business operations, and performance amidst the challenges posed by the COVID-19 pandemic;
- Reviewed and approved the Group's quarterly and year-end results for the financial year 2021 for public release;
- Reviewed and provided views on the Group's Operational Report for hospital and non-hospital businesses;
- Deliberated on and approved the Group's Key Performance Indicators (KPIs) achieved for the year 2020 and set the Group's KPIs for the year 2021;
- Discussed and approved the Performance Incentive Payment for the year 2020;
- Reviewed and approved the proposals by KPMG Management & Risk Consulting Sdn Bhd, independent advisers engaged by the Company, to undertake Board Governance Review, on the following governance matters:
  - Group Governance to ensure there is an adequate groupwide framework for the co-operation and communication between the Company and its investee companies;
  - Board Training Needs Analysis;
  - Board Effectiveness Evaluation Manual; and
  - Board Remuneration Review of Non-Executive Directors.
- Appraised the updates on the COVID-19 activities of the KPJ Group of Hospitals and our participation in the National Immunisation Programme to ensure that the necessary approaches and mitigation actions were taken by Management, including COVID-19 training and updates on vaccination for staff, consultants and outsourced service workers. The updates also covered the opportunities from the Ministry of Health relating to the decanting of non-COVID-19 cases;

- Reviewed and approved the proposed issuance of the RM3 billion Sustainability Sukuk Programme;
- Considered and approved the purchase of assets and equipment, as well as hospital renovation, upgrading and expansion to maintain and enhance the service quality of KPJ hospitals;
- Reviewed updates from Investor Relations and Talent Management;
- Discussed and approved the re-branding exercise of the Group; and
- Guided Management on the Group's Transformation Plan.

**PRIORITIES IN 2022**

- Thrive on business recovery from the post-COVID-19 pandemic by accelerating growth of new hospitals, businesses and partnerships;
- Focus on the Transformation Plan Phase 2:
  - Integrate the digital ecosystem of the hospitals in the Group;
  - Raise the standard of clinical and nursing excellences, and hospital culture; and
  - Champion sustainability in healthcare as well as strengthen the sustainability structures and governance of the Group.

**MATTERS RESERVED FOR THE BOARD**

1. Approval of corporate plans and programmes;
2. Approval of annual budgets, including major capital commitments;
3. Approval of new ventures;
4. Approval of material acquisitions and disposals of undertakings and properties; and
5. Changes to Management and the control structure within the Company and its subsidiaries, including key policies and delegated authority limits.

**BOARD CHARTER**

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

*These are enshrined in the Board Charter, which is available on the Company's website at [https://kpj.listedcompany.com/misc/board\\_charter.pdf](https://kpj.listedcompany.com/misc/board_charter.pdf)*



## Corporate Governance Overview Statement

**Principle A** | **Principle B** | **Principle C**

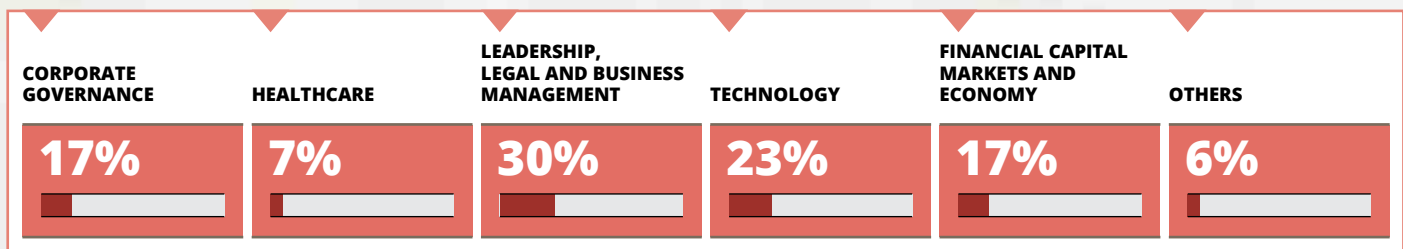
### BOARD LEADERSHIP AND EFFECTIVENESS

#### CONTINUING EDUCATION PROGRAMMES

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

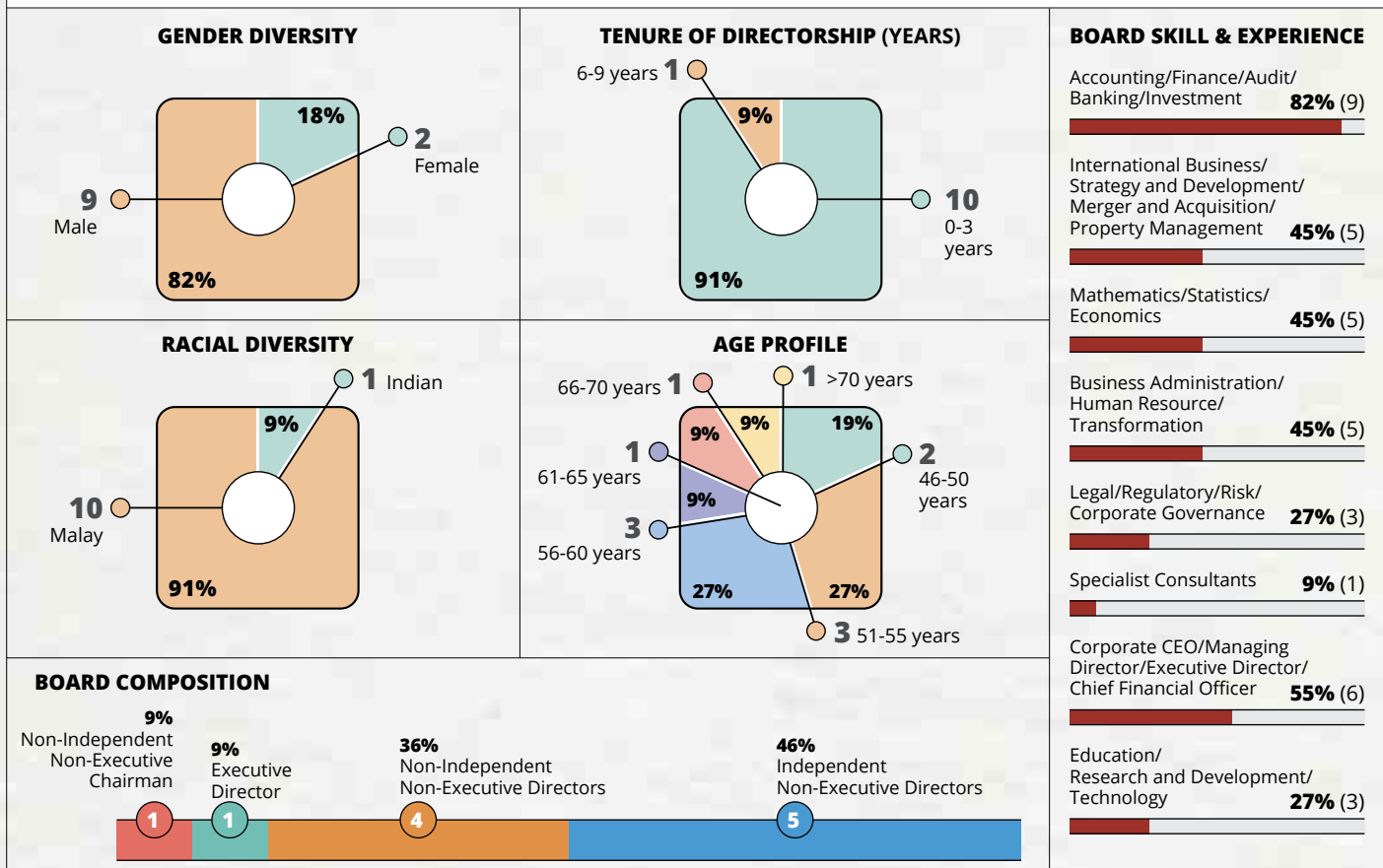
Directors also receive further training from time to time through Continuous Education Programme (CEP). During the year 2021, the Board members attended training sessions/programmes organised by various parties as disclosed under Practice 2.1 of the CG Report.

#### 2021 DIRECTORS' TRAINING FOCUS AREAS



#### BOARD COMPOSITION

The analyses on the composition of the Board of Directors is as follows:



## Corporate Governance Overview Statement

**Principle A**      **Principle B**      **Principle C**

### BOARD LEADERSHIP AND EFFECTIVENESS

The present size and composition of the Board remain well-balanced. The Board is made up of professionals with a wide range of knowledge and experience in business and operations as well as medical, legal, finance and investment analysis acumen all relevant to the direction of a large, expanding Group.

The profiles of all Board members are disclosed on pages 110 to 120 of this Integrated Annual Report.

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

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

### MEETING CALENDAR 2021

No.	Director	Dates of Board Meetings									Total Meetings Attended
		1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter			
		Special	102 <sup>nd</sup>	103 <sup>rd</sup>	Special	104 <sup>th</sup>	105 <sup>th</sup>	Special	Special	Special	
	17.02.2021	18.03.2021	25.05.2021	23.06.2021	24.08.2021	26.11.2021	14.12.2021	16.12.2021	29.12.2021		
<b>Non-Independent Non-Executive Directors</b>											
1.	<b>Tan Sri Dr. Ali Bin Hamsa</b> - Chairman (Appointed: 23.06.2021)					√	√	√	√	√	5/5
2.	<b>Prof Dato' Dr. Azizi Bin Haji Omar</b>	√	√	√	√	√	√	√	√	√	9/9
3.	<b>Rozaini Bin Mohd Sani</b>	√	√	√	√	√	√	√	√	√	9/9
4.	<b>Shamsul Anuar Bin Abdul Majid</b>	√	√	√	√	√	√	√	√	√	9/9
5.	<b>Annie Binti Rosle</b> (Appointed: 23.06.2021)					√	√	√	√	√	5/5
	<b>Dato' Dr Ngun Kok Weng</b> (Resigned: 23.06.2021)	√	√	√							3/3
	<b>Dato' Dr. Sivamohan a/l S.Namasivayam</b> (Resigned: 23.06.2021)	√	√	√							3/3
<b>Independent Non-Executive Directors</b>											
6.	<b>Dato' Yusli Bin Mohamed Yusoff</b> (Re-designated from Chairman to Senior Independent Non Executive Director: 23.06.2021) (Passed away on 10.03.2022)	√	√	√	√	√	√	√	√	√	9/9
7.	<b>Mohamed Ridza Bin Mohamed Abdulla</b>	√	√	√	√	√	√	√	√	√	9/9
8.	<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b>	√	√	√	√	√	√	√	√	√	9/9
9.	<b>Khairuddin Bin Jafus</b>	√	√	√	√	√	√	√	√	√	9/9
10.	<b>Hisham Bin Zainal Mokhtar</b> (Appointed: 23.06.2021)					√	√	√	√	√	5/5
11.	<b>Lydia Anne Abraham</b> (Appointed: 23.06.2021)					√	√	√	x	√	4/5
	<b>Christina Foo</b> (Retired: 22.06.2021)	√	√	√							3/3
	<b>Datuk Mohd Radzif Bin Mohd Yunus</b> (Retired: 22.06.2021)	√	√	√							3/3
<b>Executive Director</b>											
12.	<b>Ahmad Shahizam Bin Mohd Shariff</b> (Resigned: 31.03.2022)	√	√	√	√	√	√	√	√	√	9/9
<b>ATTENDANCE</b>		<b>12/12</b>	<b>12/12</b>	<b>12/12</b>	<b>8/8</b>	<b>12/12</b>	<b>12/12</b>	<b>12/12</b>	<b>11/12</b>	<b>12/12</b>	

## Corporate Governance Overview Statement

Principle A	Principle B	Principle C
<b>BOARD LEADERSHIP AND EFFECTIVENESS</b>		

### BOARD REMUNERATION 2021

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

No	Name	Directorate	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other emoluments	Total (RM'000)
1	Tan Sri Dr. Ali Bin Hamsa <sup>(a)</sup>	Non-Executive Non-Independent Director	114	21	-	-	-	-	135
2	Annie Binti Rosle <sup>(b)</sup>	Non-Executive Non-Independent Director	*63	50	-	-	-	-	113
3	Rozaini Bin Mohd Sani	Non-Executive Non-Independent Director	**120	86	-	-	-	-	206
4	Shamsul Anuar Bin Abdul Majid	Non-Executive Non-Independent Director	**120	73	-	-	-	-	193
5	Prof. Dato' Dr. Azizi Bin Haji Omar	Non-Executive Non-Independent Director	120	110	-	-	-	-	230
6	Dato' Mohd Redza Shah Bin Abdul Wahid	Independent Director	120	146	-	-	-	-	266
7	Mohamed Ridza Bin Mohamed Abdulla	Independent Director	120	114	-	-	-	-	234
8	Khairuddin Bin Jaflus	Independent Director	120	143	-	-	-	-	263
9	Hisham Bin Zainal Mokhtar <sup>(b)</sup>	Independent Director	63	71	-	-	-	-	134
10	Lydia Anne Abraham <sup>(b)</sup>	Independent Director	63	66	-	-	-	-	129
11	Ahmad Shahizam Bin Mohd Shariff	Executive Director	-	377	1,284	33	24	-	1,718
12	Dato' Yusli Bin Mohamed Yusoff <sup>(e)</sup>	Independent Director	168	47	-	-	31	-	246
13	Dato' Dr. Ngun Kok Weng <sup>(d)</sup>	Non-Executive Non-Independent Director	58	57	-	-	-	-	115
14	Dato' Dr. Sivamohan a/l S. Namasivayam <sup>(d)</sup>	Non-Executive Non-Independent Director	58	53	-	-	-	-	111
15	Christina Foo <sup>(c)</sup>	Independent Director	57	57	-	-	-	-	114
16	Datuk Mohd Radzif Bin Mohd Yunus <sup>(c)</sup>	Independent Director	57	57	-	-	-	-	114

\* Included are the Directors' Fees and Committee Fees paid to EPF as per EPF's instructions

\*\* The payment of the Directors' Fees for nominee Directors representing and are employees of Johor Corporation will be paid to Johor Corporation as Corporate Fees

#### Notes:

<sup>(a)</sup> Appointed as the Chairman on 23.06.2021

<sup>(b)</sup> Appointed as a Board member on 23.06.2021

<sup>(c)</sup> Retired as a Board member on 22.06.2021

<sup>(d)</sup> Resigned as a Board member on 23.06.2021

<sup>(e)</sup> Re-designated from Chairman to Senior Independent Non-Executive Director on 23.06.2021

## Corporate Governance Overview Statement

### Principle A

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### Principle C

#### BOARD LEADERSHIP AND EFFECTIVENESS

#### SENIOR MANAGEMENT

Effective 1 February 2021, the Board approved a new Group Senior Management structure that was reorganised to establish greater management accountability and enhance empowerment at all levels of management. The new Group Senior Management structure comprises six (6) members of the C-Suite, namely:

- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- Chief Corporate Officer (CCO)
- Chief Commercial Officer (CCMO)
- Chief Human Resource Officer (CHRO)
- Chief Technology Officer (CTO)

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

The range of remuneration of the top five (5) Senior Management (including salary, bonus, benefits in kind and other emoluments) for the financial year ended 31 December 2021 is as follows:

Name	Designation	Salary (RM)	Allowance (RM)	Bonus (RM)	Benefits (RM)	Other emoluments	Total (RM)
<b>Suriaghandi Suppiah<sup>(a)</sup></b>	Chief Operating Officer	450,001 – 500,000	150,001 – 200,000	0 – 50,000	0 – 50,000		650,001 – 700,000
<b>Norhaizam Binti Mohammad</b>	Chief Financial Officer	450,001 – 500,000	150,001 – 200,000	0 – 50,000	0 – 50,000		650,001 – 700,000
<b>Shathiran Bin Mohd Idrus<sup>(d)</sup></b>	Chief Human Resource Officer	300,001 – 350,000	100,001 – 150,000		0 – 50,000		450,001 – 500,000
<b>Ariesza Noor<sup>(b)</sup></b>	Chief Corporate Officer	350,001 – 400,000	150,001 – 200,000		0 – 50,000		550,001 – 600,000
<b>Nik Izhar Bin Nik Mohammed<sup>(c)</sup></b>	Chief Commercial Officer	450,001 – 500,000	150,001 – 200,000	0 – 50,000	0 – 50,000		600,001 – 650,000

#### Notes:

<sup>(a)</sup> Appointed as Chief Transformation Officer on 01.09.2020; Re-designated as Chief Operating Officer on 01.12.2021

<sup>(b)</sup> Appointed as the Chief Corporate Officer on 01.03.2021

<sup>(c)</sup> Appointed as the Chief Commercial Officer on 01.02.2021; Resigned on 05.04.2022

<sup>(d)</sup> Appointed as the Chief Human Resource Officer on 12.04.2021

## Corporate Governance Overview Statement

Principle A	Principle B	Principle C
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### BOARD LEADERSHIP AND EFFECTIVENESS

#### BOARD COMMITTEES

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

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

#### SUMMARY OF BOARD COMMITTEES

No.	Members of the Board	AC	TC	RGC	NRC	IC	MAC
<b>Non-Independent Non-Executive Directors</b>							
1.	<b>Prof Dato' Dr. Azizi Bin Haji Omar</b>	-	-	M	M	-	M
2.	<b>Rozaini Bin Mohd Sani</b>	M	M	-	-	-	-
3.	<b>Shamsul Anuar Bin Abdul Majid</b>	-	-	-	M	M	-
4.	<b>Annie Binti Rosle</b> (Appointed: 23.06.2021)	-	M	-	-	M	-
	<b>Tan Sri Dr. Ali Bin Hamsa</b> (Appointed as Chairman of KPJ Healthcare Berhad: 23.06.2021) (Resigned: 31.03.2022)	-	-	-	-	-	-
	<b>Dato' Dr. Ngun Kok Weng</b> (Remained as MAC member) (Resigned: 23.06.2021)	M	-	M	-	-	M
	<b>Dato' Dr. Sivamohan a/I S. Namasivayam</b> (Remained as MAC member) (Resigned: 23.06.2021)	-	M	M	-	-	M
<b>Senior Independent Non-Executive Director</b>							
5.	<b>Dato' Mohd Redza Shah Bin Abdul Wahid<sup>(1)</sup></b>	C	M	-	C <sup>(1)</sup>	M	-
	<b>Dato' Yusli Bin Mohamed Yusoff</b> (Re-designated from Chairman of KPJ Healthcare Berhad to Senior INED: 23.06.2021)	-	-	-	C <sup>(2)</sup>	-	-
<b>Independent Non-Executive Directors</b>							
6.	<b>Mohamed Ridza Bin Mohamed Abdulla</b>	-	-	C	M	M	-
7.	<b>Khairuddin Bin Jaflus</b>	M	C	M	-	-	-
8.	<b>Hisham Bin Zainal Mokhtar</b> (Appointed: 23.06.2021)	M	-	-	M	C	-
9.	<b>Lydia Anne Abraham</b> (Appointed: 23.06.2021)	M	M	M	-	-	-
	<b>Christina Foo</b> (Retired: 22.06.2021)	C	-	-	M	M	-
	<b>Datuk Mohd Radzif Bin Mohd Yunus</b> (Retired: 22.06.2021)	-	C	-	C	M	-
<b>Executive Director</b>							
10.	<b>Dato' Mohd Shukrie Mohd Salleh</b> (Appointed as President & Managing Director: 01.04.2022)	-	-	-	-	-	M
	<b>Ahmad Shahizam Bin Mohd Shariff</b> (Resigned: 31.03.2022)	-	-	-	-	-	M

**Note:**

C = Chairman M = Member

<sup>(1)</sup> Appointed as NRC member and Chairman: 01.04.2022

<sup>(2)</sup> Chairman, until his passing on 10.03.2022

## Corporate Governance Overview Statement

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**BOARD LEADERSHIP AND EFFECTIVENESS**

**NRC NOMINATION AND REMUNERATION COMMITTEE**

<b>Dato' Mohd Redza Shah Bin Abdul Wahid<sup>(1)</sup></b>	Chairman	Senior Independent Non-Executive Director
<b>Mohamed Ridza Bin Mohamed Abdulla</b>	Member	Independent Non-Executive Director
<b>Hisham Bin Zainal Mokhtar<sup>(2)</sup></b>	Member	Independent Non-Executive Director
<b>Prof Dato' Dr. Azizi Bin Haji Omar</b>	Member	Non-Independent Non-Executive Director
<b>Shamsul Anuar Bin Abdul Majid</b>	Member	Non-Independent Non-Executive Director

**Notes:**

<sup>(1)</sup> Appointed as member and Chairman on 1 April 2022

<sup>(2)</sup> Appointed as a member on 23 June 2021

**NRC MEETING ATTENDANCE 2021**

No.	Director	Dates of Nomination and Remuneration Committee Meetings							Total Meetings Attended
		1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	
		Special 27.01.2021	18 <sup>th</sup> 03.03.2021	Special 15.03.2021	19 <sup>th</sup> 05.05.2021	Special 23.06.2021	20 <sup>th</sup> 19.08.2021	21 <sup>st</sup> 24.11.2021	
<b>Independent Non-Executive Directors</b>									
1.	<b>Mohamed Ridza Bin Mohamed Abdulla</b>	✓	✓	✓	✓	✓	✓	✓	7/7
2.	<b>Hisham Bin Zainal Mokhtar</b> (Appointed: 23.06.2021)						✓	✓	2/2
	<b>Dato' Yusli Bin Mohamed Yusoff</b> - Chairman (Appointed: 23.06.2021) (Passed away: 10.03.2022)						✓	✓	2/2
	<b>Datuk Mohd Radzif Bin Mohd Yunus</b> - Chairman (Retired: 22.06.2021)	✓	✓	✓	✓				4/4
	<b>Christina Foo</b> (Retired: 22.06.2021)	✓	✓	✓	✓				4/4
<b>Non-Independent Non-Executive Directors</b>									
3.	<b>Prof Dato' Dr. Azizi Bin Haji Omar</b>	✓	✓	✓	✓	✓	✓	✓	7/7
4.	<b>Shamsul Anuar Bin Abdul Majid</b>	✓	✓	✓	✓	✓	✓	✓	7/7
<b>ATTENDANCE</b>		<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>3/3</b>	<b>5/5</b>	<b>5/5</b>	

**ROLES AND RESPONSIBILITIES**

KPJ remuneration matters are governed by the Board of Directors through its Nomination and Remuneration Committee (NRC) which meets periodically to consider the remuneration of its Directors, senior executives and all employees in general. The management ensures that all rewards and remuneration programs comply with the relevant rules and regulations. The programs respond to commercial needs yet minimize fiscal risks and are implemented through check and balance and internal control in place.

The PMD and Group Human Resources Management provide strategic and operational support to the Board and NRC through remuneration policies and procedures for senior executives and all employees. The total rewards are determined by the delivery of annual and longer-term objectives and are consistent with KPJ's strategies to ensure sustainable long-term performance.

**ACTIVITIES IN 2021**

- Assessed candidates for appointment as new Board members;
- Recommended the appointment of Board members, Board Committees members, Senior Management as well as proposed other changes for the Board and Senior Management;

- Reviewed the Group's KPI achieved for the year 2020 and made recommendations pertaining to the Group's 2021 KPIs for Board approval;
- Reviewed and recommended the performance bonus for the financial year 2020 for KPJ Group of Hospitals and Companies;
- Reviewed the appointment of key Senior Management positions;
- Reviewed the remuneration packages and contract terms of key Senior Management;
- Considered, deliberated on and made recommendations on the proposals by KPMG Management & Risk Consulting Sdn Bhd, independent advisers engaged by the Company, to undertake a Board Governance Review in areas relating to training need analysis, Board Effectiveness Evaluation manual and review of Non-Executive Directors' remuneration; and
- Reviewed and approved the Talent Validation Programme rolled out by Management.

**PRIORITIES IN 2022**

- Oversee the implementation of employees' remuneration philosophy and a revised remuneration structure;
- Oversee the implementation of performance standards and performance management process; and
- Oversee the implementation of a talent management framework and the further development of talent bench strength.

## Corporate Governance Overview Statement

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#### BOARD LEADERSHIP AND EFFECTIVENESS

#### IC INVESTMENT COMMITTEE

<b>Hisham Bin Zainal Mokhtar<sup>(1)</sup></b>	Chairman	Independent Non-Executive Director
<b>Dato' Mohd Redza Shah Bin Abdul Wahid<sup>(2)</sup></b>	Member	Senior Independent Non-Executive Director
<b>Mohamed Ridza Bin Mohamed Abdulla</b>	Member	Independent Non-Executive Director
<b>Shamsul Anuar Bin Abdul Majid</b>	Member	Non-Independent Non-Executive Director
<b>Annie Binti Rosle<sup>(3)</sup></b>	Member	Non-Independent Non-Executive Director

#### Notes:

<sup>(1)</sup> Appointed as member and Chairman on 23 June 2021

<sup>(2)</sup> Re-designated as member on 23 June 2021

<sup>(3)</sup> Appointed as member on 23 June 2021

#### IC MEETING ATTENDANCE 2021

No.	Director	Dates of Investment Committee Meetings						Total Meetings Attended
		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter		
		4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	Special	Special	7 <sup>th</sup>	
		12.03.2021	22.05.2021	09.08.2021	20.08.2021	21.10.2021	09.11.2021	
<b>Independent Non-Executive Directors</b>								
1.	<b>Hisham Bin Zainal Mokhtar</b> - Chairman (Appointed: 23.06.2021)			√	√	√	√	4/4
2.	<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b> (Re-designated member: 23.06.2021)	√	√	√	√	√	√	6/6
3.	<b>Mohamed Ridza Bin Mohamed Abdulla</b>	√	√	√	√	√	√	6/6
	<b>Christina Foo</b> (Retired: 22.06.2021)	√	√					2/2
	<b>Datuk Mohd Radzif Bin Mohd Yunus</b> (Retired: 22.06.2021)	√	√					2/2
<b>Non-Independent Non-Executive Directors</b>								
4.	<b>Shamsul Anuar Bin Abdul Majid</b>	√	√	√	√	√	√	6/6
5.	<b>Annie Binti Rosle</b> (Appointed: 23.06.2021)			√	√	√	√	4/4
<b>ATTENDANCE</b>		<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	

#### ROLES AND RESPONSIBILITIES

To review and approve/recommend to the Board matters pertaining to potential investments, acquisitions, divestments, disposals, termination, joint ventures and/or other forms of corporate exercises. The approvals/recommendations to the Board are as per the authority limits of the Terms of Reference and the Investment Policy.

#### ACTIVITIES IN 2021

- Reviewed and approved KPJ Group's hospital expansion and future development proposals within its authority limits and recommended to the Board for its approval those above its authority limits;
- Reviewed and approved, within its authority limits, additional capital expenditure (CAPEX) proposals for KPJ's Group's Hospitals and recommended to the KPJ Board CAPEX proposals which were above its authority limits;
- Deliberated on and recommended to the Board for its approval the disposal of assets within the KPJ Group;

- Deliberated on and recommended to the Board for its approval the closure of selected businesses within KPJ Group;
- Deliberated on and recommended for Board approval several corporate exercises for the KPJ Group of Companies.

#### PRIORITIES IN 2022

- The KPJ Investment Committee will continue to deliberate on proposals for new business opportunities, existing assets expansion, disposal of assets and closure of business as recommended by KPJ's Management by ensuring the following for each exercise:
  - That the exercise provides better expected returns which comply with KPJ's Investment Policy;
  - That the exercise will stimulate sustainable business growth for the Company;
  - That the exercise will preserve the initial capital outlay, avoid excessive risks and prevent losses in the investment portfolio; and
  - That the exercise takes into account a review of the industry trends that may impact the Company's strategy, investments and growth.

## Corporate Governance Overview Statement

**Principle A**      **Principle B**      **Principle C**

### BOARD LEADERSHIP AND EFFECTIVENESS

#### TC TENDER COMMITTEE (Formerly known as the Development and Procurement Committee)

<b>Khairuddin Bin Jafus<sup>(1)</sup></b>	Chairman	Independent Non-Executive Director
<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b>	Member	Senior Independent Non-Executive Director
<b>Lydia Anne Abraham<sup>(2)</sup></b>	Member	Independent Non-Executive Director
<b>Rozaini Bin Mohd Sani</b>	Member	Non-Independent Non-Executive Director
<b>Annie Binti Rosle<sup>(2)</sup></b>	Member	Non-Independent Non-Executive Director

**Notes:**

<sup>(1)</sup> Re-designated as the Chairman on 23 June 2021

<sup>(2)</sup> Appointed as a member on 23 June 2021

#### TC MEETING ATTENDANCE 2021

No.	Director	Dates of Tender Committee Meetings												Total Meetings Attended
		1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter			3 <sup>rd</sup> Quarter			4 <sup>th</sup> Quarter			
		43 <sup>rd</sup>	Adjourned	Special	Special	44 <sup>th</sup>	Special	Special	45 <sup>th</sup>	Special	Special	Special	46 <sup>th</sup>	
<b>Independent Non-Executive Directors</b>														
1.	<b>Khairuddin Bin Jafus</b> - Chairman (Re-designated to Chairman: 23.06.2021)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
2.	<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b>	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/12
3.	<b>Lydia Anne Abraham</b> (Appointed: 23.06.2021)							✓	✓	✓	✓	x	✓	5/6
	<b>Datuk Mohd Radzif Bin Mohd Yunus</b> (Retired: 22.06.2021)	✓	✓	✓	✓	✓	✓							6/6
<b>Non-Independent Non-Executive Directors</b>														
4.	<b>Rozaini Bin Mohd Sani</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
5.	<b>Annie Binti Rosle</b> (Appointed: 23.06.2021)							✓	✓	✓	✓	✓	✓	6/6
	<b>Dato' Dr. Sivamohan a/I S. Namasivayam</b> (Resigned: 23.06.2021)	✓	✓	✓	✓	✓	✓							6/6
<b>ATTENDANCE</b>		5/5	5/5	4/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	4/5	5/5	

#### ROLES AND RESPONSIBILITIES

The TC evaluates, deliberates on and approves recommendations made by Management for the award of tenders to approved tenderers within its approving authority, and recommends for approval to the Board any tenders that are beyond the TC's approving limit.

The TC oversees the timeline and cost of each project undertaken by the Group and addresses any issues relating to these projects.

#### ACTIVITIES IN 2021

- Oversaw significant matters related to procurement of the Group;
- Reviewed, deliberated on and made recommendations to the Board pertaining the strategic matters surrounding new projects, sick projects with mitigation plans, and the project update dashboard report;
- Held twelve (12) meetings in 2021 to undertake its responsibilities; and

- Conducted seven (7) site visits to sites undergoing renovation and to extension projects to ascertain the progress of all the projects.

#### PRIORITIES IN 2022

- Primarily focus on enhancing and strengthening the procurement process and methodology for all KPJ expenditure, which includes all hospital projects (new, extension and renovation), bio-medical equipment purchases, pharmaceutical and all facilities and maintenance contracts of KPJ hospitals;
- Ensure the timely completion of all projects within the projected completion date and budget allocated
- Assess and evaluate all vendors, contractors and suppliers conducting business with KPJ with the primary aim of enhancing and improving their deliverables and service level agreements; and
- Mentor and guide personnel to raise the competency levels of all those involved in the different aspects of the procurement process.



## Corporate Governance Overview Statement

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### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### AC AUDIT COMMITTEE

The AC presently comprises four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, all of whom are financially literate.

<b>Dato' Mohd Redza Shah Bin Abdul Wahid<sup>(1)</sup></b>	Chairman	Senior Independent Non-Executive Director
<b>Khairuddin Bin Jaflus</b>	Member	Independent Non-Executive Director
<b>Hisham Bin Zainal Mokhtar<sup>(2)</sup></b>	Member	Independent Non-Executive Director
<b>Lydia Anne Abraham<sup>(2)</sup></b>	Member	Independent Non-Executive Director
<b>Rozaini Bin Mohd Sani<sup>(2)</sup></b>	Member	Non-Independent Non-Executive Director

#### Notes:

<sup>(1)</sup> Re-designated as the Chairman on 23 June 2021

<sup>(2)</sup> Appointed as a member on 23 June 2021

#### AC MEETING ATTENDANCE 2021

No.	Director	Dates of Audit Committee Meetings						Total Meetings Attended
		1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter	
		99 <sup>th</sup> 17.02.2021	Special 17.03.2021	100 <sup>th</sup> 20.05.2021	Special 03.08.2021	101 <sup>st</sup> 20.08.2021	102 <sup>nd</sup> 22.11.2021	
<b>Independent Non-Executive Directors</b>								
1.	<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b> - Chairman (Re-designated to Chairman: 23.06.2021)	√	√	√	√	√	√	6/6
2.	<b>Khairuddin Bin Jaflus</b>	√	√	√	√	√	√	6/6
3.	<b>Hisham Bin Zainal Mokhtar</b> (Appointed: 23.06.2021)				√	√	√	3/3
4.	<b>Lydia Anne Abraham</b> (Appointed: 23.06.2021)				√	√	√	3/3
	<b>Christina Foo*</b> (Retired: 22.06.2021)	√	√	√				3/3
<b>Non-Independent Non-Executive Directors</b>								
5.	<b>Rozaini Bin Mohd Sani</b> (Appointed: 23.06.2021)				√	√	√	3/3
	<b>Prof Dato' Dr. Azizi Bin Haji Omar</b> (Resigned: 23.06.2021)	√	√	√				3/3
	<b>Dato' Dr. Ngun Kok Weng</b> (Resigned: 23.06.2021)	√	√	√				3/3
<b>ATTENDANCE</b>		5/5	5/5	5/5	5/5	5/5	5/5	

#### ROLES AND RESPONSIBILITIES

The AC ensures transparency, integrity and accountability in the Group's activities to safeguard the rights and interests of the shareholders. At the same time, the AC assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.

The AC is also responsible for improving the Group's business efficiency, the quality of the accounting and audit function as well as strengthening public confidence in the Group's reported financial results. The AC also ensures the independence of the External and Internal Audit functions within the Group.

KPJ Board addresses Related Party Transaction matters in Audit Committee Meeting and we have documented policy on RPT which we implement to comply with the Listing Requirements of Bursa Malaysia Berhad.

#### ACTIVITIES IN 2021

- Reviewed the quarterly financial results before recommending the same to the Board for approval;
- Reviewed the External Audit Plan on the scope and focus areas of the External Auditor;
- Reviewed the financial results for the year ended 2021 and issues raised by the External Auditor on their review of KPJ operations and internal control system;

- Reviewed the related party transactions and recurrent related party transactions;
- Assessed the impact of the COVID-19 global pandemic situation and the consequential effects on the operations and financials of the KPJ Group;
- Assessed the effectiveness of the mitigation actions taken in relation to the technological risks identified in KPJ's computing environment to support hospital operations;
- Assessed the effectiveness of the process and adherence to standard operating procedures (SOPs) by Management and staff at all hospitals/subsidiaries in order to ensure efficient and sound control systems;
- Reviewed the performance of the Head of Internal Audit Services (IAS) and the department against the Consolidated Strategic Internal Audit Plan for 2021;
- Reviewed the revised Consolidated Strategic Internal Audit Plan for 2022 in order to assure that high-risk auditable areas are being covered in the audit scope; and
- Reviewed and approved the Audit Charter in line with the International Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors (IIA).

More details of the activities of the AC in 2021 can be found in the Audit Committee Report on pages 152 to 153.

## Corporate Governance Overview Statement

Principle A

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Principle C

### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### AC AUDIT COMMITTEE

##### PRIORITIES IN 2022

- Assess the adequacy and effectiveness of the new Group Procurement Framework and procedures which are established as part of the new KPJ Group Central Procurement new function;
- Review the enhanced credit management process as well as assess the efficiency and effectiveness of the process and adherence to SOPs by Management and staff at all hospitals/subsidiaries in order to ensure an efficient and sound control system; and
- Equip the internal auditors with the relevant training and professional certification to minimise any knowledge or experience gaps as well as engage new internal auditors with diverse skills and backgrounds. The Certified Internal Auditor (CIA) training and CIA Certification programme were approved by the AC in 2021 for all internal auditors with the objective of developing and sustaining the competencies and professionalism of the internal auditors.

##### REVIEW OF THE PERFORMANCE OF THE AC

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

##### RELATIONSHIP WITH EXTERNAL AUDITORS

A dialogue was held among the AC, IAS, Finance and the External Auditor to discuss the External Auditor's audit plan, report, internal controls issues and procedures. The performance of the External Auditor was assessed and the AC made recommendations pertaining to their appointment and remuneration to the Board.

In the year 2021, the External Auditors attended four (4) out of six (6) meetings, which were held on 17 February 2021, 20 May 2021, 20 August 2021 and 22 November 2021 respectively.

Separate private sessions were conducted without Management's presence on two (2) out of four (4) of the meetings.

#### RGC RISK AND GOVERNANCE COMMITTEE

Mohamed Ridza Bin Mohamed Abdulla	Chairman	Independent Non-Executive Director
Khairuddin Bin Jaflus	Member	Independent Non-Executive Director
Lydia Anne Abraham <sup>(1)</sup>	Member	Independent Non-Executive Director
Prof Dato' Dr. Azizi Bin Haji Omar <sup>(1)</sup>	Member	Non-Independent Non-Executive Director

##### Notes:

<sup>(1)</sup> Appointed as a member on 23 June 2021

##### RGC MEETING ATTENDANCE 2021

No.	Director	Dates of Risk and Governance Committee Meetings						Total Meetings Attended
		1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter		
		14 <sup>th</sup> 01.03.2021	Special 15.03.2021	15 <sup>th</sup> 10.05.2021	16 <sup>th</sup> 12.08.2021	Special 04.10.2021	17 <sup>th</sup> 10.11.2021	
<b>Independent Non-Executive Directors</b>								
1.	Mohamed Ridza Bin Mohamed Abdulla - Chairman	√	√	√	√	√	√	6/6
2.	Khairuddin Bin Jaflus	√	√	√	√	√	√	6/6
3.	Lydia Anne Abraham (Appointed: 23.06.2021)				√	√	√	3/3
<b>Non-Independent Non-Executive Directors</b>								
4.	Prof Dato' Dr. Azizi Bin Haji Omar (Appointed: 23.06.2021)				√	√	√	3/3
	Dato' Dr. Ngun Kok Weng (Resigned: 23.06.2021)	√	√	√				3/3
	Dato' Dr. Sivamohan a/I S. Namasivayam (Resigned: 23.06.2021)	√	√	√				3/3
<b>ATTENDANCE</b>		4/4	4/4	4/4	4/4	4/4	4/4	

## Corporate Governance Overview Statement

Principle A

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### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### RGC RISK AND GOVERNANCE COMMITTEE

##### ROLES AND RESPONSIBILITIES

The RGC oversees the overall risk exposure and risk management matters relating to any material clinical and non-clinical risks identified as well as governance processes within the Group. The RGC will recommend to the Board any changes in the policy, framework, standards and procedures where applicable.

The RGC also monitors the appropriateness of KPJ's strategies in addressing material stakeholder sustainability concerns and ensures their compliance with sustainability policy and reporting requirements.

##### ACTIVITIES IN 2021

- Reviewed the Group's Enterprise Risk Management (ERM) reports – which covered the ERM reporting status, risk profile, key risk highlights, risk priorities, mitigation plans and mitigation performance – to ensure that the Group's business activities as well as risk management methodologies were aligned and supplemented on an ongoing basis. This is to proactively manage the key risk areas that arise with the developments in the external operating environment;
- Monitored the status of business recovery during the COVID-19 pandemic through strategies to increase earnings and optimise costs;
- Deliberated on and made recommendation relating to the implementation of the new Hospital Information System from a risk perspective;
- Monitored the status of implementation of the Business Continuity Management (BCM) based on the established Business Continuity Framework;
- Oversaw the development and implementation progress of software solutions to better manage the risk governance activities;
- Reviewed the Anti-Bribery Management System (ABMS) framework and implementation plan and ensured its compliance with applicable laws, standards and regulatory requirements;
- Reviewed the reports on Medical and Clinical incidents reporting updates including action plans and initiatives undertaken to drive quality improvement activities. Matters in respect of the Group's medico-legal litigation cases, as well as trends of serious reportable events which highlighted problem areas in clinical performance and opportunities for improvement, were also reviewed; and
- Reviewed and recommended that the Board approves the RGC Report and the Statement on Risk Management and Internal Control in the Integrated Annual Report 2021.

##### PRIORITIES IN 2022

- Augment KPJ's risk strategy and appetite in alignment with KPJ's business objectives and strategy;
- Promote and improve the integration of risk thinking and a risk culture within KPJ through necessary steps in alignment with KPJ's corporate strategy;
- Monitor the implementation of Governance, Risk and Compliance (GRC) Solutions software for better data quality management; and
- Integrate efforts with other lines of defence for a better view and focus of risks and seamless reporting and monitoring.

## Corporate Governance Overview Statement

Principle A

**Principle B**

Principle C

### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### MAC GROUP MEDICAL ADVISORY COMMITTEE

##### Chairman

**Dato' Dr. Zaki Morad Bin Mohamad Zaher**

##### Member

**Dato' Mohd Shukrie Bin Mohd Salleh**, President & Managing Director

**Dato' Dr. Sivamohan a/l S. Namasivayam**, Chairman, Clinical Governance Policy Committee

**Assoc. Prof. (Clinical) Dr. Ab. Razak Bin Samsudin**, Chairman, Clinical Governance Action Committee

**Dato' Dr. Ngun Kok Weng**, Chairman, Clinical Risk Management Committee

**Prof. (Clinical) Dato' Dr. Fadzli Cheah**, Chairman, Clinical & Research Ethics Review Committee

**Prof. Dato' Dr. Azizi Bin Haji Omar**, Chairman, Research and Quality Innovation Committee

**Dr. Mohd Hafetz Bin Ahmad**, Medical Director, KPJ Bandar Dato Onn

**Dr. Kok Chin Leong**, Consultant Paediatrician, KPJ Puteri

**Suriaghandi Suppiah**, Chief Operating Officer

#### MAC MEETING ATTENDANCE 2021

Details of the attendance of MAC members can be found in the Medical Advisory Committee Report on pages 167 to 171 of this Integrated Annual Report.

#### ROLES AND RESPONSIBILITIES

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

#### ACTIVITIES IN 2021

- Developed new policies and guidelines as well as reviewed and updated all existing policies/guidelines to ensure evidence-based processes are in place. One (1) new policy and one (1) guideline were approved and four (4) policies were updated;
- Reviewed clinical governance and reporting clinical outcomes by consultants;
- Reviewed the activities for clinical compliance including accreditation standards and clinical survey results of twenty-eight (28) hospitals surveyed in fourteen (14) areas;
- Monitored performance and patient outcomes such as clinical indicators and quality indicators;
- Established KPJ's first Ambulatory Care Centre in Bandar Kinrara, Puchong and launched the Centre for Stroke in KPJ Damansara;
- Updated the KPJ Guidelines on managing COVID-19 patients and ensured ongoing training for all healthcare personnel as well as dissemination of up-to-date clinical information and global clinical best practices in the treatment and management of COVID-19; and
- Ensured involvement in the National Immunisation Programme, with 22 of our KPJ hospitals serving as vaccination centres, as well as Mega PPV Centres at the Kuala Lumpur Convention Centre and at Mid Valley South Key, Johor Bahru.

#### PRIORITIES IN 2022

- Monitor the execution of policy, procedures and guidelines for patient safety and ensure satisfactory clinical outcomes.

*More details of the activities undertaken by the MAC in 2021 can be found in the Medical Advisory Committee Report on page 163.*

## Corporate Governance Overview Statement

### Principle A

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### Principle C

#### INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

The Group understands that one of its major responsibilities is to provide sufficient and timely information as and when necessary to its shareholders and investors, as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors. As part of the Group's commitment to promote a high level of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations (IR) function.

The President & Managing Director and senior management personnel hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance.

The Senior Management personnel involved in Investor Relations activities are:

- Dato' Mohd Shukrie Bin Mohd Salleh – President & Managing Director
- Norhaizam Binti Mohammad – Chief Financial Officer
- Ariesza Noor – Chief Corporate Officer

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

Another integral component of KPJ's unyielding emphasis on ethical and high integrity reporting is the Group's Whistle Blowing Policy. This policy enables employees and other stakeholders (i.e., shareholders/suppliers/customers), or any other parties to report genuine concerns about unethical behaviour, malpractice, illegal acts, or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

A dedicated whistleblowing channel at [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my) is available for reporting. To encourage a conducive environment for effective whistle-blowing, the policy also provides assurances on the preservation of identity, the confidentiality of information, and protection of whistle-blowers from possible retaliation.

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

All shareholders have equal access to information. The Group has established formal channels to engage with shareholders and stakeholders:

#### Communication and Engagement with Shareholders

- Integrated Annual Report, Sustainability Report, Corporate Brochures, Notice of AGM;
- Announcements to Bursa Malaysia; and
- Website updates on corporate matters and the Annual General Meeting.

#### Annual General Meeting (AGM)

- The 28<sup>th</sup> AGM was held on a fully virtual basis on 22 June 2021 in accordance with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers (SC Guidance Note);
- Pursuant to the SC Guidance Note and Section 327(2) of the Companies Act 2016, the Chairman was present at the main venue of the AGM to chair the AGM. The AGM was conducted via the TIH online meeting platform in Malaysia at <https://tjih/online>;
- All shareholders were required to register their attendance at the AGM remotely by using the Remote Participation and Voting (RPV) facilities at <https://tjih.online>;
- The Administrative Guide of the AGM was circulated to the shareholders more than 28 days prior to the AGM together with the Notice of the AGM;
- The business presentation was made by the President & Managing Director;

- The Chairman encouraged shareholders to post questions and these were answered during the Q&A session, with the independent moderator from KPMG Management & Risk Consulting Sdn Bhd presenting the questions received for the AGM;
- Electronic poll voting was conducted on all resolutions and announcements of the voting results were made during the AGM as well as via Bursa LINK on the same day after the AGM;
- The minutes of the AGM were uploaded on the Company's website; and
- In line with KPJ's EES (economic, environmental and social) initiatives, which encourage a sustainable environment, shareholders were able to access our Integrated Annual Report, Sustainability Report and Financial Report online instead of via hard copy distribution. The reports and proxy form too were downloadable at <https://kpj.listedcompany.com/newsroom.html/cat/9862>

#### Communication via Mass Media

- Media interview on corporate developments;
- Press releases on key issues; and
- Social media established on the most popular social media platforms at the Group and subsidiary levels.

#### Engagement with Equity Analysts and Investors

- Analyst/Investor Meetings;
- Quarterly Briefing on Results and Audited Annual Financial Statements with analysts;
- President & Managing Director's semi-annual updates; and
- 13 equity research houses covering KPJ Healthcare.

## Corporate Governance Overview Statement

### INVESTOR RELATIONS ACTIVITIES

Since the onset of the pandemic, all investor meetings have been conducted online in order to ensure the safety of the participants and in adherence to the highest COVID-19 SOP compliance standards. We conduct an analyst briefing after the announcement of our quarterly results and this is well attended by all research houses covering KPJ. Analysts' queries have focused on how KPJ has been adapting to the tough operating environment and the key strategic initiatives being undertaken to transform the Group moving into the endemic phase of the pandemic.

SHARE QUOTE	STOCK	SHARE PRICE
<b>Market : Main</b> <b>Sector : Healthcare</b>	<b>5878</b>	<b>High : RM1.21</b> <b>Low : RM0.92</b> <b>Close : RM1.11</b>

GENERAL MEETING			
Date	Meetings	Venue	Agenda
22 June 2021	28 <sup>th</sup> Annual General Meeting	Fully virtual online meeting platform at <a href="https://tiih.online">https://tiih.online</a>	<ul style="list-style-type: none"> <li>- AGM Ordinary Businesses.</li> <li>- Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.</li> <li>- Proposed New and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of Revenue and Trading Nature.</li> </ul>
22 June 2021	Extraordinary General Meeting	Fully virtual online meeting platform at <a href="https://tiih.online">https://tiih.online</a>	Proposed lease renewal

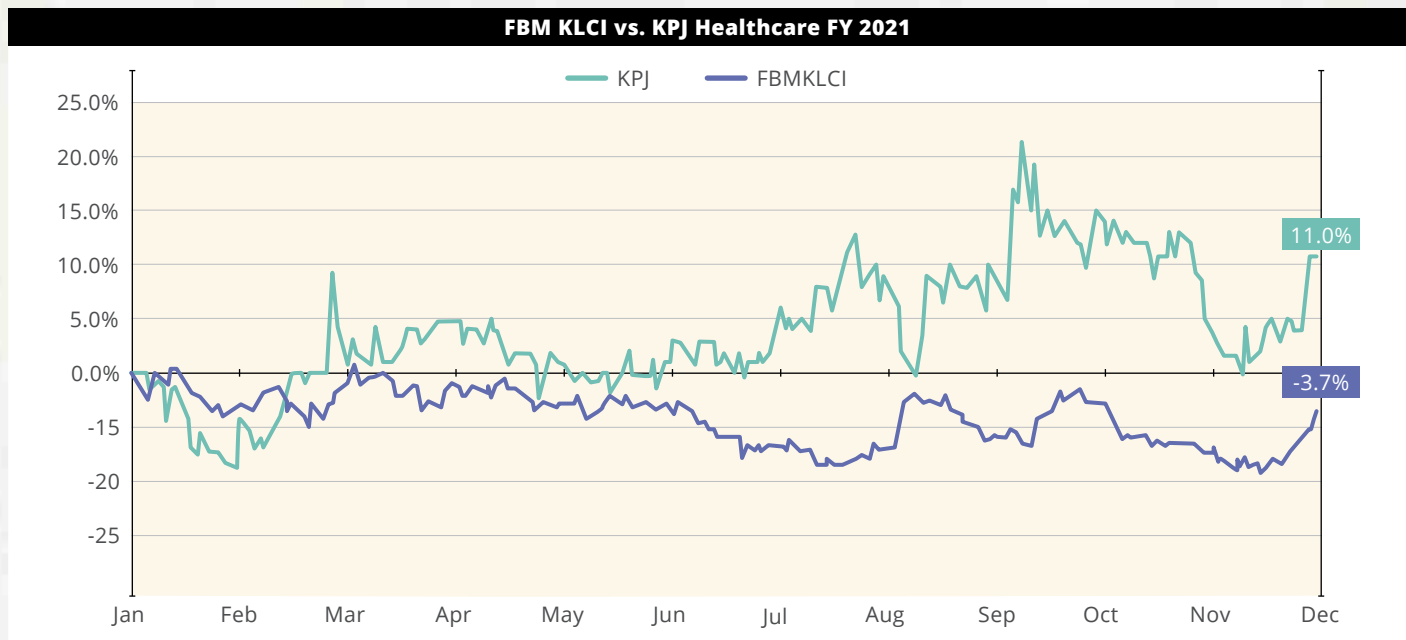


**FTSE4Good**

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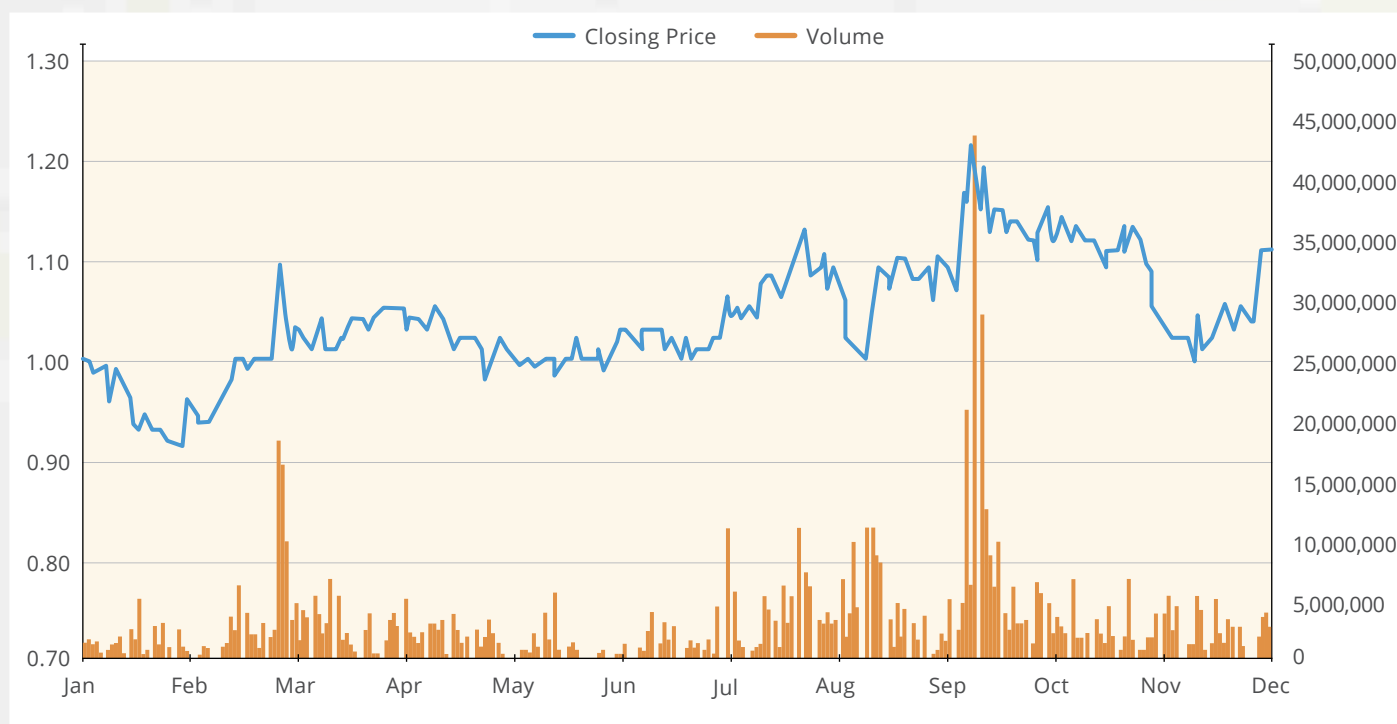
**KPJ Healthcare Berhad is a constituent of the FTSE4Good Index since 20 June 2016**

### KPJ Share Performance



## Corporate Governance Overview Statement

### KPJ Share Price and Volume Traded



### KPJ QUARTERLY VOLUME AND TRADING

	4Q 2021	3Q 2021	2Q 2021	1Q 2021
Total Volume	268,292,100	239,672,800	102,823,900	170,581,600
Daily Average Volume	4,258,605	3,966,576	1,713,732	2,843,027
Closing Price	1.11	1.16	1.01	1.03
High	1.21	1.17	1.09	1.09
Low	1.00	1.00	0.98	0.92
Trading	0.21	0.17	0.11	0.18

### KPJ SHARE PRICE 5 YEARS

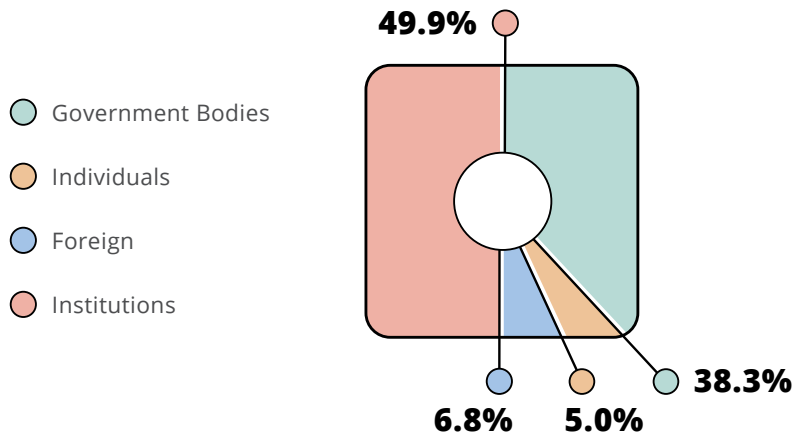
Year End	2021	2020	2019	2018	2017
Market Cap (RM Billion)	5.00	4.40	4.20	4.60	4.20
Closing Price	1.11	1.00	0.95	1.04	0.97
High	1.21	1.04	1.10	1.15	1.14
Low	0.92	0.72	0.87	0.84	0.90
Foreign Shareholding	6.81	5.94	6.29	6.67	7.45

## Corporate Governance Overview Statement

### SHAREHOLDING IN 2021

As at 31 December 2021, there were 7,541 securities account holders with 4,326,852,401 shares issued (excluding treasury shares).

#### Shareholders' Composition 2021



### ACKNOWLEDGEMENTS AND RECOGNITION RECEIVED IN 2021 FOR STAKEHOLDER ENGAGEMENT

In August 2021, KPJ was honoured with the MSWG-ASEAN Corporate Governance Award 2020 - Industry Excellence Award (Healthcare), for good corporate governance practices and reporting. This was the second time KPJ received the Industry Excellence Award (Healthcare) from MSWG, the first being in 2017.



# Audit Committee Report

## COMPOSITION AND ATTENDANCE

### Composition Of Members

The Audit Committee (AC) comprises five (5) members, with four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, who are also members of the Board of KPJ Healthcare Berhad. This satisfies the requirements of Paragraph 15.09 (1)(a) and (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad.

The composition of the AC and the record of their attendance at AC meetings held during the financial year 2021 are as follows:

Name of Member	Status of directorship	No. of Meeting Attended
<b>Dato' Mohd Redza Shah Bin Abdul Wahid<sup>(a)</sup></b> <i>Chairman</i>	Senior Independent Non-Executive Director	6/6
<b>Khairuddin Bin Jaflus</b> <i>Member</i>	Independent Non-Executive Director	6/6
<b>Hisham Bin Zainal Mokhtar<sup>(b)</sup></b> <i>Member</i>	Independent Non-Executive Director	3/3
<b>Lydia Anne Abraham<sup>(b)</sup></b> <i>Member</i>	Independent Non-Executive Director	3/3
<b>Rozaini Bin Mohd Sani<sup>(b)</sup></b> <i>Member</i>	Non-Independent Non-Executive Director	3/3
<b>Christina Foo<sup>(c)</sup></b> <i>Former Chairman</i>	Independent Non-Executive Director	3/3
<b>Prof Dato' Dr Azizi Bin Haji Omar<sup>(d)</sup></b> <i>Former Member</i>	Non-Independent Non-Executive Director	3/3
<b>Dato' Dr Ngun Kok Weng<sup>(e)</sup></b> <i>Former Member</i>	Non-Independent Non-Executive Director	3/3

### Notes:

(a) Re-designated as AC Chairman on 23 June 2021

(b) Appointed as an AC member on 23 June 2021

(c) Retired from the Board and ceased to be the AC Chairman as of 22 June 2021

(d) Resigned as an AC member on 23 June 2021

(e) Resigned as a Board member and ceased to be an AC member as of 23 June 2021

The Chairman of the AC, Dato' Mohd Redza Shah Bin Abdul Wahid, is an Associate Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales. This meets the requirement of Paragraph 15.09 (1)(c) of the MMLR which stipulates at least one of the AC members fulfils the financial expertise requisite.

Collectively, the AC members are qualified individuals having the essential skills and expertise to discharge the functions and duties of the AC. The financial literacy and ability of the AC members to understand the financial reporting process have contributed to the AC's discussions as well as upheld the integrity of the Company's financial reporting process and financial statements.

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

### Attendance

- AC meetings for 2021 were pre-arranged in December 2020 and communicated to the members early to ensure their time commitment. A minimum of four (4) meetings a year were planned, although additional meetings were called as and when required at the Chairman's discretion.
- During the financial year, the quorum for all six (6) meetings held during the financial year 2021 was fulfilled. The meetings were held on 17 February 2021, 17 March 2021, 20 May 2021, 3 August 2021, 20 August 2021 and 22 November 2021 respectively.
- The Company Secretaries act as the AC Secretaries at all AC meetings. The President & Managing Director, Senior Management together with Head of Internal Audit and External Auditors normally attend the meetings. Other Directors, Executive Directors of the hospitals and employees of the company and/or Group may attend any particular meeting upon invitation where appropriate.
- Minutes of the AC meetings are circulated to all members and extracts of the decisions made are escalated to relevant process owners for action. The Chairman of the AC provides a summary report and highlights significant points on the decisions and recommendations from the AC meetings to the KPJ Board.

## Audit Committee Report

### Meetings with External Auditors

- In the year 2021, the External Auditors attended four (4) out of six (6) AC meetings, namely those which were held on 17 February 2021, 20 May 2021, 20 August 2021 and 22 November 2021 respectively.
- Separate private sessions were conducted without Management’s presence at two (2) out of four (4) of the AC meetings.

### TERMS OF REFERENCE

The duties and responsibilities of the AC are outlined in its Terms of Reference (TOR) which are available online in the Corporate Governance section at

[https://kpj.listedcompany.com/audit\\_committee.html](https://kpj.listedcompany.com/audit_committee.html).

### FOCUS AND ACTION PLAN

The AC received updates on key governance matters and issues across the Group at each AC meeting. During the financial year, the AC focused on the following areas, among others:

- a) The impact of the global COVID-19 pandemic and its consequential effects on the operations and financials of the KPJ Group;
- b) The Corporate Liability Provision as per Section 17A Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) which stipulates that a commercial organisation commits an offence if a person associated with the commercial organisation commits a corrupt act for the commercial organisation. The AC also reviewed the preparedness and adequacy of the KPJ Group of Companies in establishing and implementing ‘Adequate Procedures’ to deter persons associated with the commercial organisation from committing corrupt acts of gratification;
- c) A review of the effectiveness and adequacy of the procurement/tender process which is aligned with the Group’s strategic direction in the establishment of the Group Central Procurement and the Procurement Framework; and
- d) Recent developments in tax laws and regulations.

### SUMMARY OF WORK

Over the course of 2021, the AC carried out the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
<b>Financial Results</b>	<ul style="list-style-type: none"> <li>• Reviewed the quarterly unaudited financial result announcements before recommending the same to the Board for approval;</li> <li>• Reviewed the Company’s compliance, in particular the quarterly and year-end financial statements, with the Malaysian Financial Reporting Standards, applicable disclosure provisions in the MMLR, and other relevant legal and regulatory requirements; and</li> <li>• Reviewed the impact of changes in accounting policies and adoption of new accounting standards together with significant matters highlighted in the financial statements.</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• Reviewed and approved the annual audit plan for the year 2022 to ensure adequate resources, competencies as well as comprehensive audit scope and coverage over significant and high-risk audit activities;</li> <li>• Deliberated on the Internal Audit Reports that were tabled and appraised the adequacy of Management’s responsiveness to the audit findings and recommendations;</li> <li>• Evaluated the results of scheduled follow-ups, investigations and special audits performed and confirmed that appropriate actions were taken to correct the weaknesses;</li> <li>• Assessed the status of audit activities as compared to the approved annual audit plan; and</li> <li>• Approved the annual revision of the Audit Charter and recommended that the Board approve the annual revision of the AC’s TOR.</li> </ul>

## Audit Committee Report

AREA OF FOCUS	MATTERS CONSIDERED
<b>External Audit</b>	<ul style="list-style-type: none"> <li>Reviewed the audit plan, audit strategy and scope of work for the year;</li> <li>Reviewed the results of the interim and annual audits, the audit reports, as well as the Management Letter together with Management's response to their findings;</li> <li>Assessed the independence and objectivity of the External Auditors during the year. The AC also received from the External Auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work;</li> <li>Deliberated on the developments relating to financial reporting and the regulatory environment;</li> <li>Assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board of Directors; and</li> <li>Met with the External Auditors without the presence of Management on 17 February 2021 and 20 August 2021.</li> </ul>
<b>Related Party Transactions</b>	<ul style="list-style-type: none"> <li>Reviewed the related party transactions and recurrent related party transactions entered into by the Group as well as any conflict-of-interest situations that arose within the Group.</li> </ul>
<b>Annual Reporting</b>	<ul style="list-style-type: none"> <li>Reviewed and recommended the Audit Committee Report for inclusion in the Integrated Annual Report to ensure compliance with the relevant regulatory reporting requirements, prior to Board approval.</li> </ul>
<b>Other Matters</b>	<ul style="list-style-type: none"> <li>Reviewed the write-off for bad debts exercise prior to recommending this to the Board for approval;</li> <li>Deliberated on the progress and status of IT-related strategic issues;</li> <li>Reviewed and deliberated on the subsidiaries' performance; and</li> <li>Deliberated on the status and updates on credit and inventory management of the Group.</li> </ul>
<b>Continuous Professional Development</b>	<ul style="list-style-type: none"> <li>For the year under review, the relevant AC members have attended various conferences, seminars and training. Details of all training sessions attended are reported under the Corporate Governance Report, Practice 2.1 published on KPJ's website.</li> </ul>

### INTERNAL AUDIT SERVICES

- The Groups' in-house Internal Audit Services (IAS) team carries out KPJ's internal audit function in assisting the Board to oversee that Management has in place sound risk management, internal control and governance systems.
- IAS is headed by a Chief Internal Auditor, En. Mohd Firdaus Mohamed Din, who joined KPJ on 9 March 2020. He is a Certified Credit Professional (Business), Certified Credit Professional – Islamic (Business), Chartered Member of the Chartered Institute of Islamic Finance Professionals Malaysia, and an associate member of CPA Australia. He holds a Bachelor of Commerce (Accounting) from the Australian National University, Canberra.
- There are a total of 20 internal auditors who performed audits across the KPJ Group including the Group's Overseas Operations. The auditors are segregated into two (2) teams comprising Financial and Operational auditors, as well as IT auditors.
- Various physical and virtual in-house training programmes and external courses were provided to staff members in the areas of auditing skills, technical skills, leadership, data analytic, business acumen, strategic management and personal development to enhance their skills and align them with the desired competency levels.

### Roles and Functions

- IAS, as the third line of defence, reviews the effectiveness of the internal control structures over the Group's activities by focusing on high-risk areas that are determined using a risk-based approach.
- All high-risk activities in each auditable area are audited annually in accordance with the approved Audit Plan. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.
- IAS reports functionally to the AC and administratively to the President & Managing Director.

## Audit Committee Report

### Summary of Work by IAS

- The IAS within its terms and reference, undertook the following scope-of-work for the financial year 2021:
  - i) Reviewed and appraised the adequacy and integrity of the internal financial controls and information system controls so as to ensure that these provide a reasonable but not absolute assurance that KPJ's assets are properly safeguarded;
  - ii) Collaborated with other internal or external assurance providers, or consulting services to determine the scope-of-work to ensure proper audit coverage and to minimise duplication efforts; i.e., External Auditors, Compliance Services, etc;
  - iii) Ascertained the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations;
  - iv) Appraised the effectiveness of the administrative and financial controls applied and the reliability and integrity of data that is produced within the Group;
  - v) Performed follow-up reviews of outstanding audit findings to ensure that the necessary actions have been taken/are being taken to remedy any significant gaps identified on the governance, risk management and internal control;
  - vi) Carried out special reviews/investigations requested by the AC and/or Management;
  - vii) Witnessed the tender opening and validated the evaluation process for procurement of goods and services to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner;
  - viii) Prepared and tabled the annual audit plan including its financial budget and required resources to the AC for their review and approval; and
  - ix) Prepared the Audit Committee Report for the Company's Integrated Annual Report for financial year ended 31 December 2021.
- During the financial year ended 31 December 2021, IAS accomplished a total of 141 audits comprising scheduled financial and operational audits as well as IT audits at the hospitals, support companies and headquarters. These audits included investigations, special audits and ad hoc assignments. Reviews on compliance with established procedures, guidelines and statutory obligations were also performed.
- The audit reports which provide the results of the audit conducted are submitted to the AC for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the AC to execute its oversight function by reviewing and deliberating on the audit issues, audit recommendations as well as Management's responses to these recommendations.

- Where appropriate and applicable, the AC directs Management to take cognisance of the issues raised and to establish the necessary steps to strengthen the system of internal control based on IAS' recommendations.
- All findings resulting from the audits were reported to the AC, Senior Management and relevant Management of the operating hospitals and support companies. Management of the operating hospitals and support companies were accountable for ensuring proper rectification of the audit findings and for implementing action plans within the timeframe specified.
- Follow-up by IAS on the actions taken is updated in the subsequent audits. In addition, the IAS plays an advisory role in the course of performing its audit activities.
- In view of the global pandemic, IAS has faced many challenges in completing the audit plan given the limitations in mobility and the ability to gather audit evidence. Nevertheless, the audit procedures were customised to suit the current pandemic situation whereby a more virtual-oriented approach or desktop audits were executed in order to ensure the safety of auditors and minimise the risk of them getting infected.

### Independence of IAS

- IAS functions independently of the activities or operations of other operating units. IAS' authority, scope and responsibilities are governed by its revised Audit Charter which was approved by the AC on 22 November 2021 in alignment with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).
- All Internal Audit personnel are to sign an Independence Statement as well as a declaration on compliance with the Code of Ethics of the IIA in carrying out their duties.

### Quality Assurance and Improvement Programme

- IAS shall maintain a quality assurance and improvement programme to uphold the conformance of internal audit activities with the International Standards for Professional Practice of Internal Auditing (Standards) issued by the IIA.
- The said programme includes the IAS function's self-assessment process and assessment by a qualified independent assessor once in five years.
- The Strategic, Quality and Development (SQD) Unit which has been working at full force effective Q2 2021 embarked on the implementation of the maiden Audit Management System (AMS) with a few pilot audit assignments set for completion by the end of 2021. The pilot projects were able to adequately illustrate the actual hurdles and challenges faced by the auditors in completing their audit process via the AMS. SQD together with IAS Management were also able to further tweak the existing process prior to fully utilising the system for all the audits assignments.
- IAS also concentrated its efforts on reviewing the auditors' competencies and professionalism by introducing the Certified Internal Auditor (CIA) programme. All auditors are encouraged to enrol in the CIA training and certification programme which forms part of the auditor's Key Performance Indicators (KPIs).

# Statement on Risk Management and Internal Control

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

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

## BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as for reviewing its adequacy and effectiveness. The Board has put in place a sound governance structure, risk management framework and internal control system pursuant to Principle B (II) of the Malaysian Code on Corporate Governance 2021 to ensure effective oversight of the Group's controls and risks.

The Audit Committee (AC) reviews the effectiveness of the internal control structure over the Group's activities focusing on high-risk areas which are determined using a risk-based internal audit approach. The Risk and Governance Committee (RGC) evaluates and reviews the assessment of identified risks, the effectiveness of the Enterprise Risk Management (ERM) Framework, as well as the process for accessing and managing the Group's principal risks. Issues raised and actions taken by Management to address these issues are deliberated on at the RGC and AC meetings.

## MANAGEMENT RESPONSIBILITY

KPJ's Management has overall responsibility for implementing the Board's policies on risks and controls. Management facilitates this by allocating resources towards the design and implementation of policies and procedures on the risk management framework and internal control system so that significant risks faced by the Group can be identified and evaluated. Management also formulates adequate controls to manage these risks, according to the risk appetite set by the Board.

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

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

- The effectiveness and efficiency of operations;
- The reliability of financial reporting; and
- Compliance with applicable laws and regulations.

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

## RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

### Integrity and Ethical Values

The Group is committed to upholding the highest standards of ethics and integrity by demonstrating honesty, fairness, transparency and accountability in the conduct of its business and operations. Performing duties with integrity is one of the core values embraced by KPJ.

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

In line with the implementation of the Group's Anti-Bribery Management System (ABMS), employees are required to annually affirm their commitment to uphold high integrity and ethical values via the Staff Integrity Pledge in the Employee Self Service Portal.

KPJ also has in place a comprehensive Whistle-Blowing Policy that outlines the Group's commitment to promoting the highest standards of governance, ethics and integrity in all aspects of the Group's business dealings. A dedicated whistle-blowing channel at [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my) is made available should employees or any other stakeholders wish to report any unethical practices or perceived wrongdoings. In order to encourage a conducive environment for effective whistle-blowing, this policy also provides assurances on the preservation of the identity of whistle-blowers, the confidentiality of information and protection for whistle-blowers from any possible retaliation. This policy provides an avenue for employees and all stakeholders to raise genuine concerns internally as well as to report any breach or suspected breach of any law or regulation.

## Statement on Risk Management and Internal Control

Since 2011, the Group has also been a signatory to the Malaysian Corporate Integrity Pledge, introduced by the Malaysian Institute of Integrity (MII) in support of the Government's efforts to combat corruption and unethical practices.

The Group's No Gifts and Entertainment Policy has been in place since 2014, whilst the Asset Declaration Policy which applies to all employees has been in effect since 2017. The purpose of these policies is to uphold ethical and responsible behaviour by all KPJ's employees and to avoid conflict of interest situations in any ongoing or potential business dealings that the Group has with various suppliers and service providers.

The Group has adopted the Integrity Pact implementation guidelines as a tool to prevent corruption in the procurement processes. It comprises a set of declaration processes by the Group's employees, the procurement committees involved in procurement activities as well as suppliers. The Group requires its Vendors/Suppliers/Agents/Contractors to adhere to the laws, rules and regulations in all of their activities. The Group expects the Vendors/ Suppliers/ Agents/ Contractors to abide by the integrity agreement when conducting business with or for the Group.

### **KPJ'S ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS)**

In line with the National Anti-Corruption Plan 2019-2023 launched by the Government in January 2019, three officers from KPJ were certified as Certified Integrity Officers or CeIOs by the Malaysia Anti-Corruption Academy (MACA).

In February 2020, KPJ went on to form its Integrity Unit (IU) as part of its preparation to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The IU's primary role is to drive and embed integrity as a key factor in governance and ensure all the Anti-Bribery Management System (ABMS) policies and procedures are in place.

On 23 October 2020, KPJ attained ISO 37001:2016 ABMS certification for a period of three years. This helps the Group to manage the corporate liability risks that it may face in business and to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) that was enforced on 1 June 2020. KPJ's subsidiary companies commenced adopting the practices under the same Act in January 2021.

In November 2021, KPJ completed the ABMS Surveillance Audit by SIRIM registering a "No Non-Conformity Report" and one "Opportunity for Improvement."

The Group upholds good business value ethics by preventing and eliminating all forms of bribery/corruption to achieve the Company's vision and mission to safeguard the interests of its stakeholders.

The ABMS objectives are as follows:

- To inculcate and practice ethical virtues;
- To hinder any possibilities that could lead to unethical or untruthful practices;
- To comply with the Malaysian Anti-Corruption Commission Act 2009, regulations and Anti-Bribery Management System (ISO 37001:2016);
- To take the necessary action against employees and other interested parties contravening the law, regulations, ABMS Policy and other requirements;
- To cooperate with the relevant agencies to combat threats of bribery and fraud;
- To leverage the ABMS Committee and IU to monitor and ensure the ABMS is implemented and to report their findings to the RGC for continuous improvement;
- To comply with the Code of Behaviour and Business Ethics and practice good values based on moral principles whilst performing our duties as well as making continuous improvements; and
- To provide a channel of reporting as per the Whistle-Blowing Policy for any forms of bribery/corruption risks.

To instil a zero-tolerance for bribery and corruption, IU conducted a series of awareness training sessions on the ABMS and the related standard operating procedures (SOPs) throughout the year 2021. In addition, Integrity Ambassadors were appointed at all the Group's companies to assist the IU in instilling and promoting ethical values among the Group's employees.

Quarterly meetings with the Integrity Ambassadors were scheduled to monitor the progress of the ABMS SOP implementation. Aside from that, the identification of bribery risk for hospitals and subsidiary companies was initiated and developed progressively.

The ABMS Compliance Checklist Reporting was introduced in 2021 as a control mechanism in monitoring the ABMS SOP implementation throughout the Group. Collaboration with the MACC was initiated in 2021 and a series of ongoing engagements are planned for 2022.

## Statement on Risk Management and Internal Control

### CONTROL STRUCTURE +

Effective 1 February 2021, the Board has approved a new structure which is collectively referred to as the KPJ Group Management Committee (formerly known as the EXCO). This committee is chaired by the President & Managing Director and its other members are as follows:

**Chief Operating Officer**

**Chief Financial Officer**

**Chief Commercial Officer**

**Chief Corporate Officer**

**Chief People Officer**

**Chief Technology Officer**

**Chief Transformation Officer**

**Head of International Business**

**Head of Projects**

**Note:**

1. As of February 2022, International Business was merged into other services i.e., Hospital Operations and Sales & Operations.
2. The position of Chief Transformation Officer is no longer applicable effective 1 December 2021. The Transformation Office is currently led by the Head of Transformation Office.
3. Upon the end of service of the Head of Project on 31 December 2021, the reporting structure of Project Division was realigned to the COO Office.
4. Starting 1 January 2022, Chief People Officer was renamed to Chief Human Resource Officer.

Possessing the largest number of healthcare facilities and professionals in Malaysia's private sector, all KPJ's 28 hospitals were reorganised under regional groupings across seven geographically based regions i.e., Northern Region, Central Region I, Central Region II, Southern Region I, Southern Region II, East Coast Region and East Malaysia Region. Each of these regional groupings is led by a Regional CEO and all the Regional CEOs report to the Chief Operating Officer.

The Regional CEOs supervise the hospitals in their respective regions where the respective Chief Executive Officers/General Managers of these hospitals report to them. The Medical Directors oversee the clinical operations and governance at the hospitals.

At the Corporate level, the Group exercises its governance oversight via the Medical Advisory Committee (MAC) on clinical matters and the KPJ Group Management Committee (KGMC) on all hospital operations matters and strategic matters.

#### ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY

The Board has delegated certain responsibilities to Board Committees and Management Committees with clearly defined terms of reference. The functions and activities carried out by the Board Committees are set out in the Corporate Governance Overview Section on pages 133 to 146.

The Board also assigns authority and responsibility to the President & Managing Director. The KGMC that is chaired by the President & Managing Director oversees all business operations and executes all strategic initiatives approved by the Board.

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

#### 1. RISK AND GOVERNANCE COMMITTEE (RGC)

The RGC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The RGC is entrusted with evaluating and reviewing the assessment of identified risks, the effectiveness of the ERM Framework, as well as the process of assessing and managing the Group's principal risks. The committee also reviews and evaluates the Group-level risk exposures and manages significant identified clinical and non-clinical risks.

#### 2. GROUP MEDICAL ADVISORY COMMITTEE (MAC)

The MAC is chaired by a Senior Medical Professional. The MAC Chairman is appointed by the President & Managing Director. The MAC is the apex clinical committee that is responsible for the Group's clinical governance framework and the guidelines for sound and ethical medical practices. There are various sub-committees under the MAC, namely the Central Credentialing and Privileging Committee (CCPC), Clinical Governance Policy Committee (CGPC), Clinical Governance Action Committee (CGAC), Clinical Risk Management Committee (CRMC), Research and Quality Innovation Committee (RQIC) and Clinical and Research Ethics Review Committee (CRERC).

The MAC reviews the Group's clinical governance practices including policies, guidelines, SOPs and clinical compliance framework for the approval of the Board to inculcate a safe, healing, ethical environment as well as to promulgate good clinical governance practices that are consistent with the Board's business direction and risk tolerance.

## Statement on Risk Management and Internal Control

### 3. TENDER COMMITTEE (TC)

The TC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The TC oversees the timeline and costing of each project undertaken by the Group and addresses any issues relating to these projects. The TC evaluates, deliberates and approves all major procurement contracts within the authority limits set by the Board. The TC also evaluates the recommendations made by the Management on selected contractors for the Board's approval.

### 4. CLINICAL RISK MANAGEMENT COMMITTEE (CRMC)

The Chairman of the Group CRMC is a Senior Medical Professional who is appointed jointly by the Management and the MAC of KPJ. The CRMC is entrusted with reviewing and overseeing the effectiveness of the Group's clinical governance framework. All major clinical risk incidents related to patient and staff safety are presented to the CRMC. All strategic corrective and preventive measures discussed and decided by the CRMC are escalated to the MAC for its notation and endorsement.

### 5. TENDER EVALUATION COMMITTEE (TEC)

The TEC is a management committee chaired by a member of the KGMC. The TEC is responsible for evaluating all tenders for all acquisitions of assets, awards of contracts and appointments of project development consultants/ advisors to the Group. The TEC makes the appropriate recommendations to the TC.



The Terms of Reference (TOR) for all the aforementioned committees are available at [www.kpjhealth.com.my](http://www.kpjhealth.com.my).

### ADVANCING EMPLOYEE SKILLS AND COMPETENCIES

Being in a service-oriented industry, KPJ recognises the importance of continuous investment in improving the skills and competencies of its employees. In 2021, the Group spent RM3.93 million (2020: RM5.7 million) to implement its employees' training and development plan.

In supporting employee skills and capabilities enhancement, Group Human Resources Management, in collaboration with KPJ Healthcare University College's (KPJUC) teaching professionals as well as external trainers have facilitated and conducted an average of 34 training hours/staff per year in 2021 (target 30 training hours/staff per year). The programmes, which were centred on functional and leadership-related disciplines such as customer service, clinical safety and leadership, were mostly conducted via online learning (virtual), given the COVID-19 pandemic.

In supporting employees' career advancement, Group Human Resources Management offers educational sponsorship assistance in the following areas:

1. To qualified employees to further their studies in various post-graduate programmes with local and overseas institutions (priority is given to hospital management and clinical disciplines); and
2. To all Diploma holder Nurses, representing almost half of the Group's total workforce, to further their studies either for the Degree in Nursing or post-basic courses in OT, ICU, CICU, renal, midwifery, and paediatric nursing at KPJUC or at any reputable institutions.

Since the programme's initiation in 2005, a total of 106 staff have benefited from this programme.

### RISK MANAGEMENT FRAMEWORK

#### Enterprise Risk Management

The Enterprise-wide Risk Management or ERM Framework remains an integral part of the Group's governance process in ensuring all inherent and emerging risks are assessed, mitigated and monitored to safeguard the Group's interests.

The Group issued the KPJ Risk Management Guidelines in 2019 to all hospitals. This was formulated based on the ISO 31000:2018 Risk Management standard and serves as a guide for identifying, evaluating, managing and monitoring significant risks by the Group as it aligns its ERM process with industry best practices. The objective of the KPJ Risk Management Guideline is to provide a structured and consistent approach to risk management across the Group for informed decision making.



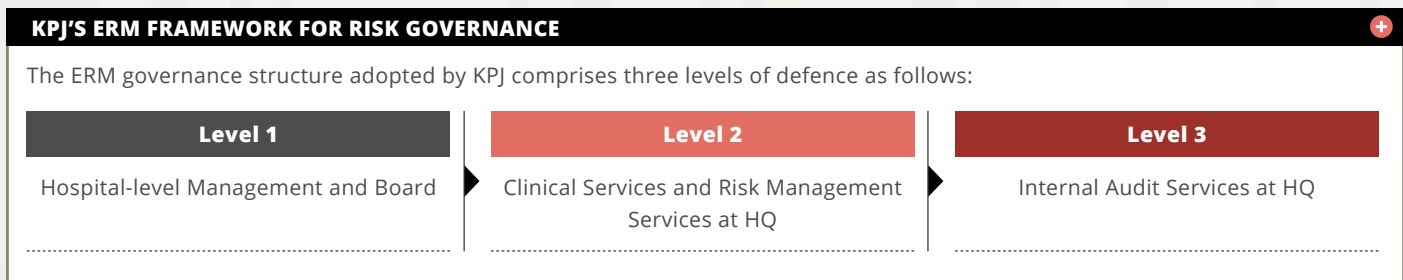
## Statement on Risk Management and Internal Control

The Group has put in place an ERM Framework for managing risks associated with its business and operations and robust ERM practices have been implemented throughout KPJ to support our organisational business and strategic objectives. Group Risk is structured to provide adequate support to business units and subsidiaries in relation to risk management practices and implementation as well as to guide the priorities and direction of group risk management activities.

A reporting format by risk category has been enhanced in which risks have been categorised and prioritised based on their rating and impact, namely Strategic Risk, Financial Risk, Operational Risk and Compliance Risk. KPJ's RGC and Management continue to provide oversight and appraise the adequacy and the effectiveness of the ERM practices in view of the increasingly challenging operating environment.

In April 2021, KPJ developed the KPJ Business Continuity Management (BCM) Framework which facilitates a structured and scalable approach for designing and executing a Business Continuity Plan (BCP). It also provides a one-stop reference for BCM concepts, expectations and deliverables to be adopted across the Group. The Framework was formulated based on the ISO 22301 - Business Continuity Management standard.

As part of its strategy to improve data quality management and streamline risk governance practices and reporting across its companies and subsidiaries, KPJ embarked on a Governance, Risk Management and Compliance (GRC) software project for a systematic and structured monitoring and reporting of risks within KPJ in 2021. The project is currently ongoing.



KPJ's ERM structure spans the entire organisation, from the Board, right down to the operational level. Material risks are consolidated from all Business Units to the Group Management, escalated up to the RGC and finally to the Board. Risk Officers have been appointed at all hospitals to co-ordinate and monitor the implementation of risk management activities across all operations. All hospitals and subsidiaries are required to identify and mitigate relevant risks that may affect the achievement of the Group's objectives and report all significant risks arising from operations to Group Risk.

The Group coordinates its risk management activities through a risk reporting and escalation framework called the Incident Reporting and Root Cause Analysis framework. This is to ensure that all risk incidents are documented, investigated and root causes are identified to prevent future recurrence and ensure patient safety is given top priority. All incident reporting and root cause analysis activities are conducted via the Q-Radar online risk reporting system was rolled-out to all hospitals in June 2017. Today, all hospitals have access to report incidents (clinical and non-clinical) via this online risk reporting system.

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

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

## Statement on Risk Management and Internal Control

### CONTROL ACTIVITIES

#### Policies and Procedures

Policies and procedures are documented accordingly with the objective to ensure that appropriate authority limits are in place, that business activities are carried out according to set standards, and that the necessary actions are taken to address and minimise risks and ensure the orderliness and continuity of business functions.

#### Segregation of Duties

The delegation of responsibilities by the Board to the Management and Operating Units are clearly defined and authority limits are strictly enforced and reviewed regularly. The Authority Limit was last approved by the Board on 26 August 2020. Different authority limits are set for different areas of procurements such as capital expenditure and operational expenditure. Similarly, cheque signatories and authority limits are clearly defined and enforced.

#### Key Performance Indicators (KPIs)

KPIs with detailed balance scorecards are monitored and tracked to ensure the Group achieves the financial, strategic, operational and customer perspective targets that were set at the beginning of the financial year. The KPIs are cascaded down to all the operating subsidiaries in the Group.

### COMMITMENT TO CONTINUOUS LEARNING

#### Information Technology (IT)

Information Communication Technology (ICT) continues to evolve at a tremendous pace even as businesses embrace the Industry 4.0 Revolution by leveraging artificial intelligence, digital production, the Internet of Things, Cloud technology, Robotic Process Automation and Big Data, among other innovations. KPJ's Group Technology Services (GTS) has aligned its ICT strategies with KPJ's vision and business objectives for the next five years and is ensuring that KPJ is leveraging the latest technological advancements to achieve its goal of becoming a Smart Healthcare Provider (the hybrid business model for both physical and virtual care). As part of the strategy, KPJ will be replacing its long serving Hospital Information System (HIS) with the next generation futureproof HIS which will be able to deliver Industry 4.0 technologies and the integration necessary to meet KPJ's vision and goals. The first pilot project is expected to be rolled out at KPJ Damansara 2 Specialist Hospital (DSH2) in 2022.

#### Communication and Information Sharing

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

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

On 1 February 2021, the Group conducted a townhall meeting whereby Management shared the new changes in policies and group structure, reported on financial and operational performance, as well as unveiled the new strategic direction, balance scorecard and business targets for the new financial year.

#### Insurance Coverage

The Group is working closely with insurance brokers to ensure optimum coverage with competitive premium rates to protect its major assets against any mishaps that could result in material loss.

The coverage is reviewed yearly taking into account the changes in risk profiles (acquisitions and claims, among other things). All the staff in Group are covered by the Group Personal Accident Policy for injuries resulting from incidents or accidents.

All directors, medical officers and professionals of the KPJ Group have been covered by the Liability Insurance (Medical Malpractice Policy and Directors and Officers Policy) in respect of their potential exposure to any personal liability which may arise in the course of performing their duties.

The Management and Staff of KPJ Group are also covered by the Business Travel Protector Insurance for all their business travels.

### CONTINUOUS MONITORING AND ASSURANCE

#### Ongoing Monitoring

Consequent to the risk assessment process, all risks identified are registered and monitored. Registered risks are reviewed by their respective risk owners with quarterly reporting to Group Risk. Subsequently, risk updates are consolidated and analysed for monitoring and reporting to the RGC on a quarterly basis.

## Statement on Risk Management and Internal Control

The effectiveness of the ERM Framework in relation to clinical domains is provided primarily by Clinical Services through off-site reviews. In 2021, a total of 28 hospitals were surveyed in 14 service areas by the clinical team assisted by Chief Nursing Officers, pharmacists, dieticians and physiotherapists.

The assurance activities of the Group are primarily undertaken by the Level 3 line of defence function. The effectiveness of internal control systems implemented throughout the Group is assessed primarily by Internal Audit Services through the conduct of regular audits on KPJ's hospitals and key subsidiaries.

Reports generated by Level 2 and Level 3 lines of defence are presented to the CRMC, RGC and AC respectively for deliberation.

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

### Independent Evaluation

All hospitals certified with the Malaysian Society for Quality in Health (MSQH) and Joint-Commission International (JCI) accreditation have to undergo stringent surveillance audits by the respective surveyors and audit teams to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed. This is usually done every three years for JCI accreditation and every four years for MSQH accreditation.

Currently, 19 hospitals in the Group have received their accreditation certifications from the MSQH, out of which four hospitals, namely KPJ Johor Specialist Hospital, KPJ Seremban Specialist Hospital, KPJ Ampang Puteri Specialist Hospital and KPJ Penang Specialist Hospital, have also been certified by the JCI with the internationally-recognised "JCI Accreditation". It is the Group's aspiration that all hospitals in its network receive this accreditation upon reaching operational maturity.

In 2021, MSQH planned to conduct 10 hospital accreditation surveys as part of the accreditation process cycle but due to the COVID-19 pandemic and conversion of 6th edition standards, some of the surveys have been postponed to 2022.

### Review of this Statement by the External Auditors

This Statement on Risk Management and Internal Control has been reviewed by the External Auditors as required by Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the inclusion in the Integrated Annual Report for the year ended 31 December 2021. The limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control of the Group.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal controls systems of the Group.

### ASSURANCE

The Board has received assurance from the President & Managing Director and Chief Financial Officer, that the Group's risk management framework and internal control system are operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement for inclusion in the Integrated Annual Report, based on the risk management and internal control system adopted by the Group.

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

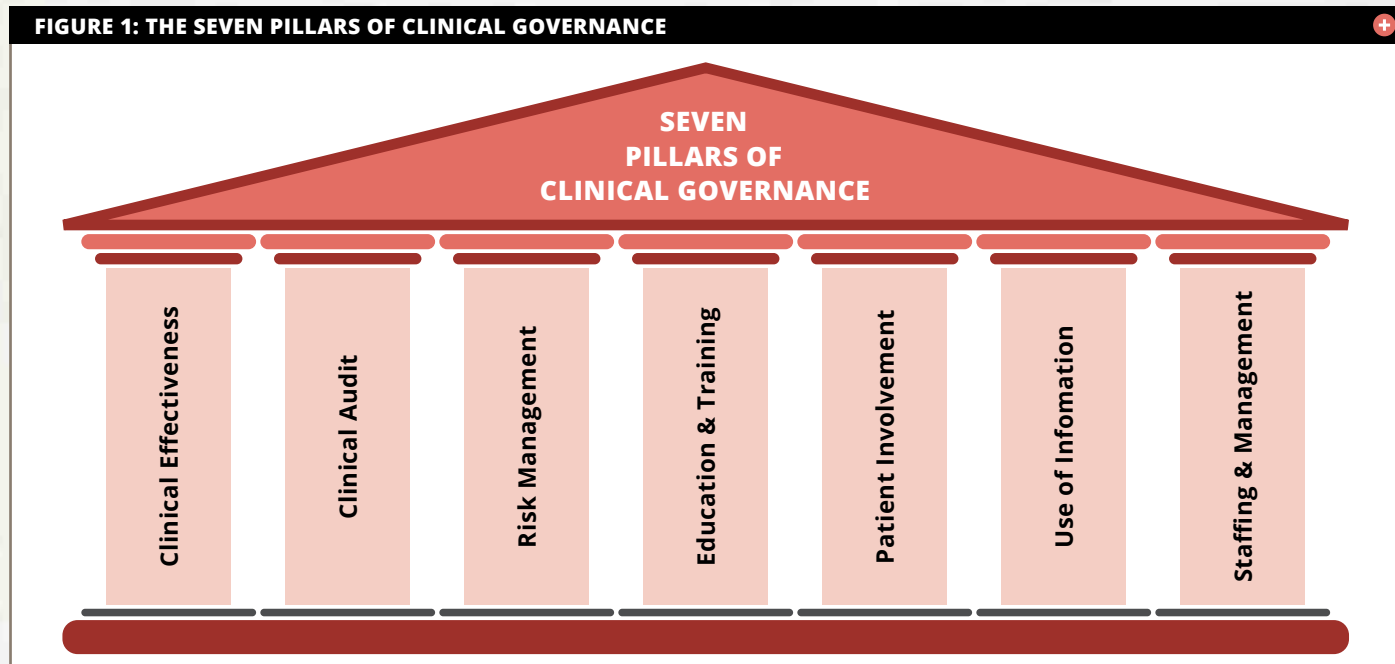
The Board is therefore pleased to disclose that the system of internal control and risk management of the Group is sufficient, appropriate, effective and in line with the Malaysian Code of Corporate Governance and the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed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

# Medical Advisory Committee Report

Clinical governance is an integral component of corporate governance within a health service organisation. It ensures that all those responsible – from frontline clinicians to managers and members of governing bodies, such as boards – are accountable to patients and the community for the delivery of health services that are safe, effective, integrated, of a high quality and are continuously being improved upon.

In short, it is about **the right person** (be it an appropriately trained and resourced individual or team), **doing the right thing, at the right time** via the application of the best evidence to a patient’s problem, in the way the patient wishes. The individual or team must also work within an organisation that is accountable for the actions of its staff, values its staff (appraises and develops them), minimises risks, and learns from good practice as well as any mistakes made.

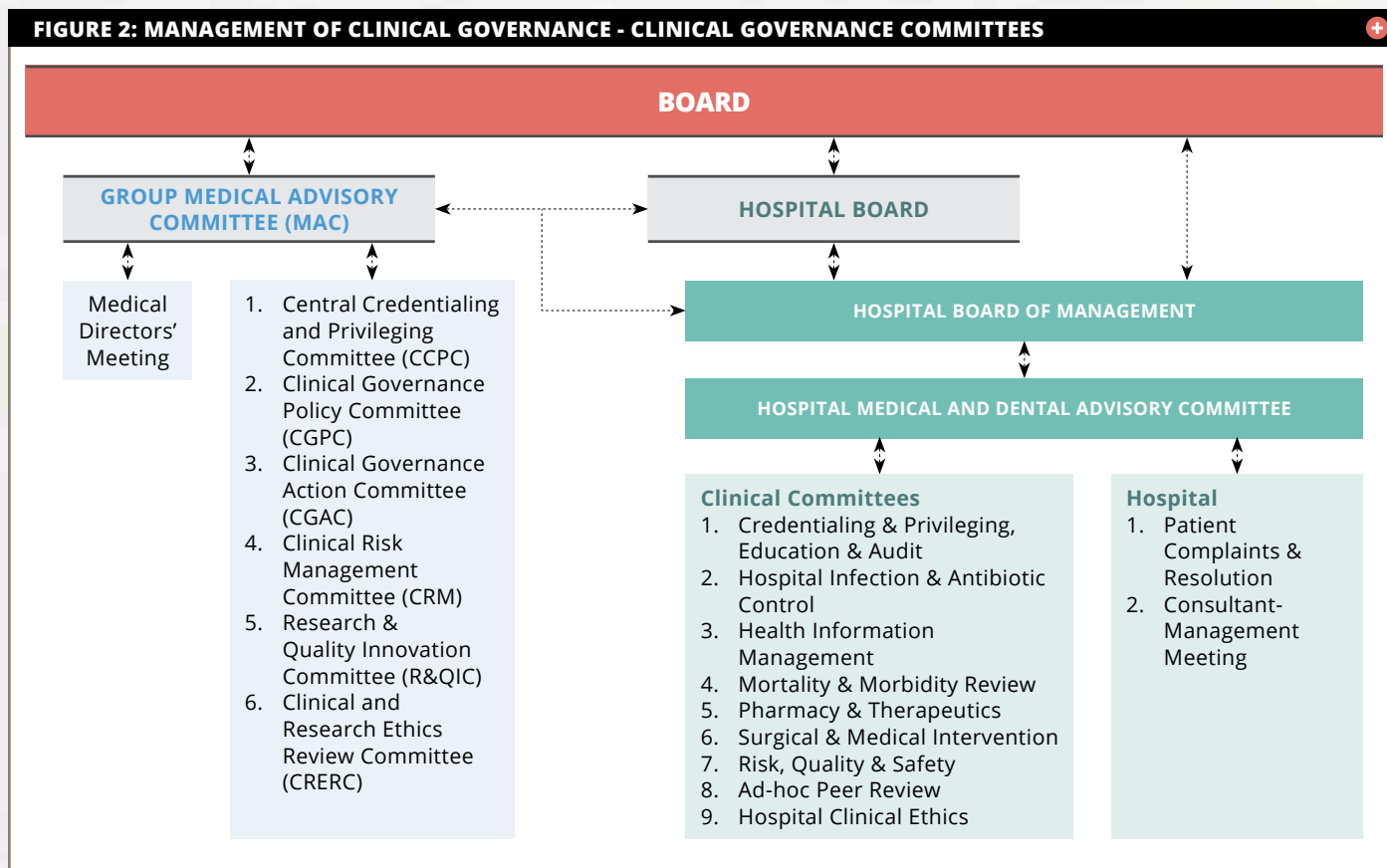
Here at KPJ, we bring our clinical governance framework, namely our **Seven Pillars of Clinical Governance** (Figure 1) into play to ensure our hospitals are accountable for continually improving the quality of their services and according patients high standards of care by creating an environment in which excellence in clinical care will flourish. KPJ’s framework embodies three key attributes: recognisable high standards of care, responsibility and accountability for those standards in a transparent manner, and constant, dynamic improvement.



While KPJ’s Board of Directors has overall oversight for Clinical Governance, at the Group level this is the responsibility of the Group Medical Advisory Committee (MAC). The MAC together with several Central Governance Committees are responsible for developing the policies and guidelines to improve safety, outcomes and the monitoring of clinical governance activities at our hospitals (Figure 2).

All our hospitals conduct Hospital Clinical Committee meetings as stipulated in the KPJ Medical Professional By-laws. The reports from the Hospital Clinical Committee meetings are collected, compiled and discussed during various hospital meetings and presented to the Hospital Board of Directors.

## Medical Advisory Committee Report



### ACTIVITIES OF THE GROUP MEDICAL ADVISORY COMMITTEE AND ITS COMMITTEES IN 2021

#### Development and Review of Policies and Guidelines

The clinical governance committees are tasked with developing new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence-based processes are in place.

In 2021, one (1) new policy and one (1) guideline were approved for use, while four (4) policies were updated.

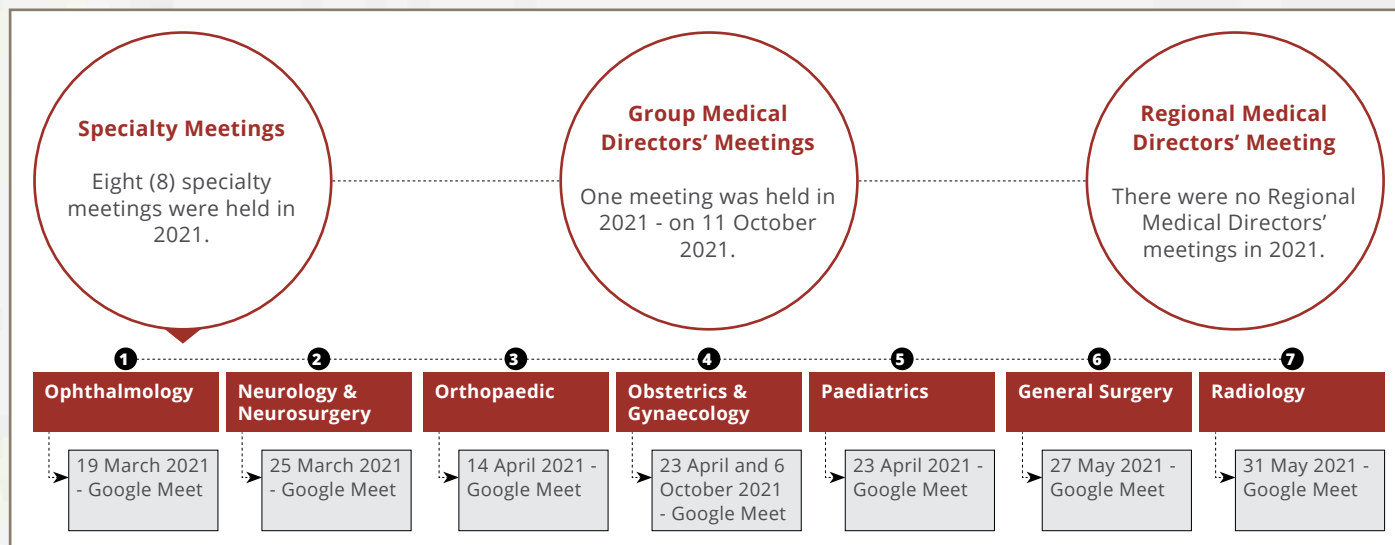
Date of Approval	New Policies
19/08/2021	Policy on Chaperone in the Hospital
18/11/2021	Guideline on Advance Care Planning

Date of Approval	Reviewed policies
18/02/2021	Blood Transfusion Request and Consent Form
11/05/2021	HIV Testing and Consent
11/05/2021	Sedation Policy
11/05/2021	Policy on Paediatric Age Group

## Medical Advisory Committee Report

### Strengthening Clinical Governance

Meetings with doctors encourage doctors to be more involved in clinical governance activities and motivate them to expand their reporting on clinical outcomes. During these meetings, suggestions for new products or services as well as the difficulty in executing certain policies or guidelines are also discussed.



### Ensuring Clinical Compliance

Today, many people are concerned about whether their healthcare needs are being met by hospitals in the best manner possible. Accreditation means that all KPJ's hospitals have been assessed against internationally recognised standards and operate at the highest levels of quality and service. Accreditation is the process by which the validity of our competency, authority, and credibility is proven and certified.

The measurement of quality requires a reference standard. Here at KPJ, the Malaysian Society for Quality in Health (MSQH) and Joint Commission International (JCI) standards are used to benchmark our services, thereby reassuring our patients of the outstanding care provided by our doctors and nurses.

#### ACCREDITATION BY THE MALAYSIAN SOCIETY FOR QUALITY IN HEALTH (MSQH)

KPJ Rawang Specialist Hospital was recertified successfully for its second cycle (5th Edition) in June 2021.

#### JOINT COMMISSION INTERNATIONAL (JCI) ACCREDITATION

In 2021, none of the hospitals underwent JCI recertification.

#### CLINICAL SURVEY 2021

This survey evaluates the Group's compliance with Ministry of Health standards/guidelines, MSQH and JCI standards, Malaysian Medical Council (MMC) Guidelines and KPJ Governing Policies. This is a cross-hospital internal survey conducted by KPJ Clinical Services as well as hospital nursing and allied health managers.

## Medical Advisory Committee Report

In 2021, a total of 28 hospitals were surveyed in 14 service areas, with an average result of 93.5%. Physiotherapy Services was added to the list in 2021.

**Table1: Clinical Survey 2021 - Service Areas**

SERVICE AREAS SURVEYED	
1	Prevention and Control of Infection (PCI)
2	Haemodialysis Service (HD)
3	Central Sterilising Supply Service (CSSS)
4	Accident and Emergency Service (A&E)
5	Endoscopy Service
6	Intensive Care / Neonatal / Cardiac Intensive Care Service (ICU/NICU/CICU)
7	Labour Room / Maternity Service
8	Hospital Wide
9	General Ward Service
10	Operating Theatre Service (OT)
11	Pharmacy Service
12	Food and Dietetics Service
13	Physiotherapy Services
14	Medical Records (Case Notes)
Average Percentage = 93.5 %	

### PERFORMANCE AND PATIENT OUTCOMES

The measurement of the outcomes of disease course and progression, the quality of clinical care being provided, the success of the procedure/interventions carried out, and the actual benefit perceived by patients can be used to strongly showcase patients' progress and the success of treatments. The continuous monitoring of outcomes also provides an opportunity to both assess and improve the quality of patients' health and care.

#### Performance Outcomes

The following performance indicators were monitored in the year 2021.

1. Rate of white appendix
2. Mortality rate for a Glasgow Coma Scale of more than nine (GCS >9) coming in with a head injury
3. Rate of lower segment caesarean section (LSCS)
4. Percentage of complications related to LSCS; bladder injury
5. Percentage of complications related to LSCS; ureteric injury
6. Percentage of complications related to LSCS; uterine atony with hysterectomy
7. Percentage of complications related to LSCS; uterine atony without hysterectomy
8. Percentage of complications related to LSCS; severe haemorrhage
9. Percentage of complications related to LSCS; foetal injury
10. Percentage of complications related to LSCS; bowel injury
11. Rate of maternal mortality
12. Rate of vaginal tear (grade 3 and 4) for normal (including instrumental delivery) deliveries
13. Percentage of death for cases related to catheterization laboratory (cath lab) procedure
14. Percentage of myocardial infarction for cases related to cath lab procedure
15. Percentage of stroke for cases related to cath lab procedure
16. Percentage of vascular complications related to cath lab procedure
17. Percentage of myocardial infarction patients receiving thrombolytic therapy within 30 minutes of their presentation at A&E
18. Percentage of myocardial infarction patients receiving primary percutaneous coronary intervention (PCI) treatment within 90 minutes of presentation at A&E
19. The occurrence of adverse events during the recovery period from the operation theatre
20. Unplanned admission to the ICU from the OT
21. Number of returns to ICU within 24 hours of ICU discharge
22. Post-operative cataract surgery cases with a best corrected visual acuity (BCVA) of 6/12 or better three months after surgery (OR at the last visit if less than three months post-op)
23. Percentage of ischaemic stroke patients receiving thrombolytic treatment within 4.5 hours of symptoms upon arrival at A&E
24. Dengue fever fatality rate
25. Rate of laparoscopic cholecystectomy discharged more than 48 hours
26. Rate of laparoscopic cholecystectomy deaths

#### Clinical Indicators

In 2021, the clinical indicators monitored are similar as above.

## Medical Advisory Committee Report

### Quality Indicators for Accident and Emergency Services

Five (5) indicators monitored internationally have been identified and are being compiled and analysed for the Group (Table 2).

**Table 2: Quality Indicators for Accident and Emergency Services in 2021**

A&E QUALITY INDICATORS	TARGETS	
<b>Q1 - Unplanned Re-attendance</b>	Within 24H	< 3% (MSQH target)
	Within 3 days	2 – 3% (International)
	Within 7 days	< 5% (International)
<b>Q2 - Total Time in A&amp;E</b>	Within < 4 hours (%)	95% patients leave within 4 hours (International)
<b>Q3 - Left Without Being Seen by a Doctor</b>	Percentage of patients leaving without being seen	< 5% (International)
<b>QI 4 Time to Assessment</b>	Patients assessed by SRN within ≤ 15 min (%)	95% patients assessed by SRN within ≤ 15 min (International)
<b>QI 5 Time to Treatment</b>	All patients seen within 60 min	
		Green zone - assessed within 20 min (%)
		Yellow zone - assessed within 30 min (%)
		All patients seen assessed within 30 min (%)

### KEY NEW PROJECTS AND SERVICES IN 2021

For the year in review, the Group achieved several milestones by way of new projects and services:

#### Establishment of KPJ's First Ambulatory Care Centre

KPJ's Ambulatory Care Centre (ACC) initiative represents an innovative approach to modern healthcare services particularly for communities with budget and time considerations. The ACC approach calls for the establishment of medical specialist outpatient centres attended by family medicine specialists, medical officers and sessional medical consultants of various specialities. Unlike the Group's purpose-built, provider-centric hospitals, the patient-centric ACCs blend into the lifestyle of the communities they are located in, which means they can even be operated in commercial centres that offer other services. An ACC will allow patients to have their medical needs fulfilled without having to travel far. Patients can also fix appointments at their convenience. Ultimately, the ACC caters to patients in a manner which hospitals cannot and this is helping the Group to increase its market penetration.

The Group's first ACC began operations in mid-December 2021. Strategically located in Bandar Kinrara, Puchong under KPJ Ambulatory Care Sdn Bhd, it serves as the focal point for integrated healthcare facilities and complements KPJ's chain of hospitals in Malaysia and abroad.

#### Rollout of the Cataract CSR Campaign

November 2021 saw KPJ Eyecare Specialist Sdn Bhd and the District Action Group on Blindness Prevention of Rotary International District 3300 Malaysia signing a Memorandum of Understanding (MoU) to collaborate on humanitarian and charitable causes. The MoU involves both parties working together to undertake Corporate Social Responsibility initiatives for the low-income segment of society by way of performing general eye care, vision screening, cataract operations and related eye-health activities. The KPJ Eye Centre has to date received 20 sponsored lenses and has begun undertaking surgeries since January 2022.

#### Launch of the Acute Stroke Centre

KPJ Damansara virtually launched its Centre for Stroke Damansara in July 2021. At the same time, the hospital also hosted a webinar titled "Managing an Acute Stroke Patient".

#### Dissemination of COVID-19 Updates

The Group disseminated a variety of COVID-19 communications and updates in 2021. This included information covering quarantine and testing for Health Care Professionals (14 January 2021); measures for visitors and persons accompanying patients in wards (6 May 2021); and updates on KPJ's COVID-19 policy and SOPs (15 December 2021).

#### Hospitals Serving as Vaccination Centres

As at 31 December 2021, a total of 22 KPJ hospitals were involved in the National Immunisation Programme (NIP). KPJ was also involved in supporting the Mega PPV centre at KLCC from 7 June to 22 August 2021 as part of efforts to speed up the vaccination process under the NIP.



## Medical Advisory Committee Report

### MOVING FORWARD

Several initiatives are underway to strengthen KPJ's capacity and capabilities. These include the following:

- A proposal to employ Consultant Emergency Physicians at KPJ Ampang Puteri, KPJ Ipoh and KPJ Tawakkal KL to improve service delivery and the outcome of care at the A&E.
- A proposal to provide post-COVID-19 follow up packages for patients who have recovered from acute COVID-19 infections but still have persistent symptoms and ill health. To this end, Clinical Services is working with KPJ consultants from various specialities to develop packages to assist patients in their recovery process and return them to their pre-COVID-19 health status. These packages aim to guide the consultants on the types of follow-up screening that can be done in a standardised manner.

### ADDITIONAL DETAILS ON KPJ'S CLINICAL GOVERNANCE COMMITTEES

#### GROUP MEDICAL ADVISORY COMMITTEE (GMAC)

The GMAC was formed in 2002, to initiate and oversee the Group's clinical governance activities. The Chairman of the GMAC is an Independent Non-Executive Director as well as the KPJ Medical Advisor, Dato' Dr. Zaki Morad Mohamad Zaher who is the Consultant Nephrologist at KPJ Ampang Puteri Specialist Hospital.

The GMAC met four (4) times in 2021.

No	Group Medical Advisory Committee	Position in Committee	Attendance for the Year 2021			
			18.02.2021	11.05.2021	19.08.2021	18.11.2021
1	<b>Dato' Dr. Zaki Morad Mohamad Zaher</b>	Chairman	√	√	√	√
2	<b>Ahmad Shahizam Mohd Shariff</b>	President & Managing Director	√	√	√	√
3	<b>Dato' Dr. Sivamohan a/l S. Namasivayan</b>	Chairman, Clinical Governance Policy Committee	√	√	√	√
4	<b>Assoc. Prof. (Clinical) Dr. Ab Razak Samsudin</b>	Chairman, Clinical Governance Action Committee	√	√	√	√
5	<b>Dato' Dr. Ngun Kok Weng</b>	Chairman, Clinical Risk Management Committee	√	√	√	√
6	<b>Prof. (Clinical) Dato' Dr. Fadzli Cheah</b>	Chairman, Clinical & Research Ethics Review Committee	√	√	√	√
7	<b>Prof. Dato' Dr. Azizi Haji Omar</b>	Chairman, Research and Quality Innovation Committee	√	√	√	√
8	<b>Dato' Dr. Bajit Kor @ Baljit Kaur</b>	Consultant Ophthalmologist, KPJ Ampang Puteri	√	Tenure ended	Tenure ended	Tenure ended
9	<b>Dr. Mohd Hafetz Ahmad</b>	Medical Director, KPJ Bandar Dato Onn	√	√	√	√
10	<b>Dr. Kok Chin Leong</b>	Consultant Paediatrician, KPJ Puteri	√	√	√	√
11	<b>Dr. S. Balakrishnan</b>	Consultant O&G, KPJ Kajang	√	Tenure ended	Tenure ended	Tenure ended
12	<b>Nik Zainon Yusoff</b>	Chief Operating Officer, KPJHB	√	√	√	√

## Medical Advisory Committee Report

The GMAC encompasses various sub-committees that carry out a variety of roles. The details of these sub-committees are as follows:

### CLINICAL GOVERNANCE POLICY COMMITTEE (CGPC)

The CGPC was formed in 2002 to develop policies relating to clinical practice, patient care, safety and quality improvement. Its roles and responsibilities include the following:

- Establishment of evidence-based practices;
- Assessment of new innovative and emerging technologies; and
- Ensuring compliance with national regulatory requirements and the adoption of national/international practice guidelines.

The committee also reviews and advises the GMAC on incident reports, clinical indicators and complaints as well as deals with requests for clarification from medical directors, consultants, hospital management, and staff.

The CGPC met four (4) times in 2021.

No	Clinical Governance Policy Committee	Position in Committee	Attendance for the Year 2021			
			08.02.2021	04.05.2021	04.08.2021	08.11.2021
1	<b>Dato' Dr. Sivamohan a/I S. Namasivayam</b>	Chairman	√	√	√	√
2	<b>Dato' Dr. Abdul Wahab Abdul Ghani</b>	Member	√	X	√	X
3	<b>Dato' Dr. Kamaruzaman Ali</b>	Member - new appointment (2021)	NA	√	√	√
4	<b>Datuk Dr. Mohammad Iqbal Mohammad Sarwar</b>	Member - new appointment (2021)	NA	X	√	X
5	<b>Prof. (Clinical) Dr. Wan Hazmy Che Hon</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
6	<b>Dr. Mahayidin Muhamad</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
7	<b>Dr. Mohamed Namazie Ibrahim</b>	Member	√	√	√	√
8	<b>Dr. Chan Kheng Khim</b>	Member	√	√	√	√
9	<b>Dr. Luis Chen Shian Liang</b>	Member	√	√	√	√
10	<b>Dato' Mohamad Farid Salim</b>	Member	√	√	√	√
11	<b>Dr. Rozman Md Idrus</b>	Member - new appointment (2021)	NA	√	√	√
12	<b>Dr. R. Padmanathan</b>	Member - new appointment (2021)	NA	√	√	√
13	<b>Dr. Mohd Hafetz Ahmad</b>	Member - new appointment (2021)	NA	√	√	√

## Medical Advisory Committee Report

### CLINICAL GOVERNANCE ACTION COMMITTEE (CGAC)

The CGAC, which was formed in 2002, is the committee that is responsible for monitoring the progress of policies or programmes approved by the GMAC. The committee also identifies problems that are hindering the implementation of these policies or programmes. All the agreed policies or programmes are analysed, evaluated and monitored in order to ensure quality in clinical care.

The committee also oversees the implementation and monitoring of the annual clinical surveys, highlighting to the Group the lessons learnt from hospital mortality and morbidity reviews. The committee also monitors clinical performance indicators among others and makes recommendations pertaining to the training and development of hospital clinical staff.

The CGAC met four (4) times in 2021.

No	Clinical Governance Action Committee	Position in Committee	Attendance for the Year 2021			
			04.02.2021	06.05.2021	29.7.2021	28.10.2021
1	<b>Assoc. Prof. (Clinical) Dr. Ab Razak Samsudin</b>	Chairman	√	√	√	√
2	<b>Dato' Dr. Ismail Yaacob</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
3	<b>Dato' Dr. Khaled Mat Hassan</b>	Member	√	√	√	√
4	<b>Prof. (Clinical) Dr. Primuharsa Putra Sabir Husin Athar</b>	Member	√	Tenure Ended	Tenure Ended	Tenure Ended
5	<b>Dr. Rusli Arshad</b>	Member	√	√	√	√
6	<b>Dr. Noor Hisham Mansor</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
7	<b>Dr. S. Balakrishnan</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
8	<b>Dato' Dr. Mahmood Awang Kechik</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
9	<b>Dr. Mohd Harris Lu</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
10	<b>Dr. Munirah Khudri</b>	Member	√	X	√	√
11	<b>Dr. Nur Abdul Karim</b>	Member - new appointment (2021)	NA	√	√	√
12	<b>Dr. Wilson Pau Shu Cheng</b>	Member - new appointment (2021)	NA	√	√	X
13	<b>Dr. Onn Akbar Ali</b>	Member - new appointment (2021)	NA	√	√	√
14	<b>Dr. Saharudin Abdul Jalal</b>	Member - new appointment (2021)	NA	√	√	√
15	<b>Dr. Mahadhir Alhady Sulaiman</b>	Member - new appointment (2021)	NA	√	√	√
16	<b>Dr. Shamsuddin Abdul Aziz</b>	Member - new appointment (2021)	NA	√	√	√
17	<b>Dr. David Ling Sheng Tee</b>	Member - new appointment (2021)	NA	√	√	√

## Medical Advisory Committee Report

### CLINICAL RISK MANAGEMENT COMMITTEE (CRMC)

The overall objective of CRMC (established in 2003), is to promote safety and excellence in patient care. It is tasked with undertaking the following responsibilities:

- To identify, prioritise and manage risk arising from clinical care;
- To ensure effective and efficient use of resources through evidence-based clinical practices; and
- To protect the health and safety of the patients, healthcare providers and visitors.

The committee aims to reduce clinical risk to a minimum by improving the quality of care received by patients and ensuring the maintenance of a safe environment for KPJ's patients, healthcare providers and visitors.

The CRMC met four (4) times in 2021.

No	Clinical Risk Management Committee	Position in Committee	Attendance for the Year 2021			
			10.02.2021	27.04.2021	28.07.2021	27.10.2021
1	<b>Dato' Dr. Ngun Kok Weng</b>	Chairman	√	√	√	√
2	<b>Dato' Dr. Kamaruzaman Ali</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
3	<b>Datuk Dr. Ajaz Ahmad Nabijan</b>	Member - new appointment (2021)	NA	√	√	√
4	<b>Dr. Padmanathan Rajoo</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
5	<b>Dr. Muhammad Nazri Aziz</b>	Member	√	√	√	√
6	<b>Dr. Ong Boon Teik</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
7	<b>Dr. Zarin Ikmal Zan Mohd Zain</b>	Member	√	√	√	√
8	<b>Dr. Rozman Md Idrus</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
9	<b>Dr. Mohd Ali Salleh</b>	Member	√	√	√	√
10	<b>Khairul Annuar Azizi</b>	Member	√	√	√	Replaced by En. Sharizul
11	<b>Eric Sim</b>	Member	√	X	√	√
12	<b>Maisarah Omar</b>	Member	√	√	√	√
13	<b>Dr. Ong Tze Zen</b>	Member - new appointment (2021)	NA	√	√	√
14	<b>Dr. Wong Chya Wei</b>	Member - new appointment (2021)	NA	√	√	√
15	<b>Dr. Hishamudin Masdar</b>	Member - new appointment (2021)	NA	√	√	√
16	<b>Dr. Mohamad Hamzah</b>	Member - new appointment (2021)	NA	X	X	X
17	<b>Dr. Zainal Abidin Mohd Yusof</b>	Member - new appointment (2021)	NA	X	√	X
18	<b>Dr. Norita Ahmad</b>	Member - new appointment (2021)	NA	X	√	X
19	<b>Sharizul Hasnifa Baseri</b>	Member - new appointment (2021)	NA	NA	√	√

## Medical Advisory Committee Report

### CLINICAL AND RESEARCH ETHICS REVIEW COMMITTEE (CRERC)

The Clinical Ethics Committee was formed in 2011 with the objective of assisting consultants, patients and families as well as hospital staff to resolve clinically-related ethical issues such as the refusal of treatment, and end-of-life requests. In 2019, to ensure more efficient processes, the roles of this committee and that of the Research Ethics Review Committee were merged resulting in the formation of the Clinical and Research Ethics Review Committee (CRERC).

Aside from having discussions on Clinical Ethics issues, the committee also reviews all research proposals within the KPJ Group of Hospitals for scientific merit and considers the suitability of research proposals from an ethics perspective. The committee is also responsible for safeguarding the rights, safety and well-being of the research subjects.

The CRERC met four (4) times in 2021.

No	Clinical and Research Ethics Review Committee	Position in Committee	Attendance for the Year 2021			
			05.02.2021	28.04.2021	29.07.2021	28.10.2021
1	<b>Dato' Dr. Fadzli Cheah Abdullah</b>	Chairman	√	√	√	√
2	<b>Dato' Dr. Wan Nik Ahmad Mustafa Ali</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
3	<b>Datin Dr. Vasantha Mathews</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
4	<b>Dr. S. P. Singgaram</b>	Member	√	Tenure ended	Tenure ended	Tenure ended
5	<b>Dr. Gunasegaran P.T Rajan</b>	Member	√	√	√	√
6	<b>Prof. Emeritus Dato' Dr. Lokman Saim</b>	Member	√	√	√	√
7	<b>Dato' Dr. Ashar Abdullah</b>	Member	X	Tenure ended	Tenure ended	Tenure ended
8	<b>Dr. Tengku Saifudin Tengku Ismail</b>	Member	√	√	√	√
9	<b>Mohd Nasir Mohamed</b>	Member	√	Retired	Retired	Retired
10	<b>Dr. Naharuddin Mohamad Saifi</b>	Member	X	Tenure ended	Tenure ended	Tenure ended
11	<b>Dr. Ong Boon Teik</b>	Member - New appointment (2021)	NA	√	√	√
12	<b>Dr. Ismail Harun</b>	Member - New appointment (2021)	NA	X	X	√
13	<b>Dr. Lee Min Chuang</b>	Member - New appointment (2021)	NA	X	√	√
14	<b>Dr. Hari Ram Ramayya</b>	Member - New appointment (2021)	NA	√	√	√
15	<b>Dr. Noor Hisham Mansor</b>	Member - New appointment (2021)	NA	√	X	√
16	<b>Dr. Yap Yoke Yeow</b>	Member - New appointment (2021)	NA	√	√	√

## Medical Advisory Committee Report

### RESEARCH & QUALITY INNOVATION COMMITTEE (RQIC)

The RQIC was established in 2010 to facilitate research within the KPJ Group for clinicians and KPJ staff who seek to conduct research involving clinical, quality, safety and/or healthcare related matters. The committee is also tasked with promoting the establishment of quality assurance and improvement programmes at KPJ's hospitals.

The committee meets (physically or by circulation of papers) only whenever there is a need to review research proposals.

No	Research and Quality Innovation Committee	Position in Committee
1	<b>Prof. Dato' Dr. Azizi Haji Omar</b>	Chairman
2	<b>Dr. Hue Teck Lee</b>	Member
3	<b>Dr. Aminuddin Saim</b>	Member
4	<b>Dr. Mohd Harris Lu</b>	Member
5	<b>Dr. Mohd Shazli Draman@Yusof</b>	Member
6	<b>Prof. (Clinical) Dr. Wan Hazmy Che Hon</b>	Member
7	<b>Assoc. Prof. Dr. Syah Irwan Shamsul Bahari</b>	Member
8	<b>Dr. Kok Chin Leong</b>	Member
9	<b>Prof. (Clinical) Dr. Primuharsa Putra Sabir Husin Athar</b>	Member

In 2021, seventeen (17) papers were approved by the MAC as shown below:

<b>11 Jan 2021</b>	kpj_001/2021	Observational study to evaluate the actual use and effectiveness of Dymista® nasal spray in Southeast Asian patients.	Dr. Yap Yoke Yeow, Consultant KPJ Johor
<b>1 Feb 2021</b>	kpj_002/2021	Extraction of multiple physiological waveform data from patient monitoring system.	Dr. Vineya Rai Hakumat Rai, Consultant, KPJ Tawakkal KL/ Dr. Rosmina Binti Jaafar, Senior Lecturer UKM
<b>9 Mar 2021</b>	kpj_004/2021	Medication adherence and quality of life of post-myocardial infarction patients in private hospitals.	Azimah Masri, KPJUC
<b>29 Apr 2021</b>	kpj_005/2021	A retrospective study on prediction of tumour heterogeneity of the renal masses by using the Radiomics 3D Slicer.	Izdihar Kamal, KPJUC
<b>18 Jun 2021</b>	kpj_006/2021	Knowledge, attitude and practices regarding perinatal bereavement care among registered nurses and midwives at private hospitals.	Helen Kiu Ling Ting, KPJUC
<b>4 Jul 2021</b>	kpj_006/2021	The relationship between service quality and customer satisfaction and customer loyalty at KPJ Hospital.	Azlina Binti Muzaini, KPJUC
<b>7 Jul 2021</b>	kpj_007/2021	Knowledge and attitudes regarding usage of early warning scores in detection of deteriorating patients in haemodialysis services among registered nurses in private hospitals.	Neelavani Muniandy, DCNO KPJ Klang
<b>24 Aug 2021</b>	kpj_008/2021	Telemedicine and non-communicable diseases management from the healthcare professionals' perspectives: An initiative during the COVID-19 pandemic.	Dr. Anis Syahirah Binti Muhammad Ridzwan, MO KPJ Damansara

## Medical Advisory Committee Report

24 Aug 2021	kpj_009/2021	Burnout and psychological stress during the COVID-19 pandemic among frontliner healthcare workers: A mixed method study of their prevalence, interrelationships and predicting.	Prof. Dato' Dr. Azizi Haji Omar, Consultant, KPJ Damansara
2 Sept 2021	kpj_010/2021	Evaluation and impacts on quality of sleep and associated factors of contributing to poor sleep in a sample of population in northern Klang Valley, Malaysia: A community-based cross-sectional study.	Dr. Tan Shi Nee, Consultant KPJ Rawang
22 Sept 2021	kpj_012/2021	Stroke awareness among allied health and non-allied health workers in private hospitals in Selangor.	Nurul'ain Shuhaimi, KPJUC
11 Oct 2021	kpj_014/2021	Impact of obesity on cancer associated fibroblasts (CAFs) metabolism and endometrial cancer progression.	Dr. Vijayavel Vadiveloo, Consultant, KPJ Klang
11 Oct 2021	kpj_015/2021	Saliva home test kit in comparison with real-time RT-PCR assay for laboratory diagnosis of COVID-19.	Lablink
11 Nov 2021	kpj_016/2021	Knowledge and practices on care bundle compliance for prevention of ventilator acquired pneumonia (VAP) among registered nurses in the ICU of a private hospital in Klang Valley.	Maznah Binti Yaacob, KPJUC, Nursing
11 Nov 2021	kpj_017/2021	Assessment of knowledge and practices on prevention of central line associated bloodstream infection among registered nurses in critical care areas of private hospitals in Johor.	Hidayati Abd Rahman, KPJUC, Nursing
11 Nov 2021	kpj_018/2021	The effects of educational programmes towards the enhancement of knowledge, attitude and practices on sterile techniques among operating room nurses of a private hospital in Selangor.	Siti Hajar, KPJUC, Nursing
8 Dec 2021	kpj_019/2021	Job satisfaction and job commitment among registered nurse in three private hospitals in Perak.	Lee Ming Hidayat, CNO KPJ Sri Manjung

# Compliance Information

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

## 1. UTILISATION OF SUKUK PROGRAMME

In 2015, Point Zone (M) Sdn Bhd (PZSB), a subsidiary of KPJ Healthcare Berhad (KPJ, the Group or the Company) raised RM1,500.0 million to be utilised:

- To refinance outstanding amounts of previous Islamic Commercial Papers/an Islamic Medium-Term Notes Programme of up to RM500.0 million; and
- To finance the expansion and working capital requirements of the Group's healthcare-related businesses.

	Amount up to (RM Million)
As at 1 January 2021	<b>1,300.0</b>
Payment made during the financial year	<b>(250.0)</b>
As at 31 December 2021	<b>1,050.0</b>

On 12 January 2022, PZSB completed a lodgement with the Securities Commission Malaysia (SC) for an Islamic Medium-Term Notes (Sukuk Wakalah) Programme amounting to RM3,000.0 million in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar. The Sukuk Wakalah Programme has been assigned a final rating of AA-IS(CG) (stable) by Malaysian Rating Corporation Berhad. The sukuk proceeds shall be utilised by the Group for its Shariah-compliant general corporate purposes, which encompasses financing for the expansion, working capital and general corporate purposes of the Group's healthcare and healthcare-related businesses, as well as any existing borrowings/financing/corporate bonds/sukuk issues and/or future sukuk issues/shariah-compliant financing incurred in relation thereto.

On 7 March 2022, the first tranche of the Sukuk Wakalah Programme amounting to RM650.0 million in nominal value was issued.

## 2. TREASURY SHARES

On 9 July 2020, at the Annual General Meeting of KPJ, the shareholders of the Company renewed their approval for the Company to buy back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad (Bursa Malaysia) during the financial year.

As at 31 December 2021, the Company held a total of 162,306,700 of its 4,489,159,101 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and are accounted for in accordance with the requirements of Section 127 of the Companies Act 2016.

## 3. OPTIONS, SHARE-BASED PAYMENTS OR CONVERTIBLE SECURITIES

### SHARE-BASED PAYMENTS

An Employees' Share Option Scheme (ESOS) was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS was initially meant to be in force for a period of five (5) years. Upon approval from KPJ's Board of Directors on 3 December 2019, it was resolved that the tenure of the ESOS would be extended for another three (3) years, whereby no additional options would be granted. As such, the options will expire on 27 February 2023.

The fair value of each share option on the grant date is RM0.25. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives. The exercise price of the share options granted under the ESOS is RM0.91 each. The options granted remained dividable into five (5) equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019 respectively. The vesting condition is that the offeree must be an employee or Director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates.



## Compliance Information

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

During the financial year, the Company did not issue any ADR or GDR under the respective programmes.

### 5. IMPOSITIONS OF SANCTIONS/PENALTIES

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

### 6. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees for services rendered to the Group amounted to RM2,550,000 and RM2,234,000 respectively.

### 7. PROFIT ESTIMATE, FORECAST OR PROJECTIONS

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

### 8. PROFIT GUARANTEE

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

### 9. MATERIAL CONTRACTS

There was no material contract by the Company and its subsidiaries, involving Directors and major shareholders' substitute interests at the end of the financial year.

## 10. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

At KPJ's AGM held on 22 June 2021, the Company obtained a mandate from shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the following parties:

Party transacted with	Nature of transactions	Actual aggregate value from 1 January 2021 to 31 December 2021	
		RM'000	Frequency of transactions
Johor Corporation (JCorp) and its subsidiaries and associated companies (except for Al-'Aqar Healthcare REIT and Al-Salam REIT)	Secretarial fees and registrar fees	281	Monthly
	Building management service fees payable for Menara KPJ in Kuala Lumpur	1,272	Monthly
	Insurance coverage payable	1,325	Contract basis
	Security services fees payable	4,990	Monthly
Al-'Aqar Healthcare REIT / Al-'Aqar Australia	Rental payable for renting of retirement village building and aged care facility in Australia and lease of hospital together with the land	11,570	Monthly
Al-Salam Real Estate Investment Trust (Al-Salam REIT)	Rental payable for renting of premises for the operations of Puteri Nursing College and Malaysian College of Hospitality and Management	2,546	Monthly
Damansara Holdings Berhad (DBhd) and its subsidiaries and associated companies (DBhd Group)	Rental Income for renting of land for car park	2,288	Monthly
	Housekeeping contract fees payable	14,483	Monthly
		<b>38,755</b>	



01:30

**Innovative, Patient-centric Care**

*In line with our mandate to Care for Life as well as our commitment to ensure a safe and positive patient experience, we leverage the appropriate technological solutions to deliver patient-centred and attentive care.*

00:00 to 07:00

## Delivering innovative, sustainable healthcare

KPJ has established a roadmap to take advantage of new technological advancements and digital innovation that will help improve operational and clinical efficiencies as well as facilitate better patient experiences in a sustainable manner.



02:42

**Ambulatory Care Centre**

*KPJ's ambulatory care centre (ACC) in bustling Puchong Kinrara opened its doors to the public in December 2021. With its offer of comprehensive and continuous primary care by a team of dedicated family medicine specialists, ophthalmologists, ENT physicians and dental surgeons, all supported by certified medical officers, KPJ's aspiration to become the preferred specialist outpatient healthcare provider for communities for the long-term, is gaining solid ground.*



04:50

**The Preferred Healthcare Provider**

*We remain committed to being the preferred provider of healthcare through the innovative use of technology and by tapping the expertise of our experienced consultants as well as well-trained medical and non-medical employees who collaborate to offer the best diagnosis and treatment plans wherever we operate.*



03:04

**Ambulance Services**

*With a fleet of well-equipped ambulances manned by trained personnel, our patients have the assurance that immediate medical care is readily available for any type of emergency they may face, wherever they may be.*