



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



Ensuring **Safety**



Delivering Service with **Courtesy**



Performing Duties with **Integrity**



Exercising **Professionalism** at All Times



Striving for **Continuous Improvement**



WHAT'S INSIDE THIS REPORT

2 Basis of This Report

Sec 01 Our Value Proposition

- 4** We Are Reimagining Healthcare
- 12** At A Glance
- 13** Awards & Recognition in 2023
- 14** What We Do
- 16** Patient-Centric Care
- 18** Our Value Creation
- 20** Our Approach to Sustainability
- 22** Corporate Structure

Sec 02 Leadership Statements

- 24** Chairman's Statement
- 30** President & Managing Director's Review
- 38** Chief Financial Officer's Review
 - Group Quarterly Performance
 - 5-Year Financial Performance
 - Statement of Value Added

Sec 03 Our Value Story

- 48** Market Landscape & Outlook
- 50** Stakeholder Management
- 54** Sustainability Materiality
- 56** Managing Key Risks & Opportunities
- 64** Our Value Outcomes

Sec 04 Our Performance Review

- 82** Hospital Operations
- 88** Ambulatory Care and Wellness
- 94** Ancillary Services
- 100** Education
- 104** Health Tourism

Sec 05 Governance

- 107** Corporate Information
- 107** Company Secretaries
- 108** Who Governs Us
- 121** KPJ Senior Management Team
- 131** Corporate Governance Overview Statement
- 152** Audit Committee Report
- 156** Statement on Risk Management and Internal Control (SORMIC)
- 167** Group Medical Advisory & Clinical Governance Committee Report
- 182** Compliance Information

Sec 06 Financial Statements

Sec 07 Appendices

- 307** Shareholdings Statistics
- 311** List of KPJ Healthcare Top 10 Properties
- 312** Group Network and Directory

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 of our philosophy, '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.



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 specialists. 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



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)



MALAYSIA



INDONESIA *



AUSTRALIA *



BANGLADESH



THAILAND

- 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 Fazilatunnesa 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

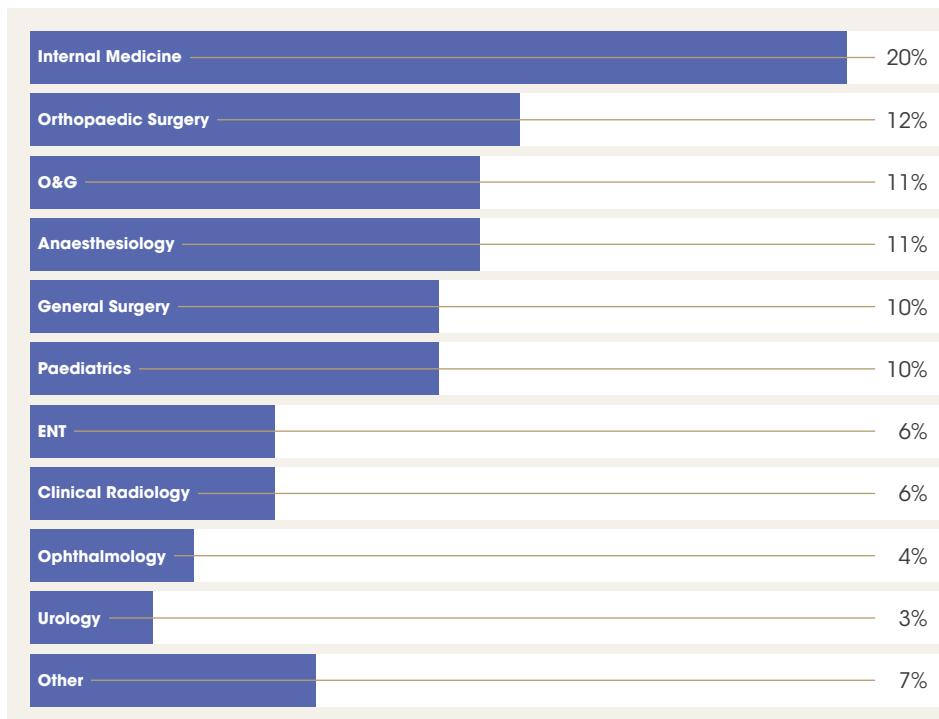
PRIORITISING CUSTOMERS THROUGH PATIENT-CENTRIC HEALTHCARE

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 subspecialities

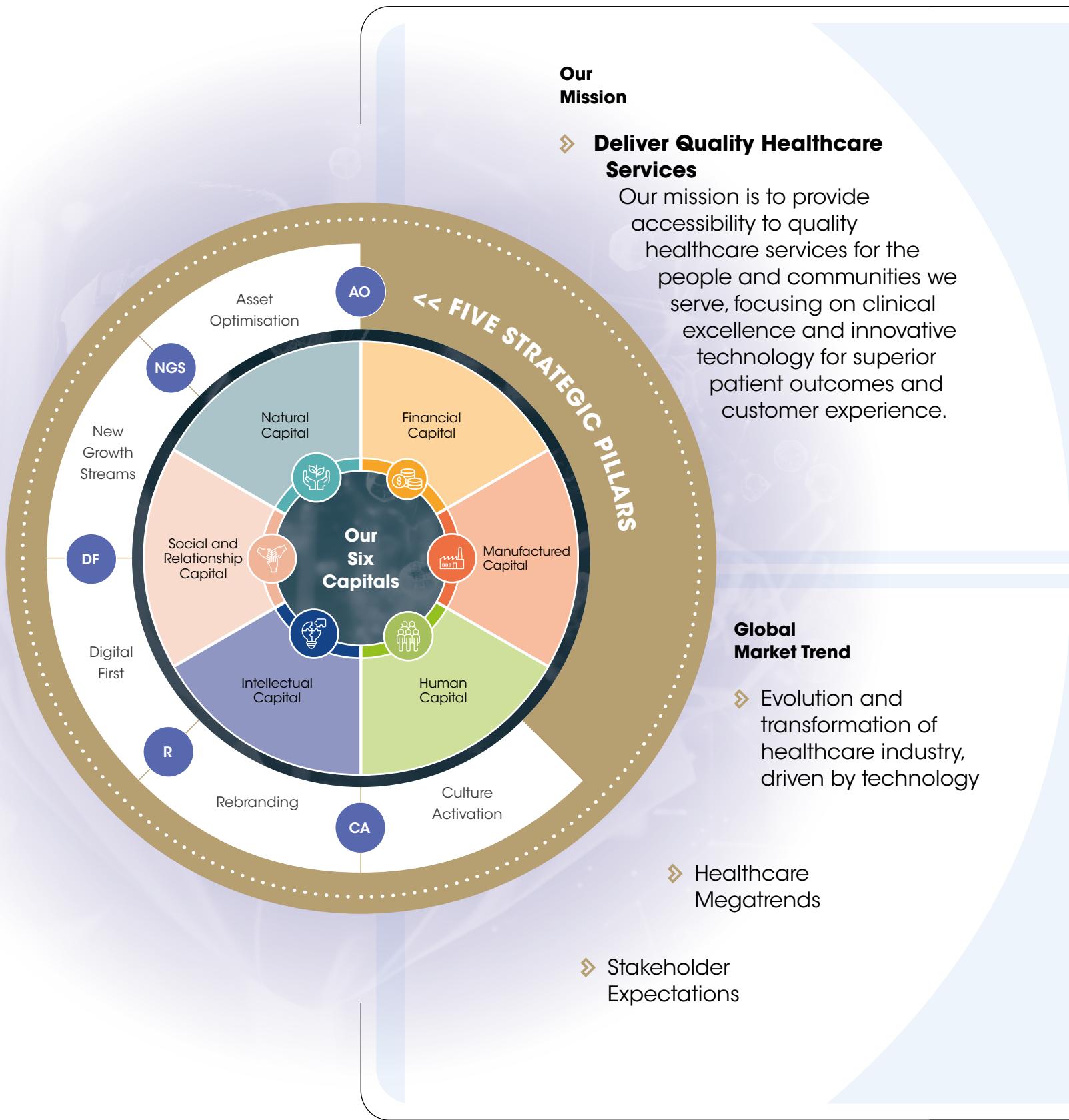
A wide service offerings to cater to our patients - from general to complex medical and surgical cases.

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 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

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 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 Key Stakeholders

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

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

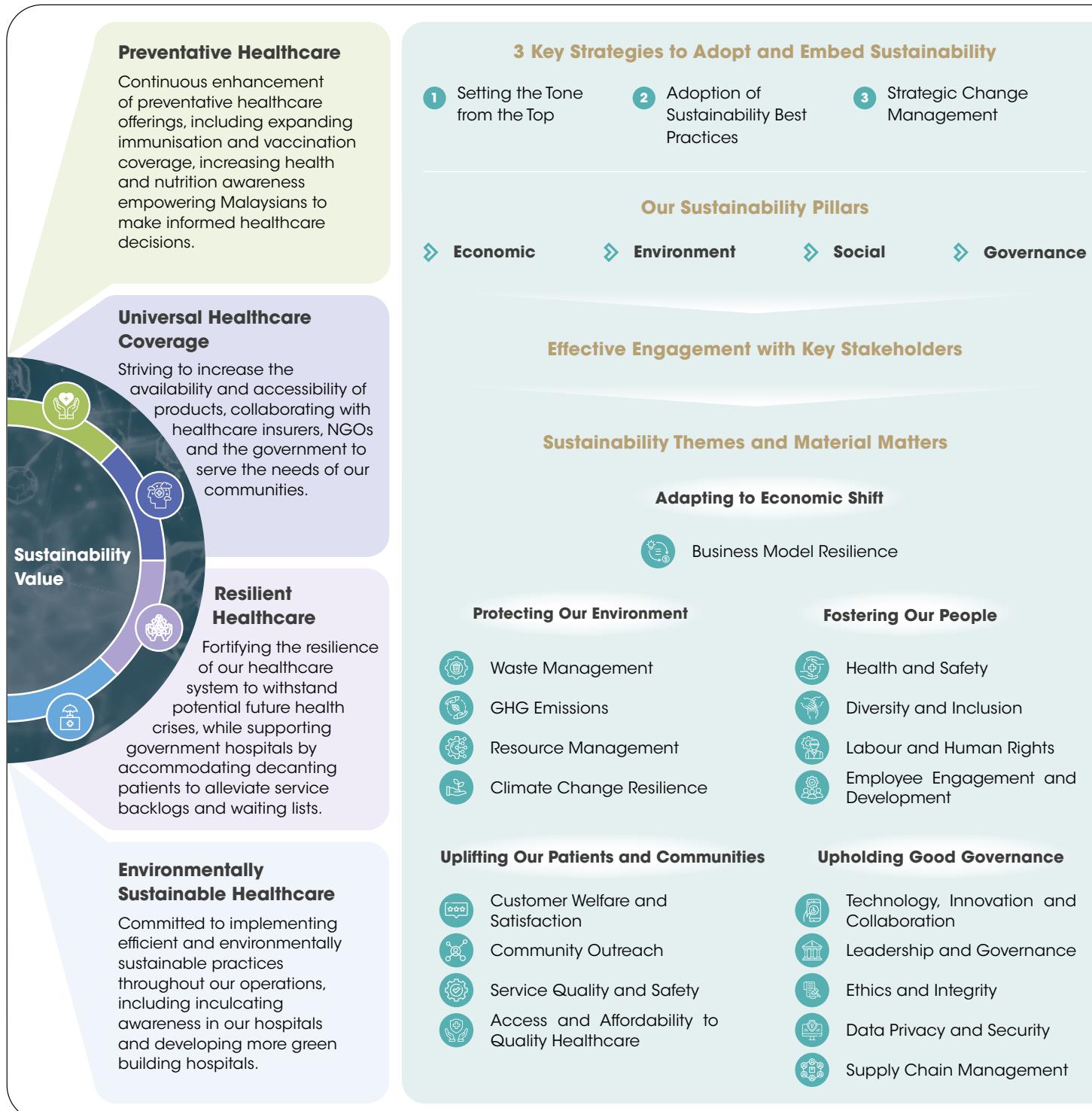
Take Environment Protection Seriously

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

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.



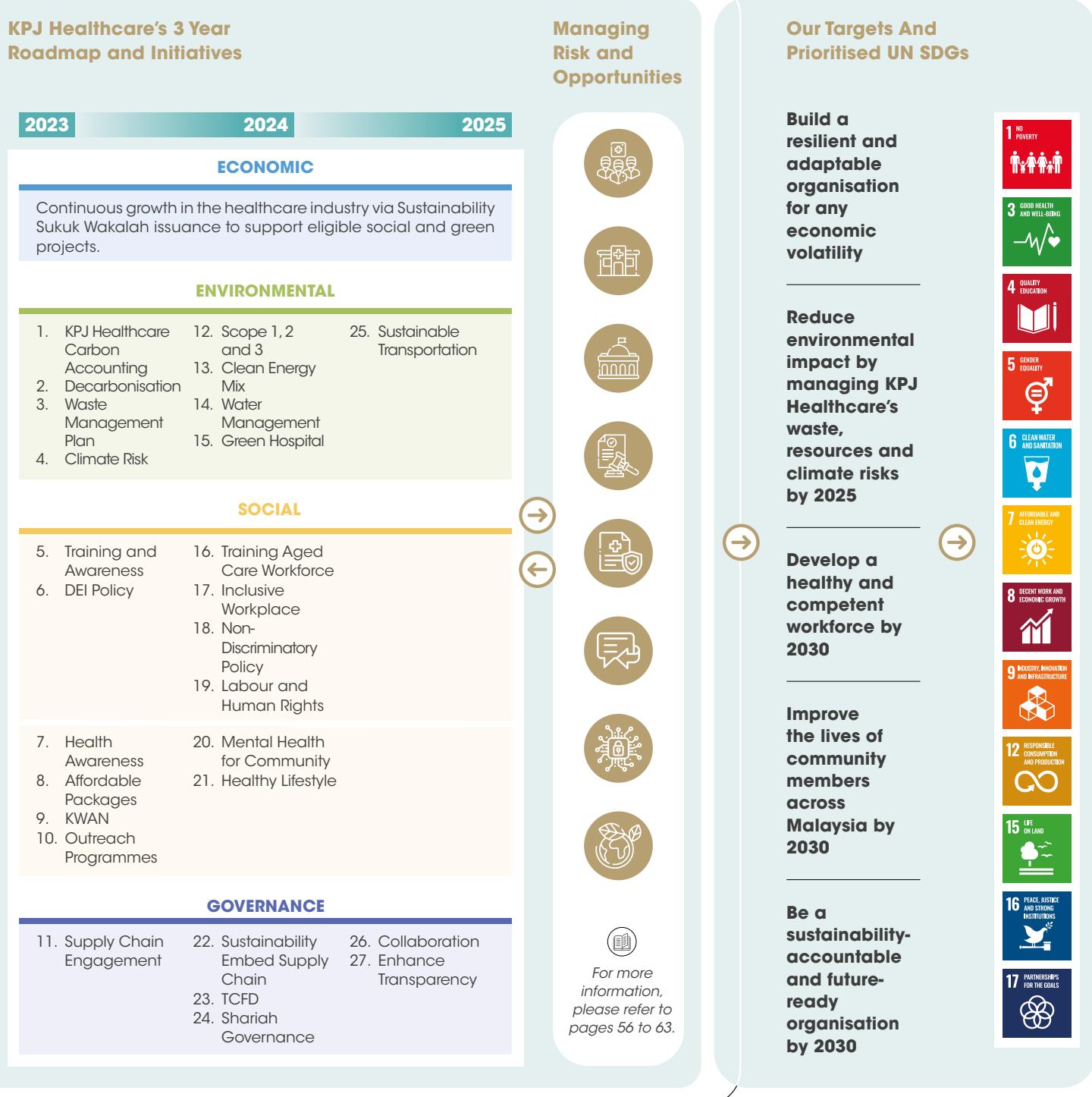
OUR APPROACH TO SUSTAINABILITY

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



CORPORATE STRUCTURE

AS AT 29 MARCH 2024



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 Healthcare)



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 Healthcare, 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.

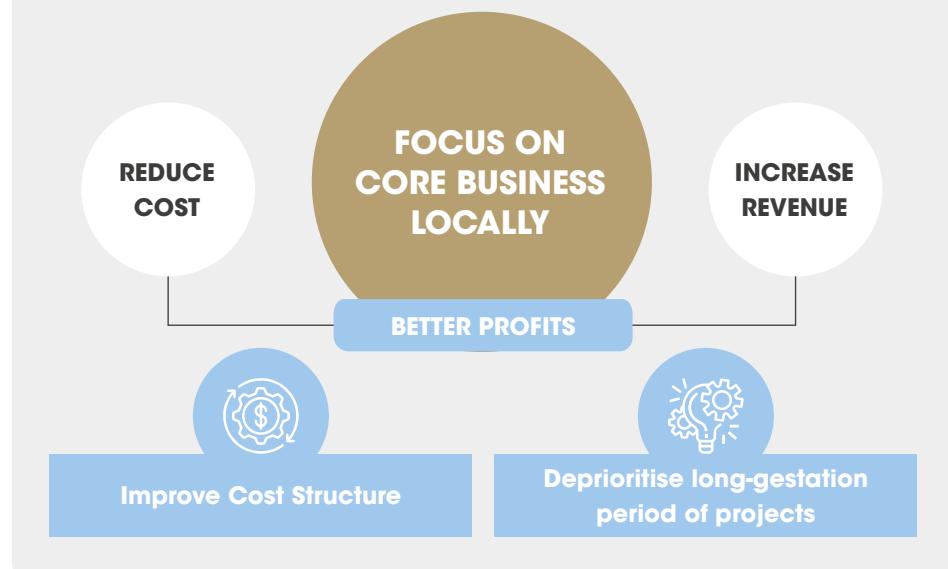
In 2023, our primary goal was to enhance our services to become more patient-centric based on the fundamental aim of reducing costs and boosting revenue for improved profitability. We streamlined our operations to concentrate on our core local business, with a particular focus on high-growth sectors,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

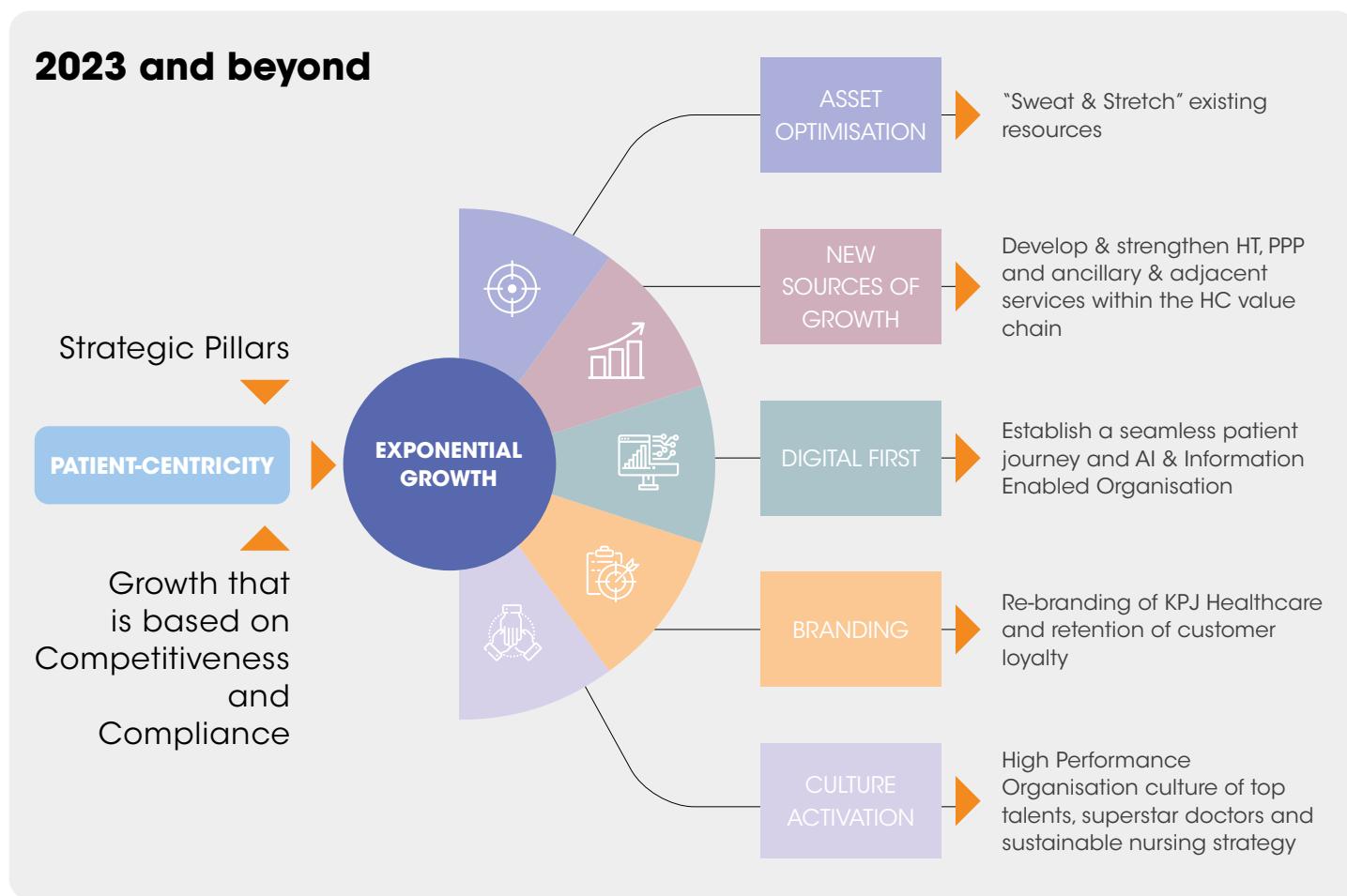
In 2023, we started our comprehensive transformation journey focusing on five strategic pillars: Asset Optimisation, New Growth Streams, Digital First, Branding and Culture Activation.

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.

2023 FOCUS AREAS



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 Bengkalis.

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 Healthcare 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 steering 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.

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

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

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

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

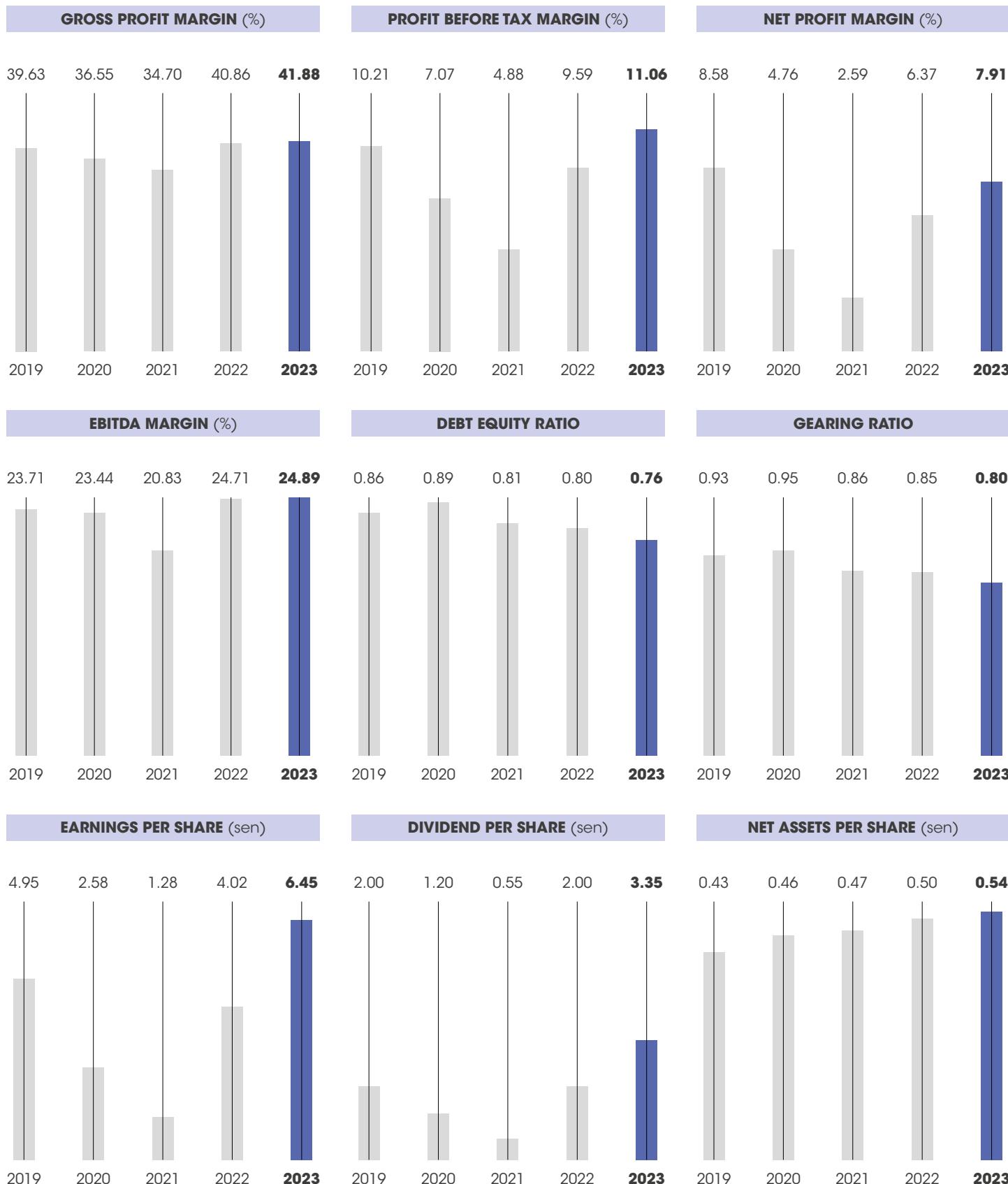
GROUP (RM'000)	2019*	2020*	2021*	2022*	2023
Revenue	2,642,828	2,327,847	2,536,257	2,868,474	3,418,701
Gross profit	1,047,237	850,767	880,191	1,172,074	1,431,918
Operating profit	370,186	296,893	255,911	409,572	515,927
Finance income	12,795	13,052	8,519	12,141	20,149
Finance cost					
- Borrowings	(87,406)	(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 Healthcare 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.

(ii) 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.

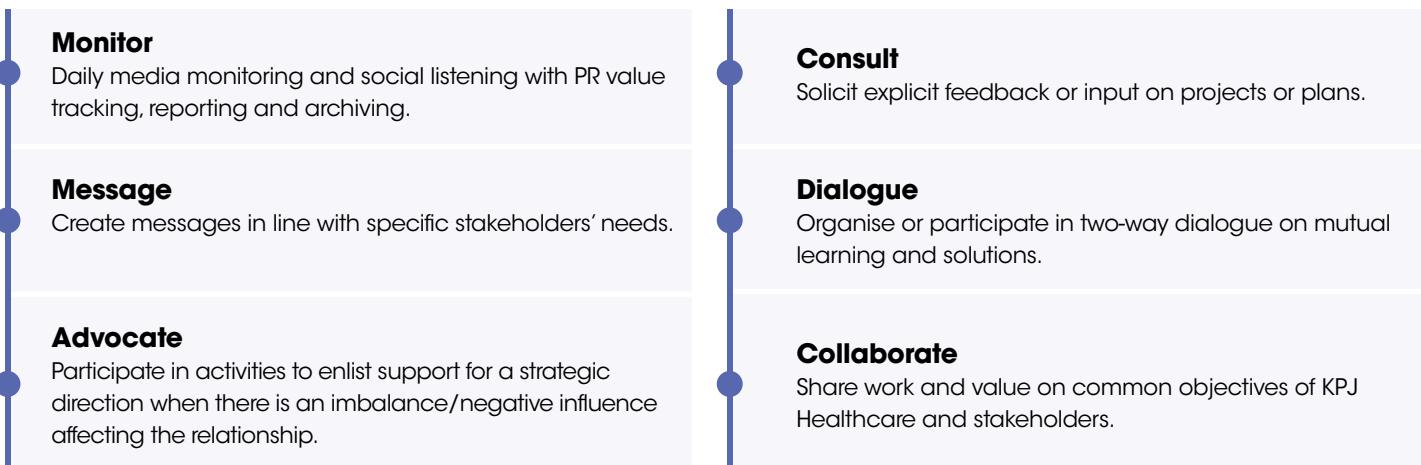
STAKEHOLDER MANAGEMENT

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.

STAKEHOLDER ENGAGEMENT CONTINUUM



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			
Adapting to Economic Shift	Upholding Good Governance	As Required	Quarterly	Fostering Our People	Annually	Monthly	Weekly

Patients		Employees		Consultants	
METHOD OF ENGAGEMENT		METHOD OF ENGAGEMENT		METHOD OF ENGAGEMENT	
Customer Satisfaction Survey	M	Town halls	A	Town halls	A
Corporate and hospital websites	D	Employee performance review programmes	B	Clinical Governance Meetings	ABQ
Comprehensive integrated social media presence	AS	Employee engagement survey	A	Annual Medical Conference	A
Health-related information magazines	Q	Staff wellness, engagement and recognition programmes	AS	Collaboration in educating the public	AS
Health awareness days	AS	Intranet portal	AS	Meetings of the clinical committees	Q
Service brochures with hospital information	D				
KEY CONCERN		KEY CONCERN		KEY CONCERN	
<ul style="list-style-type: none"> Cost of healthcare services Quality of service standards World-class health facilities and technology 		<ul style="list-style-type: none"> Career progression Health, safety and human rights Competitive remuneration packages and benefits 		<ul style="list-style-type: none"> Service quality and safety Top-notch equipment and facilities A safe, motivating and rewarding workplace 	
RESPONSE		RESPONSE		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 		<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 		<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		IMPACT ON STRATEGY		IMPACT ON STRATEGY	
Concerns raised can create new revenue streams by offering the right healthcare services to patients from diverse backgrounds and communities.		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.		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
Financial results and non-financial reports
Corporate website
General meetings (Annual General Meeting/ Extraordinary General Meeting)
Investor meetings



KEY CONCERNS

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

RESPONSE

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

IMPACT ON STRATEGY

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

Government and Regulators

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



KEY CONCERN

- 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
Contract negotiations and renewals
Media releases/media announcements
Quarterly briefing sessions
Media relationship programmes



KEY CONCERN

- 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.
KPJ's Senior Management serve as board members of the APHM
KPJ's Group Chief Nursing Officer is a committee member of the Nursing chapter of the APHM
Participation in conferences

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
Product demonstrations and evaluations
Training and collaboration sessions

KEY CONCERN

- 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 Educating the public
Other ad hoc CSR programmes

KEY CONCERN

- 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	Customer Welfare and Satisfaction	Employee Engagement and Development	Technology, Innovation and Collaboration	
		GHG Emissions	Service Quality & Safety	Diversity and Inclusion	Ethics and Integrity	
		Resource Management	Uplifting Our Patients and Communities	Labour and Human Rights	Leadership and Governance	
		Climate Change Resilience	Access and Affordability to Quality Health	Health and Safety	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



Increase

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 Healthcare 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 (GMAGC) 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



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

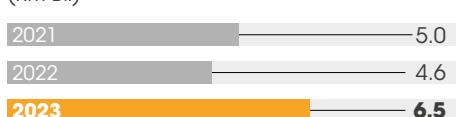
FINANCIAL CAPITAL



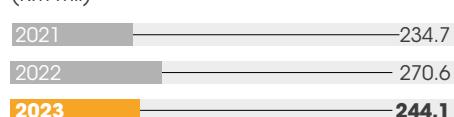
Our Financial Capital is the pool of funds available to KPJ Healthcare, sustained by other capitals. The components of our Financial Capital are the revenue generated from our operations, market capitalisation, Government grants, the income we derive from fund raising activities such as Sukuk, as well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

KEY INPUT

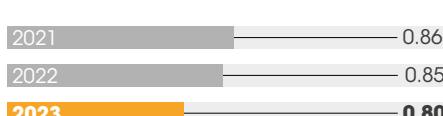
MARKET CAPITALISATION (RM Bil)



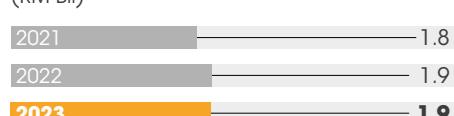
CAPITAL EXPENDITURE (RM Mil)



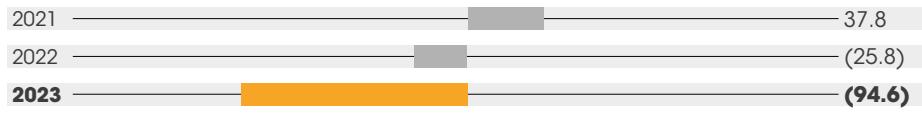
DEBT/EQUITY RATIO



TOTAL BORROWINGS (RM Bil)



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



Trade-Offs

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

Link To 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)



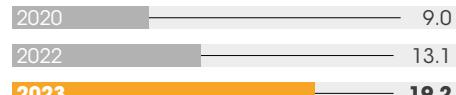
DIVIDEND PAYOUT PER SHARE (Sen)



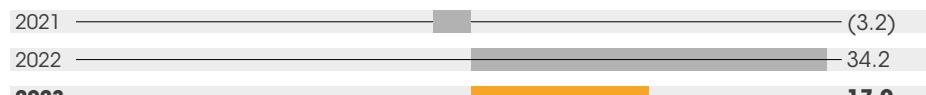
CASH GENERATED FROM OPERATIONS (RM Mil)



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.

KEY INPUT

Hospital

MALAYSIA

2021	28
2022	29
2023	29

INDONESIA

2021	2
2022	2
2023*	0

THAILAND

2021	1
2022	1
2023	1

BANGLADESH

2021	1
2022	1
2023	1

* Concluded disposal of all Indonesian hospitals by September 2023

Operating Beds

MALAYSIA

2021	3,229
2022	3,357
2023	3,543

INDONESIA

2021	170
2022	170
2023	190

BANGLADESH

2021	80
2022	80
2023	100

Education

MALAYSIA

2021	3
2022	3
2023	3

BANGLADESH

2021	1
2022	1
2023	1

Ambulatory Care Centres

MALAYSIA

2021	2
2022	2
2023	2

Trade-Offs

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

Link To Sustainability Themes

- Upholding Good Governance

Strategic Pillars



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

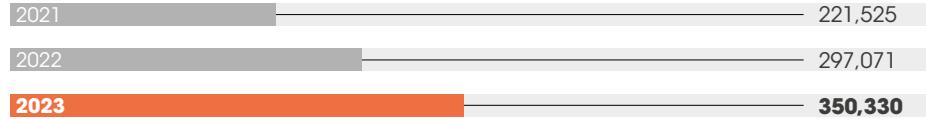
HOSPITAL STATISTICS

MALAYSIA

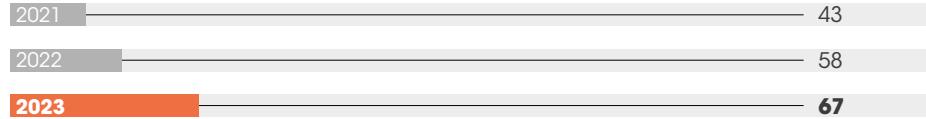
OUTPATIENTS



INPATIENTS

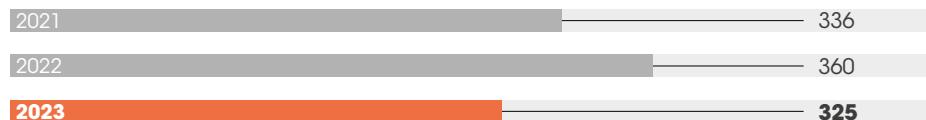


AVERAGE BED OCCUPANCY RATE (%)

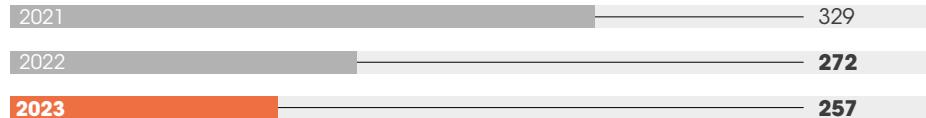


RESIDENTS AT SENIOR AND ASSISTED LIVING CARE CENTRES

SIBU GERIATRIC HEALTH AND NURSING CENTRE



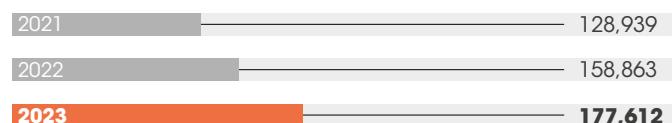
TAWAKKAL HEALTH CENTRE



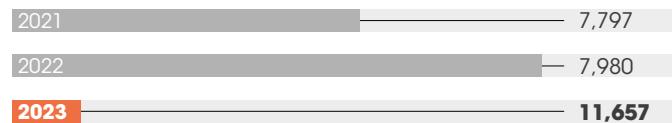
OUR VALUE OUTCOMES

BANGLADESH

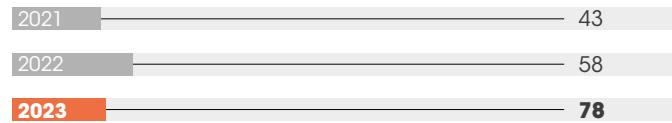
OUTPATIENTS



INPATIENTS

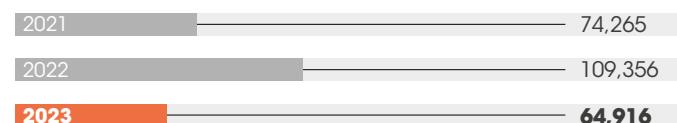


AVERAGE BED OCCUPANCY RATE (%)

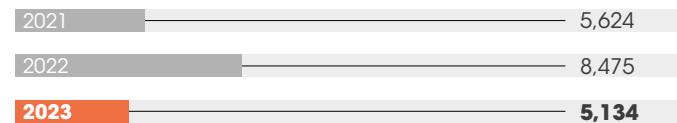


INDONESIA*

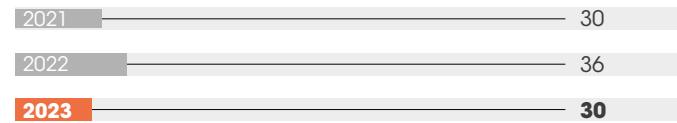
OUTPATIENTS



INPATIENTS

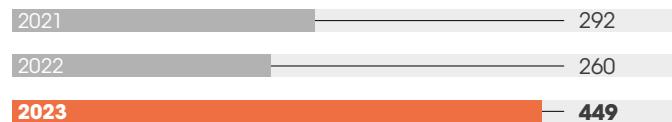


AVERAGE BED OCCUPANCY RATE (%)

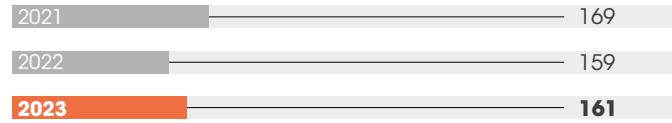


* Disposed in 2023

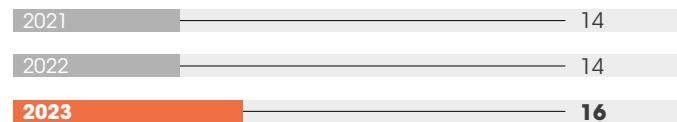
KUANTAN CARE WELLNESS CENTRE



JETA GARDENS, AUSTRALIA



KPJ HEALTHSHOPPE AND JX PHARMACY OUTLETS



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.

KEY INPUT

DIESEL INTENSITY AND CONSUMPTION FOR GENSET

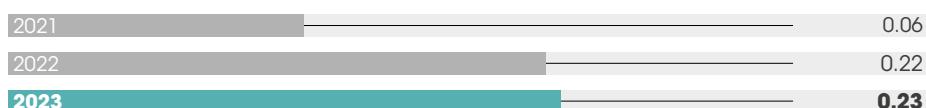
Litres (L)



Gigajoules (GJ)



Intensity (L/m²)



Intensity (GJ/m²)

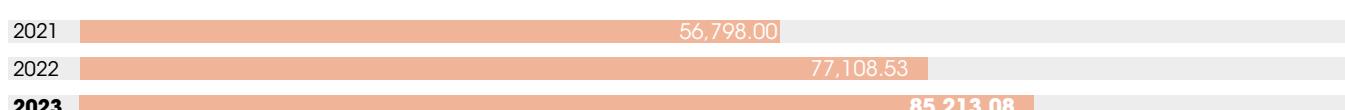


NON-RENEWABLE FUEL CONSUMPTION

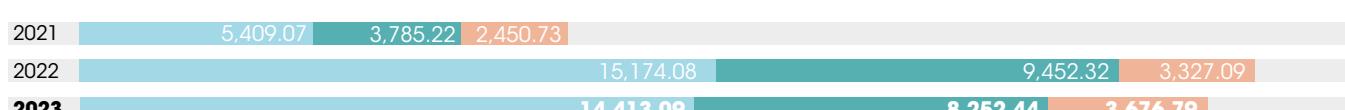
Litres (L)



Kilogrammes (kg)



Gigajoules



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.

Link To Sustainability Themes

- Protecting Our Environment
- Uplifting our Patients and Communities

Strategic Pillars



OUR VALUE OUTCOMES

ELECTRICITY CONSUMPTION

kWh

2021	172,333,409.07
2022	186,777,273.33
2023	195,353,382.19

ELECTRICITY INTENSITY CONSUMPTION (PER M²)

kWh

2021	204.89
2022	197.09
2023	206.14

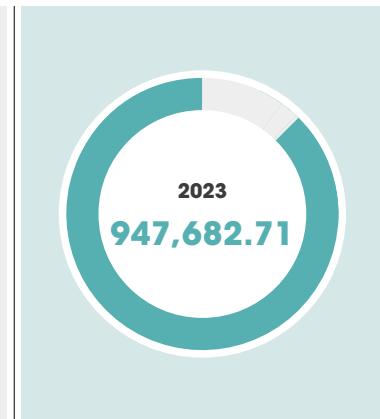
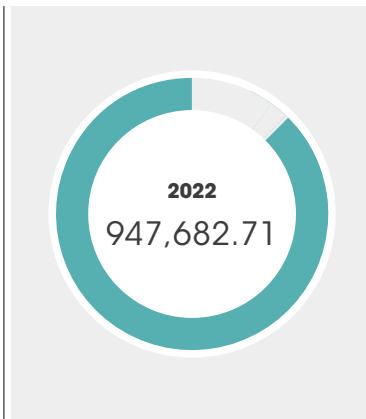
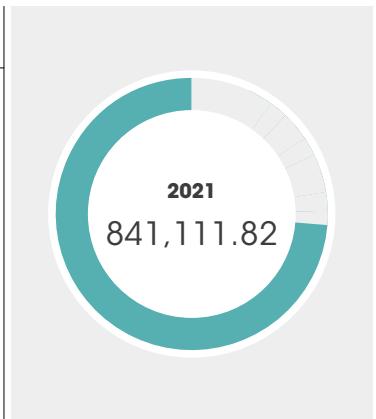
Gigajoules

2021	620,400.27
2022	672,398.18
2023	703,272.17

Gigajoules

2021	0.74
2022	0.71
2023	0.74

TOTAL AREA OF 2021
- 41 SITES



WATER INTENSITY AND CONSUMPTION

Water Consumption (m³)

2021	1,465,122.45
2022	1,832,307.31
2023	1,847,193.61

Gross Floor Area (m²)

2021	841,111.82
2022	947,682.71
2023	947,682.71

Water Consumption per gross floor area (m³/m²)

2021	1.74
2022	1.93
2023	1.95

Patients number

2021	2,840,022
2022	3,096,989
2023	3,278,784

Employee

2021	15,247
2022	16,127
2023	16,480

Water Consumption per Patient+Employee

2021	0.51
2022	0.59
2023	0.56

OUR VALUE OUTCOMES

NATURAL CAPITAL

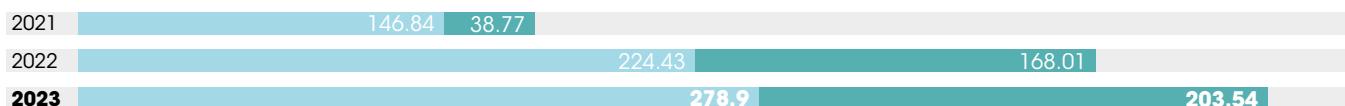
TOTAL WASTE DIVERTED FROM DISPOSAL

■ Recycling ■ Other Recovery Operations (Food)

2021
185.62
tonnes

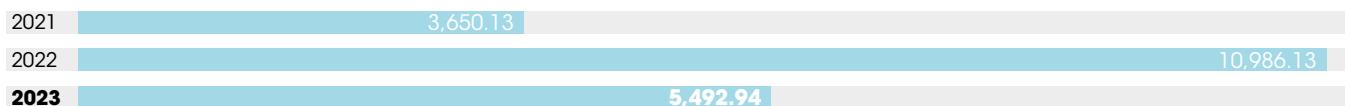
2022
392.45
tonnes

2023
482.44
tonnes



TOTAL WASTE DIRECTED TO DISPOSAL (TONNE)

■ Landfilling ■ Other Disposal Operations



TOTAL WASTE GENERATED

2021
5,280.20
tonnes

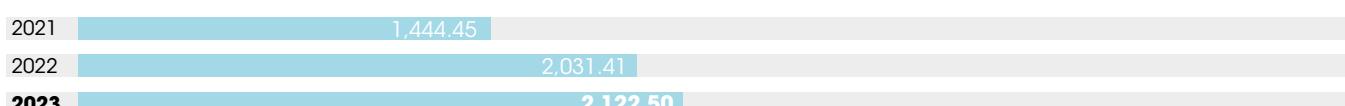
2022
13,409.99
tonnes

2023
8,097.88
tonnes

HAZARDOUS WASTE (TONNE)

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

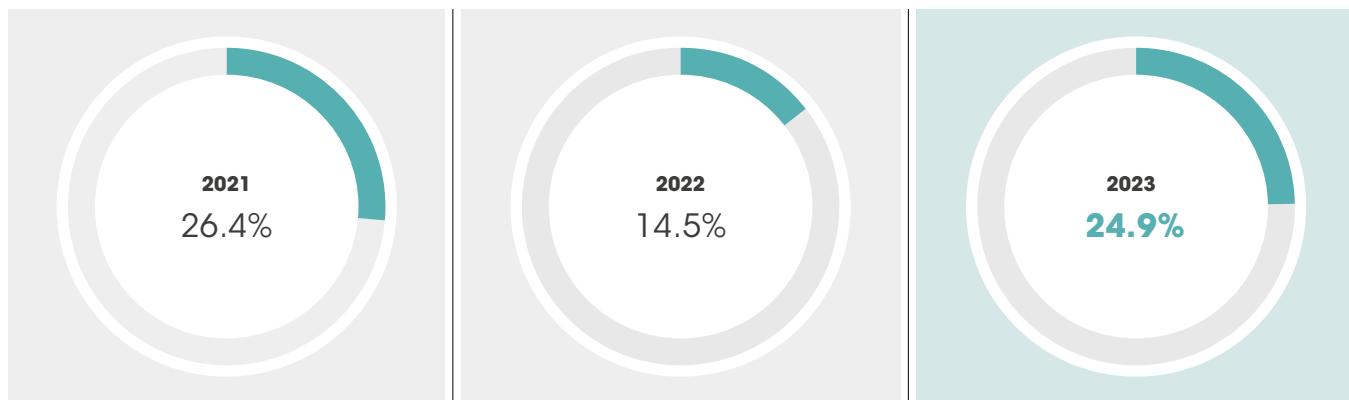
CLINICAL AND SCHEDULED



OUR VALUE OUTCOMES

CLINICAL WASTE INTENSITY AND GENERATED

Clinical waste (%)



Total area of KPJ hospitals and companies (m²)

2021	841,111.82
2022	947,682.71
2023	947,682.71

Clinical waste per gross floor area (kg/m²)

2021	1.66
2022	2.06
2023	2.13

Patients number

2021	2,840,022
2022	3,096,989
2023	3,278,784

Clinical waste per patient (kg/patient)

2021	0.49
2022	0.63
2023	0.62

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 Healthcare 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.

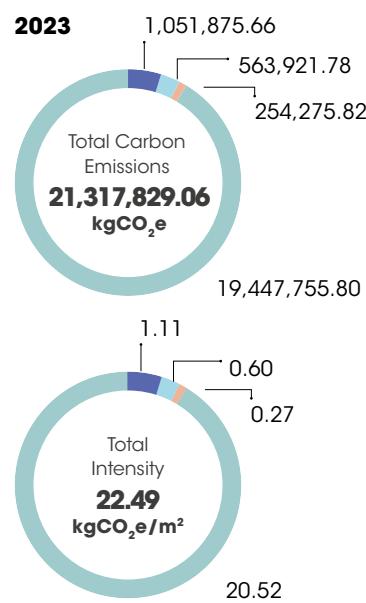
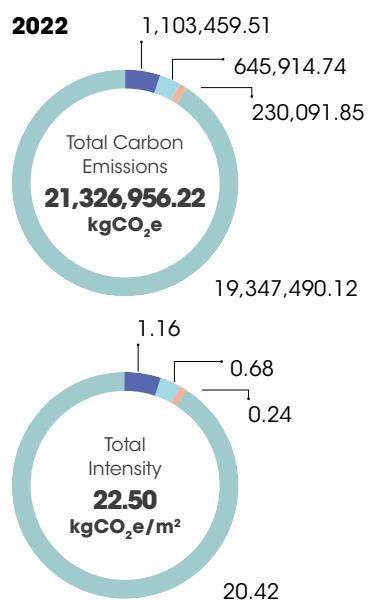
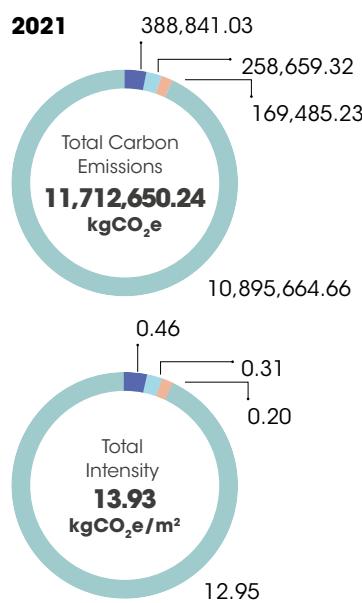
OUR VALUE OUTCOMES

KEY OUTPUT

SCOPE 1 - DIRECT EMISSIONS

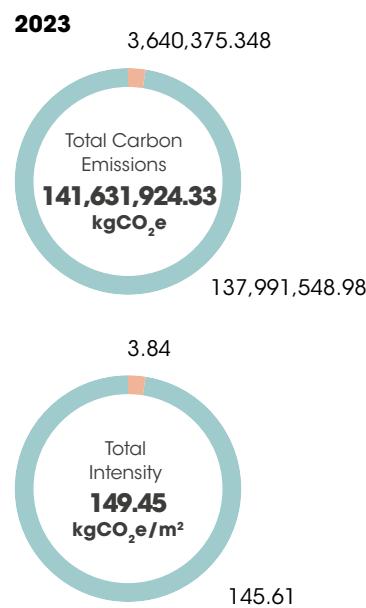
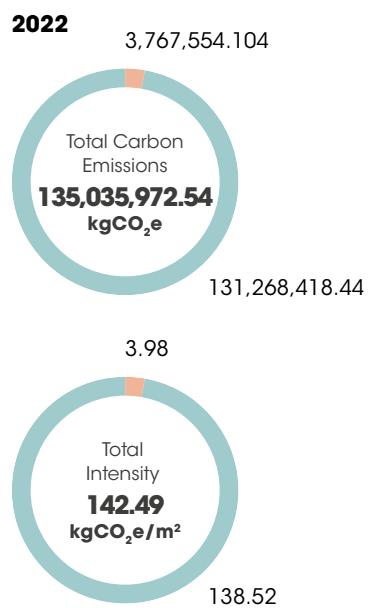
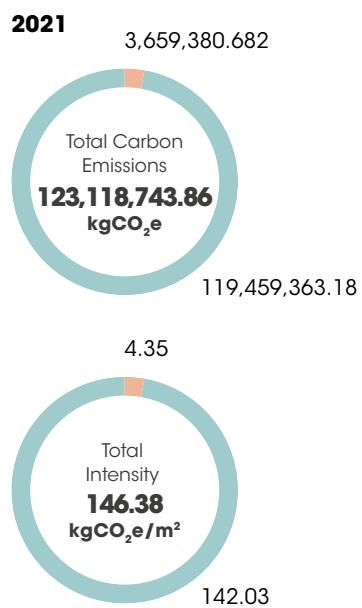
Note : Exclude Fugitive Emission

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



SCOPE 2 - INDIRECT EMISSIONS

█ Head Office █ Hospitals



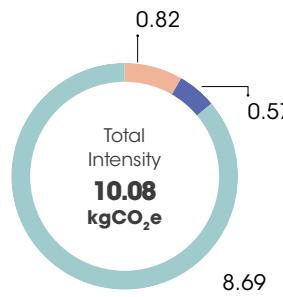
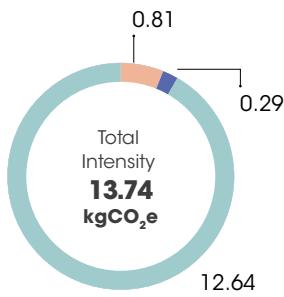
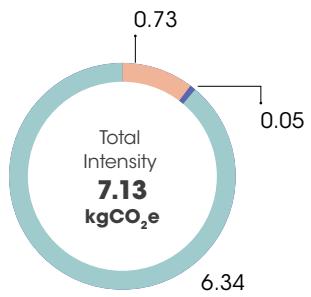
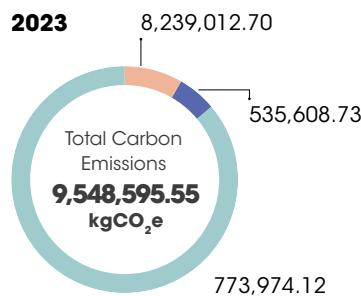
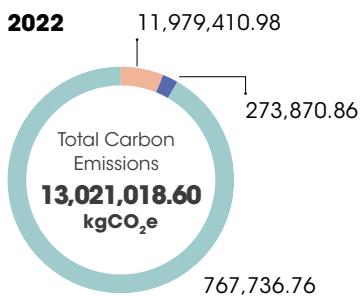
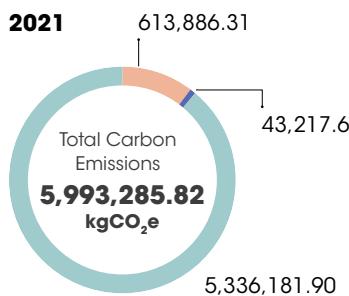
OUR VALUE OUTCOMES

NATURAL CAPITAL

SCOPE 3 – INDIRECT EMISSIONS

Note : Exclude Employees Commuting

■ Waste generation ■ Business Travel ■ Water



TOTAL GHG (SCOPE 1,2 AND 3) (KGCO₂E)

2021	2022	2023
140,824,679.91	169,383,947.36	172,498,348.94

INTENSITY (KGCO₂E/M²)

2021	2022	2023
167.43	178.73	182.02

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.

KEY INPUT

Diverse Workforce

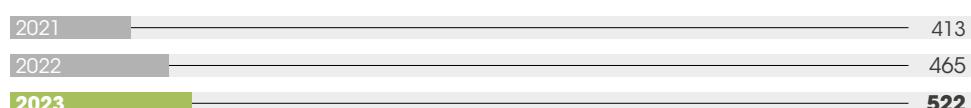
TOTAL STAFF IN GROUP (31 DECEMBER 2023)



TOTAL STAFF IN MALAYSIA (31 DECEMBER 2023)



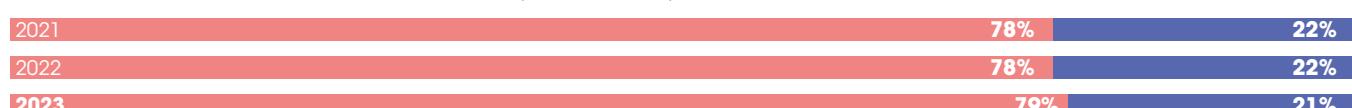
TOTAL STAFF IN BANGLADESH (31 DECEMBER 2023)



INVESTMENT IN TRAINING AND DEVELOPMENT (RM Mil)



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



MEDICAL CONSULTANTS



Trade-Offs

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

Link To 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.

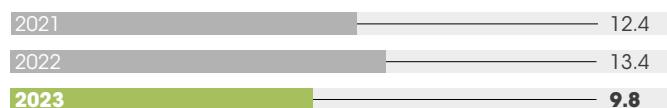


KEY OUTPUT

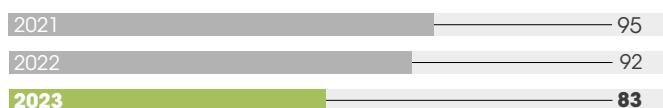
EMPLOYEE COMPENSATION & BENEFIT COSTS (RM MIL)



STAFF ATTRITION RATE (%)



STAFF RETENTION RATE (%)



AVERAGE TRAINING HOURS PER EMPLOYEE (HOURS)



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

OUR VALUE OUTCOMES

INTELLECTUAL CAPITAL



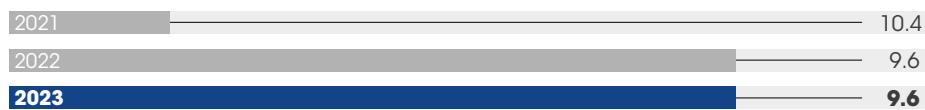
Our Intellectual Capital comprises intangibles that drive KPJ's competitive advantage. This encompasses health service offerings, quality standards, integrated IT systems, medical technology (MedTech), sustainability initiatives, and strategic collaboration.

KEY INPUT

HOSPITAL ACCREDITATION

	MSQH	JCI
2021	19	4
2022	19	4
2023	19	4

IT INVESTMENT (RM Mil)



NUMBER OF HOSPITALS INTEGRATED WITH KPJ HEALTHCARE ONLINE BOOKING SYSTEM



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:
 - i. Joint Commission International (JCI) hospital accreditation.
 - ii. Malaysian Society for Quality in Health (MSQH) hospital accreditation.
 - iii. 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)
 - iv. 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.

Trade-Offs

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

Link To Sustainability Themes

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

Strategic Pillars



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.

KEY INPUT

OUTPATIENTS

■ Bangladesh ■ Indonesia ■ Malaysia

2021	128,939	74,265	2,618,497
2022	158,863	109,356	2,799,918
2023	177,612	62,731	2,780,522

INPATIENTS

■ Bangladesh ■ Indonesia ■ Malaysia

2021	7,057	5,624	221,525
2022	7,980	8,475	297,071
2023	11,657	5,134	350,330

TOTAL NO. OF KWAN CLINICS' PATIENTS

2021	44,005
2022	53,925
2023	57,634

TOTAL NO. OF MOBILE CLINICS' PATIENTS

2021	12,286
2022	5,015
2023	6,672

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

For the Government

- Planned Preventive Maintenance (PPM) .
- Ongoing commitment to reduce admission and discharge waiting times.
- Active engagement with the Government on healthcare issues and legislation.
- Representation on Government bodies such as the Malaysian Nursing Board .

Trade-Offs

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

Link To Sustainability Themes

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

Strategic Pillars



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 (%)	TOTAL NO. OF STAFF TRAINED IN CUSTOMER SERVICE	TOTAL NO. OF SERVICE QUALITY COACHES
2021 92.3	2021 19,872	2021 64
2022 93.4	2022 31,523	2022 68
2023 93.4	2023 20,860	2023 65

OUR VALUE OUTCOMES

KEY OUTPUT

TOTAL INVESTMENT IN COMMUNITY OUTREACH PROGRAMMES (RM Mil)	NO. OF HOSPITALS WITH BABY HATCHES	TAX DISTRIBUTION TO GOVERNMENT/ APPROVED AGENCIES (RM Mil)
2021 9.2	2021 7	2021 48.9
2022 9.8	2022 7	2022 73.2
2023 9.5	2023 4	2023 75.3

Klinik Waqaf An-Nur

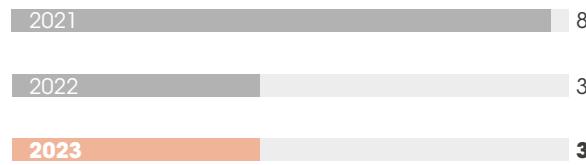
CLINICS



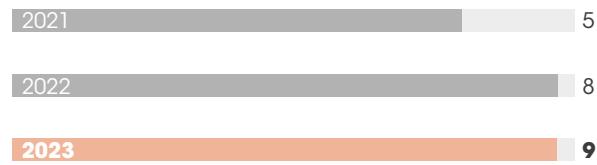
CLINICS WITH DIALYSIS CENTRES



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 Menteri Besar of Perak, YAB 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 Menteri Besar of Perak, YAB 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 Anesthesia, Neurology, Psychiatrist, Pain Management, Plastic & Reconstructive Surgery, Breast and Endocrine Surgery.
KPJ Selangor	Orthopedic (Hand & Microsurgery), Rheumatology, Haematology, Plastic & Reconstructive Surgery (Aesthetic), Paediatrician, Neonatalogist, 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 Audiology 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.

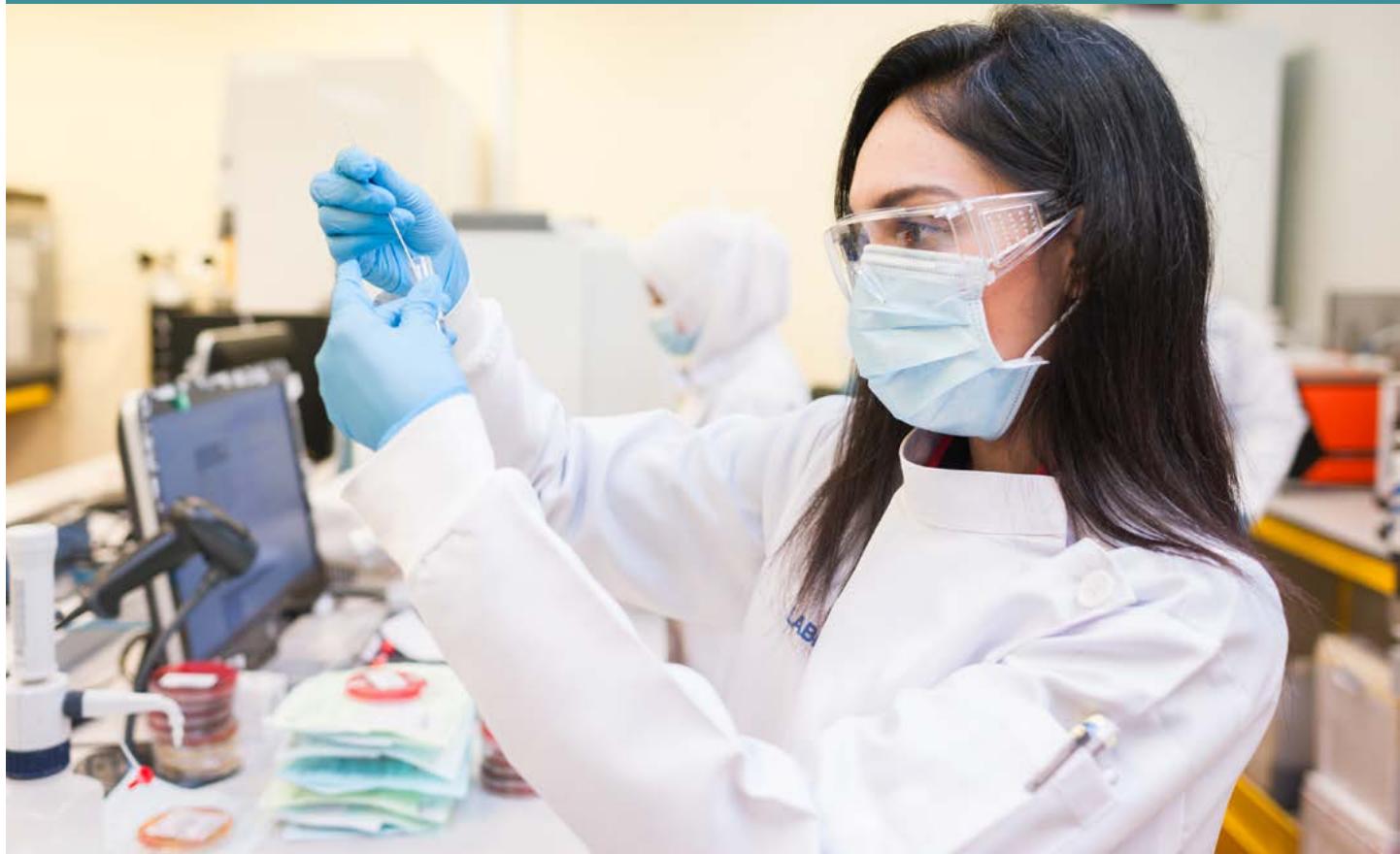
Innovation is at the heart of our approach to healthcare delivery. We are investing in cutting-edge technology and research to expand our offerings and enhance our medical practices and operations. These innovations are critical in our quest to provide exceptional care and to continuously improve the 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 Berhad (KPJ Healthcare) in 1991, Lablink has taken on the role of managing KPJ Healthcare 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 Healthcare, 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 Healthcare, 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.

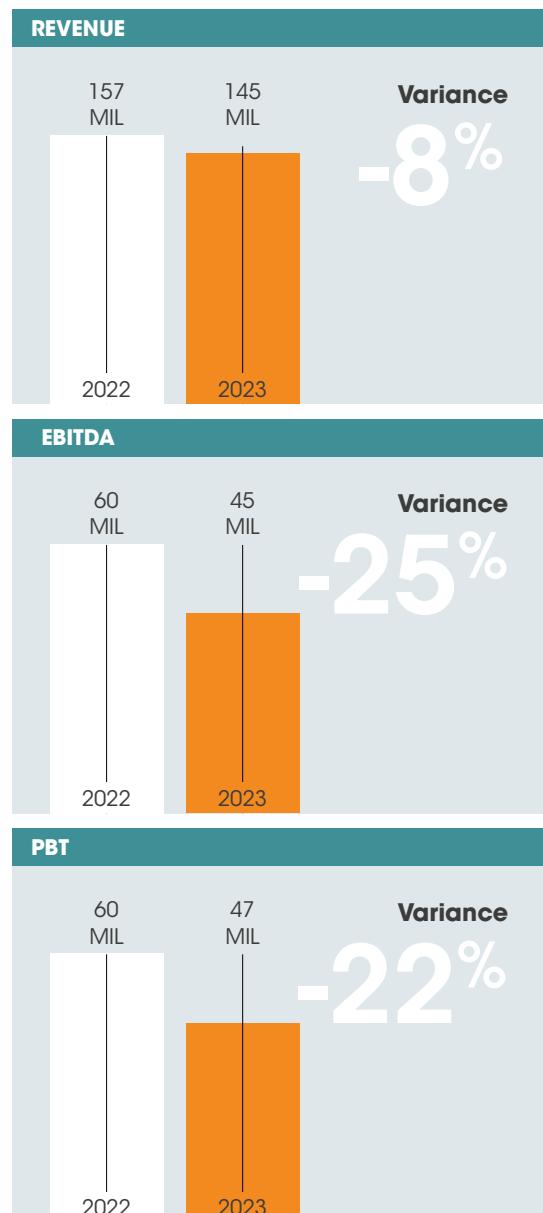
Environmental, Social & Governance (ESG) Commitments

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 Healthcare 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

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 Healthcare'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	<ul style="list-style-type: none"> • Outpatients: 4,825 • Inpatients: 319
No of patient referrals to KPJ Healthcare	<ul style="list-style-type: none"> • 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

Net Revenue

RM15.83
million

Patient Visits

30,062

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

Net Revenue

RM2.51
million

Patient Visits

4,189

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.

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 Healthcare 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 Healthcare and renewed five existing service contracts
- Awarded Energy Management projects for three KPJ Healthcare 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

-6.6%

**RM5.7
million**

(RM6.1 million in 2022)

EBITDA

+50%

**RM0.3
million**

(RM0.2 million in 2022)

PBT

+>100%

**RM0.08
million**

(RM0.02 million in 2022)

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

2023 Highlights

Revenue

+37%

**RM19.0
million**

(RM13.9 million in 2022)

EBITDA

+19%

**RM1.9
million**

(RM1.6 million in 2022)

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

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 Healthcare 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

+25%

**RM2.0
million**

(RM1.6 million in 2022)

EBITDA

-50%

**RM-0.9
million**

(RM-0.6 million in 2022)

PBT

-13%

**RM-1.8
million**

(RM-1.6 million in 2022)

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 Healthcare 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 (GDPM) 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 Healthcare professionals to ensure the delivery of high-quality services to customers.

As at January 2023, the subsidiary has presence in 10 KPJ Healthcare 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 Healthcare 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



EDUCATION

Business Overview

1
2
3
4
4
5

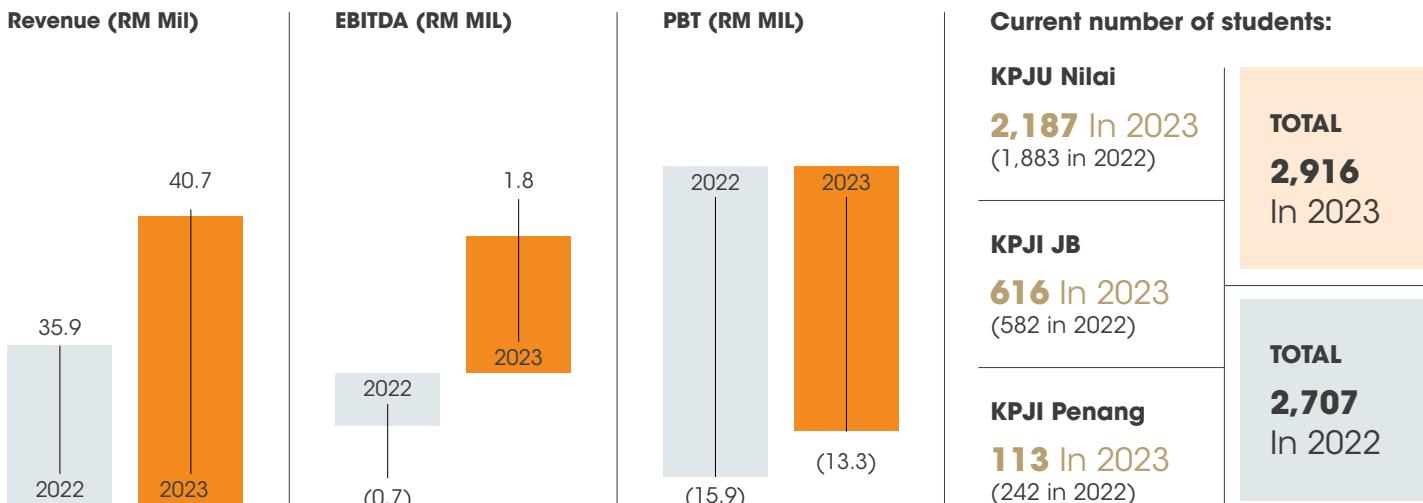
First established in 1991, the KPJ Healthcare University College achieved a significant milestone by attaining its full university status in June 2023. Together with its new status as KPJ Healthcare University (KPJU) and a comprehensive strategy aimed at fully integrating KPJU into the Group's business, 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 Ibrahim.

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 Healthcare to leverage on a readily available talent pool. 31% of KPJU graduates were recruited into KPJ Healthcare 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 PTPTN 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 Healthcare 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.



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 Healthcare, 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

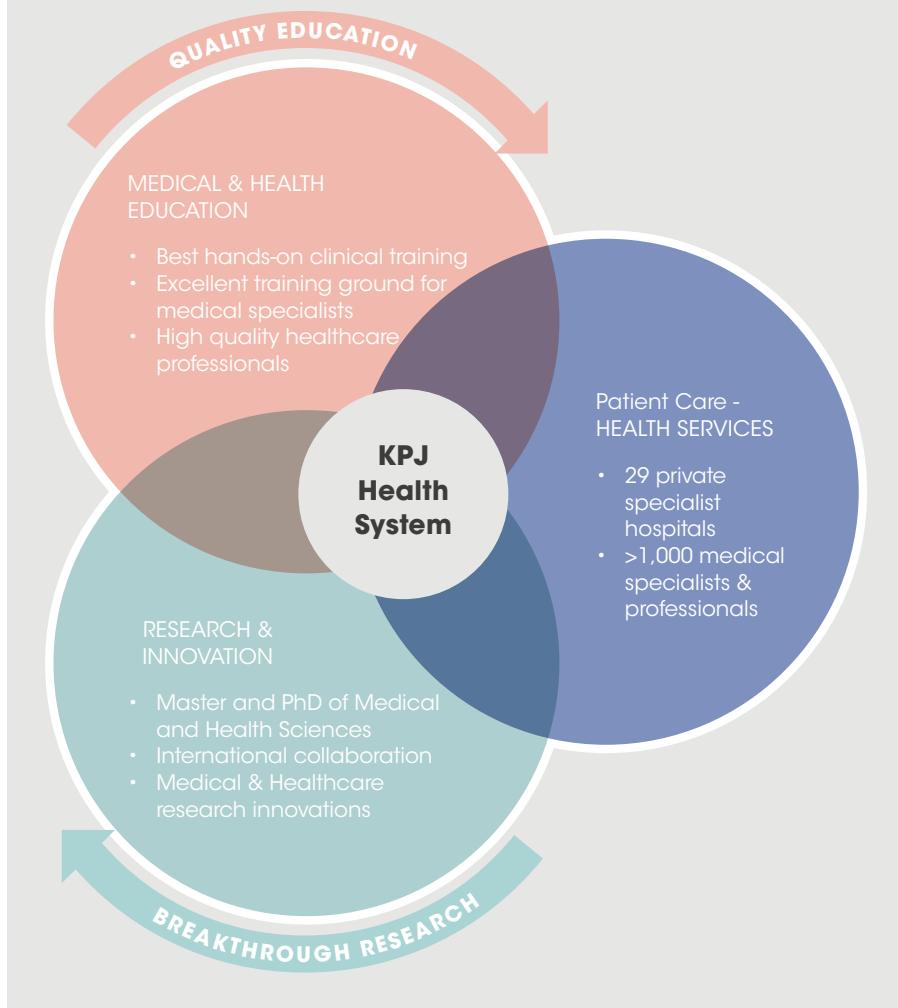
Moving Forward

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)



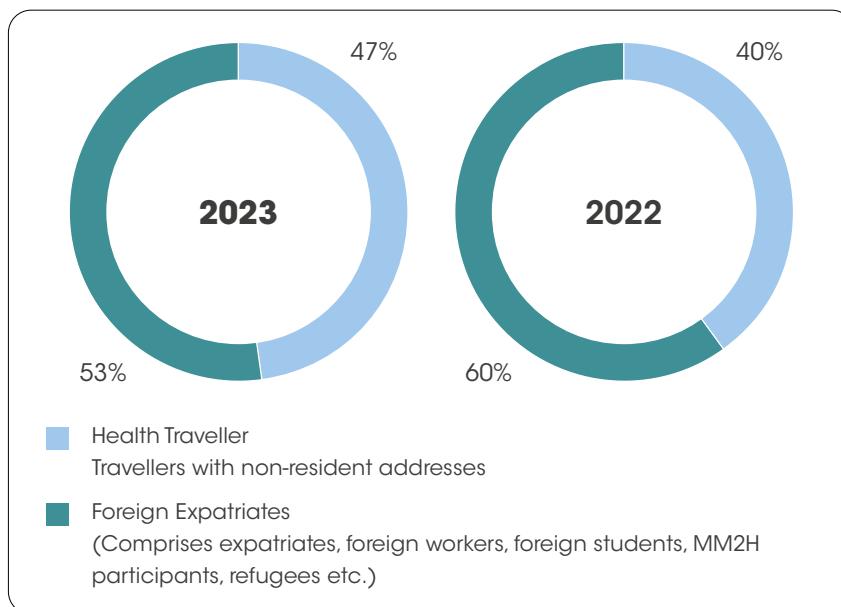
HEALTH TOURISM



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%

CORPORATE INFORMATION

REGISTERED OFFICE	PRINCIPAL BANKERS	AUDITOR
<p>KPJ Healthcare Berhad Registration No. 199201015575 (247079-M) Level 13, Menara KPJ 238, Jalan Tun Razak 50400 Kuala Lumpur Wilayah Persekutuan, Malaysia</p> <p>T (603) 2681 6222 F (603) 2681 6888</p>	<p>Maybank Islamic Berhad Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur, Malaysia</p> <p>HSBC Amanah Malaysia Berhad No. 2, Lebuh Ampang 50100 Kuala Lumpur, Malaysia</p>	<p>Ernst & Young PLT Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur, Malaysia</p>
CORPORATE OFFICE	REGISTRAR	STOCK EXCHANGE LISTING
<p>KPJ Healthcare Berhad Level 12, Menara KPJ 238, Jalan Tun Razak 50400 Kuala Lumpur Wilayah Persekutuan, Malaysia</p> <p>T (603) 2681 6222 F (603) 2681 6888 E kpj@kpjhealth.com.my</p>	<p>Larkin Sentral Property Berhad Lot S8, Podium 1, Menara Ansar 65, Jalan Trus 80000 Johor Bahru, Johor Malaysia</p> <p>T (607) 297 2521 F (607) 223 3275</p>	<p>Listed on the Main Market of Bursa Malaysia Securities Berhad Listing Date : 29 November 1994 Stock Name : KPJ Stock Code : 5878</p>

Company Secretaries

Keh Ching Tyng
Company Secretary

NATIONALITY
 Malaysian

AGE
 48

GENDER
 Female

DATE OF APPOINTMENT
 1 September 2023



ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):

- Master's Degree in Business Law, Universiti Kebangsaan Malaysia, Malaysia
- Fellow of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

DIRECTORSHIP(S):

Listed entity : Nil
 Other companies : Nil

Hana binti Ab Rahim @ Ali
Company Secretary

NATIONALITY
 Malaysian

AGE
 57

GENDER
 Female

DATE OF APPOINTMENT
 1 February 2013



ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):

- Chartered Secretary of The Institute of Chartered Secretaries and Administrators (ICSA), now known as The Chartered Governance Institute, UK
- Associate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
- Bachelor of Science in Economics, Oregon State University, USA
- Associate of General Studies, Mara Institute of Technology/Midwest University Consortium of International Activities, Shah Alam, Selangor in collaboration with Indiana University, USA

DIRECTORSHIP(S):

Listed entity : Nil
 Other companies : Nil

WHO GOVERNS US

AS AT 29 MARCH 2024

Our Experienced, Effective



Datuk Md Arif bin Mahmood
Non-Independent
Non-Executive Chairman



Dato' Mohd Redza Shah bin Abdul Wahid
Senior Independent
Non-Executive
Director



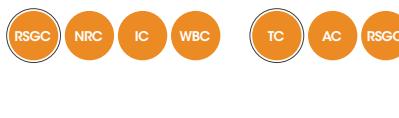
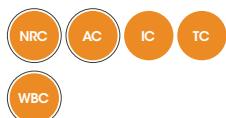
Mohamed Ridza bin Mohamed Abdulla
Independent
Non-Executive
Director



Khairuddin bin Jafius
Independent
Non-Executive
Director



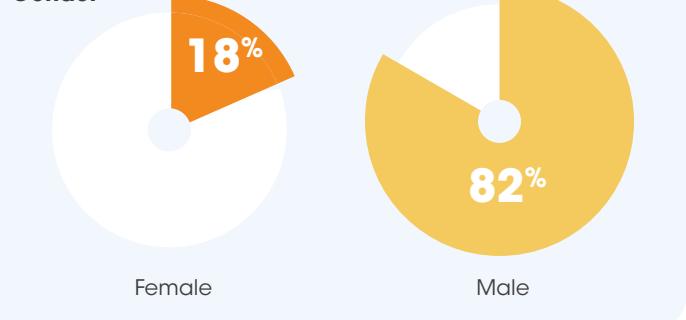
Hisham bin Zainal Mokhtar
Independent
Non-Executive
Director



Board Composition



Gender



Age



WHO GOVERNS US
AS AT 29 MARCH 2024

and Energetic Leadership



Lee Lai Fan
Independent
Non-Executive
Director



**Shamsul Anuar bin
Abdul Majid**
Non-Independent
Non-Executive
Director



**Rozaini bin Mohd
Sani**
Non-Independent
Non-Executive
Director



**Prof Dato' Dr Azizi
bin Haji Omar**
Non-Independent
Non-Executive
Director



Annie binti Rosle
Non-Independent
Non-Executive
Director



Chin Keat Chyuan
President and
Managing Director



NRC



TC



TC

AC

RSGC



GMACGC

NRC

RSGC



IC

TC



Skills Matrix and Industry Experiences



Information
Technology/Digital



Economics



Operations



Human
Resource



Finance/Audit



Corporate Planning
and Development



Sustainability



Commercial/
Marketing



Risk
Management



Engineering

Committee Membership Key



Nomination and
Remuneration Committee



Tender Committee



Risk, Sustainability and
Governance Committee



Investment Committee



Audit Committee



Group Medical Advisory and
Clinical Governance Committee



Whistleblowing Committee

● Chairman ● Member

WHO GOVERNS US

AS AT 29 MARCH 2024

Datuk Md Arif bin Mahmood

Non-Independent Non-Executive Chairman

61 | Male | Malaysian

Date of Appointment:

1 April 2022

Board Meeting Attendance In 2023

7/7



Academic/Professional Qualifications/Membership(s):

- Masters of Business Administration, Massachusetts Institute of Technology, United States of America
- Bachelor of Science in Electrical Engineering (summa cum laude), Boston University, United States of America

Present Directorship(s):

Listed Entity:

Nil

Other Public Companies:

HSBC Amanah Malaysia Berhad

- Independent Non-Executive Director

Board Committee(s):

Nil

Present Appointment(s):

Nil

Past Directorship(s) and/or Appointment(s):

PETRONAS Group

- Executive Vice President & Chief Executive Officer, Downstream (2015–2021)
- Senior Vice President, Corporate Strategy & Risk (2010–2015)
- Vice President, Oil Business (2009–2010)

ASEAN Bintulu Fertilizer Sdn Bhd

- Chief Executive Officer (2007–2009)

PETRONAS Dagangan Berhad

- Chairman (2015–2022)
- Senior General Manager, Retail Business (2006–2007)

PETRONAS Chemicals Group Berhad

- Chairman (2015–2022)

BASF PETRONAS Chemicals Sdn Bhd

- Chairman (2015–2022)

Pengerang Refining Company Sdn Bhd

- Chairman (2018–2022)

Pengerang Petrochemical Company Sdn Bhd

- Chairman (2018–2022)

PETRONAS Marketing International Sdn Bhd

- Chairman (2016–2022)

PETRONAS Carigali Sdn Bhd

- Director (2016–2021)

PETRONAS International Corporation Limited

- Director (2015–2022)

PETRONAS Refinery & Petrochemical Corporation Sdn Bhd

- Director (2017–2022)

PETRONAS Gas Berhad

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

PETRONAS Lubricants International Sdn Bhd

- Chairman (2015–2018)

ENGEN Limited, South Africa

- Chairman (2015–2018)
- Head of Projects and Head of Strategy (1999–2002)

WHO GOVERNS US

AS AT 29 MARCH 2024

Dato' Mohd Redza Shah bin Abdul Wahid

Senior Independent
Non-Executive Director

61 | Male | Malaysian

Date of Appointment:

7 May 2020

Board Meeting Attendance In 2023

7/7



Academic/Professional Qualifications/Membership(s):

- Master of Science of Economics (International Banking and Finance), University of Wales, Cardiff, United Kingdom
- Bachelor of Science in Economic (Industry and Trade), London School of Economics, University of London, England
- Associate Chartered Accountant (ACA)
- Chartered Bankers (Asian Institute of Chartered Bankers)
- Chairman, Association of Seniors in Islamic Finance
- Member, The Islamic Finance Committee of the Malaysian Institute of Accountants
- Sustainability Leadership in Business Sustainability Management, University of Cambridge United Kingdom (online course)

Present Directorship(s)

Listed Entity:

E.A.Technique (M) Berhad

- Independent Non-Executive Chairman

AI-'Aqar Healthcare REIT

- Independent Non-Executive Chairman

Al-Salām Real Estate Investment Trust

- Independent Non-Executive Chairman

Other Public Companies:

Waqaf An-Nur Corporation Berhad

- Independent Non-Executive Director

Board Committee(s):

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

Present Appointment(s):

Nil

Past Directorship(s) and/or Appointment(s):

Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

- Chairman (July 2020 – August 2022)

Bank Muamalat Malaysia Berhad

- Chief Executive Officer (2008 – 2019)

DRB-HICOM Berhad

- Group Chief Operating Officer (2005 – 2008)

Tradewinds (M) Berhad

- Acting Chief Executive Officer (2004 – 2005)

Tradewinds Corporation Berhad

- Group Chief Executive Officer (2002 – 2005)

Silterra Malaysia Berhad

- Chief Financial Officer (2000 – 2002)

Khazanah Nasional Berhad

- Senior Manager (1994 – 2000)

WHO GOVERNS US

AS AT 29 MARCH 2024

Mohamed Ridza bin Mohamed Abdulla

Independent
Non-Executive Director

55 | Male | Malaysian

Date of Appointment:

1 April 2020

Board Meeting Attendance In 2023

7/7



Academic/Professional Qualifications/Membership(s):

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

Present Directorship(s):

Listed Entity:

Sime Darby Property Berhad

- Independent Non-Executive Director

Other Public Companies:

Nil

Board Committee(s):

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

Present Appointment(s):

OIC Arbitration Center, Istanbul, Turkey

- Director

Mohamed Ridza and Co.

- Managing Partner

Past Directorship(s) and/or Appointment(s):

Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

- Director (2021 - 2022)

Bank Islam Malaysia Berhad

- Non-Independent Non-Executive Director (2020 - 2022)
- Independent Non-Executive Director (2010 - 2020)

BIMB Investment Management Berhad

- Independent Non-Executive Director (2019 - 2022)

Theta Edge Berhad

- Non-Independent Non-Executive Director (2020 - 2021)
- Independent Non-Executive Director (2007 - 2020)

Tabung Haji Travel & Services Sdn Bhd

- Independent Non-Executive Director (2007 - 2017)

Pelangi Berhad

- Independent Non-Executive Director (2005 - 2010)

Zaid Ibrahim and Co.

- Partner (2000-2005)

Technip Asia Pacific, Kuala Lumpur

- General Legal Counsel (1998 - 2000)

Arab Malaysian Corporation Berhad (AMCB)

- Group Legal Advisor (1995 - 1998)

Rashid and Lee

- Advocate and Solicitor (1993 - 1995)

WHO GOVERNS US

AS AT 29 MARCH 2024

**Khairuddin
bin Jaflus****Independent
Non-Executive Director**

68 | Male | Malaysian

Date of Appointment:

7 May 2020

Board Meeting Attendance In 2023**7/7****Academic/Professional Qualifications/Membership(s):**

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

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

Nil

Other Public Companies:

Nil

Board Committee(s):

- Chairman, Tender Committee
- Member, Risk, Sustainability & Governance Committee
- Member, Audit Committee

Present Appointment(s):

Nil

Past Directorship(s) and/or Appointment(s):**Johor Land Berhad**

- Independent Non-Executive Director

WHO GOVERNS US

AS AT 29 MARCH 2024

Hisham bin Zainal Mokhtar

Independent
Non-Executive Director

62 | Male | Malaysian

Date of Appointment:

23 June 2021

Board Meeting Attendance In 2023

7/7



Academic/Professional Qualifications/Membership(s):

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

Present Directorship(s):

Listed Entity:

Telekom Malaysia Berhad

- Independent Non-Executive Director

AEON Co. (M) Bhd

- Independent Non-Executive Director

Other Public Companies:

Nil

Board Committee(s):

- Chairman, Investment Committee
- Member, Audit Committee
- Member, Risk, Sustainability & Governance Committee

Present Appointment(s):

Nil

Past Directorship(s) and/or Appointment(s):

Lembaga Tabung Haji

- Member, Investment Panel (2021 - 2023)

Principal Asset Management Berhad

- Director (2015 – 2022)

VADS Berhad

- Director (2019 – 2022)

Malaysian Industrial Development Finance Berhad

- Director in the Group Managing Director's Office (2018-2019)

Astro Overseas Ltd

- Chief Operating Officer (2014 – 2018)

Khazanah Nasional Berhad

- Vice President (VP), Senior Vice President, Director of Investments (2005 – 2014)

Tricubes Berhad

- VP, Chief Financial Officer, Executive Director (2001 – 2005)

Britac Capital Sdn Bhd

- Head Analyst (2001)

K.E. Malaysian Capital Partners Sdn Bhd

- Executive Director (2000)

Santander Investment Research (Malaysia) Sdn Bhd

- Financial Consultant (1999 – 2000)

Sithe Pacific LLC

- Financial Consultant (1998 – 1999)

CIMB Securities Sdn Bhd

- Remisier (1998)

UBS Research (Malaysia) Sdn Bhd

- Senior Research Analyst (1996 – 1998)

Crosby Research (Malaysia) Sdn Bhd

- Investment Analyst (1995 – 1996)

Baring Research (Malaysia) Sdn Bhd

- Investment Analyst (1994 – 1995)

Keluangsa Sdn Bhd

- Head of Research (1994)

Crosby Research (Malaysia) Sdn Bhd

- Research Executive (1991 – 1994)

William M. Mercer Zainal Fraser Sdn Bhd

- Analyst (1988 – 1991)

Aetna Universal Insurance Sdn Bhd

- Manpower Development Assistant (1987 – 1988)

WHO GOVERNS US

AS AT 29 MARCH 2024

Lee Lai Fan

Independent
Non-Executive Director

60 | Female | Malaysian

Date of Appointment:

7 July 2022

Board Meeting Attendance In 2023

7/7

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

- Master of Business Administration, University of Edinburgh, United Kingdom
- Bachelor of Arts (Hons) Administrative Management, University of Lincoln, United Kingdom

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

Nil

Other Public Companies:

Nil

Board Committee(s):

- Member, Nomination and Remuneration Committee
- Member, Tender Committee

Present Appointment(s):

Nil

Past Directorship(s) and/or Appointment(s):**QSR Brands (M) Holdings Berhad**

- Independent Non-Executive Director (2018 – 2022)

Ogilvy & Mather Malaysia

- Chief Operating Officer (2015 – 2018)

Ogilvy Public Relations Sdn Bhd

- Managing Director (2010 – 2018)
- General Manager (2009 – 2010)
- Client Services Director (2007 – 2008)
- Head of Consumer Practice (2006 – 2007)

Limahsoon Berhad

- Marketing & Sales Manager (2004 – 2005)

Malaysian Timber Council

- Senior Executive, Trade Promotion (1997 – 2004)
- Executive, Trade Promotion (1993 – 1996)

WHO GOVERNS US

AS AT 29 MARCH 2024

Shamsul Anuar bin Abdul Majid

Non-Independent
Non-Executive Director

53 | Male | Malaysian

Date of Appointment:

7 May 2020

Board Meeting Attendance In 2023

7/7



Academic/Professional Qualifications/Membership(s):

- Master of Business Administration (Finance), International Islamic University, Kuala Lumpur
- Bachelor of Science (Hons) in Chemistry, Imperial College, London, England
- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, United States of America

Present Directorship(s):

Listed Entity:

Damansara Holdings Berhad

- Non-Independent Non-Executive Director

AI-'Aqar Healthcare REIT

- Non-Independent Non-Executive Director

AI-Salām Real Estate Investment Trust

- Non-Independent Non-Executive Director

Other Public Companies:

QSR Brands (M) Holdings Berhad

- Non-Independent Non-Executive Director

Kulim (Malaysia) Berhad

- Non-Independent Non-Executive Director

Johor Plantations Group Berhad

- Non-Independent Non-Executive Director

Board Committee(s):

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

Present Appointment(s):

Johor Corporation

- Chief Investment Officer

Past Directorship(s) and/or Appointment(s):

Johor Land Berhad

- Non-Independent Non-Executive Director (2020 - 2023)

Kara Holdings Sdn Bhd

- Chairman & Director (2020-2021)

Business Chronicles Sdn Bhd

- Director (2020)

TPM Technopark Sdn Bhd

- Director (2020)

Langsat Marine Base Sdn Bhd

- Director (2019-2020)

Langsat Marine Terminal Sdn Bhd

- Director (2019-2020)

Kulim Energy Sdn Bhd

- Director (2020)

Axiata Digital Innovation Fund Sdn Bhd

- Director (2020)

Langsat OSC Sdn Bhd

- Director (2019-2020)

Johor Corporation

- General Manager (2017)

Fikiran Sepakat Sdn Bhd

- Director and Partner (September 2014 – June 2017)

Iskandar Waterfront Holdings

- Special Officer to the Managing Director (March 2011 – June 2014)

Iskandar Investment Berhad

- Executive Vice President, Strategy & Feasibility (December 2007 – February 2011)

Grenland Malaysia

- Vice President, Finance and Special Projects (February 2004 – September 2007)

The Boston Consulting Group

- Energy Sector Specialist (April 1999 – August 2001)

Shell Malaysia

- Planning Analyst, Downstream Economics Planning Department (August 1994 – February 1999)

WHO GOVERNS US

AS AT 29 MARCH 2024

Rozaini bin Mohd Sani

Non-Independent
Non-Executive Director

51 | Male | Malaysian

Date of Appointment:

7 May 2020

Board Meeting Attendance In 2023

7/7

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

- Bachelor of Commerce (Accounting and Finance) with Merit, University of New South Wales, Sydney, Australia
- Fellow of Chartered Accountants Australia and New Zealand (CAANZ)
- Member of The Malaysian Institute of Certified Public Accountants (MICPA)
- Member of The Malaysian Institute of Accountants (MIA)

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

Nil

Other Public Companies:

Nil

Board Committee(s):

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

Present Appointment(s):**Johor Corporation**

- Chief Financial Officer

Yayasan Johor Corporation

- Chairman, Board of Trustees

Johor Land Group Sdn Bhd

- Non-Executive Director

Lembaga Tabung Angkatan Tentera

- Non-Executive Director

University Teknikal Malaysia, Melaka

- Board Member

Past Directorship(s) and/or Appointment(s):**Johor Land Berhad**

- Non-Independent Non-Executive Director

Damansara Assets Sdn Bhd

- Non-Independent Non-Executive Director

Johor Corporation

- Senior Vice President, Finance & Corporate Services (2015 – 2016)
- Vice President, Finance (2014 – 2015)

Iskandar Waterfront Holdings

- Non-Executive Director (2017 – 2018)

E.A. Technique (M) Berhad

- Chief Operating Officer (2016 – 2017)

Kulim (Malaysia) Berhad

- Non-Executive Director (2014 – 2016)

Astro Malaysia Holdings Berhad

- Chief Financial Officer (2013 – 2014)

PETRONAS Dagangan Berhad

- Chief Financial Officer (2010 – 2013)

PETRONAS Group Of Companies

- Various Managerial Roles (2001 – 2010)

KPMG, Sydney, Australia

- Assistant Manager (1995 – 2001)

WHO GOVERNS US

AS AT 29 MARCH 2024

Prof. Dato' Dr. Azizi bin Haji Omar

Non-Independent
Non-Executive Director

75 | Male | Malaysian

Date of Appointment:

1 February 2016

(Independent Non Executive Director)

1 December 2020

(Re-designated as a Non-Independent
Non-Executive Director)

Board Meeting Attendance In 2023

7/7



Academic/Professional Qualifications/Membership(s):

- Master of Medical Science (MMedSc) Clinical Epidemiology, Newcastle University, NSW
- Bachelor of Medicine and Bachelor of Surgery (MBBS), University of Tasmania, Australia
- Postgraduate training in Pediatrics and Paediatric Respiratory Medicine in Hospital Kuala Lumpur; Universiti Kebangsaan Malaysia; Hospital for Sick Children, Great Ormond Street, London; Birmingham Children Hospital and Dudley Road Hospital, Birmingham
- Trained in Pediatric Flexible Bronchoscopy, University of North Carolina, Chapel Hill, United States of America
- Membership of the Royal Colleges of Physicians (MRCP) United Kingdom
- Fellow of Royal College of Physicians (FRCP) of Edinburgh
- Fellow of Royal College of Physicians (FRCP) of Glasgow
- Fellow of Academy of Medicine Malaysia (FAMM)
- Fellow of College of Chest Physicians (USA)(FCCP)
- Harvard Medical School Certificate – Southeast Asia Healthcare Leadership (1-Year Programme)

Present Directorship(s):

Listed Entity:

Nil

Other Public Companies:

Nil

Board Committee(s):

- Chairman, Group Medical Advisory and Clinical Governance Committee
- Member, Nomination and Remuneration Committee
- Member, Risk, Sustainability and Governance Committee

Present Appointment(s):

KPJ Healthcare Berhad

- Group Medical Advisor
- Chairman, Central Credentialing Committee
- Editor, KPJ Medical Journal
- Consultant Paediatrician and Paediatric Respiratory Physician, KPJ Damansara Specialist Hospital

Past Directorship(s) and/or Appointment(s):

KPJ Damansara Specialist Hospital

- Medical Director/Person-In-Charge (1997 – 2016)

Puteri Nursing College

- Chairman, Educational Advisory Council (1997 – 2012)

Universiti Tunku Abdul Rahman

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

Universiti Teknologi MARA

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

National Specialist Register

- Chairman, Subspecialty Committee for Accreditation, Paediatric Respiratory Medicine (2000 – 2016)

Malaysian Medical Council

- Member (1995 – 1997)

Malaysian Paediatric Association

- President (1997 – 1998)

Association of Private Hospitals Malaysia

- Board Member (2000 – 2004)

Conjoint Board for Postgraduate Training in Medical Specialties

- Member (1995 – 1997)

Paediatric Conjoint Board

- Member (1995 – 2000)

Clinical Practice Guidelines for the Management of Childhood Asthma

- Chairman (1996 – present)

Clinical Practice Guidelines on Paediatric Respiratory Infections

- Chairman (2000)

Clinical Practice Guidelines on Tuberculosis

- Member (1996)

Committee of Malaysian Thoracic Society of Malaysia

- Member (1997 – 1998)

Universiti Kebangsaan Malaysia (UKM)

- Deputy Dean (1995 – 1997)
- Head of Department of Paediatrics (1994 – 1995)
- Professor of Paediatrics (Respiratory Paediatrics and Clinical Epidemiology) (1993 – 1997)

WHO GOVERNS US

AS AT 29 MARCH 2024

Annie binti Rosle

Non-Independent
Non-Executive Director

56 | Female | Malaysian

Date of Appointment:

23 June 2021

Board Meeting Attendance In 2023

6/7

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

- Degree in Finance and Economics, London Guildhall University
- Graduate of Association of Chartered Certified Accountants, (ACCA)

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

Nil

Other Public Companies:**QSR Brands (M) Holdings Berhad**

- Non-Independent Non-Executive Director

Board Committee(s):

- Member, Investment Committee
- Member, Tender Committee

Present Appointment(s):**Employee Provident Fund (EPF)**

- Head of Private Equity and Infrastructure Department

Past Directorship(s) and/or Appointment(s):**Iskandar Investment Berhad**

- Director (2021-2023)

Battersea Power Station**Development Company Limited**

- Director (2017-2022)

KWASA Invest Ltd

- Principal Officer (2017-2019)

WHO GOVERNS US

AS AT 29 MARCH 2024

Chin Keat Chyuan

President and Managing Director

50 | Male | Malaysian

Date of Appointment:

1 September 2023

Board Meeting Attendance In 2023

2/2



Academic/Professional Qualifications/Membership(s):

- Master of Business Administration, General (Merit), University of Nottingham - Nottingham University Business School, United Kingdom
- Bachelor's Degree of Biochemistry (Hons), National University of Malaysia (UKM), Malaysia
- Executive Education Programme, Advanced Strategic Management, IMD Business School

Present Directorship(s):

Listed Entity:

Nil

Other Public Companies:

Nil

Board Committee(s):

- Member, Group Medical Advisory and Clinical Governance Committee

Present Appointment(s):

- Nil

Past Directorship(s) and/or Appointment(s):

Ethicon South East Asia

- Vice President
(July 2022 – 30 August 2023)

American Malaysian Chamber of Commerce (AMCHAM)

- Board of Governor
(2017 - June 2023)

Pharmaceutical Association of Malaysia (PhAMA)

- President (2017 - March 2023)

Johnson & Johnson Malaysia & Brunei

- Managing Director
(January 2016 - June 2022)

Johnson & Johnson Malaysia & Brunei

- Country Director
(May 2014 - December 2015)

Johnson & Johnson Medical

- ASEAN General Manager
(December 2013 - April 2014)

Johnson & Johnson Medical

- ASEAN Franchise Director
(January 2010 - November 2013)

Johnson & Johnson Medical Malaysia

- Franchise Manager/Director
(April 2006 - December 2009)

Johnson & Johnson Medical Malaysia

- Product Specialist/Sales Manager
(October 1997 - March 2006)

Note:

None of the above Directors have any conflict of interest or potential conflict of interest with the Company and/or its subsidiaries, family relationship with any Director and/or Major Shareholder, or have any convictions for offences (other than traffic offences, if any) within the past five years or any public or penalty imposed by the relevant regulatory bodies during the financial year 2023.

KPJ SENIOR MANAGEMENT TEAM



Chin Keat Chyuan

President & Managing Director

Working Experience:

With an impressive career spanning over 25 years at Johnson & Johnson (J&J), Chin Keat Chyuan's journey began as a Product Specialist in Medical Devices which swiftly evolved into more pivotal roles. As the Country Director for J&J Malaysia, he oversaw the Ethicon Endo-Surgery business across Southeast Asia from 2010 to 2014. Demonstrating remarkable success, Chin advanced to become the Managing Director for ONE J&J Malaysia, overseeing the entire organisational business.

In September 2023, Chin was appointed as President and Managing Director of KPJ Healthcare Berhad. Chin's appointment aligns with KPJ Healthcare's pursuit of redefining healthcare services through innovation and quality enhancement. His extensive industry experience and proven leadership position him perfectly to lead KPJ Healthcare's transformative journey. His strategic expertise has notably facilitated remarkable market share gains and turnarounds across sectors including hospitals, consumer products, and vision care.

Chin's leadership extends beyond his role as the President and Managing Director of KPJ Healthcare Berhad, as he concurrently serves on the Boards of KPJ Selangor Specialist Hospital, Kedah Medical Centre, and KPJ Healthcare University. He was also the former President of the Pharmaceutical Association of Malaysia (PhAMA) and held a seat as the former Board of Governors for the American Malaysian Chamber of Commerce (AMCHAM). Chin is widely recognised as a thought leader in the industry, actively participating in forums and discussions centred around intellectual property, healthcare access, and corporate responsibilities in line with the United Nations' Sustainable Development Goals 2030.

Academic/Professional Qualification/Membership(s):

- Executive Education Programme, Advanced Strategic Management from IMD Business School
- Master of Business Administration (Merit), General from University of Nottingham - Nottingham University Business School, UK
- Bachelor of Biochemistry (Hons) from National University of Malaysia (UKM), Malaysia

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil



Dato' Mohamad Farid bin Salim

Chief Operating Officer - Hospital Operations

Working Experience:

Dato' Mohamad Farid Salim's leadership style extends beyond administrative roles, encompassing a patient-centric mindset that resonates throughout the hospital operations of the group. This approach not only reflects his commitment to quality healthcare but also underscores his dedication to creating an environment where patients receive the best possible care and attention.

He began his career as a trainee auditor in England from 1988 to 1992, and in 1993 returned to Malaysia and joined Sembawang Engineering Sdn.Bhd.based in Pasir Gudang, Johor. He joined KPJ Healthcare Berhad in 1994 and played a crucial role in its IPO and listing on the Main Board of Bursa Malaysia. His impact spans various areas, including finance, strategic planning, and investments.

Throughout his career, he has held managerial positions in Malaysia, Indonesia, Saudi Arabia, and Australia. As the current Chief Operating Officer of the group, his patient-focused outlook continues to drive positive change and advancements within the healthcare sector.

Academic/Professional Qualification/Membership(s):

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

Present Directorship(s):

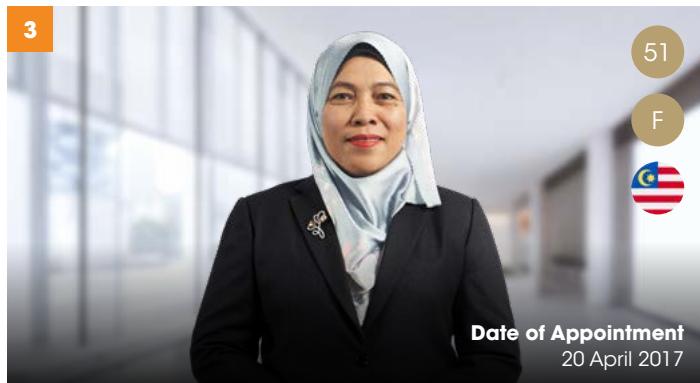
Listed Entity

- Nil

Other Companies

- Nil

KPJ SENIOR MANAGEMENT TEAM



Norhaizam binti Mohammad

(ACMA, CGMA)

Chief Financial Officer

Working Experience:

Norhaizam Binti Mohammad is a Chartered Accountant with Malaysian Institute of Accountants (MIA) and a member of CIMA, ACMA. In her early years, she spent 11 years with PricewaterhouseCoopers. She then joined KPJ Healthcare Berhad in 2008, holding various positions in companies and hospitals within the KPJ Group until she was appointed Chief Financial Officer in 2017. She was appointed as the Officer In Charge of KPJ from 8 September 2022 until 31 August 2023 after the departure of the President and Managing Director. She carries with her a total of 16 years in the healthcare industry.

In recognition of her efforts as the CFO, she was named Malaysia's Best Emerging Woman CFO in Healthcare at the International Finance Awards 2022. She played a vital role in bringing KPJ Healthcare's inaugural Sustainability Sukuk offering amounting to RM555 million to fruition, a significant milestone as it is the first such issuance by a private healthcare provider in the Malaysian and Asian region.

She played a significant role in the development of the overall healthcare industry in Malaysia through her position as the Honorary Treasurer of the Malaysian Society for Quality in Health (MSQH), a post she held from December 2010 until 2018 and she is currently the elected President, a post she held since 2019 until to date. Apart from her involvement in MSQH, she is also a committee member of the National Governing Committee of Private Healthcare Productivity Nexus (PHPN), an initiative led by the Malaysia Productivity Corporation (MPC) as identified in the Malaysian Productivity Blueprint (MPB). She is also the Vice president of the Association of Private Hospitals of Malaysia (APHM).

Academic/Professional Qualification/Membership(s):

- Associate of The Chartered Institute of Management Accountants (CIMA) UK
- Fellow of Malaysian Institute of Accountants (MIA)
- Master of Business Administration, International Business with Merit from University of East London, London, UK (Twinning Programme with Women's Institute of Management)
- Bachelor of Accountancy (Hons) from Manchester Metropolitan University, Manchester, UK
- President of Malaysian Society for Quality in Health (MSQH), a national accreditation body for public and private healthcare in Malaysia
- Member of Governing Committee for Private Healthcare Productivity Nexus (PHPN) by Malaysia Productivity Corporation (MPC) and Leader for sub-group Technology and Innovation
- Participated in Executive Coaching Programme with INSEAD Business School, Singapore

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil



Michael Leddin

Chief Strategy Officer

Working Experience:

With a career spanning over 25 years in the healthcare industry across various countries and healthcare settings, Michael brings a wealth of experience and expertise to our team. Prior to joining KPJ, Michael held several senior leadership roles in companies such as Greater Southern Area Health Service Australia, Prince Court Medical Centre, and most recently served as the Managing Director of VAMED Healthcare Services Sdn. Bhd. In his previous roles, he successfully managed business development, sales, execution, and management of various service lines, with a strong focus on technical healthcare support services, new healthcare facility acquisition and development, post-acute rehabilitation, management services, partner and relationship development.

Michael has also been at the forefront of developing organisational strategies including Electronic Medical Records (eMR), Organisational Restructuring, Efficiency and Cost Saving Strategies, Sales and Technology-driven innovations. His extensive experience in healthcare IT across diverse sites and service models further enhances his ability to contribute significantly to our transformative journey.

Having held pivotal roles such as Managing Director, Director Corporate Services, Director of Transition, Chief Operating Officer, and IT operations and transformation positions, Michael's appointment as Chief Strategy Officer aligns seamlessly with KPJ Healthcare's path of transformation and his leadership will play a pivotal role in our ongoing efforts to redefine healthcare and elevate KPJ to new heights.

Academic/Professional Qualification/Membership(s):

- Masters Public Administration - University of Sydney
- Graduate Diploma in Public Administration - University of Sydney
- Bachelor Information Technology (Information Systems) - Charles Sturt University
- Ass. Dip. Information Technology (Information Systems) - Charles Sturt University
- PRINCE Project Management certification, TIL certification

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

KPJ SENIOR MANAGEMENT TEAM



Dr Nik Fawaz bin Nik Abdul Aziz

Chief Operating Officer - Group Allied & Retail Health Operations

Working Experience:

Dr. Nik Fawaz has more than 15 years of experience in healthcare, transformation, and hospital services, both locally and internationally; with expertise in the digital solutions segment. He led the transformation of notable hospitals and integrated operations, where he played an instrumental role in scaling up operations and advancing digital healthcare.

Before joining KPJ Healthcare, he was the Head of Edgenta Healthcare Solutions and the Managing Director of Edgenta Mediserve Sdn Bhd, a subsidiary of UEM Group. During his tenure, he led the integration of commercial and concession hospital operations and embarked on digital healthcare initiatives, whilst playing a key role in the exploration of business in the Kingdom of Saudi Arabia. Prior to that, he was the founding CEO of Cardiac Vascular Sentral Kuala Lumpur (CVSKL); a specialised cardiac and vascular hospital under the umbrella of TE Asia Healthcare.

Throughout his career, he has held numerous leadership roles, including Head of Medical Affairs and Quality, Parkway Pantai Malaysia Operations (a subsidiary of IHH Healthcare Bhd); Chief Operating Officer of Pantai Hospital Batu Pahat; Head of Business Development Unit, Imaging and Facilities and Maintenance, Pantai Hospital Kuala Lumpur; and Head of Business Development, Prince Court Medical Centre Sdn Bhd. Dr. Nik Fawaz also served as a clinician with National Health Services (NHS), United Kingdom for 5 years before pursuing a management career.

Academic/Professional Qualification/Membership(s):

- MSc in International Health Management - Imperial College Business School, London
- MBChB (Bachelor of Medicine and Bachelor of Surgery) - University of Manchester, UK
- BSc in Medical Science - University of St. Andrews, Scotland
- Malaysian Medical Association (MMA)
- Member, The Chartered Management Institute, United Kingdom

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil



Nantha Kumar Subramanian

Chief Digital Officer

Working Experience:

Nantha Subramanian has over 20 years of international experience in Healthcare, Fintech, Financial Services, and High-Tech Manufacturing. Nantha has a diverse range of experiences and expertise across various industries in running large-scale Operations and implementing Digital Transformation. His accomplishments include advisory and consulting financial institutions, Insurance and Fintechs on digital strategy and transformation, streamlining and transforming businesses to achieve cost savings, and implementing innovative frameworks to improve employee productivity and participation.

Prior to joining KPJ Healthcare, Nantha built, managed, and scaled up the South Asian Business for a leading Asian Fintech company, focusing on Banking/Digital Banking, Insurance, Telcos and NBFCs. Before that, he was the COO and the Head of Transformation for Standard Chartered Bank, Malaysia. Throughout his career, he has held various senior leadership roles in the UK, such as Global Head of Process Excellence with HSBC, Transformation Programme Director for UBS Bank, Senior Lean Leader for Barclays, and Director of Lean Operations for Pentair International in Europe. Nantha is a Lean Sigma coach and has a Master Black Belt (MBB) in Lean Sigma.

Academic/Professional Qualification/Membership(s):

- Wharton Business School - Certificate in Connected Strategy (Digital Tx)
- Questrom, Boston University - Certificate in Digital Transformation Strategy
- UI PATH - Diploma in Robotic Process Engineering
- UI PATH - Diploma in Business Analysis Training
- LinkedIn - Certificate in Cloud Computing & Cyber Security
- INCEIF - Certificate in Islamic Banking
- Oxford University, Said Business School - High-Performance Management & Leadership
- Earth Watch (WWF & HSBC Partnership) Certified Sustainability Leader (UK)
- Liverpool John Moores University - B.Eng. (Hons) Manufacturing Systems Engineering
- Liverpool John Moores University - HND Mechatronics

Present Directorship(s):

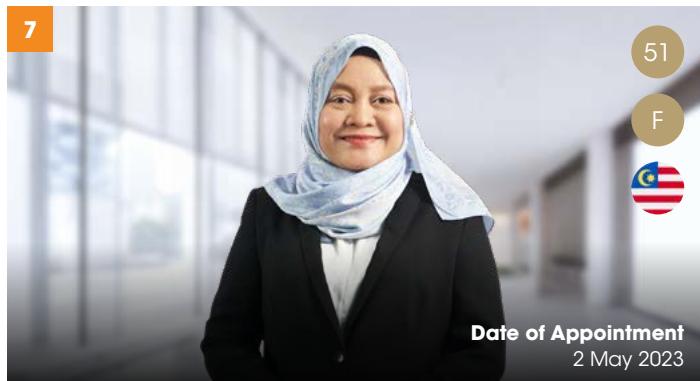
Listed Entity

- Nil

Other Companies

- Nil

KPJ SENIOR MANAGEMENT TEAM



Date of Appointment
2 May 2023

Norhamijah binti Mohd Hanafiah

Chief Human Resource Officer

Working Experience:

Norhamijah is a distinguished HR expert with over 25 years of experience in the industry. She holds a Bachelor's Degree and a Master's Degree in Human Resource from Universiti Teknologi MARA (UiTM) and Universiti Putra Malaysia (UPM) respectively, as well as a certificate in Communication and Psychology from Stanford University California.

Norhamijah is an agile professional and a robust leader who has demonstrated her ability to drive complete organisational and people strategies, change management interventions, and tackle day-to-day HR operations. She began her illustrious career in 1997 as a scholar of TM, and with the wealth of experience gathered, held various roles and spearheaded several initiatives, including the successful implementation of Agile at Unifi, resulting in increased revenue. She was also instrumental in driving organisation transformation at Webe to achieve manpower cost reduction and an optimal workforce.

Academic/Professional Qualification/ Membership(s):

- Master's Degree in Human Resource Development - Universiti Putra Malaysia
- Bachelor's Degree in Human Resource Management - Universiti Teknologi MARA
- Certificate in Communication and Psychology - Stanford University, San Francisco

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil



Date of Appointment
16 November 2023

Sherene binti Azli

Chief Marketing Officer

Working Experience:

Sherene's professional journey of close to 30 years is marked by significant roles in the telecommunications industry and government agencies. Notably, her tenure as CEO of the Malaysia Healthcare Travel Council (MHTC) was a period of remarkable transformation, where she led Malaysia to its recognition as the global number 1 Healthcare Destination by Volume in 2019 and earned the prestigious International Medical Travel Journal (IMTJ) Destination of the Year award multiple times. Her professional prowess extends beyond her impressive track record. She is deeply passionate about education, leadership development, and volunteerism, actively contributing to these areas in ways that resonate with KPJ Healthcare's core values of making a positive impact.

Sherene is also the recipient of several awards and accolades including the 50 Outstanding Women in Healthcare Award (World Health and Wellness Congress), the Outstanding Leadership in Healthcare Travel Award (Global Health Awards), and the 30 Women Achievers and Leaders of Malaysia Award (Golden Globe Tigers Award).

Academic/Professional Qualification/ Membership(s):

- BBS (Hons) Accounting and Finance, University of Limerick, Ireland (1996)
- Master in Business Administration (MBA), University of Durham, UK (2005)
- Senior Management Development Programme, Harvard Business School (2008)
- Adjunct Professorships:
 - Universiti Pendidikan Sultan Idris (2022-2023)
 - Universiti Sultan Zainal Abidin (2021-2022)

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Yayasan Sukarelawan Siswa (Student Voluntary Foundation)
 - Board Member
 - Chairman of Board Risk Management Committee

KPJ SENIOR MANAGEMENT TEAM



Dr. Munirah binti Khudri

Head of KPJ Group Clinical Services

Working Experience:

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

Currently, she holds the position of Head of KPJ Group Clinical Service.

Academic/Professional Qualification/Membership(s):

- Master of Business Administration, Henley Management College, UK
- Bachelor of Medicine and Bachelor of Surgery, Universiti Malaya (UM)
- Certified Transformational Manager by IPMA UK

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil



Roslan bin Ahmad

Regional CEO, Group Operations Services (Northern & East Coast Region)

Working Experience:

Prior to joining KPJ in 1996, Roslan was with the Malaysian Pineapple Industry Board from 1988 where he served its London office until 1995.

Currently, he is the Regional CEO (Northern and East Coast Region) of eight hospitals.

Academic/Professional Qualification/Membership(s):

- Master in Business Administration, Miami University, USA
- Bachelor of Accounting, University of Minnesota, USA
- Post Graduate Diploma in Hospital Management, South Bank University London, UK

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

KPJ SENIOR MANAGEMENT TEAM

11



56

M



Date of Appointment
1 November 2022

Asmadi bin Mohd Bakri

Regional CEO, Group Operations Services
(East Malaysia Region)

Working Experience:

Asmadi joined the KPJ Group in 1997 as an accountant at KPJ Johor Specialist Hospital. He held various positions in several companies before his appointment as the Executive Director for Rumah Sakit Selasih, Padang, Indonesia in 2005. In 2009, he joined KPJ Perdana Specialist Hospital as its Chief Executive Officer before assuming a similar position at KPJ Ipoh Specialist Hospital in 2013. In 2018, he was appointed as the Chief Executive Officer of KPJ Johor Specialist Hospital before he went on to KPJ Bandar Dato' Onn from 2019 until 2020. Since 2018, he has served as the Executive Director for KPJ Johor, KPJ Kluang and KPJ Bandar Dato' Onn.

Currently, he is the Regional CEO (East Malaysia Region) of four KPJ hospitals in Sabah and Sarawak.

Academic/Professional Qualification/ Membership(s):

- Leadership Development for Corporate Excellence - Kellogg School of Management, Northwestern University, Chicago (2014)
- Master of Business Administration (Healthcare Management) - Universiti Teknologi Malaysia (2011)
- Bachelor of Arts (Accounting and Finance) - Southbank University, London, England (1992)

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

12



62

F



Date of Appointment
1 November 2022

Mohd Azhar bin Abdullah

Regional CEO, Group Operations Services
(Southern Region)

Academic/Professional Qualification/ Membership(s):

- Master of Business Administration (Medical Group Management & Practice) - University of Minnesota Rochester, USA

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

Director of the following companies:

1. Johor Specialist Hospital Sdn Bhd,
2. Pasir Gudang Specialist Hospital Sdn
3. Puteri Specialist Johor Hospital Sdn Bhd,
4. Bandar Dato Onn Specialist Hospital Sdn Bhd
5. Pusat Pakar Kluang Utama Sdn Bhd
6. Bandar Maharani Specialist Hospital Sdn Bhd
7. Batu Pahat Specialist Hospital Sdn Bhd
8. Kluang Specialist Hospital Sdn Bhd

Chairman of the Board of Management:

1. Pasir Gudang Specialist Hospital Sdn Bhd
2. Bandar Dato Onn Specialist Hospital Sdn Bhd
3. Pusat Kluang Utama Sdn Bhd
4. Bandar Maharani Specialist Hospital Sdn Bhd
5. Batu Pahat Specialist Hospital Sdn Bhd

KPJ SENIOR MANAGEMENT TEAM

13



55

F



Date of Appointment
1 February 2021

Maisarah binti Omar

Regional CEO, Group Operations Services
(Central Region I)

Working Experience:

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

Currently, she holds the position of Head of KPJ Group Clinical Service.

Academic/Professional Qualification/ Membership(s):

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

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

- Nil

Other Companies

- Nil

14



52

F



Date of Appointment
15 May 2023

Yusmah binti Salleh

Regional CEO, Group Operations Services
(Central Region II)

Academic/Professional Qualification/ Membership(s):

- Fellow of Malaysian Institute of Accountants (MIA)
- Bachelor of Accountancy (Hons) from Universiti Utara Malaysia (UUM), Malaysia

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

- Nil

Other Companies

- Nil

With a career spanning over two decades, Yusmah's journey reflects her steadfast commitment to driving excellence across healthcare operations, finance, and management. Prior to assuming the role of Regional CEO (Central Region II) at KPJ Healthcare Berhad, Yusmah held the position of CEO at KPJ Ipoh Specialist Hospital from January 2018 to May 2023.

Yusmah's career trajectory commenced with KPJ Healthcare, where she flourished from 2005 to 2017. Her leadership prowess extended to institutions such as Rumah Sakit Medika Bsd, Indonesia, and KPJ Johor Specialist Hospital. These experiences underscore her dedication to operational excellence and driving growth.

With a global outlook, Yusmah has also held pivotal roles, including Chief Internal Auditor in Jeddah and Chief Financial Officer at United Hospital Limited, Bangladesh. Yusmah's robust foundation in audit and accounting, honed during her tenure at Pricewaterhousecoopers and Coopers & Lybrand, has been instrumental in shaping her journey and laid a strong foundation.

KPJ SENIOR MANAGEMENT TEAM

15



43

M



Date of Appointment
1 July 2021

Sharizul Hasnifa bin Baseri

Head of Group Risk and Compliance

Working Experience:

Sharizul is a chartered accountant and a Fellow of CPA Australia with extensive experience in risk management, risk advisory, corporate restructuring, transaction advisory and corporate advisory.

He has served in various senior and leadership positions in the areas of risk management and advisory with one of the Big 4 Accounting Firms, a major oil and gas company, and multinational companies.

During his time with one of the Big 4, he led and delivered many risk management and advisory engagements to companies ranging from Public Listed Companies to Multinational Companies spanning across industries. He was also seconded to a multi-national company as the Interim Regional (Asia) Head of Risk and Assurance during his time with the firm.

Prior to joining KPJ, he was with one of the leading global premium integrated healthcare groups, where he was responsible to provide risk oversight and drive risk management operational excellence to its Malaysia Operating Division as well as India Operating Division.

He joined KPJ Healthcare Berhad in 2021 to assume his present position where he is responsible for the Group's risk management operations.

16



59

M



Date of Appointment
9 March 2020

Mohd Firdaus bin Mohamed Din

Head of Group Internal Audit Services

Academic/Professional Qualification/Membership(s):

- BA (Hons) Accounting & Finance, University of the West of England, Bristol, United Kingdom
- Fellow, CPA Australia (FCPA)
- Member of the Malaysian Institute of Accountants (MIA)

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

Working Experience:

An Associate Member of CPA Australia, Firdaus has a Bachelor's degree in Accounting with vast experience in internal auditing. His first step into auditing was when he served at Arthur Andersen & Co. from 1989 to 1991, where he gained knowledge, skills and experience on the functions and responsibilities as an auditor.

Firdaus then advanced his career in internal auditing at Affin Bank for 13 years since 1991. In 2004, Firdaus made another step up in his career path in Bank Kerjasama Rakyat Malaysia where he served for 16 years, and his last position was Chief Internal Auditor.

Firdaus joined KPJ Healthcare Berhad in 2020, where he is currently the General Manager of Group Internal Audit Services.

Academic/Professional Qualification/Membership(s):

- Bachelor of Commerce (Accounting) – Australian National University
- Associate Member, CPA Australia (1315279)
- Certified Credit Professional - Asian Institute of Chartered Bankers, Malaysia
- Certified Credit Professional (Islamic) - Islamic Banking and Finance Institute Malaysia
- Certification in Internal Auditing for Financial Institutions - Asian Institute of Chartered Bankers, Malaysia
- Executive Development Programme - Wharton Business School (University of Pennsylvania)
- Management and Leadership Programme - Islamic Banking and Finance Institute Malaysia

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

KPJ SENIOR MANAGEMENT TEAM

17



56

M



Date of Appointment
13 February 2023

Syed Iskandar Shah bin Syed Abu Bakar

Head of Legal and Advisory

Working Experience:

Syed Iskandar started his career in the financial industry, with stints as a legal officer in banks and fund management companies. He later joined the media industry, also in the area of legal and compliance. In 2009, he joined Bank Pembangunan Malaysia, as its Company Secretary and Head of Legal & Secretarial Department where he implemented a range of initiatives that improved the documentation processes and governance of the bank. In 2012, he then joined PR1MA Corporation Malaysia, a newly set-up government agency under the Prime Minister's Office where he played a key role in developing the standard legal documents and other standard contracts and templates. He was also involved in developing the policies and standard procedures for the agency. In 2019, he started his own company, Novus Ideas Sdn Bhd, which was involved in providing property and business consulting services, where he presided as Chairman. In February 2023, he joined KPJ as Head of Legal and Secretarial Services.

Academic/Professional Qualification/Membership(s):

- Bachelor of Law (LLB) Honours, John Moores University of Liverpool

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

18



39

F



Date of Appointment
9 January 2024

Alice Zuriah Asidah binti Abdullah

Covering Head of Group Sustainability Services

Working Experience:

Alice, a certified Sustainability Practitioner, brings over 15 years of diverse experience in property development, facility management, and the healthcare sector to her current role. Noteworthy career achievements include leading the certification efforts of Hospital Sultanah Muliha, which became the world's first hospital to achieve LEED EBOM Gold rating, developing GHG accounting reports for government hospitals, spearheading a group-wide initiative to certify government hospitals as 3-star Energy Management Gold Standard (EMGS), and actively participating as a featured speaker and panelist at various conferences, where she shares insights on green building, sustainable development, and ESG practices.

Her expertise in environmental sustainability and ESG principles led her to join KPJ in 2023 as the Sustainability Strategy Lead, and she has since advanced to the position of Covering Head of Group Sustainability Services

Academic/Professional Qualification/Membership(s):

- Bachelor of Aerospace Engineering, Universiti Putra Malaysia (UPM)
- Certified Sustainability Reporting Specialist by Institute of Certified Sustainability Practitioners (ICSP)
- Committee Member for SIRIM 55 (ESG Management) and SIRIM 56 (ESG Reporting) Industrial Standards
- Leadership in Energy and Environmental Design Accredited Professional (LEEDAP) by United States Green Building Council (USGBC)
- Certified Professional in Measurement and Verification (CPMV) by Malaysian Green Technology and Climate Change Corporation (MGTC)
- Green Building Index Facilitator (GBIF) by Malaysia Green Building Council (MGBC)
- Malaysia Carbon Reduction and Environmental Sustainability Tool (MyCREST) Assessor by Construction Industry Development Board (CIDB)
- GreenRE Real Estate (GreenRE) Manager by Real Estate and Housing Developers Association (REHDA)

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

KPJ SENIOR MANAGEMENT TEAM



Natalie Rose Ariffin

Covering Head of Group Strategic Communications

Working Experience:

Natalie is a skilled communications practitioner with close to 15 years of experience handling the various aspects of communications functions. She has worked in multiple GLC's and MNCs covering a variety of industries including healthcare, property development, manufacturing, and asset management & infrastructure solutions.

Natalie became a member of KPJ Healthcare Berhad in 2022 as the Head of Editorial & Publications, steadily progressing to assume the role of Covering Head of Group Strategic Communications.

Academic/Professional Qualification / Membership(s):

- Master of Arts (Media and Communications Management), Middlesex University London
- Bachelor of Communication (Media), RMIT University Melbourne

Present Directorship(s):

Listed Entity

- Nil

Other Companies

- Nil

Note:

None of the above Senior Management members have any conflict of interest or potential conflict of interest with the Company and/or its subsidiaries, family relationship with any Director and/or Major Shareholder, or have any convictions for offences (other than traffic offences, if any) within the past five years or any public or penalty imposed by the relevant regulatory bodies during the financial year 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pushing Forward for Sustainable Growth

The Board of Directors (Board) of KPJ Healthcare Berhad (KPJ or the Company) believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board plays an active role in guiding Management through its oversight role while at the same time steering the Group's business direction and strategy.

In line with this commitment, the Board is continuously reviewing and has taken, where appropriate, the necessary steps to comply with the Malaysian Code on Corporate Governance (MCCG). The MCCG is made up of 3 Principles and 48 Practices, out of which 5 are Step-Ups. The Board is pleased to elaborate on the Group's application and the extent of compliance with the MCCG during the financial year ended 31 December 2023 in this Corporate Governance Overview Statement (CG Overview).

This statement is supplemented with a Corporate Governance Report (CG Report) pursuant to paragraph 15.25 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

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

This statement should be read in conjunction with the Statement on Risk Management and Internal Control (SORMIC), and Audit Committee (AC) Report as well as Group Medical Advisory and Clinical Governance (GMAGC) Report. The Corporate Governance Framework is developed based on the following statutory requirements, best practices and guidelines:

Companies Act 2016

Main Market Listing Requirements of Bursa Malaysia

Malaysian Code on Corporate Governance

Corporate Governance Guide (4th Edition)

Board Leadership & Effectiveness

Pages 134 to 142

PRINCIPLE A

Effective Audit & Risk Management

Pages 143 to 148

PRINCIPLE B

Integrity in Corporate Reporting & Meaningful Relationships with Stakeholders

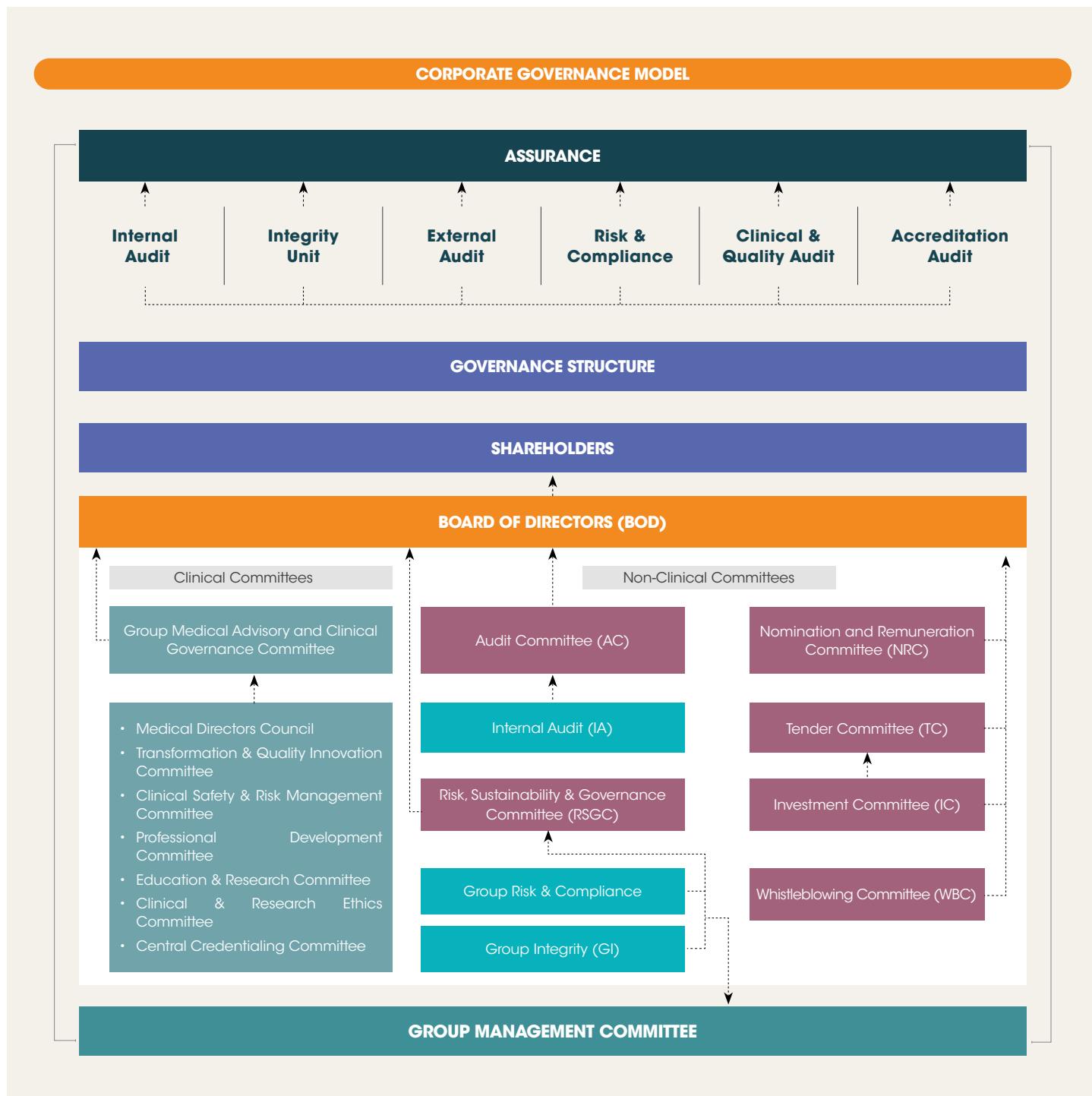
Pages 149 to 151

PRINCIPLE C

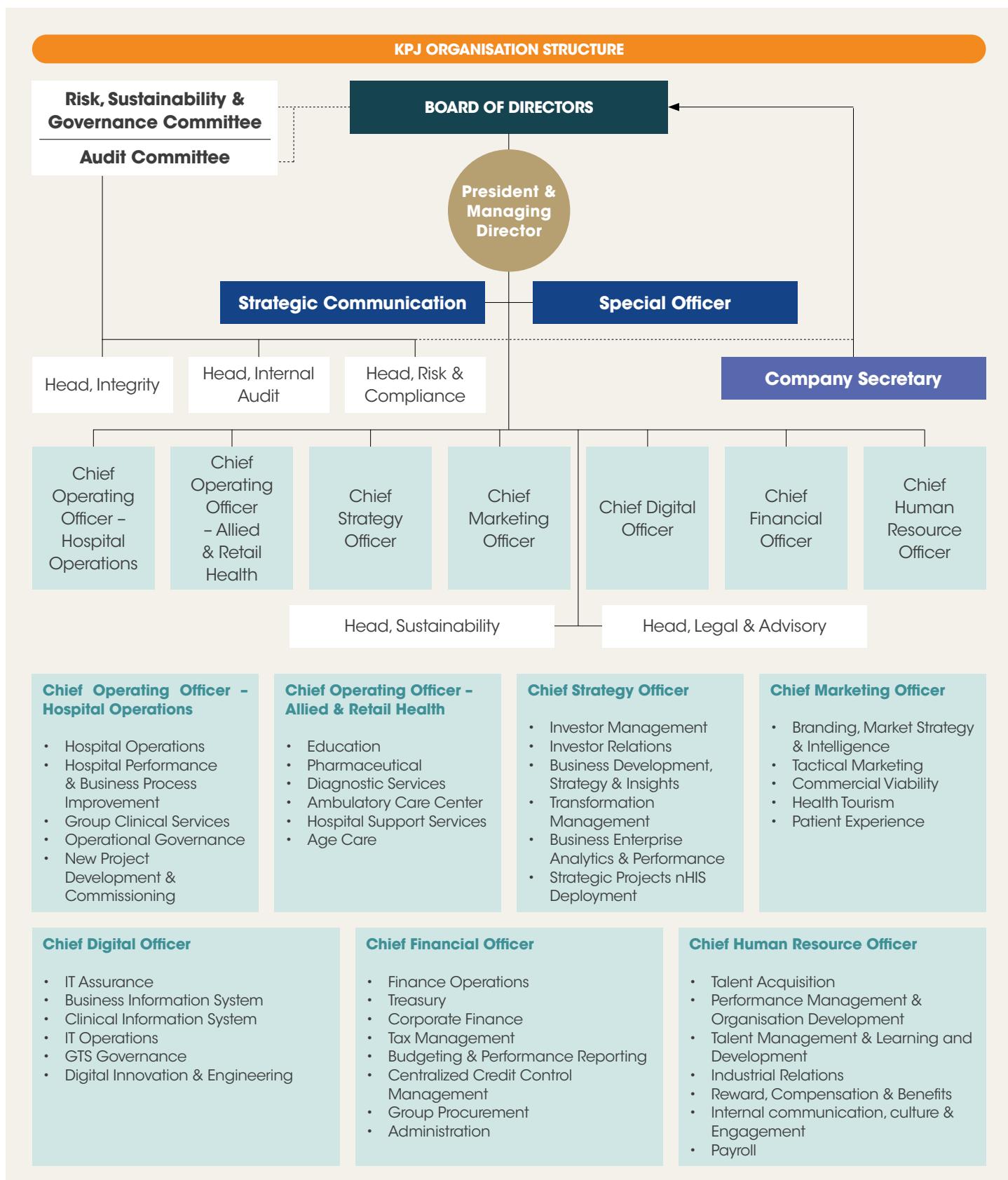
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has considered and takes guidance from the key Corporate Governance (CG) Principles as set out in the MCCG. A gap analysis was undertaken and the findings were tabled to the Risk, Sustainability and Governance Committee (RSGC). As at 31 December 2023, we have applied all the Practices in the MCCG save for that which has been disclosed in the CG Report.

The explanation for the departures from the Practices and the measures to be taken are provided in the CG Report which is available at https://kpj.listedcompany.com/corporate_governance.html.



CORPORATE GOVERNANCE OVERVIEW STATEMENT



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

STRUCTURAL CHANGE TO THE BOARD COMPOSITION

NAME OF DIRECTOR	DESIGNATION	DATE OF APPOINTMENT
Chin Keat Chyuan	President and Managing Director	1 September 2023

All members of the Board contributed meaningfully to the areas of formulation of strategic objectives and policies, governance, performance monitoring, allocation of resources and compliance. Each Director brought with him/her vast experience and astute insights to enable the Board to function effectively in discharging its duties and responsibilities in accordance with the Terms of Reference of the respective committees.

The roles of the Chairman of the Board, the President and Managing Director (PMD) as well as the Non-Executive Directors (NEDs) are kept separate with a clear division of responsibilities, in line with best practices. The functions of the Chairman as well as those of the PMD are clearly segregated to ensure that there is a balance of power and authority.

The PMD of the Company is responsible for leading the Management in the execution of broad policies, strategies and action plans approved by the Board. He regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group. The PMD is supported by the KPJ Group Management Committee (KGMC) and other management committees established under the Group's CG model.

Puan Norhaizam Mohammad, KPJ's Chief Financial Officer (CFO), started serving as the Officer in Charge (OIC) of the Company, effective 7 September 2022 following the resignation of Dato' Mohd Shukrie Mohd Salleh, who had served as the PMD from 1 April 2022 to 7 September 2022.

On 1 September 2023, KPJ has appointed Mr. Chin Keat Chyuan as its new PMD. He took the helm from Puan Norhaizam Mohammad, who was the OIC for the Group. Puan Norhaizam Mohammad assumed her role as CFO on the same day.

The Board had also approved the Balanced Scorecard for 2023. With the strategic objectives in place, the PMD played a key role in leading and ensuring the senior management team executes strategic objectives to achieve them. Successful attainment of these goals becomes the basis of KPJ management's performance evaluation.

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, the Companies Act 2016, the Board's policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislation. The Company Secretary support the Board in managing the Group's Governance Model, ensuring it is effective and relevant. Each Board member has unrestricted access to the advice and services of the Company Secretaries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

BOARD OF DIRECTORS

Roles and Responsibilities

The Board is committed to delivering sustainable value and determining long-term goals through its leadership with support from a dedicated Management Team. The Board is responsible for overseeing how Management best serves the interests of shareholders and other stakeholders on the environmental, social, and governance fronts, as well as in the areas relating to risk management, regulatory and governmental changes, plus global trends. The Board also promotes a Group culture based on KPJ's core values and defines its role in society.

The Board's activities in 2023 and its priorities in 2024 are set out below:

ACTIVITIES IN 2023

- Reviewed and approved the Group's quarterly financial results and audited financial statements;
- Reviewed and approved quarterly interim dividends and special dividend;
- Reviewed and approved Recurrent Related Party Transactions and Related Party Transactions;
- Reviewed the Group's Key Performance Indicators achieved for the year 2022;
- Deliberated and approved the Group's Balanced Scorecard for the year 2023;
- Deliberated and provided feedback on the Group's Strategic Planning/Business Plan 2024-2028;
- Reviewed and approved the re-appointment and re-election of Directors;
- Reviewed the Board Composition and the Board Effectiveness Evaluation;
- Reviewed and approved the appointment of senior management (PMD, Chief Strategy Officer, Chief Human Resource Officer and Chief Marketing Officer);
- Approved KPJ's Organisation Structure Alignment;
- Approved KPJ's Sustainability Framework & Roadmap;
- Deliberated on KPJ's Digital Strategy 2023;
- Reviewed and approved the purchase of assets and equipment, as well as hospital renovation, upgrading and expansion to maintain and enhance the service quality of KPJ hospitals;
- Reviewed and approved the strategic investment as well as divestment proposals;
- Reviewed and approved the Group's Budget for year 2024; and
- Reviewed and provided views on the Group's Operational Report for hospital and non-hospital businesses.

Priorities in 2024

To further strengthen the Group's core business and pursue new growth opportunities. The Board is cognizant that monitoring of the Group's performance and business planning remain a priority in view of challenges and a competitive landscape.

Matters Reserved for the Board

- Approval of corporate plans and programmes;
- Approval of annual budgets, including major capital commitments;
- Approval of new ventures;
- Approval of material acquisitions and disposals of undertakings and properties; and
- Changes to Management and the control structure within the Company and its subsidiaries, including key policies and delegated authority limits.

BOARD CHARTER

The Group has documented clear policies for identifying and separating the functions and responsibilities between the Board and Management, as well as between the Chairman and the PMD in ensuring the smooth running of the Group's business and operations.

These are enshrined in the Board Charter, which is available on the Company's website at https://kpj.listedcompany.com/misc/board_charter.pdf

Corporate Integrity

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board has, since 2020, established an Anti-Bribery / Corruption Policy which has been implemented throughout the Group. The Policy was last reviewed and approved by the Board in April 2022.

The Group is obligated to amongst others, inculcate and practice ethical virtues in the organisation, hinder any possibilities that could lead to unethical or untruthful practices, and to take necessary action against employees and other interested parties contravening the law, regulations, policy and other requirements.

Another integral component of KPJ's unyielding emphasis on ethical and high integrity is the Group's Whistleblowing Policy. This policy enables employees and other stakeholders (i.e., shareholders/suppliers/patients), or any other parties to report genuine concerns about unethical behaviour, malpractice, illegal acts, or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

A dedicated whistleblowing channel at integrity@kpjhealth.com.my is available for reporting. To encourage a conducive environment for effective whistleblowing, the policy also provides assurances on the preservation of identity, the confidentiality of information, and protection of whistleblowers from possible retaliation.

The address and contact details of the above are stated in the policy at: <https://kpj.listedcompany.com/whistleblowing.html>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

CONTINUING EDUCATION PROGRAMMES

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board Members.

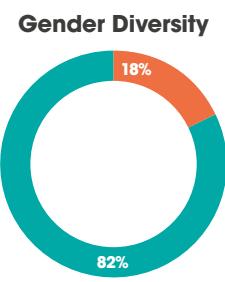
The Directors also receive further training from time to time through Continuous Education Programme (CEP). During the year 2023, the Board members attended training sessions/programmes organised by various parties as disclosed under Practice 2.1 of the CG Report.

2023 DIRECTORS' TRAINING FOCUS AREAS

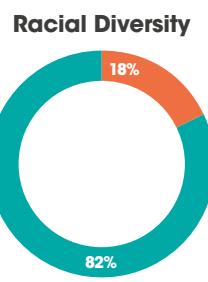
Corporate Governance	Leadership	Business Management	Data Governance	Sustainability	Health
10 (91%)	10 (91%)	3 (27%)	3 (27%)	7 (64%)	2 (18%)

BOARD DIVERSITY

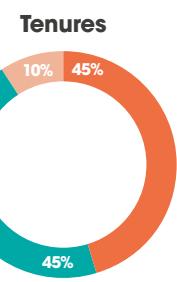
The analysis on the composition of the Board of Directors is as follows:



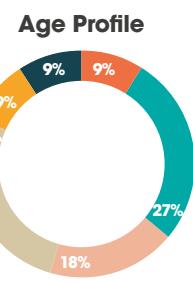
Male 9
Female 2



Malay 9
Chinese 2



0 - 3 Years 5
3 - 6 Years 5
6 - 9 Years 1



45 - 50 Years 1
51 - 55 Years 3
56 - 60 Years 2
61 - 65 Years 3
66 - 70 Years 1
> 70 Years 1

Board Composition

45.5%
Non-Independent
Non-Executive Director 5

45.5%
Independent
Non-Executive Director 5

9%
President and
Managing Director 1

Skill & Experience

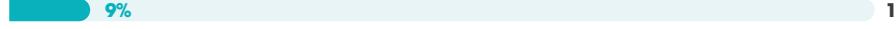
Accounting/Finance/Banking/Investment/Audit



Legal/Risk/Sustainability



Marketing/Branding



Medicine/Healthcare



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

The present size and composition of the Board remain well-balanced. The Board is made up of professionals with a wide range of knowledge and experience in business and operations as well as medical, legal, finance and investment analysis acumen all relevant to the direction of a large, expanding group, as well as sustainability matters, including material matters on environmental, social and governance (ESG) as outlined in the Fit and Proper Policy for the Board of Directors. These are available in the Fit and Proper Policy for the Board of Directors, which is available on the Company's website at [https://kpj.listedcompany.com/misc/KPJ_Fit_&_Proper_Policy_\(For_website\)_29.06.2022.pdf](https://kpj.listedcompany.com/misc/KPJ_Fit_&_Proper_Policy_(For_website)_29.06.2022.pdf).

The profiles of all Board members are disclosed on pages 108 to 120 of this Integrated Annual Report 2023.

The Board, through the Nomination and Remuneration Committee (NRC), undertakes a rigorous evaluation each year in order to assess how well the Board, its Committees, the individual Director and the Chairman are performing as per Fit and Proper Policy for the Board. This includes assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times as well as for recommendation to the shareholders for re-election at the Annual General Meeting (AGM). The current composition of the Board members has the appropriate mix of diversity, skills, experience and capabilities.

The Board is also guided by KPJ's Diversity & Anti-Discrimination Policy, which was introduced on 1 September 2022. The Policy is applied in overall people practices at work for all levels inclusive of Board and senior management, including but not limited to career opportunities, training and development, recruitment, compensation and benefits, talent identification, retention, performance management, promotions, job assignments, succession planning and engagement activities.

MEETING CALENDAR 2023

The Board members' attendance at meetings throughout the year are indicated below:

NO.	DIRECTOR	BOD	AC	TC	RSGC	NRC	IC	WBC
Non-Independent Non-Executive Chairman								
1	Datuk Md Arif bin Mahmood	7/7						
Independent Non-Executive Directors								
2	Dato' Mohd Redza Shah bin Abdul Wahid	7/7	10/10	8/8	11/11	6/6	2/2	
3	Mohamed Ridza bin Mohamed Abdulla	7/7		6/6	11/11	6/6	2/2	
4	Khairuddin bin Jaflus	7/7	10/10	8/8	5/6			
5	Hisham bin Zainal Mokhtar	7/7	10/10		6/6	6/6	2/2	
6	Lee Lai Fan	7/7		8/8		11/11		
Non-Independent Non-Executive Directors								
7	Rozaini bin Mohd Sani	7/7	10/10	8/8	5/6			
8	Shamsul Anuar bin Abdul Majid	7/7				11/11	6/6	
9	Prof Dato' Dr Azizi bin Haji Omar	7/7			6/6	11/11		
10	Annie binti Rosle	6/7		6/8			6/6	
President and Managing Director								
11	Chin Keat Chyuan ^(a)		2/2					
TOTAL NUMBER OF MEETINGS		7	10	8	6	11	6	2

Chairman

Notes:

^(a) Appointed as PMD with effect from 1 September 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

BOARD REMUNERATION 2023

The Board believes that the levels of remuneration offered by the Group are sufficient to attract Directors of caliber with sufficient experience and talent to contribute to the performance of the Group. The Non-Executive Directors (NEDs) are remunerated based on fixed annual fees and fixed meeting allowances.

NO.	DIRECTOR	FEES (RM)		ALLOWANCE (RM)		SALARY (RM)	BONUS (RM)	BENEFITS-IN-KIND (RM)	OTHER EMOLUMENT (RM)	GRAND TOTAL
		COMPANY	SUBSIDIARY	COMPANY	SUBSIDIARY					
Non-Independent Non-Executive Chairman										
1	Datuk Md Arif bin Mahmood	220,000	-	36,000	-	-	-	31,150	-	287,150
Independent Non-Executive Directors										
2	Dato' Mohd Redza Shah bin Abdul Wahid	120,000	36,000	231,000	4,500	-	-	-	-	391,500
3	Mohamed Ridza bin Mohamed Abdulla	120,000	-	154,000	-	-	-	-	-	274,000
4	Khairuddin bin Jafius	120,000	35,456	171,000	10,500	-	-	-	-	336,956
5	Hisham bin Zainal Mokhtar	120,000	-	187,400	-	-	-	-	-	307,400
6	Lee Lai Fan	120,000	-	103,000	-	-	-	-	-	223,000
Non-Independent Non-Executive Directors										
7	Shamsul Anuar bin Abdul Majid*	120,000	-	154,600	-	-	-	-	-	274,600
8	Rozaini bin Mohd Sani*	120,000	-	144,000	-	-	-	-	-	264,000
9	Prof. Dato' Dr Azizi bin Haji Omar	120,000	36,000	187,400	4,500	-	-	-	216,000	563,900
10	Annie binti Rosle**	120,000	-	72,000	-	-	-	-	-	192,000
Executive Director										
11	Chin Keat Chyuan***	-	-	53,000	-	592,000****	-	8,200	-	653,200

Notes:

Meeting allowances were paid directly to all NEDs.

* The payment of Directors' fees for nominee and are employees of Johor Corporation (JCorp) were paid to JCorp as Corporate Fee.

* The payment of Committee fees for nominee and are employees of JCorp for Q1 and Q2 of 2023 were paid to JCorp as Corporate Fee. The payment of Committee fees for Q3 and Q4 of 2023 were paid directly to the NEDs.

** 50% of the Directors fees and Committee fees for nominee Director representing Employees Provident Fund (EPF) were paid to EPF as Corporate Fee.

*** The payment of Directors' fees for nominee Director representing and employee of KPJ were paid to KPJ as Corporate Fee.

*** Appointed as PMD on 1 September 2023.

**** Inclusive of Group's contribution to provident fund.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

SENIOR MANAGEMENT

The Company underwent a change in its Senior Management Team (SMT) where:

- A member has resigned her role as Chief Corporate Officer (CCO);
- Four new appointments were made during the year, namely:
 - Chief Human Resources Officer (CHRO)
 - President & Managing Director (PMD)
 - Chief Strategy Officer (CSO)
 - Chief Marketing Officer (CMO)
- An appointment from existing Regional CEO (RCEO) to Chief Operating Officer (COO) Hospital Operations.

The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate and reward its employees. Performance is measured based on the relative performance of the Company and individual employees' attainment of business needs and objectives.

The range of remuneration of the top five Senior Management (including salary, bonus, benefits in kind and other emoluments) for the financial year ended 31 December 2023 is as follows:

NO	NAME	DESIGNATION	SALARY (RM)	ALLOWANCE (RM)	BONUS (RM)	BENEFITS (RM)	OTHER EMOLUMENTS	TOTAL (RM)
1	Norhaizam Mohammad	Chief Financial Officer	550,001- 600,000	100,001- 150,000	150,001- 200,000	0- 50,000	300,001- 350,000	1,150,001- 1,200,000
2	Dato' Farid Salim	Chief Operating Officer, Hospital Operations	550,001- 600,000	50,001- 100,000	100,001- 150,000	0- 50,000	0- 50,000	850,001- 900,000
3	Nantha Kumar Subramaniam	Chief Digital Officer	700,001- 750,000	50,001- 100,000	-	0- 50,000	-	800,001- 850,000
4	Dr. Nik Fawaz Nik Abdul Aziz	Chief Operating Officer, Group Allied and Retail Health Operations	550,001- 600,000	50,001- 100,000	-	0- 50,000	-	700,001- 750,000
5	Norhamijah Mohd Hanafiah	Chief Human Resource Officer	400,001- 450,000	0- 50,000	-	0- 50,000	-	450,001- 500,000

BOARD COMMITTEES

The Board, as part of its leadership role, coordinates and delegates specific responsibilities to several Committees to facilitate the operations of the Group at the Board and Management level. Each Committee has written terms of reference defining its scope, powers and responsibilities.

These Committees have the authority to examine particular issues and report to the Board with their findings and recommendations. The ultimate responsibility for the final decisions and recommendations on all matters emanating from these Committees, however, lies with the entire Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness



Chairman:

Dato' Mohd Redza Shah bin Abdul Wahid

Senior Independent Non-Executive Director

Members:

Mohamed Ridza bin Mohamed Abdulla

Independent Non-Executive Director

Lee Lai Fan

Independent Non-Executive Director

Prof. Dato' Dr. Azizi bin Haji Omar

Non-Independent Non-Executive Director

Shamsul Anuar bin Abdul Majid

Non-Independent Non-Executive Director

ROLES AND RESPONSIBILITIES

The Nomination and Remuneration Committee (NRC) manages the nomination and remuneration process for the Board and Board Committees, Senior Management as well as key positions of KPJ Group. KPJ remuneration matters are governed by the Board of Directors through its NRC which convenes quarterly. Continuous collaboration with the PMD and Group Human Resources Management with the NRC committee ensures our remuneration practices not only comply with regulatory frameworks but also support our strategic vision for long-term value creation. The committee's activities are guided by the principle of ensuring that the remuneration and rewards align with KPJ's strategic objective and regulatory standards, plus a competitive environment aiming to foster sustainable long-term performance. The main key functions include:

- Ensuring compliance with relevant regulations in remuneration practices.
- Balancing commercial needs with fiscal risks through robust internal controls.
- Supporting the board with strategic and operational insights on remuneration policies.

2023: A YEAR OF STRATEGIC MILESTONES

The past year was marked by significant achievements under the stewardship of the NRC, including:

- Strategic Board and Management Alignments: Assessment and recommendation of candidates for key roles within the Board and Senior Management, ensuring leadership alignment with KPJ's strategic direction.
- Performance and Reward Optimization: Comprehensive review of KPJ Group's 2022 KPIs and subsequent formulation of the 2023 KPIs, alongside recommendations for performance bonuses, underscoring our commitment to excellence.
- Talent Management Excellence: Approval and implementation of the Talent Validation Programme, affirming our dedication to nurturing and recognizing our invaluable human capital.

PRIORITIES IN 2024

- Innovative Remuneration Philosophies: Spearheading the implementation of a nuanced remuneration philosophy and structure, tailor-made to enhance employee engagement and performance.
- Elevated Performance Standards: Setting new benchmarks for performance standards and management processes, aimed at fostering a culture of accountability and excellence.
- Talent Management and Development: Expanding the talent management framework to deepen our bench strength and ensure a pipeline of future leaders ready to take KPJ Group to new heights.
- Sustainability and Resilience Integration: Deepening our commitment to sustainability, with a focus on embedding sustainability-driven policies and practices into our corporate ethos, thereby enhancing long-term resilience.

The NRC's diligent efforts in 2023 have laid the necessary foundation for KPJ Group's continued success. As we move forward, our commitment to robust corporate governance, aligned with our strategic vision and ethical standards, will continue to drive KPJ Group's journey towards achieving sustainable growth and operational excellence. We remain dedicated to producing a high quality human capital that upholds the highest standards of integrity and transparency, ensuring KPJ Group's position as a leader in the healthcare industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

INVESTMENT COMMITTEE



Chairman:

Hisham bin Zainal Mokhtar
Independent Non-Executive Director

Members:

Dato' Mohd Redza Shah bin Abdul Wahid
Senior Independent Non-Executive Director

Mohamed Ridza bin Mohamed Abdulla
Independent Non-Executive Director

Shamsul Anuar bin Abdul Majid
Non-Independent Non-Executive Director

Annie binti Rosle
Non-Independent Non-Executive Director

ROLES AND RESPONSIBILITIES

To review and recommend to the Board on matters pertaining to the business, potential investments, acquisitions, divestments, disposals, termination, joint ventures and/or other forms of corporate exercises. The approvals/recommendations to the Board are as per the authority limits of the Terms of Reference.

ACTIVITIES IN 2023

- Reviewed KPJ Group's hospitals expansion and future development proposals and recommended to the Board for its approval;
- Reviewed and recommended to the Board the divestments of businesses within its authority limit;
- Deliberated and discussed on the KPJ Group of Companies' Business Plan which includes Investment Requirement & Returns; and
- Deliberated on and recommended for Board approval several potential corporate exercises for the KPJ Group of Companies.

PRIORITIES IN 2024

The KPJ Investment Committee will continue to deliberate on proposals for new business opportunities, existing assets expansion, disposal of assets and closure of business as recommended by KPJ's Management by ensuring the following for each exercise:

- Explore new investment opportunities to achieve targeted returns.
- Cultivate sustainable business growth through strategic initiatives.
- Safeguard initial capital, mitigate excessive risks, and prevent losses in the investment portfolio.
- Stay abreast of industry trends to guide our strategic decisions and investment approach.
- Monitoring and assessing the performance of investments and business ventures post-implementation to ensure they align with expected outcomes.
- Ensuring thorough due diligence is conducted on all proposed business opportunities and asset transactions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A | Board Leadership & Effectiveness

TENDER COMMITTEE



Chairman:

Khairuddin bin Jaffus

Independent Non-Executive Director

Members:

Dato' Mohd Redza Shah bin Abdul Wahid

Senior Independent Non-Executive Director

Lee Lai Fan

Independent Non-Executive Director

Rozaini bin Mohd Sani

Non-Independent Non-Executive Director

Annie binti Rosle

Non-Independent Non-Executive Director

ACTIVITIES IN 2023

- Oversaw significant matters related to procurement of the Group;
- Reviewed, deliberated on and made recommendations to the Board pertaining the strategic matters surrounding new projects, sick projects with mitigation plans, and the project update dashboard report;
- Held Eight (8) meetings in 2023 to undertake its responsibilities; and
- Conducted site visits to check on and evaluate the progress of hospital renovation projects.

PRIORITIES IN 2024

- Primarily focus on enhancing and strengthening the procurement process and methodology for all KPJ expenditure within its authority limits, which includes all hospital projects (new, extension and renovation), medical equipment purchases, pharmaceutical and all facilities and maintenance contracts of KPJ hospitals and support services companies;
- Ensure the timely completion of all projects within the projected completion date and budget allocated;
- Assess and evaluate all vendors, contractors and suppliers conducting business with KPJ with the primary aim of enhancing and improving their deliverables and service level agreements;
- Mentor and guide personnel to raise the competency levels of all those involved in the different aspects of the procurement process; and
- Proposal to focus on this year:
 - New Hospital Information System (NHIS) contract and implementation.
 - New Enterprise Resource Planning (ERP) System contract and implementation.

ROLES AND RESPONSIBILITIES

The Tender Committee (TC) evaluates, deliberates and approves recommendations made by Management for the award of tenders to approve tenderers within its approving authority, and recommends for approval to the Board any tenders that are beyond the TC's approving limit.

The TC oversees the timeline and cost of each project undertaken by the Group and addresses any issues relating to these projects.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B | Effective Audit & Risk Management

AUDIT COMMITTEE

The AC currently comprises one (1) Senior Independent Non-Executive Director (INED), two (2) INED and one (1) NINED who are financially literate.

Company Secretary (CoSec) will arrange the meetings' schedule in advance to coincide with the dates within the financial reporting cycle.



Chairman:

Dato' Mohd Redza Shah bin Abdul Wahid

Senior Independent Non-Executive Director

Members:

Khairuddin bin Jaflus

Independent Non-Executive Director

Hisham bin Zainal Mokhtar

Independent Non-Executive Director

Rozaini bin Mohd Sani

Non-Independent Non-Executive Director

ACTIVITIES IN 2023

- Reviewed the quarterly financial results before recommending the same to Board for approval.
- Reviewed the Financial Result for the year ended 2023 and issues raised by the External Auditor on their review of KPJ operations and internal control system.
- Reviewed the External Audit Plan on the scope and focus area of the External Auditor
- Reviewed the related party transactions and recurrent related party transactions.
- Assessed the effectiveness of the mitigation action taken for the assessment on the technological risks identified in KPJ's computing environment to support the Hospital's Operation.
- Assessed the effectiveness of the process and adherence to SOP by the Management and staff at all Hospitals/Subsidiaries in order to ensure efficient and sound control systems. The reviews of the internal controls system were focused on central procurement (tender), credit management, stock management and asset facilities management as part of the monitoring of the hospital licensing.
- Reviewed the performance of the Head of Internal Audit Services (IAS) and the department against the Internal Audit Plan for 2023.
- Reviewed the Internal Audit Plan for 2024 to ensure that high-risk auditable areas are being covered in the audit scope.
- Reviewed and approved the Audit Charter in line with the International Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors (IIA).
- Reviewed and recommended to the Board the revised Terms of Reference for the AC to ensure that it remains relevant and in line with the Malaysian Code on Corporate Governance (MCCG) and the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

ROLES AND RESPONSIBILITIES

The Audit Committee (AC) ensures transparency, integrity and accountability in the Group's activities to safeguard the rights and interests of the shareholders. At the same time assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.

The AC is also responsible to improve the Group's business efficiency, the quality of the accounting and audit function as well as strengthening public confidence in the Group's reported financial results. AC also ensures the independence of the External and Internal Audit functions within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B | Effective Audit & Risk Management

AUDIT COMMITTEE (continued)

PRIORITIES IN 2024

- In line with the 2024 Internal Audit Theme on “Process Improvement and Efficiency”, the Internal Audit Services would emphasize assisting the Management of KPJ in making the KPJ Group of Companies operate more efficiently and recommends process improvement.
- Internal Audit Services continues to review the effectiveness of the internal control structures over the Group’s activities by focusing on high-risk areas that are determined using a risk-based approach.
- All high-risk activities in each auditable area are audited annually following the approved Audit Plan. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.
- Monitor the implementation of the Self-Audit Checklist by the KPJ Group of Hospitals in which the Management of the KPJ Hospitals self-assesses the adequacy of the controls as well as to ensure compliance with the existing policies and procedures.
- Continually assess the third parties/ suppliers’ cyber risk as the cyber threats by the third parties are an emerging risk that may lead to data leakages and security breaches.
- Sustaining the auditors’ knowledge of new auditable areas and emerging risks by identifying the required training based on the auditors’ Training Need Analysis; i.e. Environmental, Social and Governance (ESG) Reporting Audit, Forensic Audit etc.

REVIEW OF THE PERFORMANCE OF AC

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

RELATIONSHIP WITH EXTERNAL AUDITORS

A dialogue was held between Audit Committee, Internal Audit, Finance and the external auditors to discuss the External Auditor’s audit plan, report, internal controls issues and procedures. The performance of external auditors was assessed, and the AC recommended their appointment and remuneration to the Board.

In the year 2023, the External Auditors attended five (5) out of ten (10) meetings which were held on 16 February 2023, 23 May 2023, 25 August 2023, 29 August 2023 and 26 November 2023 respectively.

Separate private sessions were conducted without Management’s presence at two (2) out of five (5) of the meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B | Effective Audit & Risk Management



Chairman:

Mohamed Ridza bin Mohamed Abdulla
Independent Non-Executive Director

Members:

Khairuddin bin Jaflus
Independent Non-Executive Director

Hisham bin Zainal Mokhtar
Independent Non-Executive Director

Prof Dato' Dr. Azizi bin Haji Omar
Non-Independent Non-Executive Director

Rozaini bin Mohd Sani
Non-Independent Non-Executive Director

ROLES AND RESPONSIBILITIES

The Risk, Sustainability and Governance Committee (RSGC) oversees the overall risk exposure and risk management matters relating to any material clinical and non-clinical risks identified as well as governance processes within the Group. The RSGC will recommend to the Board any changes in the policy, framework, standards and procedures where applicable.

The RSGC also monitors the appropriateness of KPJ's strategies in addressing material stakeholder sustainability concerns and ensures their compliance with sustainability policy, practices and reporting requirements.

ACTIVITIES IN 2023

- Reviewed the Group's Enterprise Risk Management (ERM) reports – which covered the ERM reporting status, risk profile, key risk highlights, risk priorities, mitigation plans and mitigation performance – to ensure that the Group's business activities as well as risk management methodologies were aligned and supplemented on an ongoing basis. This is to proactively manage the key risk areas that arise in view of the planning and execution of Group strategic objectives as well as with the developments in the external operating environment;
- Deliberated on and made recommendations relating to the implementation of the new Hospital Information System and operational readiness of the new hospital from risk perspectives;
- Reviewed the reports of clinical and non-clinical incidents including action plans and initiatives undertaken;
- Reviewed the Anti-Bribery Management System (ABMS) framework and implementation plan and ensured its compliance with applicable laws, standards and regulatory requirements;
- Oversaw the development and implementation of the Integrity plans intending to enhance the integrity culture (internally and externally) throughout the KPJ Group;
- Approved the revision of KPJ Whistleblowing Policy and Procedures;
- Reviewed the reports on Medical and Clinical incidents reporting updates including action plans and initiatives to drive quality improvement activities. Matters in respect of the Group's medico-legal litigation cases, as well as trends of serious reportable events that highlighted problem areas in clinical performance and opportunities for improvement, were also reviewed;
- Reviewed and endorsed the Future Risk Operating Model for Group Risk Management.
- Reviewed and recommended for Board's approval on the Statement on Risk Management and Internal Control in the Integrated Annual Report 2022;
- Oversaw the implementation of the Sustainability Roadmap, plan and initiatives;
- Oversaw the implementation of initiatives in the area of cybersecurity, information management, data security and Security Roadmap;
- Monitored the status and progress of hospital licensing efforts, ensuring compliance with regulatory requirements, and facilitating ongoing operational excellence;
- Monitored the status of implementation of the Business Continuity Management (BCM) based on the revised Business Continuity Framework;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B | Effective Audit & Risk Management

RISK, SUSTAINABILITY & GOVERNANCE COMMITTEE (continued)

- Approved the implementation of a matrix reporting structure for Risk & Compliance Officers across all KPJ hospitals and subsidiaries, to report to the Group Risk & Compliance; and
- Oversaw the implementation of customisation of CURA system, a Governance, Risk and Compliance system for a better governance, risk and compliance assessment and monitoring.

PRIORITIES IN 2024

- Augment KPJ's risk strategy and appetite in alignment with KPJ's business objectives and strategy;
- Promote and improve the integration of risk thinking and risk culture within KPJ through necessary steps in aligning to KPJ's corporate strategy;
- Integrate efforts with other lines of defense for a better view and focus of risks and seamless reporting and monitoring;
- Oversee the Business Continuity Management (BCM) live simulation – for better preparedness, response, and recovery strategies in real-time scenarios and monitor the Group-wide implementation of the programme;
- Growth and development of risk officers through professional certification and upskilling programme;
- Strengthening of compliance culture and compliance management;
- Enhancement of annual risk and compliance management plan and execution; and
- The Committee, together with the management, to manage ESG risks and opportunities through its strong sustainability governance structure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B | Effective Audit & Risk Management



Chairman:

Prof. Dato' Dr. Azizi bin Haji Omar
Chairman, Central Credentialing Committee

Members:

Chin Keat Chyuan
President and Managing Director

Dato' Mohamad Farid bin Mohd Salim
Chief Operating Officer

Dr Mohd Hafetz Ahmad
Chairman, Group Medical Directors Council

Dato' Dr. Sivamohan a/l S. Namasivayam
Chairman, Professional Development Committee

Dato' Dr. Fadzli Cheah Abdullah
Chairman, Clinical and Research Ethics Committee

Assoc. Prof. Dr. Abd Razak Samsudin
Chairman, Clinical Safety and Risk Management Committee

Prof. Emeritus Dato' Dr Lokman Saim
Chairman, Education and Research Committee

Dr. Noor Hisham Mansor
Chairman, Transformation and Quality Innovation Committee

Dr. Rusli Arshad
Medical Director, KPJ Johor Specialist Hospital

Dr. David Ling
Medical Director, KPJ Kuching Specialist Hospital

Dr. Munirah Khudri
Head, KPJ Group Clinical Services

Dr. Mohamed Ahsan Mohamed Ismail
Head, Medical Affairs

Dr. Aliza Jamaluddin
Head, Clinical Governance

Jayanthy a/p Marimuthu
Group Chief Nursing Officer

Zarihasyum Wan Zein
Head, Pharmacy and Allied Health Services

Dr. Rafiza Mohamed Nazir
Manager, KPJ Group Clinical Services

GMACGC MEETING ATTENDANCE

Details of the attendance of Group Medical Advisory and Clinical Governance Committee (GMACGC) members can be found in the Group Medical Advisory and Clinical Governance Committee Report on pages 167 to 181 of this Integrated Annual Report.

ROLES AND RESPONSIBILITIES

The GMACGC reviews and recommends policies, guidelines, standard operating procedures, and a clinical compliance framework for the approval of the Board to inculcate a safe, healing, ethical environment and promulgate good clinical governance practices that are consistent with the Board's business direction and risk tolerance. The GMACGC ensures that the best clinical governance activities and guidelines are adopted and practiced by the Group in order to strengthen existing systems for quality care, based on clinical standards, evidence-based practice and lessons learnt from past cases. The GMACGC conducts clinical governance based on the framework supported by the seven pillars, which include clinical effectiveness, clinical audit, risk management, education and training, patient involvement, use of information, and staffing and management. The GMACGC is also encouraging innovations, creating new services, establishing centers of excellence, and enhancing patient and community experiences.

ACTIVITIES IN 2023

- Developed new Medical Bylaws with alignment to Private Healthcare Facility and Safety Act (PHFSA);
- Developed new policies and guidelines as well as reviewed and updated all existing policies/guidelines to ensure evidence-based processes are in place. Five (5) guidelines were approved and fourteen (14) policies/guidelines were updated;
- Restructured the clinical governance committee.
- Reviewed the activities for clinical compliance including accreditation standards and clinical survey results of twenty-nine (29) hospitals in seventeen (17) areas;
- Monitored performance and patient outcomes by monitoring the clinical and quality indicators;
- Established Cardiac Rehabilitation Service in KPJ Damansara;
- Implemented the Lean Management principles to streamline processes, reduce waiting times, and provide more efficient and effective rehabilitation experiences to patients while receiving a physiotherapy intervention post Total Knee Replacement (TKR);
- Initiated a collaboration with University Malaya Medical Centre (UMMC) by sending the dietitians for clinical dietetic attachments at the General Paediatric Clinic, Type 1 Diabetes Clinic and wards to enhance dietitians' skills in paediatric nutrition, aligning with the launch of Child Growth Clinic at KPJ Damansara;
- Ensured the involvement of KPJ dietitians in Nutrition-Focused Physical Examination (NPFE) course to improve the patient's clinical outcomes;
- Implemented the electronic medical certificate (E-MC) in three hospitals; KPJ Selangor, KPJ Perdana and KPJ Perlis;
- Standardized and streamlined the Health Information Management System (HIMS) across the KPJ hospitals;
- Installed a Pharma-Loc; a smart locker equipped with electronic lock and integrated with cloud management and reporting which is another initiative for medication delivery besides the delivery via post or medication drive-through at KPJ Ampang Puteri;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B | Effective Audit & Risk Management

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE (continued)

- Organised trainings to upskilling Pharmacy professionals in Antimicrobial Stewardship for KPJ Ampang Puteri at Hospital Sungai Buloh.
- Implemented Code STEMI to fourteen hospitals that perform percutaneous coronary intervention. This is in line to improve the outcome for Door to Balloon time, ECG for AMI_STEMI to be done within 10 mins of A&E admission, Patient-reported experience measures (PREM) and Patient-reported outcome measures (PROM).

PRIORITIES IN 2024

- Publishing the KPJ Medical ByLaw and the KPJ Rules and Regulation.
- Enhancing collaboration between KPJ Healthcare and Mayo Clinic with two of KPJ hospitals; KPJ Damansara Specialist Hospital and KPJ Damansara Specialist Hospital 2.
- Revisiting the Resident Consultant Agreement (RCA)
- Introducing the medical benefit for Resident Consultant who converted into Sessional/Visiting Rights.
- Developing the Centre of Excellence; Oncology Centre, Stroke Centre, Orthopedic Centre, Total Knee Replacement Centre and Fertility Centre.
- Recruiting of top-tier consultants for ensures delivery of high-quality patient care, promotes innovation, and maintains a competitive edge in the dynamic healthcare industry;
- Partnering with Human Resources to enhance KPJ nurses' recruitment and retention efforts;
- Collaborating with the Ministry of Health to organise inaugural Malaysia International Healthcare (MIH) Megatrends 2024;
- Standardizing the Processes and Practices in Pharmacy and Allied Health Services;
- Focusing on Lean Management and Total Patient Experience projects involving selected key service areas (Nursing, Pharmacy, Allied Health, Clinical indicators);
- Enhancing the expansion of the services; Rehabilitation Services, Audiology Services and Dietetic Services;
- Introducing medication safety and Root Cause Analysis (RCA) workshop;
- Introducing external certification for Aseptic Technique for Pharmacy Services;
- Aligning silo practices to Cluster practices.

- Diabetic Management Cluster (2023):
The management of Diabetic patients to be holistic in nature with support from multidisciplinary Consultants and services.
- Hearing Care and Cochlear Transplant (2023).
- Stroke Cluster (2024).
- Joint Management Cluster (2024).
- Digestive Management Cluster (2024).
- Women health (2024)
- Children's Development (2024)

FUNCTION OF SUB-COMMITTEE OF GROUP MEDICAL ADVISORY AND CLINICAL GOVERNANCE COMMITTEE:

COMMITTEES	FUNCTIONS
Medical Directors' Council Committee	<ol style="list-style-type: none"> Work closely with GCGAC to improve clinical governance hospital levels
Transformation and Quality Innovation Committee	<ol style="list-style-type: none"> Drive transformation initiatives in providing care Implement innovations in quality and safety Drive culture change Develop service clusters and Centres of Excellence
Clinical Safety and Risk Management Committee	<ol style="list-style-type: none"> Monitor, analyse and report scientifically safety incidents, safety goals and clinical indicators Develop quality and safety dashboards using SPCC Analyse and report mortality and morbidity incidents and incidence
Professional Development Committee	<ol style="list-style-type: none"> Review and update current clinical policies Develop and introduce professional enhancement for doctors and all healthcare professionals Develop and implement clinical audits
Education and Research Committee	<ol style="list-style-type: none"> Integrate KPJ Healthcare University and Hospitals into a single platform to train and educate healthcare professionals of all levels Enhance research activities in hospitals Elevate major hospitals into academic health centres
Clinical and Research Ethics Committee	<ol style="list-style-type: none"> Monitor ethical issues involving clinical care Provide advice on ethical questions as they arise Review and decide on ethical appropriateness of research proposals
Central Credentialing Committee	<ol style="list-style-type: none"> Act as oversight body to credentialing approvals of hospital credentialing committees

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C | Integrity in Corporate Reporting & Meaningful Relationships with Stakeholders

The Group understands that one of its major responsibilities is to provide sufficient and timely information to its shareholders and investors as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors. As part of the Group's commitment to promote a high level of communication and transparency with the investment community, senior level management personnel are directly involved in the Group's investor relations (IR) function.

The PMD, supported by KPJ senior management team hold discussions with analysts, investors and shareholders from time to time on the Group's result and performance.

The key senior management personnel involved in the IR during the year were:

Chin Keat Chyuan - President & Managing Director

Norhaizam Binti Mohammad - Chief Financial Officer; and

Michael Leddin - Chief Strategy Officer

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

All shareholders have equal access to information. The Group has established formal channels to engage with shareholders and stakeholders as follows:

Integrated Annual Report and Sustainability Report;

Announcements to Bursa Malaysia;

KPJ Healthcare Investor Relations Website and KPJ Investor Presentations

Annual General Meeting;

Quarterly results briefings with analysts and investors;

Face to face engagement at investor conferences, site visits and frequent 1 on 1 & group investor meetings

Annual General Meeting (AGM)

- The 30th AGM was held on a virtual basis on 22 June 2023 in accordance with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers (SC Guidance Note);
- Pursuant to the SC Guidance Note and Section 327(2) of the Companies Act 2016, the Chairman was present at the main venue of the AGM to chair the AGM. The AGM was conducted via the TIH online meeting platform in Malaysia at <https://tiih.online> or <https://tiih.com.my>;
- All shareholders were required to register their attendance at the AGM remotely by using the Remote Participation and Voting (RPV) facilities at <https://tiih.online>;
- The Administrative Guide of the AGM was circulated to the shareholders more than 28 days prior to the AGM together with the Notice of the AGM;
- The business presentation was made by the Officer-In-Charge;
- The Chairman encouraged shareholders to post questions and these were answered during the Q&A session, with the independent moderator from Tricor Business Intelligence & Solutions Sdn Bhd presenting the questions received for the AGM;
- Electronic poll voting was conducted on all resolutions and announcements of the voting results were made instantaneously at the AGM. The outcome of the AGM is released to public via Bursa Malaysia on the same day after the AGM; and
- The minutes of the AGM were uploaded on the Company's website within 30 business days after the 30th AGM at the Company's website.

Communication via Mass Media

- Media interview on corporate developments;
- Press releases on key issues; and
- Social media platforms at the Group and subsidiary levels.

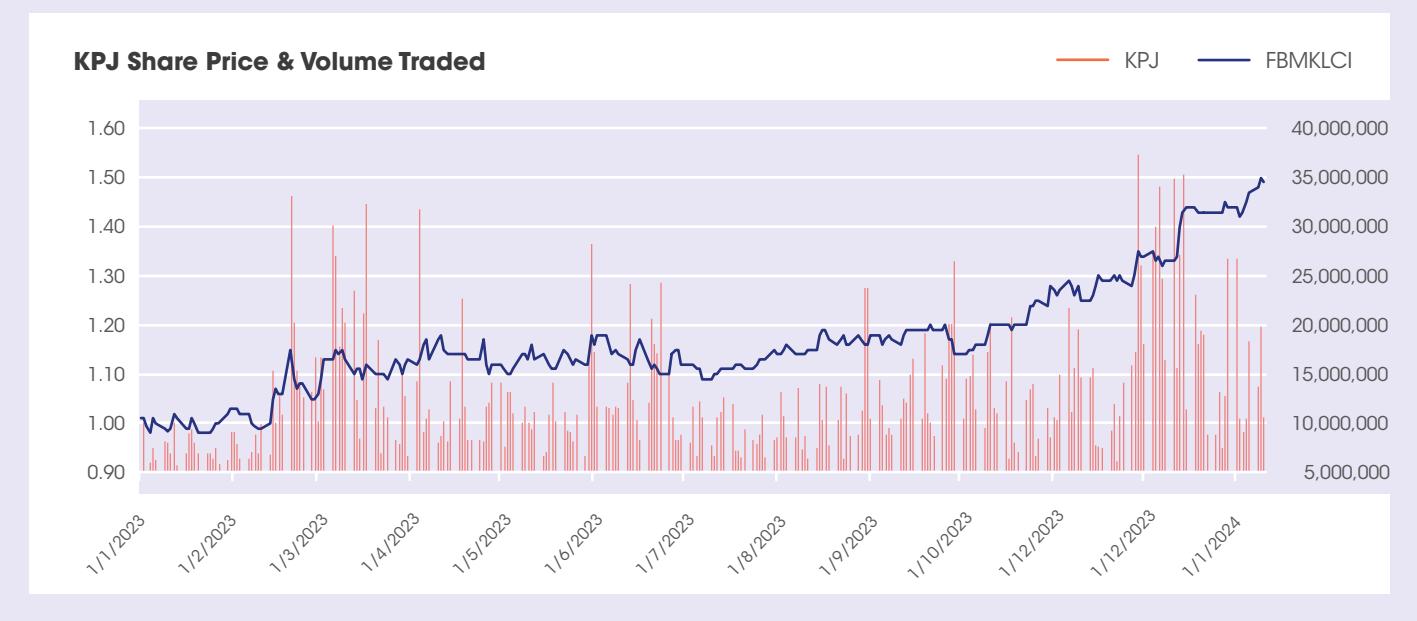
CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C | Integrity in Corporate Reporting & Meaningful Relationships with Stakeholders

KPJ Share Performance



KPJ Share Price & Volume Traded



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C | Integrity in Corporate Reporting & Meaningful Relationships with Stakeholders

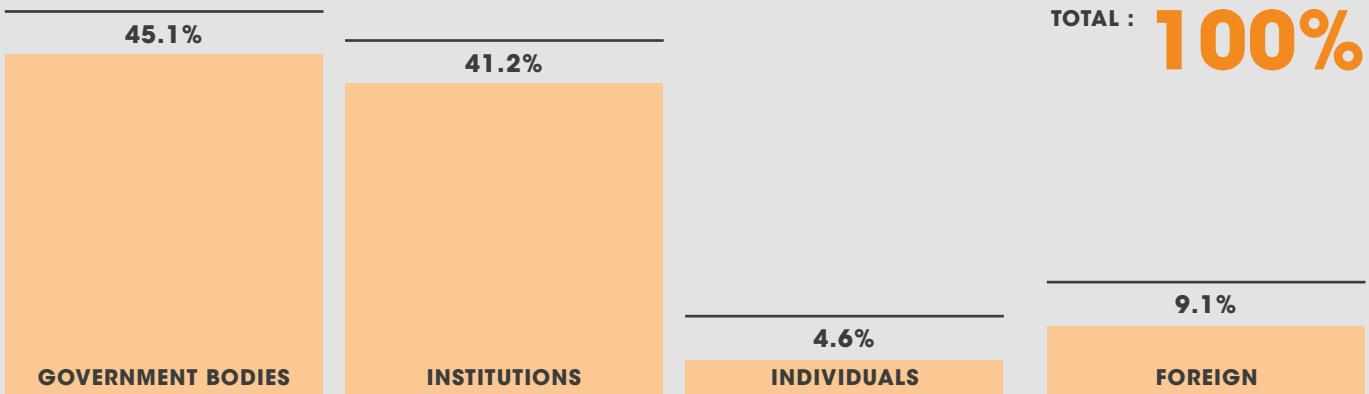
KPJ Quarterly Volume and Trading

	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Total Volume	797,615,464	471,210,179	545,253,338	511,447,708
Daily Average Volume	12,271,007	7,249,387	8,388,513	7,868,426
Closing Price	1.44	1.14	1.12	1.13
	4Q 2023	3Q 2023	2Q 2023	1Q 2023
High	1.45	1.20	1.18	1.15
Low	1.14	1.09	1.10	0.98
Trading	0.31	0.11	0.08	0.17

KPJ Share Price 5 Years

	2023	2022	2021	2020	2019
Market Cap (RM Billion)	6.52	4.55	5.00	4.40	4.20
Closing Price	1.44	1.01	1.11	1.00	0.95
High	1.45	1.15	1.21	1.04	1.10
Low	0.98	0.79	0.92	0.72	0.87
Foreign Shareholding	9.09	0.36	6.81	5.94	6.29

Shareholders Composition as at 31 December 2023



AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

COMPOSITION OF MEMBERS

The Audit Committee ("AC") comprises four (4) members, with one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, who are also members of the Board of KPJ Healthcare Berhad. This satisfies the requirements of Paragraph 15.09 (1)(a) and (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR).

The composition of the AC and the record of their attendance at AC meetings held during the financial year 2023 are as follows:

NAME OF MEMBER	STATUS OF DIRECTORSHIP	NO. OF MEETING ATTENDED
Dato' Mohd Redza Shah Bin Abdul Wahid <i>Chairman</i>	Senior Independent Non-Executive Director	10/10
Khairuddin Bin Jaflus <i>Member</i>	Independent Non-Executive Director	10/10
Hisham Bin Zainal Mokhtar <i>Member</i>	Independent Non-Executive Director	10/10
Rozaini Bin Mohd Sani <i>Member</i>	Non-Independent Non-Executive Director	10/10

The Chairman of the AC, Dato' Mohd Redza Shah Bin Abdul Wahid, is an Associate Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales. This meets the requirement of Paragraph 15.09 (1)(c) of the MMLR which stipulates at least one of the AC members fulfills the financial expertise requisite.

Collectively, the AC members are qualified individuals having the essential skills and expertise to discharge the functions and duties of the AC. The financial literacy and ability of the AC members to understand the financial reporting process have contributed to the AC's discussions as well as upheld the integrity of the Company's financial reporting process and financial statements.

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

Attendance

- AC meetings for 2023 were pre-arranged in December 2022 and communicated to the members early to ensure their time commitment. A minimum of four (4) meetings a year were planned, although additional meetings were called as and when required.
- During the financial year, the quorum for all ten (10) meetings held during the financial year 2023 was fulfilled. The meetings were held on 9 February 2023, 16 February 2023, 23 May 2023, 29 May 2023, 21 June 2023, 25 August 2023, 29 August 2023, 16 November 2023, 26 November 2023 and 8 December 2023 respectively.
- The Company Secretaries act as the AC's Secretary in all AC meetings. The President & Managing Director, Senior Management together with the Head of Internal Audit, and External Auditors normally attend the meetings. Other Directors, Regional Chief Executive Officers of the hospitals and employees of the company and/or Group may attend any particular meeting upon invitation where appropriate.
- Minutes of the AC meetings are circulated to all members and extracts of the decisions made are escalated to relevant process owners for action. The Chairman of the AC provides a summary report and highlights significant points on the decisions and recommendations from the AC meetings to the KPJ Board.

Meetings with External Auditors

- In the year 2023, the External Auditors attended five (5) out of ten (10) meetings which were held on 16 February 2023, 23 May 2023, 25 August 2023, 29 August 2023 and 26 November 2023 respectively.
- Separate private sessions were conducted without Management's presence at two (2) out of five (5) of the AC meetings.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The duties and responsibilities of the AC are outlined in its Terms of Reference (TOR) which is available online in the Corporate Governance section at https://kpj.listedcompany.com/audit_committee.html

FOCUS AND ACTION PLAN

The AC received updates on key governance matters and issues across the Group at each AC meeting. During the financial year, the AC focused on the following areas, among others:

- a) Financial statements compliant with the Malaysia Financial Reporting Standards (MFRS) Framework. Management's adoption and the impact arising from implementation of the new and amended accounting standards such as MFRS 17 Insurance Contract and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.
- b) A review on the effectiveness of the process and adherence to SOP by the Management and staff at all KPJ Group of Companies to ensure an efficient and sound internal control system i.e. adequacy of the central procurement/ tendering process, enhanced credit management process as well as stock management process; and
- c) Recent developments in tax laws and regulations i.e. e-Invoice initiative by the Inland Revenue Board in digitizing tax administration activities.

SUMMARY OF WORK

During the year 2023, the AC carried out the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
Financial Results	<ul style="list-style-type: none"> • Reviewed the quarterly unaudited financial result announcements before recommending the same to the Board for approval; • Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with Malaysian Financial Reporting Standards, applicable disclosure provisions in the MMLR, and other relevant legal and regulatory requirements; and • Reviewed the impact of changes in accounting policies and adoption of new accounting standards together with significant matters highlighted in the financial statements.
Internal Audit	<ul style="list-style-type: none"> • Reviewed and approved the annual audit plan for the year 2024 to ensure adequate resources, competencies as well as comprehensive audit scope and coverage over the significant and high-risk audit activities; • Deliberated on the Internal Audit Reports that were tabled and appraised the adequacy of Management's responsiveness to the audit findings and recommendations; • Evaluated the results of scheduled follow-ups, investigations and special audits performed and confirmed that appropriate actions were taken to correct the weaknesses; • Assessed the status of audit activities as compared to the approved annual audit plan; and • Approved the annual revision of the Internal Audit Charter and recommended to the Board for approval on the annual revision of the AC's TOR.

AUDIT COMMITTEE REPORT

AREA OF FOCUS	MATTERS CONSIDERED
External Audit	<ul style="list-style-type: none"> Reviewed the audit plan, audit strategy and scope of work for the year; Reviewed the results of the interim and annual audit, audit reports, Management Letter together with Management's response to their findings; Assessed the independence and objectivity of the External Auditors during the year. The AC also received from the External Auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work; Deliberated on the developments relating to financial reporting and the regulatory environment; Assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board of Directors; and Met with the External Auditors without the presence of Management on 16 February 2023 and 26 November 2023.
Related Party Transactions	<ul style="list-style-type: none"> Reviewed the related party transactions and recurrent related party transactions entered into by the Group as well as any conflict-of-interest situations that arose within the Group.
Annual Reporting	<ul style="list-style-type: none"> Reviewed and recommended the Audit Committee Report for inclusion in the Integrated Annual Report to ensure compliance with the relevant regulatory reporting requirements, prior to Board approval.
Other Matters	<ul style="list-style-type: none"> Reviewed the write-off for bad debts exercise prior to recommending this to the Board for approval; Deliberated on the progress and status of IT-related strategic issues; Reviewed and deliberated on the subsidiaries' performance; and Deliberated on the status and updates on the credit management of the Group.
Continuous Professional Development	<ul style="list-style-type: none"> For the year under review, the relevant AC members have attended various conferences, seminars and training. Details of all training sessions attended are reported under the Corporate Governance Report, Practice 2.1 published on KPJ's website.

INTERNAL AUDIT SERVICES

- The Groups' in-house Internal Audit Services (IAS) team carries out KPJ's internal audit function in assisting the Board to oversee that Management has in place sound risk management, internal control and governance systems.
- IAS is headed by a Chief Internal Auditor, En. Mohd Firdaus Mohamed Din. He is a Certified Credit Professional (Business), Certified Credit Professional – Islamic (Business), Chartered Member of the Chartered Institute of Islamic Finance Professionals Malaysia, and an associate member of CPA Australia. He holds a Bachelor of Commerce (Accounting) from the Australian National University, Canberra.
- There are a total of 18 internal auditors who performed audits across the KPJ Group including the Group's Overseas Operations. The auditors are segregated into two (2) teams comprising Financial and Operational auditors, as well as IT auditors.
- Various physical and virtual in-house training programmes and external courses were provided to staff members in the areas of auditing skills, technical skills, leadership, data analytic, business acumen, strategic management and personal development to enhance their skills and align them with the desired competency levels.

Roles and Functions

- IAS, as the third line of defence, reviews the effectiveness of the internal control structures over the Group's activities by focusing on high-risk areas that are determined using a risk-based approach.
- All high-risk activities in each auditable area are audited annually in accordance with the approved Audit Plan. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.
- IAS reports functionally to the AC and administratively to the President & Managing Director.

AUDIT COMMITTEE REPORT

Summary of Work by IAS

- The IAS within its terms and reference, undertook the following scope-of-work for the financial year 2023:-
 - i) Reviewed and appraised the adequacy and integrity of the internal financial controls and information system controls to ensure that these provide a reasonable but not absolute assurance that KPJ's assets are properly safeguarded;
 - ii) Collaborated with other internal or external assurance providers, or consulting services to determine the scope-of-work to ensure proper audit coverage and to minimise duplication efforts; i.e., External Auditors, Compliance Services, etc;
 - iii) Ascertained the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations;
 - iv) Appraised the effectiveness of the administrative and financial controls applied and the reliability and integrity of data that is produced within the Group;
 - v) Performed follow-up reviews of outstanding audit findings to ensure that the necessary actions have been taken/are being taken to remedy any significant gaps identified on the governance, risk management and internal control;
 - vi) Carried out special reviews/ investigations requested by the AC and/or Management;
 - vii) Witnessed the tender opening and validated the evaluation process for procurement of goods and services to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner;
 - viii) Prepared and tabled the annual audit plan including its financial budget and required resources to the AC for their review and approval; and
 - ix) Prepared the Audit Committee Report for the Company's Integrated Annual Report for financial year ended 31 December 2023.
- During the financial year ended 31 December 2023, IAS accomplished a total of 85 audits comprising scheduled financial and operational audits as well as IT audits at the hospitals, support companies and headquarters. These audits included special audit reviews and ad hoc assignments. Reviews on compliance with established procedures, guidelines and statutory obligations were also performed.
- The audit reports which provide the results of the audit conducted are submitted to the AC for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the AC to execute its oversight function by reviewing and deliberating on the audit issues, audit recommendations as well as Management's responses to these recommendations.
- Where appropriate and applicable, the AC directs Management to take cognisance of the issues raised and to establish the necessary steps to strengthen the system of internal control based on IAS' recommendations.
- All findings resulting from the audits were reported to the AC, Senior Management and relevant Management of the operating hospitals and support companies. Management of the operating hospitals and support companies were accountable for ensuring proper rectification of the audit findings and for implementing action plans within the timeframe specified.
- Follow-up by IAS on the actions taken is updated in the subsequent audits. In addition, the IAS plays an advisory role in the course of performing its audit activities.

Independence of IAS

- IAS functions independently of the activities or operations of other operating units. IAS' authority, scope and responsibilities are governed by its revised Audit Charter which was approved by the AC on 15 March 2024 in alignment with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).
- All Internal Audit personnel are to sign an Independence Statement as well as a declaration on compliance with the Code of Ethics of the IIA in carrying out their duties.

Quality Assurance and Improvement Programme

- IAS shall maintain a quality assurance and improvement programme to uphold the conformance of internal audit activities with the International Standards for Professional Practice of Internal Auditing (Standards) issued by the IIA.
- The said programme includes the IAS function's self-assessment process and assessment by a qualified independent assessor once in five years.
- The Strategic, Quality and Development (SQD) Unit has begun the implementation of the Audit Management System (AMS). The SQD Unit continues to monitor the auditors' utilisation of the AMS and assists them by providing feedback and relevant training.
- IAS also concentrated its efforts on reviewing the auditors' competencies and professionalism by continuing the Certified Internal Auditor (CIA) programme. All auditors are encouraged to enrol in the CIA training and certification programme which forms part of the auditor's Key Performance Indicators (KPIs).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

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

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as for reviewing its adequacy and effectiveness. The Board has put in place a sound governance structure, risk management framework and internal control system pursuant to Principle B (II) of the Malaysian Code on Corporate Governance 2021 to ensure effective oversight of the Group's controls and risks.

The Audit Committee (AC) reviews the effectiveness of the internal control structure over the Group's activities focusing on high-risk areas which are determined using a risk-based internal audit approach. The Risk, Sustainability, And Governance Committee (RSGC) evaluates and reviews the assessment of identified risks, the effectiveness of the Enterprise Risk Management (ERM) Framework, as well as the process for accessing and managing the Group's principal risks. Issues raised and actions taken by Management to address these issues are deliberated on at the RSGC and AC meetings. The RSGC also provides oversight on the governance and in the overall effectiveness of the Group's sustainability strategies, priorities and targets. It ensures the Group not only complies and align with the Group's commitment towards integrating sustainable practices but also strives for an industry-leading position in sustainability.

MANAGEMENT RESPONSIBILITY

KPJ's Management has overall responsibility for implementing the Board's policies on risks and controls. Management facilitates this by allocating resources towards the design and implementation of policies and procedures on the risk management framework and internal control system so that significant risks faced by the Group can be identified and evaluated. Management also formulates adequate controls to manage these risks, according to the risk appetite set by the Board.

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

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

- The effectiveness and efficiency of operations;
- The reliability of financial reporting; and
- Compliance with applicable laws and regulations.

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

RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

Integrity and Ethical Values

The Group is committed to upholding the utmost standards of ethics and integrity, exemplifying honesty, fairness, transparency, and accountability in all aspects of its business and operations. Performing duties with integrity is a fundamental core value embraced by the KPJ Group.

Our values encapsulate the philosophy of our organisation, serving as guiding principles for all decision-making and actions. We aim to cultivate a patient-centred environment, prioritizing compassionate care, grounded in our inherent commitment to Care for Life throughout every facet of our operations.

Aligned with the implementation of the KPJ Group's Anti-Bribery Management System (ABMS), the newly appointed employees must express their dedication to maintaining elevated levels of integrity and ethical standards. This commitment is affirmed through the Staff Integrity Pledge in the Employee Self-Service Portal and during the refresher training programme conducted by the Integrity Unit and Integrity Ambassadors for existing employees.

KPJ has implemented a comprehensive Whistleblowing Policy that articulates the Group's dedication to upholding the highest standards of governance, ethics, and integrity across all aspects of its business operations. An exclusive whistleblowing channel at integrity@kpjhealth.com.my is accessible for employees and other stakeholders who wish to report any unethical practices or perceived wrongdoings. To foster an environment conducive to effective whistleblowing, this policy ensures the preservation of the whistleblowers' identity, the confidentiality of information, and protection from potential retaliation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

The policy serves as a platform for employees and stakeholders to raise concerns or report any violations or suspected breaches of laws and regulations. The revision from a 3-tier reporting system to the establishment of the Whistleblowing Committee (WBC) in March 2023 reflects our unwavering commitment to continuous improvement in governance and transparency. The Senior Independent Non-Executive Director ("SINED") serves as the Chairman of the WBC, with members comprising Independent Non-Executive Directors ("INED") from the Risk, Sustainability, and Governance Committee.

Since 2011, the Group has also been a signatory to the Malaysian Corporate Integrity Pledge, an initiative introduced by the Malaysian Institute of Integrity (MII) to align with the Government's endeavours in combating corruption and unethical practices.

The Group's No Gifts and Entertainment Policy has been in place since 2014, whilst the Asset Declaration Policy and Conflict of Interest Declaration which applies to all employees have been in effect since 2017 and 2020 respectively. These policies aim to maintain ethical and responsible conduct among all KPJ employees, ensuring the avoidance of conflict of interest scenarios in any existing or potential business engagements between the Group and its diverse suppliers and service providers.

The Group has adopted Integrity Pact implementation guidelines as a tool to prevent corruption in the procurement processes. It comprises a set of declaration processes by KPJ employees, the procurement committees involved in procurement activities as well as Vendors/Suppliers/Agents/Contractors. The Group requires its Vendors/Suppliers/Agents/Contractors to adhere to the laws, rules and regulations in all of their activities. The Group expects the Vendors/ Suppliers/ Agents/ Contractors to abide by the integrity agreement when conducting business with or for the Group.

KPJ's Anti-Bribery Management System (ABMS)

KPJ established the Integrity Unit (IU) in February 2020 as part of its preparation to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Prime Minister's Directive of 2018 (Arahan YAB Perdana Menteri no 1 Tahun 2018). The IU's primary role is to drive and embed integrity as a key factor in governance and ensure all the ABMS policies and procedures are in place.

KPJ obtained ISO 37001:2016 Anti-Bribery Management System (ABMS) certification in October 2020, with a renewed certification for an additional three years in 2023. This certification aids the Group in effectively managing corporate liability risks and

ensures compliance with the provisions of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), which was enforced on June 1, 2020. Subsequently, KPJ's subsidiary companies began implementing these practices under the same Act in January 2021.

The Group upholds good business value ethics by preventing and eliminating all forms of bribery/corruption to achieve the Company's vision and mission to safeguard the interests of its stakeholders.

The ABMS objectives are as follows:

- To inculcate and practice ethical virtues;
- To hinder any possibilities that could lead to unethical or untruthful practices;
- To comply with the Malaysian Anti-Corruption Commission Act 2009, regulations and Anti-Bribery Management System (ISO 37001:2016);
- To take the necessary action against employees and other interested parties contravening the law, regulations, ABMS Policy and other requirements;
- To cooperate with the relevant agencies to combat threats of bribery and fraud;
- To leverage the ABMS Committee and IU to monitor and ensure the ABMS is implemented and to report their findings to the RSGC for continuous improvement;
- To comply with the Policy on Work Ethics and Code of Conduct and practice good values based on moral principles whilst performing our duties as well as making continuous improvements; and
- To provide a channel of reporting as per the Whistleblowing Policy for any forms of bribery/corruption risks.

In addition, Integrity Ambassadors were appointed at all the Group's companies to assist the IU in inculcating and promoting ethical values among the Group's employees and stakeholders.

To foster a culture of zero tolerance for bribery and corruption, the IU and Integrity Ambassadors conducted a continuous series of both physical and online awareness sessions throughout the year 2023. These sessions, along with refresher training on the ABMS and related Standard Operating Procedures (SOPs), included collaborative integrity talks with the Malaysian Anti-Corruption Commission (MACC). The engagement with MACC commenced in 2021, and ongoing interactions are planned for 2024, extending to collaborations with other regulatory bodies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

This initiative aims to provide anti-bribery awareness and refresher training to our workforce, promoting transparency, accountability, and a culture of integrity throughout our value chain.

Quarterly sessions with the Integrity Ambassadors have been arranged to oversee the Groupwide implementation progress of ABMS SOPs. Additionally, an annual process is in place for the development, review, and monitoring of the identification of bribery risks for hospitals and subsidiary companies.

Introduced in 2021, the ABMS Compliance Checklist Reporting serves as a control mechanism to oversee the Groupwide implementation of ABMS SOPs. The IU conducts regular monitoring through on-site validation at hospitals and subsidiaries, ensuring the implementation and maintenance of ABMS Policy and Procedures progress as scheduled. This verification process also assesses the level of compliance to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The existing governance framework, combined with ABMS, is robust, adequate, and effective in addressing bribery and corruption activities.

The Guidance on Good Practice and Checklist for Adequate Procedures, along with the Employers' Handbook (For Small & Medium Enterprises) on Corporate Liability Provision (Section 17A of MACC Act 2009) and the Ministerial Guidelines on Adequate Procedures, has been communicated and distributed to all internal stakeholders. These documents, published by Transparency International Malaysia (TI-M) in February and March 2022, respectively, serve as references and are integrated into the training materials for ABMS awareness and refresher programmes.

The application of the Guidance on Good Practice and Checklist for Adequate Procedures involves benchmarking against the existing Compliance Checklist Reporting. This process aims for continuous improvement in integrity governance.

The administration of KPJ's whistleblowing channels falls under the purview of the Head of IU, with reports submitted to the Whistleblowing Committee (WBC), presided over by the Senior Independent Director. A notable surge in whistleblowing reports signifies heightened awareness of the channel and increased trust among individuals in reporting their concerns. This surge acts as a preventive measure in effectively managing integrity.

CONTROL STRUCTURE

Effective 4 December 2023, the Board has approved a new structure for KPJ, chaired by the President & Managing Director with members as follows:

- Chief Operating Officer, Hospital Operations;
- Chief Financial Officer;
- Chief Strategy Officer;
- Chief Operating Officer, Allied & Retail Health Operations;
- Chief Digital Officer;
- Chief Human Resource Officer;
- Chief Marketing Office
- Head of Group Risk & Compliance
- Head of Integrity
- Head of Internal Audit
- Head of Legal & Advisory;
- Head of Sustainability

The new structure was designed to enhance KPJ operational excellence, fostering increased efficiency and synergy across the entire Group.

1. Streamlining the Operations Structure

The streamlining plan clearly demarcates roles between hospital and non-hospital businesses under the new structure led by the Chief Operating Officer, Hospital Operations, and the Chief Operating Officer, Allied & Retail Health Operations. This aims to achieve operational excellence and alleviate growth across our network of 29 hospitals and diverse non-hospital businesses, including Ambulatory and Wellness, Pharmaceutical, Diagnostic Services, Assisted Living and Confinement Services, Education Services, and Healthcare Support Services.

2. Realignment of Group Strategy Structure

The Group Strategy led by the Chief Strategy Officer will spearhead the Company's strategy and transformation agendas, focusing on fostering alignment across the Group towards shared strategic goals. Key components of the realignment involve the movement of Business Development, Data Analytics, and Transformation functions from Group Commercial, and the Strategic Project - NHIS function from Group Operations. This realignment is essential for success, enabling end-to-end coordination of strategic and transformation management and optimising resources.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

3. Segmentation of Group Marketing & Strategic Communication Structure

In pursuing enhanced specialisation and efficiency, KPJ have segmented Group Marketing and Strategic Communication into two distinct functions. This strategic move is designed to create clear boundaries and demarcation, allowing each division to focus on its core responsibilities and contribute more effectively to our overall objectives.

- **Group Marketing**

This important function led by the Chief Marketing Officer, will spearhead the Company's product and service marketing initiatives, lead the Company's rebranding exercise, strengthen our digital marketing strategy, conduct outreach initiatives, and drive revenue expansion through health tourism. It ensures a focused approach toward implementing revenue generating strategies.

- **Strategic Communication**

This dedicated function led by the Covering Head of Strategic Communications, will orchestrate KPJ's communication strategy and take charge of safeguarding the Company's image, reputation and brand through the execution of targeted and effective public relations, corporate events, and communications campaigns. It plays a pivotal role in elevating the corporate identity and leaving a significant impact on the overall success and image of the Company for its stakeholders and shareholders.

As the largest Malaysia's private hospital network, the regional groupings were organised across five geographically based regions, i.e., Northern & East Coast Region, Central Region I, Central Region II, Southern Region, and East Malaysia Region. The Chief Executive Officer (CEO)/ General Manager (GM) of each hospital reports to the Regional Chief Executive Officer (RCEO). The role of Medical Directors remains to oversee the clinical operations and governance at the hospitals.

At the Corporate level, the Group exercises its governance oversight via the Group Medical Advisory and Clinical Governance Committee (GMACGC) formerly known as Group Medical Advisory Committee (MAC), on clinical matters and the KPJ Group Management Committee (KGMC) on all hospital operations matters and strategic matters.

ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY

The Board has delegated certain responsibilities to Board Committees and Management Committees with clearly defined terms of reference (TOR). The functions and activities carried out by the Board Committees are set out in the Corporate Governance Overview Section on pages 134 to 148.

The Board also assigns authority and responsibility to the President & Managing Director. The KGMC that is chaired by the President & Managing Director who oversees all business operations and executes all strategic initiatives approved by the Board.

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

1. Risk, Sustainability And Governance Committee (RSGC)

The RSGC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The RSGC is entrusted with evaluating and reviewing the assessment of identified risks, the effectiveness of the ERM Framework, as well as the process of assessing and managing the Group's principal risks. In addition, the committee reviews and evaluates the Group-level risk exposures and manages significant identified clinical and non-clinical risks. The committee also oversees the overall effectiveness of the Group's strategies, targets, policies and roadmap pertaining to sustainability recommended by the Group Sustainability Services.

2. Group Medical Advisory and Clinical Governance Committee (GMACGC)

The Group Medical Advisory Committee (MAC) was renamed as the Group Medical Advisory and Clinical Governance Committee (GMACGC) in 2023. While the duties and functions of the Committee remain unchanged, there were changes in the terms of reference for its seven subcommittees.

The GMACGC is the apex clinical committee that is responsible for reviewing the Group's clinical governance practices including policies, guidelines, SOPs and clinical compliance framework for the approval of the Board to inculcate a safe, healing, ethical environment as well as to promulgate good clinical governance practices that are consistent with the Board's business direction and risk tolerance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

The GMACGC is chaired by a Senior Medical Professional who sits on the KPJHB Board of Directors as a non-independent non-executive director. The appointment of the GMACGC Chairman is deliberated at the Nomination & Remuneration Committee and approved by the Board.

In addition to the revamp of the GMACGC, four out of six central clinical governance committees were dissolved, namely:

1. Clinical Governance Policy Committee (CGPC)
2. Clinical Governance Action Committee (CGAC)
3. Clinical Risk Management Committee (CRMC)
4. Research and Quality Innovation Committee (RQIC)

The two clinical committees that were unchanged were renamed i.e. the Clinical and Research Ethics Review Committee (CRERC) was renamed as the Clinical and Research Ethics Committee (CREC) and the Medical Directors' committee was renamed as the Medical Directors' Council.

There were five new Clinical Committees established with effect from January 2023, namely:

1. Clinical Safety and Risk Management Committee (CSRM)
2. Transformation and Quality Innovation Committee (TQIC)
3. Professional Development Committee (PDC)
4. Education and Research Committee (ERC)
5. Central Credentialing Committee (CCC)

3. Tender Committee (TC)

The TC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The TC oversees the timeline and costing of each project undertaken by the Group and addresses any issues relating to these projects. The TC evaluates, deliberates, and approves all major procurement contracts within the authority limits set by the Board, for the amount between RM5.0 million to RM20.0 million.

4. Clinical Safety & Risk Management Committee (CSRM)

The Chairman of the CSRM is a Senior Medical Professional who is appointed jointly by the Management and the GMACGC of KPJ. The newly established CSRM are an amalgamation of the now-defunct Clinical Governance Action Committee and the Clinical Risk Management Committee.

The Clinical Safety and Risk Management Committee is the platform to discuss various clinical issues and to initiate clinical governance activities recommended by the Medical Advisory and Clinical Governance Committee (GMACGC). The activities include the following:

- i. To identify the problems that are hindering implementation of the agreed policies/programmes,
- ii. Training and development of clinical staff to support the clinical governance activities;
- iii. Overseeing the implementation of the Clinical Audit, Mortality review, Clinical Performance Indicators and others;
- iv. To analyse, evaluate and monitor activities, policies and procedures that need to be carried out with regards to ensuring quality in clinical care;
- v. Improve the quality of care received by the patients,
- vi. Ensure the maintenance of a safer environment for patients, employees, and visitors,
- vii. Reduce losses to a minimum, and
- viii. Enable achievement of clinical operational and strategic objectives.

All major clinical risk incidents related to patient and staff safety are presented to the CSRM. Additionally, Statistical Process Control Charts (SPCC) are used to analyse the medication error and patient fall trends.

Medication errors under the category D – F as well as hospitals with high number of incidents are given particular attention. Risk reduction action plans (RRAP) are closely looked into. The Corporate Pharmacist and Head of Pharmacy and Allied Health engage with hospital representatives for root cause analysis discussions in order to identify mitigation plans and improvement activities to prevent recurrence of the medication errors. The mitigation and improvement activities are shared for implementation at other hospitals as well. The Good Catch Initiative involves monitoring near misses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

There have been intensified efforts to improve patient safety in terms of falls prevention. Fall prevention programmes with teaching toolkits for the patient and caregivers, the establishment of interdisciplinary falls prevention team, and exploring technology to reduce falls are some of the risk reduction strategies employed.

All strategic corrective and preventive measures discussed and decided by the CSRMC are escalated to the GMACGC for its notation and endorsement.

5. Tender Evaluation Committee (TEC)

The TEC is a management committee chaired by Chief Operating Officer (COO) together with RCEO and Manager from the corporate office. The TEC is responsible for deliberating procurement evaluation report presented to them and gave recommendation to the MTC & TC for their consideration and approval.

6. Management Tender Committee (MTC)

The MTC is appointed by the Board of Directors of the Group and a management committee chaired by President & Managing Director together with Chief Financial Officer (CFO), Chief Operating Officer (COO), Head of Group Risk and Compliance and Head of Group Legal and Advisory services. This committee is established to oversee the tendering process and monitor the hospital development and expansion projects of the Group, ensuring alignment with good corporate governance practices.

MTC has the authority to approve procurement proposals based on the limit of authority as approved by the Board, for the amount between RM1.0 million to RM5.0 million. Proposal exceeding RM 5.0 million, MTC shall recommend for TC's approval.



The Terms of Reference (TOR) for all the aforementioned committees are available at www.kpihealth.com.my

COMMITMENT TO CONTINUOUS LEARNING

Being in a service-oriented industry, the KPJ Group recognises the importance of continuous investment in improving the skills and competencies of its employees. In 2023, the Group spent RM10 million (2022: RM6.4 million) to implement its employees' training and development plan.

In supporting employee skills and capabilities enhancement, Group Human Resources Management, in collaboration with KPJ Healthcare University (KPJU) teaching professionals as well as external trainers have facilitated and conducted an average of 40 training hours/staff per year in 2023 (target 30 training hours/staff per year). The programmes, which were centred on functional and leadership-related disciplines such as customer service, clinical safety, and leadership, were mostly conducted via online learning (virtual), given the COVID-19 pandemic.

In supporting employees' career advancement, Group Human Resources Management offers educational sponsorship assistance in the following areas:

1. To qualified employees to further their studies in various post-graduate programmes with local and overseas institutions (priority is given to hospital management and clinical disciplines); and
2. To all diploma holder Nurses, representing almost half of the Group's total workforce, to further their studies either for the Degree in Nursing or post-basic courses in Operation Theatre (OT), Intensive Care Unit (ICU), Cardiac Intensive Care Unit (CICU), renal, midwifery, and paediatric nursing at KPJU or at any reputable institutions.

Since the programme's initiation in 2005, a total of 113 staff have benefited from this programme.

RISK MANAGEMENT FRAMEWORK

Enterprise Risk Management

The Enterprise-wide Risk Management or ERM Framework remains an integral part of the Group's governance process in ensuring all inherent and emerging risks are assessed, mitigated and monitored to safeguard the Group's interests.

KPJ Risk Management Guidelines has been updated in October 2023 and issued to all business units. The 2023 KPJ Risk Management Guidelines, in accordance with ISO 31000:2018 and the COSO framework, represent an upgraded iteration of prior guidelines, aligning with industry best practices. The objective of the KPJ Risk Management Guideline is to provide structured and consistent approach to risk management across the Group for informed decision making.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

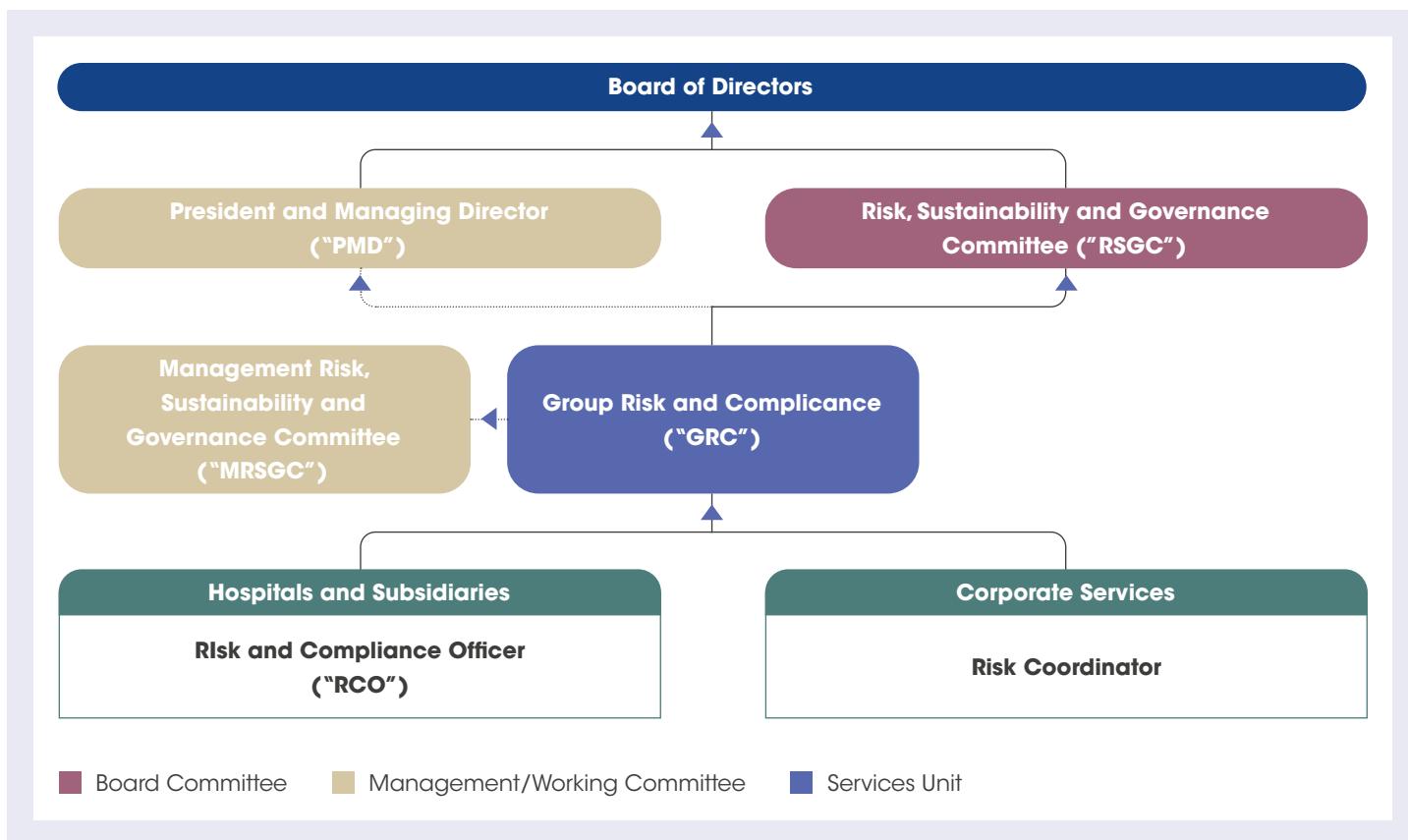
The Group has put in place an ERM Framework for managing risks associated with its business and operations and robust ERM practice have been implemented throughout KPJ to support our organisational business and strategic objectives. Group Risk is structured to provide adequate support to business units and subsidiaries in relation to risk management practices and implementation as well as to guide the priorities and direction of group risk management activities.

A reporting format by risk category has been enhanced in which risks have been categorised and prioritised based on their rating and impact, namely Strategic Risk, Financial Risk, Operational Risk and Compliance Risk. KPJ's RSGC and Management continue to provide oversight and appraise the adequacy and the effectiveness of the ERM practices in view of the increasingly challenging operating environment.

The KPJ Business Continuity Management (BCM) Framework was revised and approved by President & Managing Director on 1 October 2023. The revised framework has been cascaded to all Business Unit and alignment made to all established Business Continuity Plan (BCP). This framework facilitates a structured and scalable approach for designing and executing a Business Continuity Plan (BCP). It also provides a one-stop reference for BCM concepts, expectations and deliverables to be adopted across the Group. The Framework was formulated based on ISO 22301 - Business Continuity Management standard.

As part of its strategy to improve data quality management and streamline risk governance practices and reporting across the companies and subsidiaries, KPJ embarked on a Governance, Risk Management and Compliance (GRC) software for a systematic and structured monitoring and reporting of risks within KPJ. On 1 November 2023, KPJ CURA system has gone live and currently being utilised by KPJ Group.

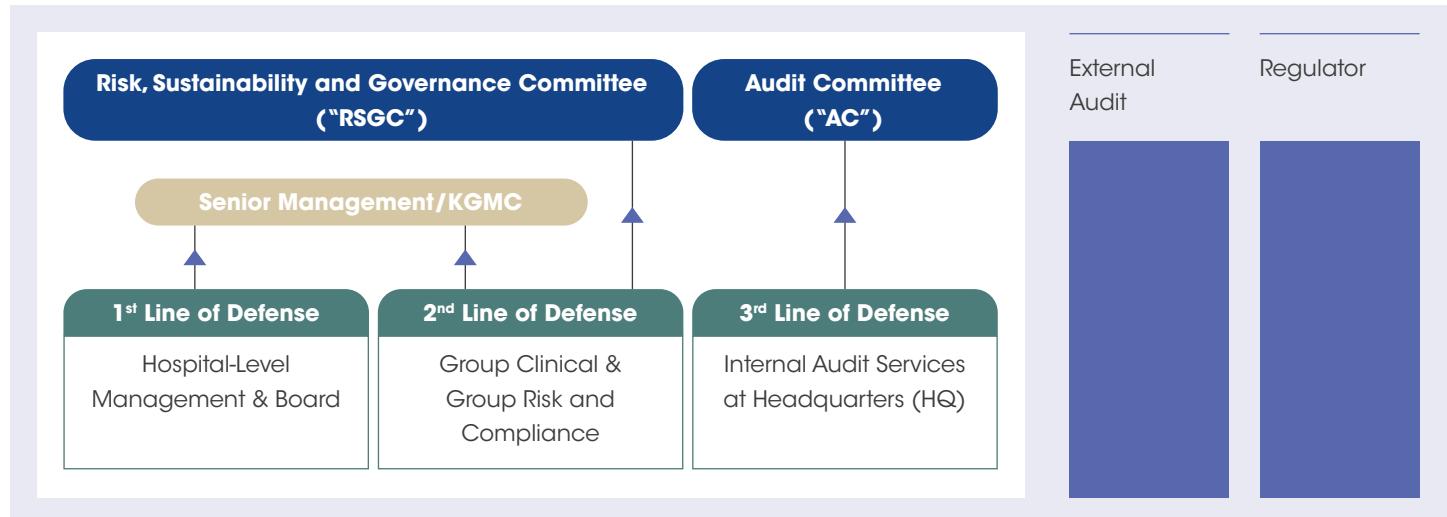
KPJ's ERM Framework for Risk Governance



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

The ERM governance structure adopted by KPJ comprises three levels of defence as follows:



KPJ's ERM structure spans the entire organisation, from the Board, right down to the operational level. Material risks are consolidated from all Business Units to the Group Management, escalated up to the RSGC and finally to the Board. Risk and Compliance Officers have been appointed at all hospitals to co-ordinate and monitor the implementation of risk management activities across all operations. All hospitals and subsidiaries are required to identify and mitigate relevant risks that may affect the achievement of the Group's objectives and report all significant risks arising from operations to Group Risk.

The Group coordinates its risk management activities through a risk reporting and escalation framework called the Incident Reporting and Root Cause Analysis framework. This is to ensure that all risk incidents are documented, investigated and root causes are identified to prevent future recurrence and ensure patient safety is given top priority. Our Incident Reporting and Root Cause Analysis are conducted via the Q-Radar online risk reporting system was rolled-out to all hospitals in June 2017. Today, all hospitals have access to report incidents (clinical and non-clinical) via this online risk reporting system.

As a healthcare service provider, clinical risk forms the biggest risk class that the Group faces. Therefore, the Board has entrusted the CSRM which comprises medical consultants of various disciplines to discuss various clinical issues and to initiate clinical governance activities. The minutes and decisions of this committee are presented to the GMAGC, which is the apex-committee for all clinical matters of the Group.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

CONTROL ACTIVITIES

Policies and Procedures

Policies and procedures are documented accordingly with the objective to ensure that appropriate authority limits are in place, that business activities are carried out according to set standards, and that the necessary actions are taken to address and minimise risks and ensure the orderliness and continuity of business functions.

Segregation of Duties

The delegation of responsibilities by the Board to the Management and Operating Units are clearly defined and authority limits are strictly enforced and reviewed regularly. The Authority Limit was revised and approved by the Board on 20 December 2023. Different authority limits are set for different areas of procurements such as capital expenditure and operational expenditure. Similarly, cheque signatories and authority limits are clearly defined and enforced.

Key Performance Indicators (KPIs)

KPIs with detailed balance scorecards are monitored and tracked to ensure the Group achieves the financial, strategic, operational and customer perspective targets that were set at the beginning of the financial year. The KPIs are cascaded down to all the operating subsidiaries in the Group.

INFORMATION AND COMMUNICATION

Information Communication Technology (ICT)

Within the dynamic area of Information Communication and Technology, KPJ remains steadfast in its commitment to perpetually navigate the ongoing evolution. KPJ remains at the forefront by seamlessly integrating Artificial Intelligence, the Internet of Things, Cloud technology, Robotic Process Automation, and Big Data into its strategic framework. Following KPJ's overarching vision and five-year business objectives, KPJ's Group Technology Services (GTS) is proactively moulding its Technological strategies for the year 2023.

In the pursuit of our goal to become an Integrated Healthcare Provider, seamlessly blending physical and virtual care, strategic initiatives are underway. Firstly, work is underway to upgrade and modernise KPJ's infrastructure to be future-ready whilst fortifying our cybersecurity posture. This is to ensure sustainability of our operations and resilience against evolving threats and cyber-attacks.

Another area of focus is the integration of Artificial Intelligence (AI) and new technologies into KPJ, influencing both clinical practices and improving business operations. This strategic move positions KPJ at the forefront of innovation, enhancing operational efficiency and patient care through state-of-the-art solutions.

In 2023, KPJ implemented an innovative solution known as 5G Holomedicine. This medically certified software platform revolutionizes medical images, clinical workflows, and medical education by transforming them into an AR/VR mixed-reality environment. The platform provides a three-dimensional visualization, allowing doctors and patients to collaboratively view and discuss surgical procedures with enhanced precision.

Additionally, recognizing the pivotal role of patient relations and communication, KPJ has ventured into the development of a Mobile App with future enhancements in phases. This initiative aims to elevate the patient experience by providing a user-friendly interface for streamlined communication, appointment management, and access to relevant healthcare information.

KPJ is currently undertaking a re-tendering process for its Hospital Information System (HIS), seeking the most efficient and cutting-edge solution to replace the existing system. This strategic initiative is of paramount importance as it ensures the future-proofing of hospital efficiency, aligning with our commitment to providing patients with an exceptional customer experience. The selection of an advanced HIS will not only streamline internal processes but also contribute significantly to enhancing the overall quality and effectiveness of healthcare services across the KPJ network.

These strategic advancements underscore KPJ's commitment to staying at the forefront of technological innovation, ensuring that our technology infrastructure aligns seamlessly with our vision for the future.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

Communication and Information Sharing

The Group fosters a culture of effective communication and information dissemination among its hospitals and key subsidiaries by orchestrating functional group meetings and conferences. These gatherings serve the purpose of sharing and reinforcing vital business strategies, evaluating performance, addressing current issues, communicating new policies and procedures, and fostering transparency throughout the organisation.

These meetings, occurring on a monthly, quarterly, or annual basis, bring together diverse functional groups such as hospital management, chief nursing officers, finance managers, pharmacists, and risk officers.

On February 22, 2023, the group convened a town hall meeting where management provided updates on company progress, reported on financial and operational performance, and outlined business targets for the upcoming financial year.

Subsequently, on September 6, 2023, following the appointment of a new lineup in the KPJ Senior Management team, including the President & Managing Director (PMD), Chief Strategy Officer (CSO), and Chief Human Resource Officer (CHRO), a special session was organised to introduce them to all employees. This event coincided with the National Day Celebration 2023.

In line with our commitment to building a robust community of employees, the group has transitioned from Google to Microsoft Office, adopting the latest version of communication channels for all KPJ employees. This transition includes migrating KPJ Buzz from Google Site to Microsoft SharePoint Online, facilitating enhanced connectivity. This shift aims to improve communication, build a stronger network, and provide more opportunities and updates for our employees.

Insurance Coverage

The Group is working closely with the insurance broker to ensure optimum coverage with competitive premium rates to protect its major assets against any mishaps that could result in material loss.

The coverage is reviewed yearly taking into account the changes in risk profiles (acquisitions and claims, among other things). All the staff in Group are covered by the Group Personal Accident Policy for injuries resulting from incidents or accidents.

All directors, medical officers and professionals of the KPJ Group have been covered by the Liability Insurance (Medical Malpractice Policy and Directors and Officers Policy) in respect of their potential exposure to any personal liability which may arise in the course of performing their duties.

Cyber Liability Insurance is in place to protect KPJ Group from the financial and reputational risks associated with cyberattacks.

Directors, Senior Management and Staff of KPJ Group are also covered by the Business Travel Protector Insurance for all their business travels.

CONTINUOUS MONITORING AND ASSURANCE

Ongoing Monitoring

Consequent to the risk assessment process, all risks identified are registered and monitored. Registered risks are reviewed by their respective risk owners with quarterly reporting to Group Risk. Risk updates are consolidated and analysed for monitoring and reporting to the RSGC on a quarterly basis.

The effectiveness of the ERM Framework in relation to clinical domains is provided primarily by Clinical Services through onsite reviews. In the 2023 Annual Clinical Survey, a total of 29 hospitals were surveyed in 17 service areas by the clinical team assisted by nurses, pharmacists, dieticians, physiotherapists and HIMS staff.

The assurance activities of the Group are primarily undertaken by the Level 3 line of defence function. The effectiveness of internal control systems implemented throughout the Group is assessed primarily by Internal Audit Services through the conduct of regular audits on KPJ's hospitals and key subsidiaries. Reports generated by Level 2 and Level 3 lines of defence are presented to the CSRMC, RSGC and AC respectively for deliberation.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (SORMIC)

(PURSUANT TO PARAGRAPH 15.26 (B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS)

Independent Evaluation

Currently, 19 hospitals in the Group have received their accreditation certifications from the Malaysian Society for Quality in Health (MSQH), with the addition of KPJ Perlis Specialist which have been accredited in 2023. Four (4) hospitals, namely KPJ Johor Specialist, KPJ Seremban Specialist, KPJ Ampang Puteri Specialist and KPJ Penang Specialist, have also been certified by the Joint Commission International (JCI) with the internationally-recognised "JCI Accreditation". It is the Group's aspiration that all hospitals in its network receive this accreditation upon reaching operational maturity.

All hospitals certified with MSQH and JCI accreditations have to undergo stringent surveillance surveys by the respective surveyors to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed. This is usually done every three (3) years for JCI accreditation and every four (4) years for MSQH accreditation. The accreditation programme plays a vital role in supporting KPJ by ensuring our ongoing adherence to healthcare regulations and staying abreast of industry standards.

Review of this Statement by the External Auditors

This Statement on Risk Management and Internal Control has been reviewed by the External Auditors as required by Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the inclusion in the Annual Report for the year ended 31 December 2022. The limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3 (Revised November 2022), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control of the Group.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal controls systems of the Group.

ASSURANCE

The Board has received assurance from the President & Managing Director and Chief Financial Officer, that the Group's risk management framework and internal control system are operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report, based on the risk management and internal control system adopted by the Group.

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

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

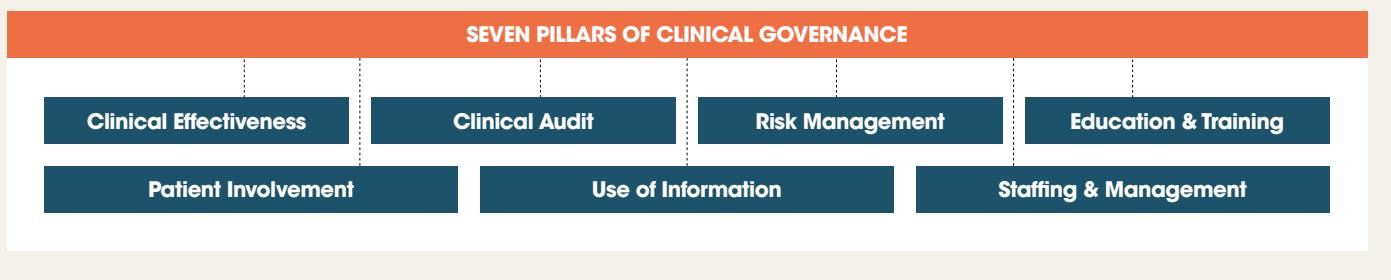
GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

Clinical governance is an integral component of corporate governance within a health service organisation. It ensures that all those responsible – from frontline clinicians to managers and members of governing bodies, such as boards – are accountable to patients and the community for the delivery of health services that are safe, effective, integrated, of a high quality and are continuously being improved upon.

In short, it is about **the right person** (be it an appropriately trained and resourced individual or team), **doing the right thing, at the right time** via the application of the best evidence to a patient's problem, in the way the patient wishes. The individual or team must also work within an organisation that is accountable for the actions of its staff, values its staff (appraises and develops them), minimises risks, and learns from good practice as well as any mistakes made.

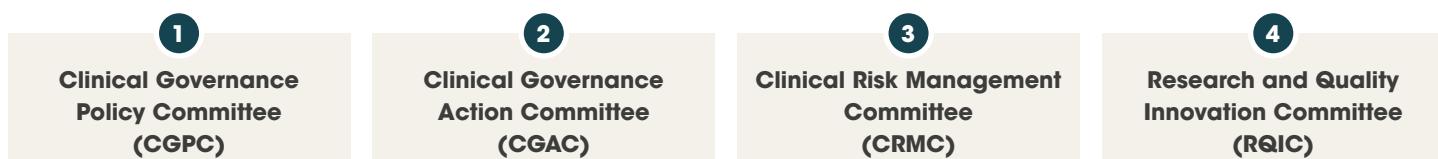
Here at KPJ, we bring our clinical governance framework, namely our **Seven Pillars of Clinical Governance** (Figure 1) into play to ensure our hospitals are accountable for continually improving the quality of their services and according to patients high standards of care by creating an environment in which excellence in clinical care will flourish. KPJ's framework embodies three key attributes: recognisable high standards of care, responsibility and accountability for those standards in a transparent manner, and constant, dynamic improvement.

Figure 1: The Seven Pillars of Clinical Governance



While KPJ's Board of Directors has overall oversight for Clinical Governance, at the Group level this is the responsibility of the Group Medical Advisory and Clinical Governance Committee (GMACGC). The GMACGC was formerly known as the Group Medical Advisory Committee. The GMACGC together with the central Clinical Governance Committees are responsible for developing the policies and guidelines to improve safety, outcomes, and the monitoring of clinical governance activities at our hospitals (Figure 2).

In the first quarter of 2023, there was a revamp of the central clinical governance committees, which resulted in the establishment of five new committees, with its corresponding framework and terms of reference, new chairpersons and members. These following four out of six central Clinical Committees were dissolved:



The two clinical committees that were unchanged were renamed i.e. the Clinical and Research Ethics Review Committee (CRERC) was renamed as the Clinical and Research Ethics Committee (CREC), and the Medical Directors' committee was renamed as the Medical Directors' Council (MDC).

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

The five new Clinical Committees with effect from January 2023, are as follows:



Thus, a total of seven subcommittees are under the purview of the current GMACGC.

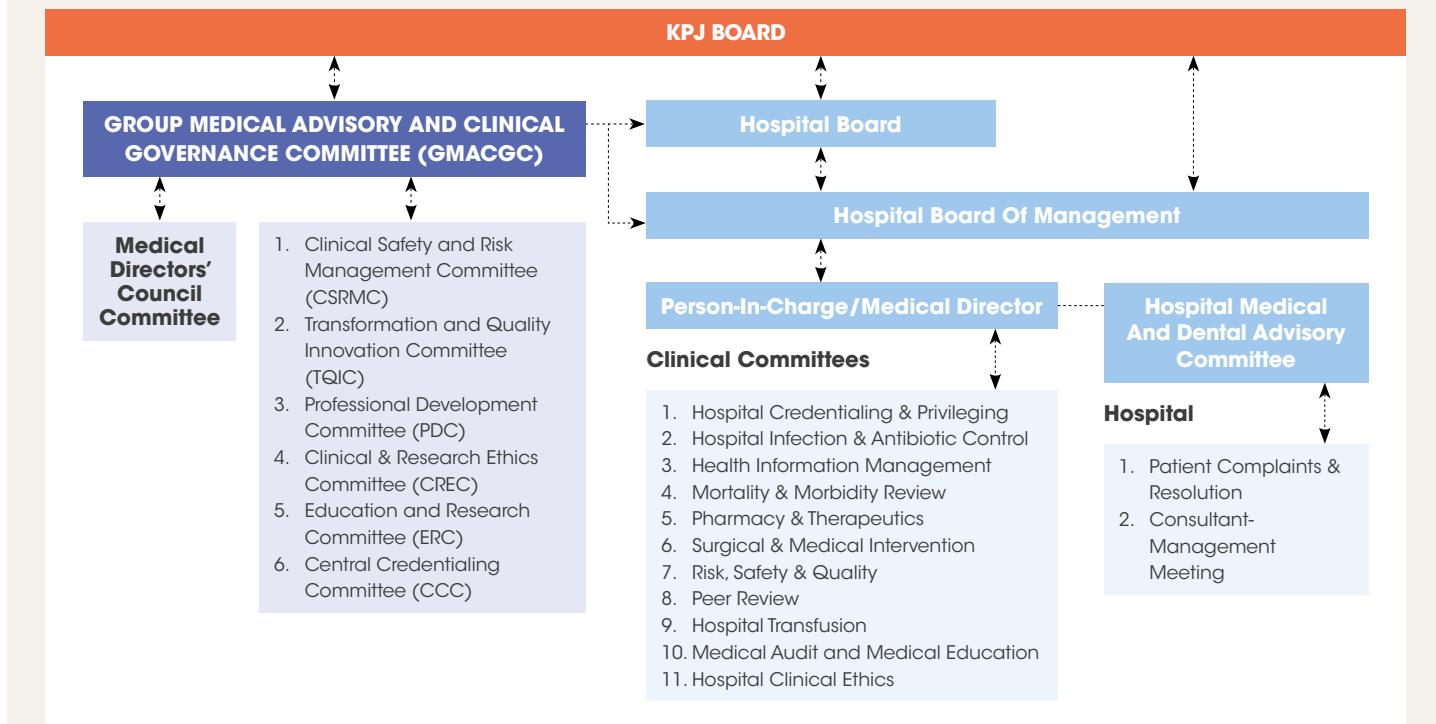
All our hospitals conduct Hospital Clinical Committee meetings as stipulated in the KPJ Medical Professional By-laws. The reports from the Hospital Clinical Committee meetings are compiled and discussed during various hospital meetings and presented to the Hospital Board of Management.

In 2023, the Terms of References for the Hospitals' Clinical Committees were drawn up. In addition to that, the Credentialing & Privileging, Education and Audit Committee was dissolved; two other committees underwent a name change i.e. Risk, Quality & Safety Committee was renamed Risk, Safety & Quality Committee, while the Ad-hoc Peer Review Committee was renamed the Peer Review Committee, and the Hospital Clinical Ethics committee was retained.

Three new Hospital Clinical Committees were introduced, as follows:



Figure 2: Management of Clinical Governance - Clinical Governance Committees



GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

ACTIVITIES OF THE GROUP MEDICAL ADVISORY AND CLINICAL GOVERNANCE COMMITTEE AND ITS CENTRAL GOVERNANCE COMMITTEES IN 2023

Development and Review of Policies and Guidelines

The clinical governance committees are tasked with developing new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence-based processes are in place.

In 2023, there were five new guidelines introduced while fourteen policies/guidelines were updated.

New Policies and/or Guidelines in 2023	Updated Policies/Guidelines in 2023
<ol style="list-style-type: none"> 1. Guideline for Privileging of Medical Practitioners and Healthcare Professionals 2. Guideline on Medication Orders Via WhatsApp 3. Guideline on Sharing of Medical Images via Email 4. Guideline for Managing Psychiatry Patients 5. Guideline on Management of Intrauterine Insemination (IUI) 	<ol style="list-style-type: none"> 1. Medical Professional By-Laws Part 1 and Part 2 2. Central Credentialing Committee 3. Guideline on Disposal of Inactive Medical Records 4. Cardiac Protocol for Patients Going for Angiogram / Angioplasty 5. Guideline on Management of IV Radiocontrast 6. Guideline on Self-prescribing Narcotics/Sedatives 7. Terms of Reference of Hospital Transfusion Committee 8. Terms of Reference of Hospital Clinical Governance Committees 9. Terms of Reference for Head of Specialist Department 10. Guideline on Assessing Fitness for Practice of Doctors After the Age of Retirement (AFPDAR) 11. My Professional Practice Development (MyPPD) 12. Guideline on Management of Medico-Legal Records 13. Guideline on Management of Medical Reports by a Doctor Who Is No Longer Practicing in the Hospital 14. Guideline on Communication of Patient Data and Information.

In 2023, four papers were approved by the GMACGC as shown below:

1 Transformation of Patient Experience and Patient Outcome – Transformation of Processes Through Lean Management	2 Enhancing KPJ Dietitians Skills on Nutrition Focused Physical Examination (NFPE) through Micro-credential Course	3 Sustainable Management of Plastic Waste from Hospital	4 Diabetic Management Cluster (to be initiated at KPJ Damansara Specialist Hospital)
---	---	--	---

Strengthening Clinical Governance

Meetings with doctors encourage them to be more involved in clinical governance activities and motivate them to expand their reporting on clinical outcomes. During these meetings, suggestions for new products or services as well as the difficulty in executing certain policies or guidelines are also discussed.

- Medical Directors' Council Committee Meetings**

Three meetings were held in 2023. The meetings were held on 27th January 2023, 27th June 2023 and 25th October 2023.

- Specialty Meetings**

One specialty meeting was held in 2023 (Group Emergency Physician meeting on 23rd June 2023).

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

Ensuring Clinical Compliance

In this day and age, many people are concerned about whether their healthcare needs are being met by hospitals in the best manner possible. Accreditation is the process by which our compliance to legislation and regulatory requirements, service delivery and quality assurance are assessed against recognised reference standards.

Here at KPJ, the Malaysian Society for Quality in Health (MSQH) and Joint Commission International (JCI) standards are used to benchmark our services, thereby reassuring our patients of the outstanding care provided by our doctors, nurses, and clinical support teams.

- Accreditation by the Malaysian Society for Quality in Health (MSQH)**

A total of three KPJ hospitals underwent MSQH recertification in the year 2023 (KPJ Seremban Specialist Hospital, KPJ Johor Specialist Hospital, and KPJ Pasir Gudang Specialist Hospital).

- Accreditation by the Joint Commission International (JCI)**

In 2023, KPJ Penang Specialist Hospital and KPJ Johor Specialist Hospital underwent JCI recertification successfully.

- Annual Clinical Survey 2023**

This survey evaluates the Group's compliance with standards/guidelines from the Ministry of Health, MSQH and JCI, Malaysian Medical Council (MMC) and KPJ Governing Policies. This is a cross-hospital internal survey conducted by KPJ Clinical Services as well as hospital nursing, pharmacy, allied health and HIMS managers.

In 2023, a total of 29 KPJ hospitals went for the clinical survey and there was a total of 17 service standards surveyed.

Table 1: Clinical Survey 2023 - Service Areas Surveyed

SERVICE AREAS SURVEYED	
1	Prevention and Control of Infection (PCI)
2	Haemodialysis Services (HD)
3	Central Sterilising Supply Services (CSSS)
4	Accident and Emergency Services (A&E)
5	Endoscopy Services
6	Intensive Care / Neonatal / Cardiac Intensive Care Services (ICU/NICU/CICU)
7	Labour Room / Maternity Services
8	Hospital Wide
9	General Ward Services
10	Operation Theatre Services (OT)
11	Pharmacy Services
12	Food and Dietetics Services
13	Physiotherapy Services
14	Medical Records (Case Notes)
15	Paediatric Services
16	A medication survey in the ward is done by the pharmacy
17	Diagnostic Imaging Services

Average Percentage = 93.89%

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

PERFORMANCE AND PATIENT OUTCOMES

The measurement of the outcomes of disease course and progression, the quality of clinical care being provided, the success of the procedure/interventions carried out, and the actual benefit perceived by patients can be used to strongly showcase patients' progress and the success of treatments. The continuous monitoring of outcomes also provides an opportunity to both assess and improve the quality of patients' health and care.

Performance Outcomes

The following performance indicators were monitored in the year 2023:

- | | | |
|--|--|--|
| 1. Rate of white appendix | 11. Rate of maternal mortality | 19. The occurrence of adverse events during the recovery period from the operation theatre |
| 2. Mortality rate for a Glasgow Coma Scale of more than nine (GCS >9) coming in with a head injury | 12. Rate of vaginal tear (grade 3 and 4) for normal (including instrumental delivery) deliveries | 20. Unplanned admission to the ICU from the OT |
| 3. Rate of lower segment caesarean section (LSCS) | 13. Percentage of death for cases related to catheterization laboratory (Cath Lab) procedure | 21. Number of returns to ICU within 24 hours of ICU discharge |
| 4. Percentage of complications related to LSCS; bladder injury | 14. Percentage of myocardial infarction for cases related to Cath Lab procedure | 22. Post-operative cataract surgery cases with a best corrected visual acuity (BCVA) of 6/12 or better three months after surgery (OR at the last visit if less than three months post-op) |
| 5. Percentage of complications related to LSCS; ureteric Injury | 15. Percentage of stroke for cases related to Cath Lab procedure | 23. Percentage of ischaemic stroke patients receiving thrombolytic treatment within 4.5 hours of symptoms upon arrival at A&E |
| 6. Percentage of complications related to LSCS; uterine atony with hysterectomy | 16. Percentage of vascular complications related to Cath Lab procedure | 24. Dengue fever fatality rate |
| 7. Percentage of complications related to LSCS; uterine atony without hysterectomy | 17. Percentage of myocardial infarction patients receiving thrombolytic therapy within 30 minutes of their presentation at A&E | 25. Rate of laparoscopic cholecystectomy discharged more than 48 hours |
| 8. Percentage of complications related to LSCS; severe haemorrhage | 18. Percentage of myocardial infarction patients receiving primary percutaneous coronary intervention (PCI) treatment within 90 minutes of presentation at A&E | 26. Rate of laparoscopic cholecystectomy deaths |
| 9. Percentage of complications related to LSCS; foetal injury | | |
| 10. Percentage of complications related to LSCS; bowel injury | | |

- **Clinical Indicators**

In 2023, the clinical indicators monitored were similar as above.

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

ADDITIONAL DETAILS ON KPJ'S GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE (GMACGC) & CLINICAL GOVERNANCE COMMITTEES

The Group Medical Advisory Committee (MAC) was formed in 2002 to initiate as well as to oversee clinical governance activities undertaken by the Group. To meet the new demand for service excellence in healthcare and to turn KPJ into a high reliability, resilient and learning organisation, and to be a driver of improvement initiatives and transformation, the committee was renamed as the Group Medical Advisory and Clinical Governance Committee (GMACGC) in 2023.

The GMACGC met four (4) times in 2023.

No.	Group Medical Advisory and Clinical Governance Committee	Position in Committee	Attendance for the Year 2023			
			02.02.2023	08.05.2023	31.07.2023	30.10.2023
1	YBhg. Prof. Dato' Dr. Azizi Haji Omar	Chairman	√	√	√	√
2	Dr. Mohd Hafetz Ahmad	Member	√	√	√	√
3	YBhg. Dato' Dr. Sivamohan Namasivayam	Member	√	√	√	√
4	YBhg. Dato' Dr. Fadzli Cheah Abdullah	Member	√	√	√	√
5	Assoc. Prof. Dr. Ab. Razak Samsudin	Member	√	√	√	√
6	YBhg. Prof. Emeritus Dato' Dr. Lokman Saim	Member	√	X	√	X
7	Dr. Noor Hisham Mansor	Member	√	√	√	√
8	Dr. Rusli Arshad	Member	√	√	√	√
9	Dr. David Sylvester Ling Sheng Tee	Member	√	√	√	√

The GMACGC encompasses various sub-committees that carry out a variety of roles. The details of these sub-committees are as follows:

1) CLINICAL SAFETY & RISK MANAGEMENT COMMITTEE (CSRMC)

The Clinical Safety and Risk Management Committee at the Group level was formed to discuss various clinical issues and to initiate clinical governance activities recommended by the Group Medical Advisory and Clinical Governance Committee (GMACGC):

- i. To identify the problems that are hindering implementation of the agreed policies/programmes;
- ii. Training and development of clinical staff to support the clinical governance activities;
- iii. Overseeing the implementation of the Clinical Audit, Mortality review, Clinical performance Indicators and others;
- iv. To analyse, evaluate and monitor activities, policies and procedures that need to be carried out with regards to ensuring quality in clinical care;
- v. Improve the quality of care received by the patients;
- vi. Ensure the maintenance of a safer environment for patients, employees and visitors;
- vii. Reduce losses to a minimum, and
- viii. Enable achievement of clinical operational and strategic objectives.

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

The CSRMC met four (4) times in 2023.

No.	Clinical Safety and Risk Management Committee	Position in Committee	Attendance for the Year 2023			
			19.01.2023	19.04.2023	20.07.2023	16.10.2023
1	Assoc. Prof. Dr. Ab. Razak Samsudin	Chairman	✓	✓	✓	✓
2	Prof. Dato' Dr. Zulkifli Ismail	Member	✓	✓	✓	X
3	Dr. Onn Akbar Ali	Member	✓	✓	X	✓
4	Dr. Mahadhir Alhadly Sulaiman	Member	✓	✓	✓	✓
5	Dr. Hari Ram Ramayya	Member	X	X	X	✓
6	Dr. Hue Teck Lee	Member	✓	✓	X	✓
7	Dr. Mohd Ali Salleh	Member	X	✓	✓	✓
8	Dr. Muhammad Nazri Aziz	Member	✓	X	✓	✓
9	Dr. Abraham Mathew George	Member	✓	✓	✓	✓
10	Dr. Nur Abd Karim	Member	X	✓	✓	X
11	Dr. Jamal Azmi Mohamad	Member	✓	✓	✓	X

2) TRANSFORMATION AND QUALITY INNOVATION COMMITTEE (TQIC)

The Transformation and Quality Innovation Committee was formed to discuss more on care transformation providing innovations in the delivery of the triple aim encompassing the cost-effective evidence-based care, excellent patient experience and improved health of the community. Transformation is an active process that requires drive, guidance and support from the Group Medical Advisory and Clinical Governance Committee.

The TQIC met four (4) times in 2023.

No.	Transformation and Quality Innovation Committee	Position in Committee	Attendance for the Year 2023			
			26.01.2023	13.04.2023	17.07.2023	17.10.2023
1	Dr. Noor Hisham Mansor	Chairman	✓	✓	✓	✓
2	YBhg. Dato' Dr. Kamaruzaman Ali	Member	✓	✓	✓	✓
3	Assoc. Prof. Dr. Mohamad Ismail Ali	Member	✓	✓	✓	✓
4	Dr. Luis Chen Shian Liang	Member	X	✓	✓	✓
5	Dr. Norazlina Bachik Ng	Member	✓	X	✓	✓
6	Dr. Cheong Chee Yen	Member	✓	✓	✓	✓
7	Dr. Saharudin Abdul Jalal Ajmal'in	Member	X	✓	✓	✓
8	Dr. Zarin Ikmal Zan Mohd Zain	Member	✓	✓	✓	✓

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

3) PROFESSIONAL DEVELOPMENT COMMITTEE (PDC)

The Professional Development Committee (PDC) was formed to assist the Group Medical Advisory and Clinical Governance Committee (GMACGC) to establish policies and guidelines related to good clinical practice to maintain and strengthen the framework/structure of clinical governance for the KPJ Group of Hospitals.

The PDC met four (4) times in 2023.

No.	Professional Development Committee	Position in Committee	Attendance for the Year 2023			
			30.01.2023	13.04.2023	13.07.2023	24.10.2023
1	YBhg. Dato' Dr. Sivamohan Namasivayam	Chairman	√	√	√	√
2	YBhg. Datuk Dr. Mohammad Iqbal Mohammad Sarwar	Member	X	X	X	X
3	YBhg. Brig. Gen. Dato' Dr. Suhami Che Mat	Member	X	√	√	√
4	Dr. Rozman Md Idrus	Member	√	√	√	√
5	Dr. Yap Yoke Yeow	Member	√	√	√	X
6	Dr. Mohd Namazie Ibrahim	Member	√	X	√	√
7	Dr. Siow Lee Roy	Member	√	X	√	√
8	Dr. Naveen Rajadurai	Member	√	√	√	√
9	Dr. Usha Devi A/P Arunasalam	Member	X	√	√	√

4) CLINICAL AND RESEARCH ETHICS COMMITTEE (CREC)

The concept of medical ethics has been present since the beginning of the practice of medicine. The principles of beneficence, non-maleficence, justice and autonomy have been ingrained in every practitioner. Clinical Ethics is a development from the traditional medical ethics. They refer in general to the activity or the discipline of identifying, analysing and resolving ethical issues arising from the patient care. Whereas Research Ethics review oversees the researcher to ensure adherence to ethical principles and protects the dignity rights and welfare of research participants.

The CREC met twice in 2023.

No.	Clinical and Research Ethics Committee	Position in Committee	Attendance for the Year 2023			
			25.01.2023	Q2	17.07.2023	Q4
1	YBhg. Dato' Dr. Fadzli Cheah Abdullah	Chairman	√	No Meeting	√	No Meeting
2	YBhg. Dato' Dr. Khaled Mat Hassan	Member	X		√	
3	Dr. Gunasegaran P.T Rajan	Member	X		√	
4	Assoc. Prof. (C) Dr. Tengku Saifudin Tengku Ismail	Member	X		X	
5	Dr. Mohd Nikman Ahmad	Member	√		√	
6	Dr. Hishamudin Masdar	Member	√		X	
7	Dr. Shamsuddin Abd Aziz	Member	X		√	
8	Dr. David Manickam	Member	X		X	
9	Dr. Azura Deniel	Member	X		X	

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

5) EDUCATION AND RESEARCH COMMITTEE (ERC)

The ER Committee's responsibility is to facilitate scientific research and quality improvement innovations undertaken by all levels of healthcare professionals and staff that may positively impact patient care, safety and quality, service delivery, customer experience, the work environment, professionalism and culture.

The ERC met three times in 2023.

No.	Education and Research Committee	Position in Committee	Attendance for the Year 2023			
			14.03.2023	22.06.2023	Q3	15.12.2023
1	Prof. Emeritus Dato' Dr Lokman Saim	Chairman	√	√	No Meeting	√
2	Prof. Dr. Wan Hazmy Che Hon	Member	√	√		√
3	Prof. Dr. Primuharsa Putra Sabir Husin Athar	Member	√	X		√
4	Assoc. Prof. Dr. Syah Irwan Shamsul Bahari	Member	√	X		√
5	Assoc. Prof. Dr. Norhayati Mohd Zain	Member	√	√		X
6	Dr. Aminuddin Saim	Member	√	√		√
7	Dr. Mohd Shazli Draman @ Yusof	Member	√	X		X

6) CENTRAL CREDENTIALING COMMITTEE

The Central Credentialing Committee (CCC) was formed to oversee the credentialing of new consultants who wish to join the KPJ Group of Hospitals. The credentialing process ensures that the clinicians meet the minimum credentialing requirements prior to being appointed in the hospital. The proceedings of the CCC meeting may be done via circulation of papers (by email or otherwise) or convening a meeting whichever is convenient; to review the Curriculum Vitae of the Consultants that was received.

CLINICAL GOVERNANCE ACTIVITIES IN 2023

The following is a summary of the clinical governance activities for 2023:

Nursing services Activities for the year 2023

1. Peripheral Intravenous Cannulation (PIVC)

PIVC is a frequent invasive procedure performed on a vast majority of patients who require medical attention. In fact, approximately 90% of hospitalized patients undergo IV infusion therapy, which is an integral component of their treatment regimen. Given the prevalence of PIVC and the critical role it plays in patient care, healthcare providers and clinicians must stay informed about the latest techniques and best practices to ensure the safety and efficacy of this procedure. KPJ Healthcare Group Nursing has recently launched a specialized programme known as Vascular Access Management (VAM). This programme offers a uniquely integrated approach to vascular access care that combines clinical practice assessments, a comprehensive portfolio of products, and expert clinical training and education. The aim of VAM is to achieve better outcomes for patients by ensuring that all aspects of vascular access care work together seamlessly. By optimizing clinical practices, providing a comprehensive selection of products, and offering expert training and education, the VAM programme strives to improve patient care and drive better results. The findings of the conducted programme have facilitated the achievement of our nursing vision of providing the best practices in IV infusions, resulting in a commendable 5% phlebitis rate at our hospital. The programme outcomes have helped us to enhance our patient safety measures, improve the quality of care, and elevate our institutional standards. This accomplishment is a testament to our commitment to delivering exceptional healthcare services to our patients while ensuring the highest level of professional excellence.

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

2. Step Up Programme

This evidence-based programme has been proven effective in reducing falls among patients and ensuring a safe and secure hospital environment. The programme has been developed to provide a comprehensive approach to fall prevention, utilizing the latest research and best practices in the field. Our programme is tailored to meet the specific needs of each patient, considering their individual risk factors and medical history. Through a combination of education, environmental modifications, and personalized care plans, our programme has demonstrated significant success in reducing falls and improving patient safety outcomes. We are committed to providing the highest level of care and implementing evidence-based strategies to ensure the safety and well-being of our patients and this is reflected in the outcome of fall reduction seen at the KPJ hospital which is less than the target of 5 /1,000 inpatient days as per the target of Malaysia Patient Safety Goals 2.0 (MPSG).

Allied Health Services

A. Rehabilitation Services

1. Cardiac Rehabilitation

Cardiac Rehabilitation service was first established at KPJ Damansara Specialist Hospital. One of their staff was trained and credentialed to be the Cardiac Rehabilitation Therapist and currently leads the team. Another four (4) hospitals have been identified to establish the Cardiac Rehabilitation service based on the availability of a Cardiothoracic Surgeon/Cardiologist, Physiotherapist, Occupational Therapist, and Dietitian to make up the team.

KPJHB has collaborated with the Heart and Lung Centre, Hospital Canselor Tuanku Muhriz, Cheras, Kuala Lumpur to train and credential our staff. Commencing 17th July 2023, six staff (from four hospitals, namely KPJ Ampang Puteri Specialist Hospital, KPJ Ipoh Specialist Hospital, KPJ Johor Specialist Hospital and KPJ Penang Specialist Hospital) and one staff for refresher training from KPJ Damansara Specialist Hospital have been identified to undergo the Cardiopulmonary Training module under the supervision of Dr Katijahbe Mohd Ali, the senior principal physiotherapist leading the Cardiorespiratory Stream at Hospital Canselor Tuanku Muhriz UKM.

The module consists of lectures (theory), practical (attachment) and dissertation (assessment). At the end of the course, the staff will be awarded with a certificate and credentialed as a Cardiorespiratory Rehabilitation Therapist.

2. Lean Management - Post Total Knee Replacement (TKR)

One of the lean management projects was to study and analyse patient experience and patient outcome measure while receiving physiotherapy intervention post Total Knee Replacement (TKR). By implementing Lean Management principles, we could streamline processes, reduce waiting times, and provide a more efficient and effective rehabilitation experience for our patients.

B. Dietetic Services

1. Continuous Dietetic Education (CDE)

Every month, each KPJ Hospital Dietitian will take turns to present case management studies as part of the CDE initiative among the KPJ dietitians. The interactive CDE is followed by product and nutritional updates from invited speakers of the nutritional companies.

2. Clinical Dietetic Attachment at University Malaya Medical Centre (UMMC)

A collaboration with UMMC has been initiated, sending the dietitians for clinical dietetic attachments at the General Paediatric Clinic, Type 1 Diabetes Clinic and wards. This initiative enhances dietitians' skills in paediatric nutrition, aligning with the launch of Child Growth Clinic at KPJ Damansara Specialist Hospital.

3. KPJ Dietitians Equipped with Nutrition Focused Physical Examination (NFPE) Skills through Micro-Credential Course

KPJ dietitians have attended Nutrition-Focused Physical Examination (NFPE) course – a micro-credential course to upskill KPJ dietitians. The course is designed to equip dietitians with specialized skills and knowledge to perform detailed nutritional assessments through physical examination skills, propose the suitable nutrition intervention and monitoring plan to improve patient's clinical outcomes.

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

C. Health Information Management System (HIMS)

1. E-Medical Certificates

The initiative to implement the electronic medical certificate (E-MC) was piloted in three (3) hospitals as follows: KPJ Selangor Specialist Hospital, KPJ Perdana Specialist Hospital and KPJ Perlis Specialist Hospital. The primary objective of this pilot project was to test the effectiveness and feasibility of implementing the E-MC system. By transitioning from traditional paper-based medical certificates to a digital platform, the aim is to simplify and automate the process of issuing medical certificates, reducing administrative burden and improving efficiency.

2. Streamlining the Health Information Management System (HIMS) group policies

HIMS policies have been standardized and streamlined across the group. Among the standardized policies are as follows:-

- i) Sharing of information via WhatsApp Application
- ii) Disposal of Inactive Medical Records
- iii) Management of Medical Reports by a Doctor Who Is No Longer Practicing in the Hospital
- iv) Certified True Copy of Medical Records
- v) Request to Amend the Personal Data
- vi) Communication of Patient Data and Information through Mobile Device
- vii) Control of Entry on Non-Medical Records Staff into Medical Records (HIMS) Library

D. Clinical Information Systems - E-Medical Records

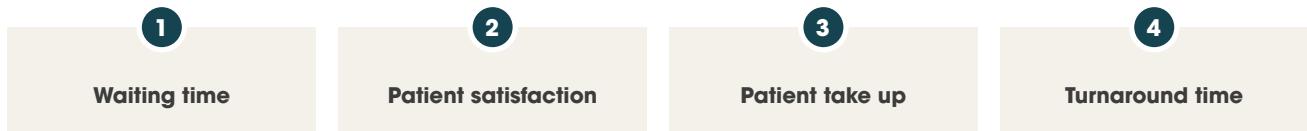
Groupwide, there is an aim to achieve 100% utilisation of the electronic medical record (EMR) system. By achieving 100% utilisation, the EMR system will enhance the overall efficiency of operations, allowing for streamlined documentation and easy access to patient information.

E. Pharmacy Services

1. Pharma-Loc: Medication Box for Self-Collection

Pharma-Loc is another initiative for medication delivery besides the delivery via post or medication drive-through. Self-collection of medications via medication box and other options of medication delivery may help hospitals to achieve the waiting time target.

Pharma-Loc, a smart locker equipped with electronic lock and integrated with cloud management and reporting, has been installed at KPJ Ampang Puteri Specialist Hospital in early July. Prior to the installation, suitable sites have been identified and factors such as security, ease of access, temperature and humidity of the locker locations have been considered. A questionnaire has been distributed to hospitals with long waiting time (namely KPJ Johor Specialist Hospital, KPJ Ampang Puteri Specialist Hospital, KPJ Pahang Specialist Hospital and KPJ Pasir Gudang Specialist Hospital) to study the acceptance of this value-added services among patients. Post-implementation questionnaire will be distributed to the patients who are utilizing this service to get their feedback and for further improvement. The following outcome measures will be monitored:



Other operational outcomes such as staff workload and reduction in errors/near misses will be monitored as well.

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

2) Upskilling the Pharmacist Profession

The following trainings have been attended by the pharmacists:-

1

Antimicrobial Stewardship training attended by the Pharmacists from KPJ Ampang Puteri Specialist Hospital in June and September 2023 at Hospital Sg Buloh

2

Training in Ward Pharmacy - 13-24 February 2023

3

Oncology Pharmacy - 1-14 March 2023

4

Nuclear Pharmacy - 17 March - 14 April 2023

LEAN HEALTHCARE MANAGEMENT

Lean Healthcare Management activities:

1

Project:

Number of cases for Door to Balloon (DTB) time successfully achieved within 90 minutes

Outcome:

As of 12 December 2023, all 14 hospitals which conduct percutaneous coronary intervention achieved DTB time within 90 minutes. Eleven hospitals have adopted the Code STEMI Policy and Procedures from KPJ Kajang Specialist Hospital and the Code STEMI drills. The Cardiac Rehab Workshop has been initiated (scheduled in mid-January 2024) following this initiative as a continuation of best practices in patient care.

2

Project:

Number of first ECG for AMI-STEMI cases done within the first 10 minutes of A&E admission (A&E Triage)

Outcome:

All hospitals comply to the recommended best practices.

3

Project:

Number of inpatient plain X-rays and inpatient ultrasound reports reported within 1 hour of procedure during office hours

Outcome:

The project was suggested to be discontinued as there were different online reporting imaging systems utilised in each hospital.

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

TOTAL PATIENT EXPERIENCE

Total patient experience activities:

1

Project:

Patient-reported experience measures (PREM)/Patient-reported outcome measures (PROM) primary percutaneous coronary intervention (PCI) for ST-elevation myocardial infarction (STEMI).

Outcome:

Recommendations from the study were endorsed by GMACGC in May 2023 and disseminated to hospitals through CODE STEMI training in July 2023 with Lean Project. A standardized patient journey form was used in all hospitals with primary PCI, and post PCI care advice pamphlets were given to patients.

2

Project:

Project Huddles and bedside handover

Outcome:

Findings from the study in September 2023 were used in the Training of Trainers of all central hospitals conducted in October 2023. All central hospitals completed the cascade training, with full implementation and Plan-Do-Check-Action (PDCA) cycle by end of November 2023.

MEETINGS WITH MINISTRY OF HEALTH (MOH)

Several meetings were conducted between KPJ and the MoH to discuss pressing issues and reach a resolution for all parties. Issues related to nursing, medical officers, CKAPS, and the Medical Fee Schedule.

MOVING FORWARD

Several initiatives are underway to strengthen KPJ's capacity and capabilities. These include the following new projects planned for 2024:

1

Standardization of Processes and Practices in Pharmacy and Allied Health Services

- a) Organisational structure – Reporting line for Clinical and Operational
 - i. Rehabilitation Services
 - ii. Audiology Services
 - iii. Dietetic & Food Services
- b) Establishment of assessment tools for Career Pathing
- c) Standardization of Privileging & Competency Assessment for Radiology, Rehabilitation Services
- d) Standardization of Radiology Consent Form and other forms

2

Lean Management and Total Patient Experience projects in the pipeline involving selected key service areas (Nursing, Pharmacy, Allied health, Clinical indicators)

3

Enhancement and expansion of the services

- a. Rehabilitation Services
- b. Audiology Services
- c. Dietetic Services

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

4

Medication safety and root cause analysis workshop

5

External certification for Aseptic Technique for Pharmacy Services

MALAYSIA INTERNATIONAL HEALTHCARE (MIH) MEGATRENDS

KPJ is in the progress of collaborating with the Ministry of Health to organise the inaugural Malaysia International Healthcare (MIH) Megatrends. This is in line with the Organisation's plans to expand the annual KPJ Healthcare Conference to a biennial healthcare megatrend conference.

RECRUITMENT & RETENTION STRATEGIES FOR KPJ DOCTORS

KPJ Healthcare Berhad Malaysia, a leading healthcare provider, recognises the critical role of consultants in delivering high-quality healthcare services.

The primary objectives of the consultant recruitment process are:

a. Talent Acquisition

Identify and attract highly skilled and experienced consultants to enhance the overall quality of healthcare services.

b. Specialized Expertise

Recruit consultants with specialized medical knowledge and expertise to strengthen the organisation's capabilities in various medical specialties.

c. Diversity and Inclusion

Promote diversity and inclusion by actively seeking consultants from diverse backgrounds, fostering a culture of equal opportunities.

d. Succession Planning

Identify and recruit consultants to address current and future healthcare needs, ensuring the organisation's long-term sustainability.

Consultants play a crucial role in delivering high-quality patient care. By recruiting experienced and skilled consultants, we aim to enhance the overall patient experience and outcomes. Attracting and retaining top-tier consultants fosters an environment of continuous learning and professional development, benefiting both the consultants and the organisation. The consultant recruitment process is a strategic initiative aimed at enhancing the organisation's healthcare capabilities. By recruiting top-tier consultants, it ensures delivery of high-quality patient care, promotes innovation, and maintains a competitive edge in the dynamic healthcare industry. The process is designed to align with the organisation's values, foster diversity and inclusion, and contribute to the overall success and sustainability in providing excellent healthcare services.

GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE REPORT

RECRUITMENT AND RETENTION STRATEGIES FOR KPJ NURSES

The nursing profession, being the largest and most crucial backbone of the healthcare industry, plays a vital role in the ability of KPJ Healthcare to deliver quality treatment and services. However, the nursing sector faces a critical challenge in retaining its skilled workforce. Despite the increasing number of nurses joining the sector, there is still a significant gap between the supply and demand for nurses. Therefore, it is imperative for healthcare businesses to focus on retaining their current nursing personnel while also attracting new nurses.

KPJ Healthcare recognises the potential impact of a growing shortage of nurses on its operations and is actively developing and strengthening its strategies to address this issue. The company acknowledges that the key to retaining top talent in the nursing sector lies in creating a supportive and conducive work environment. KPJ Healthcare is committed to implementing policies and programmes that foster a nurturing and inclusive work environment that recognises the contributions of its nursing staff.

Furthermore, KPJ Healthcare recognises the importance of attracting new nurses to bridge the gap between supply and demand. The company is exploring various avenues to promote nursing as a rewarding and fulfilling career path. KPJ Healthcare is also investing in training and development programmes that facilitate the professional growth of its nursing staff.

In conclusion, KPJ Healthcare is taking proactive steps to address the growing shortage of nurses. By focusing on retaining its current nursing personnel while also attracting new nurses, the company is positioning itself to deliver quality treatment and services to its patients. Below are the steps taken to continue to strengthen the nursing workforce:

Recruitment strategies: Joining the KPJ Team

- Our nursing team participated in the KPJ Night Career Fair with the aim of supporting our recruitment drive and showcasing the best that KPJ has to offer. This event gives us an ideal opportunity to interact with potential candidates and present our organisation's values, mission, and vision to them. We believe that through our participation in this event, we will be able to identify and attract the most talented individuals to join our team and contribute to our continued success. We are committed to delivering the highest level of service and care to our clients and patients, and we believe that by recruiting the best people, we can achieve this goal.
- Due to the COVID-19 epidemic, there is an increasing need for healthcare experts, and many healthcare systems are resorting to foreign recruitment as a means of augmenting their shrinking personnel. The addition of internationally trained nurses to the healthcare workforce broadens the pool of talent and experience; therefore, KPJ Healthcare is in the process of the foreign nurses' recruitment drive.

Partner with Human Resources to enhance nurse recruitment efforts

- Providing Opportunities: Our primary objective lies in facilitating nurses with continuous opportunities for professional development and career advancement. To achieve this, we ensure that our programmes are tailored to enable nurses to excel in their jobs while working towards a clear career pathway. Our efforts are aimed at creating a workforce of highly skilled nurses who can contribute to the healthcare industry and make a positive impact on patient care.
- Fresh graduate nurses' recruitment: Group Nursing Services and Group Human Resource Management initiated mass recruitment in KPJ Healthcare University and KPJ International College since August 2022 to address this issue. This has been in continuity with an excellent networking in nursing industry in Malaysia, causing majority of the public and private university and colleges seek to introduce KPJ Healthcare to deliver career development pathway to the potential nurses.
- Recruiting experienced nurses: KPJ Healthcare University (KPJU) and KPJ International College (KPJIC) are committed to improving Group Nursing Services by consistently updating all KPJ Hospitals on essential post-basic offers in our own post-basic programme. The objective of this initiative is to bridge the gap between junior and senior nurses. Our programme is designed to equip junior nurses with the advanced knowledge and skills to perform their roles effectively, improve patient outcomes, and enhance their career prospects. By providing regular updates on the post-basic offer, we ensure that all KPJ Hospitals remain up to date on the latest developments in nursing education and practice. This helps us to maintain a high standard of care across all KPJ Hospitals and provide patients with the best possible outcomes.
- Tiered options for part-time and late-career nurses. Tiered employment initiatives are designed to provide a structured sequence of steps that enable employees to attain their career objectives. These programmes are particularly appealing to nurses who prefer part-time work and those approaching retirement, including Baby Boomers and late-career nurses. The collaboration between group nursing via human resources and KWAP Malaysia has facilitated this initiative.

Recruitment strategies: Innovative retention strategies

Knowledge and skills

Fundamental knowledge and skills in a clinical setting are essential for KPJ nurses. To address these issues, decentralized training had been conducted on a scheduled basis for all the nurses. The objectives of the decentralized training will be to ensure all 29 KPJ hospital's nurses could upgrade themselves on the current evidence-based practice. Various training had been conducted such as Vascular Access Management, INFUZE project, fall prevention workshops, Intensive Course in Obstetric Emergency workshop (ICOE), Support Programme to Advance and Reinforce Knowledge and Skill (SPARK) in operating room and other essential training at the regional level and hospital level.

Quality assessment

Group Nursing Services conduct clinical services annually with the objectives to ensure clinical and non-clinical processes are implemented, are in accordance with, and maintained based on regulatory and accreditation standard requirements. The clinical survey comprises a multi-disciplinary team and selected leaders from the hospitals. The report of the survey will be shared with the hospital management team for continuous improvement. Guidance and coaching on MSQH and JCI is done on a scheduled basis as part of the Group Clinical team.

COMPLIANCE INFORMATION

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

1. UTILISATION OF SUKUK PROGRAMME

KPJ Healthcare Berhad (KPJ, the Group or the Company) via Point Zone (M) Sdn Bhd ("PZSB") had in 2015 established a 10 year Islamic Medium Term Note programme with a size of RM1.5 billion based on the Shariah Principle of Murabahah (via Tawarruq Arrangement) (referred to as the "Sukuk Murabahah") for the purpose of refinancing the previous Islamic Commercial Papers/an Islamic Medium-Term Notes Programme of up to RM500.0 million and finance the expansion and working capital requirements of the Group's healthcare-related businesses.

As of 1 January 2023, the Group had RM650.0 million of Sukuk Murabahah outstanding. The initial tranche of RM450.0 million was due in the year 2023 which KPJ had refinanced via the issuance of the second tranche of the Sukuk Wakalah (as defined herein). The balance of the Sukuk Murabahah as at 31 December 2023 is as follows:

SUKUK MURABAHAH	AMOUNT UP TO (RM MILLION)
As at 1 January 2023	650.0
Payment made during the financial year	(450.0)
As at 31 December 2023	200.0

On 12 January 2022, PZSB established a new Islamic Medium-Term Notes Programme amounting to RM3.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar that also provides flexibility for the Group to issue Sustainability Sukuk ("Sukuk Wakalah"). The Sukuk Wakalah Programme has been assigned a final rating of AAIS(CG) (stable) by Malaysian Rating Corporation Berhad ("MARC"). The proceeds from Sukuk Wakalah Programme shall be utilised by the Group for, amongst others, Shariah-compliant financing purposes, comprising expansion, working capital requirement and general corporate purposes of the Group's healthcare and healthcare-related businesses.

On 17 October 2022 MARC Ratings Berhad assigned a "Gold" Sustainability Sukuk Assessment to PZSB's Sustainability Sukuk Framework.

As of 1 January 2023, the Group had RM650.0 million of Sukuk Wakalah outstanding. On 13 March 2023, the Group issued the second tranche amounting to RM555.0 million via a sustainability issuance. This is KPJ's maiden Sustainability Sukuk offering and the proceeds shall be utilized by the Group in accordance with the criteria set out in the Sustainability Sukuk Framework. The balance of the Sukuk

Wakalah as at 31 December 2023 is as follows:

SUKUK WAKALAH	AMOUNT UP TO (RM MILLION)
As at 1 January 2023	650.0
Issued during the financial year	555.0
As at 31 December 2023	1,205.0

2. TREASURY SHARES

On 9 July 2020, at the 27th Annual General Meeting of KPJ, the shareholders of the Company renewed their approval for the Company to buy back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. The authority to buy back its own shares then lapsed on 22 June 2021 as the Company did not seek any authority renewal at the 28th Annual General Meeting of KPJ. The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year.

As at 31 December 2023, the Company held a total of 162,306,700 of its 4,526,608,066 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

3. OPTIONS, SHARE-BASED PAYMENTS OR CONVERTIBLE SECURITIES

i. Share-Based Payments

An Employees' Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS was initially meant to be in force for a period of five (5) years. Upon approval from KPJ's Board of Directors on 3 December 2019, it was resolved that the tenure of the ESOS would be extended for another three (3) years.

The fair value of each share option on the grant date is RM0.25. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives. The exercise price of the share options granted under the ESOS is RM0.91 each. The options granted remained dividable into 5 equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. The fair value of ESOS issued is RM0.25 and the exercise price is RM0.91 (2022: RM0.91).

COMPLIANCE INFORMATION

The options expired on 27 February 2023, whereby no additional options will be granted.

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

During the financial year, the Company did not issue any ADR or GDR under the respective programmes.

5. IMPOSITIONS OF SANCTIONS/PENALTIES

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

6. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees for services rendered to the Group amounted to RM2,703,000 and RM5,911,000 respectively.

7. PROFIT ESTIMATE, FORECAST OR PROJECTIONS

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

8. PROFIT GUARANTEE

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

9. MATERIAL CONTRACTS

There was no material contract by the Company and its subsidiaries, involving Directors and major shareholders' substitute interests at the end of the financial year.

10. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

At KPJ's AGM held on 22 June 2023, the Company obtained a mandate from shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the following parties:

PARTY TRANSACTED WITH	NATURE OF TRANSACTIONS	ACTUAL AGGREGATE VALUE FROM 1 JANUARY 2023 TO 31 DECEMBER 2023 RM'000	FREQUENCY OF TRANSACTIONS
Johor Corporation (JCorp) and its subsidiaries and associated companies (except for Al'Aqar Healthcare REIT and Al-Salam REIT)	Secretarial fees and registrar fees Building management service fees payable for Menara KPJ in Kuala Lumpur Insurance coverage payable Security services fees payable	363 4,900 194 423	Monthly Monthly Contract basis Monthly
Al'Aqar Healthcare REIT / Al'Aqar Australia	Rental payable for renting of retirement village building and aged care facility in Australia and lease of hospital together with the land	10,495	Monthly
Al-Salam Real Estate Investment Trust (Al-Salam REIT)	Rental payable for renting of premises for the operations of KPJ Healthcare University and Malaysian College of Hospitality and Management	2,301	Monthly
Damansara Holdings Berhad (DBhd) and its subsidiaries and associated companies (DBhd Group)	Rental Income for renting of land for car park Housekeeping contract fees payable Rental income for renting of office	3,005 27,466 60	Monthly Monthly Monthly
49,207			

FINANCIAL STATEMENTS

- 185** DIRECTORS' RESPONSIBILITY STATEMENT
- 186** DIRECTORS' REPORT
- 193** STATEMENT BY DIRECTORS
- 193** STATUTORY DECLARATION
- 194** INDEPENDENT AUDITORS' REPORT
- 198** STATEMENTS OF COMPREHENSIVE INCOME
- 201** STATEMENTS OF FINANCIAL POSITION
- 203** CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 205** COMPANY STATEMENT OF CHANGES IN EQUITY
- 206** STATEMENTS OF CASH FLOWS
- 210** NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 (CA) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

DIRECTORS' REPORT

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals.

Details of the principal activities of the subsidiaries are set out in Note 22 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

ULTIMATE HOLDING CORPORATION

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), as the ultimate holding corporation.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before tax	377,942	146,408
Tax	(75,345)	-
Profit for the financial year from continuing operations	302,597	146,408
Loss for the financial year from discontinued operations	(32,191)	-
Net profit for the financial year	270,406	146,408

Profit for the financial year attributable to:

Owners of the Company		
- continuing operations	281,292	146,408
- discontinued operations	(17,884)	-
Non-controlling interest		
- continuing operations	21,305	-
- discontinued operations	(14,307)	-
Net profit for the financial year	270,406	146,408

DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the statements.

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2022 were as follows:

	RM'000
In respect of the financial year ended 31 December 2023:	
First interim single tier dividend of 0.60 sen per share on 4,364,301,366 ordinary shares, declared on 17 February 2023 and paid on 14 April 2023.	26,186
Second interim single tier dividend of 0.65 sen per share on 4,364,301,366 ordinary shares, declared on 30 May 2023 and paid on 4 July 2023.	28,368
Third interim single tier dividend of 0.80 sen per share on 4,364,301,366 ordinary shares, declared on 29 August 2023 and paid on 3 October 2023.	34,914
Fourth interim single tier dividend of 1.05 sen per share on 4,364,301,366 ordinary shares, declared on 28 November 2023 and paid on 28 December 2023.	45,825
Special single tier dividend of 0.25 sen per share on 4,364,301,366 ordinary shares, declared on 28 November 2023 and paid on 28 December 2023.	10,911
	146,204

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2023.

TREASURY SHARES

On 9 July 2020, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

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

As at 31 December 2023, the Company held a total of 162,306,700 of its 4,526,608,066 issued ordinary share as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company's issued share capital was increased by RM22,860,623 through the issuance of 21,080,205 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme ("ESOS") at an exercise price of RM0.91 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing issued ordinary shares of the Company.

During the financial year, the Group made an issuance of RM555.0 million from its Sukuk Wakalah Programme. The Group also made payments amounting RM450.0 million for its Sukuk Murabahah Programme.

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES' SHARE OPTION SCHEME

The Company implemented ESOS in 2015 for a period of 5 years for eligible employees and Directors of the Group. In 2019, the Board of Directors gave its approval for the ESOS period to be extended to another 3 years and expired on 27 February 2023. Details of ESOS are set out in Note 37 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year and until the date of this report are:

Datuk Md Arif Bin Mahmood
Chin Keat Chyuan#
Dato' Mohd Redza Shah Bin Abdul Wahid#
Prof Dato' Dr. Azizi Bin Haji Omar#
Mohamed Ridza Bin Mohamed Abdulla
Khairuddin Bin Jaflus#
Rozaini Bin Mohd Sani
Shamsul Anuar bin Abdul Majid
Annie Binti Rosle
Hisham Bin Zainal Mokhtar
Lee Lai Fan

(Chairman)
(Managing Director, appointed on 1 September 2023)

Directors who are also Directors of the subsidiaries

LIST OF DIRECTORS OF SUBSIDIARIES

The list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to date of this report is as follows:

Prof Datuk Dr Zulkifli Bin Ismail*
Assoc Prof (C) Dato' Dr. Azlin Bin Azizan
Prof Dr. Fauziah Bin Sh Ahmad*
Assoc Prof Dr. Thajunnisa Binti Hassan Mohd
Datuk Hasmi Bin Hasnan
Datuk Syed Mohamed Bin Syed Ibrahim
Dato' Sri Muhamad Khanafi Bin Husin*
Dato' Dr. Khaled Bin Mat Hassan
Dato' Sr. Zamri Bin Ismail*
Dato' Mohamad Farid Bin Salim
Dato' Md Aini Bin Taib
Dato' Ngeng Eng Cheng
Dato' Shamshudin Bin Nor
Dato' Zabir Bin Bajuri
Dr. Aliza Binti Jamaluddin
Dr. David Sylvester Ling Sheng Tee
Dr. Hari Ram a/l Ramayya
Dr. Jamal Azmi Bin Mohamad*
Dr. Mahadhir Alhady Bin Sulaiman
Dr. Mohamad Bin Hamzah
Dr. Mohamed Ahsan Bin Mohamed Ismail
Dr. Mohd Daud Bin Sulaiman*

Dr. Mohd Nikman Bin Ahmad*
Dr. Munirah Binti Khudri
Dr. Nik Fawaz Bin Nik Abdul Aziz
Dr. Norazlina Binti Bachik
Dr. Pui Wei Chieng*
Dr. Rafiza Binti Mohamed Nazir
Dr. Toh Siu Gap
Dr. Wong Chya Wei
Abdul Halim Bin Mahalil
Ahmad Adli Bin Kamaruzaman
Ahmad Firdaus Bin Mohd Nor*
Ahmad Irwan Bin Baharuddin
Ahmad Rafiquddin Bin Mohd Amran
Asmadi Bin Mohd Bakri
Azan Mukminah Binti Saffin*
Badrul Hisham Bin Abdullah
Badrul Hisyam Bin Ibrahim
Basar Bin Juraimi
Christopher Ting Yew Ping
Emerizal Ahmed Jaafar*
Emily Hii San
Erniza Binti Md Badursah

DIRECTORS' REPORT (CONTINUED)

LIST OF DIRECTORS OF SUBSIDIARIES (CONTINUED)

Esther Woo Yann Fong	Sharian Binti Hussain*
Farahiyah Binti Badri	Thomas Ho Yee Jong
Fauziah Begum Binti Najibullah Khan	Wan Nur Amira Binti Wan Ariffin
Gunavathy A/P K Kalee	Yusmah Binti Salleh
Hafiz Bin Mohamed	Zabidi Bin Abdul Razak
Hafsah Binti Mukhtar	Zaiton Binti Sulaiman
Haliza Binti Khalid	Zalina Binti Osman
Hazarul Azly Bin Hamzah	Zamri Bin Yusof
Izzhar Putra Bin Amirudin	Zarihasyum Binti Wan Zein @ Md Zain
Kamal Azmi Bin Zainuddin*	Zawari Bin Abdullah
Khairul Hasanain Bin Abdul Hamid	Zulkifli Bin Abdullah
Liew Chai Sen	Prof (C) Dato' Dr. Shahrudin Bin Mohd Dun^
Lim Su Ying	Dr. Ahmad Syukri Bin Jamaluddin^
Mahazan Bin Kamis @ Maharan	Dr. Kok Chin Leong^
Maisarah Binti Omar	Dr. Mahayidin Bin Muhamad^
Md Zin Bin Md Yasin	Dr. Mohd Harris Lu @ Lu Ping Neng^
Mohamad Faizal Bin Mohamed	Dr. Mohd Hafetz Bin Ahmad^
Mohamad Sofian Bin Ismail	Dr. Muhammad Nazri Bin Aziz^
Mohammad Hafiz Bin Dato' Shamshudin (Alternate Director to Dato' Shamshudin Bin Nor)	Dr. Muhammad Zachruddin Habie^
Mohd Azhar Bin Abdullah	Dr. Ronald Nurjas^
Mohd Helmi Bin Daud	Dr. Zainal Abidin Bin Mohd Yusuf^
Mohd Nabil Fawzi Bin Ab Rani	Drg. Annie Trisusilo A. ^
Mohd Nuri Bin Abd Aziz	Ab Aziz Bin Yunus^
Mohd Taufik Bin Ismail	Agus Purwanto^
Muhamad Amin Bin Othman	Ariesza Noor^
Muhammad Iqbal Bin Ibrahim	Asmadi Bin Che Mat @ Abd Rahman^
Muhammad Samson Mikail Bin Abdullah	Beh Boon Ewe^
Nazmul Hassan Papon MP	Gordana Dermody^
Noor Haslina Binti Harun	Gunasingam Retnasabapathy^
Nor Aidil Ikram Bin Muhamad	Ibnu Mardini^
Nor Arfah Binti Arshad	Irfan Jasri^
Nor Azwan Bin Saleh*	Mohamad Hafiz Bin Mustafaa Kamar^
Norhaizam Binti Mohammad	Muhammad Badri Bin Hussin^
Nurul Wahida Binti Othman*	Nor Azlina Binti Jemain^
Raja Syahiran Bin Raja Ahmad Supian	Noreen Binti Abdul Rashid^
Rajkumar S/O Rengaraju	Norherienda Bt Abdul Kadir^
Renuga A/P Muniandy	Ross David Morgan^
Ros Maliya Binti Mamat	Shah Ruddin Bin Abd Hamid^
Roslan Bin Ahmad	Yusri Bin Ali^
Shaharum Bin Ramli*	Zaharah Binti Osman^
(Alternate Director to Datuk Hasmi Bin Hassan)	

* Appointed during the financial year and up to date of this report

^ Resigned during the financial year and up to date of this report

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any subsidiaries a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, debentures, warrants or options over ordinary shares in the Company or its subsidiaries or its holding corporation or subsidiaries of the holding corporation during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2023	Newly appointed/ Acquired	Disposed	At 31.12.2023
KPJ Healthcare Berhad				
Datuk Md Arif Bin Mahmood	60,000	-	-	60,000
Prof Dato' Dr. Azizi Bin Haji Omar	330,000	-	-	330,000
Chin Keat Chyuan	-	100,000	-	100,000

DIRECTORS' REMUNERATION

Directors' remuneration for current year are as follow:

	Group RM'000	Company RM'000
Fees	1,300	1,300
Salaries, allowances and bonuses	2,344	2,217
Contributions to defined contribution plan	84	84
Benefits-in-kind	41	41
	3,769	3,642

DIRECTORS' REPORT (CONTINUED)

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

The total amount of insurance costs effected for Directors and Officers of the Group during the financial year is RM94,633.

There was no indemnity given to or insurance effected for the auditors of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit loss and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts on receivables; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company, had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the end of this report:
 - (i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year which secures the liability of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
 - (i) the results of the operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) no item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements, has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are set out in Note 22 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration for the year are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
- Statutory audits		
- EY Malaysia	2,071	369
- Non-EY	632	-
- Other services		
- EY Malaysia	3,721	2,758
- PwC	1,020	478
- Non-EY/PwC	1,170	950
	8,614	4,555

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 February 2024.



DATUK MD ARIF BIN MAHMOOD
DIRECTOR

Kuala Lumpur, Malaysia



CHIN KEAT CHYUAN
DIRECTOR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Md Arif Bin Mahmood and Chin Keat Chyuan, being two of the directors of KPJ Healthcare Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 198 to 306 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 February 2024.

DATUK MD ARIF BIN MAHMOOD
DIRECTOR

Kuala Lumpur, Malaysia

CHIN KEAT CHYUAN
DIRECTOR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Norhaizam Binti Mohammad, Malaysian Institute of Accountants No. 45153, being the officer primarily responsible for the financial management of KPJ Healthcare Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 198 to 306 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Norhaizam Binti Mohammad
at Kuala Lumpur in the Federal Territory
on 16 February 2024.

NORHAIZAM BINTI MOHAMMAD

Before me,

COMMISSIONER FOR OATH



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur.
Tel: 010 6600745

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KPJ HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KPJ Healthcare Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 198 to 306.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KPJ HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA) (CONTINUED)

Revenue recognition from healthcare services

Refer to notes 2.30 and 7 to the financial statements.

Revenue recognised in respect of hospital operations and sales of pharmaceutical products ("healthcare services") for the financial year ended 31 December 2023 which amounted to approximately RM3,206 million, represented about 94% of total revenue of the Group.

The Group relies heavily on information technology systems in accounting for its revenue from healthcare services. Such information systems process large volumes of data with combinations of different products and services, which consist of individually low value transactions.

The above factors gave rise to higher risk of material misstatement in the timing and amount of revenue recognised. Accordingly, we identified revenue recognition to be an area of focus.

How our audit addressed this matter

In addressing this area of focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the management's internal controls over the timing and amount of revenue recognised;
- We tested the relevant internal controls in place to address completeness and accuracy of revenue recognised including timely updating of approved billing rate changes in the system. We also involved our information technology specialist to test the operating effectiveness of automated controls over the billing system;
- We tested the data interface between the billing system and the general ledger;
- We inspected samples of documents which evidenced the rendering of services to customers;
- We tested samples of documents to establish whether transactions were recorded in the correct accounting period; and
- Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KPJ HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA) (CONTINUED)

Information other than the financial statements and auditors' report thereon (cont'd.)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KPJ HEALTHCARE BERHAD
(INCORPORATED IN MALAYSIA) (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 22 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT
20200600003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
16 February 2024



Ismed Darwis Bin Bahatiar
No. 02921/04/2024 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
<u>Continuing operations</u>					
Revenue	7	3,418,701	2,868,474	288,324	213,865
Cost of sales		(1,986,783)	(1,696,400)	-	-
Gross profit		1,431,918	1,172,074	288,324	213,865
Administrative expenses		(980,264)	(788,424)	(122,047)	(98,531)
Other Income		67,336	28,602	5,103	5,708
Zakat	8	(3,063)	(2,680)	(300)	(300)
Operating profit		515,927	409,572	171,080	120,742
Finance income	9	20,149	12,141	-	-
Finance costs	9	(97,190)	(91,853)	(24,672)	(21,146)
- Borrowings		(107,701)	(102,482)	-	-
Finance costs - net		(184,742)	(182,194)	(24,672)	(21,146)
Share of results of associates, net of tax		46,757	47,764	-	-
Profit before tax	10	377,942	275,142	146,408	99,596
Tax	13	(75,345)	(73,208)	-	254
Profit for the financial year from continuing operations		302,597	201,934	146,408	99,850
<u>Discontinued operations</u>					
Loss for the financial year from discontinued operations	14	(32,191)	(19,281)	-	-
Net profit for the financial year		270,406	182,653	146,408	99,850

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company		
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000	
Other comprehensive income:						
<u>Continuing operations</u>						
Item that may be subsequently reclassified to profit or loss:						
- Currency translation differences		5,425	2,400	-	-	
Items that will not be reclassified to profit or loss:						
- Gains/(Reversal) on revaluation of land and building		28,029	(40)	-	-	
- Deferred tax on revaluation (surplus)/deficit		(6,372)	5	-	-	
- Fair value gain/(loss) on equity instruments classified as fair value through other comprehensive income		266	(217)	582	(217)	
Other comprehensive income for the financial year, net of tax from continuing operations		27,348	2,148	582	(217)	
<u>Discontinued operations</u>						
Other comprehensive income from discontinued operations		4,215	89	-	-	
Total comprehensive income for the financial year		301,969	184,890	146,990	99,633	

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Profit for the financial year attributable to:					
Owners of the Company					
- continuing operations		281,292	178,610	146,408	99,850
- discontinued operations	14	(17,884)	(11,629)	-	-
Non-controlling interests					
- continuing operations		21,305	23,324	-	-
- discontinued operations	14	(14,307)	(7,652)	-	-
		270,406	182,653	146,408	99,850
Total comprehensive income for the financial year attributable to:					
Owners of the Company					
- continuing operations		308,640	180,758	146,990	99,633
- discontinued operations	14	(13,669)	(11,540)	-	-
Non-controlling interests					
- continuing operations		21,305	23,324	-	-
- discontinued operations	14	(14,307)	(7,652)	-	-
		301,969	184,890	146,990	99,633
Earnings per share attributable to Owners of the Company:					
Basic (sen)	16(a)				
- continuing operations		6.45	4.11		
- discontinued operations		(0.41)	(0.27)		
Diluted (sen)	16(b)				
- continuing operations		6.45	4.02		
- discontinued operations		(0.41)	(0.26)		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company		
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	
ASSETS						
<u>Non-current assets</u>						
Property, plant and equipment	17	2,774,474	2,760,222	4,663	1,628	
Right-of-use assets	18	1,585,857	1,577,039	-	-	
Investment properties	19	358,166	360,420	-	-	
Intangible assets	20	198,470	206,043	3,010	-	
Investments in subsidiaries	22	-	-	970,724	1,037,253	
Investments in associates	23	513,857	486,308	-	-	
Equity Instruments classified as FVOCI	24	1,507	1,241	36,547	26,251	
Deferred tax assets	25	125,653	114,281	236	236	
Trade and other receivables	26	19,262	17,115	-	-	
Amounts due from subsidiaries	26	-	-	-	7,224	
		5,577,246	5,522,669	1,015,180	1,072,592	
<u>Current assets</u>						
Inventories	27	73,008	65,872	-	-	
Trade and other receivables	26	673,649	645,705	5,368	2,994	
Amounts due from subsidiaries	26	-	-	611,028	631,426	
Tax recoverable		98,008	126,380	1,370	848	
Deposits, bank and cash balances	28	785,227	467,919	3,901	3,315	
Dividend receivable		3,873	8,066	86,307	55,434	
		1,633,765	1,313,942	707,974	694,017	
Assets held for sale	29	35,151	157,455	-	-	
		1,668,916	1,471,397	707,974	694,017	
Total assets		7,246,162	6,994,066	1,723,154	1,766,609	
EQUITY AND LIABILITIES						
<u>Current liabilities</u>						
Trade and other payables	30	658,292	720,220	24,835	19,722	
Amounts due to subsidiaries	30	-	-	102,729	97,192	
Contract liabilities	31	87,779	48,708	-	-	
Current tax liabilities		11,060	4,321	-	-	
Borrowings	32	546,955	839,415	172,084	214,941	
Lease liabilities	33	39,920	44,677	-	-	
Dividend payable		3,200	2,980	-	-	
		1,347,206	1,660,321	299,648	331,855	

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities associated with assets held for sale	29	54,349	13,163	-	-
		1,401,555	1,673,484	299,648	331,855
Net current assets/(liabilities)		267,361	(202,087)	408,326	362,162
<u>Non-current liabilities</u>					
Trade and other payables	30	-	1,743	-	-
Amounts due to subsidiaries	30	-	-	325,722	293,214
Borrowings	32	1,364,964	1,047,763	42	229
Lease liabilities	33	1,870,338	1,818,168	-	-
Deferred tax liabilities	25	67,038	84,530	-	-
Provision for retirement benefits	34	2,069	2,212	-	-
Deposits	35	12,046	11,948	-	-
		3,316,455	2,966,364	325,764	293,443
Total liabilities		4,718,010	4,639,848	625,412	625,298
Net assets		2,528,152	2,354,218	1,097,742	1,141,311
<u>Equity attributable to Owners of the Company</u>					
Share capital	36	999,190	976,329	999,190	976,329
Less: Treasury shares		(155,310)	(155,310)	(155,310)	(155,310)
Reserves		1,539,284	1,406,241	253,862	320,292
		2,383,164	2,227,260	1,097,742	1,141,311
Non-controlling interests		144,988	126,958	-	-
Total equity		2,528,152	2,354,218	1,097,742	1,141,311
Total equity and liabilities		7,246,162	6,994,066	1,723,154	1,766,609

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

			Non-Distributable	Distributable			
	Ordinary share capital (Note 36) RM'000	Treasury shares RM'000	Other reserves (Note 38) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<u>Group</u>							
At 1 January 2023	976,329	(155,310)	276,189	1,130,052	2,227,260	126,958	2,354,218
Comprehensive income:							
Profit for the financial year	-	-	-	263,408	263,408	6,998	270,406
Other comprehensive income:							
Currency translation differences of foreign subsidiaries	-	-	5,425	-	5,425	-	5,425
Revaluation surplus	-	-	21,657	-	21,657	-	21,657
Fair value gain on equity instrument classified as FVOCI	-	-	266	-	266	-	266
Total other comprehensive income	-	-	27,348	-	27,348	-	27,348
Transactions with Owners:							
Issue of share capital:							
- ESOS	22,861	-	(3,678)	-	19,183	-	19,183
Acquisition of interest in subsidiaries	-	-	-	(73)	(73)	73	-
Disposal of interest in subsidiaries	-	-	(26,908)	19,150	(7,758)	16,439	8,681
Lapsed ESOS	-	-	(36,598)	36,598	-	-	-
Dividends on ordinary shares (Note 15)	-	-	-	(146,204)	(146,204)	-	(146,204)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(5,480)	(5,480)
Total transactions with Owners	22,861	-	(67,184)	(90,529)	(134,852)	11,032	(123,820)
At 31 December 2023	999,190	(155,310)	236,353	1,302,931	2,383,164	144,988	2,528,152

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

			Non-Distributable	Distributable			
	Ordinary share capital (Note 36) RM'000	Treasury shares RM'000	Other reserves (Note 38) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<u>Group (continued)</u>							
At 1 January 2022	959,521	(155,310)	279,298	1,051,921	2,135,430	115,078	2,250,508
Comprehensive income:							
Profit for the financial year	-	-	-	166,981	166,981	15,672	182,653
Other comprehensive income:							
Currency translation differences of foreign subsidiaries	-	-	2,489	-	2,489	-	2,489
Revaluation deficit	-	-	(35)	-	(35)	-	(35)
Fair value gain on equity instrument classified as FVOCI	-	-	(217)	-	(217)	-	(217)
Total other comprehensive income	-	-	2,237	-	2,237	-	2,237
Transactions with Owners:							
Issue of share capital:							
- ESOS	16,808	-	(1,913)	-	14,895	-	14,895
Acquisition of non-controlling interest	-	-	-	(5,420)	(5,420)	(392)	(5,812)
Lapsed ESOS	-	-	(3,433)	3,433	-	-	-
Dividends on ordinary shares (Note 15)	-	-	-	(86,863)	(86,863)	-	(86,863)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(3,400)	(3,400)
Total transactions with Owners	16,808	-	(5,346)	(88,850)	(77,388)	(3,792)	(81,180)
At 31 December 2022	976,329	(155,310)	276,189	1,130,052	2,227,260	126,958	2,354,218

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

				Non-Distributable	Distributable	
	Ordinary share capital (Note 36) RM'000	Treasury reserves RM'000	Share option reserves RM'000	FVOCI reserves RM'000	Retained earnings RM'000	Total equity RM'000
<u>Company</u>						
At 1 January 2023	976,329	(155,310)	40,276	(217)	280,233	1,141,311
Total comprehensive income:						
Profit for the financial year	-	-	-	-	146,408	146,408
Other comprehensive income:						
Gain on fair value of equity instrument classified as FVOCI	-	-	-	582	-	582
Transactions with Owners:						
Issue of share capital:						
- ESOS	22,861	-	(3,678)	-	-	19,183
Dividends on ordinary shares (Note 15)	-	-	-	-	(146,204)	(146,204)
Lapsed ESOS	-	-	(36,598)	-	(26,940)	(63,538)
Total transactions with Owners	22,861	-	(40,276)	582	(26,736)	(43,569)
At 31 December 2023	999,190	(155,310)	-	365	253,497	1,097,742
At 1 January 2022	959,521	(155,310)	45,622	-	263,813	1,113,646
Total comprehensive income:						
Profit for the financial year	-	-	-	-	99,850	99,850
Other comprehensive income:						
Loss on fair value of equity instrument classified as FVOCI	-	-	-	(217)	-	(217)
Transactions with Owners:						
Issue of share capital:						
- ESOS	16,808	-	(1,913)	-	-	14,895
Dividends on ordinary shares (Note 15)	-	-	-	-	(86,863)	(86,863)
Lapsed ESOS	-	-	(3,433)	-	3,433	-
Total transactions with Owners	16,808	-	(5,346)	-	(83,430)	(71,968)
At 31 December 2022	976,329	(155,310)	40,276	(217)	280,233	1,141,311

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Operating activities</u>					
Profit before tax					
- Continuing operations		377,942	275,142	146,408	99,596
- Discontinued operations		(31,752)	(19,384)	-	-
		346,190	255,758	146,408	99,596
Adjustments for:					
Share of results of associates		(46,757)	(47,764)	-	-
Finance income		(20,410)	(12,259)	-	-
Finance costs:					
- Borrowings		97,377	92,084	24,672	21,146
- Lease liabilities		108,501	103,582	-	-
Dividend income from subsidiaries	7	-	-	(195,373)	(131,024)
Dividend income from equity instrument classified as FVOCI	7	(6)	-	(1,801)	-
Interest income	7	-	-	(22,602)	(24,129)
Allowance for ECL:					
- Trade receivables	26	7,271	(5,755)	-	-
- Amount due from subsidiaries	10	-	-	1,386	3,189
Gain on disposal of shares in subsidiaries		(44,781)	-	-	-
Property, plant and equipment:					
- Depreciation		198,057	189,933	636	399
- Written-off	10	588	1,875	-	-
- Loss/(Gain) on disposal	10	865	(2,064)	(62)	4
- Net impairment		20,804	(6,709)	-	-
Right-of-use assets:					
- Depreciation		72,970	67,313	-	-
Investment properties:					
- Net loss/(gain) on fair value	19	2,733	(3,280)	-	-
Intangible asset:					
- Amortisation of software development expenditure	20	10,583	10,408	-	-
- Written-off	20	-	3,559	-	-
Inventories written-off/(written back)	10	394	(64)	-	-
Provision for retirement benefits	34	180	197	-	-
Gain on disposal of assets held for sale	10	(1,288)	(4,353)	-	-
Operating changes before working capital changes		753,271	642,461	(46,736)	(30,819)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company		
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	
<u>Operating activities (continued)</u>						
Changes in working capital:						
Inventories		(7,530)	(12,661)	-	-	
Receivables		(33,177)	(171,562)	(2,374)	(2,102)	
Payables		(17,366)	96,151	5,113	4,034	
Contract liabilities		39,071	(2,233)	-	-	
Related companies:						
- Amount due from subsidiaries		-	-	63,860	79,641	
- Amount due to subsidiaries		-	-	39,421	55,055	
Cash flows generated from operations		734,269	552,156	59,284	105,809	
Income tax refund		19,634	1,613	-	-	
Income tax paid		(96,051)	(93,657)	(522)	(492)	
Retirement benefits paid	34	(323)	(340)	-	-	
Net cash generated from operating activities		657,529	459,772	58,762	105,317	
<u>Investing activities</u>						
Additions to property, plant and equipment		(237,492)	(234,181)	(3,810)	(776)	
Additions to intangible assets	20	(3,010)	-	(3,010)	-	
Additions to equity instruments classified as FVOCI	24	-	-	(9,714)	(25,010)	
Additions to investment in associates		-	(25,010)	-	-	
Proceeds from disposal of property, plant and equipment		2,242	3,266	201	3	
Disposals of interest in subsidiaries:	22					
- Proceeds, net of cash and cash equivalents disposed		19,807	-	-	-	
- Settlement of shareholders' Loan		156,277	-	-	-	
Proceeds from disposal of assets held for sale		20,082	192,000	-	-	
Interest received		20,236	12,259	22,602	24,129	
(Increase)/Decrease in deposits with licensed banks with maturity of more than 3 months	28	(99,989)	663	-	-	
Dividends received from associates/subsidiaries		27,242	25,193	131,671	40,698	
Net cash (used in)/generated from investing activities		(94,605)	(25,810)	137,940	39,044	

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Financing activities</u>					
Acquisition of non-controlling interests	22	-	(5,812)	-	(5,400)
Dividends paid to non-controlling interests		(5,260)	(1,494)	-	-
Issue of shares:					
- ESOS		19,183	14,895	19,183	14,895
Borrowings:					
- Drawdown		707,641	840,755	80,000	93,000
- Repayments		(691,410)	(817,437)	(123,044)	(84,335)
- Repayments to subsidiaries		-	-	(1,379)	(54,839)
Payment of lease liabilities		(141,749)	(133,815)	-	-
Interest paid		(97,190)	(92,084)	(24,672)	(21,146)
Dividends paid to shareholders		(146,204)	(86,863)	(146,204)	(86,863)
Designated account	28	(79,744)	(4,683)	-	-
Net cash used in financing activities		(434,733)	(286,538)	(196,116)	(144,688)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		128,191	147,424	586	(327)
CURRENCY TRANSLATION DIFFERENCES		7,446	(531)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		416,866	269,973	3,315	3,642
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28	552,503	416,866	3,901	3,315

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Cashflows				Non-cash movement				At 31 Dec RM'000
	At 1 Jan RM'000	Drawdown RM'000	Repayments RM'000	Finance costs paid RM'000	Finance costs RM'000	Contra RM'000	Foreign exchange movement RM'000	Hire purchase/ leases RM'000	
<u>2023</u>									
<u>Group</u>									
Borrowings (exclude overdraft)	1,870,710	707,641	(691,410)	(97,190)	97,190	-	-	6,572	1,893,513
Lease liabilities	1,862,845	-	(141,749)	-	107,701	-	3,460	78,001	1,910,258
<u>Company</u>									
Borrowings	215,170	80,000	(123,044)	(8,213)	8,213	-	-	-	172,126
Amount due to subsidiaries	390,406	-	(1,379)	(16,459)	16,459	39,424	-	-	428,451
<u>2022</u>									
<u>Group</u>									
Borrowings (exclude overdraft)	1,810,991	840,755	(817,437)	(92,084)	92,084	-	-	36,401	1,870,710
Lease liabilities	1,319,261	-	(133,815)	-	103,582	-	(3,474)	577,291	1,862,845
<u>Company</u>									
Borrowings	206,505	93,000	(84,335)	(6,497)	6,497	-	-	-	215,170
Amount due to subsidiaries	390,190	-	(54,839)	(14,649)	14,649	55,055	-	-	390,406

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of registered office of the Company is Level 13, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur.

The address of principal place of business of the Company is Level 12, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur.

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), as the ultimate holding corporation.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals. The details of the principal activities of the subsidiaries are disclosed in Note 22 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 16 February 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of material accounting policies below.

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates and judgment are based on management's best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6. The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Amendments to standards that are effective and applicable to the Group and Company beginning on 1 January 2023

The amendments to standards that are effective and applicable to the Group and the Company are as follows:

Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above amendments to standards did not give rise to significant effect on the financial performance or position of the Group and of the Company, except for the adoption of Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of accounting policies which have an impact on the Group's disclosures of accounting policies. The amendments require the disclosure of "material", rather than significant accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Amendments to standards that have been issued but not yet effective and have not been adopted early by the Group and the Company

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards when they become effective. The Directors of the Company do not anticipate that the application of these standards will have a significant impact on the Group's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Changes in the Group's ownership interests in subsidiaries, without a loss of control, are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other component of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method except for Johor Specialist Hospital Sdn. Bhd. and Ipoh Specialist Hospital Sdn. Bhd. which were consolidated using the merger method of accounting as disclosed below. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Business combinations (continued)

Business combinations involving entities under common control are accounted for by applying the merger method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflects the results of the combining entities for the full financial year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date of the entities had come under common control.

The accounting policy for goodwill is disclosed in Note 2.10.

Gains or losses on disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2.6 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

2.7 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents the profit or loss after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss within 'Share of profit of an associate' in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value less subsequent depreciation and impairment losses. Valuations are performed in every five years by external valuers to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

When revalued assets are sold, the revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Buildings	2%
Renovation	8% - 20%
Medical and other equipment	7.5% - 33.33%
Furniture and fittings	10% - 20%
Vehicles	10% - 20%
Computers	10% - 20%

Depreciation on assets under construction commences when the assets are ready for their intended use.

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually according to the basis set out in Note 2.11 and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.31.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on the straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date.

Software development expenditure

Software development is stated at cost less accumulated amortisation and impairment losses. The expenditure represents development work carried out in developing specialised software packages for use in the Group's business, which includes cost to purchase the software and direct cost such as salaries and hardware usage costs specifically attributable to each project.

Software development expenditure is capitalised when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and use or sell the asset;
- the ability to use or sell the intangible asset generated;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (continued)

(b) Other intangible assets (continued)

Software development expenditure (continued)

When development is complete and the asset is available for use, it is amortised over the straight-line basis over a period of 5 to 10 years. During the period of development, the asset is tested for impairment annually. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11. Cost incurred in software development which have ceased to be technically viable, are written off.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU").

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2.12 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured subsequently at amortised cost

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost and are subject to impairment. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and recognised in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income as applicable.

(ii) Fair value through other comprehensive income ("FVOCI")

Debt instruments at fair value through other comprehensive income includes investments in quoted government and corporate bonds. The Group does not have any debt instruments at fair value through other comprehensive income.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

Equity Instruments

The Group has elected to subsequently measures all equity investments at fair value through OCI. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial assets, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) Subsequent measurement - Impairment

Impairment for debt instruments and financial guarantee contracts

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have the followings financial instruments that are subject to the ECL model:

- Trade receivables and other receivables and intercompany receivables
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss is immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL approach can be classified into the categories below:

- (i) General 3-stage approach for other receivables, intercompany receivables (non-trade) and financial guarantee contracts issued

At each reporting date, the Group and the Company measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 3(a)(ii) sets out the measurement details of ECL.

- (ii) Simplified approach for trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 3(a)(i) sets out the measurement details of ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) Subsequent measurement - Impairment (continued)

Significant increase in credit risk

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) Subsequent measurement - Impairment (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables arising from hospital operations have been grouped based on shared credit risk characteristics such as type of receivables and the days past due.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period after schedule payment was made.

Impairment losses on trade receivables are presented as impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables

The Group's and the Company's assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.14 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9: Financial instruments and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15: Revenue from Contracts with Customers, where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

i) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination option's) are only included in the lease term if the lease is reasonably certain to be extended (or not to terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs, if any.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on the straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(a) Accounting by lessee (continued)

iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

iv) Reassessment of lease liabilities

The carrying amount of lease liabilities is remeasured and adjusted against the ROU assets if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

v) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on the straight-line basis as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(b) Accounting by lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included as revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised in the period in which they are earned.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.12 on impairment of financial assets.

2.17 Non-current assets (or disposal groups) classified as assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets and liabilities classified as held for sale are presented as separately as current items in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Non-current assets (or disposal groups) classified as assets held for sale and discontinued operations (continued)

The results of discontinued operations are presented as a single amount in the statement of comprehensive income.

Additional disclosures are provided in Note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.18 Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis and includes expenditure incurred in bringing the inventories to its present location and condition) and net realisable value.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs."

2.19 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

2.20 Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Borrowings and borrowing costs (continued)

(a) Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

When borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Current and deferred income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Current and deferred income taxes (continued)

(b) Deferred tax

The Group has applied a temporary mandatory relief from deferred tax accounting related to Pillar Two income taxes.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The Group's accounting policy in respect of reinvestment allowance/investment tax allowance tax credit is to recognise the tax credit when it is utilised as a reduction of current income tax liability and no deferred tax asset is recognised when the tax credit arises.

2.23 Employee benefits

(a) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals in the statement of financial position.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Defined benefit plans

One of the subsidiary in the Group operates an unfunded lump-sum defined benefit plan for its eligible employees. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Share-based payments - employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to share option reserve in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised together with the share option reserve.

The Company recharges the subsidiaries the difference between the market price at the date of exercise and the exercise price. When the Company recharges its subsidiaries, it is treated as a return of the capital contribution by the subsidiaries, with a corresponding credit to profit or loss.

When options are not exercised and lapse, the share option reserve is transferred to retained earnings and/ or derecognised from investment in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

The present value of future payments for surplus leased properties under non-cancellable operating leases, net of estimated sub-leasing revenue, is recognised as a liability (or, if lower, the costs of exiting from the contract) for the leased property that is no longer part of a cash-generating unit.

2.26 Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.27 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 Current versus non-current classification (continued)

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or=
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.28 Share capital and share issuance expenses

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument. See accounting policy Note 2.21(a) on borrowings.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(d) Purchase of own shares

Where the Company purchases its equity instruments as a result of a share buy-back, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

2.29 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.30 Revenue recognition

Revenue from contracts with customers

(a) Revenue from hospital and healthcare charges

Revenue from hospital and healthcare charges comprises inpatient and outpatient hospital charges and sales of pharmaceutical products, medical supplies and surgical products. These revenue are recognised as follows:

i. Revenue from inpatient and outpatient hospital charges

Inpatient revenue is recognised on a daily basis, as services are provided or goods delivered to patients. These services are typically provided over a short time frame, such as the use of medical equipment, drugs, nursing procedures, room charges and others.

Outpatient cases generally do not involve surgical procedures and revenue is recognised on an individual component basis when performance obligations are satisfied. The outpatient revenue charges are identified as separate performance obligations as the services are separately identifiable.

Revenue is recognised at a point in time as services are rendered or goods delivered. Revenue will only be recognised to the extent that it is highly probable that a significant reversal will not occur, net of discounts. A receivable is recognised upon billing net of deposits received."

ii. Wellness packages / Aged care revenue

Revenue from wellness packages/aged care are recognised as and when the performance obligations are satisfied. Each service offered has been identified as a separate performance obligation.

Advance payment received are recognised as contract liabilities/deposit received.

(b) Tuition fees

Revenue from tuition fees will be recognised within the semester of each courses offered to the students. Each number of semesters are identified as a performance obligation and the transaction price is allocated according to each semester based on cost plus margin. The revenue will then be recognised over time throughout the semester. Advance payment received at the commencement of the semester will be recognised as contract liabilities. Non-refundable registration fees and enrolment fees are recognised at point in time.

(c) Management fees

Management fees are recognised in the accounting period in which the services are rendered to the subsidiaries and the Group has a present right to payment for the services.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established. Dividends that clearly represent a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVOCI.

(e) Interest income

Interest income is recognised on the accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.30 Revenue recognition (continued)

Revenue from contracts with customers (continued)

(f) Rental income

Rental income receivable under operating lease is recognised on the straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

2.31 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income or expenses. All other foreign exchange gains and losses are presented in profit or loss on a net basis within finance income or expenses.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.31 Foreign currencies (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

2.32 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.32 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

2.33 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. parties are also considered related if they are subject to common control or common significant influence. related parties may be individuals including close members of the individuals, or corporate entities.

2.34 Zakat

This represents business zakat. The Group and Company recognise its obligation towards the payment of zakat on business income in the statement of comprehensive income. Zakat expense is derived from the net adjusted amount of zakat assets and liabilities used for or derived from business activities.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises mainly from trade and other receivables, cash and cash equivalents, and deposits with financial institutions. Risk arising from these are minimised through effective monitoring of receivable accounts that exceeded the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses. The Group has no significant concentration of credit risk with any single customer.

The Group seeks to invest cash assets safely and profitability and buys insurance to protect itself against insurable risk in this regard, counterparties are assessed for credit limits that are set to minimise any potential losses. The Group's cash and cash equivalents and short-term deposits are placed with creditworthy financial institutions and the risks arising there from are minimised in view of the financial strength of these financial institutions.

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and the repayment made by the subsidiary. As at the reporting date, there is no indication that the subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition is not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. In addition, the Company is exposed to credit risk arising from the financial guarantee contracts as disclosed in Note 3(a)(iii).

Group impairment policy

(i) Trade receivables using simplified approach

The historical loss rates are calculated based on the percentage of revenue that will turn into bad debts at the end of the period. The expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product ("GDP") and credit rating of each category of customers to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

(ii) Other receivables using general 3-stage approach

The Group and the Company use three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see Note 2.12(d) above)	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired (see Note 2.12(d) above)	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount (see Note 2.12(d) above)	12 month ECL

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

- (a) Credit risk (continued)

Group impairment policy (continued)

- (ii) Other receivables using general 3-stage approach (continued)

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

Maximum exposure to credit risk

- (i) Trade receivables using simplified approach

The Group recognises the ECL allowance using provision rates that are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The loss allowance recognised as at 31 December 2023 is RM5,736,000 (2022: RM15,306,000).

The remaining amount not provided are deemed recoverable, with low probability of default. This is supported after considering the historical data by each debtor category and the possibility of no credit loss may occur.

- (ii) Other receivables using general 3-stage approach

The maximum exposure to credit risk for other receivable balances is represented by the carrying amount recognised in the statement of financial position due to the balances are considered to be performing, have low risk of default and strong capacity to meet contractual cash flow.

- (iii) Financial guarantee contracts using general 3-stage approach

The following table contains an analysis of the credit risk exposure of financial guarantee contracts for which an ECL allowance is recognised. The total amount guaranteed below also represents the maximum amount that the Company has to pay if the guarantee is called on:

	Stage 1 12 month ECL RM'000	Stage 2 Lifetime ECL RM'000	Stage 3 Lifetime ECL RM'000	Total RM'000
Company's internal credit rating				
Performing	1,510,109	-	-	1,510,109
Underperforming	-	-	-	-
Non-performing	-	-	-	-
Total amount guaranteed	1,510,109	-	-	1,510,109
Loss allowance	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Cash flow forecasting is performed by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statements of financial position ratio targets.

Surplus cash held by the subsidiaries over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in financial instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>2023</u>				
Group				
Trade and other payables	658,292	-	-	658,292
Borrowings	572,419	427,933	1,043,299	2,043,651
Lease liabilities	148,295	587,652	3,004,763	3,740,710
Deposits	-	-	12,046	12,046
Total undiscounted financial liabilities	1,379,006	1,015,585	4,060,108	6,454,699
Company				
Trade and other payables	24,835	-	-	24,835
Amounts due to subsidiaries	102,729	362,641	-	465,370
Borrowings	172,084	42	-	172,126
Financial guarantee contracts*	208,908	303,668	997,533	1,510,109
Total undiscounted financial liabilities	508,556	666,351	997,533	2,172,440

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

- (b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
2022				
Group				
Trade and other payables	720,220	1,743	-	721,963
Borrowings	878,109	511,203	614,403	2,003,715
Lease liabilities	141,224	564,566	2,949,853	3,655,643
Deposits	-	-	11,948	11,948
Total undiscounted financial liabilities	1,739,553	1,077,512	3,576,204	6,393,269
Company				
Trade and other payables	19,722	-	-	19,722
Amounts due to subsidiaries	97,192	354,993	-	452,185
Borrowings	223,798	233	-	224,031
Financial guarantee contracts*	471,501	340,613	576,279	1,388,393
Total undiscounted financial liabilities	812,213	695,839	576,279	2,084,331

* Related to Islamic Medium Term Notes (Note 32)

- (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points (2022: 25 basis points) lower/higher, with all other variables held constant, the Group's profit before tax for the financial year would have been RM466,833 (2022: RM540,445) higher/lower, arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. The assumed movement in interest rate for interest rate sensitivity analysis is based on the currently observable market environment.

- (d) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not face significant exposure from foreign currency exchange risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

- (e) Offsetting financial assets and financial liabilities

There is no offsetting of financial assets and financial liabilities during the year for the Group and Company.

4. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and health capital ratios in order to support its business, maximise shareholder value and comply with its financial covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gross gearing ratio, which is total borrowings divided by shareholders' funds.

The Group's gross gearing ratios as at 31 December 2023 and 2022 were as follows:

	Group	
	2023 RM'000	2022 RM'000
Current borrowings	546,955	839,415
Non-current borrowings	1,364,964	1,047,763
Total borrowings (Note 32) - [A]	1,911,919	1,887,178
Shareholders' funds - [B]	2,383,164	2,227,260
Gross gearing ratio (%) - [A] / [B]	0.80	0.85

Borrowings represent short-term borrowings and term loans from licensed banks, hire purchase creditors, Islamic Medium Term Notes and excludes lease liabilities.

The Group has complied with all material external financial covenants during the financial year as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FAIR VALUE DISCLOSURE

(a) Determination of fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Current asset/liability	Note
Trade and other receivables and amounts due from subsidiaries	26
Deposits, bank and cash balances	28
Trade and other payables and amounts due to subsidiaries	30
Borrowings	32
Deposits	35

Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current financial liabilities, which primarily comprise advances to or from subsidiaries, borrowings and deposits, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date. The fair value of these financial liabilities are disclosed in their respective notes.

Financial instruments that are carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

The fair values of the Group's non-current fixed-rate borrowings are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of these instruments are disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FAIR VALUE DISCLOSURE (CONTINUED)

(b) Fair value measurement

Qualitative disclosures fair value measurement hierarchy for assets and liabilities are as follows:

	Level 1		Level 3	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Group</u>				
Equity instruments classified as FVOCI (Note 24)	1,507	1,241	-	-
Property, plant and equipment (Note 17):				
- Freehold land	-	-	247,534	247,534
- Buildings	-	-	1,511,527	1,454,790
Investment properties (Note 19)	-	-	358,166	360,420
	1,507	1,241	2,117,227	2,062,744
<u>Company</u>				
Equity instruments classified as FVOCI (Note 24)	36,547	26,251	-	-

The Group and the Company do not have any financial liabilities carried at fair value nor any assets or liabilities classified as Level 2 as at 31 December 2023 and 31 December 2022.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty or judgements made in applying accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and judgement in applying group accounting policies are discussed below.

(a) Impairment of goodwill

The Group tests goodwill for impairment annually whether goodwill has suffered any impairment, in accordance with its accounting policy stated in Note 2.11. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of cash-generating units have been determined based on value in use calculations. The calculations require the use of estimates as set out in Note 21.

(b) Extension and termination of options as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably not to be exercised.

The Group assesses, by applying significant judgement at lease commencement date, whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
<u>Revenue from contract with customers</u>				
Recognised at a point in time:				
Revenue from hospital and healthcare charges:				
- Revenue from inpatient and outpatient hospital charges:				
- Revenue from hospital	3,205,741	2,674,231	-	-
- Management fees from consultants	113,828	103,060	-	-
- Wellness packages	4,683	6,266	-	-
- Vaccine administration services	15	1,830	-	-
- Aged care revenue	5,261	3,414	-	-
	3,329,528	2,788,801	-	-
Recognised over time:				
Tuition fees	40,722	36,028	-	-
Management fees	6,807	4,353	68,548	58,712
	47,529	40,381	68,548	58,712
	3,377,057	2,829,182	68,548	58,712
<u>Revenue from other sources</u>				
Dividend income	6	-	197,174	131,024
Interest income	-	-	22,602	24,129
Rental income	41,470	39,190	-	-
Other revenue	168	102	-	-
	41,644	39,292	219,776	155,153
	3,418,701	2,868,474	288,324	213,865

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. REVENUE (CONTINUED)

Hospital and healthcare charges generally relates to contracts with patients in which performance obligations are to provide healthcare services. The performance obligations for inpatient services are generally satisfied over a short period, and revenue from inpatients is recorded when the healthcare services is performed. The performance obligations for outpatient and daycare services are generally satisfied over a period of less than one day, and revenue is also recorded when the healthcare services is performed. Revenue from sales of pharmaceutical products are recognised upon delivery to customers.

There are no unsatisfied performance obligations at the end of the financial year.

Revenue from tuition fees and management fees are recognised over time.

Disaggregation of revenue from contracts with customers

The following tables show the Group's revenue disaggregated by the Group's major services and provide reconciliations of the disaggregated revenue with the major market segments.

	Hospital and healthcare charges		Others		Total
	Malaysia RM'000	Others RM'000	Malaysia RM'000	Others RM'000	
2023					
Segment revenue	3,941,782	29,141	482,510	41,318	4,494,751
Intersegment revenue	(641,395)	-	(434,089)	(566)	(1,076,050)
Revenue from external customers	3,300,387	29,141	48,421	40,752	3,418,701
2022 (Restated)					
Segment revenue	3,354,554	20,974	371,180	36,631	3,783,339
Intersegment revenue	(586,727)	-	(327,572)	(566)	(914,865)
Revenue from external customers	2,767,827	20,974	43,608	36,065	2,868,474

8. ZAKAT

Zakat expense is zakat provided and paid during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

9. FINANCE INCOME AND COSTS

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
<u>Finance costs</u>				
<u>Borrowings</u>				
Profit sharing on Islamic financing:				
- Islamic Medium Term Notes	68,352	64,278	-	-
- Term loans	17,141	10,715	-	-
- Revolving credits	8,838	7,640	8,202	6,479
- Hire purchase creditors	2,140	2,829	11	18
- Bank overdrafts	1,299	1,419	-	-
Interest expense on conventional financing:				
- Term loans	157	5,012	-	-
- Hire purchase creditors	6	10	-	-
- Interest on advances from subsidiaries	-	-	16,459	14,649
- Revolving credits	-	1,012	-	-
	97,933	92,915	24,672	21,146
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 17)	(743)	(1,062)	-	-
	97,190	91,853	24,672	21,146
Lease liabilities	107,701	102,482	-	-
	204,891	194,335	24,672	21,146
<u>Finance income</u>				
Profit sharing from deposits with licensed banks	(20,149)	(12,141)	-	-
Net finance costs	184,742	182,194	24,672	21,146

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 5% (2022: 5%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

10. PROFIT BEFORE TAX

Profit before tax is arrived after charging/(crediting):

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Auditors' remuneration					
- Statutory audits					
- EY Malaysia		2,071	1,724	369	378
- Non-EY		632	621	-	-
- Other services					
- EY Malaysia		3,721	2,165	2,758	2,165
- PwC		1,020	3,296	478	3,296
- Non-EY/PwC		1,170	147	950	147
Allowance for ECL:					
- Trade receivables	26	7,271	(5,755)	-	-
- Amount due from subsidiaries	26	-	-	1,386	3,189
Contribution to Klinik Waqaf An-Nur	39	3,855	2,495	1,025	-
Directors' remuneration	12	3,728	5,620	3,601	5,620
Cost of medical supplies		958,248	808,985	-	-
Inventories written-off/ (written back)		394	(64)	-	-
Professional fees		20,995	7,847	6,225	3,544
Repair and maintenance		115,208	106,682	2,592	2,504
Investment properties:					
- Rental income		(15,764)	(15,625)	-	-
- Direct operating expenses		11,773	10,175	-	-
- Loss/(Gain) on fair value	19	2,733	(3,280)	-	-
Property, plant and equipment:					
- Depreciation		195,556	184,882	636	399
- Written-off		588	1,875	-	-
- Loss/(Gain) on disposal		865	(2,064)	(62)	4
- Loss/(Reversal) on impairment		4,033	(6,709)	-	-
Gain on disposal of assets held for sale		(1,288)	(4,353)	-	-
Right-of-use assets:					
- Depreciation		69,183	63,419	-	-
Rental expense of land and buildings	18	8,977	7,333	4,220	4,043
Rental of equipment and vehicles	18	10,000	7,596	-	-
Employee benefits costs	11	1,059,193	895,794	61,355	52,860
Intangible assets:					
- Amortisation of software expenditure	20	10,583	10,408	-	-
- Written-off	20	-	3,559	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

11. EMPLOYEE BENEFITS COST

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Staff costs (excluding Directors' remuneration):				
- Salaries, allowances and bonuses	951,730	802,501	51,928	45,114
- Contributions to defined contribution plan	107,283	93,096	9,427	7,746
- Provision for retirement benefits (Note 34)	180	197	-	-
	1,059,193	895,794	61,355	52,860

12. DIRECTORS REMUNERATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Managing and Executive Directors				
- Salaries, allowances and bonuses	561	2,682	561	2,682
- Contributions to defined contribution plan	84	221	84	221
- Benefits-in-kind	8	45	8	45
	653	2,948	653	2,948
Non-Independent and Non-Executive Directors				
- Fees	700	700	700	700
- Allowances	851	558	810	558
- Benefits-in-kind	31	23	31	23
	1,582	1,281	1,541	1,281
Independent and Non-Executive Directors				
- Fees	600	620	600	620
- Allowances	932	839	846	839
- Benefits-in-kind	2	6	2	6
	1,534	1,465	1,448	1,465
	3,769	5,694	3,642	5,694

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

12. DIRECTORS REMUNERATION (CONTINUED)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2023	2022
<u>Managing and Executive Directors:</u>		
RM1 - RM900,000	1	-
RM1,000,001 - RM1,500,000	-	1
RM1,500,001- RM2,000,000	-	1
<u>Non-Independent Non-Executive Directors:</u>		
RM1 - RM100,000	-	1
RM100,001 - RM200,000	1	1
RM200,001- RM300,000	3	4
RM400,001 - RM500,000	1	-
<u>Independent Non-Executive Directors:</u>		
RM1 - RM100,000	-	2
RM100,001 - RM200,000	-	1
RM200,001 - RM300,000	2	2
RM300,001 - RM400,000	3	2
	11	15*

*Including 5 Directors resigned during the financial year 2022.

13. TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Continuing operations</u>				
Malaysian income tax:				
- In respect of current financial year	113,590	61,822	-	-
- Over provision of prior years income tax	(639)	(1,024)	-	(170)
Foreign income tax:				
- In respect of current financial year	1,157	-	-	-
- Over provision of prior years income tax	(3,527)	(363)	-	-
	110,581	60,435	-	(170)
Deferred tax (Note 25)	(35,236)	12,773	-	(84)
Income tax expense recognised in the profit or loss	75,345	73,208	-	(254)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

13. TAX (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Discontinued operations				
Foreign income tax:				
- In respect of current financial year	(796)	583	-	-
- Under/(Over) provision of prior years income tax	439	(997)	-	-
	(357)	(414)	-	-
Deferred tax (Note 25)	796	311	-	-
Income tax expense attributable to a discontinued operation (Note 14)	439	(103)	-	-
Total income tax expense recognised in the profit or loss	75,784	73,105	-	(254)
Deferred tax related to other comprehensive income (Note 25)	6,372	(5)	-	-

A reconciliation of tax applicable to profit before tax at the Malaysian statutory income tax rate to tax at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax				
- continuing operations	377,942	275,142	146,408	99,596
- discontinued operation (Note 14)	(31,752)	(19,384)	-	-
	346,190	255,758	146,408	99,596
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	83,086	61,382	35,138	23,903
Tax effects of:				
- Different tax rates	(2,765)	(685)	-	-
- Income not subject to tax	(12,349)	(3,705)	(47,340)	(33,741)
- Expenses non-deductible for tax purposes	45,631	22,538	10,976	8,352
- Share of results of associates	(11,222)	(11,463)	-	-
- (Over)/Under provision of prior years income tax	(6,941)	3,001	-	(170)
- Deductible temporary differences not recognised	25,297	29,892	1,226	1,402
- Utilisation/Realisation of deductible temporary differences previously not recognised	(44,953)	(27,855)	-	-
Income tax expense	75,784	73,105	-	(254)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. DISCONTINUED OPERATIONS

Jeta Gardens (Qld) Pty Ltd and its wholly-owned subsidiary, Jeta Gardens Aged Care (Qld) Pty Ltd, had on 12 December 2023, entered into a conditional business sale and purchase agreement with DPG Services Pty Ltd to dispose its Aged Care Business (including its selected existing assets and liabilities) (collectively referred as "Aged Care's Operation"). As the operation was not a discontinued operation nor was it classified as held for sale as at 31 December 2022, the comparative consolidated statement of comprehensive income for the financial year ended 2023 has been re-presented to show the discontinued operation separately from continuing operations.

(a) Statement of comprehensive income of the discontinued operation is as follows:

	Group	
	2023 RM'000	2022 RM'000 Restated
Revenue	85,750	89,620
Cost of sales	(84,165)	(78,716)
Gross profit	1,585	10,904
Administrative expenses	(37,538)	(29,920)
Other income	4,927	844
Operating loss	(31,026)	(18,172)
Finance income	261	119
Finance costs	(987)	(1,331)
Finance costs - net	(726)	(1,212)
Loss before tax (Note 13)	(31,752)	(19,384)
Tax (Note 13)	(439)	103
Net loss for the financial year from discontinued operations	(32,191)	(19,281)
Other comprehensive income	4,215	89
Total comprehensive loss from discontinued operations	(27,976)	(19,192)
Loss for the financial year attributable to:		
Owners of the company	(17,884)	(11,629)
Non-controlling interests	(14,307)	(7,652)
	(32,191)	(19,281)
Total comprehensive loss for the financial year attributable to:		
Owners of the company	(13,669)	(11,540)
Non-controlling interests	(14,307)	(7,652)
	(27,976)	(19,192)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. DISCONTINUED OPERATIONS (CONTINUED)

(b) Statement of cash flows of the discontinued operation is as follow:

	Group	
	2023 RM'000	2022 RM'000 Restated
Net cash used in operating activities	(8,024)	(15,618)
Net cash generated from/(used in) investing activities	18,396	(1,802)
Net cash (used in)/generated from financing activities	(5,363)	11,953
Net changes in cash and cash equivalents	5,009	(5,467)

(c) Included in the profit or loss are the following expenses:

	Group	
	2023 RM'000	2022 RM'000 Restated
Auditors' remuneration:		
- Statutory audits	192	260
Cost of medical supplies	16,275	15,949
Directors' remuneration	74	165
Professional fees	701	666
Repair and maintenance	2,175	2,181
Depreciation:		
- Property, plant and equipment	2,501	5,050
- Right-of-use	3,787	3,894
Impairment loss on property, plant and equipment	16,771	-
Employee benefits costs	62,607	55,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15. DIVIDENDS

	Group and Company
	RM'000
Declared in 2023 in respect of:	
<u>Financial year ended 31 December 2023</u>	
First interim single tier dividend of 0.60 sen per ordinary share paid on 14 April 2023	26,186
Second interim single tier dividend of 0.65 sen per ordinary shares paid on 4 July 2023	28,368
Third interim single tier dividend of 0.80 sen per ordinary shares paid on 3 October 2023	34,914
Fourth interim single tier dividend of 1.05 sen per ordinary shares paid on 28 December 2023	45,825
Special interim single tier dividend of 0.25 sen per ordinary shares paid on 28 December 2023	10,911
	146,204

Declared in 2022 in respect of:

<u>Financial year ended 31 December 2022</u>		
First interim single tier dividend of 0.20 sen per ordinary share paid on 22 April 2022		8,685
Second interim single tier dividend of 0.25 sen per ordinary shares paid on 29 July 2022		10,858
Third interim single tier dividend of 0.55 sen per ordinary shares paid on 21 October 2022		23,888
Fourth interim single tier dividend of 1.00 sen per ordinary shares paid on 28 December 2022		43,432
		86,863

The Directors are of the opinion that the Company is able to pay its debts, identified as at the date of the statements of financial position, as being the debts as they fall due and that the company will remain solvent for the period of twelve months after the date of declaration.

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit/loss attributable to ordinary equity holders of the Company for the financial year by the average number of ordinary shares in issue during the financial year.

	Group	
	2023	2022 Restated
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	281,292	178,610
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Basic earnings per share (sen)	6.45	4.11
<u>Discontinued operations</u>		
Loss attributable to Owners of the Company (RM'000)	(17,884)	(11,629)
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Basic earnings per share (sen)	(0.41)	(0.27)

(b) Diluted earnings per share

For the diluted earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group at reporting date is ESOS.

For the ESOS granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding ESOS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of ESOS. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the profit for the financial year for the ESOS calculation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (continued)

	Group	
	2023	2022 Restated
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	281,292	178,610
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Assumed shares issued from the exercise of ESOS ('000)	-	102,421
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,443,824
Diluted earnings per share (sen)	6.45	4.02
<u>Discontinued operations</u>		
Loss attributable to Owners of the Company (RM'000)	(17,884)	(11,629)
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Assumed shares issued from the exercise of ESOS ('000)	-	102,421
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,443,824
Diluted loss per share (sen)	(0.41)	(0.26)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Group</u>							
<u>2023</u>							
At 1 January							
- Cost	-	-	489,643	1,146,957	576,804	224,780	2,438,184
- Valuation	247,534	1,504,908	-	-	-	-	1,752,442
	247,534	1,504,908	489,643	1,146,957	576,804	224,780	4,190,626
Exchange differences	-	1,261	(1)	275	218	45	1,798
Additions	-	6,689	32,367	132,737	44,700	27,571	244,064
Disposals	-	-	(26)	(8,329)	(8,624)	-	(16,979)
Written-off	-	-	(27)	(6,177)	(2,436)	(208)	(8,848)
Reclassifications	-	107,623	4,092	6,603	(4,783)	(113,535)	-
Transfer to assets held for sale (Note 29)	-	(44,812)	-	(4,734)	(1,974)	(1,049)	(52,569)
Revaluation surplus	-	26,550	-	-	-	-	26,550
Impairment loss	-	(23,078)	-	-	-	-	(23,078)
Elimination of accumulated depreciation on revaluation	-	(4,180)	-	-	-	-	(4,180)
	-	70,053	36,405	120,375	27,101	(87,176)	166,758
At 31 December							
- Cost	-	-	526,048	1,267,332	603,905	137,604	2,534,889
- Valuation	247,534	1,574,961	-	-	-	-	1,822,495
	247,534	1,574,961	526,048	1,267,332	603,905	137,604	4,357,384

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Group (continued)</u>							
<u>2023</u>							
<u>Accumulated depreciation</u>							
At 1 January	-	(50,118)	(267,747)	(682,840)	(429,699)	-	(1,430,404)
Exchange differences	-	(90)	-	(498)	(106)	-	(694)
Charge for the financial year (Note 10)	-	(30,490)	(39,772)	(84,359)	(40,935)	-	(195,556)
Disposals	-	-	1	5,641	8,230	-	13,872
Written-off	-	-	164	5,997	2,099	-	8,260
Elimination of accumulated depreciation on revaluation	-	4,180	-	-	-	-	4,180
Transfer to assets held for sale (Note 29)	-	13,084	-	3,018	1,330	-	17,432
At 31 December	-	(63,434)	(307,354)	(753,041)	(459,081)	-	(1,582,910)
<u>Net carrying amounts</u>							
- Cost	-	-	218,694	514,291	144,824	137,604	1,015,413
- Valuation	247,534	1,511,527	-	-	-	-	1,759,061
At 31 December	247,534	1,511,527	218,694	514,291	144,824	137,604	2,774,474

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Group (continued)</u>							
<u>2022</u>							
At 1 January							
- Cost	-	-	435,715	1,078,817	562,231	296,584	2,373,347
- Valuation	245,564	1,367,880	-	-	-	-	1,613,444
	245,564	1,367,880	435,715	1,078,817	562,231	296,584	3,986,791
Exchange differences	-	(1,141)	(818)	(1,409)	(748)	-	(4,116)
Additions	-	10,298	50,774	119,462	35,172	54,876	270,582
Disposals	-	(909)	(11)	(218)	(3,029)	-	(4,167)
Written-off	-	-	(92)	(16,253)	(4,566)	(1,012)	(21,923)
Reclassifications	-	108,300	17,368	-	-	(125,668)	-
Transfer from/(to) assets held for sale (Note 29)	-	15,696	(13,293)	(33,442)	(12,211)	-	(43,250)
Reversal of impairment loss (Note 10)	1,970	4,784	-	-	(45)	-	6,709
	247,534	1,504,908	489,643	1,146,957	576,804	224,780	4,190,626
At 31 December							
- Cost	-	-	489,643	1,146,957	576,804	224,780	2,438,184
- Valuation	247,534	1,504,908	-	-	-	-	1,752,442
	247,534	1,504,908	489,643	1,146,957	576,804	224,780	4,190,626

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Group (continued)</u>							
<u>2022</u>							
<u>Accumulated depreciation</u>							
At 1 January	-	(21,720)	(231,317)	(651,122)	(406,394)	-	(1,310,553)
Exchange differences	-	(118)	746	1,289	1,059	-	2,976
Charge for the financial year	-	(31,711)	(38,215)	(74,545)	(41,154)	-	(185,625)
Disposals	-	54	2	180	2,729	-	2,965
Written-off	-	-	31	16,027	3,990	-	20,048
Transfer to assets held for sale (Note 29)	-	3,377	1,006	25,331	10,071	-	39,785
At 31 December	-	(50,118)	(267,747)	(682,840)	(429,699)	-	(1,430,404)
<u>Net carrying amounts</u>							
- Cost	-	-	221,896	464,117	147,105	224,780	1,057,898
- Valuation	247,534	1,454,790	-	-	-	-	1,702,324
At 31 December	247,534	1,454,790	221,896	464,117	147,105	224,780	2,760,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company			
	Motor vehicle RM'000	Furniture, fittings and computers RM'000	Renovation RM'000	Total RM'000
<u>2023</u>				
<u>Cost</u>				
At 1 January	787	1,742	-	2,529
Additions	310	1,065	2,435	3,810
Disposals	(347)	-	-	(347)
At 31 December	750	2,807	2,435	5,992
<u>Accumulated depreciation</u>				
At 1 January	(387)	(514)	-	(901)
Charge for the financial year (Note 10)	(154)	(461)	(21)	(636)
Disposal	208	-	-	208
At 31 December	(333)	(975)	(21)	(1,329)
<u>Net carrying amounts</u>				
At 31 December	417	1,832	2,414	4,663
<u>2022</u>				
<u>Cost</u>				
At 1 January	787	974	-	1,761
Additions	-	776	-	776
Disposals	-	(8)	-	(8)
At 31 December	787	1,742	-	2,529
<u>Accumulated depreciation</u>				
At 1 January	(230)	(273)	-	(503)
Charge for the financial year (Note 10)	(157)	(242)	-	(399)
Disposal	-	1	-	1
At 31 December	(387)	(514)	-	(901)
<u>Net carrying amounts</u>				
At 31 December	400	1,228	-	1,628

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of land and buildings

The Group's land and buildings were fully revalued as at 31 December 2020. As at year end, the Group assess whether there is an indication that the carrying values of these assets have differ materially from its fair value. Where an indication exists, revaluations were carried out and the carrying value of these assets were updated to reflect its fair value based on independent valuation. Certain land and buildings that were completed and commenced operations during the year were also revalued as at year end.

Land and buildings comprise mainly those that are used by the Group as purpose-built private specialist hospitals. The lands were valued by reference to transactions of similar land in the surrounding with adjustments made for difference in accessibility, terrain, size and shape of the land, tenure, title restrictions if any and other relevant characteristics. The buildings were valued by reference to their depreciated replacement costs, i.e. the replacement cost now less appropriate adjustments for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The book values of the land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve. These were all Level 3 in the fair value hierarchy.

In current financial year, certain freehold land and buildings were written down to their recoverable amounts as a result of the valuation carried out during the year (2022: reversal of impairment loss of RM6,709,000). The write-down was recognised in the statement of comprehensive income of the Group as administrative expenses and as revaluation deficit, amounted to RM20,804,000 and RM2,274,000 respectively.

The revaluations were made with reference to valuations carried out by independent firms of professional valuers, Messrs Raine & Horne International Zaki + Partners Sdn. Bhd., Messrs Appraisal (Malaysia) Sdn. Bhd. and Messrs CBRE Valuations Pty Limited ("the Valuers").

If the total amounts of the land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	Group	
	2023 RM'000	2022 RM'000
<u>Cost</u>		
Freehold land	67,698	67,698
Buildings	826,257	715,949
	893,955	783,647
<u>Accumulated depreciation</u>		
Buildings	(88,958)	(72,433)
Net carrying amounts	804,997	711,214

The net book value of assets under hire purchase creditors as at 31 December 2023 is RM42,584,000 (2022: RM11,922,000).

The net book value of property, plant and equipment pledged for borrowing facilities as at 31 December 2023 is RM298,334,000 (2022: RM308,979,000) as disclosed in Note 32.

The capital work-in-progress includes borrowing costs arising from general and specific borrowings from licensed banks and related companies within KPJ Group. During the financial year, borrowing costs capitalised as part of capital work-in-progress amounted to RM743,000 (2022: RM1,062,000) as disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. RIGHT-OF-USE-ASSETS

The majority of the Group's leasing activities are lease of hospital buildings and land with Al-Aqar Healthcare REIT. The rental contracts are typically made for a period of 15 years with an option to extend for another 15 years. The lease terms are negotiated with the lessor, such that similar terms are set for properties with similar characteristics. These terms are used to maximise operational efficiencies in terms of managing contracts. There are no covenants attached to these leases and the properties may not be used as security for borrowing purposes.

	Group		
	Leasehold land RM'000	Land and buildings RM'000	Total RM'000
<u>2023</u>			
At 1 January 2023	99,455	1,477,584	1,577,039
Addition	-	78,001	78,001
Depreciation (Note 10)	(1,827)	(67,356)	(69,183)
At 31 December 2023	97,628	1,488,229	1,585,857

2022

At 1 January 2022	166,533	982,777	1,149,310
Addition	2,327	555,410	557,737
Depreciation	(5,090)	(60,703)	(65,793)
Transfer to assets held for sales (Note 29)	(64,315)	-	(64,315)
Exchange differences	-	100	100
At 31 December 2022	99,455	1,477,584	1,577,039

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Expenses related to short-term leases (included in cost of sales and administrative expenses) (Note 10)	(8,977)	(7,333)	(4,220)	(4,043)
Expenses relating to lease of low-value assets (included in cost of sales and administrative expenses) (Note 10)	(10,000)	(7,596)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

19. INVESTMENT PROPERTIES

	Group	
	2023 RM'000	2022 RM'000
At fair value:		
At 1 January	360,420	346,116
Exchange differences	479	(17)
Net (loss)/gain on fair value recognised during the year (Note 10)	(2,733)	3,280
Transfer from assets held for sale (Note 29)	-	11,041
At 31 December	358,166	360,420

The valuations were carried out by third party valuers, Messrs Raine & Horne International Zaki + Partners Sdn. Bhd. and Messrs Knight Frank Valuation & Advisory Queensland. In prior year, the valuations were carried out by third party valuers, Messrs Raine & Horne International Zaki + Partners Sdn. Bhd. and Messrs CBRE Valuations Pty Limited.

The fair value of investment property pledged for borrowing facilities as at 31 December 2023 is RM255,000,000 (2022: 255,000,000).

The fair value of the properties was estimated at RM358,166,000 (2022: RM360,420,000) based on valuations performed by independent professionally qualified valuers, using the comparison and investment method as described below.

Fair value hierarchy disclosures for investment properties are in Note 5.

Description of valuation techniques used and key inputs to valuation on investment properties.

	Valuation technique	Significant unobservable inputs	Range	
			2023	2022
Land and buildings	Comparison method	Location, visibility, size and tenure Estimated value per sq ft	RM30 - RM609	RM30 - RM609

(Carrying value as at 31 December 2023 of RM103,166,000 (2022: RM105,420,000)).

Office properties	Investment method	Location, visibility, size and tenure	RM3.00 - RM7.50	RM3.00 - RM7.50
		Estimated rental value per sq ft per month		
		Outgoings per sq ft per month		
		Void rate		
		Yield rate		

(Carrying value as at 31 December 2023 of RM255,000,000 (2022: RM255,000,000)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

19. INVESTMENT PROPERTIES (CONTINUED)

Inter-relationship between significant unobservable inputs and fair value measurement

(a) Comparison method

Generally a location and visibility that is relatively more prominent will result in a higher fair value. A longer tenure will have the same effect.

A sensitivity analysis has been performed on the value per sq ft which was determined based on proprietary databases of prices of transactions for properties of similar nature, with adjustment made to the location, visibility and tenure, that impact the fair value of the land and buildings. Arising thereof, the impact of a 10% increase/decrease in the value per sq ft will result in a higher/lower fair value change by RM9.4 million (2022: RM9.3 million).

(b) Investment method

Increases/decreases in estimated rental value per sq ft in isolation would result in a higher/lower fair value of the properties. Increases/decreases in the long-term vacancy rate (void rate) and discount rate (term yield) in isolation would result in a lower/higher fair value.

A sensitivity analysis had been performed on the significant assumptions that impact the fair value of the office properties. Arising thereof, the impact of a 25 basis points increase/decrease in the term yield would result in a lower/higher fair value change by RM10.0 million/RM10.4 million (2022: RM9.4 million/RM10.3 million), while an increase in void rate to 10% (2022: 8%) would result in a lower fair value change by RM4.9 million (2022: RM6.7 million).

20. INTANGIBLE ASSETS

	Goodwill RM'000	Software expenditure RM'000	Software expenditure under development RM'000	Total RM'000
<u>Group</u>				
<u>2023</u>				
<u>Cost</u>				
At 1 January 2023	211,455	70,252	-	281,707
Additions	-	-	3,010	3,010
At 31 December 2023	211,455	70,252	3,010	284,717

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

20. INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Software expenditure RM'000	Software expenditure under development RM'000	Total RM'000
<u>Group</u>				
<u>2023</u>				
<u>Accumulated amortisation</u>				
At 1 January 2023	-	(53,670)	-	(53,670)
Amortisation charge for the year (Note 10)	-	(10,583)	-	(10,583)
At 31 December 2023	-	(64,253)	-	(64,253)
<u>Accumulated impairment</u>				
At 1 January 2023 / At 31 December 2023	(21,994)	-	-	(21,994)
<u>Net carrying amount</u>				
At 31 December 2023	189,461	5,999	3,010	198,470
<u>2022</u>				
<u>Cost</u>				
At 1 January 2022	211,455	73,811	-	285,266
Written-off	-	(3,559)	-	(3,559)
At 31 December 2022	211,455	70,252	-	281,707
<u>Accumulated amortisation</u>				
At 1 January 2022	-	(43,262)	-	(43,262)
Amortisation charge for the year (Note 10)	-	(10,408)	-	(10,408)
At 31 December 2022	-	(53,670)	-	(53,670)
<u>Accumulated impairment</u>				
At 1 January 2022 / At 31 December 2022	(21,994)	-	-	(21,994)
<u>Net carrying amount</u>				
At 31 December 2022	189,461	16,582	-	206,043

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

20. INTANGIBLE ASSETS (CONTINUED)

	Software expenditure under development RM'000	Total RM'000
<u>Company</u>		
<u>2023</u>		
<u>Cost</u>		
At 1 January 2023	-	-
Additions	3,010	3,010
At 31 December 2023	3,010	3,010
<u>Net carrying amount</u>		
At 31 December 2023	3,010	3,010

21. IMPAIRMENT OF INTANGIBLE ASSETS

Impairment tests for goodwill

	Group	
	2023 RM'000	2022 RM'000
Malaysia		
- Goodwill	189,461	189,461

Recoverable amount based on value-in-use

Malaysia

The recoverable amount of the cash-generating unit ("CGU") is determined based on fair value less cost to sell calculation (level 3 fair value hierarchy). These calculations use cash flow projections based on financial budgets approved by the Directors covering a five-year period.

The key assumptions used are as follows:

	2023 %	2022 %
Revenue growth rate ^(a)	11 - 17	10 - 18
EBITDA margin ^(b)	25.4 - 28.1	25.2 - 27.7
Discount rate ^(c)	13	13
Terminal growth rate ^(d)	3	3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. IMPAIRMENT OF INTANGIBLE ASSETS (CONTINUED)

Assumptions:

- a. Revenue growth rate over the budget period
- b. EBITDA margin over the budget period
- c. Pre-tax discount rate applied to the cash flow projections
- d. Terminal growth rate used to extrapolate cash flows beyond the budget period

The Directors have determined the revenue growth rate and EBITDA margin based on expectations of market development. The pre-tax discount rate used is based on comparable healthcare companies and adjusted for projection risk. The terminal growth rate does not exceed the long-term average growth rate for the relevant group of CGUs.

Management believes that any reasonable change to the above key assumptions would not cause the carrying value of the CGU to materially exceed its reasonable amount.

22. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are made up as follows:

	Company	
	2023 RM'000	2022 RM'000
Cost	970,424	970,424
Preference shares	300	300
Capital contribution reserve relating to share-based payments	-	66,529
	970,724	1,037,253

The following are subsidiaries of the Company:

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
Kumpulan Perubatan (Johor) Sdn. Bhd.	Malaysia	100	100	Managing and investment holding company for medical sector
Point Zone (M) Sdn. Bhd.	Malaysia	100	100	Providing treasury management services to the companies within the group
Tawakal Holdings Sdn. Bhd.*	Malaysia	100	100	Investment holding company
Johor Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Pusat Pakar Tawakal Sdn. Bhd.+	Malaysia	100	100	Operating as a specialist hospital

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
Ipoh Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Puteri Specialist Hospital (Johor) Sdn. Bhd. #	Malaysia	100	100	Dormant
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd.</u>				
Ampang Puteri Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Kajang Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Maharani Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Pasir Gudang Specialist Hospital Malaysia Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Penang Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Pusat Pakar Kluang Utama Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Rawang Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Sentosa Medical Centre Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
SMC Healthcare Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Kuching Specialist Hospital Sdn. Bhd.	Malaysia	93	93	Operating as a specialist hospital

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd.</u> <u>(continued)</u>				
Miri Specialist Hospital Sdn. Bhd.*	Malaysia	84	84	Operating as a specialist hospital
PT Khidmat Perawatan Jasa Medika*	Indonesia	-	80	Operating as a specialist hospital
PT Khasanah Putera Jakarta Medica*	Indonesia	-	75	Operating as a specialist hospital
Pahang Specialist Hospital Sdn. Bhd.	Malaysia	70	70	Operating as a specialist hospital
Perdana Specialist Hospital Sdn. Bhd.	Malaysia	61	61	Operating as a specialist hospital
Perlis Specialist Hospital Sdn. Bhd.	Malaysia	80	80	Operating as a specialist hospital
Selangor Specialist Hospital Sdn. Bhd.*	Malaysia	60	60	Operating as a specialist hospital
Advanced Health Care Solutions Sdn. Bhd.	Malaysia	100	100	Providing healthcare information system services
BDC Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a building management company
Crossborder Aim (M) Sdn. Bhd.*	Malaysia	100	100	Investment holding company
Crossborder Hall (M) Sdn. Bhd.*	Malaysia	100	100	Investment holding company
Healthcare IT Solutions Sdn. Bhd.	Malaysia	100	100	Providing healthcare information technology services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd.</u> (continued)				
Kota Kinabalu Wellness Sdn. Bhd.	Malaysia	100	100	Operating as an assisted living care, after birth care and rehabilitation centre
KPJ Ambulatory Care Centre Sdn. Bhd.*	Malaysia	100	100	Management and operation of ambulatory care centre
KPJ Dhaka (Pte) Ltd*	Bangladesh	100	100	Providing management services to a specialist hospital
KPJ Eyecare Specialist Sdn. Bhd.*	Malaysia	100	100	Providing medical and consultancy services in eye care
KPJ Healthcare University College Sdn. Bhd.	Malaysia	100	100	Operating as a private university college of nursing and allied health
KPJ HealthShoppe Sdn. Bhd.*	Malaysia	100	100	Operating as pharmacy retail outlet
KPJ MedikTV Sdn. Bhd.*	Malaysia	100	100	Operating as medical service provider
Kuantan Wellness Center Sdn. Bhd.	Malaysia	100	100	Operating as a dialysis and aged-care centre
Massive Hybrid Sdn. Bhd.*	Malaysia	100	100	To be operating as a specialist hospital
PharmaCARE Sdn. Bhd. *	Malaysia	100	100	Providing human resource, training services and rental of human resource information system
Pharmaserv Alliances Sdn. Bhd.	Malaysia	100	100	Marketing and distributing medical and pharmaceutical products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd.</u> (continued)				
Sibu Geriatric Health & Nursing Centre Sdn. Bhd.	Malaysia	100	100	Operating and managing an aged care facilities
Sterile Services Sdn. Bhd.	Malaysia	100	100	Providing sterile services
UTM KPJ Specialist Hospital Sdn. Bhd.*	Malaysia	100	100	To be operating as a specialist hospital
Fabricare Laundry Sdn. Bhd.*	Malaysia	98	98	Providing laundry services
DTI Resources Sdn. Bhd.	Malaysia	94	94	Providing information technology related services and rental of software
Pride Outlet Sdn. Bhd.*	Malaysia	100	75	Providing maintenance services for medical equipment
Total Meal Solution Sdn. Bhd.*	Malaysia	100	100	Providing central kitchen services
Jeta Gardens (Qld) Pty Ltd*	Australia	57	57	Providing retirement village and aged care facilities
Lablink (M) Sdn. Bhd.	Malaysia	51	51	Providing pathology and laboratory services
Healthcare Technical Services Sdn. Bhd.*	Malaysia	51	51	Providing management and engineering maintenance services for specialist hospital
Bandar Baru Klang Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Dormant
Bayan Baru Specialist Hospital Sdn. Bhd.*	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd.</u> (continued)				
Damansara Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Dormant
Energy Excellent Sdn. Bhd.*	Malaysia	100	100	Dormant
KPJ Education Services Sdn. Bhd.*	Malaysia	100	100	Dormant
Pharmacare Surgical Technologies (M) Sdn. Bhd.*	Malaysia	100	100	Dormant
Seremban Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Dormant
Skop Yakin (M) Sdn. Bhd.*	Malaysia	100	100	Dormant
Taiping Medical Centre Sdn. Bhd.	Malaysia	100	100	Dormant
Freewell Sdn. Bhd.*	Malaysia	80	80	Dormant
<u>Subsidiaries of Johor Specialist Hospital Sdn. Bhd.</u>				
Bandar Dato Onn Specialist Hospital Sdn. Bhd.	Malaysia	100	100	Operating as a specialist hospital
Kluang Specialist Hospital Sdn. Bhd.*	Malaysia	100	100	Operating as a building management company

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
<u>Subsidiary of Ipoh Specialist Hospital Sdn. Bhd.</u>				
Sri Manjung Specialist Centre Sdn. Bhd.*	Malaysia	100	100	Operating as a specialist hospital
<u>Subsidiary of Selangor Specialist Hospital Sdn. Bhd.</u>				
Pusrawi SMC Sdn. Bhd.*	Malaysia	52	52	Operating as a polyclinic
<u>Subsidiary of SMC Healthcare Sdn. Bhd.</u>				
Amity Development Sdn. Bhd.	Malaysia	100	100	Operating as a property holding company
<u>Subsidiary of Pharmaserv Alliances Sdn. Bhd.</u>				
Malaysian Institute of Healthcare Management Sdn. Bhd.*	Malaysia	75	75	Dormant
<u>Subsidiary of KPJ Healthcare University College Sdn. Bhd.</u>				
KPJ Education (M) Sdn. Bhd.	Malaysia	100	100	Operating as a college and training centre

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of Incorporation	Group's effective interest		Principal activities
		2023 %	2022 %	
<u>Subsidiaries of Jeta Gardens</u> <u>(Qld) Pty Ltd</u>				
Jeta Gardens Aged Care (Qld) Pty Ltd*	Australia	100	100	Operating and managing an aged care facility
Jeta Gardens Management (Qld) Pty Ltd*	Australia	100	100	Dormant
<u>Subsidiaries of Crossborder</u> <u>Aim (M) Sdn. Bhd. and</u> <u>Crossborder Hall (M)</u> <u>Sdn. Bhd.</u>				
PT Al-Agar Bumi Serpong Damai*	Indonesia	-	100	Operating as building management company
PT Al-Aqar Permata Hijau*	Indonesia	-	100	Operating as building management company

Direct equity holding by the Company is 84% (2022: 84%)

+ Direct equity holding by the Company is 68% (2022: 68%)

* Audited by firms other than EY PLT, Malaysia

Acquisition of additional interest in subsidiaries in 2023:

- (i) On 1 November 2023, Kumpulan Perubatan (Johor) Sdn. Bhd. ("KPJSB") acquired additional 50,000 new shares in Pride Outlet Sdn. Bhd. ("POSB"), representing 25% equity interest in POSB, for a total consideration of RM1. With this acquisition, the Group now holds 100% shareholding of POSB.

Disposal of interest in subsidiaries in 2023:

- (i) On 5 April 2023, Kumpulan Perubatan (Johor) Sdn. Bhd. ("KPJSB"), through its wholly-owned subsidiaries, Crossborder Aim (M) Sdn. Bhd. ("CASB") and Crossborder Hall (M) Sdn. Bhd. ("CHSB"), completed the disposals of its entire 100% equity interest in PT Al-Aqar Permata Hijau and its 80% interest in PT Khidmat Perawatan Jasa Medika ("PH Group") for cash consideration totalling RM22.4 million and settlement of Shareholder's Loan amounting RM18.8 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of interest in subsidiaries in 2023: (continued)

	PH Group RM'000
Sales proceeds	41,223
Less: Settlement of shareholders' loan	(18,811)
Proceeds, net of cash and cash equivalents disposed	22,412
Less: Carrying amount of equity interest disposed	(18,371)
Gain on disposals	4,041
Purchase consideration settled in cash	22,412
Less: Cash and cash disposed	(12,733)
Cash inflow of the Group on acquisition	9,679

- (ii) On 18 September 2023, KPJSB, through its wholly-owned subsidiaries, CASB and CHSB, completed the disposals of its entire 100% equity interest in PT Al-Aqar Bumi Serpong Damai and 75% equity interest in PT KPJ Medica ("BSD Group") to PT Nusautama Medicalindo for cash consideration totalling RM13.7 million and settlement of Shareholder's Loan amounting RM137.5 million.

	BSD Group RM'000
Sales proceeds	151,154
Less: Settlement of shareholders' loan	(137,466)
Proceeds, net of cash and cash equivalents disposed	13,688
Add: Carrying amount of equity interest disposed	27,052
Gain on disposals	40,740
Purchase consideration settled in cash	13,688
Less: Cash and cash disposed	(2,611)
Cash inflow of the Group on acquisition	11,077

Acquisition of additional interest in subsidiaries in 2022:

- (i) On 29 March 2022, KPJ Healthcare Berhad ("KPJ") acquired additional 120,000 new shares in Ipoh Specialist Hospital Sdn. Bhd. ("ISH"), representing 1% equity interest in ISH, for a total consideration of RM5,400,000. With this acquisition, the Group then holds 100% shareholding of ISH.
- (ii) On 17 November 2022, Kumpulan Perubatan (Johor) Sdn. Bhd. ("KPJSB") acquired additional 30,000 new shares in Total Meals Solution Sdn. Bhd. ("TMS"), representing 30% equity interest in TMS, for a total consideration of RM412,000. With this acquisition, the Group then holds 100% shareholding of TMS.
- (iii) On 23 December 2022, KPJSB acquired additional 16,750,000 new shares in Perlis Specialist Hospital Sdn. Bhd. ("PER"), representing 20% equity interest in PER, for a total consideration of RM16,750,000. With this acquisition, the Group then holds 80% shareholding of PER.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of Perdana Specialist Hospital Sdn. Bhd., Selangor Specialist Hospital Sdn. Bhd., Lablink (M) Sdn. Bhd. and Jeta Gardens (Qld) Pty Ltd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other subsidiaries are not material to the Group.

(i) Summarised statements of financial position

	Perdana Specialist Hospital Sdn. Bhd.		Selangor Specialist Hospital Sdn. Bhd.		Lablink (M) Sdn. Bhd.		Jeta Gardens (Qld) Pty Ltd		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-controlling interest percentage of ownership interest and voting interest	39%	39%	40%	40%	49%	49%	43%	43%		
Non-current assets	127,327	100,219	205,754	208,528	22,902	23,497	63,799	87,037	419,782	419,281
Current assets	30,059	21,451	83,865	70,198	233,569	194,785	16,346	34,162	363,839	320,596
Current liabilities	(29,181)	(33,396)	(44,103)	(41,336)	(15,510)	(12,063)	(215,522)	(201,288)	(304,316)	(288,083)
Non-current liabilities	(71,816)	(38,513)	(81,253)	(82,448)	(664)	(1,534)	(10,336)	(15,292)	(164,069)	(137,787)
Net assets/(liabilities)	56,389	49,761	164,263	154,942	240,297	204,685	(145,713)	(95,381)	315,236	314,007
Net equity attributable	56,389	49,761	164,263	154,942	240,297	204,685	(145,713)	(95,381)	315,236	314,007
Equity attributable to:										
Owners of the Company	34,397	30,354	98,558	92,965	122,551	104,389	(83,056)	(54,367)	172,450	173,341
Non-controlling interest	21,992	19,407	65,705	61,977	117,746	100,296	(62,657)	(41,014)	142,786	140,666

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(ii) Summarised statements of comprehensive income

	Perdana Specialist Hospital Sdn. Bhd.		Selangor Specialist Hospital Sdn. Bhd.		Lablink (M) Sdn. Bhd.		Jeta Gardens (Qld) Pty Ltd		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	97,724	81,126	165,909	152,579	144,735	157,020	65,670	51,700	474,038	442,425
Profit/(Loss) for the year	8,581	5,372	20,562	19,533	35,811	45,277	(46,110)	(20,976)	18,844	49,206
Profit/(Loss) attributable to:										
Owners of the Company	5,234	3,277	12,337	11,720	18,264	23,091	(26,283)	(11,956)	9,552	26,132
Non-controlling interest	3,347	2,095	8,225	7,813	17,547	22,186	(19,827)	(9,020)	9,292	23,074
Total net profit/(loss)	8,581	5,372	20,562	19,533	35,811	45,277	(46,110)	(20,976)	18,844	49,206
Total comprehensive income/(loss) attributable to:										
Owners of the Company	5,378	3,708	12,757	12,980	18,264	23,091	(28,690)	(3,930)	7,709	35,849
Non-controlling interest	3,439	2,371	8,505	8,653	17,547	22,186	(21,643)	(2,964)	7,848	30,246
Total comprehensive income/(loss)	8,817	6,079	21,262	21,633	35,811	45,277	(50,333)	(6,894)	15,557	66,095
Dividends paid to non-controlling interest	830	830	4,640	3,560	-	-	-	-	5,470	4,390

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(iii) Summarised statements of cash flows

	Perdana Specialist Hospital Sdn. Bhd.		Selangor Specialist Hospital Sdn. Bhd.		Lablink (M) Sdn. Bhd.		Jeta Gardens (Qld) Pty Ltd		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net cash (used in)/generated from operating activities	(1,633)	18,065	46,784	14,955	50,997	2,204	(11,532)	(5,602)	84,616	29,622
Net cash (used in)/generated from investing activities	(6,192)	(12,624)	(33,727)	(3,096)	(52,127)	(874)	19,268	559	(72,778)	(16,035)
Net cash generated from/(used in) financing activities	6,963	(5,222)	(13,934)	(11,100)	(151)	(169)	(6,431)	(38)	(13,553)	(16,529)
Net changes in cash and cash equivalents	(862)	219	(877)	759	(1,281)	1,161	1,305	(5,081)	(1,715)	(2,942)
Cash and cash equivalents at the beginning of the year	1,620	1,401	4,139	3,380	1,547	386	9,497	15,825	16,803	20,992
Currency translation differences	-	-	-	-	-	-	2,435	(1,247)	2,435	(1,247)
Cash and cash equivalents at the end of the year	758	1,620	3,262	4,139	266	1,547	13,237	9,497	17,523	16,803

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

23. INVESTMENT IN ASSOCIATES

	Group	
	2023 RM'000	2022 RM'000
Quoted ordinary shares in Al-`Aqar, Healthcare REIT, at cost		
At 1 January	250,479	225,469
Addition	-	25,010
31 December	250,479	250,479
Unquoted ordinary shares, at cost	65,091	65,091
Group's share of post-acquisition reserves	198,287	170,738
	513,857	486,308
Market value of quoted ordinary shares in Al-`Aqar, Healthcare REIT	359,074	353,282

The associates of the Group are as follows:

	Group's effective interest			Principal activities
	Country of Incorporation	2023 %	2022 %	
<u>Associate of company</u>				
Damansara REIT Managers Sdn. Bhd.#	Malaysia	-	-	Manager of Al- Aqar Healthcare REIT
Al-`Aqar Healthcare REIT^	Malaysia	34	38	Real estate investment trust
<u>Associates of KPJSB</u>				
Kedah Medical Centre Sdn. Bhd.*	Malaysia	46	46	Operating as a specialist hospital
Vejthani, Public Company Limited*	Thailand	23	23	Operating as an international specialist hospital

[^] Listed on the Main Market of Bursa Malaysia Securities Berhad.

^{*} Audited by a firm other than EY PLT, Malaysia.

[#] Entity over which the Company exercises significant influence by virtue of its board representation in Damansara REIT Managers Sdn. Bhd., which controls Al-`Aqar Healthcare REIT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

23. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the statutory financial statements of the associate and not the Group's share of those amounts.

- (i) Summarized statement of financial position

	AI-Aqar Healthcare REIT	
	2023 RM'000	2022 RM'000
Non-current assets	1,646,643	1,725,781
Current assets	213,130	145,784
Total assets	1,859,773	1,871,565
Current liabilities	91,764	23,324
Non-current liabilities	695,778	871,904
Total liabilities	787,542	895,228
Net assets	1,072,231	976,337

- (ii) Summarized statement of comprehensive income

Revenue	121,022	110,239
Profit before tax	55,432	64,536
Total comprehensive income for the financial year	61,305	63,732
Dividends received and receivables from associates	23,166	20,988

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in material associate

	AI-Aqar Healthcare REIT	
	2023 RM'000	2022 RM'000
Net assets at 1 January	976,337	945,002
Addition	98,349	25,010
Profit for the financial year	61,305	63,732
Dividend paid during the year	(63,760)	(57,407)
Net assets at 31 December	1,072,231	976,337
Interest in associates	34%	38%
Carrying value of group's interest	369,812	371,008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

23. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the statutory financial statements of the associate and not the Group's share of those amounts. (continued)

- (iv) Aggregate information of associates that are not individually material

	2023 RM'000	2022 RM'000
The Group's share of profit before tax	35,505	29,813
The Group's share of profit after tax	26,964	23,879
The Group's share of total comprehensive income	34,991	23,879

- (v) Commitments and contingent liabilities

There are neither commitment nor contingent liabilities relating to the Group's interest in the associates.

24. EQUITY INSTRUMENTS CLASSIFIED AS FVOCI

Equity investments at FVOCI comprise of the following individual investments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Quoted shares:				
Al-Salam Real Estate Investment Trust	950	740	950	740
Al-'Aqar Healthcare REIT	-	-	35,040	25,010
Unquoted shares:				
PMB-An-Nur Waqf Income Fund	557	501	557	501
Intrapreneur Value Creation Sdn. Bhd.	-	-	-	-
AHCS Advanced HealthCare Solutions AG	-	-	-	-
	1,507	1,241	36,547	26,251

The Group and the Company have irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group and the Company consider this equity instruments classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purpose.

Refer to Note 5 for disclosure of fair value information on the quoted and unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

25. DEFERRED TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	125,653	114,281	236	236
Deferred tax liabilities	(67,038)	(84,530)	-	-
	58,615	29,751	236	236
Assets held for sale (Note 29)				
- Deferred tax assets	-	796	-	-
At 31 December	58,615	30,547	236	236

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follow:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	30,547	43,626	236	152
(Charged)/credit to profit or loss (Note 13):				
- Property, plant and equipment	(13,765)	(27,078)	-	(337)
- Investment properties	(812)	(1,609)	-	-
- Trade and other receivables	(2,956)	3,390	-	765
- Unutilised tax losses	19,232	(4,166)	-	-
- Unutilised capital allowance	14,167	(3,879)	-	-
- Contract liabilities	4,841	(5,629)	-	-
- Leases	6,124	12,826	-	-
- Trade and other payables	7,609	13,061	-	(344)
	34,440	(13,084)	-	84
Charged to other comprehensive income (Note 13):				
- Deferred tax on revaluation surplus during the year	(6,372)	5	-	-
At 31 December	58,615	30,547	236	236

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

25. DEFERRED TAX (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subject to income tax:				
Deferred tax assets (before offsetting):				
- Unutilised tax losses	36,181	16,949	-	-
- Unabsorbed capital allowance	41,855	27,688	-	-
- Contract liabilities	9,390	4,549	-	-
- Leases	87,426	81,302	-	-
- Trade and other receivables	987	3,943	-	-
- Trade and other payables	31,115	23,506	421	421
	206,954	157,937	421	421
Offsetting	(81,301)	(42,860)	(185)	(185)
Deferred tax assets (after offsetting)	125,653	115,077	236	236
Deferred tax liabilities (before offsetting):				
- Property, plant and equipment	(132,806)	(112,669)	(185)	(185)
- Investment properties	(15,533)	(14,721)	-	-
	(148,339)	(127,390)	(185)	(185)
Offsetting	81,301	42,860	185	185
Deferred tax liabilities (after offsetting)	(67,038)	(84,530)	-	-

The amount of unabsorbed capital allowance, unutilised tax losses and investment tax allowance ("ITA") for which no deferred tax asset are recognised on the statements of financial position are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unabsorbed capital allowances	64,428	125,508	2,457	1,694
Unutilised tax losses	369,817	318,628	14,586	8,867
Unutilised ITA	195,287	263,411	-	-
Other temporary differences	22,700	26,592	7,797	9,170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

25. DEFERRED TAX (CONTINUED)

No deferred tax assets are recognised from the above due to uncertainties of their recoverability. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The Group was granted approval on ITA from Malaysian Investment Development Authority, which provides income tax exemption in the form of 100% on the qualifying capital expenditure incurred within a period of 5 years for new private healthcare facility projects, expansion, modernisation and refurbishment projects for existing facilities. ITA is recognised to the extent of reduction of current income tax liability and no deferred tax asset is recognised when the tax credit arises. The unabsorbed capital allowances and unutilised ITA do not expire under the current tax legislation.

26. TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current:				
Other receivables	271	331	-	-
Deposits	18,991	16,784	-	-
Amount due from subsidiaries	-	-	-	7,224
	19,262	17,115	-	7,224
Current:				
Trade receivables	535,982	454,330	-	-
Less: Allowance for ECL	(5,736)	(15,306)	-	-
Trade receivables (net)	530,246	439,024	-	-
Amount due from ultimate holding corporation	487	661	14	13
Amounts due from related companies	4,739	5,001	-	8
Amounts due from associates	2,433	4,431	2,844	2,090
Other receivables	64,517	125,183	1,945	806
Deposits	47,188	50,491	350	26
Prepayments	24,039	20,914	215	51
	673,649	645,705	5,368	2,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current: (continued)				
Amounts due from subsidiaries	-	-	615,603	634,615
Less: Allowance for ECL	-	-	(4,575)	(3,189)
	-	-	611,028	631,426
Total	692,911	662,820	616,396	641,644

Credit terms of trade receivables range from 30 to 60 days (2022: 30 to 60 days).

Amounts due from ultimate holding corporation and related companies are non-trade, interest free and repayable on demand.

Amount due from subsidiaries are unsecured, bearing interest rate of 5.85% (2022: 5.85%) per annum and repayable on demand.

The movement in allowance for ECL on trade receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	15,306	32,307
Allowance for ECL for the year (Note 10)	7,271	(5,755)
Written-off	(16,841)	(11,246)
At 31 December	5,736	15,306

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

The other classes do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

	Total gross carrying amount at default RM'000	Allowance for expected credit loss RM'000	Total RM'000
<u>2023</u>			
1-30 days	241,777	(664)	241,113
31-60 days	160,419	(82)	160,337
61-90 days	55,322	(211)	55,111
91-120 days	25,030	(426)	24,604
121-150 days	11,117	(767)	10,350
151-180 days	8,268	(568)	7,700
181-365 days	10,228	(253)	9,975
>365 days	23,821	(2,765)	21,056
	535,982	(5,736)	530,246
<u>2022</u>			
1-30 days	202,667	(129)	202,538
31-60 days	130,158	(124)	130,034
61-90 days	45,711	(96)	45,615
91-120 days	13,969	(155)	13,814
121-150 days	24,436	(224)	24,212
151-180 days	3,252	(64)	3,188
181-365 days	7,431	(611)	6,820
>365 days	26,706	(13,903)	12,803
	454,330	(15,306)	439,024

The currency exposure profile of the receivables and deposits (excluding prepayments) are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	652,599	624,963	616,181	641,593
Bangladesh Taka	15,299	795	-	-
Australian Dollar	974	16,148	-	-
	668,872	641,906	616,181	641,593

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

27. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
At cost:		
Pharmaceutical products	45,726	42,074
Medical supplies	22,596	19,132
Laboratory chemicals	391	1,472
Consumables and disposable items	1,922	336
Other supplies	2,373	2,858
	73,008	65,872

28. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks	248,412	88,621	-	-
Cash and bank balances	536,815	379,298	3,901	3,315
Total cash and bank balances	785,227	467,919	3,901	3,315
Less: Overdraft (Note 32)	(18,406)	(16,468)		-
Deposits with licensed banks with maturity of more than 3 months	(102,870)	(2,881)	-	-
Designated account (FSRA & DSRA)	(111,448)	31,704	-	-
Cash and cash equivalents	552,503	416,866	3,901	3,315

Included in the deposits with licensed banks of the Group is an amount of RM111,448,000 (2022: RM31,704,000) being minimum balance required in the Financial Service Reserve Account ("FSRA") and Deposit Service Reserve Account ("DSRA") for loans purposes (Note 32).

The weighted average interest rate of deposits with licensed banks of the Group during the financial year is 2.07% (2022: 1.97%) per annum. Bank balances are deposits held at call with banks and earn no interest.

Deposits of the Group and of the Company have maturity period that ranges from 1 to 730 days (2022: 1 to 365 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. DEPOSITS, BANK AND CASH BALANCES (CONTINUED)

Deposits, cash and bank balances as at end of the reporting period are denominated in the following currencies:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	770,154	455,628	3,901	3,315
Indonesia Rupiah	-	-	-	-
Bangladesh Taka	1,836	895	-	-
Australian Dollar	13,237	11,396	-	-
	785,227	467,919	3,901	3,315

29. ASSETS HELD FOR SALE

The assets held for sale and liabilities associated with assets held for sale are as follows:

	Group	
	2023 RM'000	2022 RM'000
Assets held for sale:		
Aged Care's Operation	a 35,151	-
Indonesia's Operation	b -	138,661
Property, plant and equipment		
- Land and buildings in Australia	c -	18,794
	35,151	157,455
Liabilities associated with assets held for sale:		
Aged Care's Operation	a (54,349)	-
Indonesia's Operation	b -	(13,163)
	(19,198)	144,292
At 1 January	157,455	250,163
Transfer from property, plant and equipment (Note 17)	35,137	3,465
Transfer to investment properties (Note 19)	-	(11,041)
Others	-	89,790
Disposal of assets held for sale	(157,455)	(174,012)
Exchange differences	-	(910)
	35,137	157,455

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29. ASSETS HELD FOR SALE (CONTINUED)

- (a) Jeta Gardens (Qld) Pty Ltd and its wholly-owned subsidiary, Jeta Gardens Aged Care (Qld) Pty Ltd (collectively, "Jeta Gardens") has entered into a conditional business sale and purchase agreement with DPG Services Pty Ltd to dispose its Aged Care Business (including its selected existing assets and liabilities) (collectively referred as "Aged Care's Operation") on 12 December 2023.

Jeta Gardens completed the disposal of Aged Care's Operation on 31 January 2024, following the fulfilment of conditions precedent and the obligations on completion.

The assets and liabilities of Aged Care's Operations are as follows:

	Group 2023 RM'000
Assets held for sale:	
- Property, plant and equipment (Note 17)	35,137
- Trade and other receivables	14
	35,151
Liabilities associated with assets held for sale:	
- Trade and other payables	(54,349)
	(54,349)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29. ASSETS HELD FOR SALE (CONTINUED)

- (b) In April 2022 the Group has decided to divest of its 100% interest in PT Al-Aqar Bumi Serpong Damai, 100% interest in PT Al-Aqar Permata Hijau, 80% interest in PT Khidmat Perawatan Jasa Medika and 75% interest in PT Khasanah Putera Jakarta Medica (collectively referred as "Indonesia's Operation") as part of its strategic plan to place greater focus on the Group's core Malaysia segment.

The divestments of PT Al-Aqar Permata Hijau and PT Khidmat Perawatan Jasa Medika were completed on 5 April 2023. The divestments of PT Al-Aqar Bumi Serpong Damai and PT Khasanah Putera Jakarta Medica were completed on 18 September 2023.

The assets and liabilities of Indonesia's Operations are as follows:

	Group 2022 RM'000
Assets held for sale:	
- Property, plant and equipment	48,871
- Right-of-use assets (Note 18)	64,315
- Deferred tax assets (Note 25)	796
- Inventories	606
- Trade and other receivables	10,573
- Tax recoverable	1
- Cash and bank balances	13,499
	138,661
Liabilities associated with assets held for sale:	
- Trade and other payables	(13,110)
- Current tax liabilities	(53)
	(13,163)

- (c) In 2021, the Directors approved a proposal to dispose a land belonged to Jeta Gardens (Qld) Pty Ltd.

The disposal was completed on 23 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

30. TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO SUBSIDIARIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current:				
Trade payables	207,724	238,671	-	-
Other payables	108,900	168,109	3,372	3,084
Accruals	320,895	283,278	18,751	15,445
Amount due to ultimate holding corporation	3,450	1,249	2,654	1,143
Amounts due to related companies	1,325	2,256	58	50
Amounts due to associates	15,998	26,657	-	-
	658,292	720,220	24,835	19,722
Amounts due to subsidiaries	-	-	102,729	97,192
Non-current:				
Amounts due to subsidiaries	-	-	325,722	293,214
Other payables	-	1,743	-	-
	-	1,743	325,722	293,214
Total	658,292	721,963	453,286	410,128

Non-current other payables comprises of retention sum payable later than 1 year and not later than 3 years.

Included in amounts due to subsidiaries are advances from subsidiaries which are unsecured, bear an effective average interest rate of 3.00% (2022: 3.00%) per annum and are repayable on demand after 2024.

Amounts due to ultimate holding corporation, subsidiaries and other related companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

30. TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO SUBSIDIARIES (CONTINUED)

Credit terms of trade payables ranges from 30 to 60 days (2022: 30 to 60 days). Payables are denominated in the following currencies:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	615,809	574,645	453,286	410,128
Bangladesh Taka	2,850	2,471	-	-
Australian Dollar	39,633	144,847	-	-
	658,292	721,963	453,286	410,128

31. CONTRACT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
At 1 January	48,708	50,922
Revenue recognised that was included in contract liability balance at the beginning of the year	(48,269)	(48,570)
Increases due to cash received, excluding amounts recognised as revenue during the year	87,340	46,356
At 31 December	87,779	48,708

Contract liabilities represent amounts of deposits received from patients, the wellness subscription fees and tuition fees at the inception of the contract which services have not been rendered and ingoing contributions from retirement village residents. Revenue is recognised as and when the performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

32. BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	200,000	450,000	-	-
- Term loans (secured)	55,595	55,234	-	-
- Revolving credits (unsecured)	254,500	292,800	172,000	214,800
- Hire purchase creditors (secured)	18,416	17,709	84	141
- Bank overdrafts (unsecured)	18,406	16,468	-	-
	546,917	832,211	172,084	214,941
Conventional financing				
- Term loans (secured)	-	1,620	-	-
- Hire purchase creditors (secured)	38	36	-	-
- Revolving credits (unsecured)	-	5,548	-	-
	38	7,204	-	-
	546,955	839,415	172,084	214,941
Non-current				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	1,205,000	850,000	-	-
- Term loans (secured)	131,138	159,187	-	-
- Hire purchase creditors (secured)	28,767	38,342	42	229
	1,364,905	1,047,529	42	229
Conventional financing				
- Term loans (secured)	-	137	-	-
- Hire purchase creditors (secured)	59	97	-	-
	59	234	-	-
	1,364,964	1,047,763	42	229
	1,911,919	1,887,178	172,126	215,170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

32. BORROWINGS (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Total Borrowings</u>				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	1,405,000	1,300,000	-	-
- Term loans (secured)	186,733	214,421	-	-
- Revolving credits (unsecured)	254,500	292,800	172,000	214,800
- Hire purchase creditors (secured)	47,183	56,051	126	370
- Bank overdrafts (unsecured)	18,406	16,468	-	-
Conventional financing				
- Term loans (secured)	-	1,757	-	-
- Hire purchase creditors (secured)	97	133	-	-
- Revolving credits (unsecured)	-	5,548	-	-
	1,911,919	1,887,178	172,126	215,170
<hr/>				
The maturity profile of borrowings is as follows:				
Less than 1 year	546,955	839,415	172,084	214,941
Between 1 and 5 years	366,512	461,453	42	229
More than 5 years	998,452	586,310	-	-
	1,364,964	1,047,763	42	229
	1,911,919	1,887,178	172,126	215,170
<hr/>				
<u>Hire purchase creditors</u>				
Gross hire purchase creditors - minimum lease payments:				
- due not later than 1 year	18,934	18,199	87	154
- due later than 1 year and not later than 5 years	29,577	39,422	43	235
	48,511	57,621	130	389
Future finance charges	(1,231)	(1,437)	(4)	(19)
Present value of hire purchase creditors	47,280	56,184	126	370

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

32. BORROWINGS (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Hire purchase creditors (continued)				
The present value of hire purchase creditors is analysed as follows:				
<u>Current</u>				
Due not later than 1 year	18,454	17,745	84	141
<u>Non-current</u>				
Due later than 1 year and not later than 5 years	28,826	38,439	42	229
Present value of hire purchase creditors	47,280	56,184	126	370

The borrowings are denominated as follows:

Ringgit Malaysia	1,911,919	1,879,873	172,126	215,170
Australian Dollar	-	7,305	-	-
	1,911,919	1,887,178	172,126	215,170

	Finance Rate	Effective finance rate at reporting date (% p.a)	
		2023	2022
Term loans	Fixed / Floating	6.59	5.98
Hire purchase creditors	Fixed	2.60	2.56
Islamic Medium Term Notes	Fixed	4.54	4.77
Bank overdrafts	Floating	6.87	6.28
Revolving credits	Floating	5.06	4.27

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

32. BORROWINGS (CONTINUED)

Stated below are the fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value		Fair Value	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Group</u>				
Term loans	131,138	159,323	107,312	132,035
Hire purchase creditors	28,826	38,440	27,480	37,481
Islamic Medium Term Notes	1,205,000	850,000	860,731	670,124
	1,364,964	1,047,763	995,523	839,640
<u>Company</u>				
Hire purchase creditors	42	229	41	221

The borrowings are secured by:

- (a) The property, plant and equipment and investment property with carrying amount as at 31 December 2023 of RM553,334,000 (2022: RM563,979,000);
- (b) a Letter of Undertaking cum Awareness;
- (c) negative pledge;
- (d) an assignment of the proceeds to be received from the disposal of the building and lease/rentals;
- (e) fixed and floating charge over certain present and future assets;
- (f) Corporate Guarantee;
- (g) assignment of all Rights & Benefits or its equivalent over the relevant Takaful cover;
- (h) a charge on the specific Finance Service Reserve Account ("FSRA"), Debt Service Reserve Account ("DSRA"), Finance Reserve Account ("FRA") and all monies standing to the credit of certain subsidiaries;
- (i) specific debenture charge over assets;

In connection with certain borrowings, the Group and its subsidiaries have to comply with the following significant covenants:

At Group level:

- (i) Gearing ratio to not exceed 1.50 times for Islamic Medium Term Notes;

At subsidiaries level:

- (i) Dividend declared or paid not more than fifty percent (50%) of profit after tax;
- (ii) Debt service coverage ratio to be more than 1.25 times;
- (iii) Gearing ratio to not exceed 3.50 times;
- (iv) Gearing ratio to not exceed 1.50 times;

As at 31 December 2023, tranches of the IMTN of 2 RM100 million tranches amounting to RM200 million will mature in September and December 2024 respectively. The Group expects to satisfy the maturity of the RM200 million IMTN due in 2024 via internally generated cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

33. LEASE LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Amount due for settlement within 12 months	39,920	44,677
Amount due for settlement after 12 months	1,870,338	1,818,168
	1,910,258	1,862,845
Maturity analysis - lease payments		
Less than 1 year	148,295	141,224
Between 1 and 5 years	587,652	564,566
Later than 5 years and not later than 10 years	755,310	704,337
Later than 10 years and not later than 20 years	1,345,993	1,317,529
Later than 20 years and not later than 30 years	903,460	927,987
	3,592,415	3,514,419
	3,740,710	3,655,643

34. PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded lump-sum benefit plan for eligible employees at a subsidiary.

The movements during the financial year in the amount recognised in the statement of financial position are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	2,212	2,355
Charged to profit or loss (Note 11)	180	197
Remeasurement loss on defined benefit obligation	-	-
Retirement benefits paid	(323)	(340)
At 31 December	2,069	2,212

The amount recognised in profit or loss is as follows:

Current service cost	96	105
Interest cost on benefit obligation	84	92
	180	197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

34. PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

The principal assumptions used in respect of the defined benefit plan of the Group are as follows:

	Group	
	2023 %	2022 %
Discount rate ¹	4.4	4.4
Expected rate of salary increase		
- Non-management staff ²	6.0	6.0
- Management staff ²	6.0	6.0
Turnover ³	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50

1 Discount rate is reflective of 10 - 15 year yield for AA (2022: AA) rated bond

2 Expected rate of salary increase is as per industry average

3 Turnover rate is relatively influenced by average employee age

The above assumptions were derived from the latest actuarial valuation report dated 31 December 2021. The valuation was carried out by third party actuaries, Nicholas Actuarial Solutions Sdn. Bhd.

Sensitivity analysis on present value of defined benefit obligation:

	Group	
	2023 RM'000	2022 RM'000
1 A 1% increase in salary increment rate		
a Increase on defined benefit obligation	2,305	2,498
b Increase in net defined liability	187	174
2 A 1% decrease in discount rate		
a Increase on defined benefit obligation	2,266	2,479
b Increase in net defined liability	148	154

35. DEPOSITS

Deposits represent amounts received from consultants, which are repayable on death, retirement (at age 65) or disability of the consultants. Deposits are forfeited on termination of a consultant's practice either by the Group due to events of breach or on early termination by the consultant unless approval to refund is obtained from the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

36. SHARE CAPITAL

	Group/Company			
	2023 Unit'000	2023 RM'000	2022 Unit'000	2022 RM'000
Issued and fully paid ordinary shares:				
At 1 January	4,505,528	976,329	4,489,159	959,521
Issued during the financial year:				
- ESOS	21,080	22,861	16,369	16,808
At 31 December	4,526,608	999,190	4,505,528	976,329

Treasury shares

As at 31 December 2023, the Company held a total of 162,306,700 (2022: 162,306,700) of its 4,526,608,066 (2022: 4,505,527,861) issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

37. SHARE BASED PAYMENTS

An Employees' Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS was initially be in-force for a period of 5 years. However, upon approval from KPJ's Board of Directors on 3 December 2019, it has been resolved that ESOS's period is extended to another 3 years.

The fair value of each share option on the grant date is RM0.25. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives. The exercise price of the share options granted under the ESOS is RM0.91 each. The options granted remained dividable into 5 equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates.

The option expired on 27 February 2023, whereby no additional options will be granted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

37. SHARE BASED PAYMENTS (CONTINUED)

Movement of share options during the financial year

	2023 Units'000	2022 Units'000
Number of share options at exercise price of RM0.91 each:		
Outstanding as at 1 January	102,421	123,805
- Exercised	(21,080)	(16,369)
- Lapsed	(81,341)	(5,015)
Outstanding as at 31 December	-	102,421
Exercisable at end of financial year	-	102,421

The fair value of the ESOS granted in which MFRS 2 applies, were determined using the Black-Scholes valuation model. The significant inputs in the model are as follows:

Description of ESOS

Fair value per option	RM0.25
Exercise price	RM0.91
Option life	5 years
Weighted average share price at grant date	RM1.01
Expected dividend yield	1.90%
Risk free interest rates	3.35% to 3.62%
Expected volatility	20%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. OTHER RESERVES (NON-DISTRIBUTABLE)

	Merger reserve (Note a) RM'000	Exchange reserve (Note b) RM'000	Revaluation reserve (Note c) RM'000	Share option reserve (Note d) RM'000	FVOCI reserve (Note e) RM'000	Total RM'000
<u>Group</u>						
At 1 January 2023	(3,367)	1,764	237,733	40,276	(217)	276,189
Other comprehensive income:						
Translation of foreign subsidiaries	-	5,425	-	-	-	5,425
Revaluation surplus	-	-	21,657	-	-	21,657
Fair value gain on FVOCI	-	-	-	-	266	266
Total other comprehensive income	-	5,425	21,657	-	266	27,348
	(3,367)	7,189	259,390	40,276	49	303,537
Transactions with Owners:						
Issue of share capital:						
- ESOS	-	-	-	(3,678)	-	(3,678)
	-	-	-	(3,678)	-	(3,678)
Disposal of interest in subsidiaries	-	4,215	(31,123)	-	-	(26,908)
Lapsed ESOS	-	-	-	(36,598)	-	(36,598)
Total transactions with Owners	-	4,215	(31,123)	(40,276)	-	(67,184)
At 31 December 2023	(3,367)	11,404	228,267	-	49	236,353

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. OTHER RESERVES (NON-DISTRIBUTABLE) (CONTINUED)

	Merger reserve (Note a) RM'000	Exchange reserve (Note b) RM'000	Revaluation reserve (Note c) RM'000	Share option reserve (Note d) RM'000	FVOCI reserve (Note e) RM'000	Total RM'000
<u>Group</u>						
At 1 January 2022	(3,367)	(725)	237,768	45,622	-	279,298
Other comprehensive income:						
Translation of foreign subsidiaries	-	2,489	-	-	-	2,489
Revaluation deficit	-	-	(35)	-	-	(35)
Fair value loss on FVOCI	-	-	-	-	(217)	(217)
Total other comprehensive income	-	2,489	(35)	-	(217)	2,237
	(3,367)	1,764	237,733	45,622	(217)	281,535
Transactions with Owners:						
Issue of share capital:						
- ESOS	-	-	-	(1,913)	-	(1,913)
	-	-	-	(1,913)	-	(1,913)
Lapsed ESOS	-	-	-	(3,433)	-	(3,433)
Total transactions with Owners	-	-	-	(5,346)	-	(5,346)
At 31 December 2022	(3,367)	1,764	237,733	40,276	(217)	276,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. OTHER RESERVES (NON-DISTRIBUTABLE) (CONTINUED)

- (a) The difference between the issue price and the nominal value of shares issued that arose from a merger was classified as merger reserve.
- (b) Exchange reserve is used to record exchange differences arising from the translation of financial statements of subsidiaries/associate whose functional currency differs from the Group's presentation currency.
- (c) Revaluation reserve (non-distributable):

	Group	
	2023 RM'000	2022 RM'000
At 1 January	237,733	237,768
Revaluation surplus/(deficit), net of tax	21,657	(35)
Disposal of interest in subsidiaries	(31,123)	-
At 31 December	228,267	237,733

The revaluation reserve represents surplus from the revaluation of the Group's land and buildings.

- (d) Share option reserve is a reserve created arising from the fair value of the employee services provided. When the ESOS options are exercised, the related amounts are transferred to share capital. When options are not exercised and lapsed, the related share option reserve is transferred to retained earnings.
- (e) FVOCI reserve used to record the gain or loss arising from subsequent measurement of financial assets classified as FVOCI.

39. SIGNIFICANT RELATED PARTY DISCLOSURES

The Group is a subsidiary of Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995). During the ordinary course of business, the Group transacts with various state related government agencies and departments, mainly relating to land premiums, utilities payments and administrative services. These are based on normal commercial terms and are individually immaterial to warrant separate disclosure.

In addition to the related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Group and Company</u>				
Rental paid to an associate*	109,203	105,368	-	-
Sale of assets held for sale to an associate*	-	192,000	-	-
Management fee from subsidiaries	-	-	68,548	58,712
Dividend received (net) from subsidiaries	-	-	195,373	131,024
Interest income from subsidiaries	-	-	22,602	24,129
Interest expense to subsidiaries	-	-	16,459	14,649
Dividends received and receivables from associates	11,875	20,988	1,801	-
<u>Johor Corporation group of companies</u>				
Housekeeping contract fees	27,466	15,054	-	-
Security service fees	423	438	-	-
Medical service rendered	358	1,673	-	-
Insurance premiums	194	434	-	-
Contribution to Klinik Waqaf An-Nur	3,855	2,495	1,025	-
Car park rental income	3,005	2,393	-	-
Rental fees to Al-Salam REIT	2,301	2,235	-	-
Building management service fees	4,900	1,272	-	-
Purchase of food and beverage consumables	-	88	-	-
Secretarial fee	3	42	-	-
Training and seminar	-	53	-	53
Car park fees	-	264	-	-
Consultants' car park fees	161	179	-	-
Indoor plant maintenance	101	357	-	-
Registrar fees	360	107	360	107
Subscription fees for Human Resources applications	3,325	-	3,325	-
Dividend paid	-	-	51,901	39,274

Management fees charged to subsidiaries are in respect of operational and administrative function of the subsidiaries which are performed by employees of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

Information regarding outstanding balances arising from related party transactions as at the financial year end are disclosed in Note 26 and 30.

(b) Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The key management personnel of the Company comprise Directors and the Group Senior Management of the Company. Details on the compensation for these key management personnel are disclosed as below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' remuneration (Note 12)	3,769	5,694	3,642	5,694
Salaries, allowances and bonuses	4,103	3,283	4,103	3,283
Contributions to defined contribution plan	553	417	553	417
Benefits-in-kind	60	30	60	30
	8,485	9,424	8,358	9,424

40. CONTINGENT LIABILITIES

The Group is subject to litigations in the ordinary course of business, mainly arising from its subsidiaries hospital operations. The Directors are of the opinion that, based on legal advice and malpractice insurance taken by the Group, no significant exposure will arise that requires recognition nor disclosure to the financial statements.

41. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	Group	
	2023 RM'000	2022 RM'000
Approved by the Directors and contracted	196,854	94,361
Approved by the Directors but not contracted	183,146	305,507
	380,000	399,868

Analysed as follows:

- Buildings	44,323	46,871
- Medical equipment	165,163	148,849
- Other property, plant and equipment	170,514	204,148
	380,000	399,868

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

42. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the KPJ Group Management Committee ("KGMC"). The KGMC considers the business by geographical location. The reportable segments for the financial year have been identified as follows:

Continuing operations

- (i) Malaysia - All healthcare activities including the private hospitals, pathology and laboratory services and distribution of pharmaceutical, medical and consumer healthcare products.
- (ii) Others - Operating segments involved in provision of hospital and retirement village services in Thailand, Bangladesh and Australia, private university college of nursing and allied health and sale of hospital merchandise and other similar activities, none of which are individually significant to warrant separate disclosure per quantitative thresholds required by MFRS 8.

Discontinued operation

- (i) Indonesia - Operating segments involved in provision of hospital services in Indonesia. The Group had in April 2022, decided to divest of its interest in all entities in Indonesia's region (referred as "Indonesia operations") as part of its strategic plan to place greater focus on the Group's core Malaysia segment. The divestments were completed on 5 April 2023 and 18 September 2023.
- (ii) Aged care services - Operating segment involved in providing aged care services by Jeta Gardens in Australia. The Group had on 12 December 2023 entered into agreement to divest of its interest in aged care business in Australia as part of its strategic plan to place greater focus on the Group's core Malaysia segment. The divestments were completed on 31 January 2024.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The KGMC assesses the performance of the operating segments based on EBITDA and profit before tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

42. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Sub-total RM'000	Discontinued operations RM'000	Total RM'000
<u>31 December 2023</u>							
<u>Revenue</u>							
Revenue from external customers	3,351,819	70,459	3,422,278	(3,577)	3,418,701	85,750	3,504,451
<u>Results</u>							
Loss on fair value of investment properties	(2,733)	-	(2,733)	-	(2,733)	-	(2,733)
Reversal of impairment loss	(4,033)	-	(4,033)	-	(4,033)	(16,771)	(20,804)
Depreciation and amortisation	(264,194)	(11,607)	(275,801)	479	(275,322)	(6,288)	(281,610)
Finance costs (net)	(172,754)	(14,096)	(186,850)	2,108	(184,742)	(726)	(185,468)
Share of results of associates	45,967	790	46,757	-	46,757	-	46,757
Profit/(loss) before tax	405,172	(27,185)	377,987	(45)	377,942	(31,752)	346,190
Tax	(74,575)	(770)	(75,345)	-	(75,345)	(439)	(75,784)
Profit/(loss) after tax	330,597	(27,955)	302,642	(45)	302,597	(32,191)	270,406
EBITDA*	842,120	(1,482)	840,638	(2,632)	838,006	(24,738)	813,268

* Earnings before interest, tax, depreciation and amortisation ("EBITDA")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

42. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Sub-total RM'000	Discontinued operations RM'000	Total RM'000
<u>31 December 2023</u> <u>(continued)</u>							
Total assets	7,125,267	237,156	7,362,423	(151,412)	7,211,011	35,151	7,246,162
Total liabilities	4,450,502	362,712	4,813,214	(149,553)	4,663,661	54,349	4,718,010
Additions to property, plant and equipment							
	240,319	3,745	244,064	-	244,064	399	244,463
<u>31 December 2022</u> <u>(Restated)</u>							
<u>Revenue</u>							
Revenue from external customers	2,825,304	57,605	2,882,909	(14,435)	2,868,474	89,620	2,958,094
<u>Results</u>							
Gain on fair value of investment properties	3,280	-	3,280	-	3,280	-	3,280
Reversal of impairment loss	6,709	-	6,709	-	6,709	-	6,709
Depreciation and amortisation	(247,639)	(11,549)	(259,188)	479	(258,709)	(8,944)	(267,653)
Finance costs (net)	(168,760)	(15,439)	(184,199)	2,005	(182,194)	(1,212)	(183,406)
Share of results of associates	46,740	1,024	47,764	-	47,764	-	47,764

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

42. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Sub-total RM'000	Discontinued operations RM'000	Total RM'000
<u>31 December 2022 (Restated) (continued)</u>							
Profit/(loss) before tax	318,744	(32,718)	286,026	(10,884)	275,142	(19,384)	255,758
Tax	(72,215)	(993)	(73,208)	-	(73,208)	103	(73,105)
Profit/(loss) after tax	246,529	(33,711)	212,818	(10,884)	201,934	(19,281)	182,653
EBITDA*	735,143	(5,730)	729,413	(13,368)	716,045	(9,228)	706,817
Total assets	6,859,318	335,752	7,195,070	(358,459)	6,836,611	157,455	6,994,066
Total liabilities	4,511,522	473,705	4,985,227	(358,542)	4,626,685	13,163	4,639,848
Additions to property, plant and equipment	263,304	1,135	264,439	-	264,439	6,143	270,582

* Earnings before interest, tax, depreciation and amortisation ("EBITDA")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

42. SEGMENTAL REPORTING (CONTINUED)

	Group	
	2023 RM'000	2022 RM'000 Restated
Reconciliation of profit before tax		
Segment profit before tax	377,987	286,026
Intercompanies	(45)	(10,884)
Profit before tax	377,942	275,142
Reconciliation of assets		
Segment total assets	7,362,423	7,195,070
Intercompanies	(151,412)	(358,459)
Total assets	7,211,011	6,836,611
Reconciliation of liabilities		
Segment total liabilities	4,813,214	4,985,227
Intercompanies	(149,553)	(358,542)
Total liabilities	4,663,661	4,626,685

43. SUBSEQUENT EVENT

On 12 December 2023, Jeta Gardens (Qld) Pty Ltd and its wholly-owned subsidiary, Jeta Gardens Aged Care (Qld) Pty Ltd (collectively, "Jeta Gardens"), 57.16%-owned subsidiaries held through Kumpulan Perubatan (Johor) Sdn. Bhd., entered into a conditional business sale and purchase agreement to dispose its Aged Care Business (including its selected existing assets and liabilities) ("Aged Care Business Disposal") with a third party buyer ("Purchaser") for a net cash payment of AUD0.70 million (equivalent to RM2.15 million), which represents the difference between the asset sale value and the liability assumed by the Purchaser.

Jeta Gardens completed its Aged Care Business Disposal on 31 January 2024, following the fulfilment of conditions precedent and the obligations on completion.

SHAREHOLDINGS STATISTICS

AS AT 29 MARCH 2024

- Issued Shares : 4,526,608,066 Less 162,306,700 Treasury Shares = 4,364,301,366
 Class of Shares : Ordinary Share
 Voting Rights on a poll : Every member of the company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

BREAK DOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
LESS THAN 100	464	6.14	12,330	-
100 – 1000	1,609	21.28	788,691	0.02
1,001 – 10,000	2,674	35.37	13,158,255	0.30
10,001 – 100,000	1,979	26.18	65,174,316	1.49
100,001 TO LESS THAN 5% OF ISSUED CAPITAL	832	11.00	2,586,349,439	59.26
5% AND ABOVE OF ISSUED CAPITAL	2	0.03	1,698,818,335	38.93
TOTAL	7,560	100.00	4,364,301,366	100.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Shares	%
1 JOHOR CORPORATION	1,407,150,100	32.24
2 WAQAF AN-NUR CORPORATION BERHAD	291,668,235	6.68
3 CITIGROUP NOMS (T) SDN BHD - A/C EMPLOYEES PROVIDENT FUND BOARD	195,671,947	4.48
4 KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	189,080,200	4.33
5 CITIGROUP NOMS (T) SDN BHD - A/C EXEMPT AN FOR AIA BHD.	123,108,500	2.82
6 JOHOR CORPORATION	107,999,780	2.47
7 JCOP CAPITAL SOLUTIONS SDN. BHD.	88,000,000	2.02
8 CITIGROUP NOMS (T) SDN BHD - A/C EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	82,469,758	1.89
9 LEMBAGA TABUNG HAJI	53,600,000	1.23
10 AMANAHRAYA TRUSTEES BERHAD - A/C PUBLIC ISLAMIC SELECT TREASURES FUND	51,335,572	1.18
11 CARTABAN NOMS (T) SDN BHD - A/C PAMB FOR PRULINK EQUITY FUND	43,716,700	1.00
12 AMANAHRAYA TRUSTEES BERHAD - A/C PUBLIC ISLAMIC DIVIDEND FUND	41,958,140	0.96
13 CARTABAN NOMS (A) SDN BHD - A/C EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	37,794,900	0.87
14 JOHOR CORPORATION	34,565,248	0.79
15 CITIGROUP NOMS (T) SDN BHD - A/C EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	34,479,400	0.79
16 HSBC NOMS (A) SDN BHD - A/C JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	34,016,700	0.78
17 HSBC NOMS (A) SDN BHD - A/C JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	34,002,867	0.78

SHAREHOLDINGS STATISTICS

AS AT 29 MARCH 2024

Name	No. of Shares	%
18 CITIGROUP NOMS (T) SDN BHD - A/C EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	31,480,900	0.72
19 CARTABAN NOMS (T) SDN BHD - A/C PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	28,896,100	0.66
20 CARTABAN NOMS (A) SDN BHD - A/C SSBT FUND ZM47 FOR INVESCO EQV EMERGING MARKETS ALL CAP FUND	28,814,400	0.66
21 AMANAHRAYA TRUSTEES BERHAD - A/C PUBLIC ITTIKAL SEQUEL FUND	28,653,264	0.66
22 CARTABAN NOMS (T) SDN BHD - A/C PBTB FOR TAKAFULINK DANA EKUITI	27,515,200	0.63
23 HSBC NOMS (T) SDN BHD - A/C HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI EQUITY GROWTH FUND	24,155,800	0.55
24 CITIGROUP NOMS (T) SDN BHD - A/C EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)	22,710,800	0.52
25 CITIGROUP NOMS (T) SDN BHD - A/C URUSHARTA JAMAAH SDN. BHD. (2)	22,150,000	0.51
26 CITIGROUP NOMS (A) SDN BHD - A/C EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	19,692,000	0.45
27 KULIM (MALAYSIA) BERHAD	18,938,600	0.43
28 CITIGROUP NOMS (A) SDN BHD - A/C UBS AG	17,925,115	0.41
29 CIMB GROUP NOMS (T) SDN BHD - A/C CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	16,715,900	0.38
30 HSBC NOMS (A) SDN BHD - A/C JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	16,058,600	0.37

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1 JOHOR CORPORATION - 5 a/cs	1,565,052,721	35.86	398,622,499	9.13
2 EMPLOYEES PROVIDENT FUND BOARD (CITIGROUP NOMS (T) SDN BHD - 10 a/cs)	391,430,905	8.97	-	-
3 WAQAF AN-NUR CORPORATION BERHAD	291,668,235	6.68	-	-
4 KUMPULAN WANG PERSARAAN (DIPERBADANKAN) - CITIGROUP NOMS (T) SDN BHD - 8 a/cs	189,080,200 51,869,800	5.52	-	-

ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian	- Bumiputra	1,690	22.36	3,160,730,485
	- Others	5,541	73.29	713,777,349
Foreigners		329	4.35	489,793,532
TOTAL	7,560	100.00	4,364,301,366	100.00

SHAREHOLDINGS STATISTICS

AS AT 29 MARCH 2024

SHARE ANALYSIS AS OF 29 MARCH 2024

	TOTAL		BUMIPUTRA		NON - BUMIPUTRA		FOREIGN	
	Holder	Shares	Holder	Shares	Holder	Shares	Holder	Shares
Government Bodies	12	1,970,005,220	12	1,970,005,220	-	-	-	-
Finance	54	486,912,116	37	319,288,240	17	167,623,876	-	-
Investment Trust	4	764,312	4	764,312	-	-	-	-
Nominees	2,094	1,653,252,387	508	803,422,520	1,338	383,308,939	248	466,520,928
Private Limited Company								
- Retail Body Corporates	49	14,067,992	5	6,168,364	43	7,899,616	1	12
- Insti-Body Corporate	-	-	-	-	-	-	-	-
Limited Company								
- Retail Body Corporates	8	813,928	8	813,928	-	-	-	-
- Insti-Body Corporate	20	38,871,664	8	5,951,664	9	14,188,500	3	18,731,500
Clubs/Association	2	1,920,000	1	1,770,000	1	150,000	-	-
Co-Operatives	2	30,000	2	30,000	-	-	-	-
Others	1	40	-	-	1	40	-	-
Individuals	5,314	197,663,707	1,105	52,516,237	4,132	140,606,378	77	4,541,092
Total	7,560	4,364,301,366	1,690	3,160,730,485	5,541	713,777,349	329	489,793,532
%	100.00	100.00	22.36	72.42	73.29	16.36	4.35	11.22

PERBADANAN JOHOR & SUBSIDIARIES AS OF 29 MARCH 2024

NAME OF AGENCY	No. of Shares	%
1 JOHOR CORPORATION - 5 A/CS	1,565,052,721	35.86
2 WAQAF AN-NUR CORPORATION BERHAD	291,668,235	6.68
3 JCOPR CAPITAL SOLUTIONS SDN. BHD.	88,000,000	2.02
4 KULIM (MALAYSIA) BERHAD	18,938,600	0.43
5 JOHOR LAND BERHAD	15,664	-
TOTAL HOLDINGS:	1,963,675,220	44.99

SHAREHOLDINGS STATISTICS

AS AT 29 MARCH 2024

GOVERNMENT AGENCIES HOLDINGS AS OF 29 MARCH 2024

NAME OF AGENCY	No. of Shares
1 JOHOR CORPORATION & GROUP	1,963,675,220
2 LEMBAGA TABUNG ANGKATAN TENTERA	3,600,000
3 YAYASAN GURU TUN HUSSEIN ONN	2,580,000
4 BADAN DERMA PELAJARAN MELAYU	150,000
TOTAL HOLDINGS:	1,970,005,220

DIRECTORS' SHAREHOLDING AS OF 29 MARCH 2024

NAME OF DIRECTORS	No. of Shares	%
1 CHIN KEAT CHYUAN	400,000	0.01
2 DATUK MD ARIF BIN MAHMOOD	60,000	-
3 PROF DATO' AZIZI BIN HAJI OMAR	330,000	0.01
4 MOHAMED RIDZA BIN MOHAMED ABDULLA	-	-
5 DATO' MOHD REDZA SHAH BIN ABDUL WAHID	-	-
6 KHAIRUDDIN BIN JAFLUS	-	-
7 ROZAINI BIN MOHD SANI	-	-
8 SHAMSUL ANUAR BIN ABDUL MAJID	-	-
9 HISHAM BIN ZAINAL MOKHTAR	-	-
10 ANNIE BINTI ROSLE	-	-
11 LEE LAI FAN	-	-
TOTAL DIRECTORS' HOLDINGS:	790,000	0.02

PUBLIC SHAREHOLDING SPREAD AS OF 29 MARCH 2024

	No. of Shares	%	Holders
TOTAL NO. OF SHARES ISSUED	4,526,608,066	7.561	
LESS: TREASURY SHARES	162,306,700	1	
	4,364,301,366	100.00	7,560
LESS:			
SUBSTANTIAL SHAREHOLDERS *	1,963,675,220	44.99	9
DIRECTORS	790,000	0.02	3
LESS THAN 100 UNITS	12,330	-	464
PUBLIC	2,399,823,816	54.99	7,084

SUBSTANTIAL SHAREHOLDERS*

JOHOR CORPORATION	1,565,052,721	35.86
WAQAF AN-NUR CORPORATION BERHAD	291,668,235	6.68
JCORP CAPITAL SOLUTIONS SDN. BHD.	88,000,000	2.02
KULIM (MALAYSIA) BERHAD	18,938,600	0.43
JOHOR LAND BERHAD	15,664	-
	1,963,675,220	44.99

LIST OF KPJ HEALTHCARE TOP 10 PROPERTIES

No	Company	Location	Description	Latest date of valuation	NBV as at 31.12.2023 RM million		Tenure & expiry date	Area (in sq metre)	Age of building
					31.12.2023	RM million			
1	Bandar Dato Onn Specialist Hospital Sdn Bhd	Lot PTD 163189, HSD 501209, Mukim Tebrau, 81100 Johor Bahru, Johor.	Land and hospital building	31-Dec-20	275.6		Freehold land	104,646	5 years
2	Kumpulan Perubatan (Johor) Sdn Bhd	Lot 405, Seksyen 87A, Geran 52130, Menara KPJ, No. 238, Jalan Tun Razak, 50400 Kuala Lumpur.	Land and office building	31-Dec-23	255.0		Freehold land	97,350	25 years
3	SMC Healthcare Sdn Bhd	TL 017553221, Off Jalan Damai, 88300 Kota Kinabalu, Sabah.	Hospital building	31-Dec-20	173.9	NA		42,211	10 years
4	BDC Specialist Hospital Sdn Bhd	Lot 18807, Block 11, Muara Tebas Land District, Jalan Stutong, 93350, Kuching, Sarawak.	Land and hospital building	31-Dec-23	165.0	Leasehold land (60 years expiring on 8 August 2072)		18,990	4 years
5	Pasir Gudang Specialist Hospital Sdn Bhd	PTB 24134, HSD 535599 80350 Johor Bahru, Johor	Hospital building	31-Dec-23	142.7	NA		34,805	2 years
6	Ampang Puteri Specialist Hospital Sdn Bhd	PT 25119, HSM 26550, Mukim Empang, District of Hulu Langat, 68000 Ampang, Selangor.	Hospital building	31-Dec-20	123.2	NA		49,780	4 years
7	Pahang Specialist Hospital Sdn Bhd	Lot 140885, Pajakan Mukim 32008, Mukim Kuala Kuantan, 26060 Kuantan, Pahang.	Land and hospital building	31-Dec-20	99.7	Leasehold land (99 years expiring on 17 April 2106)		52,312	8 years
8	Kluang Specialist Hospital Sdn Bhd	PTD 91374, Jalan Saujana Utama Taman Saujana Kluang 86000 Kluang, Johor	Land and hospital building	31-Dec-23	96.3	Freehold land		27,349	5 years
9	Miri Specialist Hospital Sdn Bhd	Lot 8836, Block 11 (TRN: 04-LCLS-005-011-08836), Kuala Baram Land District, 98000 Miri, Sarawak.	Land and hospital building	31-Dec-20	83.5	Leasehold land (99 years expiring on 26 May 2114)		28,794	4 years
10	Rawang Specialist Hospital Sdn Bhd	PT 4156, section 16, HSD 52121, Bandar Rawang, 48000 Rawang, Selangor.	Land and hospital building	31-Dec-20	79.1	Leasehold land (99 years expiring on September 2103)		34,955	10 years

GROUP NETWORK AND DIRECTORY

MSQH & JCI ACCREDITED HOSPITALS

KPJ AMPANG PUTERI SPECIALIST HOSPITAL

1, Jalan Mamanda 9
Taman Dato' Ahmad Razali
68000 Ampang, Selangor
Tel: 603-4289 5000
Website: www.kpjhealth.com.my/ampang/
Email: apsh@kpjampang.com

KPJ SEREMBAN SPECIALIST HOSPITAL

Lot 6219 & 6220, Jalan Toman 1
Kemayan Square
70200 Seremban, Negeri Sembilan
Tel: 606-768 6000
Emergency: 606-763 6900
Website: www.kpjhealth.com.my/seremban/
Email: ssh@kpjseremban.com

MQSH ACCREDITED HOSPITALS

KPJ IPOH SPECIALIST HOSPITAL

26, Jalan Raja Dihilir
30350 Ipoh, Perak
Tel: 605-240 8777
Website: www.kpjhealth.com.my/ipoh/
Email: kpjipoh@kpjipoh.com

KPJ DAMANSARA SPECIALIST HOSPITAL

119, Jalan SS20/10
Damansara Utama
47400 Petaling Jaya, Selangor
Tel: 603-7718 1000
Website: www.kpjhealth.com.my/damansara/
Email: prdsh@kpjdamansara.com

KPJ SELANGOR SPECIALIST HOSPITAL

Lot 1, Jalan Singa 20/1
Section 20
40300 Shah Alam, Selangor
Tel: 603-5543 1111
Website: www.kpjhealth.com.my/selangor/

KPJ PERDANA SPECIALIST HOSPITAL

PT 37 & 600 Dan Lot 684 (Level 1, 2 & 3)
Seksyen 14, Jalan Bayam
Bandar Kota Bharu
15200 Kota Bharu, Kelantan
Tel: 609-745 8000
Website: www.kpjhealth.com.my/perdana/
Email: feedbackkpj@perdana.kpjhealth.com.my

KPJ KAJANG SPECIALIST HOSPITAL

Jalan Cheras
Kampung Sungai Kantan
43000 Kajang, Selangor
Tel: 603-8769 2999
Website: www.kpjhealth.com.my/kajang/
Email: cs.kjsh@kpjkajang.com

KEDAH MEDICAL CENTRE

Pumpong, 05250 Alor Setar
Kedah Darul Aman
Tel: 604-730 8878
Website: www.kpjhealth.com.my/kedah/
Email: kmccustcare@kpjkmc.com

KPJ TAWAKKAL KL SPECIALIST HOSPITAL

1, Jalan Pahang Barat,
53000 Kuala Lumpur
Tel: 603-4026 7777
Website: www.kpjhealth.com.my/tawakkal/
Email: tawakkal@kpjtawakkal.com

KPJ PENANG SPECIALIST HOSPITAL

570, Jalan Perda Utama
Bandar Baru Perda
14000 Bukit Mertajam
Seberang Perai, Pulau Pinang
Tel: 604-548 6688
Website: www.kpjhealth.com.my/penang/
Email: inquiry@kpjpenang.com

KPJ JOHOR SPECIALIST HOSPITAL

39B, Jalan Abdul Samad, Kolam Ayer
80100 Johor Bahru, Johor
Tel: 607-225 3000
Website: www.kpjhealth.com.my/johor/
Email: jsh@jsh.kpjhealth.com.my

KPJ PERLIS SPECIALIST HOSPITAL

No. 77, Jalan Dato Wan Ahmad
01000 Kangar, Perlis
Tel: 604-970 7777
Website: www.kpjhealth.com.my/perlis/
Email: prm.kpjperlis@gmail.com

KPJ SENTOSA KL SPECIALIST HOSPITAL

Address: 36, Jalan Chemur, Kompleks
Damai, 50400 Kuala Lumpur, Wilayah
Persekutuan Kuala Lumpur
Tel: 03-4043 7166
Website: <https://kpjhealth.com.my/sentosa/>

KPJ KLANG SPECIALIST HOSPITAL

102, Persiaran Rajawali/KU1
Bandar Baru Klang
41150 Klang, Selangor
Tel: 603-3377 7888
Website: www.kpjhealth.com.my/klang/
Email: customer@kpjklang.com

KPJ PASIR GUDANG SPECIALIST HOSPITAL

Lot PTD 204781, Jalan Persiaran Dahlia 2
Taman Bukit Dahlia
81700 Pasir Gudang
Johor
Tel: 607-257 3999
Website: www.kpjhealth.com.my/pasirgudang/
Email: info@kpjpsh.com

KPJ BANDAR MAHARANI SPECIALIST HOSPITAL

73-1, Jln Stadium
Kampung Baru
84000 Muar, Johor
Tel: 606-956 4500
Website: www.kpjhealth.com.my/maharani/
Email: maharani@kpjmaharani.com

KPJ RAWANG SPECIALIST HOSPITAL

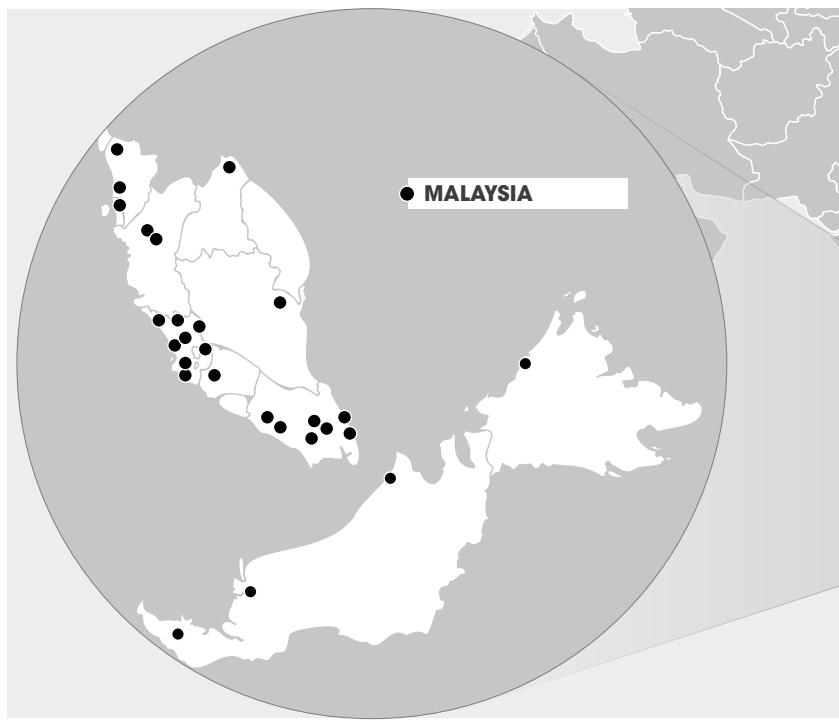
Jalan Rawang, Bandar Baru
48000 Rawang, Selangor
Tel: 603-6099 8999
Website: www.kpjhealth.com.my/rawang/
Email: customers.s@kpjrawang.com

KPJ SABAH SPECIALIST HOSPITAL

Lot No.2, Off Jalan Damai
Luyang Commercial Centre
88300 Kota Kinabalu, Sabah
Tel: 6088-322 000
Website: www.kpjhealth.com.my/sabah/
Email: prsmckk@kpjsabah.com

KPJ PAHANG SPECIALIST HOSPITAL

Jalan Tanjung Lumpur
26060 Kuantan, Pahang
Tel: 609-511 2692
Website: www.kpjhealth.com.my/pahang/
Email: kphg@kpjpahang.com



MOVING TOWARDS ACCREDITATION

TAIPEI MEDICAL CENTRE

45-49, Jalan Medan Taiping 2
Medan Taiping
34000 Taiping, Perak
Tel: 605-807 1049
Website: www.kpjhealth.com.my/taiping/
Email: tmc@kpjtaiping.com

KPJ KUCHING SPECIALIST HOSPITAL

Lot 18807, Block 11
Muara Tebas Land District
Jln Stutong, 93350 Kuching, Sarawak
Tel: 6082-365 777
Website: www.kpjhealth.com.my/kuching/
Email: kcsh@kcsh.kpjhealth.com.my

KPJ SIBU SPECIALIST MEDICAL CENTRE

52A-G, Persiaran Brooke, Pekan Sibu
96000 Sibu, Sarawak
Tel: 6084-329 900
Website: www.kpjhealth.com.my/sibu/
Email: enquiry@kpjsibu.com

KPJ KLUANG SPECIALIST HOSPITAL

PTD 91374, Jalan Saujana Utama
Taman Saujana
86000 Kluang, Johor
Tel: 607-771 8999
Website: www.kpjhealth.com.my/kluang/

KPJ DAMANSARA SPECIALIST HOSPITAL 2

Bukit Lanjan, 60000 Kuala Lumpur
Tel: 603-7717 3000
Website: <https://www.kpjhealth.com.my/damansara2/>
Email: d2marcomm@kpjdamansara2.com

KPJ SRI MANJUNG SPECIALIST HOSPITAL

Lot 14777 & 14778
Jalan Lumut
32000 Sitiawan, Perak
Tel: 605-691 8153
Website: www.kpjhealth.com.my/srimanjung/
Email: kpjsrimanjung@kpjsrimanjung.com

KPJ BANDAR DATO' ONN SPECIALIST HOSPITAL

No. 2, Jalan Bukit Mutiara
Taman Bukit Mutiara
81100 Johor Bahru
Johor
Tel: 607-301 1000
Website: www.kpjhealth.com.my/bdo/
Email: bdo@kpjbdo.com

KPJ PUTERI SPECIALIST HOSPITAL

No. 33, Jalan Tun Abdul Razak (Susur 5)
80350 Johor Bahru
Johor
Website: www.kpjhealth.com.my/puteri/
Email: psh@psh.kpjhealth.com.my

KPJ BATU PAHAT SPECIALIST HOSPITAL

No 1, Jalan Mutiara Gading 1
Taman Mutiara Gading, Sri Gading
83000 Batu Pahat
Johor
Tel: 607-459 1000
Website: www.kpjhealth.com.my/batupahat/
Email: bpsh@kpjbatupahat.com

KPJ MIRI SPECIALIST HOSPITAL

Lot 8836, Block 11
Kuala Baram By Pass Rd
Bandar Baru Permyjaya
98000 Miri, Sarawak
Tel: 6085-649 999
Website: www.kpjhealth.com.my/miri/
Email: inquiry.miri@kpjmiri.com

GROUP NETWORK AND DIRECTORY



KPJ INTERNATIONAL NETWORK

VEJTHANI HOSPITAL
1 Soi Lat Phrao 111
Khlong Chan, Bang Kapi District
Bangkok 10240, Thailand
Tel: 662-734 0000
Fax: 662-734 0044
Emergency: 66(0)-2734 0001
Website: www.vejthani.com
Email: service@vejthani.com

SHEIKH FAZILATUNNESSA MUJIB MEMORIAL KPJ SPECIALIZED HOSPITAL & NURSING COLLEGE
C/12, Nabinagar - Chandra Road
Near DEPZ Tetuibari
Kasimpur, Bangladesh
Tel: 088-017 0378 8561
Fax: 088-017 0378 8562
Website: www.sfmmpjsh.com
Email: info@sfmmpjsh.com

AMBULATORY CARE AND WELLNESS CENTRES

KPJ AMBULATORY CARE CENTRE
33, 35 & 37, Jalan BK 5A/2
Bandar Kinrara
47100 Puchong, Selangor
Tel: 603-8090 7070
Website: www.kpjkinrara.com
Email: marketing@kpjkinrara.com

KPJ KUANTAN CARE CENTRE & WELLNESS CENTRE
No 51, Jalan Alor Akar
Taman Kuantan
25250 Kuantan, Pahang
Tel: 609-567 8588
Website: www.kpjhealth.com.my/kcwc/
Email: info@kpjkcbc.com

TMC HEALTH CENTRE
Lot 3140, Aras 1 - 4
Medan Taiping
34000 Taiping, Perak
Tel: 605-804 8836

LABORATORY SERVICES

LABLINK MEDICAL LABORATORY
14(129) Jalan Pahang Barat
Off Jalan Pahang
53000 Kuala Lumpur
Tel: 603-4023 4588
Website: <https://www.kpjlablink.com/>

JETA GARDENS
Retirement and Aged Care Resort
27 Clarendon Ave
Queensland 4205 Australia
Tel: 1800-227-818
Website: www.jetagardens.com

TAWAKKAL HEALTH CENTRE
202A, Jalan Pahang, Pekeling
53000 Kuala Lumpur
Tel: 603-4023 3599
Website: www.kpjhealth.com.my/thc
Email: info@kpjhealthcentre.com

SIBU GERIATRIC HEALTH & NURSING CENTRE
No. 52A-G, Brooke Drive
96000 Sibu, Sarawak
Tel: 6084-329 900
Email: enquiry@kpjsibu.com

EDUCATION

KPJ Healthcare University (KPJU)
Website: www.kpju.edu.my
Email: info@kpjuc.edu.my

Main Campus (Nilai, Negeri Sembilan)
Lot PT 17010, Persiaran Seriemas
Kota Seriemas
71800 Nilai, Negeri Sembilan
Tel: 1-300-88-5758
Fax: 606-794 2662

Branch Campus (Johor Bahru, Johor)
No. 1, Jalan Dato' Onn 1
Bandar Dato' Onn
81100 Johor Bahru, Johor
Tel: 607-360 1907
Fax: 607-360 1988
Email: infojb@kpjuc.edu.my

Branch Campus (Penang)
565, Jalan Sungai Rambai
Taman Manggis Indah
14000 Bukit Mertajam, Pulau Pinang
Tel: 604-538 2692
Fax: 604-530 8695
Email: penang@kpjuc.edu.my

EYE SPECIALIST CENTRE

KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT
1-1, Jalan SS 23/15
Taman SEA
47400 Petaling Jaya, Selangor
Tel: 603-7880 8222
Fax: 603-7804 6052
Website: www.kpjhealth.com.my/cfs/
Email: info@kpjcsf.com

Rawang Branch
No. 88, Jalan Bandar Rawang 1
Putus Bandar Rawang
48000 Rawang, Selangor
Tel: 603-6093 1051
Fax: 603-6093 1052
Website: www.kpjhealth.com.my/cfs/
Email: inforw@kpjcsf.com

Kuala Lumpur Branch
Lot 100-102, Level 4,
Tawakkal Health Centre, 202A,
Jalan Pahang,
53000 Kuala Lumpur
Tel: 603-4022 6222
Fax: 603-4021 1409
Website: www.kpjhealth.com.my/cfs/
Email: infokl@kpjcsf.com

Bandar Kinrara Branch
Level 1,
KPJ Ambulatory Care Centre Kinrara,
33, 35 & 37, Jalan BK5A/2,
Bandar Kinrara,
47180 Puchong
Tel: 603-8090 7070
Website: www.kpjhealth.com.my/cfs/
Email: nfokl@kpjcsf.com

This page is intentionally left blank.

www.kpjhealth.com.my



KPJ HEALTHCARE BERHAD (199201015575 (247079-M))

Level 12, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.
T (603) 2681 6222 | F (603) 2681 6888