



A JCORP Company



REIMAGINING HEALTHCARE

Integrated Annual Report 2023

Care for Life

VISION

The Preferred Healthcare Provider

Since 1981, we have been committed to delivering excellent clinical outcomes, maintaining high quality and safety standards from our experienced specialists and team; as the trusted healthcare partner in every step of our patient journey. Our promise is to go above and beyond, by embracing cutting edge technology as an enabler to further enhance our delivery of care for the wellbeing and peace of mind of every patient and their family.

MISSION

Deliver Quality Healthcare Services

Our mission is to provide accessibility to quality healthcare services for the people and communities we serve, focusing on clinical excellence and innovative technology for superior patient outcomes and customer experience.

OUR CORE VALUES

We are guided by our five Core Values which underpin our dedication to 'Care for Life'. It is through these five Core Values, we deliver and grow KPJ Healthcare's compassionate patient-centric healthcare services.



Ensuring **Safety**



Delivering Service with **Courtesy**



Performing Duties with **Integrity**



Exercising **Professionalism** at All Times



Striving for **Continuous Improvement**



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REIMAGINING HEALTHCARE:

Tomorrow's Care Empowered Today

As we unveil our Annual Report for FY2023, we invite you to embark on a transformative journey with us. KPJ Healthcare upholds our stance as a healthcare advocate and an enthusiast of modernisation and innovation. Our cover encapsulates the essence of 'Reimagining Healthcare' under the warm embrace our philosophy, of 'Care for Life'. As we set the foundation to shape the future of healthcare.

In this digital age, we are committed to future-proofing healthcare while ensuring that our patients and customers remain at the heart of every decision and innovation. Whether you're at the beginning, middle, or later stages of life, KPJ Healthcare welcomes you on this exciting journey towards a healthier tomorrow.

Inspired by today, excited for tomorrow, and caring for forever, KPJ Healthcare stands ready to redefine healthcare, one compassionate step at a time. Join us as we transform possibilities into realities and continue to nurture a legacy of care that lasts a lifetime.



Scan this QR Code to download our Integrated Annual Report 2023

or

Log on to <https://kpj.listedcompany.com/ar.html>

Icons used in this report



This icon tells you where to find information in this report.



This icon tells you to visit our website for more information.

BASIS OF THIS REPORT

KPJ Healthcare Berhad (“KPJ Healthcare” or the “Group”) is pleased to present our Integrated Annual Report 2023. In our sixth edition, we continue to present a comprehensive and inclusive overview of the Group’s strategies, operations, and accomplishments, underscoring our steadfast dedication to delivering value to our stakeholders.

We uphold our vision of being the preferred healthcare provider to our patients and customers by focusing on our commitment in delivering exceptional healthcare. Guided by our ‘Care for Life’ philosophy, our unwavering commitment to supporting patients throughout their healthcare journeys, consistently results in exceptional patient experiences and fosters a loyal customer base. By deploying essential resources and strategic initiatives, we lay the foundation for a sustainable business model that generates enduring positive impacts for our stakeholders.

REPORTING SCOPE AND BOUNDARY

This Integrated Annual Report is incorporated with both our financial and non-financial activities for the period of 1 January to 31 December 2023. We continue practising transparency throughout this Report as we inform our stakeholders on our advancements in strategy implementation and methodology in addressing challenges, risks and opportunities that have substantially impacted our capacity to generate value.

All of the Group’s and subsidiaries’ operating activities are captured in this Report. It is important to highlight that approximately 98% of the Group’s revenue is attributed to our operations in Malaysia. As a result, the majority of our report findings are centred around these operations and their associated activities.

REPORTING FRAMEWORKS

This Report is aligned with the Value Reporting Foundation’s (formerly known as the International Integrated Reporting Council) Integrated Reporting <IR> Framework. The <IR> Framework serves as a principle-driven, multi-capital framework designed to expedite the global adoption of integrated reporting. Additionally, our reporting complies with the revised Malaysian Code on Corporate Governance (MCCG) introduced in April 2021, the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Companies Act (CA), as well as the International Financial Reporting Standards (IFRS) and Malaysian Financial Reporting Standards (MFRS).

The sustainability scope presented in this Report adheres to the Global Reporting Initiative (GRI) Standard and is in close accordance with Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition). This is to ensure that we meet Bursa’s sustainability requirements within the MMLR and FTSE4Good Bursa Malaysia Index criteria. This also marks our second reporting year on the quality of our healthcare, following the Sustainability Accounting Standards Board (SASB) reporting standards specifically tailored to the healthcare sector. These standards aim to provide insights into the quality of our healthcare services and customer satisfaction, both of which can significantly impact our financial performance. Furthermore, we maintain our dedication to the United Nations Sustainable Development Goals (UN SDGs), which are comprehensively addressed within this Report.

BASIS OF THIS REPORT

FORWARD-LOOKING STATEMENTS

This Integrated Annual Report includes forward-looking statements regarding the business. These words include “might,” “forecast,” “anticipate,” “project,” “may,” “believe,” “predict,” “expect,” “continue,” “will,” “estimate,” “target,” and similar expressions. Additionally, this Report may include forecasts of the Group’s future direction, strategies, and growth opportunities. These projections are not to be construed as an assurance of our operational performance or financial outcomes, given the uncertainties and risks inherent in our ever-changing business environment.


NAVIGATION ICONS

Our Value Creation initiatives are associated with our Six Capitals and Five Strategic Pillars, which are represented by the following icons, used consistently throughout this Integrated Annual Report:



OUR REPORTING SUITE

For holistic representation, KPJ Healthcare’s Integrated Annual Report for the financial year ended 31 December 2023 is complemented by our independent Sustainability Report 2023.

 For more information on our reporting suite, visit <https://www.kpjhealth.com.my>.

Reporting Suite	Integrated Annual Report 2023	Sustainability Report 2023
Disclosure	<ul style="list-style-type: none"> • Management Review • Corporate Governance Overview Statement • Audit Committee Report • Statement on Risk Management and Internal Control • Directors’ Report • Independent Auditors’ Report • Financial Statements 	<ul style="list-style-type: none"> • GRI Universal Standard 2021 • Bursa Malaysia’s enhanced sustainability reporting requirements
Reporting Frameworks	<ul style="list-style-type: none"> • MMLR • Value Reporting Foundation’s <IR> Framework • MCCG • CA • MFRSs • IFRS 	<ul style="list-style-type: none"> • GRI • FTSE4Good Bursa Malaysia Index

WE ARE REIMAGINING HEALTHCARE



Reimagining Healthcare: A Vision Anchored in CGC

In the midst of an ever-evolving healthcare landscape, the need for a resilient, innovative, and adaptable healthcare system is more crucial than ever. Our journey toward Reimagining Healthcare is anchored in the core principles of CGC (Competitive, Growth, Compliance), envisioning a future where technology, patient care, and the dynamics of medical tourism come together to bring about transformative change. Guided by our purpose of 'Care for Life', we are dedicated to embracing this transformative era. Through partnerships, research, and advanced solutions in education, we strive to redefine the standards of excellence in patient care. As we navigate the dynamic healthcare landscape, we are not merely bystanders but active drivers of change, fuelled by a steadfast commitment to leadership and innovation in this evolving environment.

Competitive

KPJ Healthcare thrives on competition, not to surpass others, but to continuously elevate ourselves, setting new benchmarks in healthcare excellence

Growth

Our growth trajectory is carved with purpose, aiming for a sustainable expansion that enriches the healthcare ecosystem and fosters healthier communities

Compliance

Healthcare is a critical field, therefore our foundation is built on stringent compliance, ensuring trust and safety are never compromised

DRIVEN BY

5 STRATEGIC PILLARS

Asset Optimisation

Efficiently harnessing our assets, we drive competitive edge and operational excellence, paving the way for sustainable healthcare innovations.

New Growth Streams

Exploring new horizons, we uncover opportunities that promise growth, ensuring KPJ Healthcare's legacy of care continues to flourish.

Digital First

Embracing a digital-first approach, we revolutionise patient care, leveraging technology to enhance accessibility, efficiency, and outcomes.

Rebranding

Our rebranding mirrors our evolution, signaling a future where healthcare and innovation converge, ensuring KPJ Healthcare remains synonymous with trust and quality.

Culture Activation

Activating a culture of compliance, innovation, and compassion, we foster an environment where excellence in healthcare thrives, guided by our core values and mission.

BY LEVERAGING TECHNOLOGY



Our Technological Leap towards Healthcare Advancement

KPJ Healthcare is dedicated to reimagining healthcare by leveraging on cutting-edge technology and innovation across our network of hospitals.

With a commitment to delivering Care for Life, KPJ Healthcare is at the forefront of integrating state-of-the-art medical facilities, equipment, and healthcare solutions to enhance treatment outcomes and patient experiences.

By embracing technology, we are harnessing the power of digitalisation and innovation for unparalleled patient care.



Digital-first Healthcare

KPJ Healthcare has formed a dedicated team to spearhead the implementation of the next-generation Hospital Information System (nHIS), slated for a pilot launch in the fourth quarter of 2024. Once operational, this system will streamline hospital operations and consolidate patient data, encompassing vital information such as doctor schedules, medical histories, test results, diagnoses, and billing procedures, among others.

In addition to enhancing our hospital operations, it is also crucial to strengthen our foundation in the digital space to safeguard the organisation and our stakeholders. This includes bolstering cybersecurity and implementing cloud computing solutions which is integral to securing data transfers and other digital transformation efforts.

Innovating Healthcare Delivery

Our technology-driven journey is well on its way to enhancing clinical outcomes and patient care. Our initiatives include the introduction of cutting-edge technology medical equipment such as the Elekta Versa HD Linear Accelerator (LINAC) machine at KPJ Damansara Specialist Hospital (DSH) and KPJ Ipoh Specialist Hospital. Through our dynamic collaboration with various vendors and the National University Health System (NUHS) Singapore, we will be undertaking a groundbreaking initiative that leverages mixed reality technology to enhance surgical planning, patient education and medical training. Marking a significant step towards advanced technology for improved healthcare delivery, we will be introducing the Microsoft HoloLens 2 at DSH2, which allows patients and doctors to visualise and interact with CT and MRI scans in three-dimensional holographic images, promoting deeper patient engagement and understanding in their healthcare decisions.

Integrating Technology in the Patient Care Continuum

KPJ Healthcare has made substantial progress in integrating digital technology across the patient care continuum. We have implemented telemedicine to expand access to care and enable virtual consultations between patients and healthcare specialist. Additionally, we have developed and launched the KPJ Cares App and embarked on a transformation journey towards smart hospital facilities, further reinforcing our commitment to leveraging digital innovation for superior patient experiences.

WITH A FOCUS ON PATIENT CARE



Giving Our Patients the Care They Need

Quality patient care is a crucial element as it significantly impacts health outcomes. Top-notch patient care enhances the patient's recovery journey and positively influences their physical and mental well-being, especially for individuals grappling with serious illnesses.

Additionally, it is equally important to emphasise on patient-centric care as it actively involves the decision-making process of care and treatment for the patient and their loved ones. By exercising patient-centric care, both medical personnel and the patient's loved ones are prioritising respect for the patient's unique preferences and diverse needs.

For KPJ Healthcare, patient-centric care lies at the core of our mission, as we place patients' needs and preferences at the forefront of our healthcare delivery, embodying our Care for Life philosophy. With a commitment to professionalism, efficiency, and responsibility, KPJ Healthcare manages our specialists hospital network to ensure that every aspect of patient care is tailored to meet individual needs, resulting in the delivery of exceptional clinical and service quality.



Nurturing a Team of Professionals

Emphasising the collaborative nature of patient care, we leverage on the diverse expertise of our professionals to deliver comprehensive multi-disciplinary services for the well-being of our patients. In parallel, we maintain an unwavering commitment to fortifying and broadening our collective knowledge base. This is further fortified through our premier educational institution, KPJ Healthcare University (KPJU), which received full-fledged university status in June 2023, further underscoring our commitment to research, development, and influencing positive advancements in the nation's healthcare sector. KPJU continues to assist KPJ's hospital network expansion strategies as it ensures KPJ Healthcare has a ready pool of experienced and well-trained talent, nurtured in-house.

Elevating Clinical Excellence

Under the vigilant oversight of the Group Medical Advisory & Clinical Governance Committee, we diligently implement a robust Clinical Governance Framework across all facets of our operations. This meticulous approach underscores our unwavering commitment to prioritising patient safety above all else. By adhering to internationally and locally recognised benchmarks, including stringent certification and accreditation standards, from local and international governing bodies with best practices.

AND A KEEN EYE TOWARDS HEALTH TOURISM

A woman with long dark hair, wearing a black turtleneck, is sitting in a hospital bed. She is looking towards the right side of the frame, where a hand is visible, possibly pointing at a screen. The screen displays a line graph with multiple data series. The background shows a hospital room with medical equipment and a window.

Boosting Malaysia's Health Tourism Industry

Malaysia's growing prominence in health tourism is attributed to its world-class healthcare infrastructure and services, coupled with competitive pricing. The country's diverse cultural attractions and natural landscapes are also contributing factors which make the country an attractive destination for patients seeking medical treatment and leisure activities.

As a leading healthcare provider in Malaysia, KPJ Healthcare plays a crucial role in boosting the country's health tourism industry. With a network of specialist hospitals renowned for our expertise and advanced medical facilities, KPJ Healthcare attracts patients from around the globe seeking high-quality healthcare services.

Through our commitment to excellence in medical care, KPJ Healthcare ensures that international patients receive world-class treatment and personalised attention supported by wide range of medical specialities. By providing comprehensive services tailored to the needs of health tourists, KPJ Healthcare contributes significantly to Malaysia's reputation as a top choice for medical tourism.



Dynamic Collaborations with Industry Players

In an effort to diversify and expand into new markets, we have actively engaged over a hundred high-level discussions with expatriates and foreign embassies. To further our presence and reach, we have inked MoUs with various industry players including insurance providers, third-party administrators, commercial partners and others to enable us to bring our local healthcare expertise to the world.

Propelling the Growth of Health Tourism

As part of our forward-looking strategy to harness health tourism as a catalyst for growth, we strategically investing in marketing initiatives. This entails the establishment of a specialised sales team dedicated to promoting our healthcare services to international audiences. Additionally, we aim to bolster our global presence by opening representative offices across key markets in 2024, designed to enhance our visibility, attract more health tourists, and solidify our position as a premier destination for medical tourism.

Award Winning Initiatives

Our efforts into building the Health Tourism industry of Malaysia has earned us six international awards by the Global Health Asia-Pacific Healthcare and Hospital Awards 2023, amongst other recognitions by various establishments.

AT A GLANCE

GLOBAL PRESENCE

19 Hospitals
Accredited by Malaysian Society for Quality in Health (MSQH)

4 Hospitals
Accredited by Joint Commission International (JCI)



- Hospitals
- Ambulatory Care Centres (ACC)
- Senior and Assisted Living Care
- Education
- KWAN Mobile Clinics
- Klinik Waqaf An-Nur (KWAN)

* As part of KPJ Healthcare's strategic transformation and Future Forward goals, we announced the divestments of two of our international businesses in Indonesia and Australia. We believe this strategic move will further strengthen our core services on home turf where we have built a legacy of trust and excellence for over 40 years, enabling us to continuously deliver sustainable value to our stakeholders.

AS AT 31 DECEMBER 2023

FINANCIAL CAPITAL:

Recorded a Net Profit from continuing operations

RM302.6 million,
+50% increase from RM201.9 million in 2022.

Dividend Payout Per Share

RM3.35 sen
compared to FY2022 with 2.00 sen per share

EMPLOYEES

16,433

MEDICAL CONSULTANTS

1,491

TOTAL OPERATING WARD BEDS

3,643

TOTAL BED OCCUPANCY RATE

67%

TOTAL OUTPATIENTS

2,958,134

TOTAL INPATIENTS

361,987

TOTAL NUMBER OF UNDERSERVED PATIENTS TREATED AT KWAN CLINICS

63,465

EMPLOYEE COMPENSATION & BENEFIT COSTS

RM1.13 billion

AWARDS & RECOGNITION IN 2023



For the full list of awards in FY2023, please scan the QR code

KPJ HEALTHCARE



Most Career Fairs Running Simultaneously

- Malaysia Book of Records



First Hospital to Execute Clinical Waste Segregation SW409 Programme

- Malaysia Book of Records



Excellence in Health Tourism Services

- Malaysia Australia Business Council (MABC) 2023



Excellence in Corporate Social Responsibility (CSR) Award

- American Malaysian Chamber of Commerce (AMCHAM)

GlobalHealth Asia Pacific Awards 2023

- Most Sustainable Healthcare Institution in the Asia Pacific

Sustainability & CSR Malaysia Awards 2023 - Company of the Year (Healthcare)

- Healthcare Sustainability Champion Award

Talentbank 6th Graduates Choice Awards

- Graduates' Choice of Employers To Work For Healthcare (Hospital) in 2024

DAMANSARA SPECIALIST HOSPITAL 2 (DSH2)

GlobalHealth Asia Pacific Awards 2023

- New Hospital of the Year in Asia Pacific

KPJ DAMANSARA SPECIALIST HOSPITAL

GlobalHealth Asia Pacific Awards 2023

- Women's Health & Wellness Service Provider of the Year in Asia Pacific

KPJ AMPANG PUTERI SPECIALIST HOSPITAL

Newsweek's Best Specialised Hospitals Asia Pacific

- Paediatrics, Oncology, Neurology & Endocrinology

GlobalHealth Asia Pacific Awards 2023

- Brain and Spine Service Provider of the Year in Asia Pacific

KPJ TAWAKKAL KL SPECIALIST HOSPITAL

Asia Pacific Enterprise Awards (APEA) 2023

- Inspirational Brand Category

KPJ SELANGOR SPECIALIST HOSPITAL

23rd Malaysia International HR Awards 2023

- Bronze

International Convention on Quality Control Circle (ICQCC), Beijing

- Gold

22nd Hospital Management Asia 2023

- Excellence Award for the Clinical Effectiveness Improvement

KPJ RAWANG SPECIALIST HOSPITAL

MIHRM Award - Employer of Choice (Private Sector)

- Gold

KPJ JOHOR SPECIALIST HOSPITAL

GlobalHealth Asia Pacific Awards 2023

- Oncology (Medical) Service Provider of the Year in Asia Pacific

Healthcare Asia Awards 2023

- Patient Safety Initiative of the Year

KPJ PUTERI SPECIALIST HOSPITAL

GlobalHealth Asia Pacific Awards 2023

- Paediatric Service Provider of the Year in Asia Pacific

Healthcare Asia Awards 2023

- Management Innovation of the Year

KPJ PENANG SPECIALIST HOSPITAL

Hospital Management Asia 2023

- Hospital CEO of the Year Award

KPJ SELANGOR SPECIALIST HOSPITAL

Hospital Management Asia 2023

- Excellence Award for the Clinical Effectiveness

KPJ SOUTHERN SPECIALIST HOSPITAL

Majestic Johor Tourism Awards 2023

- Best Medical & Health Tourism Destination

KPJ SABAH SPECIALIST HOSPITAL

Healthcare Asia Awards 2023

- Health Promotion Initiative of the Year & Employee Engagement of the Year

CXP Awards 2023

- CXP Best Customer Experience Award 2023 & CXP Outstanding CX Leader Award 2023

KPJ KUCHING SPECIALIST HOSPITAL

The International Business Review Borneo Awards 2023

- Innovative Technology in the Medical Sector

BrandLaureate Brand of the Year Awards 2023

- BestBrands Award in Healthcare - Private Hospital



WHAT WE DO

KPJ Healthcare's Core Divisions

As a local, homegrown brand with more than 40 years of experience and 29 hospitals in its network, KPJ Healthcare is poised to play a role in redefining how healthcare service is provided to patients, especially in Malaysia.

WHAT WE DO

We provide end-to-end healthcare services under one roof, leveraging cutting-edge technology and innovation from diagnostic services, pharmaceutical support and medical tourism to non-hospital operations and education, covering a wide spectrum of healthcare needs. Our commitment to delivering world-class, patient-centric care reflects our core promise to 'Care for Life'.

Hospital Operations

A core Division in providing operational strategic directions and monitoring hospital performances through:

- Operational excellence
- Expansion of hospitals and its products & services
- Enhancement of hospitals' service delivery
- Adherence to regulatory requirements
- Monitor clinical outcomes
- Foster a positive work environment in hospitals

Ambulatory Care

A Division to provide accessibility for affordable medical care, closer to home which includes:

- Medical services and day surgeries
- Rehabilitation
- Haemodialysis
- Centre for Sight (ophthalmology)
- Dentistry

Ancillary Services

Our Ancillary Services play an integral role in supporting the delivery of our hospital services via centralised functions. Through our Diagnostic Services Division, we offer timely, cost-effective, and high-quality diagnostic care in a safe environment. Other services that enable us to leverage on economies of scale and provide consistency in the delivery of ancillary services include:

- Pharmaceutical distribution and retail pharmacies
- Sterilisation services
- Laboratory services
- Healthcare engineering & advisory
- Laundry services
- Our Diagnostic Services Division provides patients timely, cost-effective, and high quality diagnostic care in a safe environment. Clinical offerings in the Pathology and Laboratory Medicine, Radiology, and Nuclear Medicine segments also come under the ambit of Diagnostic Services.

Education Services

Two of the Group's platforms offer education programmes:

- The KPJ Healthcare University (KPJU) in Nilai, Negeri Sembilan provides a wide range of medical and healthcare programmes in addition to the colleges in Johor and Penang; 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

Our health tourism activities are aimed at:

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

Senior and Assisted Living Care

The Senior and Assisted Living Care Division responsible in providing post-hospitalisation care/step-down hospital services to patients who requires supervision from our team of experts (nurses, caregivers), ensuring a complete recovery/stability upon returning home.

PATIENT-CENTRIC CARE

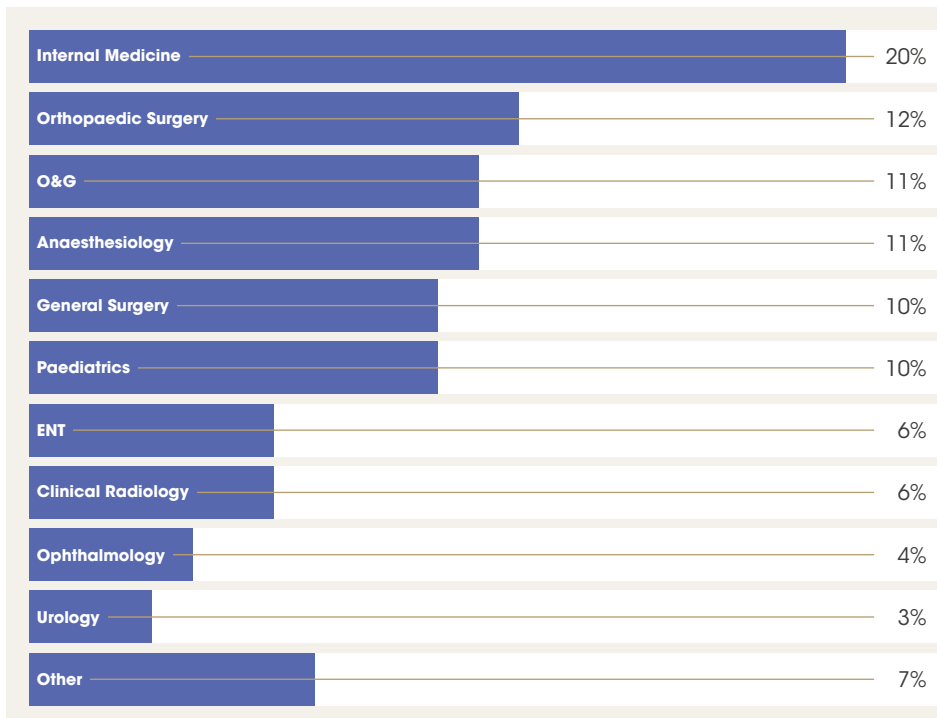
PRIORITISING CUSTOMERS THROUGH PATIENT-CENTRIC HEALTHCARE

At the heart of KPJ Healthcare’s operations is our value proposition in providing effective and patient-centric healthcare. This is conducted by managing our specialist hospital network in a professional, efficient and responsible manner. In pursuit of this, we have established a comprehensive range of patient-centric frameworks, metrics, processes, and protocols which allows us to deliver high clinical and service standards clinical and service quality.

With our Top 10 Disciplines, we are known to deliver the best in Internal Medicine, Orthopaedic Surgery, Obstetrics & Gynaecology (O&G), Anaesthesiology, General Surgery, Paediatrics, Otorhinolaryngology (ENT), Clinical Radiology, Ophthalmology and Urology.



From these disciplines, KPJ Healthcare is most sought-after for five major specialties including Internal Medicine, Orthopaedic Surgery, Obstetrics & Gynaecology and General Surgery.



1. Patient Care as a Team

Providing multi-disciplinary approach for better clinical outcomes and holistic view of patients well-being.

2. Continuous Investments in Medical and Operations Technology

Committed to becoming a future-ready organisation, there is an ongoing emphasis on exploration and innovation.

3. Unyielding Focus on Strengthening and Expanding Knowledge Pool

Upskilling initiatives through training and personnel development programmes for all internal stakeholders, especially frontliners and clinical teams.

PATIENT-CENTRIC CARE

4. Sustainability Agenda

Identifying Environmental, Social and Governance (ESG) areas that are material to KPJ Healthcare as a care provider and implementing a structured Sustainability Framework as the basis the basis of management and operations.

5. Preferred provider for general medical care to subspecialties

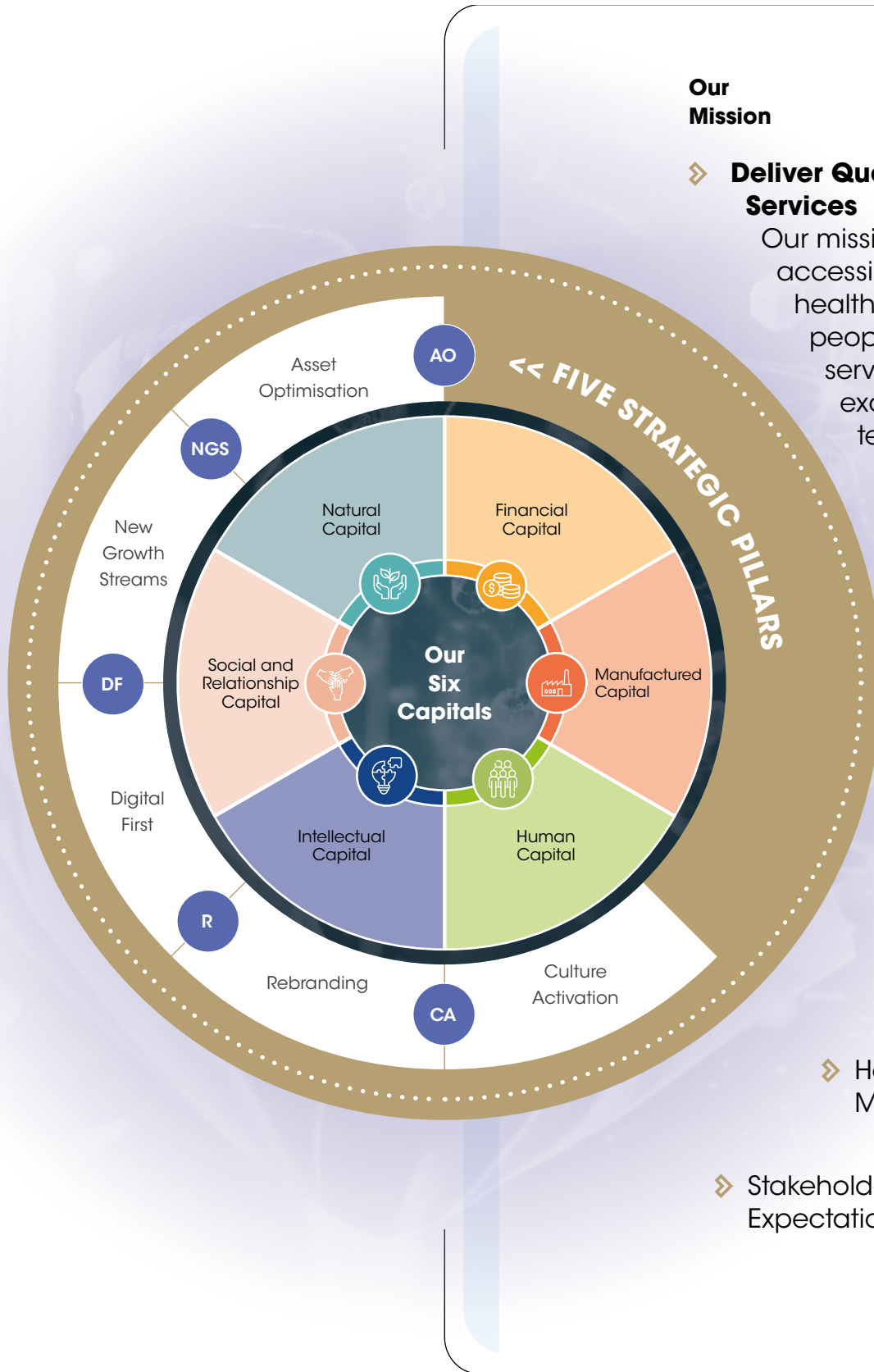
A wide service offerings to cater to our patients - from general to complex medical and surgical cases.

6. Providing a wide range of outpatient services at KPJ Healthcare's ACC

KPJ Healthcare's ACCs, strategically located in suburban regions, offer a variety of outpatient medical services.



OUR VALUE CREATION



Our Mission

» Deliver Quality Healthcare Services

Our mission is to provide accessibility to quality healthcare services for the people and communities we serve, focusing on clinical excellence and innovative technology for superior patient outcomes and customer experience.

Global Market Trend

» Evolution and transformation of healthcare industry, driven by technology

» Healthcare Megatrends

» Stakeholder Expectations

OUR VALUE CREATION

Our Outputs and Activities

-  **Hospital Operations**
-  **Clinical Operations**
-  **Ancillary Services**
-  **Ambulatory Care**
-  **Health Tourism**
-  **Business Development Services**
-  **Education Services**
-  **Senior And Assisted Living Care**

Our Material Matters Refined to Five Themes

- Economic**
Adapting to Economic Shift
- Environment**
Protecting Our Environment
- Social**
Uplifting Our Patients and Communities
- Social**
Fostering Our People
- Governance**
Upholding Good Governance

Our Values and Outcomes

Continuous Growth in Healthcare Industry

We continue to reinforce our position as Malaysia's preferred healthcare service provider by delivering sustainable and high quality care, which translates to profitability and socially-beneficial outcomes, guided by effective risk management strategies

Excellent Customer Service

Understanding that customers need increasingly positive Return on Experience (ROE), KPJ Healthcare has structured frameworks and set systems in place that generate consistently high customer service, measured through industry-accepted benchmarks

Deliver the Best Possible Clinical Outcomes

Adhering to a strong Clinical Governance Framework, KPJ Healthcare puts patient safety as our top priority. We meet both internationally and locally recognised benchmarks, including certification and accreditation standards

Leverage Technology and Innovation for Quality Care

By equipping our network of hospitals with the latest medical facilities and equipment, as well as investing in healthcare innovation and technology, we are ensuring quality patient care

Ensure Upgrading of Employees' Skills and Knowledge

We are continuously upskilling our employees to ensure sustainable development of medical and non-medical professional talents and to enhance our Group's knowledge and expertise in healthcare services

Take Environment Protection Seriously

Environmental and social responsibility are key to our business culture. KPJ Healthcare implements scalable measures to minimise the impact of our carbon footprint on the environment

Managing Risk and Opportunities

-  **Ensuring Availability of Key Medical Staff and Consultants**
-  **Insurance Management**
-  **Clinical Care**
-  **Readiness to Respond to Major Internal or External Incidents**
-  **Government Policy & Compliance**
-  **Cybersecurity**
-  **Compliance to Accreditation Requirements**
-  **ESG**

Our Key Stakeholders

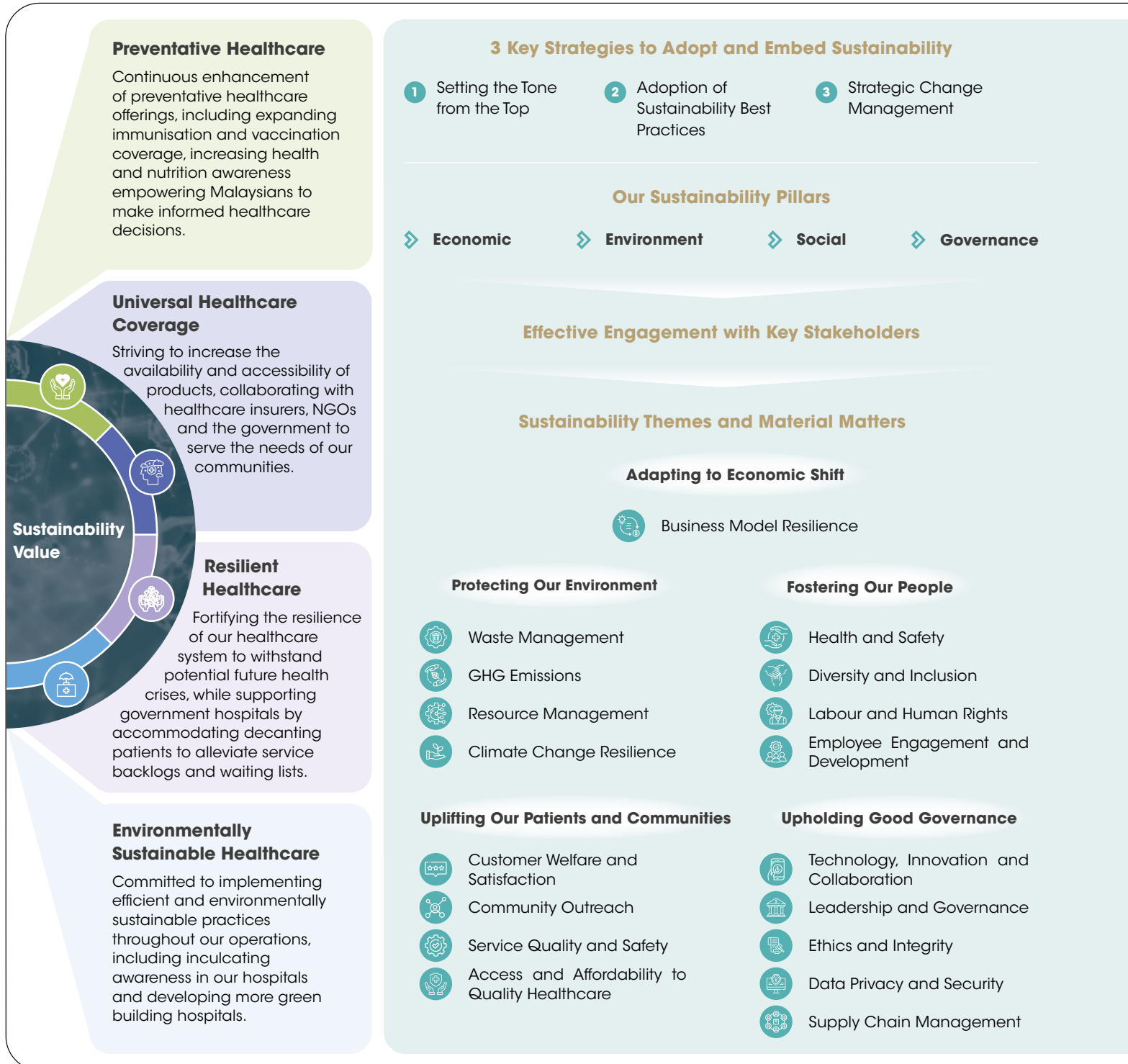
- Patients**
- Employees**
- Consultants**
- Investors and Shareholders**
- Government and Regulators**
- Business Partners**
- Accreditation Bodies and Industry Association**
- Suppliers and Vendors**
- Local Communities**



OUR APPROACH TO SUSTAINABILITY

Our Sustainability Framework which encompasses five themes and 27 initiatives, continues to guide us in executing our sustainability efforts. Additionally, our three-year roadmap ensures that we undertake effective actions in addressing our material matters, while aligning with the Group's identified risks and capitalising on opportunities.

As a healthcare provider, contributing to a sustainable future is important because we play a vital role in safeguarding community health and well-being. At the same time, we endeavour to create a lasting positive impact for our stakeholders. We acknowledge the crucial need for us to reduce our environmental impact, improve social and community benefits while ensuring robust governance practices.



OUR APPROACH TO SUSTAINABILITY

Our business has been integrated with sustainability practices, assisting us in achieving our long-term goals of managing climate change and fulfilling our social responsibilities. To this end, our Sustainability Framework continues to serve as a bedrock in our journey of championing sustainable business practices.

- For more information on Our Approach to Sustainability, please refer to pages 10 to 13 of our Sustainability Report 2023.
- For information on Bursa Performance Table, please refer to page 82 to 83 of our Sustainability Report 2023.

KPJ Healthcare's 3 Year Roadmap and Initiatives

2023	2024	2025
ECONOMIC		
Continuous growth in the healthcare industry via Sustainability Sukuk Wakalah issuance to support eligible social and green projects.		
ENVIRONMENTAL		
1. KPJ Healthcare Carbon Accounting	12. Scope 1, 2 and 3	25. Sustainable Transportation
2. Decarbonisation	13. Clean Energy Mix	
3. Waste Management Plan	14. Water Management	
4. Climate Risk	15. Green Hospital	
SOCIAL		
5. Training and Awareness	16. Training Aged Care Workforce	
6. DEI Policy	17. Inclusive Workplace	
	18. Non-Discriminatory Policy	
	19. Labour and Human Rights	
7. Health Awareness	20. Mental Health for Community	
8. Affordable Packages	21. Healthy Lifestyle	
9. KWAN		
10. Outreach Programmes		
GOVERNANCE		
11. Supply Chain Engagement	22. Sustainability Embed Supply Chain	26. Collaboration
	23. TCFD	27. Enhance Transparency
	24. Shariah Governance	

Managing Risk and Opportunities



For more information, please refer to pages 56 to 63.

Our Targets And Prioritised UN SDGs

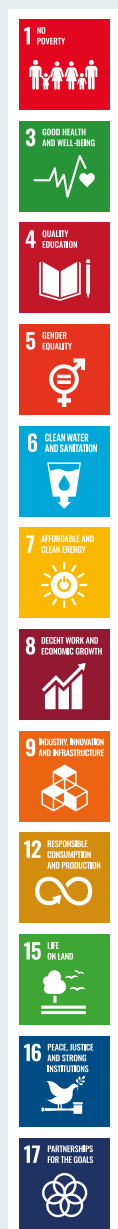
Build a resilient and adaptable organisation for any economic volatility

Reduce environmental impact by managing KPJ Healthcare's waste, resources and climate risks by 2025

Develop a healthy and competent workforce by 2030

Improve the lives of community members across Malaysia by 2030

Be a sustainability-accountable and future-ready organisation by 2030

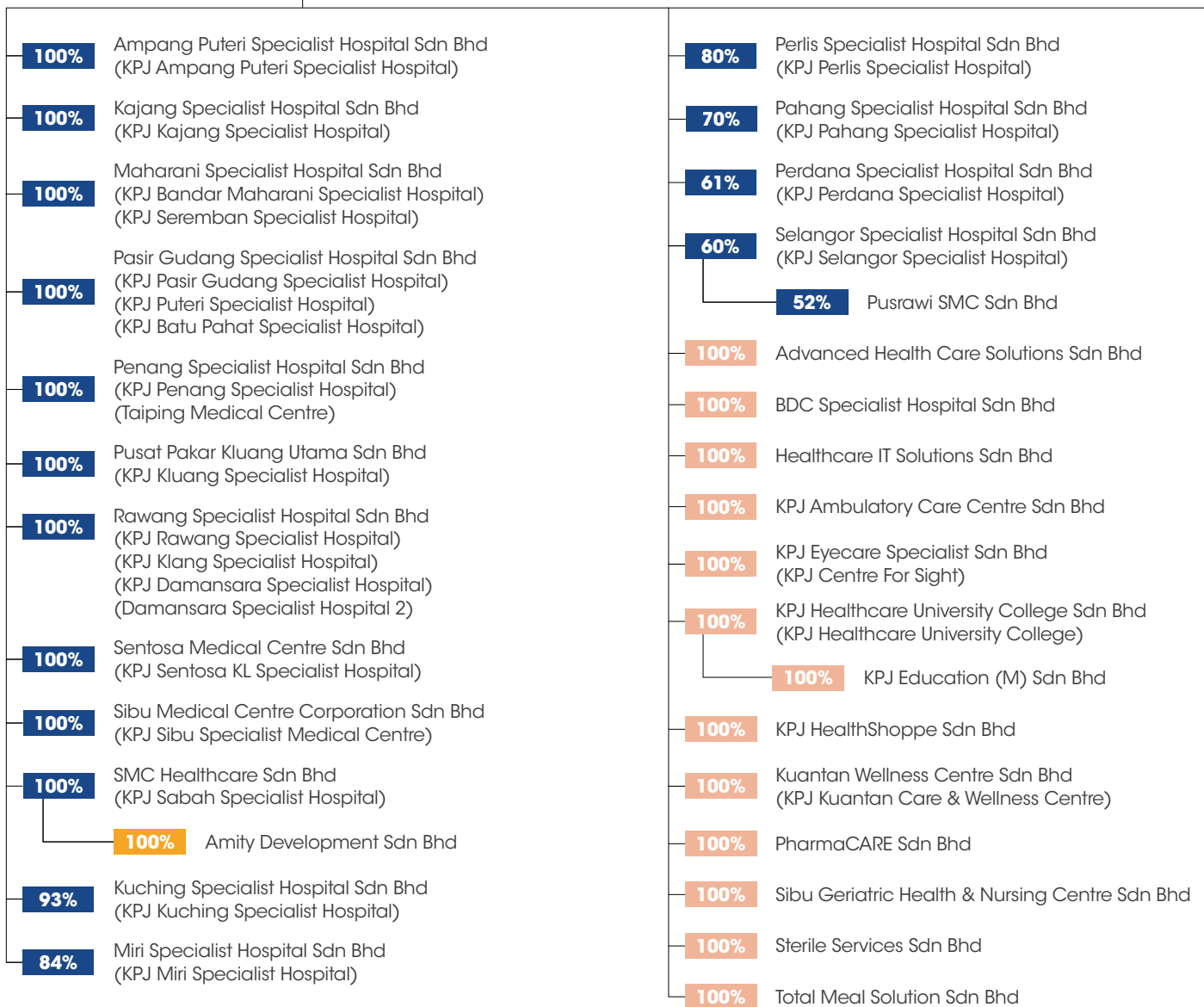
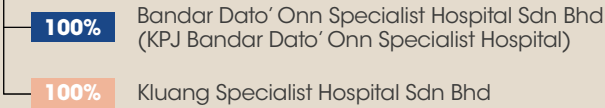


CORPORATE STRUCTURE

AS AT 29 MARCH 2024



A JCORP Company



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

CORPORATE STRUCTURE

AS AT 29 MARCH 2024



CHAIRMAN'S STATEMENT

Forging Ahead, Shaping the Future of Healthcare

Dear Valued Stakeholders,

I am pleased to deliver
KPJ Healthcare's
Integrated Annual Report
for the financial year
ending 31 December 2023.

Datuk Md Arif Bin Mahmood

Chairman

KPJ Healthcare Berhad

(as at 1 April 2024, he is no longer chairman of KPJ)



CHAIRMAN'S STATEMENT

Our profit after tax (PAT) from continuing operations surged to RM302.6 million, A SUBSTANTIAL 50% INCREASE COMPARED TO THE PREVIOUS YEAR

In 2023, we operationalised 190 new ward beds at various KPJ specialist hospitals, and recruited 228 top-tier consultants

41% increase in medical tourism revenue to RM190 million, and rationalised our non-performing portfolios

OVERVIEW

Based on Bank Negara Malaysia (BNM) Economic and Monetary Review 2023, released on the 20th March 2024, the Malaysian economy continued to show strength and resilience in 2023. Despite the challenging external environment, the economy grew by 3.7%. This was supported by resilient domestic demand, a rebound in tourism and improvement in labour market conditions.

Looking to 2024, BNM projected the Malaysian economy to expand between 4%-5%, supported by the improvement of external demand, with the rebound in global trade and the technological upcycle being a bright spot for Malaysia, given its significant role in the semiconductor supply chain. Meanwhile, the tourism sector in Malaysia will benefit from the recovery of global tourism to pre-pandemic levels.

Although external demand is more favourable, resilient domestic demand will remain a driving force for growth, household spending will be underpinned by improving labour market conditions given the ongoing recovery in tourism-related sectors, as well as higher production and trade activities. Meanwhile, investment growth will be supported by the continued progress of multi-year projects across the public and private sectors, as well as catalytic initiatives under Malaysia's strategic masterplans.

In the year under review, KPJ Healthcare continued to capitalise on its strength and charted a robust performance in line with the growth trajectory of Malaysia's healthcare landscape. We managed to capture value by strategically expanding our services through activating more bed capacity, adding more specialists and nurses, rapidly growing the health tourism sector, and pushing forth with advancements in technology and digital health

delivery, coupled with the relentless commitment of our #TeamKPJ and support of all our stakeholders.

Acknowledging the intensifying competition in the healthcare industry, we diligently pursued operational excellence, digital transformation, and technological advancements, to remain at the forefront of healthcare delivery.

Staying true to and driven by our purpose, "Care for Life", we shall further expand our services to cater to our patients' and customers' growing, demanding and holistic lifelong needs. At the same time, we strive to consistently treat every patient and customer with the efficient and compassionate care entrusted to us.

VALUE CREATION

We are pleased to report a strong performance that has emerged across all our key operational indicators during the year under review, resulting in our best financial performance.

Our profit after tax (PAT) from continuing operations surged to RM302.6 million, a substantial 50% increase compared to the previous year. This growth was underpinned by a noteworthy 19% rise in revenue, which climbed to RM3,418.7 million. Our sustained growth in FY2023 is a direct outcome of our strategic approach and our commitment to operational excellence, rooted in our purpose "Care for Life" and core principle of patient-centricity. Thank you to our shareholders, patients, and customers for your trust, support and confidence. Also, to #TeamKPJ – Thank you.

We expanded our facilities and services to accommodate and capture the rising demand for healthcare services. In 2023, we operationalised 190 new ward beds at various KPJ specialist hospitals, recruited 228 top-tier consultants,

CHAIRMAN'S STATEMENT



delivered a 41% increase in medical tourism revenue to RM190 million, and rationalised our non-performing portfolios.

In 2023, we completed the divestment of our interest in all entities in Indonesia, namely Rumah Sakit Medika Permata Hijau and Rumah Sakit Medika Bumi Serpong Damai; and the divestment of our aged care business in Jeta Gardens, Australia. This has positioned us well to focus on our next phase of growth and strengthen our position as the preferred private healthcare partner.

To complement the delivery of our healthcare system, one of the more noteworthy accomplishments was the accreditation from the Higher Education Ministry (MoHE) in June 2023, which bestowed full-fledged university status on KPJ Healthcare University (KPJU). This achievement distinguishes KPJU as Malaysia's first and only private healthcare provider that offers Medical Specialist Programmes, reinforcing our commitment to shaping the future of healthcare professionals.

KPJU had also signed Memorandum of Understanding (MoU) agreements with various reputable research institutions and industry leaders to undertake research in areas of genomics, transcriptomics, and proteomics. This reflects KPJ Healthcare's dedication to advancing precision medicine, academic advancement, healthcare education, and pioneering medical research, solidifying the three key components of our health system - clinical excellence, education and research.

DIVIDENDS

Given our solid financial performance in 2023, we are pleased to reward our shareholders and declare a dividend of 3.35 sen per share, a 68% increase from the previous year.

LIFELONG HOLISTIC HEALTHCARE PARTNER

While we are pleased with our record performance for the year, we are cognisant of the transformative shifts in the healthcare industry. We shall continue to reinvent ourselves and drive towards making KPJ Healthcare your lifelong holistic healthcare partner. We seek the continued support of our loyal patients and customers to be our advocates in attracting new patients and customers. We are keen to forge a lifelong connection with all of you and address your holistic healthcare needs.

While we proactively take care of your well-being, we are strengthening our leading position to treat and care for you better whenever you need to visit any of our 29 specialist hospitals and associated facilities across the nation. This is, in essence, what our "Care for Life" and lifelong partnership is all about.

With the shift towards 'consumerisation' in healthcare, where the patients and customers are more informed and taking charge of their wellbeing, we plan to facilitate this transition even more. We shall leverage technology and digital, including the deployment of Artificial Intelligence (AI) and advanced data analytics to make this transition seamless and delightful while still providing you that compassionate human touch we are well known for. We believe the advancement of technology, coupled with the dedication and expertise of our talented #TeamKPJ, will set us apart from the others.

Our integrated women and children's centre in KPJ Damansara Specialist Hospital exemplifies our commitment to merging technology with talent, offering specialised care that positions us as a key referral centre.

Our neonatal intensive care unit (NICU) is equipped with the latest technology and backed by a strong team of paediatric specialists that can handle very complex pre-term cases. We have taken a step further by creating the only specialist

CHAIRMAN'S STATEMENT

KPJ Healthcare's dedication to advancing precision medicine, academic advancement, healthcare education, and pioneering medical research, further strengthens the three key components of our health system - clinical excellence, education and research

KPJ Damansara Specialist Hospital and Damansara Specialist 2 have become Malaysia's first Mayo Clinic Care Network member hospitals, a testament to our ongoing commitment to high-value-based initiatives

To strengthen the delivery of our healthcare system, the Higher Education Ministry bestowed the full-fledged university status on KPJ Healthcare University (KPJU)

pre-term birth prevention centre in the country at our flagship hospital, Damansara Specialist Hospital 2. Our team of experienced medical practitioners, equipped with advanced cutting-edge technology, can provide expert advice and perform the necessary procedures to increase the odds of babies reaching their full-term maturity.

We are also excited to share about our collaboration with Mayo Clinic, a globally renowned institution known for its excellence in healthcare, research, and education. This is a testament to our ongoing commitment to our patients and customers in providing the best expert care. KPJ Damansara Specialist Hospital and Damansara Specialist 2 have become Malaysia's first Mayo Clinic Care Network member hospitals. As a Mayo Clinic Care Network member, our specialists can now access Mayo Clinic's global medical expertise, innovative practices, and collaborative research opportunities. This membership will enable us to enhance our delivery of exceptional and quality healthcare services to our patients and contribute to shaping the future of healthcare in Malaysia.

Together with our specialists, we shall leverage our Mayo Clinic Care Network membership to set up Centres of Excellence (COEs). For a start, we shall set up COEs in (1) Heart and Lung, (2) Oncology. These specialties correspond with the volume of patients seeking treatment and our consultants' advanced capabilities in handling comprehensive and technologically advanced procedures.

By grouping resources for a specialty into a one-stop centre, the overall patient experience improves and collaboration in research will eventually lead to better clinical outcomes.



CHAIRMAN'S STATEMENT

SUSTAINABILITY IS OUR BUSINESS

Sustainability is integral to our business. In 2023, the Board approved KPJ Healthcare's Sustainability Framework, which defines and governs the Group's sustainability priorities, strategies and targets. In line with this framework, a three-year Sustainability Roadmap sets out the initiatives KPJ Healthcare will drive and implement between 2023-2025.

For 2023, targets to reduce GHG emissions and clinical waste were incorporated as part of key performance indicators for KPJ Healthcare's Board and Management. Moreover, we have established a dedicated Sustainability Services (SS) team to drive the delivery of our sustainability agenda.

Throughout the year under review, we accelerated our efforts in prioritising environmental stewardship by entering into collaborations and partnerships with key players to deliver on our sustainability agenda. This includes integrating green mobility into KPJ Healthcare's operations, championing the adoption of solar power for our hospitals, and becoming part of a landmark initiative for Malaysia's first clinical waste segregation programme.

Last year, we successfully priced our inaugural Sustainability Sukuk offering of RM555.0 million under our existing RM3.0 billion Sukuk Wakalah Programme, marking a pioneering issuance by a private healthcare provider in Malaysia and the ASEAN region.

Our Sustainability Framework and initiatives are detailed in our Sustainability Report. KPJ Healthcare efforts extend beyond immediate outcomes, looking to continuously explore and implement innovative practices that contribute to a sustainable future.

Meanwhile, we remain fully committed to our social programmes. Our flagship Klinik Waqaf An-Nur (KWAN) initiative continues providing affordable care and medicines to underserved communities and those in need. In 2023, in collaboration with Majlis Agama Islam Negeri Sembilan, we expanded our services by establishing a brand-new Dialysis Centre in Rembau, Negeri Sembilan. This is our ninth Dialysis Centre. Similarly, KWAN secured donations exceeding RM1 million, mainly utilised to acquire two KWAN Mobile Clinics, each in Pahang and Sabah. Six dialysis machines were procured and distributed too, enhancing the capabilities of various KWAN Dialysis Centres. From 1998 to December 2023, close to two million patients were treated at KWAN clinics nationwide, and another 35,613 patients via our mobile clinics from 2015 to December 2023. We are committed to bridging access to quality healthcare.

In upholding governance, we continue to improve our standards and practices. In 2023, we rolled out various initiatives, including a refreshed risk services exercise for enhanced execution and improved outcomes. We implemented a more transparent and better reporting

structure for Risk and Compliance Officers across the Group, to bolster efficiency, quality, and consistency in service delivery.

On top of that, we have established the Whistleblowing Committee, which independently reviews all whistleblowing complaints and enhances our Whistleblowing Policy and Procedures. We have achieved recertification of the ISO 37001:2016 of the Anti-Bribery and Management System (ABMS) as well. To further promote a culture of integrity throughout our value chain, we collaborated with Malaysian Anti-Corruption Commission for a refresher training for our staff.

MOVING FORWARD

We expect the economic growth momentum in 2023 will carry through to 2024. The Malaysian healthcare landscape is expected to remain dynamic, with significant growth driven by private and public sector spending. Private sector spending is projected to experience a robust 7.3% growth from RM31.2 billion in 2022 to RM44.4 billion in 2027. Health Tourism is set to witness an impressive 18% growth in 2024 compared to 2023. This forecasted expansion presents excellent opportunities for KPJ, and we are well-positioned to capture them.

We shall continue to focus on putting our patients and customers first and strive to get the basics done well. We will invest in upgrading our facilities and deploying new systems

We successfully priced our inaugural Sustainability Sukuk offering of RM555.0 million under our existing RM3.0 billion Sukuk Wakalah Programme

CHAIRMAN'S STATEMENT



and technology. Our 30th specialist hospital is expected to be operational early 2025. Also, as part of our efforts to create long-term sustainable value, we shall continue to explore new opportunities beyond our core specialist hospital business.

We expect the healthcare industry will continue to face challenges, especially in securing talent and meeting rising costs. We have put concerted efforts into addressing these challenges to remain competitive while creating value for our stakeholders.

To drive further the execution of our strategy and transformation efforts, under the leadership of our newly appointed President and Managing Director, we have strengthened our leadership bench with the appointment of the Chief Strategy Officer, Chief Marketing Officer, Chief Human Resources Officer and CEO of our KPJ Healthcare University. We also refreshed our leadership at the subsidiaries' level with new talents

in leadership positions at Lablink, Pharmaserve and selected hospitals.

As part of our transformation efforts, we shall undertake a detailed review of our brand positioning and clearly communicate our value proposition to the market too.

ACKNOWLEDGEMENT

On behalf of the KPJ Healthcare Berhad Board, I would like to express my heartfelt gratitude to all our stakeholders for the continued support, confidence and trust you have placed in us. Your trust and loyalty fuels us to deliver our best. To our patients and customers, your kind words and constructive feedback drive us to improve and continuously deliver the highest standards of care.

Furthermore, we would like to acknowledge the unwavering support from the Federal and State Governments, Ministry of Health, other healthcare regulators, accreditation bodies, our partners,

suppliers and vendors. Thank you for your invaluable contributions to our journey of delivering care and value to all our stakeholders. We look forward to fostering a much stronger partnership with all of you as we navigate and reimagine healthcare delivery.

To our #TeamKPJ; our consultants, medical officers, nurses, and various medical and non-medical professionals - thank you for your dedication and commitment.

In closing, as #TeamKPJ, we are committed to delivering even greater value in 2024 and in the years to come.

Datuk Md Arif Bin Mahmood
Chairman
KPJ Healthcare Berhad

PRESIDENT & MANAGING DIRECTOR'S REVIEW

Inspiring a Healthy Tomorrow

Dear Valued Stakeholders,

The exceptional performance achieved by KPJ Healthcare Berhad in 2023 underscores the resilient and robust foundation that the Group has meticulously cultivated over the years. We adeptly leveraged market opportunities in 2023 following the challenges posed by the previous year's endemic phase, resulting in a remarkable 50% growth in Profit After Tax from continuing operations and a 19% increase in revenue.

Assuming the post of President and Managing Director of KPJ Healthcare in September 2023 has been exciting and humbling. At the same time, it gave me the opportunity to witness firsthand the dedication to **Care for Life** during my engagements and "Sharing Tour" with Team KPJ, when I met our clinicians and support services nationwide. It is this esprit de corps that has driven us to achieve such outstanding results in 2023, a trajectory I am confident will continue in the near future.

Chin Keat Chyuan

*President & Managing Director
KPJ Healthcare Berhad*



PRESIDENT & MANAGING DIRECTOR'S REVIEW

In 2023 following the previous year's endemic phase, we posted a remarkable **50% growth in Profit After Tax from continuing operations and a 19% increase in revenue**

This uptick in patient visits translated into an increase in surgeries performed. KPJ Healthcare recorded an **11% increase in surgical cases to 105,807 cases compared to 95,600 cases in 2022**

Focus on High Value-based Initiatives

- a. Elevating Patient-Centricity at Hospitals
- b. KPJ Healthcare University (KPJU)
- c. Collaborations
- d. Technology and Digital-based Advancement

STRATEGIC DIRECTION IN 2023

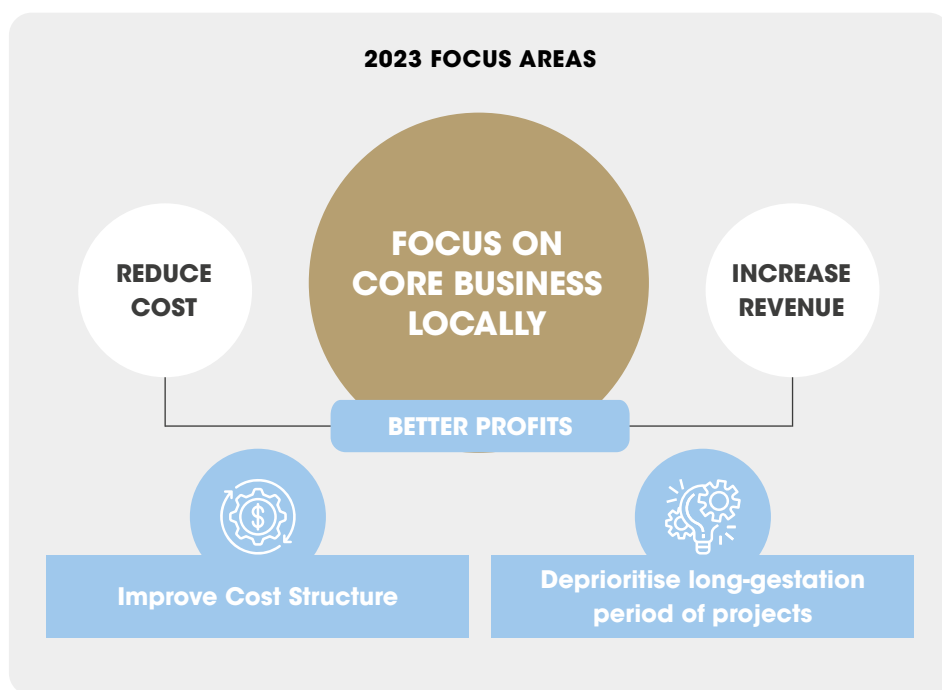
Malaysia showcased skilled management of the COVID-19 pandemic by flexibly adjusting strategies to the changing local and global conditions. The Government's announcement on 8 May 2023, declaring the end of the COVID-19 public health emergency, signified a major achievement. KPJ Healthcare, with its robust foundation and prepared strategy for the post-COVID era, seized the emerging opportunities, leading to improved revenue for the year.

In 2023, our primary goal was to enhance our services to become more patient-centric based on the fundamental aim of reducing costs and boosting revenue for improved profitability. We streamlined our operations to concentrate on our core local business, with a particular focus on high-growth sectors, whilst prioritising efficient execution.

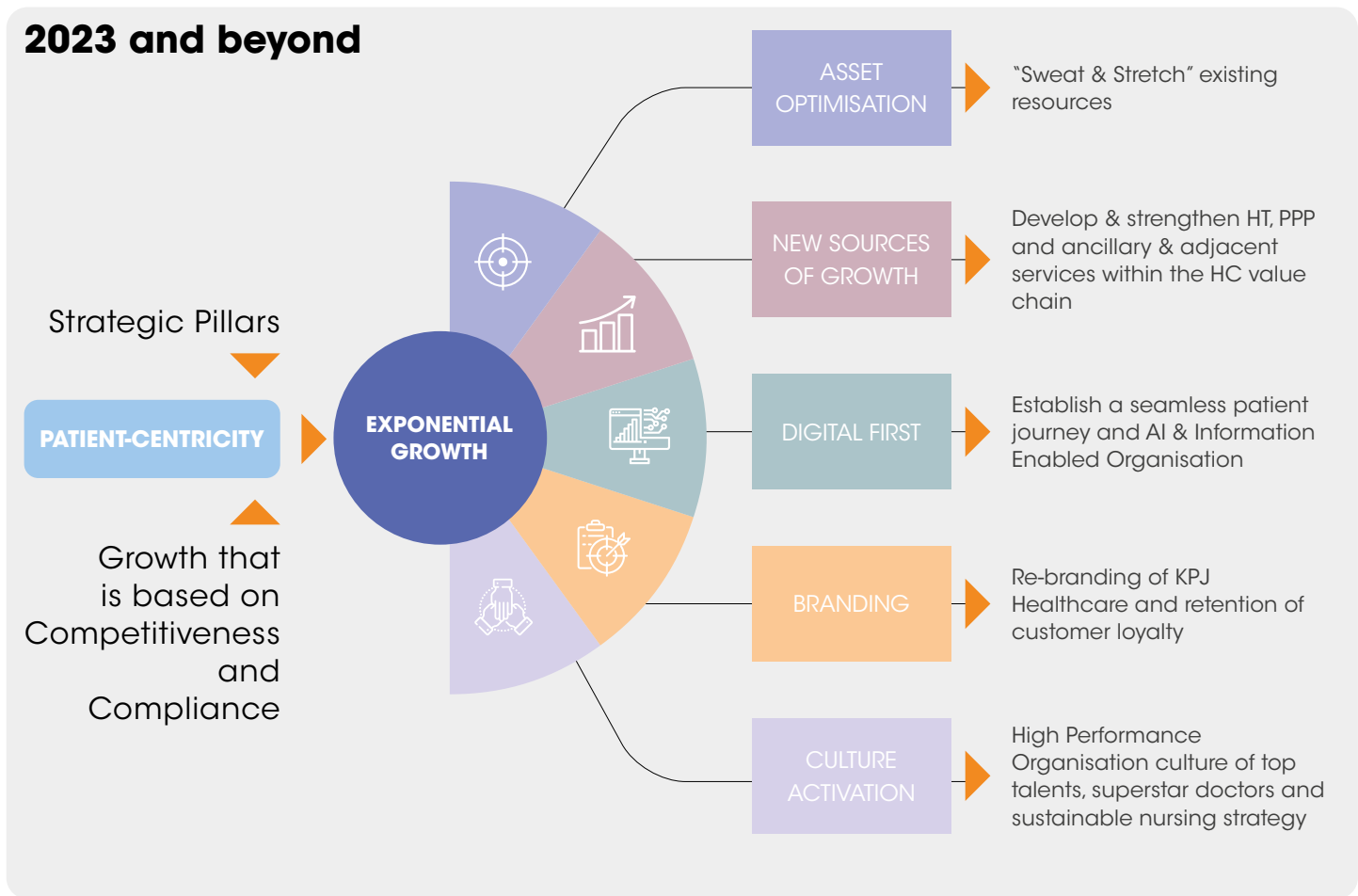
This strategic direction led us to concentrate on our local operations, evident by the divestment of our aged care business in Australia and the sales of Rumah Sakit Medika Permata Hijau and Rumah Sakit Medika Bumi Serpong Damai, signifying KPJ Healthcare's complete withdrawal from Indonesia.

In 2023, we started our comprehensive transformation journey focusing on five strategic pillars: Asset Optimisation, New Growth Streams, Digital First, Branding and Culture Activation.

We initiated a programme to ensure the effective and efficient implementation of these strategic initiatives – the Future Forward Leaders programme. This programme involves the selection of 12 employees from across the KPJ Healthcare network, as a cross functional team that has key capabilities required to drive impact for revenue growth and cost optimisation.



PRESIDENT & MANAGING DIRECTOR'S REVIEW



During this fiscal year, we implemented a strategic restructuring within our organisation. Specifically, we transitioned Marketing into an independent service, led by a dedicated Chief Marketing Officer, moving away from its previous alignment under the Corporate Affairs Officer. We also expanded the Marketing Team, especially for Health Tourism with the best talents in the industry.

To reinforce our patient-centric approach, we integrated Customer Experience into Marketing from Operations. This shift underscores our dedication to delivering exceptional patient care and services.

The Chief Commercial Officer's portfolio has been restructured to the role of Chief Operating Officer - Allied Health and Retail. This strategic shift aims to place emphasis on non-hospital business ventures, particularly in spearheading innovative avenues for growth.

We appointed a Chief Strategy Officer to oversee strategic initiatives at KPJ Healthcare, emphasising transformation and the integration of digital technologies into our operations. This strategic move highlights the pivotal role of digitalisation in enhancing the patient journey.

Moreover, our commitment to digitalisation is further exemplified by our ongoing efforts to implement the new Hospital Information System (nHIS), with vendor selection commencing in 2023. This system, encompassing both front-end and back-end functionalities, marks a significant step towards modernising and streamlining our healthcare processes, with 'one patient, one record' being our ultimate goal.

PRESIDENT & MANAGING DIRECTOR'S REVIEW

GROUP PERFORMANCE OVERVIEW

The healthcare sector experienced a significant rebound in 2023, both on a global scale and within our local operations. There was a noticeable uptick in activities across our hospitals, particularly evident in the increased bed occupancy rates. This surge can be attributed, in part, to our intensified marketing efforts, which effectively reached and engaged our target audiences.

However, amidst these favourable developments, we encountered challenges such as the shortage of nurses and skilled talent. We implemented strategic initiatives to address and overcome these hurdles, ensuring continuous high-quality, patient-centric healthcare services for our patients.

» Better revenue from the hospitals

KPJ Healthcare witnessed a commendable increase in Bed Occupancy Rate (BOR) from 58% in 2022 to 67% in 2023, reflecting growing confidence among patients in seeking hospital services, as concerns surrounding COVID-19 exposure diminished. Patient visits rose to 3,320,121 in 2023 from 3,263,832 in 2022.

This uptick in patient visits translated into an increase in surgeries performed. KPJ Healthcare recorded an 11% increase in surgical cases to 105,807 cases compared to 95,600 cases in 2022.

In improving the services offered at our hospitals, we also went on aggressive recruitment drives for consultants especially in improving our cluster services.

We continued to work closely with major insurance companies such as Prudential and AIA for procedure package pricing, aimed at driving volume and increasing our BOR.



» Driving Health Tourism

As borders reopened in various countries, we witnessed a resurgence in medical tourism. Our health tourism revenue saw a 41% uplift to RM190 million compared to RM134 million in 2022. Indonesia remains our primary market, and we are actively working to enhance our presence by reactivating representative offices in four different locations namely Aceh, Pekanbaru, Padang and Bengkulu.

We also sought to strengthen new markets and target segments. We conducted more than a hundred high level expatriate and foreign embassies engagements. In the year under review, we signed 10 memorandums of understanding (MoUs) with insurance and third-party administrators (TPA) and seven commercial partners across five targeted markets. An example is the Collaboration Agreement signed with the Korean Society in Malaysia to provide access to our facilities at selected KPJ specialist hospitals across the nation to Koreans residing in Malaysia.

Another noteworthy collaboration is KPJ x PeMangkinMD DE Rantau, an initiative between KPJ Healthcare and the Malaysia Digital Economy Corporation (MDEC) through its PeMangkinMD DE Rantau programme. As the first Healthcare Partner to join this initiative, KPJ aims to assist MDEC to position Malaysia as the preferred digital nomad hub in ASEAN.

Additionally, we won various awards for our Health Tourism efforts, including six International Awards at the Global Health Asia-Pacific Healthcare and Hospital Awards 2023 and Excellence in Services for Health Tourism from the Malaysia Australia Business Council (MABC).

PRESIDENT & MANAGING DIRECTOR'S REVIEW

Intensifying Marketing Efforts

Throughout the year, we prioritised segmentation strategies to better serve our diverse patient base, including organizing special events for International Women's Day and Father's Day, offering tailored packages to enhance customer experience.

We also introduced many attractive delivery packages and services for maternity, and our effort was recognised with the prestigious 'Hospital Pakar Pilihan Pa & Ma' award, awarded by Pa & Ma, the leading parenting magazine in Malaysia.

Another milestone achievement during this period includes the launch of the KPJ Cares Mobile App, marking the initial phase of our comprehensive mobile app initiative. This innovative platform is designed to reward our loyal customers, further enhancing their engagement and satisfaction.

Moreover, we strengthened our strategic partnerships with payors, resulting in selected hospitals receiving the 'Insurance Preferred Hospital Status' from leading insurance providers such as Great Eastern and HLA Assurance. This recognition empowers us to engage in patient steerage activities, expand our referral network and bolster our visibility as well as revenue streams.

Retaining and Reskilling Team KPJ

During the year under review, many healthcare providers faced challenges with nurse shortages, a widespread issue globally, especially post COVID-19 pandemic. KPJ Healthcare focused on retention initiatives, ensuring that our packages remained competitive or even superior to market standards.

At the same time, we embarked on an aggressive recruitment drive, highlighted by our innovative 'Night Career Fair' in November 2023. This event was held simultaneously across 29 KPJ specialist hospitals nationwide, attracting about 20,000 attendees, and earned us a prestigious spot in the Malaysia Book of Records for the "Most Career Fairs Running Simultaneously."

We collaborated with KWAP Malaysia and HRD Corp - Human Resource Development Corporation for the Seniors Back in Action Programme (SEBA), in providing opportunities for eligible retired nurses from the public sector to be part of our network of hospitals.

We also met with more than 40 universities and colleges in collaboration with the Ministry of Human Resources Malaysia and TalentCorp, to build strong relationships with educational institutions, promoting job and internship openings, particularly for final-year students and alumni.

In addition, KPJ Healthcare initiated a comprehensive strategy aimed at fostering a high-performance workforce equipped to meet the evolving demands of the healthcare industry. Recognising the critical role of talent in delivering exceptional patient care and driving innovation, we enhanced the skills and competencies of our staff through targeted training and development programmes.

KPJ Healthcare won the 'Most Preferred Graduate Employers to Work for in 2023' at the Graduates' Choice Award 2022 for the second consecutive year. We were also awarded the '2024 Graduates' Choice of Employers to Work For' in Healthcare (Hospital) category at the '6th Graduates' Choice Award (GCA)' ceremony.



PRESIDENT & MANAGING DIRECTOR'S REVIEW

➤ Emphasis on Sustainability

As we continue our sustainability journey, KPJ Healthcare remains steadfast in our commitment to delivering outstanding healthcare services and fulfilling our responsibilities towards Economic, Environmental, Social, and Governance (EESG) impacts.

In our mission to create a healthier, more inclusive and sustainable future for all, we collaborated with Gentari to install electric vehicle ("EV") charging facilities at 10 KPJ Healthcare premises exemplifies our dedication to sustainable practices within the healthcare sector.

We also entered into a long-term Supply Agreement with Renewable Energy (SARE), with Tenaga Nasional Berhad and GSPARX, where we are installing rooftop solar photovoltaic (PV) systems at our hospitals.

KPJ Healthcare's collaboration with Cenviro and the Department of Environment has led to the introduction of Malaysia's first clinical waste segregation programme. This groundbreaking initiative not only contributes to environmental protection but also sets a new standard for sustainable waste management practices in the healthcare sector, another 'KPJ first' initiative.

In collaboration with Majlis Agama Islam Negeri Sembilan (MAINS), KPJ Healthcare's charity clinic network has expanded its reach with the launch of the 9th Dialysis Centre in Rembau. We also launched the first mobile clinic in Sabah by KPJ Healthcare-backed Charity Clinic KWAN. These initiatives reflected our inclusive approach to healthcare delivery, ensuring essential healthcare services are accessible to underserved communities, aligning with our commitment to equitable healthcare access for all.

Our commitment to sustainability excellence was recently recognised with the 'Company of the Year (Healthcare) Sustainability Champion Award' at the prestigious Sustainability & CSR Malaysia Awards 2023. We also won the 'Excellence in Corporate Social Responsibility (CSR)' recognition by the American Malaysian Chamber of Commerce (AMCHAM).

We maintain our commitment to strong governance, essential for ethical and responsible conduct in alignment with environmental, social and economic principles. Our robust governance practices are guided by the three-year KPJ Integrity/Anti-Bribery Plan. Furthermore, we screen onboarded suppliers against Environmental, Social, and Governance (ESG) criteria. We have engaged with 100% of Tier 1 suppliers and 20% of critical non-Tier 1 suppliers on KPJ's sustainability targets and Supplier Code of Conduct by 2024.

FOCUS ON HIGH VALUE-BASED INITIATIVES

While the post COVID-19 mindset shift towards healthcare was a significant contributor, KPJ Healthcare also undertook improvements in its operations and introduced many high value-based initiatives to maximise value for our patients. This is in line with our patient-centric approach, which central tenet is the delivery of healthcare that prioritises value for our patients.

a. Elevating Patient-Centricity at Hospitals

In the year under review, we introduced Weekend and Evening Clinics at selected hospitals, recognising the busy schedule of our patients, true to our aim of being a patient-centric network of hospitals. We also worked together with our consultants to introduce the Sharing Clinic Concept.

At KPJ Healthcare, we constantly strive to improve the availability and range of services. One notable initiative was our Damansara Specialist Hospital's Women & Children Centre, officiated by YB Dato' Sri Hajah Nancy Shukri, the then Minister of Women, Family and Community Development, to improve our procedure packages for Women & Children.

b. KPJ Healthcare University (KPJU)

It was a proud moment for us as KPJ Healthcare University College was awarded University status in June 2023. This is indeed a significant milestone for KPJU, as it marked its 25th Convocation in October of the same year.

The role of KPJU will increase tremendously as we elevate the Group to a new standard with the Academic Health System (AHS) that we are developing.

Under the AHS, KPJU will undertake research and innovation to elevate the standard of care and clinical outcomes for patients. It will serve as a platform for KPJ Healthcare to train, retain and attract doctors, specialists and nurses, elevating KPJ Healthcare to a world-class standard with strong partners and collaborations.

In line with this, KPJU has entered into a host of collaborations with other reputable entities, such as FUJIFILM Malaysia, Universiti Putra Malaysia, and Universiti Malaya, to advance research collaboration.

KPJU also entered into an MoU with Arcadia Lifesciences, University of Southampton Malaysia, and Alpro Pharmacy, alongside a Letter of Intent with Universiti Kebangsaan Malaysia's Medical Molecular Biology Institute, to propel healthcare research and drive innovation.

PRESIDENT & MANAGING DIRECTOR'S REVIEW

c. Collaborations

Collaborations remain a strong strategy for KPJ Healthcare in enhancing our market positioning. Through collaborations, we demonstrate our commitment to excellence in patient care. For this purpose, we inked a Strategic Collaboration Agreement with PERKESO to extend rehabilitation services for insured individuals under PERKESO. Other notable collaborations include those entered into by our Southern hospitals, namely KPJ Johor, KPJ Puteri, and KPJ Kluang Specialist Hospitals, which signed a Memorandum of Understanding (MoU) with the National Cancer Society Malaysia (NCSM). Under this partnership, we provide free cancer screening services to individuals referred by NCSM to KPJ Healthcare, who are residing in Johor with an income of less than RM5,000 monthly. We also announced our collaboration with Samsung for the purpose of advancing precision medicine and diagnostics in Malaysia.

d. Technology and Digital-based Advancement

With the ultimate goal of "One Patient, One Record", we aim to be digital first in all that we do. For this purpose, during the year under review, we laid the foundation for digital transformation where new capabilities were either built, expanded or sustained.

To kick-start this process, a special team was established to steer the development of the nHIS which pilot is targeted to take place in the fourth quarter of 2024. Once running, the system will serve to manage hospital's operation and integrate overall patients' data and information such as doctor schedule timing, history of patients' information, results of laboratory tests, diagnoses, decision support, alarms and alerts, AI-assisted pathways, billing, and other related hospital procedures and workflows.

At the clinical level, KPJ Healthcare has started its journey to be technology driven in ensuring best clinical outcomes. Among others, we unveiled the new Elekta Versa HD Linear Accelerator (LINAC) machine at KPJ Damansara (DSH) and KPJ Ipoh Specialist Hospitals. We also introduced Malaysia's First 5G-Enabled VSI Holomedicine® in Collaboration with apoQlar and supported by Digital Nasional Berhad (DNB), Microsoft, TM One and National University Health System (NUHS) Singapore.

OUTLOOK

In 2024, the healthcare sector is poised for significant innovation and transformative advancements. We believe the outlook for the healthcare industry remains positive and we are committed to delivering exceptional value across all facets of our operations.

The prevalence of non-communicable diseases, an ageing population, rapid technological evolution, shifting consumer behaviours, currency depreciation, and regulatory changes collectively present opportunities for substantial growth within the industry.

Public sector investments, such as RM200 million allocated for decanting, RM100 million for the Madani scheme and RM2.6 billion for public financing initiatives or leasing, signal a dynamic outlook for the local healthcare landscape. This investment drive aligns with our strategic vision to secure a significant share of this burgeoning market. In 2024, KPJ Healthcare will be implementing other initiatives to position the group at the forefront of service outsourcing, establishing KPJ Healthcare as a strategic healthcare partner to the Ministry of Health (MOH).

Looking ahead, KPJ Healthcare will continue on its transformative journey as outlined in our strategic plan for 2024 to 2028. Our mission is hinged upon the core values that will pave the way for a future-focused roadmap, which will begin in 2024. We will be focusing on "Optimising the Core" to establish a High-Performance Organisation (HPO) primed for exponential growth.

Central to this journey is the integration of KPJU and KPJ Healthcare, paving the way for the realisation of our Academic Health System vision. This integration not only enhances clinical outcomes but also positions KPJ Healthcare as a provider with a unique value proposition and a competitive edge.

A key performance indicator we are keen to advance is our BOR, targeting a substantial increase to 75% by 2028, all based on staying focused on our Care for Life purpose, founded on our commitment to patient-centricity. This can also be achieved with our strategic focus on AI and data-driven initiatives, which underscores our commitment to implementing predictive, preventive and precision medicine. Our robotic programmes will be intensified, led by the services offered by the recently introduced Da Vinci Robot in DSH2, with other specialties such as orthopedic to have robotic-assisted surgeries in more of our hospitals.

Our strategy for health tourism as new sources of growth will also see strategic investments in world-class marketing initiatives. Plans include the establishment of a dedicated sales team and the opening of at least 10 representative offices in key markets during 2024.

Our outlook is clear: as KPJ Healthcare moves through these strategic horizons, we will not only adapt to change but will drive it. We are ready to embrace the future of healthcare with a resolute commitment to excellence, innovation, and compassionate care, always keeping our patients at the heart of our journey.

PRESIDENT & MANAGING DIRECTOR'S REVIEW

**ACKNOWLEDGEMENT**

I thank the Board of Directors for empowering me in leading KPJ Healthcare, their advice and guidance has undoubtedly enabled me to strive towards achieving excellence for the organisation. I am also grateful for support that we have received from the MoH, Malaysia and for the sound policies that continue to drive the healthcare industry forward.

I would like to record my appreciation to our business partners, vendors, members of the media and NGOs for standing by us throughout the years.

My sincere thank you is also dedicated to our patients, customers and communities who are our inspiration in delivering our best services to them.

The support and warm welcome from #TeamKPJ have greatly expedited my learning and bolstered my journey within KPJ Healthcare, for which I am profoundly grateful. As we embark on another year, I have full confidence in #TeamKPJ's dedication and commitment to driving the success of our transformative journey. We stand prepared to tackle any challenge, all the while striving to be more patient-centric, make meaningful contributions to the advancement of our healthcare system and the overall wellbeing of our nation.

Chin Keat Chyuan

President & Managing Director
KPJ Healthcare Berhad

CHIEF FINANCIAL OFFICER'S REVIEW

Shaping Healthcare Excellence

Dear Valued Stakeholders,

The Group achieved a remarkable set of results for the financial year ended 31 December 2023, building upon the strong performance of the preceding year. We saw an overall increase in patient visits, mainly contributed by a significant increase in the number of inpatients. Overall healthcare services throughout our hospital networks also showed an increase, as witnessed by the higher number of surgeries and delivery cases, as well as an improvement in the overall Bed Occupancy Rate (BOR). This has resulted in a substantial upswing in revenue and profit.

Our divestments from healthcare operations in Indonesia which started in 2022 were completed in 2023, marking our full exit from the Indonesian market. In December 2023, we also announced the disposal of the aged care business of our Australian subsidiary, Jeta Gardens, in December 2023, which was completed in January 2024. The carrying value from the aged care business was disclosed as part of Assets Held for Sale in the 2023 financial statements, while its performance has been reclassified as discontinued operations.

On the fundraising front, the Group issued its inaugural Sustainability Sukuk of RM555.0 million in March 2023, which is a part of the Sukuk Wakalah Programme.

**Norhaizam Binti
Mohammad**

*Chief Financial Officer
KPJ Healthcare Berhad*



CHIEF FINANCIAL OFFICER'S REVIEW

The proceeds were utilised for the repayment of maturing Sukuk Murabahah of RM450.0 million during the year and for the purpose of working capital requirements and other expenses as defined in the Sustainability Sukuk Framework.

Group Financial Performance in 2023



Revenue (RM'000)

3,418,701

19%
higher than 2022

PAT

(from continuing operations)
(RM'000)

302,597

50%
higher than 2022

REVENUE

For the financial year ended 31 December 2023, the Group recorded RM3,418.7 million in revenue, marking a 19% increase from RM2,868.5 million reported in the previous financial year. This growth was spurred by our efforts in having additional consultants and number of beds, and this has translated into heightened hospital activities, evidenced by increased patient visits of 2% to 3,320,121 (2022: 3,263,832 patients), a Bed Occupancy Rate (BOR) of 67% (2022: 58%), while surgeries saw a significant rise to 105,807 cases, marking an 11% growth from the 95,600 cases reported in 2022, and deliveries saw a 2% increase to 13,495 cases in 2023, up from 13,234 cases in 2022. The Group's efforts in marketing and adding new operating beds significantly enhanced KPJ Healthcare's service capacity, leading to a notable increase in patient visits.

Key drivers contributing to the revenue increase included:

Increase in patient visits to 3,320,121 in 2023 from **3,263,832** in 2022.

11% increase in surgery cases to **105,807** cases compared to **95,600** cases in 2022.

2% increase in delivery cases to **13,495** cases compared to **13,234** cases in 2022.

Rise in Bed Occupancy Rate (BOR) to 67% in 2023 from 58% in 2022.

Noteworthy revenue contributions from hospital operations, particularly from **KPJ Ampang, KPJ Penang and KPJ Puteri**, with a total aggregate increase of **RM125.3 million**.

Enhanced revenue streams from **pharmaceutical activities** and **medical supplies**, with an aggregate increment of **RM284.8 million**.

During the financial year, the Group's EBITDA soared by 17% to RM838.0 million, a significant increase from RM716.0 million recorded in the previous year, with an EBITDA margin of 24.5%. This achievement is attributed to the increased revenue and sustained vigilance in managing the operating costs. Additionally, the Group's results was positively influenced by the realisation of the divestment of its Indonesian businesses with one-off pre-tax net gain amounting RM38.0 million.

Profit before tax experienced a considerable upsurge to RM377.9 million, surpassing the RM275.1 million recorded in 2022. This increase in profitability mirrors the upward trajectory of revenue and margin enhancement.

Health Tourism

Health tourism revenue climbed by **41%** to **RM189.5 million** compared to **RM134.1 million** in 2022.

CHIEF FINANCIAL OFFICER'S REVIEW

PERFORMANCE BY SEGMENT

Malaysia

The Malaysia segment reported revenue of RM3,351.8 million for the financial year ended 31 December 2023, a 19% growth compared to RM2,825.3 million in the preceding financial year. This improvement was driven by our efforts in adding the number of beds and increasing our consultants, and this translated into increased patient visits in our hospitals, rising from 3,096,989 patients in 2022 to 3,130,852 patients in 2023. Our efforts in marketing and adding new operating beds significantly enhanced KPJ Healthcare's service capacity, leading to a notable increase in patient visits, both domestically and from health tourism.

EBITDA for the Malaysian segment increased by 15% to RM842.1 million from RM735.1 million in the financial year ended 31 December 2022. Correspondingly, profit before tax surged by 27% to RM405.2 million compared to RM318.7 million in the preceding year. The Group saw an increase in revenue from its hospitals and continued to be disciplined in managing its operating costs. Administrative costs also saw an increase especially in staff costs, utilities costs, and repair and maintenance costs along with the increase in hospital activities. Hospitals that are in gestation period have continued to improve and delivered higher EBITDA or reduced their losses as they continue to approach maturity.

Others

The segment reported a total revenue of RM70.5 million in 2023, a 22% increase from RM57.6 million in the prior year. This increase was primarily attributable to the education segment of KPJ Healthcare University, recording a revenue of RM40.7 million, a RM4.8 million increase from the previous year, as well as from KPJ Dhaka which saw an increase in revenue of RM6.3 million. The results from Jeta Garden's aged care business had been reported separately as a discontinued operations as a result of the divestment.

The others segment reported a lower negative EBITDA and a loss before tax of RM1.5 million and RM27.2 million, respectively, compared to a negative EBITDA of RM5.7 million and a loss before tax of RM32.7 million in 2022. These results were mainly due to the improved results from KPJ Healthcare University and KPJ Dhaka operations during the year.



CHIEF FINANCIAL OFFICER'S REVIEW

PERFORMANCE OF OTHER GROUP-LEVEL METRICS

ADMINISTRATIVE EXPENSES

Administrative expenses increased by RM191.8 million or 24% in 2023 compared to 2022. These expenses comprised mainly of the following:

Staff costs amounting to **RM318.5 million**, which is an **18%** increase from **RM269.3 million** in 2022, reflecting the increase in manpower and management's efforts to align staff benefits with market rates. The number of headcount increase is in line with the increase in the number of beds

Depreciation and amortisation costs of **RM185.4 million**, up by **4%** due to additions of property, plant and equipment and right-of-use assets, and

Utilities costs increased by **31%** to **RM119.8 million** as compared to **RM91.3 million** in 2022, correlating closely with the heightened frequency of patient visits and the intensified operational activities within the hospital premises. The increase was also due to the change in the electricity tariff.

NET FINANCE COSTS

Finance Costs from Borrowings

On 13 March 2023, the Group issued its inaugural Sustainability Sukuk of RM555.0 million from the RM3.0 billion Sukuk Wakalah Programme in three tranches with tenures of five-year, seven-year and ten-year Sukuk Wakalah being priced at a profit rate of 4.50%, 4.69% and 4.86% respectively. Aside from this, the Group also made payments amounting to RM450.0 million for its Sukuk Murabahah Programme during the financial year. The higher borrowings from these Islamic Medium-Term Notes have contributed to a slight increase in the finance costs during the year. However, this is offset by the higher finance income during the year. This has resulted in total net finance costs from borrowings to be 3% lower than the previous year.

Finance Costs from Lease Liabilities

Interest on lease liabilities rose to RM107.7 million from RM102.5 million in the previous year, mainly attributable to the lease renewals involving KPJ Kajang, KPJ Perdana and KPJ Sentosa.

Taxation

The Group's effective tax rate for the year was 20% (2022: 27%). This reduction was primarily attributable to the recognition of tax losses of several entities, which were previously not recognised, due to anticipated future taxable profits resulting from the improved financial performance.

FINANCIAL POSITION AS AT 31 DECEMBER 2023

Total Assets

The Group closed 2023 with total assets reaching RM7,246.2 million in contrast to RM6,994.1 million in the previous year. This growth was primarily driven by the upgrading and expansion of hospital buildings with new additions of medical equipments, including at DSH2, KPJ Penang, KPJ Ipoh, KPJ Puteri and KPJ Johor aggregating to RM223.8 million. The increase in revenue contributed towards significant growth of deposits, bank and cash balances. The proceeds from the disposal of Indonesian businesses also contributed to the assets growth.

Total Liabilities

The Group's total liabilities as at 31 December 2023 was RM4,718.0 million, a 2% increase from RM4,639.8 million in the previous year. The increase was mainly attributed to the drawdown of Sustainability Sukuk Wakalah during the year of RM555.0 million which was then offset by the repayment of RM450.0 million for Sukuk Murabahah during the same year. There was also a 3% increase in lease liabilities due to the lease renewals involving three hospitals.

CHIEF FINANCIAL OFFICER'S REVIEW

Liquidity and Cash Flows

The Group reported a 43% increase in net cash from operating activities of RM657.6 million as compared to RM459.8 million in the previous year.

The cash outflows used in investing activities were mainly for the expansion and upgrading of hospital facilities and new medical equipment totalling RM237.5 million at DSH2, KPJ Penang, KPJ Ipoh, KPJ Puteri and KPJ Johor, offset by proceeds from the settlement of shareholders' loan pursuant to the divestment of the Indonesian businesses totalling RM156.3 million.

KPJ Healthcare's Sustainability Sukuk Wakalah Programme was accorded the Gold rating by MARC Ratings Berhad ("MARC Ratings") in October 2022. The cash inflows generated from financing activities from the issuance of RM555.0 million was mainly used for the settlement of the Sukuk Murabahah of RM450.0 million and payments of lease liabilities. Other significant outflows were for the payment of dividends to shareholders.

Due to the significant inflows from operating activities, and netted off with the outflows from investment and financing activities, the Group recorded a net increase in cash and cash equivalents of RM128.2 million. This brings the total balance of cash and cash equivalents for the Group to RM552.5 million at financial year end, a 33% increase from the previous year-end 2022.

Capital Management

The Group continues to record efficient capital management where it continuously met all of its debt obligations with strict compliance to all of its debt covenants and financial ratios. A total of RM691.4 million of debts were paid in 2023.

During the financial year, the Group also achieved a new milestone, where it reduced the debt-equity ratio to 0.76 times from 0.80 in the previous year. The Group continues to monitor and optimise the use of its assets and liabilities to achieve maximum returns.

RETURNS TO SHAREHOLDERS

In the financial year ended 31 December 2023, the Group issued four interim dividends and one special interim dividend according to the schedule below:

First interim dividend of 0.60 sen per share on 4,364,301,366 shares. The dividend was declared on 17 February 2023 and paid on 14 April 2023.	RM26,185,808
Second interim dividend of 0.65 sen per share on 4,364,301,366 shares. The dividend was declared on 30 May 2023 and paid on 4 July 2023.	RM28,367,959
Third interim dividend of 0.80 sen per share on 4,364,301,366 shares. The dividend was declared on 29 August 2023 and paid on 3 October 2023.	RM34,914,411
Fourth interim dividend of 1.05 sen per share on 4,364,301,366 shares. The dividend was declared on 28 November 2023 and paid on 28 December 2023.	RM45,825,164
Special interim dividend of 0.25 sen per share on 4,364,301,366 shares. The dividend was declared on 28 November 2023 and paid on 28 December 2023.	RM10,910,753

In total, the dividends amounted to RM146.2 million in 2023 (2022: RM86.9 million). The Directors did not recommend the payment of a final dividend for the financial year 2023.

OUTLOOK

Looking ahead, the Group is optimistic about the healthcare industry's outlook for the upcoming years. The local economy is expected to show moderate growth in 2024, and this augurs well with the Group's focus on its Malaysian operations. The Group expects an increase in the number of patients for the year, and this will be supported by ongoing plans for adding new beds and services, hiring of new consultants and enhancement of services. We remain committed to maximising our operational efficiency to ensure excellent patient care. The health tourism industry in Malaysia, which has seen a positive rebound, is targeted to exceed RM2 billion of revenue in 2024, which the Group aims to capitalise and secure a significant market share. This strong performance in 2023 was a significant milestone and has set the Group on a positive trajectory in 2024.



Norhaizam Binti Mohammad

Chief Financial Officer
KPJ Healthcare Berhad

GROUP QUARTERLY PERFORMANCE

2023 (RM'000)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR END 2023
Revenue	814,990	785,362	906,894	911,455	3,418,701
Gross profit	339,431	321,137	393,320	378,030	1,431,918
Operating profit	116,137	114,541	173,903	111,346	515,927
Finance income	2,144	4,796	5,395	7,814	20,149
Finance costs					
- Borrowings	(20,362)	(23,538)	(28,710)	(24,580)	(97,190)
- Lease liabilities	(26,960)	(28,626)	(28,119)	(23,996)	(107,701)
Finance costs - net	(45,178)	(47,368)	(51,434)	(40,762)	(184,742)
Share of results of associates, net of tax	10,311	9,769	13,819	12,858	46,757
Profit before tax	81,270	76,942	136,288	83,442	377,942
Tax	(21,164)	(20,059)	(35,834)	1,712	(75,345)
Profit for the financial period/year from continuing operations	60,106	56,883	100,454	85,154	302,597
Loss for the financial period/year from discontinued operations	(4,441)	(8,660)	(1,272)	(17,818)	(32,191)
Net profit for the financial period/year	55,665	48,223	99,182	67,336	270,406
Profit for the financial period/year attributable to:					
Owners of the Company from					
- continuing operations	54,583	51,127	92,078	83,504	281,292
- discontinued operations	(3,190)	(4,249)	(331)	(10,114)	(17,884)
Non-controlling interests from					
- continuing operations	5,523	5,756	8,376	1,650	21,305
- discontinued operations	(1,251)	(4,411)	(941)	(7,704)	(14,307)
	55,665	48,223	99,182	67,336	270,406
Basic EPS (sen)					
- continuing operations	1.26	1.17	2.11	1.91	6.45
- discontinued operations	(0.07)	(0.10)	(0.01)	(0.23)	(0.41)

GROUP QUARTERLY PERFORMANCE

2022 (RM'000) (RESTATED)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR END 2022
Revenue	628,121	688,296	786,232	765,825	2,868,474
Gross profit	237,733	273,239	334,864	326,238	1,172,074
Operating profit	80,053	86,033	122,573	120,913	409,572
Finance income	2,918	4,221	2,242	2,760	12,141
Finance costs					
- Borrowings	(23,774)	(25,704)	(22,162)	(20,213)	(91,853)
- Lease liabilities	(25,355)	(25,903)	(25,367)	(25,857)	(102,482)
Finance costs - net	(46,211)	(47,386)	(45,287)	(43,310)	(182,194)
Share of results of associates, net of tax	7,694	12,212	13,760	14,098	47,764
Profit before tax	41,536	50,859	91,046	91,701	275,142
Tax	(11,629)	(15,708)	(31,654)	(14,217)	(73,208)
Profit for the financial period/year from continuing operations	29,907	35,151	59,392	77,484	201,934
(Loss)/profit for the financial period/year from discontinued operations	(3,531)	(5,221)	961	(11,490)	(19,281)
Net profit for the financial period/year	26,376	29,930	60,353	65,994	182,653
Profit for the financial period/year attributable to:					
Owners of the Company from					
- continuing operations	23,921	29,744	51,474	73,471	178,610
- discontinued operations	(1,731)	(2,641)	2,802	(10,059)	(11,629)
Non-controlling interests from					
- continuing operations	5,986	5,407	7,918	4,013	23,324
- discontinued operations	(1,800)	(2,580)	(1,841)	(1,431)	(7,652)
	26,376	29,930	60,353	65,994	182,653
Basic EPS (sen)					
- continuing operations	0.54	0.69	1.19	1.69	4.11
- discontinued operations	(0.04)	(0.06)	0.06	(0.23)	(0.27)

5-YEAR FINANCIAL PERFORMANCE

STATEMENTS OF COMPREHENSIVE INCOME

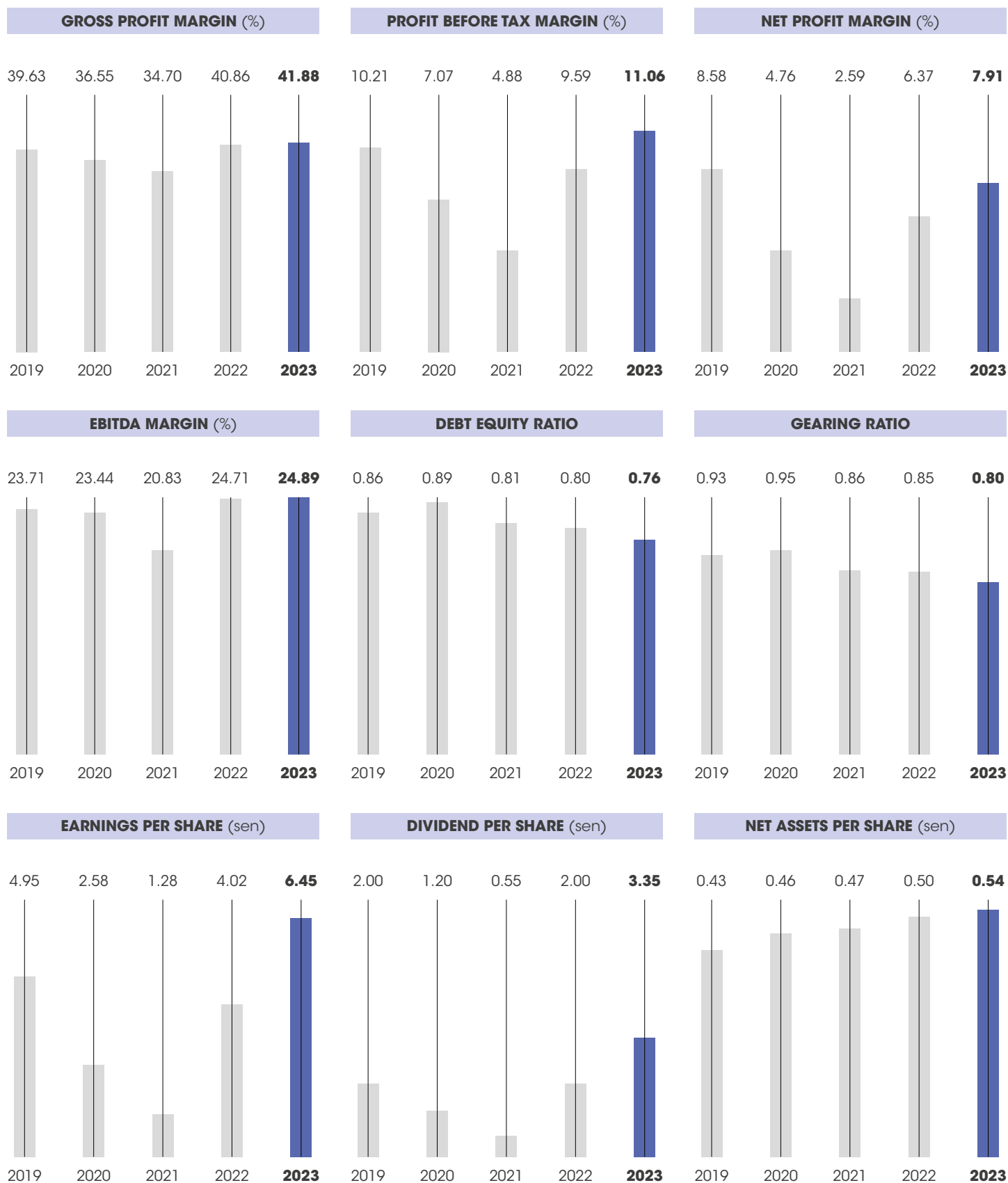
GROUP (RM'000)	2019*	2020*	2021*	2022*	2023
Revenue	2,642,828	2,327,847	2,536,257	2,868,474	3,418,701
Gross profit	1,047,237	850,767	880,191	1,172,074	1,431,918
Operating profit	370,186	296,893	255,911	409,572	515,927
Finance income	12,795	13,052	8,519	12,141	20,149
Finance cost					
- Borrowings	(87,406)	(93,033)	(89,843)	(91,853)	(97,190)
- Lease liabilities	(69,631)	(69,224)	(76,737)	(102,482)	(107,701)
Share of results of associates net of tax	43,879	16,946	25,856	47,764	46,757
Profit before tax	269,823	164,634	123,706	275,142	377,942
Tax	(48,077)	(38,973)	(48,868)	(73,208)	(75,345)
Profit for the financial year from continuing operations	221,746	125,661	74,838	201,934	302,597
Profit/(loss) for the financial year from discontinued operations	4,951	(14,849)	(9,187)	(19,281)	(32,191)
Profit for the financial year	226,697	110,812	65,651	182,653	270,406
Profit attributable to:					
Owners of the Company					
- continuing operations	205,095	120,577	56,189	178,610	281,292
- discontinued operations	6,272	(10,134)	(5,156)	(11,629)	(17,884)
Non-controlling interest					
- continuing operations	16,651	5,084	18,649	23,324	21,305
- discontinued operations	(1,321)	(4,715)	(4,031)	(7,652)	(14,307)
	226,697	110,812	65,651	182,653	270,406

* Restated performance due to discontinued operations

STATEMENTS OF FINANCIAL POSITION

GROUP (RM'000)	2019	2020	2021	2022	2023
Non-current assets	4,806,348	5,081,714	4,968,903	5,522,669	5,577,246
Current assets	1,179,499	1,059,717	968,575	1,313,942	1,633,765
Assets held for sale	-	-	250,163	157,455	35,151
Current liabilities	(1,197,933)	(1,231,978)	(1,580,146)	(1,660,321)	(1,347,206)
Liabilities associated with assets held for sale	-	-	-	(13,163)	(54,349)
Non-current liabilities	(2,738,650)	(2,707,241)	(2,356,987)	(2,966,364)	(3,316,455)
TOTAL	2,049,264	2,202,212	2,250,508	2,354,218	2,528,152
Share capital	906,743	909,504	959,521	976,329	999,190
Less: Treasury shares	(155,310)	(155,310)	(155,310)	(155,310)	(155,310)
Reserve	1,141,392	1,295,890	1,331,219	1,406,241	1,539,284
Shareholders' funds	1,892,825	2,050,084	2,135,430	2,227,260	2,383,164
Non-controlling interests	156,439	152,128	115,078	126,958	144,988
TOTAL	2,049,264	2,202,212	2,250,508	2,354,218	2,528,152

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 return or in non financial or intangible forms.

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

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

	2023 RM'000	2022 RM'000
Revenue	3,418,701	2,868,474
Purchase of goods and services	(1,615,324)	(1,338,755)
Value added by the Group	1,803,377	1,529,719
Other income	67,336	28,602
Finance income	20,149	12,141
Finance costs		
- Borrowings	(97,190)	(91,853)
- Lease liabilities	(107,701)	(102,482)
Share of results of associates, net of tax	46,757	47,764
Value added available for distribution	1,732,728	1,423,891
Distribution		
To Employees:	1,059,193	895,794
To Government/Approved agencies:	75,345	73,208
To Shareholders:		
Dividend	146,204	86,863
Non-controlling interest	21,305	23,324
Corporate responsibility	9,483	9,778
Retained for re-investment	282,593	252,955
Retained for future growth	138,605	81,969
Total distribution	1,732,728	1,423,891
No of employees at the year end	16,433	16,127
Value added per employee (RM'000)	110	95
Wealth created per employee (RM'000)	105	88
No of shares at year end ('000 units)	4,526,608	4,505,528
Value added per share (RM)	0.40	0.34
Wealth created per share (RM)	0.38	0.32

MARKET LANDSCAPE & OUTLOOK

As the world fully recovers from the impact of the Covid-19 pandemic, consumer purchase behaviour has shifted significantly to digital and e-commerce platforms. The pandemic accelerated the adoption of technology and digital solutions in various industries, including healthcare. The shift towards digital and e-commerce platforms in the healthcare industry has not only improved the patient journey but also enabled faster service delivery. Embracing technology has allowed healthcare providers to offer telemedicine services, online appointment scheduling and virtual consultations. This digital transformation has made healthcare more accessible and convenient for patients, ultimately enhancing the overall patient experience.

KPJ Healthcare Berhad remains steadfast in evolving to adapt to the need of our patients where our strategic endeavours throughout 2023 enabled us to lay a solid foundation to propel us into the future. We will continue to implement these endeavours well into 2024.

OUTLOOK

Looking ahead, the healthcare industry in Malaysia continues to have a positive outlook in 2024 as the key levers continue to grow. The GDP is targeted to maintain a growth of 4-5% due to the rising demand in the local service sector despite the sluggish economic outlook worldwide. The private healthcare spending in Malaysia is also attractive, forecasted to grow at a faster rate than the GDP growth at CAGR of 7.3%. The population growth is slated at 2.1%, bringing Malaysia's population to 34.1 million, with an ageing population of 2.4 million (7% of total population). This is coupled with the ongoing prevalence of non-communicable diseases within the community that contributes to the need of medical attention.

Other megatrends with profound impacts on KPJ are detailed below.

(i) Change in Consumer Purchasing Behaviour

There is an increased reliance on digital solutions for a fast, seamless consumer journey and increased expectations of patient-centric care with the increase in affluency level. According to the latest report published by the Department of Statistics Malaysia (for 2022/early 2023), the access to Information and Communications Technology ("ICT") has significantly increased between 2020 to 2022 to close to 100% in Malaysia. Internet access increased from 91.7% in 2020 to 97.4% in 2022 and mobile phone usage increased from 98.6% in 2020 to 99.1% in 2022. Finding information on goods and services was third most popular in internet usage.



MARKET LANDSCAPE & OUTLOOK



(ii) Digital Health Ecosystem

Digital health ecosystems are emerging globally and their growth has intensified in South East Asia. However, digital health delivery is still fairly fragmented throughout the healthcare industry and there is a trend to converge the digital service delivery onto one platform. KPJ Healthcare continues its effort to lay down a strong digital foundation with robust cybersecurity measures to protect our patients' data and privacy. For example, we have developed and launched the first phase of the KPJ Cares App and will continue to build this platform as part of our services offered to our patients.

(iii) Malaysia Health Tourism

The Malaysia Healthcare Tourism reached a revenue of RM2 billion in 2023 and KPJ Healthcare accounted for 8% of the market share in Malaysia. The country's health tourism is slated to reach a revenue of RM2.4 billion by 2024. KPJ is positive its four JCI accredited hospitals (Penang, Ampang Puteri, Johor and Seremban) and our flagship hospital, DSH2, will be able to capture the Health Tourism market in 2024.

(iv) Environmental Stewardship as a Market Imperative

As environmental concerns become more central to consumer choices, our commitment to ESG (Environmental, Social and Governance) principles ensures that we are not only a healthcare provider of choice but also a responsible corporate citizen, aligning with global sustainability trends. Our 'Go Green' initiatives, including solar PV installations and Sustainable Waste Management, highlight our response to the increasing market and societal pressures for sustainable practices.

No industry is without challenges. KPJ Healthcare Berhad remains steadfast in adapting and evolving, rising to the challenge, exemplifying resilience, innovation and commitment to excellence. We achieved the following key milestones:

(i) Dynamic and Competitive Market

Fierce but healthy competition within the Malaysia healthcare industry continues where each player is required to provide unique service offerings to their patients. The advantage of KPJ Healthcare is our network of 29 hospitals throughout Malaysia to provide quality and affordable healthcare services nationwide. This also includes our strategy to intensify our sub specialties service offerings to our patients.

(ii) Talent War

There is an increased demand for nurses and specialists not just within Malaysia but also abroad, where our local talents are valued as well. KPJ Healthcare University produces nurses who are able to provide quality care according to clinical standards for our hospitals. In addition, KPJ Healthcare University is the only private education provider in Malaysia that offers Postgraduate and Masters Programmes for subspecialties (Paediatrics, ENT, Radiology, Orthopaedic, General Surgery, Anaesthesiology and Internal Medicine) where the specialists are absorbed into our KPJ Healthcare Network.

(iii) Increase in Medical Cost

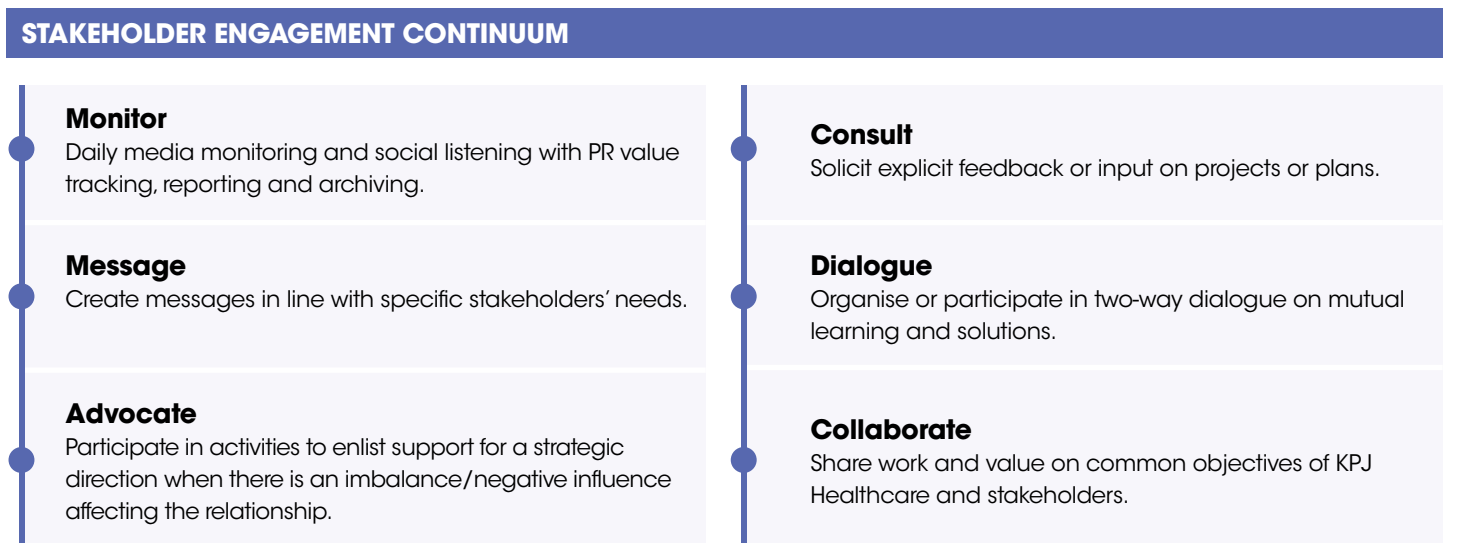
Although Malaysia's inflation rate hovered between 2-3% in the past three years, medical costs saw significant increases of 19-20%, which was coupled with an unfavourable USD-MYR exchange rate. We continue our efforts through our central procurement process and our entity PharmaServ Sdn Bhd to achieve economies of scale for better cost containment.

STAKEHOLDER MANAGEMENT

KPJ Healthcare’s intricate stakeholder ecosystem serves as the foundation for our synergistic relationships with our stakeholder groups. Given their diversity in terms of capacities and functions, each stakeholder group is critical to the Group’s operations. We are committed to exceeding the expectations of the various stakeholder groups to which we cater. In order to create long-term value, we are constantly evolving our processes and operations to ensure that we continue to provide excellent patient-centric medical services.

We seek to establish relationships built on trust, respect and mutual commitment and build trust with our internal and external stakeholders by communicating consistently, openly and transparently. Our aim is for stakeholders to have no surprises in their dealings with us. In all activities and projects, KPJ Healthcare will actively identify stakeholders, seek to understand the issues that are important to them and keep them informed in a timely and accurate manner of our activities relating to these issues.

Whenever possible, the interests of stakeholders will be considered in our decision-making. A successful stakeholder engagement activity connects the appropriate engagement format to the right stakeholder group.



KPJ HEALTHCARE’S STAKEHOLDERS	STAKEHOLDER ENGAGEMENT CONTINUUM
Patients	Message, Collaborate
Employees	Message, Advocate, Dialogue, Collaborate
Consultants	Message, Advocate, Consult, Dialogue, Collaborate
Investors and Shareholders	Message, Dialogue, Collaborate
Government and Regulators	Advocate, Consult, Dialogue, Collaborate
Business Partners	Message, Advocate, Consult, Dialogue, Collaborate
Accreditation Bodies and Industry Associations	Advocate, Consult, Dialogue, Collaborate
Suppliers and Vendors	Message, Dialogue, Collaborate
Local Communities	Message, Advocate, Dialogue, Collaborate

STAKEHOLDER MANAGEMENT

SUSTAINABILITY THEMES		FREQUENCY OF ENGAGEMENT		
<ul style="list-style-type: none"> Adapting to Economic Shift Fostering Our People Protecting Our Environment 	<ul style="list-style-type: none"> Upholding Good Governance Uplifting Our Patients and Communities 	<ul style="list-style-type: none"> AS As Required A Annually B Biannually 	<ul style="list-style-type: none"> Q Quarterly M Monthly 	<ul style="list-style-type: none"> W Weekly D Daily

Patients

METHOD OF ENGAGEMENT	
Customer Satisfaction Survey	M
Corporate and hospital websites	D
Comprehensive integrated social media presence	AS
Health-related information magazines	Q
Health awareness days	AS
Service brochures with hospital information	D

KEY CONCERNS
<ul style="list-style-type: none"> Cost of healthcare services Quality of service standards World-class health facilities and technology

RESPONSE
<ul style="list-style-type: none"> Monitoring customer satisfaction, increasing access to quality and affordable healthcare, offering Group-wide packages and promoting niche markets Patient-centric, qualified and experienced healthcare professionals Investment in technology and data privacy for patients' information

IMPACT ON STRATEGY

Concerns raised can create new revenue streams by offering the right healthcare services to patients from diverse backgrounds and communities.

Employees

METHOD OF ENGAGEMENT	
Town halls	A
Employee performance review programmes	B
Employee engagement survey	A
Staff wellness, engagement and recognition programmes	AS
Intranet portal	AS

KEY CONCERNS
<ul style="list-style-type: none"> Career progression Health, safety and human rights Competitive remuneration packages and benefits

RESPONSE
<ul style="list-style-type: none"> Listening to and understanding employees' needs and developing strategies to attract, develop and retain staff Revised salary and benefits as per EA2022 Ensuring compliance with the Company's policies

IMPACT ON STRATEGY

Although our employees were affected by the pandemic, they continued to assist us in maintaining our position in the healthcare industry until the third year of the pandemic. We conducted more programmes, particularly in mental health and career advancement, as they directly contributed to our mission of achieving business success. Therefore, KPJ Healthcare strives to provide them with a safe, motivating and rewarding work environment at all times as part of our investment efforts.

Consultants

METHOD OF ENGAGEMENT	
Town halls	A
Clinical Governance Meetings	A B Q
Annual Medical Conference	A
Collaboration in educating the public	AS
Meetings of the clinical committees	Q

KEY CONCERNS
<ul style="list-style-type: none"> Service quality and safety Top-notch equipment and facilities A safe, motivating and rewarding workplace

RESPONSE
<ul style="list-style-type: none"> Ensuring compliance with the Company's policies Enabling well-trained clinical and support staff and offering attractive new packages and services for new consultants Providing state-of-the-art equipment, updated systems and convenient facilities

IMPACT ON STRATEGY

Being in the healthcare industry, consultants are essential partners and an integral component of our business. With this in mind, we are 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.

STAKEHOLDER MANAGEMENT

Investors and Shareholders

METHOD OF ENGAGEMENT	
Investor and analyst briefings	Q
Financial results and non-financial reports	Q
Corporate website	AS
General meetings (Annual General Meeting/ Extraordinary General Meeting)	AS
Investor meetings	A B

KEY CONCERNS

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

RESPONSE

- Consistent financial and non-financial performance, transparent EESG disclosures of corporate responsibility, integrity and accountability as enshrined in the MCCG

IMPACT ON STRATEGY

Our investors and shareholders are linked to our shareholder wealth creation agenda.

Government and Regulators

METHOD OF ENGAGEMENT	
Licence applications	A B AS
Facilities inspection	AS
Healthcare conference	A
Public-Private Partnership Programme	AS

KEY CONCERNS

- Regulatory compliance
- Fair and ethical business practices
- Crisis management and business continuity programme

RESPONSE

- Strengthening governance policies, standards and frameworks and adhering to regulatory requirements
- We developed the KPJ Business Continuity Management (BCM) Framework to help strengthen the existing management plan for disasters and emergency situations
- Supporting the Public-Private Partnership or PPP programme

IMPACT ON STRATEGY

We incorporate relevant government policies and requirements into all our internal policies and procedures, strategic plans and decision-making processes to maintain our operating licence.

Business Partners

METHOD OF ENGAGEMENT	
Regular meetings	AS
Contract negotiations and renewals	AS
Media releases/media announcements	W M Q A
Quarterly briefing sessions	AS
Media relationship programmes	AS

KEY CONCERNS

- Quality clinical and healthcare delivery improvements are offered at reasonable prices
- Competitive pricing offered via promotional packages
- Revising contracts and agreements and arranging panels for new KPJ specialist hospitals with major corporate clients
- News updates on print/broadcast/digital platforms to increase brand prominence, promote services and educating the public

RESPONSE

- Participation in our business partners' activities and performance
- Collaborating with the mass media and the public in order to improve stakeholders' confidence and protect KPJ Healthcare's reputation via crisis and reputation management
- Immediate reactivation of health tourism strategy with our partners and agents

IMPACT ON STRATEGY

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

STAKEHOLDER MANAGEMENT

Accreditation Bodies and Industry

METHOD OF ENGAGEMENT	
KPJ's Management serves in various roles, including as President and Treasurer of the MSQH; and Vice President, Honorary Treasurer and Board Member of the APHM.	A - MSQH's AGM
KPJ's Senior Management serve as board members of the APHM	A - APHM Conference
KPJ's Group Chief Nursing Officer is a committee member of the Nursing chapter of the APHM	R
Participation in conferences	AS

KEY CONCERNS

- KPJ Healthcare'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 Healthcare has complied with the MSQH's 6th Edition Accreditation Standard in relation to the hospital industry to reach out to our nation
- KPJ Healthcare is involved via its hospitals in supporting initiatives conducted by the APHM

IMPACT ON 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 to reach out to our nation.

Suppliers and Vendors

METHOD OF ENGAGEMENT	
Regular meetings with medical and non-medical suppliers	
Tenders, bidding, quotations and contract negotiations	W M
Product demonstrations and evaluations	Q A
Training and collaboration sessions	

KEY CONCERNS

- Compliance with regulatory requirements and quality standards to protect the environment and society and uphold good governance
- 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
- Contracted vendors and suppliers for medical and non-medical products are required to adhere to KPJ's Corporate Integrity Agreement (CIA), the KPJ Environment, Safety and Health Policy and Supplier Code of Conduct.

IMPACT ON STRATEGY

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

Local Communities

METHOD OF ENGAGEMENT	
Uplifting Our Patients and Communities programmes, e.g. KWAN	D M AS
Educating the public	
Other ad hoc CSR programmes	

KEY CONCERNS

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

RESPONSE

- Continuous investment in identified community engagement programmes, in line with the WHO's promotions and initiatives
- Expanding the reach of social healthcare services, targeting the urban poor and rural areas
- KPJU education sponsorship for the B40 income group

IMPACT ON STRATEGY

Our engagements with local communities provide us with a platform to showcase our good corporate citizenship practices. KPJ Healthcare's value is reflected in the community's quality of health and well-being.

SUSTAINABILITY MATERIALITY

Material assessments are integral to our value creation. They help us to develop sustainability strategies and manage our sustainability performance effectively. We conducted a materiality assessment in 2022 to identify key material issues that are important for us and our stakeholders. This involved focus group discussions with internal stakeholders to identify, prioritise, review and validate these matters. The aim of this process was to meet stakeholders’ expectations, especially investors, and adapt to the changing economic, environmental, social and governance (EESG) landscape. Regular reviews of our materials are essential to ensure that they stay aligned with emerging trends that could impact our stakeholder groups.



Our material matters have played a significant role in shaping our KPJ Sustainability Framework and three-year Roadmap. They also ensure that our approach stays up to date with global trends, enabling us to meet evolving stakeholder demands and address a broader range of issues, such as climate change, water security, labour standards and environmental and social impact in the supply chain. The assessment’s findings together with the KPJ Sustainability Framework and three-year Roadmap, underwent validation by the KPJ Group Management Committee and was endorsed by our Risk, Sustainability and Governance Committee before being presented to the Board of Directors.

KPJ Sustainability Framework

SUSTAINABILITY THEMES	ECONOMIC Economic Adaptation	ENVIRONMENT Protecting our Environment	SOCIAL Uplifting our Patients and Communities	SOCIAL Fostering our People	GOVERNANCE Upholding Good Governance
MATERIAL SUSTAINABILITY ISSUES	Business Model Resilience	Waste Management GHG Emissions Resource Management Climate Change Resilience	Customer Welfare and Satisfaction Service Quality & Safety Uplifting Our Patients and Communities Access and Affordability to Quality Health	Employee Engagement and Development Diversity and Inclusion Labour and Human Rights Health and Safety	Technology, Innovation and Collaboration Ethics and Integrity Leadership and Governance Data Privacy and Security Supply Chain Management

A total of 18 material matters were derived from the assessment conducted in 2022. The assessment results showed a predominant focus on the social impact of our patients, communities and employees. This is covered under two main themes: “Uplifting Our Patients and Communities” and “Fostering Our People.”

A significant material matter under the economic pillar is “Business Model Resilience,” which highlights our focus on sustainability through efforts like the Sustainability Sukuk and green investments, while environmental concerns such as GHG emissions and climate change resilience, were rated lower compared to other material matters. However, we recognise their significance to our operations, and we remain committed to achieving net-zero emissions by 2050.

SUSTAINABILITY MATERIALITY

Our Material Matters



Business Model Resilience: Enhancing KPJ's business resilience by integrating social, environmental and political transitions into long-term strategies to meet diverse global expectations.



Customer Welfare and Satisfaction: Ensuring patient safety and satisfaction by delivering products and services fairly, safely, and continuously improving based on customer feedback.



Service Quality and Safety: Maintaining high-quality clinical services aligned with local and global healthcare standards and regulations, ensuring safety through rigorous product testing, chemical management, and market recalls.



Uplifting Our Patients and Communities: Enhancing community well-being through philanthropic activities focused on community development and social welfare, extending beyond healthcare services.



Access and affordability to Quality Healthcare: Supporting UN SDG 3: Good Health and Well-being by offering affordable, high-quality healthcare to underserved communities and advocating for healthy lifestyles across all demographics.



Employee Engagement and Development: Cultivating talent attraction and retention by empowering KPJ employees to grow, develop knowledge and skills, and build resilience in an evolving landscape.



Diversity and Inclusions: Building a workplace culture of equal opportunities by practising non-discrimination.



Labour and Human Rights: Enforcing zero tolerance for labour and human rights violations and ensuring employee well-being by maintaining a safe workplace and adhering to international and local health, safety, and labour standards.



Health and Safety: Protecting our people and communities by aligning our operational safety and facilities with relevant regulatory requirements and industry best practices.



Waste Management: Managing solid waste and airborne pollutants from KPJ's operations through 3R practices and compliant disposal methods.



GHG Emissions: Implementing measures to minimise Scope 1, 2, and 3 GHG emissions within the hospital network through efforts such as resource management and the adoption of green solutions.



Resource Management: Managing water and energy resources to reduce environmental impacts through water-saving and energy-efficient technologies, while transitioning to renewables, excluding solid waste.



Climate Change Resilience: Recognising and managing operational risks associated with physical and transitional climate change impacts, while integrating climate-related opportunities into KPJ's operations.



Technology, Innovation and Collaboration: Leveraging technology, innovation, and collaborations to improve medical equipment, streamline operations, and deliver top-quality healthcare to diverse customers.



Ethics and Integrity: Upholding ethical standards, integrity, and professionalism by managing risks in KPJ's business conduct, safeguarding employees through training, and adhering to KPJ's Policy on Work Ethics and Code of Conduct.



Leadership and Governance: Inculcating strong governance to protect stakeholder interests by appointing, remunerating, and granting voting rights to the Board and Committees responsibly and effectively.



Data Privacy and Security: Mitigating risks related to sensitive organisational and patient information through improved cybersecurity measures and compliance with the Personal Data Protection Act 2010.



Supply Chain Management: Addressing sustainability risks in KPJ's supply chain by engaging with suppliers for ethical sourcing practices to protect shareholders' interests.

MANAGING KEY RISKS & OPPORTUNITIES

ENSURING 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 Healthcare

Non-availability or shortage of key medical staff and consultants may have severe impacts on the quality of care delivered, in which patient experience and safety could be compromised.

How We Manage or Mitigate the Risk

- Designed a Human Resource strategy to address nursing shortages that includes salary reviews/adjustments augmented medical benefits, skills development/training programmes and retention programmes, as well as rewards strategy.
- Launched new medical specialty programmes and increased training opportunities for medical officers.
- Established a dedicated unit under Group Clinical Services for consultant recruitment and matters.
- Streamlined the consultant database for centralised, accurate data. Coordinated consultant needs across KPJ facilities, covering expansions, retirements and vacancies. This has also resulted in increased consultant referrals to KPJ facilities.
- To ensure a strong talent pipeline, KPJ Healthcare leverages its educational platform, KPJU, which conducts various medical and healthcare courses from certificate to PhD level.

Sustainability Themes:

- Fostering Our People

Increase/Decrease in Importance or Same



Link to Five Strategic Pillars

- AO** Asset Optimisation
- NGS** New Growth Streams
- DF** Digital First
- CA** Culture Activation

MANAGING KEY RISKS & OPPORTUNITIES

CLINICAL CARE



Risk Definition

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



Impact of Risk on KPJ Healthcare

Not maintaining high standards of patient-centric care could result in media scrutiny and patient dissatisfaction, which may impact KPJ Healthcare’s reputation and influence customer retention.

How We Manage or Mitigate the Risk

- A strong clinical governance structure and framework is in place for the Group with guiding principles adopted from best practices and guidelines issued by the Ministry of Health and the World Health Organization.
- The Group Medical Advisory and Clinical Governance Committee oversees clinical governance, meeting quarterly.
- Conducted clinical specialty meetings for addressing specific issues, which in turn improve engagement and issue resolution among consultants and promote quick escalation and management of urgent matters at the Group level.
- Established a reporting mechanism for issues from facilities to headquarters via a robust incident reporting framework.
- Maintained strong ties with the Ministry of Health to stay updated on policies affecting private healthcare operations.
- Participated in accreditation activities to ensure compliance with industry standards, locally and internationally.

Sustainability Themes:

- Uplifting Our Patients and Communities

Increase/Decrease in Importance or Same



Same

Link to Five Strategic Pillars

- **AO** Asset Optimisation
- **NGS** New Growth Streams
- **DF** Digital First
- **R** Rebranding
- **CA** Culture Activation

MANAGING KEY RISKS & OPPORTUNITIES

GOVERNMENT POLICY & COMPLIANCE

Risk Definition

KPJ Healthcare 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 Act 1994 (Act 514).

Impact of Risk on KPJ Healthcare

Failure to comply with laws and regulations could result in KPJ Healthcare being subject to patient claims, fines, penalties, damage to reputation, suspension from the treatment of patients, or loss of operating license or accreditation, which would result in the Group not being able to operate one or more of its hospitals, thus causing a reduction in earnings.



How We Manage or Mitigate the Risk

- KPJ Healthcare continues to strengthen its ERM framework, structure and associated policies and procedures to ensure risks are mitigated as much as possible.
- KPJ continuously engages with the Ministry of Health (MOH) Malaysia to remain up to date on any potential changes in government policies.
- KPJ Healthcare has in place a robust Clinical Care processes and policies that are overseen by the Group Medical Advisory & Clinical Governance Committee (GMACGC) and Clinical Safety & Risk Management Committee (CSRMC) to ensure compliance with laws and regulations.
- Organised continuous awareness activities for all staff in relation to compliance matters.
- Timely renewal of hospital and operating licenses by central monitoring ensures uninterrupted service.
- Effective stakeholder management strategies maintain good relations with authorities.
- Implementation of ISO 45001 across 19 hospitals improves occupational health and safety management.
- GRCI monitors compliance based on monthly reports from RCOs, enhancing the overall compliance status.

Sustainability Themes:

- Upholding Good Governance

Increase/Decrease in Importance or Same



Same

Link to Five Strategic Pillars

- R** Rebranding
- CA** Culture Activation

MANAGING KEY RISKS & OPPORTUNITIES



COMPLIANCE TO ACCREDITATION REQUIREMENTS

Risk Definition

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



Impact of Risk on KPJ Healthcare

The healthcare system is dynamic in nature and adapts rapidly to social and economic changes. Market trends like medical tourism, corporate growth and increasing competition require KPJ Healthcare to constantly expand its healthcare services to be the best in the hospital industry. To ensure quality healthcare, we have a quality assurance mechanism and the strong support of national and international bodies.

How We Manage or Mitigate the Risk

- KPJ Healthcare’s accreditation programme ensures adherence to healthcare regulations and industry standards, facilitating the delivery of high-quality care. KPJ Healthcare has achieved significant accreditation and certifications, with 19 hospitals accredited by MSQH and four by JCI.
- The self-assessment and external peer assessment process is utilised to check our level of performance and service deliverables to the target consumer. This process helps increase the level of trust and assurance of patients.
- The accreditation process involves standardisation across quality assurance, medical ethics and prevention of medical errors, with certifications renewed every three to four years. The extensive accreditation efforts underline KPJ Healthcare’s dedication to maintaining high standards of care and safety, enhancing patient trust and institutional credibility.

Sustainability Themes:

- Uplifting Our Patients and Communities

Increase/Decrease in Importance or Same



Same

Link to Five Strategic Pillars

- **AO** Asset Optimisation
- **R** Rebranding
- **CA** Culture Activation

MANAGING KEY RISKS & OPPORTUNITIES

INSURANCE MANAGEMENT

Risk Definition

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

Impact of Risk on KPJ Healthcare

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



How We Manage or Mitigate the Risk

- KPJ Healthcare 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 the Group are covered by Medical Malpractice Insurance to mitigate against medico-legal risks in the course of performing their duties.
- Renewal of Group-wide insurance policies with the competitive premium rates for optimum coverage for the period 1 January 2023 until 31 December 2023. 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.

Sustainability Themes:

- Uplifting Our Patients and Communities

Increase/Decrease in Importance or Same



Same

Link to Five Strategic Pillars

- AO** Asset Optimisation
- DF** Digital First
- CA** Culture Activation

MANAGING KEY RISKS & OPPORTUNITIES



READINESS TO RESPOND TO MAJOR INTERNAL OR EXTERNAL INCIDENTS

Risk Definition

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



Impact of Risk on KPJ Healthcare

Failure to respond in a measured manner would lead to the disruption of hospital operations. This could pose a negative impact to the Group's reputation in the marketplace, and may affect profitability.

How We Manage or Mitigate the Risk

- KPJ Healthcare has updated its Business Continuity Management (BCM) Framework for comprehensive emergency and disaster response planning.
- Developed a Crisis Management Plan (CMP) that outlines procedures for KPJ Healthcare to follow during crises or disasters, ensuring readiness across all levels.
- The establishment of the CMP and BCPs at hospital-level enhances KPJ Healthcare's capacity to manage emergencies effectively, minimising operational disruptions
- Business Continuity Plans (BCP) are in place at all KPJ Healthcare to restore critical business processes swiftly in the event of an incident.
- Conducted regular simulation exercises and appointed qualified Safety Officers (SOs) to ensure preparedness and compliance with BCM requirements. Regular simulation exercises and the strategic placement of SOs across KPJ Healthcare's network underscore the group's commitment to safety and preparedness.
- These proactive measures ensure that KPJ Healthcare maintains operational continuity, safeguarding patients and staff while preserving its reputation and financial stability.

Sustainability Themes:

- Uplifting Good Governance
- Uplifting Our Patients and Communities
- Protecting Our Environment

Link to Five Strategic Pillars

- **AO** Asset Optimisation
- **DF** Digital First
- **CA** Culture Activation

Increase/Decrease in Importance or Same



Same

MANAGING KEY RISKS & OPPORTUNITIES

CYBERSECURITY

Risk Definition

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

KPJ Healthcare is susceptible to the potential harm from digital vulnerabilities such as unauthorised access, data breaches and cyberattacks that can disrupt its operations.



Impact of Risk on KPJ Healthcare

Cyberattacks and security breaches may result in disruptions to KPJ Healthcare’s business and may expose KPJ Healthcare to penalties and legal action should such breaches result in violating any regulations.

How We Manage or Mitigate the Risk

- KPJ Healthcare has obtained ISO/IEC 27001:2022 certification, demonstrating a systematic approach to managing information security risks.
- Subscribed to Incident Response and Retainer (IRR) services and completed an exercise to enhance preparedness for cybersecurity incidents.
- Established a Security Operations Centre (SOC) for 24/7 monitoring and incident response.
- Upgraded antivirus protection with Endpoint Detection Response (EDR) features across the the Group, including hospitals and subsidiaries.
- Conducted cybersecurity awareness programmes and training for staff, and performed penetration testing to identify and mitigate security vulnerabilities.
- Launched a Cybersecurity Remediation project to address critical security issues.
- Maintains a cybersecurity insurance coverage to mitigate various cybersecurity risks.

Sustainability Themes:

- Uplifting Our Patients and Communities

Increase/Decrease in Importance or Same



Same

Link to Five Strategic Pillars

- AO** Asset Optimisation
- DF** Digital First
- CA** Culture Activation

MANAGING KEY RISKS & OPPORTUNITIES

ESG

**Risk Definition**

Associated with various economic, environmental, social and governance issues stemming from business activities, business operations or supply chain activities.

**Impact of Risk on KPJ Healthcare**

Such risks may adversely impact our assets, relationships, reputation, costs, profitability, competitiveness and our ability to deliver resilient, sustainable, long-term growth.

How We Manage or Mitigate the Risk

- Risk, Sustainability & Governance Committee (RSGC) has been mandated to provide oversight of KPJ's ESG agenda and is updated on a quarterly basis.
- In May 2023, the Board of Directors approved the Sustainability Framework, leading to the creation of a three year roadmap and strategy aligned with the Nation's Sustainability Agenda in RMK 12.
- The KPJ Sustainability Agenda is communicated to both internal employees and external suppliers and vendors, with a specific focus on emphasising compliance with MCCG and Bursa requirements. Eight roadshows were completed from May to August 2023.
- KGMC, chaired by PMD, has a fixed agenda on Sustainability to receive updates on sustainability developments.
- Integration of ESG risks into KPJ Group risk profile where evaluations and monitoring are conducted regularly.

Sustainability Themes:

- Uplifting Our Patients and Communities
- Upholding Good Governance

Increase/Decrease in Importance or Same**Increase****Link to Five Strategic Pillars**

- **AO** Asset Optimisation
- **R** Rebranding
- **CA** Culture Activation

OUR VALUE OUTCOMES

FINANCIAL CAPITAL



Our Financial Capital is the pool of funds available to KPJ Healthcare, 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

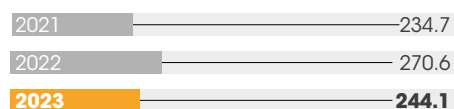
We use our Financial Capital to expand our hospital network as well as to invest in medical equipment and new technologies, which in turn increase our Manufactured and Intellectual Capitals. While this results in the reduction of our Financial Capital in the short-term, in the longer term it adds to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

KEY INPUT

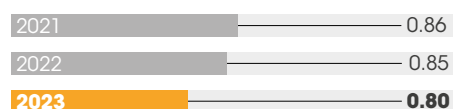
MARKET CAPITALISATION (RM Bil)



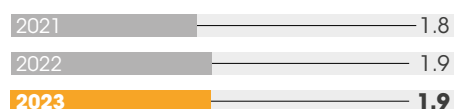
CAPITAL EXPENDITURE (RM Mil)



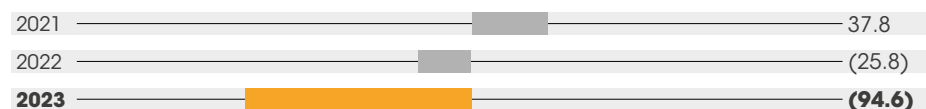
DEBT/EQUITY RATIO



TOTAL BORROWINGS (RM Bil)



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



Link To Sustainability Themes

- Adapting to Economic Shift
- Protecting Our Environment
- Uplifting our Patients and Communities
- Fostering Our People
- Upholding Good Governance

Strategic Pillars

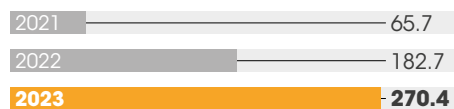


Activities and Processes

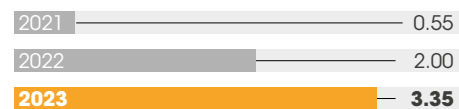
- Funding the development of new hospitals and ACCs to expand our network.
- Funding the expansion of existing hospitals to meet increased market demand.
- Funding for new or upgraded equipment.
- Funding for research and development (R&D) as well as innovation activities.
- Cost optimisation programme 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)



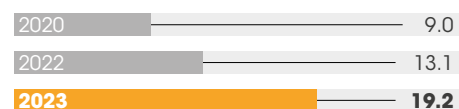
DIVIDEND PAYOUT PER SHARE (Sen)



CASH GENERATED FROM OPERATIONS (RM Mil)



REVENUE GROWTH (%)



EBITDA GROWTH (%)



OUR VALUE OUTCOMES

MANUFACTURED CAPITAL



KPJ Healthcare'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

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.

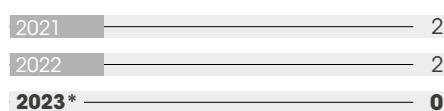
KEY INPUT

Hospital

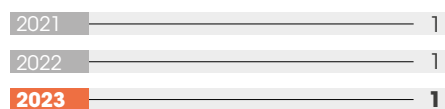
MALAYSIA



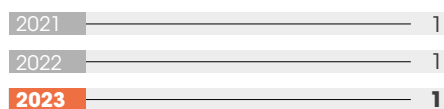
INDONESIA



THAILAND



BANGLADESH



* Concluded disposal of all Indonesian hospitals by September 2023

Link To Sustainability Themes

- Upholding Good Governance

Strategic Pillars



Operating Beds

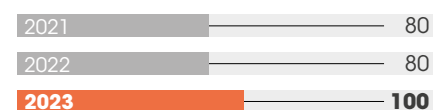
MALAYSIA



INDONESIA



BANGLADESH

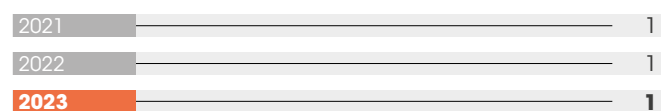


Education

MALAYSIA

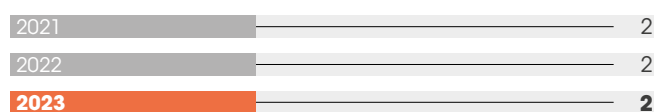


BANGLADESH



Ambulatory Care Centres

MALAYSIA



OUR VALUE OUTCOMES

MANUFACTURED CAPITAL

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.
- Continued to expand and enhance our capabilities, services and equipment throughout all our hospitals to better serve the needs of our patients.
- Recruited a total of 228 new specialists in 2023 in line with our enhancements and expansion of services.
- Intensify medical tourism efforts for the Indonesia market as our primary health tourism business for KPJ, and penetrate new markets within ASEAN and Middle East & Northern Africa (MENA).

KEY OUTPUT

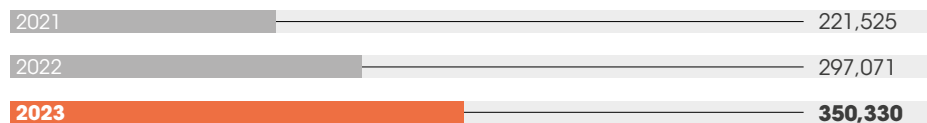
HOSPITAL STATISTICS

MALAYSIA

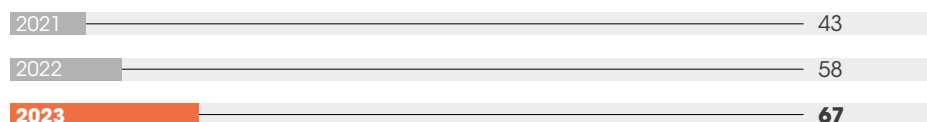
OUTPATIENTS



INPATIENTS

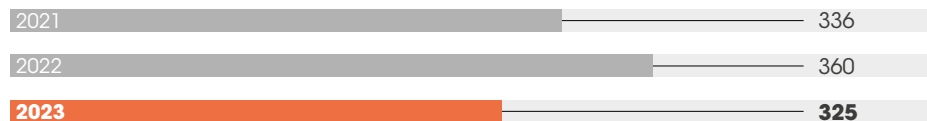


AVERAGE BED OCCUPANCY RATE (%)

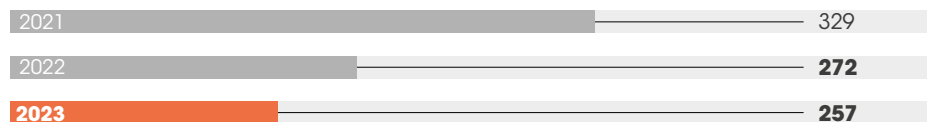


RESIDENTS AT SENIOR AND ASSISTED LIVING CARE CENTRES

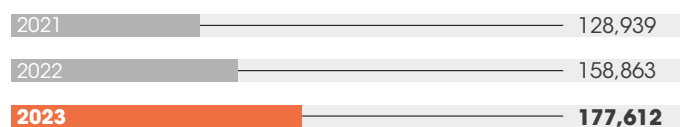
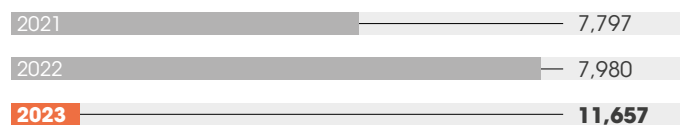
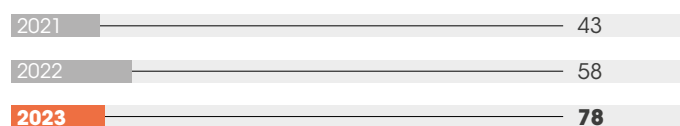
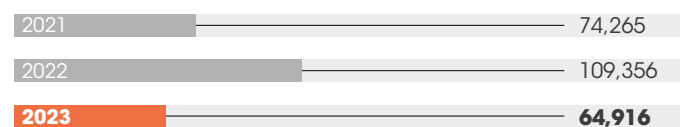
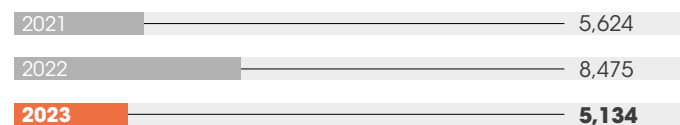
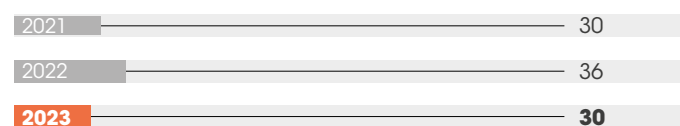
SIBU GERIATRIC HEALTH AND NURSING CENTRE



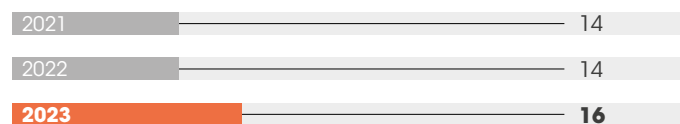
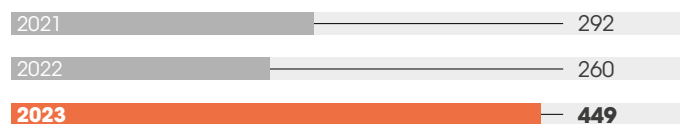
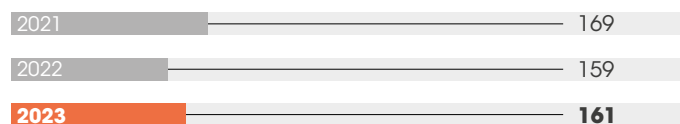
TAWAKKAL HEALTH CENTRE




OUR VALUE OUTCOMES

BANGLADESH**OUTPATIENTS****INPATIENTS****AVERAGE BED OCCUPANCY RATE (%)****INDONESIA*****OUTPATIENTS****INPATIENTS****AVERAGE BED OCCUPANCY RATE (%)**

* Disposed in 2023

KPJ HEALTHSHOPPE AND JX PHARMACY OUTLETS**KUANTAN CARE WELLNESS CENTRE****JETA GARDENS, AUSTRALIA**

 For more information, please refer to Our Performance Review on pages 82 to 87 of this Integrated Annual Report.

OUR VALUE OUTCOMES

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 carbon footprint, we are able to mitigate our business' impact on our Natural Capital, and add to the value of our Social and Relationship Capital.

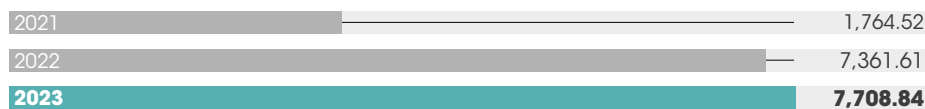
KEY INPUT

DIESEL INTENSITY AND CONSUMPTION FOR GENSET

Litres (L)



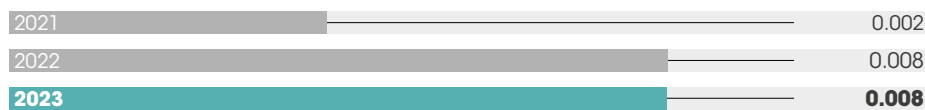
Gigajoules (GJ)



Intensity (L/m²)

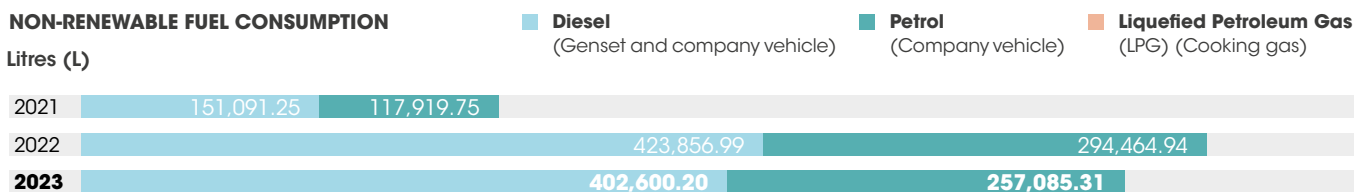


Intensity (GJ/m²)

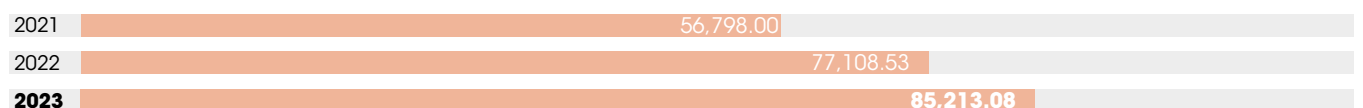


NON-RENEWABLE FUEL CONSUMPTION

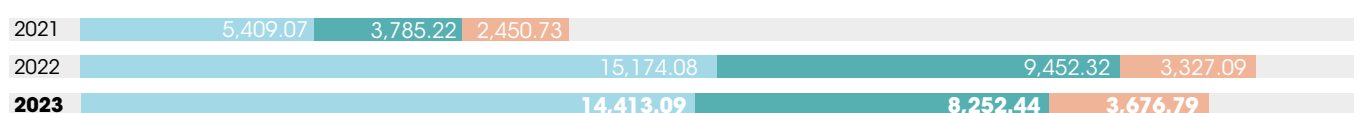
Litres (L)



Kilogrammes (kg)



Gigajoules



Link To Sustainability Themes

- Protecting Our Environment
- Uplifting our Patients and Communities

Strategic Pillars



OUR VALUE OUTCOMES

ELECTRICITY CONSUMPTION

kWh



Gigajoules



ELECTRICITY INTENSITY CONSUMPTION (PER M²)

kWh

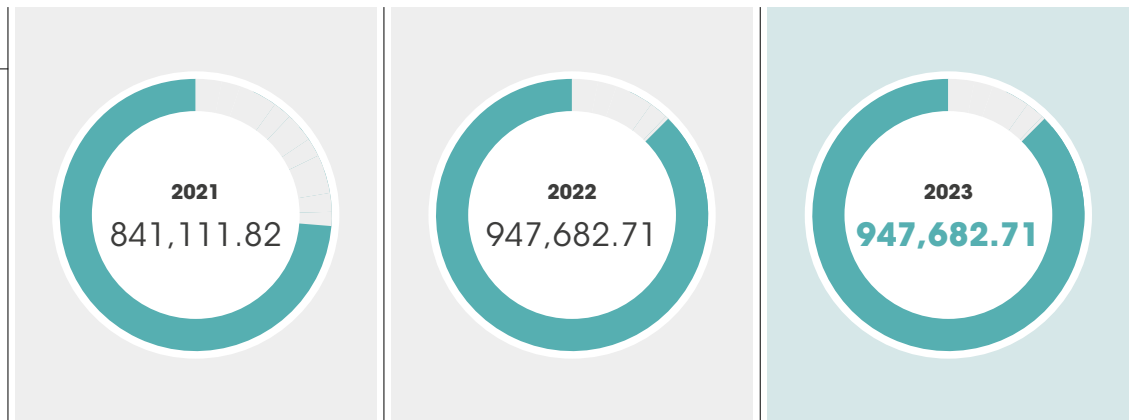


Gigajoules



TOTAL AREA OF 2021
- 41 SITES

2022&2023
- 44 SITES



WATER INTENSITY AND CONSUMPTION

Water Consumption (m³)



Gross Floor Area (m²)



Water Consumption per gross floor area (m³/m²)



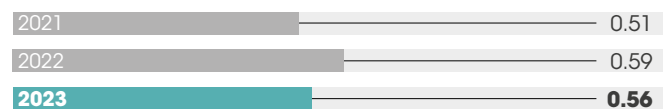
Patients number



Employee



Water Consumption per Patient+Employee

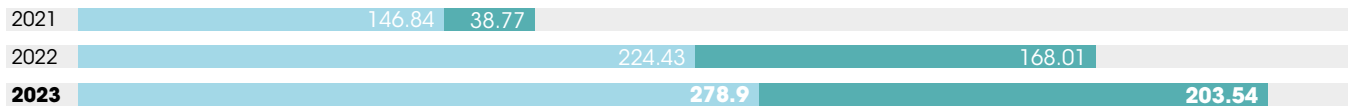


OUR VALUE OUTCOMES

NATURAL CAPITAL

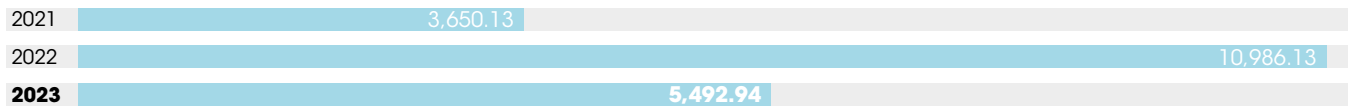
TOTAL WASTE DIVERTED FROM DISPOSAL

■ Recycling ■ Other Recovery Operations (Food)



TOTAL WASTE DIRECTED TO DISPOSAL (TONNE)

■ Landfilling ■ Other Disposal Operations



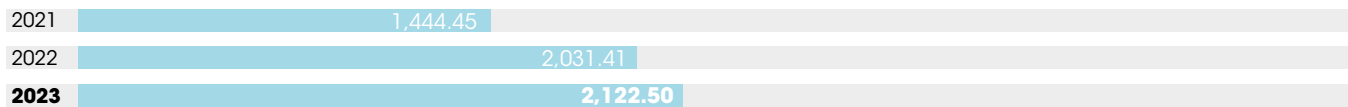
TOTAL WASTE GENERATED



HAZARDOUS WASTE (TONNE)

■ Total Waste Directed to Disposal - Incineration (without energy recovery)

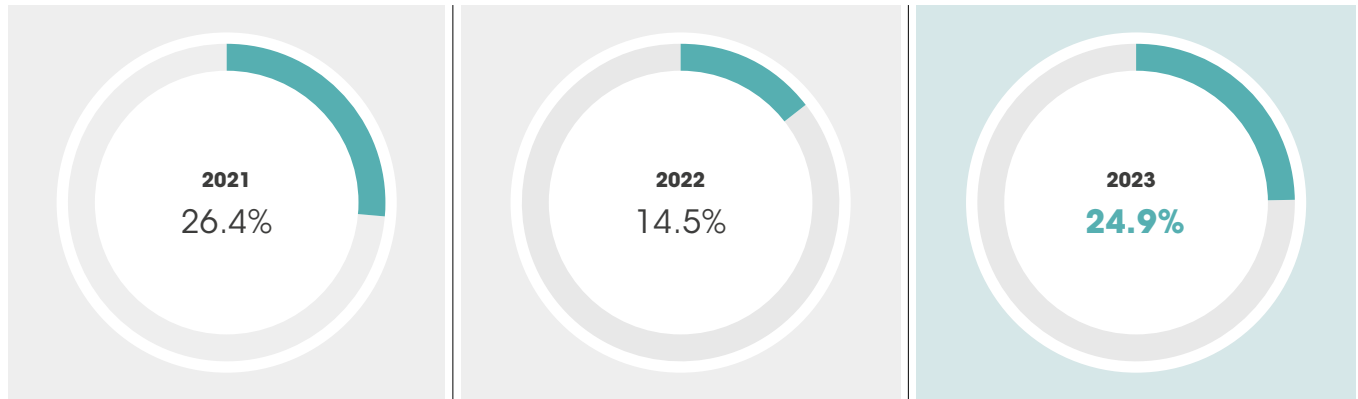
CLINICAL AND SCHEDULED



OUR VALUE OUTCOMES

CLINICAL WASTE INTENSITY AND GENERATED

Clinical waste (%)



Total area of KPJ hospitals and companies (m²)



Clinical waste per gross floor area (kg/m²)



Patients number



Clinical waste per patient (kg/patient)



OUR VALUE OUTCOMES

NATURAL CAPITAL

Activities and Processes

KPJ Healthcare's commitment to environmental sustainability is evidenced through comprehensive measures in waste, water, and energy management across its operations. The organisation recognises the energy and water-intensive nature of its healthcare services, which, with business growth, has led to increased consumption and waste generation. To address these challenges, KPJ implements various initiatives aimed at reducing its environmental footprint and promoting sustainability:

Energy Management:

- Adoption of sophisticated HVAC systems for energy optimisation.
- Upgrading chiller systems and replacing conventional light bulbs with LEDs to conserve energy.
- Installing electricity timers and implementing green building initiatives.
- Initiatives for efficient electricity consumption include the installation of LED street lights, solar lighting in compound areas, motorised valves in Air Handling Units, motion sensor lighting, chiller system optimisation, and scheduled operational control for lighting and air conditioning.

Water Optimisation:

- Water-saving initiatives such as monitoring and addressing water leakages, rainwater harvesting, and the use of green products for water-saving faucets.
- Implementing changes like converting auto flush systems to push flush in men's toilets and installing reminders at all water taps to encourage conservation.
- Reusing air conditioning condensate for cooling tower applications and employing time delay or push taps to minimise water waste.

Waste Management:

- Conducting regular training for hospital staff on proper clinical waste disposal and recycling non-clinical materials like paper.
- Ensuring waste disposal complies with environmental regulations and appointing contractors in line with MOH and DOE standards.
- Promoting paperless offices and initiatives like Zero Single-Use Plastic to minimise waste.
- Specific waste management programmes at various KPJ facilities include recycling collaborations, beach cleanup, and education programmes to enhance recycling and reduce waste. Programs to segregate and properly dispose of clinical waste, including needle and syringe disposal programmes, are emphasised, alongside general waste management efforts like clear signage and offensive waste collection.

Site-Specific Initiatives:

- The Group highlights our unique contributions to the overarching goals through programmes like the 3R Programme collaboration with waste management companies, and specific recycling activities.
- Additionally, we also introduce bio-composts machines at in-patient kitchens as part of our efforts to manage organic waste effectively.



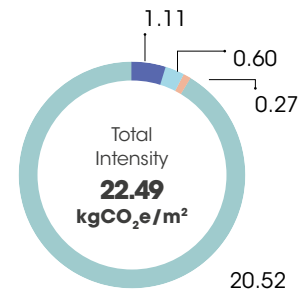
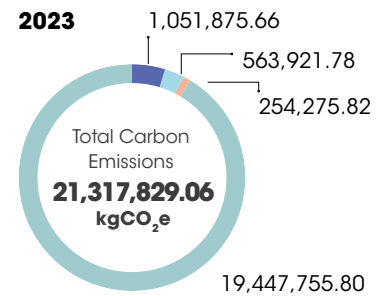
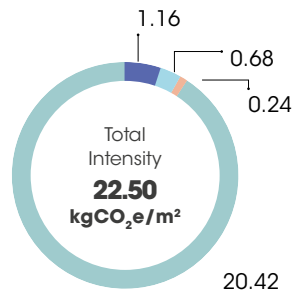
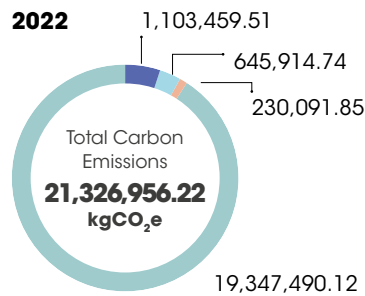
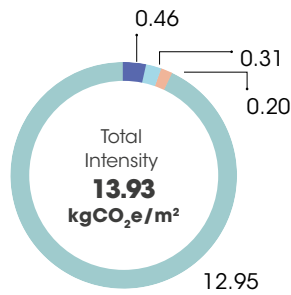
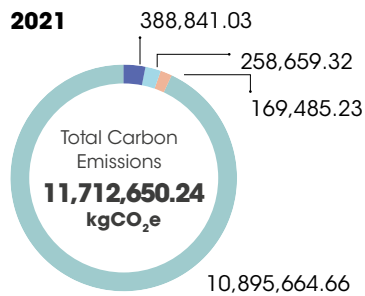
OUR VALUE OUTCOMES

KEY OUTPUT

SCOPE 1 - DIRECT EMISSIONS

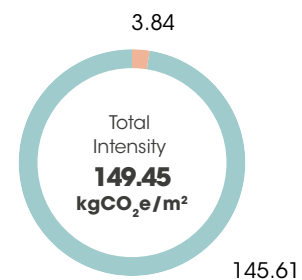
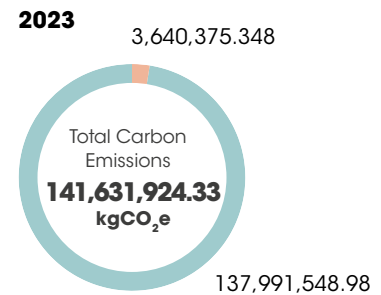
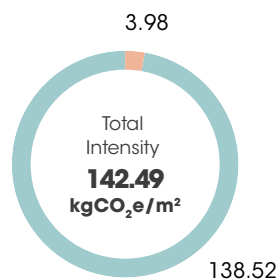
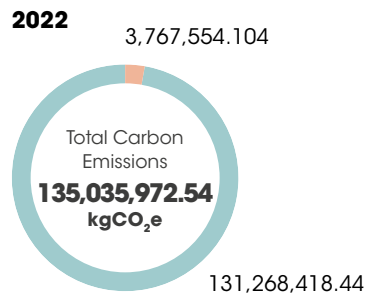
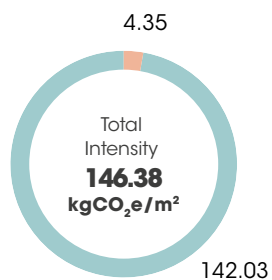
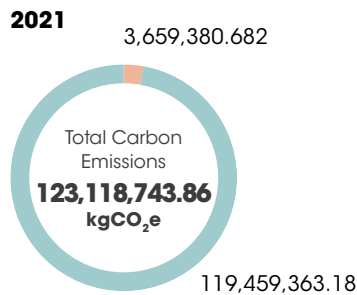
Note : Exclude Fugitive Emission

■ Diesel (litre) ■ Petrol (litre) ■ Liquefied Petroleum Gas (litre) ■ Medical Gas (m³)



SCOPE 2 - INDIRECT EMISSIONS

■ Head Office ■ Hospitals



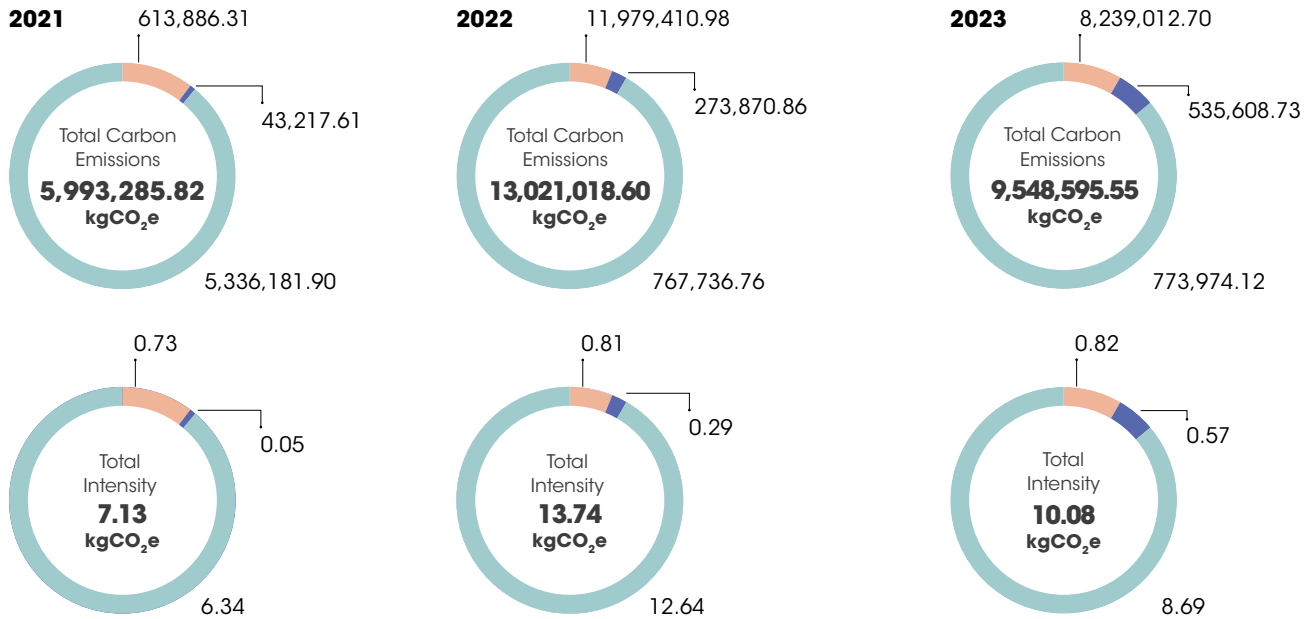
OUR VALUE OUTCOMES

NATURAL CAPITAL

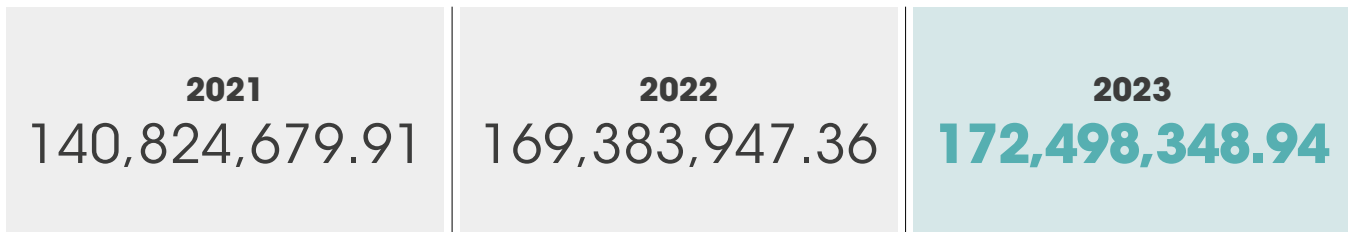
SCOPE 3 - INDIRECT EMISSIONS

Note : Exclude Employees Commuting

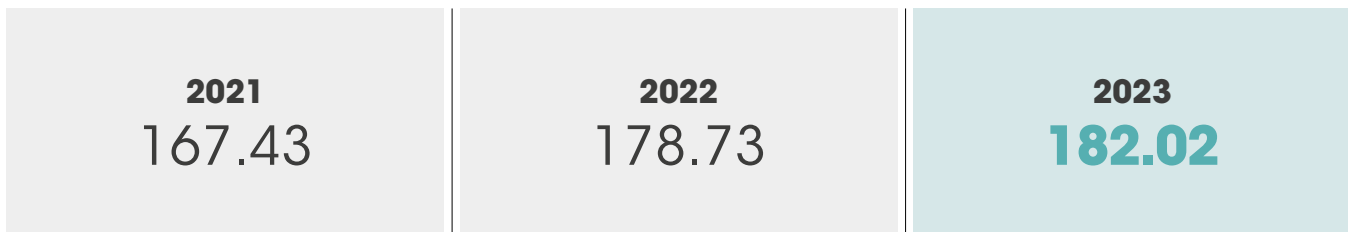
Waste generation Business Travel Water



TOTAL GHG (SCOPE 1,2 AND 3) (KGCO₂E)



INTENSITY (KGCO₂E/M²)



Amount of GHG emissions offset (Solar and GET) 2023: **11,867,071.77 kgCO₂e**
 Amount of GHG emissions reduced: **8,752,670.19 kgCO₂e, 5.17 %**

OUR VALUE OUTCOMES

HUMAN CAPITAL



In KPJ Healthcare, our skilled and dedicated employees are the driving force behind our success. Their expertise enables us to deliver healthcare services that benefit everyone involved. The employees support our medical consultants who play a crucial role to provide high quality care. Investing in our employees' growth not only strengthens our team but also enhances healthcare delivery.

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.

KEY INPUT

Diverse Workforce

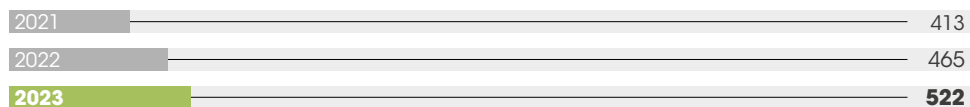
TOTAL STAFF IN GROUP (31 DECEMBER 2023)



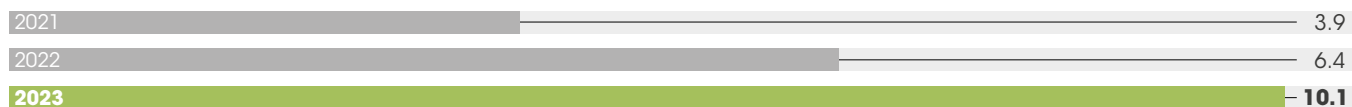
TOTAL STAFF IN MALAYSIA (31 DECEMBER 2023)



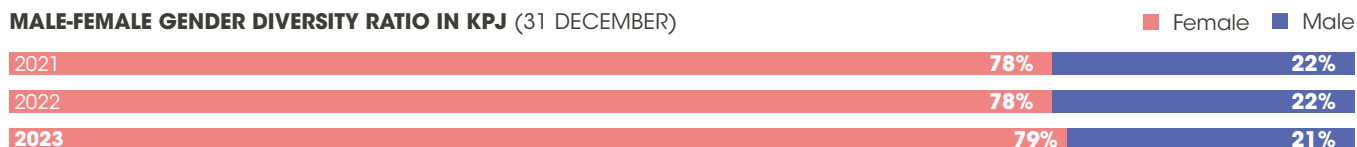
TOTAL STAFF IN BANGLADESH (31 DECEMBER 2023)



INVESTMENT IN TRAINING AND DEVELOPMENT (RM Mil)



MALE-FEMALE GENDER DIVERSITY RATIO IN KPJ (31 DECEMBER)



MEDICAL CONSULTANTS



Link To Sustainability Themes

- Fostering Our People

Strategic Pillars



OUR VALUE OUTCOMES

HUMAN CAPITAL

Activities and Processes as a high-value employer

- **Diversity & Anti-Discrimination Policy Enhancement (DEI)**
The new DEI Policy was formalised on 11 October 2023, and took effect on 1 November 2023. The DEI policy is applicable to all including the Board of Directors, Senior Management and all employees. It considers various viewpoints while being free from any bias and discrimination.
- Competitive and fair remuneration packages.
- Investing in employees' career development, including skillset training and leadership initiatives.
- Succession planning to identify and prepare 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 and GP Symposiums.
- 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, HR Engagement Day and Sports Carnival.
 - Employee participation in CR initiatives.



KEY OUTPUT

EMPLOYEE COMPENSATION & BENEFIT COSTS (RM MIL)

2021	831.8
2022	938.0
2023	1,131.4

STAFF ATTRITION RATE (%)

2021	12.4
2022	13.4
2023	9.8

STAFF RETENTION RATE (%)

2021	95
2022	92
2023	83

AVERAGE TRAINING HOURS PER EMPLOYEE (HOURS)

2021	34
2022	39.5
2023	40

For more information on our employees, please refer *Fostering Our People* of our Sustainability Report.

OUR VALUE OUTCOMES

INTELLECTUAL CAPITAL



Our Intellectual Capital comprises intangibles that drive KPJ's competitive advantage. This encompasses health service offerings, quality standards, integrated IT systems, medical technology (MedTech), sustainability initiatives, and strategic collaboration.

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.

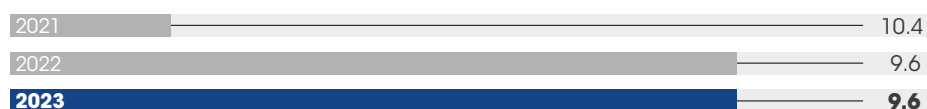
KEY INPUT

HOSPITAL ACCREDITATION

■ MSQH ■ JCI



IT INVESTMENT (RM Mil)



NUMBER OF HOSPITALS INTEGRATED WITH KPJ ONLINE BOOKING SYSTEM



Link To Sustainability Themes

- Protecting Our Environment
- Uplifting Patients & Communities (Community Outreach)
- Fostering Our People
- Upholding Good Governance

Strategic Pillars



Activities and Processes

- Collaboration with industry leaders to implement new systems, to boost KPJ's operations.
- Opened new specialist facilities including a Stroke Centre in KPJ Ipoh and a Women & Children Centre in KPJ Damansara.
- 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 emphasis on information security.
- Continuous improvement on the completed Data Centre in line for any new transformation initiatives to support the hospital network.
- Cyber security and IT Risk Assessment actions were undertaken to prepare for ISO 27001.
- KPJ group of hospitals and companies continued implementing and reassessing their quality services through the accreditation and certification programmes including:
 - Joint Commission International (JCI) hospital accreditation.
 - Malaysian Society for Quality in Health (MSQH) hospital accreditation.
 - The Integrated Management System (IMS) combines or merges the Quality Management System (QMS) with the Environmental Management System (EMS) and the Occupational Health & Safety Management System (OHSAS) certifications.
 - QMS (ISO 9001:2015)
 - EMS (ISO 14001:2015)
 - OHSAS (ISO 45001:2018)
 - Customer Services Management (CSM) recognition by SIRIM.
- Continuous review of KPJ's in-house nursing and healthcare dashboard which encompasses medication safety, prevention of patient falls, prevention of IV phlebitis, correct identification of a cardiac arrest, and accelerated time to treatment.
- Comprehensive Clinical Governance policies, structure and management in place.
- KPJ drives and embeds integrity as a key factor in governance and ensures all the policies and procedures are in place. These have been incorporated in KPJ Group Anti-Bribery Management System which has been established according to the provisions of ISO 37001:2016 Anti-Bribery Management system.

OUR VALUE OUTCOMES

INTELLECTUAL CAPITAL

KEY OUTPUT

NUMBER OF STUDENTS IN SPECIALIST PROGRAMMES (Graduate School of Medicine) YEAR 2023

Programme	Total
Master of Anesthesiology	1
Master of Orthopedic	1
Master of Radiology	8
Master of Otorhinolaryngology	10
Master of General Surgery	4
Postgraduate in Internal Medicine	3
Postgraduate in Paedtric Training	1
Total	28

NUMBER OF STUDENTS CURRENTLY UNDERGOING OTHER POSTGRADUATE PROGRAMMES YEAR 2023

Programme	Total
PhD in Nursing	10
Master of Nursing Science	13
Master of Science in Pharmaceutical Technology	12
Master of Physiotherapy	4
MBA in Healthcare Management	31
Total	70

TOTAL NUMBER OF KPJ HEALTHCARE ONLINE APPOINTMENTS

2021	872,287
2022	1,192,002
2023	1,493,146

CERTIFICATIONS BY NUMBER OF HOSPITALS

Certification	Number of Hospitals in 2022
Accreditation by Joint Commission International (JCI)	4
Accreditation by Malaysian Society for Quality in Health (MSQH) – Hospital	19
Accreditation by Malaysian Society for Quality in Health (MSQH) – KWAN	3
Baby Friendly Hospital Initiative (BFHI)	16
Planetree	1
Integrated Management System (IMS) - ISO 9001:2015, ISO 14001:2015, ISO 45001:2018	19
Quality Management System - ISO 9001:2015	3
Anti Bribery Management System - ISO 37001:2016	1
Food Safety Management System - ISO 22000:2018	1
Energy Management System - ISO 50001:2018	1
Educational Organisational Management System - ISO 21001:2018	1
Medical Laboratories Management System - ISO 15189:2014	1
Malaysian Education Blueprint 2015-2025 for Higher Education, SETARA	1
Hazard Analysis Critical Control Point (HACCP)	2
Quality Environment / 5S	7
Malaysian Quit Smoking - MQuit	7
Recognition of Customer Service Management - SIRIM 6:2016	13
Good Distribution Practice for Medical Device (GDPMD)	1

OUR VALUE OUTCOMES

SOCIAL AND RELATIONSHIP CAPITAL



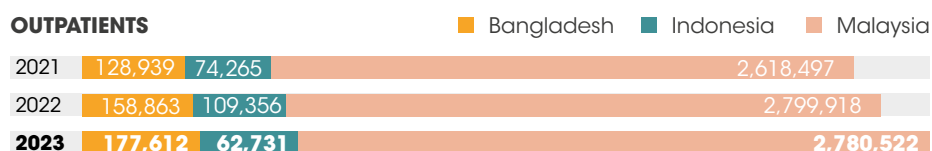
Our Social and Relationship Capital refers to the long-term relationships we have cultivated with our stakeholders, including patients, suppliers, business partners and the Government. This also plays a large role in the Group's long-term reputation management.

Trade-Offs

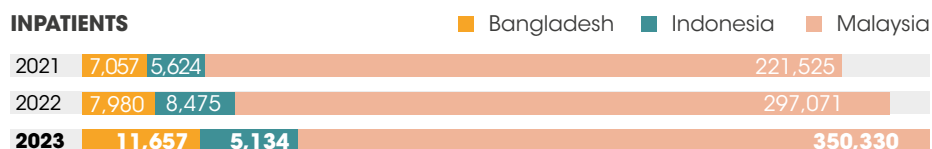
In the short-term, investment in Social and Relationship Capital reduces our Financial Capital. However through our wide spectrum of initiatives which create value for our stakeholders, we are able to grow our Social and Relationship, Human, Intellectual and Financial Capitals in the longer term.

KEY INPUT

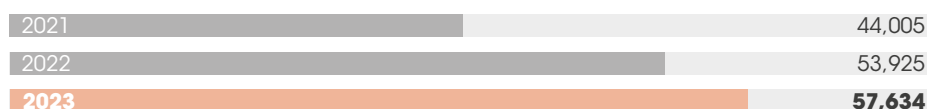
OUTPATIENTS



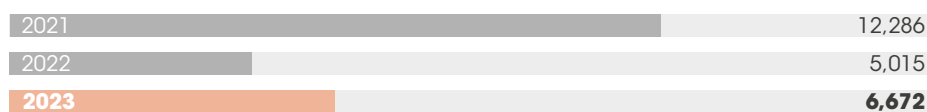
INPATIENTS



TOTAL NO. OF KWAN CLINICS' PATIENTS



TOTAL NO. OF MOBILE CLINICS' PATIENTS



Link To Sustainability Themes

- Uplifting our Patients and Communities
- Upholding Good Governance
- Fostering Our People

Strategic Pillars

CA

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.
- Representation on Government bodies such as the Malaysian Nursing Board .

OUR VALUE OUTCOMES

SOCIAL AND RELATIONSHIP CAPITAL

Activities and Processes (continued)

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.

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

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

For our Investors and Shareholders

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



KEY OUTPUT

CUSTOMER SATISFACTION INDEX (%)

2021	92.3
2022	93.4
2023	93.4

TOTAL NO. OF STAFF TRAINED IN CUSTOMER SERVICE

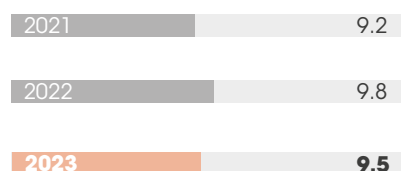
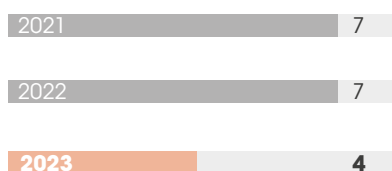
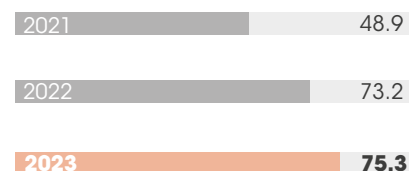
2021	19,872
2022	31,523
2023	20,860

TOTAL NO. OF SERVICE QUALITY COACHES

2021	64
2022	68
2023	65

OUR VALUE OUTCOMES

KEY OUTPUT

TOTAL INVESTMENT IN COMMUNITY
OUTREACH PROGRAMMES
(RM Mil)NO. OF HOSPITALS WITH
BABY HATCHESTAX DISTRIBUTION TO GOVERNMENT/
APPROVED AGENCIES
(RM Mil)

Klinik Waqaf An-Nur

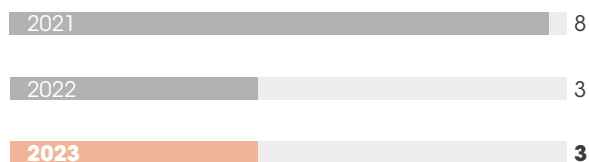
CLINICS



CLINICS WITH DIALYSIS CENTRES



CLINICS WITH MSQH CERTIFICATION



MOBILE CLINICS



For more information on our customer service and intermediary initiatives, please refer to Uplifting Our Patients and Communities 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

HOSPITAL OPERATIONS

Business Overview

1

The global healthcare industry continues to transition from a traditional focus on treating illness to a comprehensive approach that includes wellness and preventive care. This transition has been accelerated by the lingering effects of the COVID-19 pandemic, which highlighted the necessity for healthcare systems to adapt quickly to unprecedented challenges. For KPJ Healthcare, this meant embracing technological advancements and enhancing accessibility and affordability, all while maintaining the excellence in service that patients have come to expect.



KPJ Ipoh's Stroke Centre, the state's first private facility, was inaugurated by Perak's Chief Minister, Dato' Seri Saarani Mohamad in October 2023.

HOSPITAL OPERATIONS

In this context, we have consistently risen to the occasion, adapting and innovating within the evolving healthcare landscape. As the largest provider of private specialist healthcare in Malaysia, we have not only upheld our commitment to high-quality and safe patient care but have also expanded our reach and capabilities to meet the burgeoning demands of a diverse patient demographic.

Business growth continues to be driven by our extensive network of 29 hospitals and the largest pool of specialist medical consultants in the country. This robust infrastructure, supported by our ancillary businesses, ensures resilience and continued growth despite market fluctuations.


In 2023, we focused on refining our operations to be more patient-centric, aiming to reduce costs and enhance revenue streams for improved profitability. This involved a strategic shift towards prioritising our core local business and strengthening our capabilities in high-growth sectors. Significantly, we divested our aged care operations in Australia and sold our operations in Indonesia, signifying our complete withdrawal from these markets to concentrate resources and efforts at home.

Operational Performance

KPJ Healthcare witnessed a commendable increase in Bed Occupancy Rate (BOR) from 58% in 2022 to 67% in 2023, while patient visits rose to 3,320,121 in 2023 from 3,263,832 in 2022.

This uptick in patient visits translated into an 11% increase in surgeries performed with 105,807 cases in 2023 compared to 95,600 cases in 2022.

In enhancing the services offered at our hospitals, we also went on aggressive recruitment drives for consultants to improve our cluster services. We are joined by 72 new resident consultants and 156 sessional/visiting consultants to support the growth of our healthcare services in the medical, surgical, anaesthesia and radiology disciplines. The additional recruitment has increased the number of medical consultants we have to 1,491 from 1,374 in 2022.

 For more information on the overall hospital operational performance in 2023, please refer to Our Value Outcomes on pages 65 to 67 of this Integrated Annual Report.

Growth Initiatives

We have undertaken various efforts during the year under review to introduce new and enhanced services, all in an effort to cater to the growing needs and demands of healthcare consumers. This is very much in line with our overarching vision as the preferred provider of healthcare services, and our mission to deliver quality healthcare services. Through a combination of strategic foresight and operational excellence, we are poised to navigate the complexities of the healthcare market while ensuring the well-being and satisfaction of our patients.

Official Launch of Damansara Specialist Hospital 2 (DSH 2)

Damansara Specialist Hospital 2 stands as a flagship within KPJ Healthcare's network, marking a significant milestone with its state-of-the-art facilities. Officially launched by the Yang di-Pertuan Agong Sultan Ibrahim Ibni Almarhum Sultan Iskandar, in May 2023, the hospital is a 300-bedded facility showcasing KPJ's commitment to advanced healthcare.

Damansara Specialist Hospital 2 is positioned to lead in the healthcare market, supported by four specialised centres of excellence (COE):

-  **Heart & Lung Centre**
-  **Bone, Joint & Spine Centre**
-  **Advanced Surgical Centre**
-  **Neuroscience & Stroke Centre**

In addition to these specialised centres, DSH2 is also a premier destination for medical tourism, addressing the health needs of both local and international patients with cutting-edge treatments and compassionate care.

Damansara Specialist Hospital

At KPJ Damansara Specialist Hospital, a new Center of Excellence (COE) called the Women & Children COE was introduced in August 2023. This addition enhances the hospital's comprehensive service offerings, which include 10 Obstetrics and Gynecology specialties and sub-specialties, as well as 14 pediatric specialties and sub-specialties. The hospital is particularly renowned for its neonatal intensive care unit (NICU), which is equipped with 4 NICU beds and supports the delivery of approximately 30 pre-term babies annually. It provides life-saving care for neonates as young as 26 weeks and as light as 435 grams.



HOSPITAL OPERATIONS

KPJ Ipoh

KPJ Ipoh Specialist Hospital marked a new chapter in healthcare excellence with the inauguration of its Neuro & Stroke Centre by Chief Minister of Perak, Dato' Seri Saarani Mohamad on 29 October 2023. As the first private Stroke Centre in Perak, this facility stands out for its comprehensive stroke and neuro rehabilitation unit care.

The Neuro & Stroke Centre at KPJ Ipoh boasts a fully integrated Allied Health Rehabilitation Team, including skilled physiotherapists, occupational therapists, speech therapists, and dietitians, ensuring a holistic approach to patient recovery. The unit is well-equipped with the necessary rehabilitation machinery, including advanced splinting machines, to facilitate optimal patient outcomes.

Patients have access to a stroke rehabilitation unit that encompasses intensive care, acute and general wards, and outpatient services, catering to the varied needs of stroke survivors at every stage of their recovery journey. Furthermore, the Neuro & Stroke Centre has introduced specialised rehabilitation packages, offering both four and six weeks programmes tailored to the individual requirements of patients, reinforcing KPJ Ipoh's dedication to delivering targeted and personalised care.

New and Enhanced Services

In the year under review, we continued to elevate our ability to serve customers by adding new services or enhancing existing ones.

HOSPITALS	NEW SERVICES OR ENHANCEMENTS
CENTRAL	
KPJ Ampang Puteri	Oncology (Apheresis Machine), Surgery (Hepatobiliary, Colorectal, Breast and Endocrine), Orthopaedic (Foot and Ankle), Rheumatology, Physiotherapy (Neurorehab Gym, Clinical Psychologist, Child Development Center) and an Information Centre in Kuala Lipis
KPJ Tawakkal KL	Post Knee Surgery and Hand Therapy Rehab, Endocrine Services, Pain Management Services, Esthetic (Skin Tag And Mole Removal), Bariatric Services
KPJ Damansara	Stoma Care Services, Linear Accelerator (LINAC) Cognitive Stimulation Therapy, Enhancement of COEs (Women & Child, Oncology)
DSH2	4 Centers of Excellence (COEs) i.e. Heart & Lung Centre, Bone, Joint & Spine Centre, Advanced Surgical Centre, Neuroscience & Stroke Centre
KPJ Klang	Fibroscan at Wellness Center, Premier Lounge for patients and visitors, Evening Consultant Clinics, Autism and Child Development Unit, Ward Pharmacist Service at Medical & Surgical Wards - Dispensing for To Take Away (TTA) Medication, Upgrading of Paediatrics and Maternity Wards
KPJ Rawang	Interventional Radiology, Neurology/EEG/NCS and Pain Clinic, Enhanced Services including Anaesthesia, Neurology, Psychiatrist, Pain Management, Plastic & Reconstructive Surgery, Breast and Endocrine Surgery.
KPJ Selangor	Orthopedic (Hand & Microsurgery), Rheumatology, Haematology, Plastic & Reconstructive Surgery (Aesthetic), Paediatric Neonatologist, Bariatric Surgery, Prostate Biopsy, Robotic Hand Therapy, Refurbishment of Ward 4B
KPJ Kajang	Rheumatology Services
KPJ Sentosa KL	Enhanced Diagnostic Imaging Services' Lobby and Wards
SOUTHERN	
KPJ Johor	Upgrading of Lobbies, Expansion of HDU and Endoscopy Services, New Angiography Machine
KPJ Puteri	Additional Operation Theatre (OT), New Cathlab Services, also Non-invasive Simultaneous Assessment for Liver Fibrosis and Steatosis Via Transient Elastography (TE) Technique
KPJ Pasir Gudang	Expansion of Cardiology Services, Upgraded CT Scan, New Audiology Services, OT Booking System
KPJ Bandar Dato Onn	Audiology Services, Paediatric Surgery, Eating Disorder Management Services
KPJ Bandar Maharani	Extracorporeal Shockwave Lithotripsy (ESWL), Psychiatry Services, Enhanced ENT and Radiology Services
KPJ Batu Pahat	New Paediatric Ward, Cardiology Services, Audiology Services
KPJ Kluang	Cardiology Services (sub-specialty in Electrophysiology), Bone Densitometry, Nephrology, Ophthalmology Services (including Glaucoma Management), Orthopedic Services with a sub-specialty in Complex Trauma Cases (Periarticular & Pelvic, Spine Surgery, Arthroplasty, Sports & Arthroscopy Surgery), Additional OT
KPJ Seremban	Cardiothoracic Surgery, K Laser Physiotherapy, Wound & Stoma Management, Enhancement of Audiometry Services, Health Screening One-Stop Center and Speech Therapy Services

HOSPITAL OPERATIONS

HOSPITALS	NEW SERVICES OR ENHANCEMENTS
NORTHERN	
KPJ Penang	Orthopaedic & Spine Surgery, Orthopaedic Surgery (Trauma & Sports), Nephrology, Endocrinology
Kedah Medical Centre	Cardiac MRI, Bone DEXA-Osteoporosis, Advanced Cardiology Technique, Chronic Total Occlusion (CTO), Atherectomy & Fracture Liaison Service (FLS)
KPJ Ipoh	Stroke Centre, Linear Accelerator (LINAC)
KPJ Perlis	Ophthalmology Services & Audiology Services
KPJ Sri Manjung	Home Nursing, Night Clinic
Taiping Medical Centre	Geriatrics, Orthopedic Surgery (Trauma & Sports)
EAST COAST	
KPJ Perdana	Enhancement of Radiology Service with Interventional Radiology, Enhancement of Paediatric Service with Neonatology, Enhancement of Anesthesiology Service with Intensivist Service, Cryo 6 therapy Machine
KPJ Pahang	EHS Surveillance, Chest & Respiratory Medicine, Non-invasive Bariatric Procedures (Gastric Balloon), Health Counselling Services
EAST MALAYSIA	
KPJ Sabah	Hybrid Assistive Limb (HAL) Cyberdyne Robotic Rehabilitation
KPJ Kuching	ROSA - Robotic-assisted Total Knee Replacement (TKR)
KPJ Miri	Paediatrics (with a Sub-specialty in Developmental Paediatrics)
KPJ Sibu	Selective Laser Trabeculoplasty (SLT) as first line treatment for Glaucoma by Optometrist (first private hospital in Borneo), Neurology & Neurosurgery

Outlook

Looking forward, our strategy focuses on embracing growth and innovation to set new standards in healthcare excellence. To this end, we are actively exploring and tapping into new markets to diversify and expand our customer segments. By identifying and understanding the needs of these new demographics, we aim to tailor our services and reach out to a broader patient base.

Innovation is at the heart of our approach to healthcare delivery. We are investing in cutting-edge technology and research to expand our offerings and enhance our medical practices and operations. These innovations are critical in our quest to provide exceptional care and to continuously improve the health outcomes of those we serve.

Strategic partnerships are also a cornerstone of our growth strategy. By collaborating with key players across the healthcare spectrum, we seek to broaden our reach, share knowledge, and leverage synergies. These partnerships will help us introduce innovative solutions to complex health challenges, thus elevating the standard of care and improving clinical outcomes for our patients.

Lastly, we understand the importance of enhancing our brand credibility and visibility. Through a combination of quality care, patient satisfaction, and community engagement, we strive to strengthen our reputation as a trusted provider of healthcare services. By communicating our achievements and milestones effectively, we aim to build lasting relationships with our patients and the wider community, cementing our status as a leader in healthcare excellence.

HOSPITAL OPERATIONS

Lablink



Business Overview

Founded in 1989, Lablink (M) Sdn Bhd (Lablink) is committed to delivering top-tier laboratory services to customers and their patients. Since its incorporation as a subsidiary of KPJ Healthcare Bhd (KPJ) in 1991, Lablink has taken on the role of managing KPJ hospital's lab.

At present, Lablink oversees a total of 32 laboratories across Malaysia from its headquarters in Jalan Pahang, Kuala Lumpur. This network encompasses laboratories in both KPJ and non-KPJ hospitals, solidifying Lablink's stature as one of the largest private hospital laboratory networks in the nation.

Lablink has demonstrated remarkable organic growth in routine testing revenue over the past year, notwithstanding challenges posed by the decline in COVID-19-related revenue. Our strategic focus on niche and specialised testing, including TB diagnostics and autoimmune service, has contributed positively to our financial performance and strengthened Lablink's position as a major B2B service provider.

Looking ahead, Lablink is committed to establishing itself as a benchmark for exceptional quality and aims to amplify its impact by continually expanding, advancing its services, and pioneering innovative approaches within the medical laboratory domain.

HOSPITAL OPERATIONS

Operational Highlights

Internal and External Focus

Lablink continues to focus and serve KPJ hospitals, and their substantial increase in patient volume. Concurrently, we will expand our third-party volume and revenue with the introduction of new tests, panel and solutions.

Business Transformation

Lablink has introduced the new Business Growth division dedicated to market expansion. This multifaceted unit comprises development, sales & marketing, product specialists and business centres to assist in our growth initiatives. Additionally, the Communication & Branding and Strategy & Project Management Office were established to strengthen our ability to penetrate the market.

Advancements in Molecular Diagnostics Services

Lablink expanded its specialised testing in sequencing technology, introducing molecular diagnostic solutions in genetic testing via the next-generation sequencing (NGS) platform. This covers areas such as cancer genomics, clinical genomics, microbiology genomics, and consumer genetics, providing affordable, high-quality molecular diagnostic solutions for improved patient outcomes.

Diversification in Niche Tests Market

Lablink has further diversified our niche tests market by introducing special coagulation tests. This has further solidified our resilient presence in exploring this market segment.

Risk Management and Accreditation

As an accredited MS ISO 15189 medical laboratory, Lablink has incorporated risk management practices at all levels of services to ensure the identification and mitigation of all potential risks.

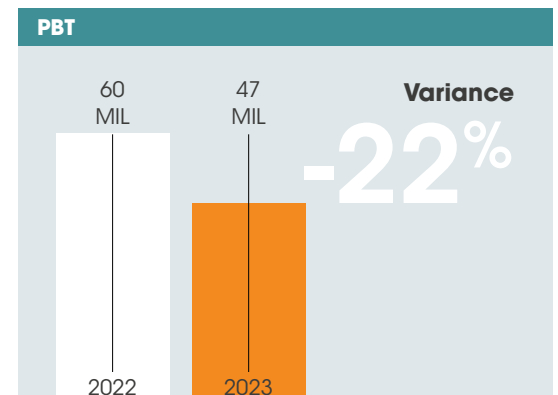
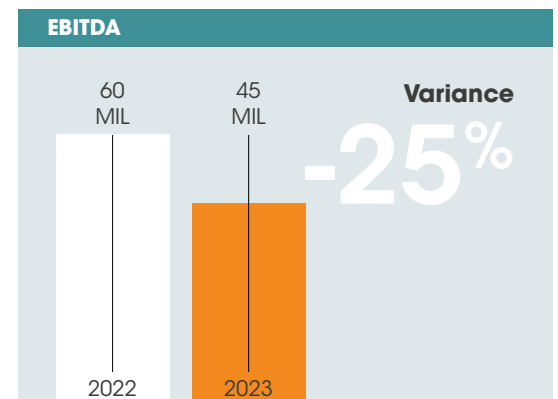
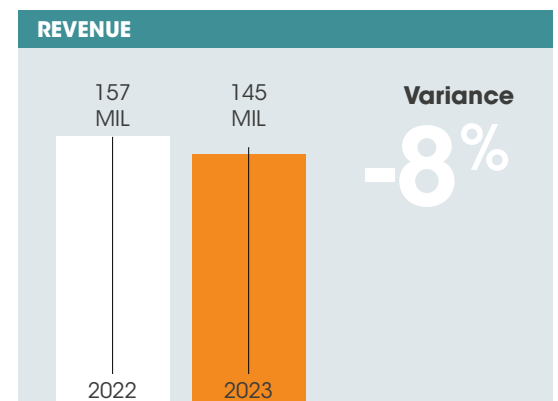
Environmental, Social & Governance (ESG) Commitments

Lablink places significant emphasis on ESG to ensure minimal impact on nature and surroundings through waste reduction, energy efficiency, renewable energy subscription, water conservation, emission reduction, climate risk mitigation, and biodiversity preservation. Social responsibilities include ensuring safety & health, good ventilation, staff welfare, community engagement, and diversity. Lablink is also dedicated to practicing good governance by implementing ethics and transparency, risk management, stakeholder engagement, and board & director diversity.

Moving Forward

Lablink is poised for expansion especially through our continued servicing of KPJ Hospitals and plans to obtain external clients, in our aspiration to be The Trusted Diagnostics Lab In The Region. We aim to become the reference lab for histopathology, oncology, bacteriology, precision medicine, such as NGS, and Non-Tuberculosis Mycobacteriology (NTM).

2023 Financial Performance



AMBULATORY CARE AND WELLNESS

Business Overview

1
2
3
4
5

The demand for ambulatory care and wellness services has seen a notable rise, driven by changing consumer preferences. A portion of the market now favours visiting smaller medical facilities over hospitals, motivated by time and financial considerations. KPJ's Ambulatory Care Centres (ACCs), strategically located in semi-urban regions, are well-positioned to meet these needs. They offer a variety of outpatient medical services, such as observation, diagnosis, consultation, treatment, intervention, and preventive healthcare.



AMBULATORY CARE AND WELLNESS

SPECIALTY	CENTRE	SERVICE AVAILABLE	LOCATION
Multidiscipline	Tawakkal Health Centre	<ul style="list-style-type: none"> Dental Specialist Haemodialysis Rehabilitation Senior Living Care (SLC) Radiology Specialist Clinics Operation Theatre Centre for Sight 	Kuala Lumpur
Multidiscipline	Kinrara Ambulatory Care Centre	<ul style="list-style-type: none"> Family Medicine Dental Specialist Endoscopy Radiology Specialist Clinics Operation Theatre Centre for Sight 	Bandar Kinrara
Multidiscipline	Kuantan Care & Wellness Centre	<ul style="list-style-type: none"> Assisted Living Care (ALC) Confinement Hemodialysis Home Nursing Rehabilitation SweatSpa 	Kuantan
Single discipline	Centre For Sight	<ul style="list-style-type: none"> Eye Specialist Lasik 	Four Branches: <ul style="list-style-type: none"> Petaling Jaya Rawang Kinrara ACC Tawakal Health Centre
Single discipline	Love Care Centre	<ul style="list-style-type: none"> Senior Living Care 	Sibu

AMBULATORY CARE CENTRES (ACC)

No of Patient Visit to ACC Kinrara

- **Outpatients: 4,825**
- **Inpatients: 319**

No of patient referrals to KPJ Healthcare

- **231**

In 2023, ACC Kinrara served more than 5,100 patients and referred more than 231 cases to KPJ Healthcare. These cases comprised primary outpatient care, dental cases and day surgeries from varieties of disciplines such as Family Medicine, Ophthalmology, Gastroenterology, Ear, Nose & Throat (ENT), Laparoscopy and Colorectal Surgery, Dental and Orthopaedic.

Moving Forward

Looking ahead, KPJ ACC is setting its sights on broadening its presence in eye care and selected medical services throughout Malaysia. Our commitment to excellence in healthcare drives us towards a strategic initiative to make top-notch ophthalmic care more accessible to people from various communities. We plan to roll out state-of-the-art Eye Care Centers in key locations nationwide, equipped with the latest technology and manned by skilled ophthalmologists and dedicated staff. Understanding the unique needs of our patients is paramount.

Therefore, our expanded facilities will provide a full spectrum of eye care services, from diagnostics and treatments to surgical procedures. Our offerings will include cataract surgery, LASIK, SMILE refractive surgeries, glaucoma treatment, as well as advanced care for retinal disorders and corneal transplants, aiming to offer personalised solutions for our patients' varied requirements. Our strategy for growth is anchored in innovation and collaborative efforts. We intend to harness cutting-edge technology and build alliances with specialists in each field, enhancing our services and improving patient care outcomes.

KPJ ACC's future direction involves enlarging our network of eye care and specific other specialties across Malaysia, dedicated to promoting eye health and enabling individuals to enjoy richer, more vibrant lives through superior ophthalmic services. With innovation, dedication, and compassion guiding our path, we are excited about the positive impact we will have on our patients and the broader community.

AMBULATORY CARE AND WELLNESS

EYE CENTRES

At KPJ Centre for Sight (CFS), we are committed to setting the standard in eye care excellence. By harnessing advanced technology, drawing on the expertise of seasoned professionals, and focusing on individual patient needs, we aim to ensure optimal eye health for all our patients. Our goal is to maintain the highest levels of clinical excellence, patient satisfaction, and innovation in ophthalmology, making us the go-to choice for eye care services in Malaysia. Our commitment to quality, empathy, and ongoing improvement positions KPJ Centre for Sight as a leader in the field, helping people see the world with clarity and confidence.

We are actively pursuing the expansion of our eye center network across Malaysia, choosing strategic locations to enhance service delivery nationwide. Recognising the critical role of accessibility for our patients, we are focused on broadening our presence to serve communities better across the country.

2023 Performance/Highlights



Moving Forward

Looking ahead, the eye care sector in Malaysia is poised for growth, fueled by an aging population, lifestyle shifts affecting eye health, and a rising focus on preventive care. Technological advancements are enhancing the precision of diagnoses and treatments, meeting the increasing demand for high-quality eye care. Additionally, Malaysia's status as a medical tourism destination presents an opportunity to attract international patients.

Consumer willingness to invest in healthcare, including eye services, is growing, indicating a robust market for eye care centers. KPJ Centre For Sight aims to capitalise on these trends by emphasising exceptional patient care and satisfaction, positioning itself as a leader in the field both locally and internationally. Through strategic expansion and a commitment to excellence, KPJ Centre For Sight is set to meet the evolving eye care needs of the population.

SPECIALIST DENTAL SERVICES

The KPJ Specialist Dental Centre stands out as a premier facility within the KPJ Healthcare Berhad network, focusing solely on delivering top-tier specialised dental services. As part of the extensive network of KPJ specialist centers, this dental centre provides a wide array of sophisticated dental treatments and procedures.

Patients at the KPJ Specialist Dental Centre benefit from the expertise of a team of dental specialists renowned for their qualifications and experience. This team includes prosthodontists, periodontists, endodontists, orthodontists, oral and maxillofacial surgeons, and pediatric dentists. Armed with cutting-edge technology, they offer accurate diagnoses and forward-thinking treatments in various areas of dentistry.

2023 Performance/Highlights



Moving Forward

Looking ahead, a multitude of factors is expected to drive growth in Malaysian's dental care sector. For instance, we are witnessing a noticeable increase in demand for dental services, spurred by technological advancements that enhance treatment effectiveness. Additionally, there is a growing trend towards cosmetic dentistry, with more individuals seeking aesthetic improvements. Malaysia's status as a preferred destination for medical tourism further amplifies the potential for the dental care industry, attracting patients from across the globe seeking high-quality dental procedures.

Support from the government for the healthcare sector's expansion, coupled with an uptick in healthcare spending—including on dental services—underscores the positive outlook for this field. To cater to the varied needs of patients, dental care providers, including specialised centers like the KPJ Specialist Dental Centre, are expanding their range of treatments. Maintaining a strong reputation for quality care and high patient satisfaction remains a pivotal aspect of this growth strategy.

Support from the government for the healthcare sector's expansion, coupled with an uptick in healthcare spending—including on dental services—underscores the positive outlook for this field. To cater to the varied needs of patients, dental care providers, including specialised centers like the KPJ Specialist Dental Centre, are expanding their range of treatments. Maintaining a strong reputation for quality care and high patient satisfaction remains a pivotal aspect of this growth strategy.

AMBULATORY CARE AND WELLNESS

REHABILITATION CENTRES



The KPJ Rehabilitation Centre, an integral part of the KPJ Healthcare Berhad network, is committed to delivering all-encompassing rehabilitation services for patients navigating the recovery process from injuries, surgeries, or various medical conditions. Embedded within the expansive network of KPJ hospitals and specialist centres, this facility provides a diverse array of rehabilitation programmes and therapies designed to enhance function, mobility and independence.

Within the centre, patients benefit from the expertise of a multidisciplinary team comprised of physiotherapists, occupational therapists, speech therapists, rehabilitation physicians and other specialised professionals. Working collaboratively, this team devises personalised treatment plans, meticulously crafted to meet the specific needs and recovery objectives of each patient.

2023 Performance/Highlights

Net Revenue

RM3.83
million

Patient Visits

21,839
sessions

Moving Forward

As we envision the path forward, we see a number of opportunities awaiting KPJ's Rehabilitation Centre. There is a growing demand for specialised expertise, particularly in areas such as neurological and orthopaedic rehabilitation. Technological advancements play a pivotal role in this evolution, with cutting-edge equipment and techniques set to improve treatment outcomes significantly.

In addition, a shift towards more holistic rehabilitation programmes is also emerging, in recognition of the importance of addressing not just the physical but also the mental and emotional needs of patients. This comprehensive approach is supported by government initiatives aimed at bolstering healthcare infrastructure, which, in turn, enhances the capabilities of our rehabilitation services.

To ensure we are reaching all the patients who require this care, engagement with the community through outreach programmes and partnerships with other healthcare providers is crucial for expanding our reach and impact. The integration with the broader healthcare system is also a focus, ensuring that patients experience a seamless transition from acute care to rehabilitation, while maintaining high standards of care and achieving accreditation to enhance credibility and foster patient trust.

AMBULATORY CARE AND WELLNESS

HAEMODIALYSIS CENTRES



The KPJ Dialysis Centre, strategically located within the Ambulatory Care Centre and functioning as a non-hospital-based facility, specialises in offering comprehensive dialysis care to patients with kidney conditions in an outpatient framework. This centre is dedicated to dialysis services, ensuring patients receive treatment in a convenient and outpatient environment.

The facility boasts a team of highly skilled nephrologists, dialysis nurses, and technicians committed to providing exceptional care. Equipped with state-of-the-art dialysis machines and technology, the centre is focused on delivering effective treatments while prioritising the comfort and well-being of its patients during sessions.

Customised dialysis modalities are offered to meet the specific needs of each patient, ensuring a personalised treatment approach. The centre adheres to stringent safety protocols and upholds the highest standards of care, demonstrating its commitment to patient safety and quality treatment outcomes.

Additionally, it offers educational resources and support to help patients manage their condition effectively, fostering a collaborative approach to kidney health management. By optimising operational processes, the KPJ Dialysis Centre ensures the smooth and efficient provision of dialysis services, enhancing the overall patient experience in managing kidney-related conditions.

2023 Performance/Highlights

Net Revenue

RM5.12
million

Patient Visits

10,340
sessions

Moving Forward

In response to the rising incidence of chronic kidney disease (CKD) and end-stage renal disease (ESRD), we are intensifying our focus on expanding haemodialysis services. We are spearheading the adoption of cutting-edge haemodialysis equipment and methodologies, crucial for enhancing treatment efficacy and maximising patient comfort. Central to our ethos is the delivery of high-quality care, marked by stringent infection control measures and the formulation of personalised treatment plans. Such initiatives are vital in elevating patient satisfaction and cultivating lasting loyalty.

We are forging strategic collaborations with hospitals, nephrologists, and a broad spectrum of healthcare professionals, ensuring seamless patient referrals and the provision of coordinated care. Furthermore, we distinguish ourselves by offering specialised services such as home haemodialysis training and support, catering to the diverse requirements of patients and propelling us ahead in a competitive landscape.

Compliance with regulatory standards and achieving accreditation are cornerstones of our operational strategy, essential for maintaining exemplary operational standards. This commitment not only bolsters trust among patients and referring physicians but also reinforces our dedication to delivering unparalleled haemodialysis care.

AMBULATORY CARE AND WELLNESS

SENIOR AND ASSISTED LIVING CARE



At KPJ Senior & Assisted Living Care, we have a committed team of seasoned professionals focused on safeguarding the comfort, safety and respect of each resident. From help with everyday tasks, specific memory care, rehabilitation services, to opportunities for social interaction, we are dedicated to delivering top-tier care for our seniors.

Our senior and assisted living facilities are designed to provide a nurturing environment, enabling residents to lead a content and autonomous life while accessing the necessary support. Emphasising quality care, tailored attention, and modern amenities, our goal is to boost the well-being and satisfaction of our residents.

2023 Performance/Highlights

Net Revenue

RM3.69
million

Patient Visits

28,107

Moving Forward

An aging population coupled with changing family dynamics, where fewer families can personally provide for the elderly, underscores the growing need for professional care solutions. Malaysia's rising affluence enables more families to seek out high-quality care options for their aging relatives, further fueling this demand.

Urbanisation trends contribute to a notable shift, with a higher number of elderly individuals living independently in urban areas, thereby elevating the demand for senior living communities within cities. There is a concerted effort to enhance the quality of life for seniors, focusing on holistic care that encompasses engaging activities designed to enrich their daily living.

The integration of technology into senior care services marks a significant advancement, aiming to improve safety measures and facilitate better communication. Additionally, some facilities are tailoring their offerings to include specialised services such as memory care for those with dementia or rehabilitation services for seniors on the mend from illnesses or injuries. This strategic approach indicates a comprehensive effort to cater to the diverse needs of the senior population, ensuring their well-being and comfort in the years to come.

ANCILLARY SERVICES

Business Overview

KPJ Group's Non-Hospital Operations encompasses a versatile range of businesses that meet the needs of our hospitals. Beyond enhancing our hospital network, this arm also offers strategic business platforms as revenue stream diversification and service portfolio expansion.

Navigating Post-pandemic Recovery

As we continue to recover from the pandemic, we faced different economic challenges due to inflationary pressures, shortages in the labour market and shifts in consumer behaviour. While our ancillary services were impacted by these challenges, we continued to invest in strategies to maintain our operational efficiencies. Our meal services provider performed best with innovative concepts backed by certifications. Similarly, our technical consultancy business and sterile services saw marginal profits. However, our laundry business experienced a significant setback due to inflation rates, high costs of diesel and manpower.



ANCILLARY SERVICES

Technical Consultancy

Business Overview

Healthcare Technical Services Sdn Bhd (HTS) is a professional consultancy that provides business solutions to hospitals such as planning and design, project management, asset and energy management. At the technical front, our team consists of certified professionals from various fields including architecture, engineering, quantity surveying and biomedical. Additionally, our energy managers and green building facilitators add value to the services we provide to our customers. Our expertise in regulatory compliance and quality standards enable us to serve hospitals, including major teaching institutions both locally and internationally in countries such as Thailand, Indonesia and Saudi Arabia.

During the year under review, we encountered the following challenges:

- Loss of regularly appointed projects due to open tender bidding requirements
- Commencement delays across six external hospital development projects attributed to client planning issues
- Deferred claim settlements for certain Technical Advisory projects resulted from delayed client letters of approval

Despite facing challenges, we have achieved the following:

- Appointed as Maintenance Manager for an additional four KPJ Hospitals and renewed five existing service contracts
- Awarded Energy Management projects for three KPJ hospitals to optimise their energy efficiency
- Secured letters of award for 17 brownfield development projects

Moving Forward

We will strive towards accomplishing higher operational excellence by:

- Strengthening our strategic engagement with internal KPJ stakeholders across key service divisions to streamline collaboration on existing and potential projects
- Expanding our service offerings of Project Management, Hospital Planning, Building Information Modelling (BIM) and Technical Advisory aggressively to external private and public sector clients
- Introducing integrated service packages encompassing Hospital Planning, Project Management and Sustainable Building Certification
- Venturing into contractor roles for internal and external projects under RM1 million
- Expanding our Electronic Document Management System solutions service to internal clients and prospective external clients
- Negotiating reduction of office rental and improving staff optimisation to manage operating overheads
- Initiating the registration of the Authority Licensed on Sijil Taraf Bumiputera and implementing the Quality Management System ISO 9001:2015

2023 Highlights

Revenue

RM5.7 million

(RM6.1 million in 2022)

-6.6%

EBITDA

RM0.3 million

(RM0.2 million in 2022)

+50%

PBT

RM0.08 million

(RM0.02 million in 2022)

+>100%

ANCILLARY SERVICES

Hospital Catering



Business Overview

Total Meal Solution (TMS) is the Group's dedicated in-patient meal services provider, primarily servicing private sector hospitals. Specialising in the cook chill and cook freeze technology, TMS ensures consistent and nutritious meals for patients while meeting strict food safety standards. We engage experienced chefs and qualified dietitians for our menu development and we strictly ensure that we comply with statutory acts. TMS is halal certified and aligns with healthcare sector certifications such as MSQH and JCI.

We have accomplished the following for FY2023:

- TMS Central Kitchen has earned the HACCP certification in Q4 2023
- Our 16 ready-to-eat Bento meals have been certified with MyChoice, a certification standard by the MOH and we are able to offer this product under Original Equipment Manufacturer (OEM) labels for our clients
- Successfully secured grant from SIRIM for the Introduction of IoT - automated cooking temperature monitoring
- Developed 16 certified halal menus for retort products, enabling us to venture into a new business stream

Moving Forward

Advancing in our technological growth and certifications, we will continue to balance our business profitability by:

- Managing rising costs pressures amidst global events that are affecting material costs
- Enhancing our control measures through periodic assessment of overheads and pricing strategies
- Pursuing long-term growth by expanding our retail business through OEM partnerships, further establishing ourselves as a supplier or producer

2023 Highlights

Revenue

RM19.0 million

(RM13.9 million in 2022)

+37%

EBITDA

RM1.9 million

(RM1.6 million in 2022)

+19%

ANCILLARY SERVICES

Hospital Laundry



Business Overview

Fabricare Laundry Sdn Bhd (FLSB) is an integrated laundry service hub, offering wet washing, dry cleaning and linen rental services to KPJ hospitals in southern Malaysia and to non-KPJ clients such as private hospitals. Committed to excellence, FLSB adheres to MSQH Hospital Accreditation standards and implemented WHO guidelines on linen handling for COVID-19 patients as part of our efforts in prioritising client safety and health.

Over the fiscal year, FLSB experienced a downturn, reporting a net loss of RM1.83 million, due to the following challenges:

- Impacted by the high cost of diesel and manpower
- Increased OPR rate by Bank Negara to mitigate inflation affected the company's borrowing costs, leading to a rise in the BFR's rate from 6.47% to 6.72%, with the company absorbing a 30.9% increase in Interest on Loans

Moving Forward

Over the next few years, FLSB will be actively seeking opportunities to optimise its business operations through strategic third-party partnerships. In addition, the company will carefully evaluate the possibility of plant closure as part of its efforts to ensure long-term sustainability and growth.

2023
Highlights

Revenue

RM2.0
million

(RM1.6 million in 2022)

+25%

EBITDA

RM-0.9
million

(RM-0.6 million in 2022)

-50%

PBT

RM-1.8
million

(RM-1.6 million in 2022)

-13%

ANCILLARY SERVICES

Wholesale and Distribution of Pharmaceutical and Medical Products

Business Overview

Pharmaserv Alliances Sdn Bhd (PASB) acts as the central procurement hub for the KPJ Group of Hospitals and Companies, located in Shah Alam, Selangor, and Johor Bahru. PASB's primary aim is to supply pharmaceuticals and medical devices to the KPJ Group at competitive prices with efficient delivery.

PASB provides various services, including cold chain supplies, logistics, and warehouses, to meet KPJ's needs. Strategically positioned near major infrastructure, such as third-party logistics, highways, and suppliers, PASB achieves order fulfillment rates exceeding 98% within 24 hours for hospitals in the Klang Valley and within 48 hours outside the area. This ensures timely delivery of essential supplies to support healthcare services across the KPJ network.

We have accomplished the following for FY2023:

- Recorded a revenue of RM482.1 million, marking a substantial increase of 15.6% compared to FY2022. Notably, the revenue generated from non-KPJ sources demonstrated a remarkable surge of 26.6%, from RM3.5 million to RM4.4 million within the same period
- Reported an increase in Profit Before Tax (PBT), soaring by 48.3% to RM8.7 million, attributed to PASB's diligent efforts in optimising resources, implementing cost-saving initiatives, and effectively reducing operational costs which contributed to the enhanced profitability
- Facilitated cost-savings of RM35.9 million through managing tenders and contract pricing of key suppliers and leveraging on its centralised logistics and procurement capabilities. This achievement not only strengthened the subsidiary's financial position but also significantly supported KPJ Hospitals in managing their inventory effectively while optimising stock holdings
- Pharmaserv is certified to meet the requirements of various ISO standards, including the ISO 14001 Environmental Management System (EMS), ISO 45001 certification for Occupational Health and Safety Management Systems (OHSMS), and ISO 9001:2015. Consequently, the subsidiary will continually strive to improve and review its process flow
- Additionally, Pharmaserv holds certification in Good Distribution Practice for Medical Devices (GDPMD) and complies with the Good Distribution Practice set forth by the National Pharmaceutical Regulatory Agency (NPRA) for cold chain facilities

Moving Forward

Pharmaserv will undertake the following initiatives in the future:

- Expanding market base to non-KPJ business, by focusing on distributing medical supplies to government ministries and agencies
- Increasing the product range and supply medical consumables to other private healthcare players

Retail Pharmacies

Business Overview

KPJ Healthshoppe Sdn Bhd is the Group's retail healthcare subsidiary which operates under the KPJ Healthshoppe and Jx Pharmacy brands. Leveraging on the resources and synergies of the KPJ Group, we benefit from specialist referrals, joint marketing activities, and competitive pricing of our drugs through central procurement. Additionally, our healthcare outlets collaborate closely with KPJ Hospital professionals to ensure the delivery of high-quality services to customers.

As at January 2023, the subsidiary has presence in 10 KPJ Hospitals nationwide, four pharmacies in the community by JX Pharmacy and a Digital & Merchandising Store Hub at its headquarters in KL.

ANCILLARY SERVICES

FY2023 has been a volatile year for KPJ Healthshoppe as multiple strategies were undertaken to rightsize the territories of its stores presence:

Strategy 1

Introduced a new concept of a Retail Pharmacy Store within KPJ Hospitals by launching its flagship pharmacy store namely Healthshoppe+. This launch is in line with the opening of KPJ's state of art Hospital, KPJ Damansara Specialist Hospital 2 in March 2023

Strategy 2

Retracted its retail pharmacy business in suburban locations by closing down four of its JX Pharmacy Outlets, converting them into KPJ health stores or Retail Pharmacies within KPJ facilities nationwide. The subsidiary is soon to launch its second pharmacy store at Menara KPJ and a new health store at KPJ Penang Specialist Hospital with two more potential strategic locations. In terms of financials, KPJ Stores and the Digital & Merchandising models saw significant increases in revenue, up by 19% and 36% respectively. However, the closure of four external pharmacies led to a revenue decline of up to 57%. The reinstatements and asset write-offs affected the subsidiary's overall EBITDA and PBT for the year 2023.



Moving Forward

Moving ahead, KPJ Healthshoppe is aims to:

- Expand into four more KPJ Specialist Hospitals
- Invest in more robust digital expansion as well as exploring opportunities to be KPJ Group's leading retail merchandising provider
- Collaborate closely with KPJ Specialist Hospitals, KOPJCORP and other business partners as part of the growth plans for 2024

2023 Highlights

Revenue

RM5.3 million

(RM4.9 million in 2022)

8.1%

EBITDA

RM-1.1 million

(RM-0.4 million in 2022)

>100%

PBT

RM-1.9 million

(RM-1.2 million in 2022)

-58.3%

EDUCATION

Business Overview

First established in 1991, the KPJ Healthcare University College achieved a significant milestone by attaining its full university status in June 2023. Together with its new status as KPJ Healthcare University (KPJU) and a comprehensive strategy aimed at fully integrating KPJU into the Group's business, our aim is to create Malaysia's first globally recognised private Academic Health Centre. As part of this strategy, we will continue to forge strategic partnerships and collaborations that will help strengthen our capabilities further.

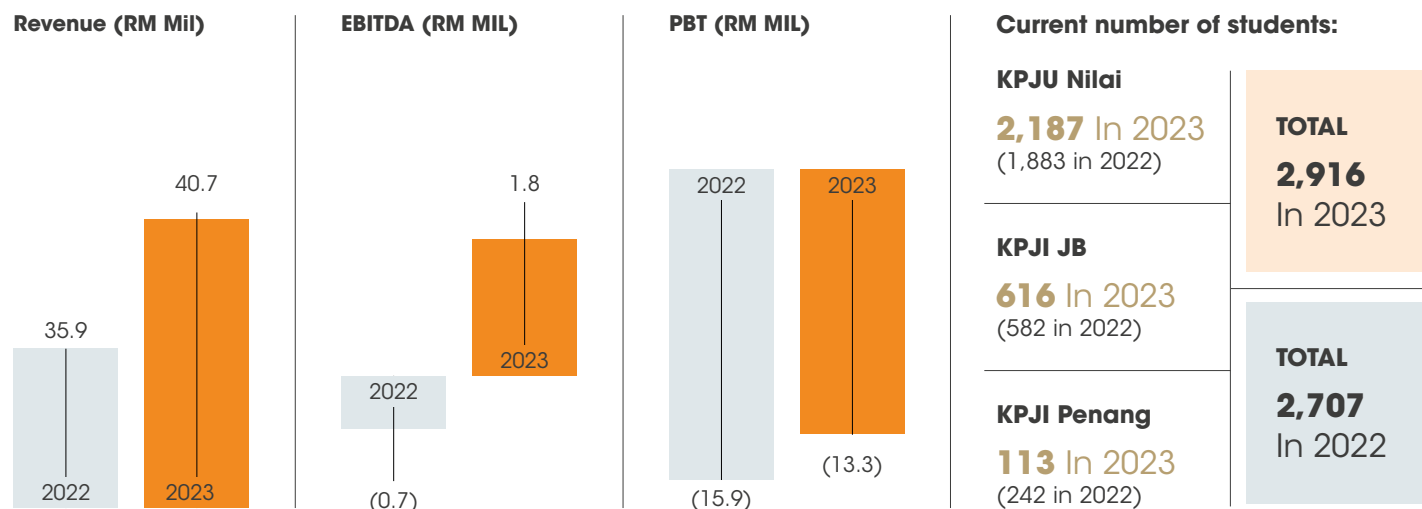
With close to 40 academic programmes and almost 3,000 students, including 28 postgraduate in medical specialty programmes, a newly established research centre and access to the Group's ecosystem of 29 hospitals, KPJU is positioned to further advance the nation's healthcare sector. KPJU is also the only approved private university offering Medical Specialist programmes and the largest number of post-basic nursing programmes in the country, addressing the ongoing demand for specialised nurses. In 2023, we celebrated our 25th Convocation Ceremony, conferring degrees to 1,300 graduates and launching two new postgraduate certification programme and one new degree certification programme.



The Minister of Higher Education, YB Datuk Seri Haji Mohamed Khaled Bin Nordin (second from right), awarded the official Letter of Recognition for University Status to the Chairman of KPJU, Datuk Syed Mohamed Syed Ibrahim.

EDUCATION

2023 HIGHLIGHTS



Contributing to Nation Building

Demonstrating our commitment to delivering quality education, KPJU has achieved the status of 'berdaya saing' in the Malaysian Higher Education Institutions Integrated Rating (SETARA) by the Ministry of Higher Education Malaysia (MOHE).

As part of our contribution to the nation building process, we actively empower students from underprivileged families to pursue their life goals in the medical and healthcare industry. Our mission is in line with the SDG10, which is to foster economic growth through education sponsorship, cultivating talent and supporting the hospital network nationwide and country's healthcare sector.

In FY2023, we allocated RM1.6 million in supporting healthcare education. In less than four months of graduation, 60% of our graduates have successfully secured employment. More importantly, the Group has created a platform for KPJ hospitals to leverage on a readily available talent pool. 31% of KPJU graduates were recruited into KPJ hospitals this year.

We nurture the future healthcare professionals by offering various financial aids in the form of tuition fee waivers to deserving students, particularly those with high potential but with financial constraints.

KPJU's Scholarships

We offer scholarships across three categories:

BIASISWA
(academic merit)

Applicable to all Malaysians who have been accepted to study any Full Time Diploma or Bachelor programme at KPJU Nilai and KPJIC, whereby a successful candidate may receive financial aid in the form of a Tuition Fee Waiver.

DERMASISWA
(financial need)

Open to all Malaysian citizens who are eligible to continue their studies at KPJU, listed in the B40 group, and registered as recipients of the Rahmah Cash Contribution (STR) managed by the Inland Revenue Board, as well as approved as recipients of PTPN loans at the B40 rate. Through our Dermasiswa scheme, KPJU covers any tuition fee and dormitory facility shortfalls, both on and off-campus, allowing students to study at KPJU without payment for tuition fees throughout their learning periods.

SETIASISWA
(alumni benefit)

Diploma graduates from KPJU and KPJIC are eligible for a 10% tuition waiver when enrolling in any Bachelor programme at KPJU. This scholarship covers the entire duration of the programme, subject to review every semester.

EDUCATION

Since 2018, we have partnered with Bank Rakyat to offer Education Financing-i to students pursuing Master's Degree in Medical Specialty programmes, providing financing of up to RM250,000. From 2023, Bank Rakyat has also extended this financing facility to the Diploma in Nursing programme. KPJU aims to assist students in covering their tuition fees and living costs, enabling access to higher-quality education and driving human capital development through education.

Building a Thriving Research Environment

In 2023, we established the KPJ Research Centre, as part of our efforts to enhance our university rating and more importantly, to integrate our expertise into the KPJ network of hospitals, creating a symbiotic relationship between both establishments.

Our core research areas that have been identified include:

Molecular research

Conducting research on genomics and proteomics, as well as validating products and exploring potential commercialisation opportunities

Bioelectronic research and medical technology innovation

Innovating and developing new medical technologies, particularly in bioelectronic medicine, including bioengineering, sensors, and nanotechnology

Big data analytics

Utilising AI for data analytics focused on targeted diseases, leveraging machine learning and AI in healthcare and commercialisation efforts

Patient and healthcare workers care

Establishing patient-centred care approaches and promoting the well-being of healthcare workers to enhance overall healthcare quality

Clinical trials

Positioning KPJ as sites for conducting industry-sponsored clinical trials, thereby generating additional revenue streams and contributing to medical research advancements

In pioneering research and innovation, KPJ Hospitals has become the first in Malaysia to enlist as members of the Mayo Clinic Care Network. As part of this, we will have access to the knowledge and expertise of the world-renowned Mayo Clinic in the USA to elevate patient care standards. Mayo Clinic Academic Solutions (MCAS) also conducted a site visit to KPJU, completing a current state evaluation to prepare both university and hospitals for academic integration.



EDUCATION

Strategic Collaborations

To further bolster our efforts, KPJU undertook the strategic approach of collaborating with various industry and non-industry partners to improve our capabilities. This approach supports our goal in developing collaborative, multidisciplinary medical and health services, education and research culture as the engine of medical progress and cornerstone of innovations.

In FY2023, KPJU entered several strategic collaborations, which included:

- Memorandum of Understanding between KPJU and KPJ Seremban Hospital and FUJIFILM Malaysia Sdn. Bhd., Universiti Putra Malaysia, and Universiti Malaya – the partnership aims to strengthen, nurture and develop research collaboration focusing on research in medical software diagnostics in CT scans
- Four Memoranda of Understanding with Arcadia Lifesciences Sdn. Bhd., University of Southampton Malaysia, Alpro Pharmacy Sdn. Bhd., and Universiti Kebangsaan Malaysia's Medical Molecular Biology Institute ("UMBI"). The research collaboration will initiate studies in genomics, transcriptomics, and proteomics, while identifying biomarkers for precision medicine. This endeavour harnesses the vast pool of big data from KPJ Hospitals, laying the foundation for novel medical insights and innovative technologies
- Memorandum of Understanding with Samsung Medicine, Korea – to improve radiographers' workflow and evaluate image production
- Engagement with Harvard Medical School, Duke University, UCLA, Seoul National University and Asan University to promote research fellowship programme and student mobility

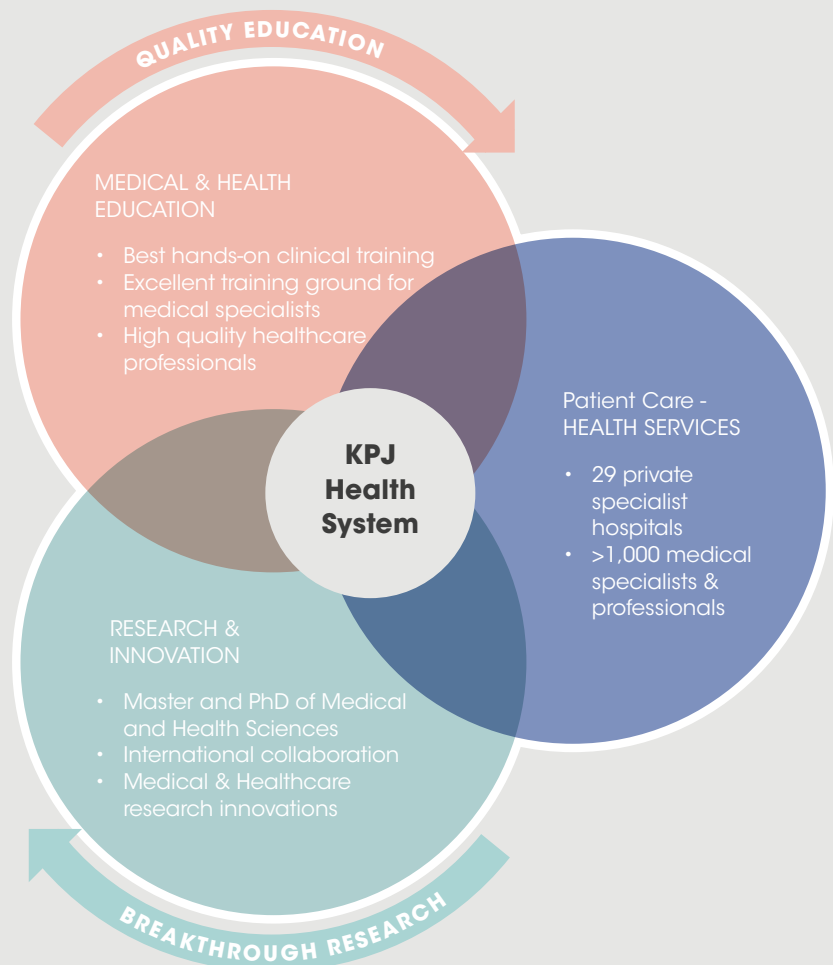
Moving Forward

KPJU will continue to strengthen its education and research portfolio collaboratively with the hospitals in creating a successful Academic Health System. The system which consists of three critical areas namely Medical & Health Education, Patient Care-Health Services and Research & Innovation will enhance patient outcomes, advance medical knowledge and shape the future of healthcare. Alongside the clinical expertise from our hospitals, we will forge further strategic collaboration with the industry and other reputable higher education institutions to grow our education and research portfolios.

In FY2023 alone, the Group granted a research budget of RM10 million to promote KPJU's research endeavours. This shows a distinct commitment of the Group towards research, innovation and development.

KPJ Healthcare University's role in an Academic Health System

A symbiotic relationship between KPJU and KPJ Group of Hospitals



HEALTH TOURISM

Business Overview

In 2023, Malaysia's health tourism industry demonstrated resilience, making a substantial contribution to the nation's economy, generating revenue of RM2.2 billion. Health tourists returned to Malaysia in full force, attributed to the reopening of travel borders and bolstered by the country's renowned reputation as a highly regulated, competitively priced, world-class healthcare hub. With this momentum, the health tourism industry is poised to make significant strides towards post-pandemic recovery, outperforming its pre-pandemic performance of RM1.7 billion in 2019 by 29%.

(Source: MHTC Informatics)



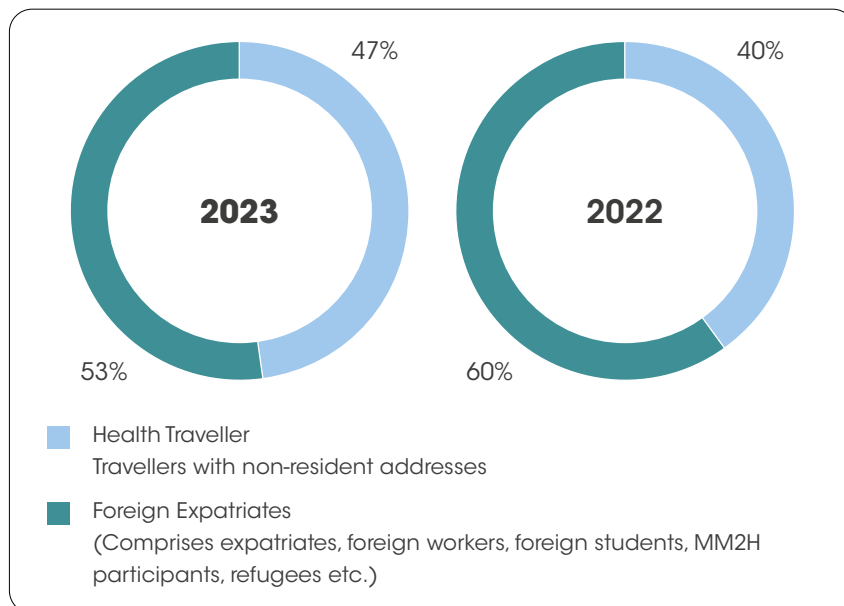
HEALTH TOURISM



In light of these developments, KPJ achieved significant growth in health tourism revenue, increasing by 41% compared to the previous year, reaching RM189.5 million (2022: RM134.1 million). Patient visits also recorded a notable increase of 17% (160,911) visits as compared to 137,926 visits in 2022.

During the year under review, we enhanced engagements with the foreign expatriate market, both locally and regionally, while also intensifying our targeted outreach efforts for health tourists. This resulted in a notable revenue growth of 25% reaching RM99.6 million (2022: RM79.8 million) and a significant increase in our health tourist market performance to RM89.9million (2022: RM54.2 million).

Our health tourists are further categorised based on various factors, as illustrated in detail within the following chart:



This growth across various segments is largely attributed to key initiatives throughout the year, which include:

- Targeted media engagements and digital marketing initiatives to increase KPJ's profile and drive top-of-mind awareness.
- Promotion of premium health packages for targeted segments.
- Participation in high profile international and regional trade events and roadshows in key markets such as Indonesia, Bangladesh, Indochina and MENA. Namely Malaysia Healthcare Expos in Indonesia, Kuwait Medical Conference, Oman Health Exhibition and Conference.
- Active empanelment of leading insurance providers and Third-Party Administrators (TPA).
- Strategic partnerships with key commercial entities in focus markets.
- Continuing Medical Education (CME) such as webinars, health talks, CME and business forums to promote thought leadership.
- Familiarisation visits to engage with key opinion leaders, agents and partners as well as communities and associations, especially addressing the expatriate segments.
- Continuous engagement with embassies and government agencies such as Tourism Malaysia, MIDA, and MATRADE etc. to cultivate advocacy.

The Indonesian market, primarily from cities in the Sumatra region, continues to be the largest contributor to our health tourism revenue, followed by India and Bangladesh. KPJ Kuching continues to lead as our top revenue generator, accounting for 24% of our total health tourism revenue, with health tourists primarily from Kalimantan Barat. Following closely is KPJ Johor, contributing 18%, majority from health tourists in Batam.

HEALTH TOURISM

Malaysia’s rapid growth as a hub for health tourism, having tripled its revenue in less than a decade, presents a prime opportunity for KPJ. We will leverage this momentum to elevate our position as the preferred healthcare provider and focus on promoting our flagship hospital, DSH2, as the premier choice for health tourism.

For 2024, we remain committed to our aspiration of becoming the preferred healthcare provider in the region. Our goal is to increase KPJ’s health tourism revenue to RM287 million by the end of the year by anchoring our marketing initiatives on three strategic pillars:

1. Defend and Diversify Key Markets

2. Optimise Digital Marketing

3. Expand Product Offerings

Beyond Indonesia, we will be expanding our focus to other markets with strong potential such as Singapore, Indochina, South Asia and MENA. We have segmented our target markets to strategically address each of them based on specific product demands and tailored Go-To-Market (GTM) approaches for optimised results:

Key Markets	Regions/ Countries
Primary Market	Indonesia
Immediate Gain Market	Foreign expatriates living in Malaysia and in the region from the following countries: <ul style="list-style-type: none"> • Singapore • Europe • The United States
Focus Markets - Growth	<ul style="list-style-type: none"> • Indian • Bangladesh • Somalia
Focus Markets - Seeding	<ul style="list-style-type: none"> • The Philippines • Myanmar • Vietnam
Niche Markets	<ul style="list-style-type: none"> • Middle East and Northern Africa • China • Singapore • Australia

We have also identified the following initiatives to strengthen DSH2 as a formidable player in health tourism:

- Engage with agents to increase health tourist referrals to DSH2
- Enhance brand visibility in key focus markets through targeted marketing efforts aimed at potential audiences, including premium banks, insurance companies, and professional associations
- Increase leads and conversions through effective digital marketing campaigns
- Drive direct conversion from exposure in international media publications
- Recruit “Star Doctors” to improve revenue performance

2023 Highlights

Revenue

RM189.5 million

(RM134.1 million in 2022)

+41%

Patient Visits

160,911 sessions

(137,926 sessions in 2022)

+17%