STRATEGIC EXECUTION

ANNUAL REPORT 2018

CONTENTS

About this report

The Annual Report 2018 has been prepared in accordance with the International <IR> Framework by the International Integrated Reporting Council and the Global Reporting Initiative (GRI) – Core Option and GRI Sector Disclosures to enhance reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value.

STRATEGIC EXECUTION

This report summarises how we have made progress against the strategy during the financial year and demonstrates our commitment to creating value for material stakeholders. The acquisition of Fortis Healthcare was a notable strategic milestone, as it has significantly boosted our presence and portfolio in India, creating for greater potential for operating synergy.

OUR GROUP STRATEGY

Our business strategy drives our mission and objectives to deliver the highest quality of healthcare.

Pages 38 and 39

CASE STUDY ON FORTIS HEALTHCARE

We have scaled up our operations in India through the acquisition of Fortis Healthcare. A significant benefit that lies in the synergy across our hospitals awaits.

Pages 26 and 27

PERFORMANCE REVIEW

The Group has done well to conclude the financial year with resilient performance despite challenging business conditions in which we operate.

Pages 42 to 53

Group Overview

STRONG INTERNATIONAL PRESENCE

* Includes the 50/50 Indian JV, Apollo Gleneagles Hospital

INVESTMENT CASE

We offer an attractive investment proposition, based on the following qualities that come together to deliver long term shareholder value.

OUTSTANDING CLINICAL OUTCOMES

Our steadfast commitment to international clinical governance standards has resulted in excellent outcomes at IHH Healthcare's business units. Resolute in maintaining this, we have in place the International Clinical Governance Advisory Council (ICGAC) to oversee the effectiveness of our clinical governance. The Council, made up of independent thought leaders, former academics, practicing professionals and management representatives, serves as the advisory body in the areas of patient safety, clinical quality training initiatives, education and related activities. All these serve to strengthen IHH Healthcare's reputation as a world-class healthcare institution.

4

Key Advisory Members

with exceptional achievements in the medical field

TRUSTED BY PATIENTS AROUND THE REGION

Our comprehensive service offerings and talent representing the best in their fields back up our excellent reputation for high quality service. We also recognise that quality output will not happen without quality input. This is why we have continually sought innovative ways to enhance our suite and standards of services. This progressive approach has made us a trusted healthcare provider for local patients and medical travellers.

20+

Patient Assistance Centres

worldwide to refer foreign patients and provide a one-stop seamless patient care experience to our hospitals

STRONG LEADERSHIP

Successful organisations are steered by visionaries who have the best interests of their stakeholders at heart. IHH Healthcare is led by a dynamic and accomplished team who believe in no less. At the helm, is a team of medical, legal and financial professionals with an excellent track record of hospital management and administration in both public and private healthcare. Under their expertise and strict governance standards, they have grown IHH Healthcare's footprint to 83 hospitals in 12 countries worldwide.

10

Highly Valued Professionals in Group Management

comprising of specialists in their individual expertise

STRATEGIC EXECUTION

As a forward-thinking Group, we recognise the need to continually strive for greater success. While our existing hospitals will be placed under expansion plans as and when they are needed, we are already venturing into new markets by establishing new hospitals. IHH Healthcare has identified India and Greater China as two key growth markets with immense potential. The team has planned strategies and projected pipelines to become a major international healthcare player.

2

Greenfield Hospital Projects in Greater China

total of 800-bed capacity in the project pipeline

Group Overview

IHH AT A GLANCE

As at 29 March 2019

OUR DIVISIONS

IHH Healthcare Berhad

100% Parkway Pantai

With a network of 61 hospitals throughout the region, including Malaysia, Singapore, India, China, Brunei and UAE, Parkway Pantai Limited is one of Asia's largest integrated private healthcare groups.

- **100%** PANTAI Holdings
- **100%** Parkway Holdings
  - **35.7%** ParkwayLife REIT™
- **31.1%** Fortis

90% ACIBADEM

Acibadem Holdings is Turkey's leading private healthcare provider, offering integrated healthcare services across 22 hospitals in Turkey, Macedonia, Bulgaria and the Netherlands. The "Acibadem" brand is renowned for its clinical excellence in the Central and Eastern Europe, Middle East and North Africa regions.

100% IMU INTERNATIONAL MEDICAL UNIVERSITY MALAYSIA

The International Medical University is IHH's medical education arm. IMU oversees the established higher learning institutions of International Medical College and IMU in Malaysia.

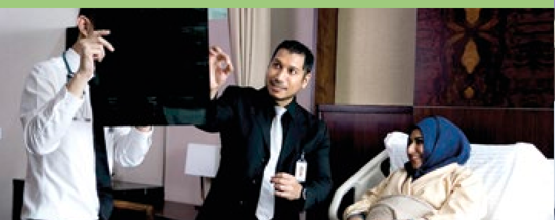
OUR TRUSTED BRANDS

IHH offers an integrated network of hospital and ancillary services through a wide array of brands. Our brands are among the most prestigious in Asia and are widely recognised for their clinical excellence in Central & Eastern Europe.

Gleneagles

Gleneagles is the Group's international brand, with footprint in Malaysia, Singapore, India, China, Hong Kong and Brunei. Across Asia, the brand is synonymous with personalised care and superior clinical outcomes.

Mount Elizabeth



With two established hospitals in Singapore specialising in tertiary and quaternary care, Mount Elizabeth is among the world's top destinations for medical treatment.

Pantai

Pantai has a strong reputation in Malaysia for delivering quality healthcare through a wide spectrum of services ranging from hospitals to laboratory and rehabilitation services.

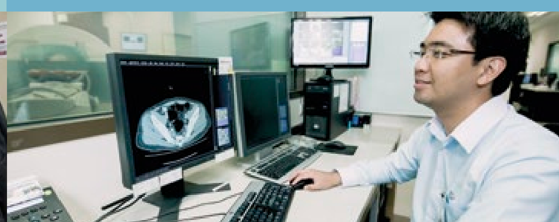
Acibadem

Acibadem is renowned for its clinical excellence as a leading private healthcare provider in Turkey. It offers the full suite of integrated healthcare services and has a presence in Bulgaria, Macedonia and the Netherlands.

Parkway Shenton

Parkway Shenton is a well-known primary healthcare brand in Singapore with an extensive network of over 1,000 general practitioner clinics, 24-hour clinics and executive health screening centres across the island state.

ParkwayHealth



ParkwayHealth is the brand for Parkway Pantai's ancillary services in Singapore, including radiology and laboratory services. It is also the preferred primary healthcare network for expatriates in China.

Fortis Healthcare

Fortis Healthcare is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Mauritius and Sri Lanka.

FINANCIAL HIGHLIGHTS

Revenue by strategic business units

(RM Million)

Parkway Pantai

7,450.4

FY18	7,450.4
FY17	6,902.6
FY16	6,165.0
FY15	5,159.8
FY14	4,374.8

Acibadem Holdings

3,676.2

FY18	3,676.2
FY17	3,853.5
FY16	3,480.2
FY15	2,952.9
FY14	2,652.3

IMU Health

257.5

FY18	257.5
FY17	250.4
FY16	237.1
FY15	229.3
FY14	217.9

PLife REIT

335.7

FY18	335.7
FY17	342.3
FY16	327.8
FY15	288.3
FY14	258.8

Others

3.6

FY18	3.6
FY17	2.1
FY16	8.0
FY15	7.9
FY14	4.7

EBITDA by strategic business units

(RM Million)

Parkway Pantai

1,518.2

FY18	1,518.2
FY17	1,349.1
FY16	1,404.1
FY15	1,271.1
FY14	1,115.4

Acibadem Holdings

617.3

FY18	617.3
FY17	617.9
FY16	538.1
FY15	521.0
FY14	476.4

IMU Health

84.9

FY18	84.9
FY17	80.6
FY16	85.5
FY15	80.6
FY14	76.4

PLife REIT

321.7

FY18	321.7
FY17	282.7
FY16	286.9
FY15	306.2
FY14	298.3

Others

(64.4)

FY18	(64.4)
FY17	(50.8)
FY16	(31.4)
FY15	(37.4)
FY14	(30.7)

Profit tax and minority interest (PATMI)

excluding exceptional items

(RM Million)

1,027.6

FY18	1,027.6
FY17	595.3
FY16	866.0
FY15	899.2
FY14	782.2

Basic earnings per share

excluding exceptional items

(sen)

11.36

FY18	11.36
FY17	6.76
FY16	10.52
FY15	10.95
FY14	9.58

See pages 44 and 45 on Financial Review for more information

The above charts are not drawn to scale.

		FY2014	FY2015	FY2016	FY2017	FY2018
A	**INCOME STATEMENT (RM MILLION)**					
	Revenue by Strategic Business Units					
	Parkway Pantai	4,374.8	5,159.8	6,165.0	6,902.6	7,450.4
	Acibadem Holdings	2,652.3	2,952.9	3,480.2	3,853.5	3,676.2
	IMU Health	217.9	229.3	237.1	250.4	257.5
	Others[5]	4.7	7.9	8.0	2.1	3.6
		7,249.7	8,349.8	9,890.3	11,008.6	11,387.8
	PLife REIT total revenue	258.8	288.3	327.8	342.3	335.7
	PLife REIT inter-segment revenue	(164.4)	(182.7)	(196.3)	(208.3)	(202.5)
	Total	7,344.0	8,455.5	10,021.9	11,142.6	11,520.9
	EBITDA[1] by Strategic Business Units					
	Parkway Pantai	1,115.4	1,271.1	1,404.1	1,349.1	1,518.2
	Acibadem Holdings	476.4	521.0	538.1	617.9	617.3
	IMU Health	76.4	80.6	85.5	80.6	84.9
	Others[5]	(30.7)	(37.4)	(31.4)	(50.8)	(64.4)
		1,637.6	1,835.3	1,996.2	1,996.8	2,156.0
	PLife REIT	298.3	306.2	286.9	282.7	321.7
	Total	1,935.9	2,141.5	2,283.2	2,279.5	2,477.7
	Profit After Tax and Minority Interest ("PATMI")					
	Including Exceptional Items	754.3	933.9	612.4	970.0	627.7
	Excluding Exceptional Items	782.2	899.2	866.0	595.3	1,027.6
B	**FINANCIAL POSITION (RM MILLION)**					
	Total Assets	28,640.3	35,497.9	37,188.0	38,924.2	45,114.5
	Net Borrowings	1,801.5	4,718.5	5,043.9	1,559.5	2,771.9
	Equity attributable to Owners of the Company	19,451.7	22,155.7	21,985.7	21,890.2	21,994.0
C	**FINANCIAL RATIOS**					
	Basic Earnings per Share (sen)					
	Including Exceptional Items	9.24	11.38	7.44	11.31	6.54
	Excluding Exceptional Items	9.58	10.95	10.52	6.76	11.36
	Net Assets[2] per Share (RM)	2.38	2.69	2.67	2.66	2.51
	Net Tangible Assets[3] per Share (RM)	0.95	1.04	1.02	1.08	0.92
	Return on Shareholders' Fund[4] (%)					
	Including Exceptional Items	3.88%	4.22%	2.79%	4.43%	2.85%
	Excluding Exceptional Items	4.02%	4.06%	3.94%	2.72%	4.67%
	Return on Total Assets (%)					
	Including Exceptional Items	2.63%	2.63%	1.65%	2.49%	1.39%
	Excluding Exceptional Items	2.73%	2.53%	2.33%	1.53%	2.28%
	Net Debt Equity Ratio (times)	0.08	0.19	0.21	0.06	0.10

Notes

The above historical financial summary may not be comparable across the period presented due to the changes in the Group structure

For changes in the accounting policies and adoption of new and/or revised accounting standards, as well as changes in presentation of financial statements for the respective financial year under review, only the comparative figures for the previous year were restated to conform with the requirements arising from the said changes or adoption.

1. Being earnings before interest, tax, depreciation, amortisation, exchange differences, share of results of associates and joint ventures and other non-operational items.
2. Being net assets attributable to ordinary shareholders (excluding non-controlling interests).
3. Being net assets attributable to ordinary shareholders (excluding non-controlling interests) less goodwill and intangible assets.
4. Being PATMI for the year over equity attributable to owners of the Company as at year-end.
5. Others comprise mainly IHH Group's corporate office as well as other investment holding entities

Group Overview

OPERATIONAL AND SUSTAINABILITY HIGHLIGHTS

	FY2014	FY2015	FY2016	FY2017	FY2018
PARKWAY PANTAI LIMITED – Malaysia Operations Division					
No. of hospitals at end of year	12	14	14	14	15
No. of licensed beds[1] at end of year	2,118	2,235	2,385	2,399	2,503
No. of operational beds[1] at end of year	1,969	2,065	2,143	2,182	2,327
Inpatient admissions[2]	185,000	183,265	192,113	197,563	203,419
Average length of stay[3] (days)	2.8	2.8	2.7	2.7	2.7
Occupancy rate[4]	73%	68%	69%	67%	67%
Average revenue per inpatient admission (in RM)	4,906	5,491	5,915	6,237	6,615
PARKWAY PANTAI LIMITED – Singapore Operations Division					
No. of hospitals at end of year	4	4	4	4	4
No. of licensed beds[1] at end of year	908	908	914	942	967
No. of operational beds[1] at end of year	869	880	892	928	942
Inpatient admissions[2]	64,723	67,917	74,119	76,459	76,917
Average length of stay[3] (days)	3.1	3.0	2.9	2.8	2.8
Occupancy rate[4]	66%	63%	65%	64%	63%
Average revenue per inpatient admission (in SGD)	8,667	8,904	8,866	9,527	10,266
Average revenue per inpatient admission (in RM, SGD1=RM3.04044)	26,352	27,071	26,957	28,968	31,213
PARKWAY PANTAI LIMITED – India Operations Division[5]					
No. of hospitals at end of year		8	8	9	33
No. of licensed beds[1] at end of year		1,552	1,546	1,664	5,954
No. of operational beds[1] at end of year		1,260	1,192	1,192	4,845
Inpatient admissions[2]		59,884	62,126	72,005	88,793
Average length of stay[3] (days)		4.0	3.9	3.9	3.7
Occupancy rate[4]		52%	56%	63%	59%
Average revenue per inpatient admission (in INR)		109,270	119,140	122,003	127,112
Average revenue per inpatient admission (in RM, INR1=RM0.05871)		6,415	6,995	7,163	7,463
ACIBADEM HOLDINGS – Turkey Operations Division					
No. of hospitals at end of year	17[7]	18[7]	20	21	21
No. of licensed and operational beds[6] at end of year	2,526	2,772	3,446	3,818	4,099
No. of overnight beds[6] at end of year	1,683	1,903	2,556	2,729	2,781
Inpatient admissions[2]	131,176	130,429	171,583	213,590	229,433
Average length of stay[3] (days)	3.4	3.6	3.3	3.4	3.4
Occupancy rate[4]	73%	72%	70%	74%	78%
Average revenue per inpatient admission (in TL)	6,321	7,290	7,104	7,956	9,896
Average revenue per inpatient admission (in RM, TL1=RM0.78024)	4,932	5,688	5,543	6,207	7,721

Notes

The above information comprises of operational data relating to hospitals owned by subsidiaries of the Group only. It does not include data relating to hospitals owned by joint ventures and associates of the Group and does not include hospitals that is managed for third parties.

Parkway Pantai Limited and Acibadem Holdings do not compile certain operational data, including the number of operational beds, the average length of stay and occupancy rates on the same basis and therefore, these numbers may not be comparable.

For changes in classification/definitions for the respective financial year under review, only the comparative figures for the previous year were restated to conform with the current classification/ definitions.

1. Licensed beds are the approved number of beds by the Ministry of Health that the hospital regularly maintains and staffs.

   Operational beds is an internal measure for which we include licensed beds utilised for our patients.
2. Represents the total number of overnight inpatients admitted to our hospitals.
3. Represents the average number of days an overnight inpatient stays at our hospitals.
4. Represents the percentage of hospital operational/ overnight beds occupied by inpatients.

   The occupancy rate may be lower due to new hospitals that are in the ramp up stage.
5. The Group acquired Continental and Global Hospitals during FY2015. Information disclosed is for full year FY2015.

   The Group acquired Fortis Group in November 2018. Information disclosed for FY2018 includes operational data of Fortis
6. Under Turkish Law, "licensed beds" refers to the approved number of beds used for observation and treatment of at least 24 hours, including intensive care, premature and infant unit beds, beds in the burn care units and as indicated in the hospital operation licenses.

   In addition to licensed beds, "operational beds" includes beds used for treatments of less than 24 hours, such as for chemotherapy, radiotherapy and sedation or other beds such as incubators, labour beds and beds for examination, small treatments and relaxation, from which Acibadem derives revenue and does not require licensing.

   "Overnight beds" comprise beds used for observation and treatment of at least 24 hours.
7. Number of hospitals includes Aile Hospital Goztepe, whose operations was suspended in late April 2012 for building works.
8. SGD: Refers to Singapore Dollars; TL: Refers to Turkish Lira; INR: Refers to Indian Rupees

NUMBER OF HOSPITALS

15
Malaysia

4
Singapore

33
India[1]

21
Turkey[2]

NUMBER OF OPERATIONAL BEDS

2,327
Malaysia

942
Singapore

4,845
India[1]

4,099
Turkey[2]

NUMBER OF INPATIENT ADMISSIONS

203,419
Malaysia

76,917
Singapore

88,793
India[1]

229,433
Turkey[2]

AVERAGE REVENUE PER INPATIENT ADMISSION (RM)

6,615
Malaysia

31,213
Singapore

7,463
India[1]

7,721
Turkey[2]

See pages 46 to 53 on Operating Review for more information

1. The Group acquired Fortis Group in November 2018. Information disclosed for FY2018 includes operational data of Fortis Group post-acquisitiion.
2. Information disclosed for Turkey includes operational data from Acibadem Holdings' overseas operations in Macedonia, Bulgaria and the Netherlands.

CORPORATE MILESTONES

2018

JAN
12
Launch of Pantai-Gleneagles Global Liver Programme first-of-its-kind cross-border collaboration to develop a unique liver programme for Malaysians

FEB
27
IHH annouced Full Year 2017 Results

MAR
21
Grand opening ceremony of Gleneagles Hong Kong Hospital and launching of Obstetrics and Neonatal services for the hospital

APR
4
Acibadem Ankara Hospital's Prostate Diseases Diagnosis and Treatment Center opened

APR
20
IMU won the Bronze Award for "CSR Leadership Award" at the World Renowned Global CSR Summit & Awards for its IMU Cares programme

MAY
6
Acibadem University Atakent's Hospital Lymphedema Center opened

28
IHH's 8th Annual General Meeting FY2017 held in Kuala Lumpur, Malaysia

JUN

1

Global Hospitals, Mumbai successfully celebrated completion of 250 liver transplants

8

IMU is the first university in the world with an accredited Dietetic Degree by the International Conferderation of Dietetics Association

JUL

13

IHH Healthcare announced acquisition of controlling stake in Fortis Healthcare Limited

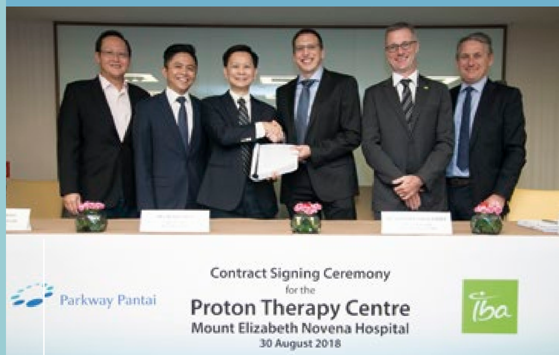
18

IHH paid out final single tier cash dividend of 3 sen per ordinary share

AUG

30

Parkway Pantai announced the installation of a proton therapy system in Mount Elizabeth Novena Hospital, Singapore



OCT

1

Parkway Pantai announced the acquisition of Amanjaya Specialist Centre, Kedah

16

Acibadem Maslak Hospital completes its expansion and is now the largest hospital of Acibadem Group after expanding its service area by 2.5 times

NOV

13

IHH concluded the preferential allotment for 31.1% interest in Fortis Healthcare and successfully appointed four directors to the board

29

Mitsui entered a share purchase agreement to increase their stake in IHH Healthcare to 32.9%

30

IHH consolidated its interest in Acibadem to approximately 90%

DEC

13

Parkway Pantai partnered a Singapore-based company to launch an AI-powered predictive hospital bills estimation system

Group Overview

AWARDS AND ACCREDITATIONS

AWARDS

TOP:
2018 Asia Pacific Healthcare and Medical Tourism Awards

BOTTOM:
IMTJ Medical Travel Awards 2018

IHH HEALTHCARE BERHAD

Asiamoney Asia's Outstanding Companies Poll 2018
- Overall Most Outstanding Company in Malaysia
- Most Outstanding Company in Malaysia – Healthcare Sector

Institutional Investor Asia's Most Honored Companies Awards
- Most Honored Company in Malaysia

National Annual Corporate Reports Awards (NACRA) 2018
- Certificate of Merit

IR Magazine Forum & Awards – South East Asia 2018
- Certificate of Excellence in Investor Relations

MALAYSIA OPERATIONS

GLENEAGLES KUALA LUMPUR

IMTJ Medical Travel Awards 2018
- International Hospital of the Year Award
- Best Marketing Initiative for Less Pain, More Gain – Minimally Invasive Surgery campaign
- Highly Commended Award for Excellence in Customer Service

GLENEAGLES PENANG

Dr Sun Yat-Sen Spirit Award 2018
- Gold Prize

AMANJAYA SPECIALIST CENTRE

National Energy Awards 2018
- Energy Efficiency, Runner-Up

ASEAN Energy Awards 2018
- Energy Efficiency & Conservation, 2nd Runner-Up

SINGAPORE OPERATIONS

MOUNT ELIZABETH HOSPITAL

2018 Asia Pacific Healthcare and Medical Tourism Awards
- Hospital of the Year in Asia Pacific
- Hospital of the Year in Singapore
- Neurology Service Provider of the Year
- ENT Service Provider of the Year
- Gastroenterology Service Provider of the Year
- Cardiology Service Provider of the Year
- Best Health Screening Provider of the Year

Healthcare Humanity Awards 2018
- Chaw Ei Ei, Senior Staff Nurse, Mount Elizabeth Hospital

Tan Chin Tuan Nursing Award 2018
- Harbans Kaur, Senior Enrolled Nurse, Mount Elizabeth Hospital

GLENEAGLES HOSPITAL

2018 Asia Pacific Healthcare and Medical Tourism Awards
- Smart Hospital of the Year in Asia Pacific
- Transplant Service Provider of the Year

President's Award for Nurses 2018
- Mona Soh, Director of Nursing, Gleneagles Hospital

TURKEY OPERATIONS

Capital 500 – Turkey's Largest Company
- 81st in net revenue
- 1st in healthcare sector
- 12th in number of employees
- 57th among Istanbul Companies

Fortune 500 – "Largest Companies in Turkey"
- 69th in net revenue
- 1st in healthcare sector
- 11th in number of employees
- 42nd among Istanbul companies

International Travel and Health Insurance Journal
- Medical Provider of the Year

Quality Medal Quality Certificate
- Best Quality Private Hospital in Turkey

INDIA OPERATIONS

Asia Pacific Society of Infection Control
- Centre of Excellence Award

Obesity & Metabolic Surgery Society of India
- Centre of Excellence Award

GREATER CHINA OPERATIONS

GLENEAGLES HONG KONG HOSPITAL
- 2017 Best 50 Hospitals in Guangdong-Hong Kong-Macau Greater Bay Area

GHK named one of the "2017 Best 50 Hospitals in the Guangdong-Hong Kong-Macau Greater Bay Area" by Asclepius Healthcare

ACCREDITATIONS

Joint Commission International ("JCI")

Malaysia	Singapore	Turkey	India
Pantai Hospital Kuala Lumpur Gleneagles Kuala Lumpur Gleneagles Penang	Gleneagles Hospital Mount Elizabeth Hospital Mount Elizabeth Novena Hospital Parkway East Hospital	Acibadem Adana Hospital Acibadem Maslak Hospital Acibadem Sistina Clinical Hospital Macedonia Acibadem Mehmet Ali Aydinlar University Atakent Hospital Acibadem Tokuda Hospital Bulgaria Acibadem City Clinic Cardio Center Bulgaria Acibadem City Clinic Oncology Center Bulgaria	Fortis Escorts Heart Institute Fortis Hospital, Bangalore Fortis Hospital, Mulund Fortis Hospital, Mohali Continental Hospitals

ISO 15189: 2014	
Malaysia	Pantai Premier Pathology
Singapore	Parkway Laboratory Services ("PLS"), Ayer Rajah Crescent (Clinical and Genetics) PLS, Mount Elizabeth Novena Hospital (Cytology)
Turkey	Acibadem Labmed Clinical Laboratories Acibaadem Sistina Clinical Hospital/Diagnostic Laboratory Acibadem Maslak Hospital/Pathology Laboratory
ISO 9001: 2015	
Malaysia	IMU's Quality Management System
India	Gleneagles Global Hospitals, Parel

Malaysia Society for Quality Health ("MSQH")

1. Pantai Hospital Ampang
2. Pantai Hospital Ayer Keroh
3. Pantai Hospital Batu Pahat
4. Pantai Hospital Cheras
5. Pantai Hospital Ipoh
6. Pantai Hospital Klang
7. Pantai Hospital Kuala Lumpur
8. Pantai Hospital Manjung
9. Pantai Hospital Penang
10. Pantai Hospital Sungai Petani
11. Gleneagles Kota Kinabalu
12. Gleneagles Kuala Lumpur
13. Gleneagles Medini
14. Gleneagles Penang

National Accreditation on Board for Hospitals and Healthcare Providers ("NABH")

1. Gleneagles Global Health City, Perumbakkam
2. BGS Gleneagles Global Hospitals, Kengeri
3. Aware Gleneagles Global Hospitals, LB Nagar
4. Gleneagles Hospitals, Parel
5. Continental Hospitals
6. 19 Fortis Hospitals*

* Footnote to refer to https://www.nabh.co/List_of_Certified_Organisation.aspx for further information


Gleneagles™
HONG KONG
港怡醫院

Strategic Report

DRIVING VALUE CREATION

IHH's value creation model is designed to benefit all stakeholders. Our purpose is to make a difference by delivering excellent patient care and gathering passionate individuals to improve healthcare quality. In turn, we create an investment opportunity that is both fulfilling and financially proven for our stakeholders.

CHAIRMAN'S STATEMENT

Dato' Mohammed Azlan Hashim
Non-Executive Chairman

IHH Healthcare ("IHH") is committed to deliver world-class healthcare to our patients and to ensure the organisation continues to do so now and in the future. It is paramount that we get our fundamentals right and remain steadfastly committed to grow as a sustainable organisation through effective governance and prudent oversight.

A SUSTAINABLE ORGANISATION

Our vision towards embedding sustainability throughout the value chain focuses on five intrinsic elements – Our Patients, Our People, Our Organisation, Our Environment and Our Community. These elements address aspects of sustainability that are pertinent to the interests of our key stakeholder groups. We endeavour to deliver sustainable and quality patient care, manage healthcare costs and provide a safe and conducive workplace for all staff, all guided by a robust governance framework helmed by astute leaders.

Using a collaborative and multifaceted approach, we are developing a healthier population with a broader sense of responsibility toward the sustainable use of healthcare resources.

It is paramount that we get our fundamentals right and remain steadfastly committed to grow as a sustainable organisation through effective governance and prudent oversight.

11.36

Basic Earnings per Share (sen)

(Excluding Exceptional Items)

3.0 sen

Dividend per Ordinary Share

IMPROVING SATISFACTION LEVELS

Our patients' involvement is essential in obtaining meaningful feedback on their experience at IHH. Patient satisfaction surveys help identify gaps and develop effective action plans for service quality improvement. The parameters upon which patient (i.e. inpatient and outpatient) satisfaction is assessed at our hospitals include quality of care, the admission process, consultation services, dietary services, food and beverage services, maintenance and security.

Across all our hospital networks, patient satisfaction levels are monitored at the individual hospital regularly. This survey activity provides a benchmark and a target-driven approach to understand patients' expectations and to exceed them, as we have done over the years.

PRINCIPLE OF FAIRNESS

At IHH, we strive to be the employer of choice and continue to invest in talent development to ensure we attract and retain the very best people. We have identified managerial responsibility as one of the key contributors to the long term success of the Group. Managers are expected to set the right example for their teams, both in work ethics and workplace behaviour. In addition, the Group also sends managers for intense and hands-on performance appraisal management training. This allows the managers to better set performance standards and to communicate well with their teams, placing the well-being and the career and personal development of our staff at our heart.

Honesty, trust and fairness are valued as important attributes in the workplace. Corporate town halls are conducted annually across our home markets to encourage open and transparent lines of communication between executives and employees. Furthermore, we offer our staff competitive remuneration, healthcare benefits, rigorous employee appraisals and a conducive workplace to encourage learning, cultural diversity and development of innovative ideas.

CHAIRMAN'S STATEMENT

IHH's Six SDG Focus Areas

Our SDG focus areas are Good Health and Well-Being (SDG3); Affordable and Clean Energy (SDG7); Decent Work and Economic Growth (SDG8); Industry, Innovation and Infrastructure (SDG9); Responsible Consumption and Production (SDG12) and Peace, Justice and Strong Institutions (SDG16).

BUILDING RESILIENCE

There are many challenges that we face in our journey towards strengthening sustainability. These include increasing life expectancies, the rising prevalence of chronic illnesses, inflexible labour markets affecting healthcare provision, the inability to recruit and retain staff due to the stiff competition between hospitals, inadequate governance arrangements in the healthcare sector, large inequalities in healthcare provision and misalignment of care provision with need and geopolitical risks in the countries in which we operate in.

While some of these factors are beyond our control, we are committed to building resilience and embedding a strong corporate culture that enables early adoption, adaptation and innovation to be driven throughout our organisation and into the core of the healthcare services we deliver.

SUPPORTING THE LARGER COMMUNITY

We strive to create a positive impact on society through our corporate social responsibility (CSR) initiatives and outreach programmes in Malaysia, Singapore, Turkey and India. IHH delivers quality healthcare services of enduring and sustainable value to underprivileged communities. We work to improve accessibility to healthcare services, increase public awareness about healthcare, nurture the next generation of healthcare professionals and fund community projects.

WORKING TOWARDS INTERNATIONAL BENCHMARKS

We believe in setting international and national benchmarks to continuously strive to maintain our accreditations and certifications. The high standards of IHH's healthcare services continue to be acknowledged by international and regional quality accreditation agencies, such as Joint Commission International (JCI), International Standard Organisation (ISO), Malaysian Society for Quality in Health (MSQH) and National Accreditation Board for Hospitals and Healthcare Providers (NABH). In securing these accreditations and certifications, we are motivated to continuously improve on our standards and deliver service focused on patient-centred safety and quality excellence. This also provides us with a leading edge to handle future challenges in producing excellent private healthcare.

UPHOLDING STRICT PRINCIPLES OF CORPORATE GOVERNANCE

Corporate integrity, ethical conduct and accountability are fundamental to build trust within the organisation and between IHH and our external stakeholders, as well as our vendors and suppliers. We are committed to maintain and uphold the highest standard of corporate governance integrity and ethics, which is embedded in our corporate culture.

We have adopted six Sustainable Development Goals outlined by the United Nations into the core of how we work. Our vision is to build a sustainable organisation that delivers long term growth to our stakeholders.

SUSTAINABLE DEVELOPMENT GOALS

Sustainability initiatives offer a strong financial return on investment, as well as intangible benefits of engaging and empowering staff and supporting community health improvement. The 2030 Agenda for Sustainable Development is the world's first comprehensive blueprint for shared peace and prosperity for people and the planet, now and into the future. Recognising that the Sustainable Development Goals (SDGs) embrace all aspects of health, these actions are intended to encourage not only the realigning of present efforts in relation to the 2030 Agenda but also investigate new ways of accelerating gains already made in improving health and well-being.

Our SDG focus areas are Good Health and Well-Being (SDG3); Affordable and Clean Energy (SDG7); Decent Work and Economic Growth (SDG8); Industry, Innovation and Infrastructure (SDG9); Responsible Consumption and Production (SDG12) and Peace, Justice and Strong Institutions (SDG16).

These focus areas reflect our commitment to ensuring sustainability in the short, medium and long term.

PILLARS OF SUSTAINABILITY

Using the Group's main pillars of sustainability – Our Patients, Our People, Our Organisation, Our Environment and Our Community – we have highlighted the material sustainability matters within each pillar that are pertinent to strengthening our commitment. The framework of our sustainability reporting practice has been guided by the Global Reporting Initiative (GRI) Standards – Core Option and GRI Sector Disclosures.

Our patients	We promote a patient-centred culture, prioritising quality of care, patient satisfaction, food quality and the rational use of medicine, to create an impact on the well-being of our patients and their families.
Our people	We provide a safe working environment that is conducive to the personal and professional growth of our employees, with a corporate culture built on good communication practices, transparency and integrity.
Our organisation	We strengthen our international market presence without compromising aspects of quality and sustainability and are responsive to the challenges and changing expectations of stakeholders within the healthcare industry.
Our environment	We manage our impact on the environment by prioritising the need for strict adherence to environmental regulations governing waste and by improving our energy performance.
Our community	We dedicate resources and skills to improve the health and well-being of vulnerable sections of the communities in which we operate.

CHAIRMAN'S STATEMENT

Since 2016, our journey to build on our practice of sustainability reporting has provided an effective platform for the Group to standardise and work towards accomplishing these common goals.

Every year, we reaffirm our commitment to sustainability. We overcome the challenges of steering the organisation at the Group level and ensure that the plans and strategies for improved sustainability cascade down to our home markets which are geographically spread out. Since 2016, our journey to build on our practice of sustainability reporting has provided an effective platform for the Group to standardise and work towards accomplishing these common goals.

WHERE WE WERE		WHERE WE ARE NOW	WHERE WE AIM TO BE
2016	**2017**	**2018**	**2019**
INAUGURAL SUSTAINABILITY STATEMENT *Scope: Malaysia (including IMU), Singapore and Turkey* • Disclosing Economic and Social Sustainability Indicators	**SUSTAINABILITY REPORT** *Scope: Malaysia (including IMU), Singapore, Turkey and India* • Disclosing Economic, Environmental and Social Sustainability Indicators • Reporting Sector Specific GRI Disclosures • Establishing six United Nations SDG Focus Areas	**INTEGRATED REPORT** *Scope: Malaysia (including IMU), Singapore, Turkey and India* • Selecting key Environmental, Economic and Social Indicators that are pertinent to sustainable healthcare • Reporting in line with GRI Standards – Core Option and Sector Specific Disclosures	**INTEGRATED REPORT** *Scope: Expanding on the scope to include all geographies* • Strengthening the sustainability performance of the Group and commitment to the United Nations SDGs • Reporting in line with GRI Standards – Core Option and Sector Specific Disclosures

It is our priority to maintain this momentum and resilience as we focus on driving performance in our markets for the Group.

BOARD CHANGES

We have made effective changes to the committees given the increased size and complexity of the reporting structure of the Group.

The Nomination and Remuneration Committee has now been separated into two entities: the Nomination Committee and the Remuneration Committee. Likewise, the Audit and Risk Management Committee saw a separation into the Audit Committee and the Risk Management Committee. The objective of these separations is to streamline our governance structure and to live up to our reputation of good corporate governance.

In April 2018, we announced the appointment of Ms Jill Margaret Watts as a Non-Executive Director. Ms Watts was the former Group CEO of BMI (GHG) Healthcare Group and was voted the most influential leader in the United Kingdom's private healthcare sector.

During the year, we saw the departure of Mr Kuok Khoon Ean who retired from the Board after six years. I would like to thank Mr Kuok for his invaluable contribution to IHH.

OUR GRATITUDE

All facets of our businesses are ultimately focused on providing best-in-class care for our patients. This translates into growing the business for our stakeholders. On behalf of the Board, I would like to take this opportunity to celebrate the progress we are making and to thank everyone for their contributions to our continued success in 2018.

To our loyal shareholders, we thank you for your faith in us to represent your interests in the boardroom. Our gratitude also goes to our specialists, consultants and allied healthcare professionals who take pride in their work and who exemplify our Group's mission to give our patients the best possible care, taking our brand names to greater heights.

We would also like to thank our patients for the conviction that you have placed in us as your preferred healthcare partner. It is with this, that IHH will always be, foremost, in the business of building and maintaining trust. It is certainly our privilege to serve you and have you under our care.

Finally, my appreciation goes to our Board members, management team and staff for your dedication to continually transform IHH into the dynamic Group that we envision ourselves to be.

The work that we have done over the year has produced encouraging results, putting IHH in a stronger position to deliver sustainable growth. It is our priority to maintain this momentum and resilience as we continue to focus on driving performance for the Group.

Thank you.

Dato' Mohammed Azlan Hashim
Non-Executive Chairman

CEO'S MESSAGE

Dr Tan See Leng
Managing Director and Chief Executive Officer

IHH Healthcare ("IHH") has always adopted a long-term view on delivering growth and creating long-term value in its business operations across the markets in which it operates. In 2018, we have been able to advance our work in sustainability and in the process, fortify our Company's competitive advantage. Our ability to react to key market movements in response to geopolitical changes also puts us in a good position to safeguard the interest and returns of our stakeholders.

STRATEGIC MILESTONES IN 2018

IHH has grown significantly, while strategically investing to strengthen our position. The past year has been brisk for the business with new acquisitions in the region, positioning us for sustained growth. We continue to see growing demand for quality healthcare services, which is why we place emphasis on investing in our people and in the business.

I am pleased to report that we delivered resilient performance amidst cautious global macroeconomic growth, reflecting the underlying strength of our business and the distinct progress in

In 2018, we have been able to advance our work in sustainability and in the process, fortify our Company's competitive advantage. Our ability to react to key market movements in response to geopolitical changes also puts us in a good position to safeguard the interest and returns of our stakeholders.

Revenue

RM11.5 billion

EBITDA

RM2.5 billion

executing on our strategy as we position for growth in the year ahead. For the full year ended 31 December 2018, the Group's revenue increased 3% YoY to RM11.5 billion. Earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("EBITDA") increased 9% YoY to RM2.5 billion. This came on the back of sustained organic growth at existing hospitals and the continuous ramp up of the two hospitals opened in March 2017. Headline profit after tax and minority interest ("PATMI") was RM627.7 million, compared to RM970.0 million in the previous corresponding year. PATMI excluding exceptional items increased 73% YoY to RM1.0 billion due to stronger operational performance and boosted by foreign exchange gains from the US Dollar denominated cash balances.

Looking at the Group's Malaysia operations, we have been able to deliver excellent patient care and achieve good clinical outcomes, becoming the preferred hospital of choice for our patients. We witnessed strong growth performance amid the active ramp up of Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital. It is encouraging to note that all three hospitals have contributed to revenue and achieved positive EBITDA. As a result of our continuous effort to focus on Centres of Excellence to carry out complex procedures within our Malaysia hospitals, we have been able to offer the highest quality of medical treatments and improve the mix of higher revenue intensity treatments.

Healthcare has been identified as a key National Economic Area to drive Malaysia towards a high-income nation by 2020. Malaysia has been receiving more than one million health travellers seeking treatments in Malaysia. Across some of our hospitals, we have seen growth in foreign medical travellers from Indonesia, China and South Asia. We believe IHH can capitalise on the growth of medical tourism and to position itself as the preferred healthcare provider in this Asian region.

Given the increased demand for private healthcare services, the Group acquired a 100% stake in Amanjaya Specialist Centre Sdn Bhd in its efforts to boost its capacity in Sungai Petani, Kedah. This 98-bed multi-specialty hospital enables synergies with the 118-bed Pantai Hospital Sungai Petani to expand our healthcare offerings for the patients in Kedah.

Spreading our wings for our patients in Malaysia, we launched the Pantai-Gleneagles Global Liver Programme in a first-of-its-kind cross-border collaboration between Pantai Hospital Kuala Lumpur and Gleneagles Global Health City, Chennai. This collaboration allows the Group to extend its liver treatment and transplant expertise to patients through its integrated healthcare network.

CEO'S MESSAGE

Equally unrelenting is our drive to enhance service offerings in the Singapore market. Paving the way for pioneering technology in Singapore, we broke ground at Mount Elizabeth Novena Hospital for the installation of a state-of-the-art, underground proton beam therapy system. This advanced precision cancer treatment system provides a more targeted and precise treatment of tumours, leading to less severe side effects during and after treatment. Available from 2021, Mount Elizabeth Novena Hospital will be the first private hospital in Singapore and South East Asia to offer proton beam therapy to patients.

With Turkey being an important destination for medical tourism, we have been ramping up operations of our hospitals. Acibadem Altunizade Hospital, which opened in March 2017, continues to experience growth in both patient volume and number of complex procedures. Acibadem Maslak Hospital recently completed its expansion to double its bed capacity in October 2018 to cater for increasing patient demand. After the expansion, Acibadem Maslak Hospital is the largest private healthcare facility in Turkey.

Currency volatility often poses problems to any multinational company operating in Turkey. Pursuant to the shareholders' agreement in 2011, we have increased our interest in Acibadem Holdings from 60% to approximately 90%. By simplifying the shareholding structure of Acibadem Holdings, this transaction will allow IHH to further consolidate its control in the Turkish operations. At the same time, IHH will have the financial flexibility to deleverage Acibadem Holdings' balance sheet and will be in a better position to ride out the forex volatility.

In India, we consolidated the operations of Continental Hospitals and Global Hospitals acquired in 2015 and integrated them under the Gleneagles brand name to drive greater brand synergies. We achieved significant upscaling of the market through the acquisition of Fortis Healthcare ("Fortis"). This calculated move has enabled us to become the second largest healthcare provider in India.

With the successful acquisition of Fortis with a 31.1% interest on 13 November 2018, we create a leading healthcare platform with significant future growth potential. Fortis has a high quality asset portfolio and a well-recognised brand with an extensive reach in India. Adding Fortis to the Group complements IHH's existing South India focused portfolio and provides access to a leading platform with a pan-India presence and a strong position in the North Capital Region. Fortis is also a leader in complex and innovative medical procedures with expertise in areas consistent with IHH's focus on multi-specialty tertiary and quaternary care. Fortis, via SRL Diagnostics ("SRL"), has a leading nationwide diagnostics business, an area we see as increasingly important to the future of healthcare. With that, we are excited with the IHH-Fortis partnership as a transformational opportunity for the Group. Together, we have a clear vision that IHH and Fortis will become a leading provider across South, Central Asia and Indo-China.

A qualified opinion was issued for the statutory audit of Fortis for the financial year ended 31 March 2018. The qualifications are in connection to the matters raised in the independent investigation report submitted by external lawyers to former Fortis Board on 12 June 2018 (prior to the acquisition of Fortis on 13 November 2018). Additionally, there are investigations by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India.

As a consequence of the qualifications raised in Fortis for the financial period ended 31 December 2018, IHH's audited accounts for the financial year ended 31 December 2018 will include some of these qualifications.

Based on the findings from the independent investigation report, the newly constituted Fortis Board, which consists of five IHH nominees and three independent directors, initiated specific improvement projects to strengthen the corporate governance standards, operating processes and control environment within Fortis. These projects include revisions to the line of authority limits, changing of authorised signatories, review of financial reporting processes, assessment of secretarial documentation in regards to compliance to regulatory requirements and systems design and control enhancements. All identified and required disclosures have been recorded in the financial statements of Fortis before the acquisition by IHH in November 2018. We will also initiate a forensic audit to ascertain the extent of diversion of funds from Fortis.

Our venture in Hong Kong has begun to bear fruit. The two-year-old Gleneagles Hong Kong Hospital ("GHK") has seen EBITDA losses narrowed. This encouraging result was driven by an increased number of complex surgeries and rising average revenue per inpatient admission. I am pleased to report that outpatient and inpatient admission has continued to increase quarter-on-quarter, and we have started to see growth in the take up on fixed-priced packages. More than 1,000 doctors have been accredited, and we expect more doctors to join GHK, including Hong Kong University-seconded doctors and sessional doctors who have ramped up their caseload at the hospital. GHK continues to introduce new clinical services, maintain a strong engagement with the specialists and increasing patient volumes via various marketing programmes.

ON THE HORIZON

Despite near-term business headwinds and challenges, our core operations have remained resilient and are performing well. Our organic and inorganic growth strategies have worked positively and in the way we envisioned. As it is, IHH boasts the largest portfolio of private hospitals in the world. In addition, our network gives us an added advantage as we enjoy synergistic benefits of medical knowledge sharing and increased efficiency in managing complex cases. Around the world, patients are beginning to expect better, faster and more accurate diagnoses and treatments.

Our focus and continued investments in technology and innovation will also enable IHH to capitalise on the opportunities in the healthcare industry.

There is however, always a certain element of risk in any business. The expanded scale of operations in more countries means that the group is increasingly subject to foreign exchange risks, as is the case of Turkey. As we operate in an increasingly competitive and fragmented healthcare landscape, we also foresee rising competition from various sources, such as from the public healthcare system and from disruptive digital healthcare start-ups. We also face increased competition for trained healthcare personnel in the markets we operate. As such, we are continually looking to increase and deepen our talent bench by attracting, retaining and developing quality healthcare personnel to support our growth strategy.

Looking ahead, the Group will execute a multi-country portfolio approach to diversity its earnings base and enhance its differentiated offering via organic and inorganic growth. The Group is consolidating its market leading position through improving clinical outcomes, enhancing our service offerings, adding capacity to existing facilities and leveraging technology to increase operational efficiencies. Given the strong demand for private healthcare, our pipeline of expansion and new hospital openings is backed by our positive cash flows in our home markets. The strategy is to provide a good balance of cashflow generative markets, such as that of Singapore and Malaysia, medium-term growth momentum from Turkey and long-term growth opportunities from India and Greater China.

We are confident that our resilience will take us much further ahead, and we will be able to weather the challenging economic climate. We will continue to create value for all stakeholders by growing sustainably and prudently.

Thank you.

Dr Tan See Leng
Managing Director and
Chief Executive Officer

Forging Ahead in India with Fortis Healthcare

In November 2018, we reached a significant milestone by making further inroads into the Indian market. IHH is well aware of the near term challenges that come with this acquisition, and we would like to share with our stakeholders our plans to turn around Fortis.

Q: WHAT ARE THE SHORT-TERM STRATEGIES IN HANDLING FORTIS' EXISTING CHALLENGES?

A: There are several legacy issues within Fortis. These include financial and governance issues that are currently under investigation. One of our immediate approaches is to ensure adequate funding for the buyback of all assets of Religare Health Trust ("RHT"), a Singapore associate of Fortis, which will provide an immediate boost to Fortis EBITDA margins. The buy-back of the Indian assets from RHT was successfully completed on 15 January 2019.

IHH has also initiated a disciplined turnaround plan. This includes improving operational efficiencies and operating leverage, renegotiating some of Fortis' credit lines as well as procurement costs to leverage IHH's global procurement pricing arrangement with some of its vendors.

Q: HOW DOES IHH PLAN TO UNLOCK FORTIS' POTENTIAL FOR THE LONG TERM?

A: We are aware that the fundamentals at Fortis require strengthening. It is only with a strong foundation that we can look forward to restore its performance. We have done our due diligence and are cautiously optimistic in turning things around. First and foremost, we have reconstituted the Board with a total of eight members, three current independent directors and five additional non-executive directors nominated by IHH, to ensure the highest standards of governance.

For the mid to longer term, we will look to harness the advantages of SRL, a Fortis subsidiary that focuses on diagnostic testing. SRL plays a strategic role for Fortis and is an intergral part of our strategic vision. We believe India remains a largely under-served market and there is tremendous scope to develop SRL into a lab powerhouse in India.

Case Study

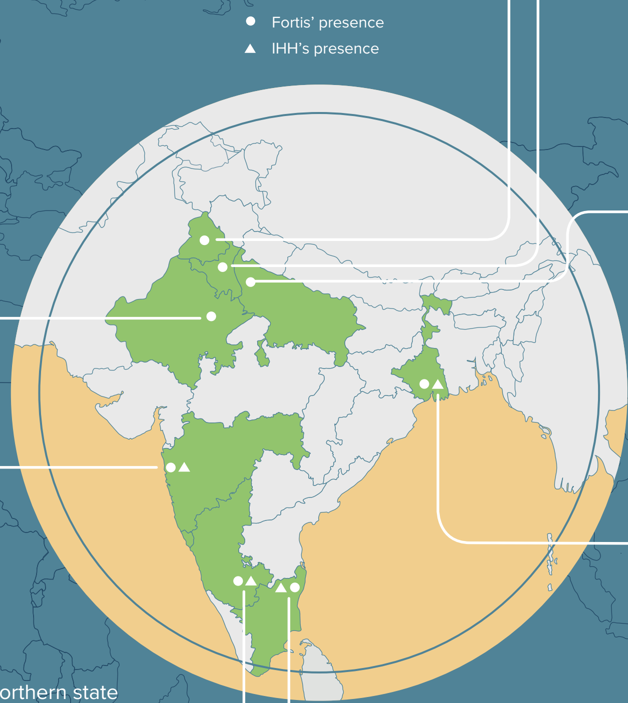
FORTIS HEALTHCARE

IHH Healthcare's ("IHH") 31.1% acquisition of Fortis Healthcare ("Fortis") presents a timely opportunity for the Group to expand its growth footprint in India at a time when demand for quality private healthcare in the country is on a rapid rise.

Fortis at a glance

Fortis Healthcare is the second largest hospital player in India with a nationwide footprint in a high potential market

Highly attractive asset with significant potential for value creation



PUNJAB

One of the richest states in India by GDP per capita

686 beds

GURUGRAM

Located in the nothern Indian state of Haryana. Gurugram is the third highest per-capital income city among Indian cities

290 beds

DELHI

The national capital of India and the second largest metropolis by population

1204 beds

KOLKATA

The capital of the Indian state of West Bengal. Kolkata is the third most populous state in India

260 beds

CHENNAI

The capital of the Indian state of Tamil Nadu. Chennai is the fourth most populous metropolitan area in India

151 beds

JAIPUR

Located in the northern state of Rajasthan, Jaipur is the tenth most populous city in India

270 beds

MUMBAI

The capital city of the Indian state of Maharashtra. The most populous city in India with one of the highest per capita income

641 beds

BENGALURU

The capital state of Karnataka. A populated urban area known as the 'Silicon Valley' of India

524 beds

SEIZING TRANSFORMATIONAL OPPORTUNITY

India's burgeoning healthcare market offers enormous growth potential for the Group. Fortis, India's second largest hospital chain, has a strong presence in North India and complements our existing South India portfolio. By focusing on multi-specialty tertiary and quaternary care, this acquisition entrenches our leadership positioning in complex and innovative medical procedures and capitalises on our deep expertise in the areas of organ transplants, gastroenterology, cardiac sciences, orthopedics, mother and child health and oncology.

SYNERGISTIC EXPANSION OF OUR INDIA PORTFOLIO

The addition of Fortis to our stable marks a significant expansion of the Group's capabilities in India, our fourth home market after Malaysia, Singapore and Turkey. The number of hospitals in our portfolio has increased from seven to 36, and beds from approximately 1,200 to 5,000.

COMPLEMENTARY PRESENCE IN A GROWING MARKET

Of the total population of 1.2 billion in India, North India commands the largest market share at 30.5% and it is one of the fastest developing markets in terms of healthcare infrastructure. As of 2011, North India had 3.4 doctors per 10,000 people, in contrast to 11.6 doctors in South India. Beyond augmenting our existing portfolio with a presence in North India, the acquisition of Fortis strategically propels the Group to a strong leadership position in the pan-India market.

ESTABLISHING A LAB POWERHOUSE

India's laboratory diagnostics market remains largely fragmented and growing. Fortis-owned SRL Diagnostics has tremendous potential in IHH's vision for Fortis. We see strategic value in developing SRL Diagnostics as part of IHH 's international diagnostic offerings.

LEVERAGING OUR INTERNATIONAL AND LOCAL EXPERTISE

IHH brings to the table decades of international private healthcare experience. The benefits we will bring together as a Group, including Fortis, will include cost rationalisation, implementing a strong corporate governance structure, optimising financial costs and exchanging best practices across our international footprint.

TURNING OBSTACLES INTO OPPORTUNITIES

This acquisition provides IHH with the mandate to partner and support Fortis to become a leading healthcare provider in India. Despite facing significant headwinds, including operational and financial issues. Fortis brings to the table a high-quality asset portfolio. IHH values the potential of Fortis and plans to turn these obstacles into opportunities for growth.

BUSINESS MODEL

IHH Healthcare is a leading premium private healthcare operator. The Group's vast healthcare network is built to provide a full spectrum of healthcare services and related services to create sustainable value for our stakeholders, including the provision of excellent clinical outcomes for our patients.

Our Assets

FINANCIAL CAPITAL
IHH Healthcare has a strong financial profile in our home and key markets. We have good access to capital and invest for growth with a disciplined and prudent approach supported by a cash-generative operating model.

PHYSICAL CAPITAL
The Group boasts an integrated healthcare network with multi-specialty hospitals, medical clinics, and a comprehensive range of ancillary services across 11 countries. As a leading premium integrated healthcare service, our hospital facilities are equipped with the best-in-class medical equipment and technology to provide their services.

HUMAN CAPITAL
The skills and experience of our employees are instrumental in building relationships with our patients and stakeholders. Our multi-pronged talent retention programme offers competitive remuneration, training and development opportunities to attract and retain high quality clinical and non-clinical staff.

CLINICAL GOVERNANCE FRAMEWORK
Our Board of Directors and management team have established an all-inclusive clinical governance framework to ensure that all patients receive the best possible care.

INNOVATION CAPITAL
Our focus on individual patient experience drives our quest for innovative solutions to improve patient care and outcomes. Leveraging intellectual and digital assets brings us benefits in the area of hospital bill estimates and empowers our patients to seek treatment options that are most cost efficient and effective for recovery.

BRAND CAPITAL
Our healthcare brands, including but not exclusive to Gleneagles, Mount Elizabeth, Pantai, Parkway Shenton, ParkwayHealth and Acibadem, are reputed for their premier service quality and are among the most prestigious in Asia, Central and Eastern Europe and the Middle East.

SOCIAL AND RELATIONSHIP CAPITAL
Our commitment to our key stakeholders is paramount to the level of service we provide. We proactively engage with our patients, employees, doctors, business partners, governments and communities to build long term relationships.

What We Do

As a leading healthcare service provider, we offer a thorough and integrated network of clinical services designed to complement each other for an exceptional patient experience.

PRIMARY CARE
Access to basic day-to-day healthcare services via outpatient treatment of common illnesses, routine check-ups and vaccinations. This includes preventive care and patient education.

SECONDARY & TERTIARY CARE
Secondary care comprises specialist consultation, local surgeries, emergency care, laboratory services, diagnostics and acute treatment. Tertiary care goes a step beyond with specialist consultative care, advanced treatment or complex surgeries and inpatient care.

QUATERNARY CARE
Quaternary care is an advanced level of medical care, which involves high-intensity complex surgeries, such as organ transplants, neurosurgery, cardiac surgery and reconstructive plastic surgery. These vastly complex clinical procedures require highly trained, experienced surgeons and best-in-class intensive care units and facilities.

COMPLEMENTARY ANCILLARY SERVICES
Our suite of complementary ancillary services includes comprehensive diagnostics, analytical laboratory testing, therapeutic radiology, physiotherapy, integrated rehabilitation and advanced molecular diagnostics.

MEDICAL EDUCATION
We offer quality education in health and medical sciences to train and develop nurses, doctors, allied healthcare professionals and other medical and healthcare sector professionals.

The IHH Healthcare Edge

Delivering Value to Our Stakeholders

PATIENTS

Our patients are at the centre of what we do. They rely on us to give sound medical advice and deliver superior clinical outcomes, with the help of the latest medical technologies. When our doctors and specialists are well-equipped with knowledge and have access to excellent laboratories for diagnostics and other services, our patients are assured of speed, comfort and high-quality medical care.

EMPLOYEES

When employees know and feel that they are valued, they are motivated to do their best. Competitive remuneration and a nurturing work environment aside, we provide continuous training and development opportunities for all our employees in both clinical and business services.

DOCTORS & BUSINESS PARTNERS

We view our doctors, healthcare professionals and vendors as important partners, and we seek to establish a relationship of trust and mutual growth for long-term winning outcomes. The doctors enjoy access to our best-in-class medical equipment and professional support from our staff. Our suppliers and vendors are required to be registered and approved by the local regulatory bodies for the sale of medical consumables and pharmaceutical items. We engage suppliers who are ethical and committed to the sustainable development of the business.

SHAREHOLDERS

We deliver value to shareholders through growth in capitalisation and shareholder returns. We reciprocate their trust and loyalty through active stewardship of the company based on a strong corporate governance framework.

STAKEHOLDER ENGAGEMENT

Our stakeholders have a direct influence on our business, and they are important barometers that gauge the impact of our business activities and sustainability initiatives. We engage with a wide range of stakeholder groups on a regular basis to understand their needs and expectations. The table below captures our key stakeholder groups, their expectations and the methods by which we engage them to meet their expectations.

STAKEHOLDER GROUP	STAKEHOLDER PROFILE
Senior Management	As the leaders of the Group, they play a vital role in determining the direction of the organisation towards building economic resilience, environmental stewardship and social responsibility, for the present and future.
Doctors, Nurses and Employees	Our doctors, nurses and employees are our most important assets and a key resource for all our activities. We consider employee satisfaction to be important and ensure that morale remains high throughout our business. Employees are also encouraged to interact with Senior Management and express their concerns at town hall meetings. We listen and respond to our employees' needs and concerns through various communication and feedback channels.
Patients	Patients are the cornerstone of IHH's business, and it is essential to enhance the quality of life of our patients by providing comprehensive high-quality healthcare services. Garnering feedback on patient experience is an important measure of our performance by which we strive to improve continuously.
Investors and Shareholders	As owners and providers of equity capital to the business, shareholders may reap the benefits of the company's success in the form of increased stock valuation. The shareholder also enjoys certain rights such as the entitlement to be appraised of the latest developments in the company and to provide feedback about the company.
Academia	As an internal stakeholder, IHH's academic community play an important role in shaping the lives of future doctors, nurses, pharmacists, dentists and other healthcare professionals.

STAKEHOLDER EXPECTATIONS	METHODS OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT METHOD
• Financial performance • Staffing issues • Succession planning	CEO meeting	Fortnightly
	Board meeting	Quarterly and as and when required
• Staff and doctor engagement/feedback sessions • Positive workplace culture and a conducive workplace	Town hall meeting	Annually and as and when required
	Focus group session	As and when required
	Employee Engagement Survey	Once every two years
	Physician meeting	As and when required
• Delivery of quality healthcare • Patient experience • Health awareness and information • Cost-effectiveness	Consultations	As and when required
	Patient Satisfaction Survey	Ongoing engagement throughout the financial year
• Continued growth and financial sustainability • Clear and transparent reporting • Good corporate governance • Effective and timely shareholder engagement	Annual General Meeting (AGM)	Annually
	Extraordinary General Meeting (EGM)	As and when required
	Investor conference	Ongoing engagement throughout the financial year
	Non-deal roadshows	Ongoing engagement throughout the financial year
	Corporate website	Throughout the year
• Staff engagement • Preparing students for employment • Research and development • Building stronger links between the community and university	Town hall meeting	Twice a year
	Faculty meeting	Once every two months
	Deans' meeting	Quarterly
	Staff Barometer Survey	Biennially

STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	STAKEHOLDER PROFILE
Accreditation Bodies	The accreditation bodies – such as Joint Commission International (JCI), Malaysian Society for Quality in Health (MSQH) and National Accreditation Board for Hospitals and Healthcare Providers (NABH) – strengthen our performance as quality healthcare providers by advocating, promoting, and supporting continuous quality improvements and safety in the healthcare arena in each country we operate.
Regulators	Our regulators and authorities specify the laws and regulations that determine the scope and extent of our activities in our respective countries. We maintain open channels of communication with them, as they are the ones best positioned to provide advice and clarification in relation to our operations and obligations. IHH works proactively with local regulators and authorities from every jurisdiction as local requirements vary from one country to the other.
Local Communities	The local communities and vulnerable sections therein are the key beneficiaries of our CSR projects. Our engagement with these communities is primarily to ensure that our CSR programmes are making a positive difference in their lives and to ascertain how our programmes can be further improved to better serve them.
Intermediaries	All role players in healthcare, such as employers, third party administration, insurance companies, managed care organisations and general practitioners.
Suppliers and Service Providers	As providers of vital services that are key enablers for us, it is important that we maintain a professional relationship of trust where views from either party can be freely exchanged. The Group relies on its suppliers to deliver products and services of the highest quality in line with internal, regulatory and accreditation agency standards.

STAKEHOLDER EXPECTATIONS	METHODS OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT METHOD
• Regular audits and verifications • Meeting international benchmarks	JCI audit and inspection	Triennially
	MSQH surveillance audit	Annually
	MSQH certification inspection	Every four years
	NABH surveillance audit	Every one and a half years
	NABH certification audit	Triennially
• Compliance • Regulatory reform relating to hospital planning • Employee and patient safety	Formal correspondence and meetings	Ad-hoc
	Hospital visits	Ad-hoc
	Ministry of Health audit and inspection	Biennially or ad-hoc
• Improving accessibility to healthcare services • Increasing public awareness about healthcare • Providing opportunities to the next generation of healthcare professionals • Funding community projects	Free medical treatment	Ongoing programme (Life Renewed)
	Health awareness initiatives	Ad-hoc
	Scholarships and professorships	Endowed and carried out in perpetuity
	Sponsorships and donations	Ad-hoc
• At the service level, timeliness of the guarantee letter issuance from intermediaries • The cost of healthcare in private hospitals, especially in medical treatment packages and services	Guarantee Letter/Referrals	Daily
	Health talks, forums, Continuing Medical Education (CME)	Monthly
	Process and service improvements	Monthly
	Hospital empanelment/renewal	As and when required
	Claim and charges review meeting	As and when required
• Cost effectiveness • Fair and transparent negotiations	Vendor presentations and product demonstrations	Upon the introduction of new products
	Formal sessions to update knowledge on product information	At least twice a year
	Tender briefing	Held at each tender session upon user's request to brief tenderers on tender specifications
	Tender clarification sessions	Held with each tender launched
	Purchase committee negotiation with suppliers	Price negotiations with vendors are carried out continuously – both for existing and new purchases

MATERIAL MATTERS

For our 2018 reporting, we have selected material sustainability matters that have a short-term, medium-term and long-term impact on the decision-making of our key stakeholder groups and the economic, environmental and social performance of our business operations. The Sustainability Management Committee (SMC) evaluated each material sustainability matter to identify the core matters that define IHH's commitment to economic, environmental and social sustainability practices and its impact on key stakeholder groups.

Our Patients	Our People	Our Organisation	Our Environment	Our Community
• Quality of care • Patient satisfaction/ expectation • Patient and family safety • Patient menu • Availability of beds • Privacy of medical records	• Ethics and integrity • Employee health and safety • Training and development • Employee welfare • Talent retention • Availability of skilled manpower • Management of human rights across the value chain	• International healthcare services • Cost-effectiveness • Emergency preparedness • Transparency • Security and asset protection • Compliance and regulatory risks • Maintenance cost • Hospital infrastructure and employee insurance cost • Innovation • Vendor and supplier development	• Hazardous waste management • Energy efficiency • Water availability • Plastic waste management • Carbon emissions • Green design and construction	• Community development • Affordable treatment and access to medical treatment

The core material matters that have been selected for this year of reporting are captured in the table below, along with a description of why each is important and the corresponding SDGs.

Material Matter	Why is it material?	Sustainable Development Goal
Our Patients		
Quality of Care	Providing quality care involves identifying value and value-added activities from the patient's perspective. Patient satisfaction levels have a direct impact on our reputation as a main player in the healthcare industry, which then impacts our business performance. Our regular practice of garnering patient feedback also allows us to understand areas that need improvement and records our journey to maintain high satisfaction levels.	3 GOOD HEALTH AND WELL-BEING
Patient and Family Safety	Healthcare is complex and dynamic, with future demographic changes and developments in drugs and technologies serving to continually increase this complexity. To meet these challenges, we need continuous high-level individual and organisational commitment to aspects of patient safety. These include our efforts to ensure food safety and quality in preparing patient menus and measures to ensure the rational use of medicine. Our safety improvement activities focus on the patient as the central and most important aspect of healthcare, while supporting healthcare professionals to give the very best care they can, given their skills and professional dedication.	3 GOOD HEALTH AND WELL-BEING 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Material Matter	Why is it material?	Sustainable Development Goal
Our People		
Employee Health and Safety	We believe that our ability to be truly sustainable is highly dependent on the safety, health and welfare of our people. Integrating and articulating occupational health and safety (OSH) measures throughout our value chain ensures a key aspect of sustainability relating to our social impact is addressed. Complying with the legal requirements relating to OSH, such as setting up OSH Committees and keeping a regular record of safety statistics in each of the countries we operate, sets the foundation of our OSH efforts.	3 GOOD HEALTH AND WELL-BEING
Training and Development	The development of meaningful and regular training programmes for our staff increases employee retention, job satisfaction and productivity. Moreover, the healthcare industry is an ever-changing field that requires extensive skills and training. At IHH, mentoring processes, training, development resources and a community of practice are built at the Group and hospital levels. The personal and professional development of our employees is indicative of the importance IHH places on the growth of its doctors, nurses, academics and other staff.	8 DECENT WORK AND ECONOMIC GROWTH
Our Organisation		
International Healthcare Services	We have the expertise to serve the higher demands and diverse needs of international patients. Through IHH's international healthcare services, we are able to provide access for thousands of patients to enhanced health services, thus improving the quality of life, as well as creating jobs, opportunities for cultural enrichment and technological advances within the community.	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
Cost-Effectiveness	We recognise the benefits of cost-effectiveness in minimising administration and improving quality, accountability and accessibility to healthcare, and its relevance in the context of sustainability. The challenges are ongoing. These include balancing the high prices of drugs and the demand for patient-centred healthcare models, ensuring that the core processes of care remain of high quality and providing affordable healthcare that is cost-effective. Achieving this balance requires numerous stakeholders, multiple approaches and coordinated actions undertaken across various system components.	8 DECENT WORK AND ECONOMIC GROWTH
Emergency Preparedness	Laboratory readiness and having a response plan for the rapid detection and containment of outbreaks of emerging and dangerous pathogens are critical aspects of our responsibility towards our patients, employees and the public. Our role in controlling such an outbreak is critical and if unprepared, can have a potential negative impact on all three aspects of sustainability, i.e. economic, environmental and social. Communication and creating awareness are important parts of a robust response plan.	3 GOOD HEALTH AND WELL-BEING
Our Environment		
Waste Management	Healthcare organisations have many environmental aspects that can directly or indirectly affect the community and the region in which they operate. The types of waste generated from our operations include hazardous and infectious waste, which can have a severe negative impact on the environment and community, if not treated or disposed properly.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Energy Efficiency	Healthcare facilities are known to be among the most energy-intensive facilities. Without compromising on the health and safety of our operations and patients, we recognise the importance of managing IHH's energy consumption. Measures that we have undertaken across all our hospitals include upgrading the HVAC systems, investing in more energy-efficient chillers and innovative technology, replacing compact fluorescent lamp (CFL) lighting with light emitting diodes (LED) and creating awareness of energy-saving practices. The benefits of such efforts can be seen in the form of cost-savings and a reduced impact on the environment.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 7 AFFORDABLE AND CLEAN ENERGY
Our Community		
Community Development	We are committed to supporting the vulnerable sections of the community. Through our donations, community engagement activities and provision of pro bono healthcare services, we are able to cater to the medical needs and other needs of the community. Our efforts in this direction are towards building social resilience and sharing our knowledge and skills to improve public health.	3 GOOD HEALTH AND WELL-BEING

MARKET OUTLOOK

We contemplate and plan our strategies for growth in a fast-moving healthcare environment of rapid technological advancements, studying the development of long-term trends on a global scale.

TREND	IMPACT TO GROUP	OUR RESPONSE	LINK TO STRATEGY
Strong demand for private healthcare	By the year 2050, we expect to see an elderly population of nearly 923 million in Asia. The region's growing ageing population and increasing affluence will significantly drive demand for private healthcare as life expectancy, chronic diseases and co-morbidity rise. At IHH Healthcare, we are readying ourselves to capitalise on these growth opportunities.	We are expanding capacity in our existing hospitals in Malaysia and strategically building a pipeline of hospital projects in large and high-potential cities in the key growth markets of India and China.	***Organic growth*** ***Inorganic growth*** ***Enhance service offerings***
Competition for skilled healthcare professionals	The demand for skilled healthcare professionals has grown immensely worldwide. The World Health Organization and the World Bank have projected an 18 million shortage in global health workers in 2030. Southeast Asia alone will require approximately 4.7 million more health workers to achieve effective coverage. This pursuit for effective and skilled professionals has also resulted in growing labour costs over the years.	In addition to ensuring competitive remuneration packages and career development opportunities for our employees, we leverage technology and innovation to drive productivity. The well-established international reputation and cross-country exchange programmes between our operating subsidiaries continue to give us the upper hand in talent recruitment and retention.	***Invest in people*** ***Leverage innovation***
Productivity challenges	With labour shortages and a higher cost base, delivering effective and efficient service is a challenge for many healthcare providers. As the healthcare industry is largely reliant on manpower, the growing population in both number and needs will require us to find effective solutions to reduce labour-intensive tasks and enhance overall productivity.	IHH Healthcare continues to seek new ways to raise productivity standards through increased digitisation, innovation and technology. We believe in cultivating a culture of consistent upskilling through training and maintaining positive mindsets. The Group organises an annual Quality Summit where innovative projects from staff across different countries are presented. Selected projects are potentially implemented to realise synergies across the Group.	***Invest in people*** ***Leverage innovation***

TREND	IMPACT TO GROUP	OUR RESPONSE	LINK TO STRATEGY
Technological Disruption	Global consulting firms have identified technological disruptions as one of the impending, if not current, issues that the healthcare industry will face. With the exponential growth of technology, innovators and non-traditional healthcare players around the world have begun to enter the industry for a piece of the pie. For the Group, any failure to keep up with the changes will put us behind the curve.	Taking an active approach, we established the Innovation Office at Parkway Pantai in 2016 to bring new technologies and business models to the organisation, whether by partnership or investment. We embrace the innovation culture and encourage new ideas throughout all levels of the Company. This was manifested in the successful launch of Parkway Pantai's inaugural Innovation Challenge where over 150 entries were submitted by teams from across all our markets. Winning ideas included an automated self-service X-Ray kiosk and a tech-equipped "smart" ambulance.	*Organic growth* *Inorganic growth* *Enhance service offerings*
Geopolitical Tensions	Escalating geopolitical tensions have taken a toll on global investment portfolios, with some markets facing uncertainties. The unstable political climate in the Middle East, especially in Turkey, has seen the US imposing sanctions and tariffs, severely affecting the Turkish Lira. For IHH Healthcare, this currency volatility is impacting Acibadem, which operates in Turkey. While Acibadem's expanding operations have shown promising results, financial performance has been impacted by foreign exchange translation losses upon consolidation at the Group.	IHH Healthcare is committed to managing geopolitical risks by applying defenses to our strategies. One of the immediate ways is to defer all expansion capital expenditure for Acibadem. The Group is also closely monitoring developments involving the Turkish Lira, and we have established clear plans to reduce Acibadem's foreign debt to manage its exposure to currency volatility. Moreover, diversification of our businesses and geographies in the Group reduces our reliance on a single market. This allows cyclical dips in one market to be offset by gains in another. Our strong portfolio of cash-generative assets and ready cashflow in developed markets such as Singapore and Malaysia is well poised to support the growth of the emerging markets of Turkey, India and Greater China.	*Invest in people* *Leverage innovation*
Increased Competition	We operate in an increasingly competitive marketplace and a fragmented healthcare industry where new entrants can impact the demand for our services. Competition from established healthcare providers aside, we have been increasingly facing pressure from disruptive digital healthcare startups that have entered the market.	We have enhanced our capabilities and capacities to undertake more complex medical cases. In addition, we are taking advantage by tapping our wide pool of talent to develop high-value-added service and product offerings to boost our competitive strength in the marketplace. For instance, we have introduced synergistic patient programs in some of our home markets, with a key focus on improving collaboration between our experts across our hospital networks.	*Invest in people* *Leverage innovation*

BUSINESS STRATEGY

Our values and purpose are aligned to the strategic endeavours that drive our competitive advantage in a dynamic marketplace. Through methodical assessments of potential opportunities, we strive to implement transformative initiatives that are designed to strengthen the business for our stakeholders.

	ORGANIC GROWTH	INORGANIC GROWTH
Description	We pursue growth by increasing capacity at our existing hospitals or through organic growth in our existing or new markets. Backed by our strong financials, we continue to strategically invest in areas with the potential to build scale and bolster the Group's leadership positions in these markets.	Alongside organic growth, acquisitions in new and existing markets are expected to be accretive for IHH Healthcare's topline. Our acquisition programme is underpinned by the strong cashflow generated from our home markets. Together with our experienced management team, we will execute a multi-pronged strategy to enhance our diversified offering via organic and inorganic growth.
Our Progress in 2018	The ramp up of Gleneagles Hong Kong Hospital, which opened in March 2017, remains on track. The hospital has undertaken a high volume of complex cases and has continued to narrow its EBITDA losses since its opening. Doubling its capacity to approximately 400 beds is Acibadem Maslak Hospital in Istanbul, which commenced operation for its increased capacity in October 2018. This multi-disciplinary tertiary hospital offers a range of speciality services, including a Spine Centre and Breast Health Centre. This expansion with the addition of new beds has further enhanced its contribution to the Group revenue. Also in Istanbul, the multi-disciplinary tertiary Acibadem Altunizade Hospital opened in March 2017 with 350 beds. Oncology is one of Acibadem Altunizade's many speciality focuses, and in 2017, the hospital conducted about 15,000 chemotherapy sessions and 26,000 radiotherapy sessions. Acibadem Altunizade Hospital is the second leading hospital after Acibadem Maslak Hospital within the Acibadem Group. Overall, as the new hospitals ramp up their operations and achieve operating leverage, this has led to an increased top line contribution and EBITDA losses to continue to narrow in 2018.	The acquisition of Fortis Healthcare marks a significant milestone in the Group's expansion path in India. The acquisition of a controlling interest in Fortis Healthcare will significantly increase our reach across India, complementing our existing capabilities in the high-value quaternary care segment. Adding to the successful acquisition in India, the Group acquired a 100% stake in Amanjaya Specialist Centre Sdn Bhd – a 98-bed multi-specialty hospital in Sungai Petani, Kedah in Malaysia on 1 October 2018. By streamlining processes and operations between Amanjaya and the full-capacity Pantai Hospital Sungai Petani, the Group is expected to benefit with more effective growth in the region.
Link to Principal Risks See page 41 on Principal Risk for more information	Geopolitical risk Foreign exchange risk	Geopolitical risk Foreign exchange risk

Supported by our Sustainability Strategy

1

QUALITY HEALTHCARE

To prioritise patient experience and encourage feedback to meet satisfaction levels, and to continuously benchmark our quality standards to international standards throughout our operations

ENHANCE SERVICE OFFERINGS

To improve revenue intensity, we are looking to deepen and widen our offerings, especially in high acuity services. We aim to do this by bringing together Centres of Excellence in the hub hospitals that carry out complex procedures such as stem cell transplants, robotic surgery, multi organ transplants and advanced cardiac and neuro-vascular intervention. We constantly seek to bring in the latest technology and tests to boost clinical outcomes.

As a premier private healthcare provider, IHH Healthcare seeks to provide patients with many quality service options for consideration. In this light, Mount Elizabeth Novena Hospital announced that it would be the first private hospital in Singapore and South East Asia to be equipped with the state-of-the-art proton beam therapy for precision cancer treatment from 2021.

The Group also launched the Pantai-Gleneagles Global Liver Programme, a first-of-its-kind cross-border collaboration between Pantai Hospital Kuala Lumpur and Gleneagles Global Health City, Chennai. In this programme, Malaysians requiring liver treatment and transplant can now turn to one of South Asia's largest and most established liver transplant centres in India.

Our Malaysian operations have also upgraded their service offerings in ophthalmology, fertility and cardiology at three hospitals in Malaysia.

- Pantai Hospital Kuala Lumpur introduced a new IVF test to its offerings
- Pantai Hospital Cheras installed a new optical coherence tomography machine.
- Pantai Hospital Ayer Keroh is equipped with a new Bi-Plane X-Ray System.

Talent and workforce management risk

Cybersecurity risk

LEVERAGE INNOVATION

At IHH Healthcare, we have a dedicated team that explores innovative evidence-based solutions to offer value-driven services to anchor our ambition to be the preferred healthcare partner for our patients and potential customers. Through incremental innovation, which builds on existing capabilities to generate near-term tangible outcomes, we shore up our existing business model as we seek out the next game-changing solution in healthcare service delivery.

The Group believes that innovation can spark from within. At the inaugural Parkway Pantai Innovation Challenge in 2018, we saw more than 150 project submissions from teams across all our markets. The Challenge, rooted in the concept of incremental innovation, saw two Special Commendation and 10 Merit Award winners. Upon the feasibility study of the winning proposals, the chances of turning these ideas into reality are high. Currently, seven of the projects from the challenge have already been tested for feasibility and successfully implemented.

The Group worked with a Singapore based AI start-up to develop a system to provide more accurate "Estimated Total Bill Size" for patients during financial counselling. In November 2018, we rolled out the predictive engine in our Singapore hospitals, and we target to apply the system in other countries in future phases.

At our precision medicine arm, Angsana Molecular & Diagnostics, we are leveraging genomics for better diagnostics and to customise patient treatment to improve outcomes with Mammaprint and Pharmacogenomics (PGxONE™ Plus). Mammaprint is a genomics test that analyses the activity of certain genes in early-stage breast cancer. PGxONE™ Plus predicts how patients will respond to different types of drugs based on their individual genetic makeup.

Cybersecurity risk

INVEST IN PEOPLE

The best strategies will only be successful with the right people to execute them. That is why attracting the right talent with competitive remuneration and career pathways is key for our progression. Succession planning is also important for the longevity of the Company. Aside from developing future healthcare talents in educational institutions, we are exploring international exchanges within the Group for employees to learn and share best practices across geographies.

The Group conducts employee engagement survey to measure the engagement level of employees on targeted initiatives and to improve employee engagement within the organisation.

The Group continues to invest in its people through competitive remuneration packages, training and development and cultural alignment. To enable our people to achieve their true potential and beyond, we have in place the Management Associate Programme (MAP) and Individual Development Plan (IDP). These two programmes offer on-the-job training and career development opportunities for those in leadership positions, senior professionals and young graduates.

The MAP is a structured development programme for young graduates that offers training and multidisciplinary exposure in both management and hospital administration. Our Management Associates are evaluated through a 360 Degree Feedback process from relevant supervisors and employees that is reported to management.

The IDP provides employees the necessary support for individual professional development. The plan helps chart their career paths with clear objectives and a timeline. Knowing where they are headed gives our employees greater impetus to do their best for the business.

As a Group, we conduct a biennial Employee Engagement Survey as part of our regular ongoing journey to understand how staff feel about working at IHH Healthcare, areas of strength as a preferred employer and areas to improve to support the work done by our staff.

Talent and workforce management risk

2

SUSTAINABLE GROWTH

To develop our operations in each market in a manner that provides economic opportunity, strengthens the local healthcare infrastructure, builds local talent and supports the surrounding communities

3

NEW MARKETS

To expand into emerging markets by identifying opportunities, formulating implementable strategies, establishing a strong market presence and strengthening the business case for sustainability

4

ECO-EFFICIENCY

To implement measures and consider alternatives throughout our operations to manage our performance on matters relating to energy and other areas that have an environmental impact

RISK MANAGEMENT

Managing risk is an integral part of our business strategy and critical to achieving sustainable long-term growth and profitability. IHH Healthcare's robust risk management framework is underpinned by a disciplined risk culture which encourages ownership and accountability for risk management at all levels.

RISK MANAGEMENT FRAMEWORK

The Board has overall responsibility for risk governance and ensures that Group management maintains an effective risk management and internal control framework.

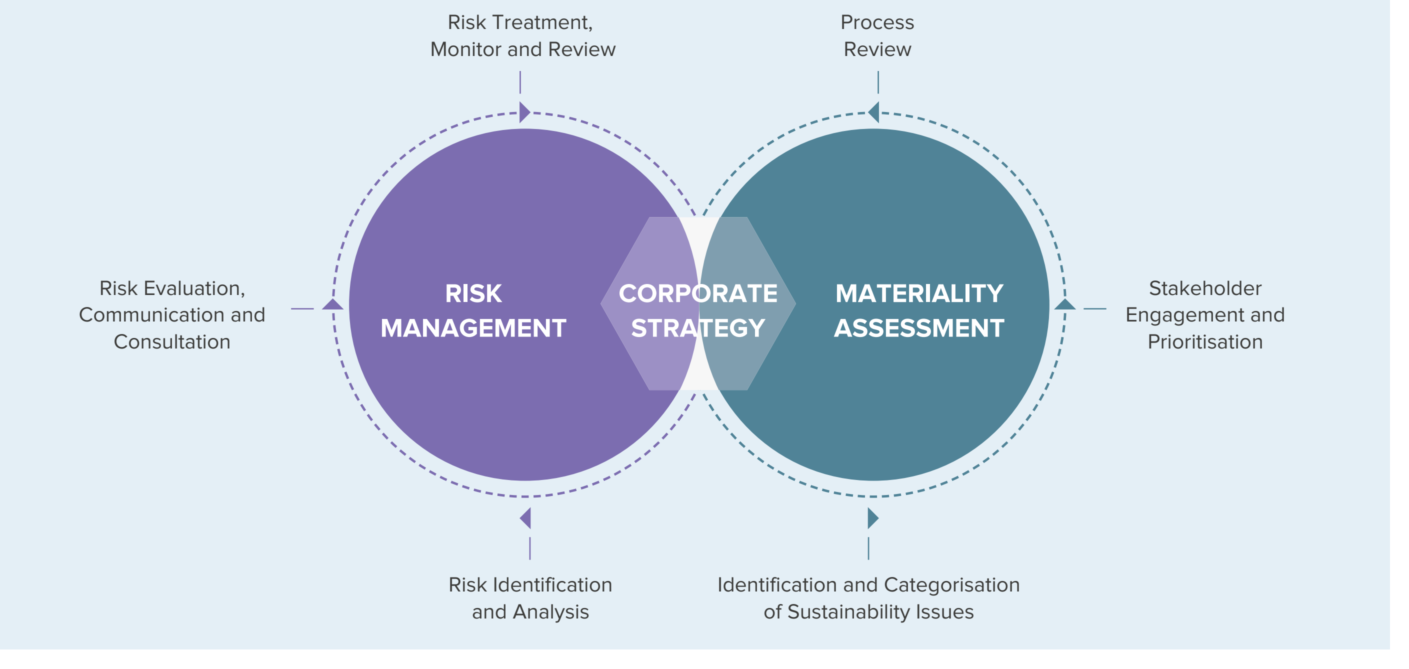
The Audit Committee ("AC") and Risk Management Committee ("RMC") oversee the Risk Management framework and policies. In doing this, the AC and RMC identify, for the Board's determination, the Group's level of risk tolerance and actively highlight, assess and monitor key business risks of the Group. The RMC has a specific focus on clinical governance and quality risk.

In addtion, the AC is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that the Company has in place a sound and robust internal control framework. The AC also ensures that such framework has been effectively implemented to enhance the Group's ability to achieve its strategic objectives.

An Enterprise Risk Management ("ERM") framework is deployed at the Group level and major operations divisions. This framework identifies, assesses and mitigates relevant risk in a timely manner, with at least quarterly updates to the AC and RMC.

Our Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Audit Committee Report and Risk Management Committee Report are described in more detail on pages 112 to 126.

Integration of Risk Management and Material Matters



The Group faces an evolving landscape of economic, environmental, social and governance-related ("ESG") risks and/or opportunities that have the potential to significantly impact our business performance and sustainability.

Materiality assessment has been embedded into the Group's processes and integrated into our ERM framework, including the risk dimension of missed opportunities. Through this, matters that are critical to the Group are identified and assessed based on risk rating criteria of likelihood and impact. This approach allows us to compare sustainability issues with other business risks. For more information on material sustainability matters, refer to page 34.

Risk and Sustainability collaborators have also been appointed across major Group entities to manage sustainability risks through responses needed to counter threats and take advantage of opportunities. Annual risk reviews are undertaken with independent assurance to ensure our risk management framework and processes are sound and effective. Refer to page 127 for more on our risk management strategy.

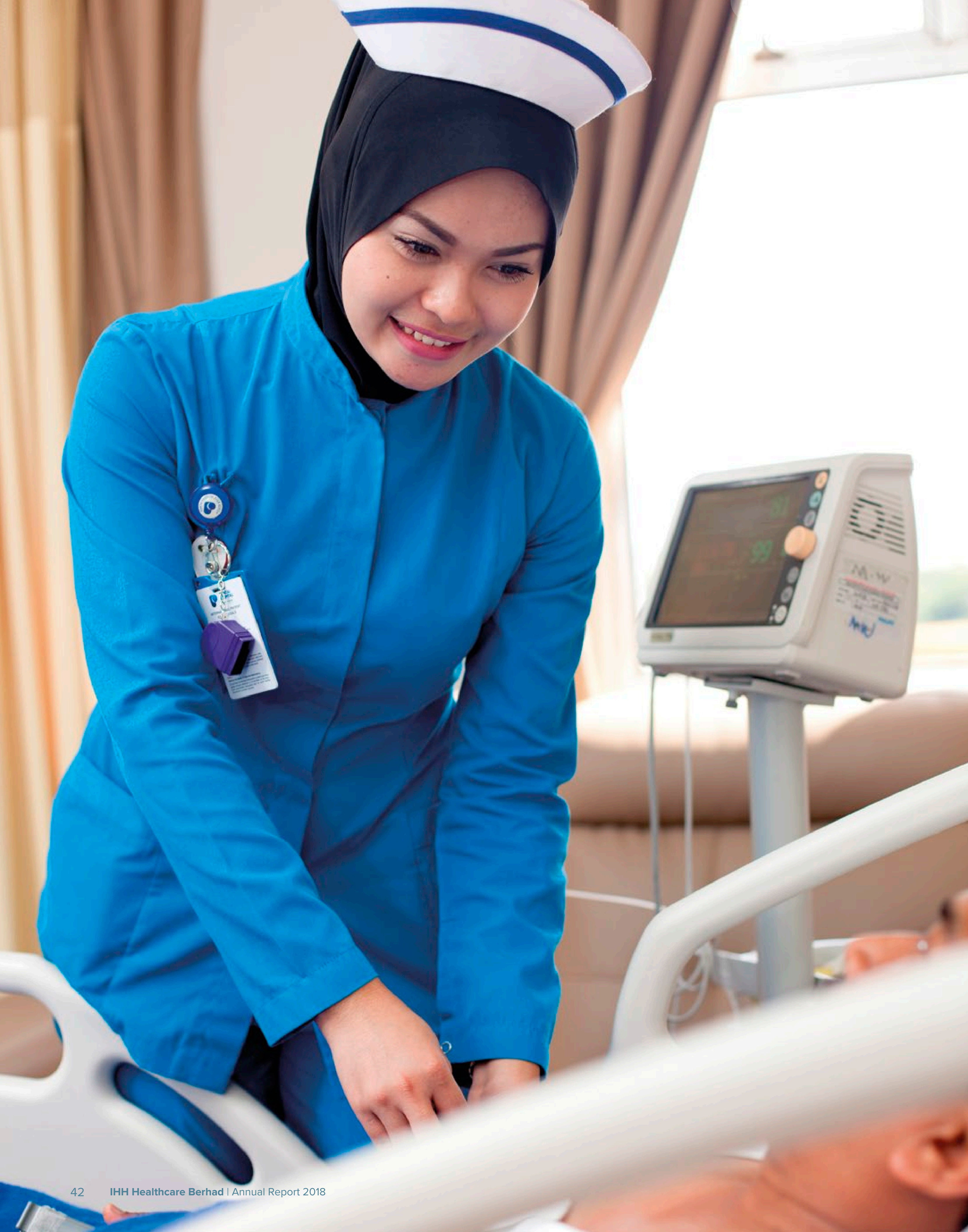
PRINCIPAL RISK

The Group has established an effective and structured risk management system that helps to identify, track and mitigate principal risks associated with our operations. This system enhances the Group's decision-making capabilities to ensure that all risks are managed in line with returns and expectations.

Key Area	Principal Risk Factor	Description	Mitigation Measures	Material Matters	Trend
Strategic	Geopolitical	The Group is subject to political, economic and social developments, conditions and changes in the countries that we operate, which include our home markets of Malaysia, Singapore, Turkey, India and key growth markets of China and Hong Kong.	Our key mitigating strategy includes the diversification of businesses and geographies in the Group. The Group's presence in various countries helps to mitigate the impact of political instability and market volatility in each specific country. For countries facing political uncertainties, we continue to actively monitor the situation to ensure the potential adverse impacts are understood and where possible, mitigated.	• Compliance and regulatory risks	↔
Operational	Talent & Workforce Management	The Group's ability to meet our strategic objectives in delivering comprehensive innovative healthcare solutions is highly dependent on a diverse set of expertise, skill-sets and experience offered by our healthcare professionals from various countries. Inability or failure to recruit and retain key staff could affect the Group's operations.	Talent management and retention strategies are constantly reviewed in accordance with the Group's agile approach in retaining our workforce and attracting new talent to our team. Our learning and development programmes are in place to ensure our employees continuously strive to achieve their full potential.	• Employee welfare • Employee health and safety • Talent retention • Availability of skilled manpower • Training and development	↑
	Cybersecurity	The Group employs information technology (IT) systems to support its business, including the provision of healthcare and telemedicine services. Security breaches and other IT disruptions could interfere with the Group's operations and compromise information belonging to the Group and its patients, employees and partners, exposing the Group to liability which could adversely impact our business and reputation.	Cybersecurity measures are continuously reviewed and upgraded, including monitoring of networks and systems, vulnerability assessments and penetration testing and employee training. Although the Group maintains insurance coverage to mitigate against the various cybersecurity risks where feasible, there can be no guarantee that all costs or losses incurred will be fully insured.	• Security and asset protection	↑
Financial	Foreign Exchange	Exchange rate instability could adversely affect our business, financial condition, results of operations and prospects. The Group is exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables, and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.	The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency as its foreign investments. It also enters into foreign exchange forward contracts and cross currency interest rate swaps to manage its exposure.	• Sustainable international healthcare services • High maintenance cost	↑

Trend indicates change in pre-mitigation risk level over the year:

↑ Pre-mitigation risk increased　↔ Pre-mitigation risk remained unchanged　↓ Pre-mitigation risk decreased



Performance Review

ADVANCING PERFORMANCE

2018 was a year of achievements for IHH, with significant growth and milestones achieved both financially and operationally. With strong commitment toward advancing performance, IHH strategically optimises returns and captures prime opportunities, in turn delivering value for its stakeholders.

FINANCIAL REVIEW

OPTIMISING RETURNS

Our philosophy is to maintain a strong capital base and ensure IHH Healthcare's ("IHH") long term financial sustainability. Having a keen focus on value-creation and optimising returns, the Group saw considerable achievements in its financial performance for 2018, with cost management a continued priority.

YTD 2018 vs YTD 2017

The Group's revenue increased by 3% in 2018 compared to the same period the prior year. This can largely be attributed to sustained organic growth from existing operations, the continued ramp up of the two hospitals opened in March 2017 and expansions of flagship hospitals in Turkey and Malaysia. The acquisition of Amanjaya Specialist Centre ("Amanjaya") acquired in October 2018 and Fortis Healthcare ("Fortis") acquired in November 2018 also contributed to the increase in the Group's revenue, by RM8.8 million and RM217.1 million respectively.

The Group continues to leverage its operational efficiency which can be seen by our EBITDA growth of 9% compared to 2017. This was also boosted by Gleneagles Hong Kong's decreasing start-up costs, which narrowed from RM284.0 million in 2017 to RM178.1 million in 2018. Amanjaya and Fortis also contributed RM4.0 million and RM13.5 million respectively to the Group's EBITDA since acquisition. In addition, the Group recognized an RM50.4 million revaluation gain on PLife REIT's investment properties. This can be compared to RM6.4 million revaluation gain in 2017.

The Group's PATMI, excluding exceptional items, increased 73% to RM1.0 billion, primarily from stronger operational performance across our home markets. It was also boosted by foreign exchange gains of RM67.7 million mainly arising from the strong US dollar on the Group's USD-denominated cash balances as compared to RM66.4 million exchange losses recognised in 2017.

For 2019, cost management continues to be a priority at IHH. The Group will continue to leverage on an effective cost management system focused on three key pillars:

1. Achieving synergies from economies of scale and improved operational efficiencies;
2. Increasing the productivity of our people; and
3. Improving our patient turnaround time and reducing average length of stay for our patients

A qualified opinion was issued for the statutory audit of Fortis for the financial year ended 31 March 2018. The qualifications are in connection to the matters raised in the independent investigation report submitted by external lawyers to the former Fortis Board on 12 June 2018 (prior to the acquisition of Fortis on 13 November 2018). Additionally, there are investigations by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India.

As a consequence of the qualifications raised in Fortis' for the financial period ended 31 December 2018, IHH's audited accounts for the financial year ended 31 December 2018 will include some of these qualifications.

Based on the findings from the independent investigation report, the newly constituted Fortis Board, which consists of five IHH nominees and three independent directors, initiated specific actions to strengthen the corporate governance standards, operating processes and control environment within Fortis. These actions include revisions made to the line of authority limits, changing of authorised signatories, review of financial reporting processes, assessment of secretarial documentation in regards to compliance to regulatory requirements and systems design and control enhancements. All identified and required disclosures were recorded in the financial statements of Fortis before the acquisition by IHH in November 2018. We will initiate a forensic audit to ascertain the extent of diversion of funds from Fortis.

Capital Management

The Group's strategic aim is to maintain a strong capital base while securing the long-term financial sustainability of IHH. Our objective is to prudently optimise a debt-to-equity ratio that ensures we remain well-capitalised while fulfilling debt covenants and regulatory requirements. We continue to build investor, creditor and market confidence by staying resilient and flexible as we align our resources to mitigate risks, seize opportunities and support growth in all areas of our business.

On 30 November 2018, the Group became the single largest controlling shareholder in Fortis after completing an INR40 billion (RM2.4 billion) subscription by preferential allotment of shares for 31.1% interest in Fortis. On 1 October 2018, the Group completed a 100% acquisition of Amanjaya for RM104.8 million. The Group expects to invest approximately RM2.0 billion in capital expenditure ("CAPEX") for hospital expansion and greenfield projects over the next three years, in line with the Group's budget and CAPEX strategies.

Liquidity

The Group's current cash, short-term and long-term borrowings and anticipated cash flows from operations are sufficient to meet our cash needs. This includes our working capital and CAPEX requirements for the next 12 to 18 months. We will comply strictly with all financial covenants stipulated by our banks and our internal guidelines. We also monitor all cash deposits to reduce counter-party risks across various banks. To ensure that the business has sufficient liquidity to meet its obligations, whilst managing payments, receipts and financial risks effectively, we constantly review the funding strategy for IHH and its subsidiaries.

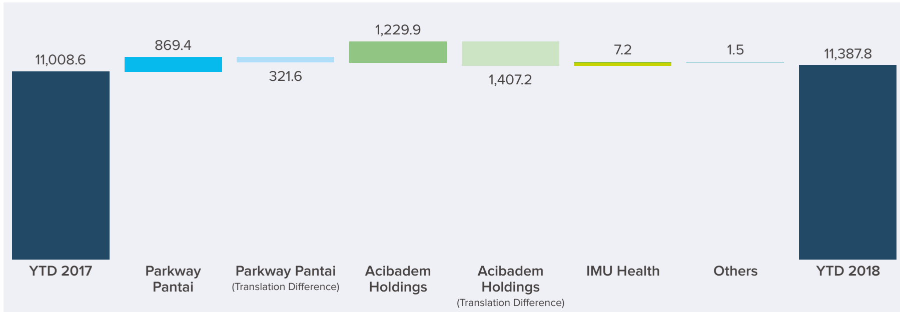
As at 31 December 2018, we have RM7.7 billion in cash and cash equivalents. Our cash consists primarily of cash on hand, balances and deposits with banks and fixed deposits with a tenure of three months or less.

The Group also has the following available line of credit:

- Revolving Credit Facility up to SGD1.8 billion in the form of a syndicated bank loan

Our total liabilities amount to RM16.6 billion. This includes short-term borrowings of RM1.1 billion and long-term borrowings of RM9.3 billion as at end December 2018. With our healthy cash balance, operating cash flow and borrowings, we have been able to meet our immediate working capital needs and are confident that we can continue to do so for the foreseeable future.

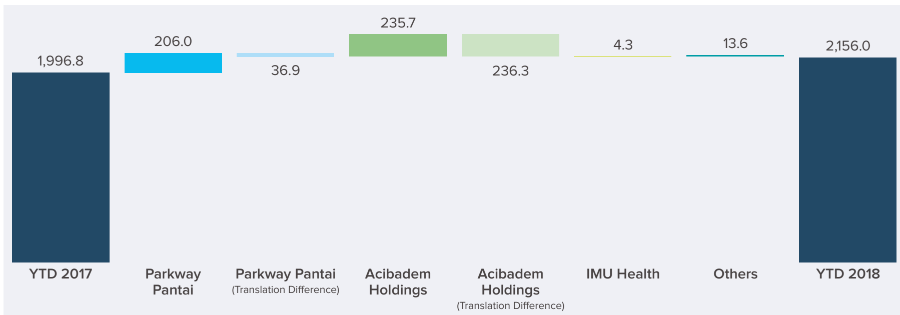
REVENUE (RM MILLION)



The above figures exclude PLife REIT

	YTD 2018 vs YTD 2017	
	Actual	**At Constant Currency**
Parkway Pantai	8%	13%
Acibadem Holdings	-5%	32%
IMU Heath	3%	3%
IHH Group (Excl PLife REIT)	**3%**	**19%**

EBITDA (RM MILLION)



The above figures exclude PLife REIT

	YTD 2018 vs YTD 2017	
	Actual	**At Constant Currency**
Parkway Pantai	13%	15%
Acibadem Holdings	0%	38%
IMU Heath	5%	5%
IHH Group (Excl PLife REIT)	**8%**	**22%**

RESILIENT PERFORMANCE

With four home markets spanning Malaysia, Singapore, Turkey and India, as well as its key growth market of Greater China, the Group will be focused on ramping up existing operations and integrating Fortis Healthcare ("Fortis"). We will look to drive earnings across all the markets in which we operate in and establish the foundation to ensure IHH balances current returns with sustainable growth. As an avid believer of diversity and global outreach, IHH Healthcare's ("IHH") portfolio also includes its education arm, IMU Health, and PLife REIT, one of Asia's largest healthcare REITs.

HOME MARKET – MALAYSIA

What we do

PRIMARY CARE	SECONDARY & TERTIARY CARE	QUATERNARY CARE	COMPLEMENTARY ANCILLARY SERVICES

IHH Healthcare ("IHH") is Malaysia's second largest private healthcare provider by the number of licensed beds. Our hospital network operates under the Pantai and Gleneagles brands and has 15 hospitals with over 2,300 beds across Malaysia. Supporting our hospital network, we have ancillary healthcare services including, Pantai Integrated Rehab and Pantai Premier Pathology.

Performance Highlights

Inpatient admissions increased 3% to 203,419 in 2018. We completed the expansion of Pantai Hospital Kuala Lumpur in November 2018. To cater to the rising demand for private healthcare, we have announced plans to expand Pantai Hospital Ayer Keroh and Pantai Hospital Klang over the next two years, adding a capacity of 300 new beds.

KEY FACTS

RM2.0 billion
Revenue

RM578.5 million
EBITDA

Expansion Pipeline

Type	Hospital
Expansion	**Pantai Hospital Ayer Keroh** 160 bed capacity (by 2020)
Expansion	**Pantai Hospital Klang** 140 bed capacity (by 2021)

The average revenue per inpatient admission increased 6% to RM6,615 as more complex procedures were undertaken. Our Malaysia operations have continued to improve their service offerings. In January 2018, a first-of-its kind cross-border collaboration between Pantai Hospital Kuala Lumpur and Gleneagles Global Health City Chennai, Malaysians requiring liver treatment and transplant can turn to one of South Asia's largest and most established liver transplant centres in India. This unique liver programme for Malaysia will be able to help more patients suffering from severe liver ailments by providing them with the best treatment option at an affordable cost.

Our Malaysia operations have also introduced new equipment and tests to boost clinical outcomes and to benefit patients across the peninsula. To keep up with innovative evidence-based solutions, we recently upgraded service offerings in ophthalmology, fertility and cardiology at three hospitals in the country. Pantai Hospital Ayer Keroh prioritises heart health through dedicated facilities like the Cardiac Catheterisation Lab ("Cath Lab"). Staying up to date with the latest industry advances, the Cath Lab recently launched a Bi-Plane X-Ray System on 8 October 2018, featuring two X-ray sources, flat panel detectors and automatic positioning movements. Pantai Hospital Kuala Lumpur became the first hospital to offer a new IVF test, EndoneTRIO Analysis. Launched on 6 September 2018, the new test increases the chances of pregnancy by determining the status of a woman's endometrial receptivity. Pantai Hospital Cheras unveiled its new optical coherence tomography ("OCT") machine on 18 August 2018, promising faster and more detailed diagnosis.

To meet the rising demand in Malaysia, the Group acquired the 98-bed Amanjaya Specialist Centre to expand healthcare services available in Kedah, Malaysia and meet the local community's needs. The acquisition will enable us to grow our healthcare services at Pantai Hospital Sungei Petani, which is operating at near maximum capacity. By streamlining and synergizing operations, we will be able to better serve patients in Kedah.

Outlook

The demand for healthcare is rising and continues to be unabated with opportunities for improved diagnostics and treatments. Healthcare expenditure will continue to rise because of an ageing population, increased incidences of non-communicable diseases and prolonged life expectancies. This would suggest that our home market of Malaysia will continue to see sustainable growth and demand for private healthcare consumption in the future.

Medical tourism in Malaysia has also experienced growth over recent years, driven by a rise in quality, competitive rates and greater cross-mobility amongst the region's population. Malaysia is fast gaining a reputation as a choice destination for foreign patients seeking cost-effective medical treatments. With a well-developed healthcare infrastructure, our Malaysia hospitals have seen continued growth in foreign patients. As we move towards enhancing the delivery of clinical outcomes and healthcare facilities, we expect to seize the opportunity to capitalize on medical tourism across our Malaysia network of hub hospitals.

Overall, consumer demand for more comprehensive care and preventive treatments is on the rise. As a result, IHH will look to further grow our presence both organically, as shown in our expansion pipeline, and inorganically, through exploring various opportunities to consolidate our leading position in Malaysia.

OPERATING REVIEW

HOME MARKET – SINGAPORE

What we do				
PRIMARY CARE	SECONDARY & TERTIARY CARE	QUATERNARY CARE	COMPLEMENTARY ANCILLARY SERVICES	MEDICAL EDUCATION

As Singapore's leading private healthcare provider, our brands Mount Elizabeth, Gleneagles and Parkway are synonymous with exceptional quality and prestige in healthcare services. We have four hospitals with close to 1,000 licensed beds and a network of more than 50 medical centres and clinics. Our one-stop continuum of care also includes ancillary services in the form of ParkwayHealth Laboratory, ParkwayHealth Radiology and Angsana Molecular & Diagnostics ("Angsana"). Through Parkway College we also operate an education arm for Nursing, Allied Health and healthcare management.

Performance Highlights

Our Singapore Operation's revenue increased 1% to RM3.9 billion from RM3.8 billion. EBITDA increased 8% to RM1.1 billion. Inpatient admission increased 0.6% to 76,917 while its revenue per inpatient admission increased 7.7% to RM31,213. As a leading healthcare provider, we are known for excellent clinical outcomes, best-in-class quality and safety and immediate access to care. We remain committed to providing peace of mind for patients and cost-effective services. Whilst our hospitals in Singapore are almost fully ramped up, efforts continue to further enhance our service offerings and provide value-based treatments for our patients.

To keep healthcare costs sustainable over the long term, the Group proactively engages with various stakeholders from government agencies to insurance companies to inform them of our continued efforts to keep hospital charges competitive and transparent. We have taken the initiative to publish estimated bill sizes on our hospital websites, provide financial counselling and bundle common procedures to help patients make informed decisions to match their expectations and budget. In November 2018, Singapore's Ministry of Health published fee benchmarks for private surgeons developed by the Fee Benchmark Advisory Committee, as part of the measures to boost transparency and rein in rising healthcare costs.

IHH is supportive of this endeavour and is of the same view that the new fee benchmarks will benefit patients when evaluating their options. Our hospitals and doctors have also proactively taken additional steps to ensure that charges and services remain transparent and accessible. We also partner with specialists to offer packaged prices for selected procedures and also lowered hospital prices in four-bedded rooms to ensure that private healthcare at our hospitals remains accessible to patients.

Furthermore, our hospitals in Singapore have also started to use Artificial Intelligence ("AI") to dynamically generate personalised and more accurate hospital bill estimates for patients based on relevant parameters, such as the patient's medical condition and medical practices. It also considers a patient's current age, revisit frequency and existing co-morbidities like high blood pressure.

Our investment in this new AI-powered system empowers patients to make more well-informed decisions on the medical treatment options available. More importantly, it provides patients with greater peace of mind over their healthcare expenditure and allows them to focus on recovering.

In Singapore, we continue to look towards enhancing our comprehensive healthcare solutions for patients. We officially broke ground on 15 November 2018 for the state-of-the-art proton beam therapy centre at Mount Elizabeth Novena Hospital. With the new proton beam facility, we will be able to offer the full array of surgical, chemotherapy and radiation modalities for cancer. The landmark project, at SGD65 million, is the single largest investment in medical technology the Group has made. Mount Elizabeth Novena Hospital will be the first private hospital in South-east Asia to offer proton beam therapy when the centre opens in 2021. Revolutionising the way cancer is treated in this region underscores our commitment to provide patients with cutting-edge and trustworthy healthcare solutions. We expect this new capability to enhance Singapore's position as the region's healthcare leader.

Our in-house molecular diagnostics capabilities, Angsana, offers precision medicine and molecular diagnostics tests, such as MammaPrint, to help doctors make informed and personalized treatment plans based on the genomic subtype and characteristics of individual patients, reducing the risk of overtreatment.

Outlook

Singapore continues to face an ageing population, increasing prevalence of chronic illness, escalating healthcare costs and increasing complexity of care needs. As the population ages and becomes increasingly conscious of personal health, patients will seek earlier diagnoses to enable preventive care. As such, we expect potential for growth in Singapore's healthcare industry.

Singapore is internationally recognised as one of the most efficient healthcare systems in the world. Singapore's medical tourism industry has experienced extensive growth in recent years driven by a rise in quality and greater cross-mobility among the region's population. With the move towards greater price transparency, this could further boost growth in foreign patient numbers and places Singapore ahead of the competition to become the region's preferred destination for those seeking the most complicated procedures and specialised medical care.

KEY FACTS

RM3.9 billion
Revenue

RM1.1 billion
EBITDA

HOME MARKET – TURKEY

What we do

PRIMARY CARE	SECONDARY & TERTIARY CARE	QUATERNARY CARE	COMPLEMENTARY ANCILLARY SERVICES

Acibadem Holding ("Acibadem") is one of Turkey's leading private healthcare providers, operating more than 4,000 beds across 22 hospitals and 15 medical clinics across Turkey, Macedonia, Bulgaria and the Netherlands. It is known for high quality diagnostic services and clinical treatment offerings for Turkish and international patients, equipped with state-of-the-art medical technologies, including smart radiotherapy, robotic surgery, intraoperative radiotherapy and digital tomosynthesis mammography. Acibadem is a brand that resonates well with clinical excellence in Central and Eastern Europe and is a familiar medical hub for foreign patients in the region.

Performance Highlights

Despite a challenging year in Turkey, Acibadem revenue came in at RM3.7 billion compared to RM3.9 billion in 2017. EBITDA remained flat at RM617.3 million. Excluding the translation effects from the depreciating Turkish Lira, revenue increased 32% while its EBITDA increased 38% over the corresponding period last year.

Inpatient admissions grew 7.4% to 229,433 from the successful ramp-up of Acibadem Altunizade Hospital opened in March 2017 and the expansion of Acibadem Maslak Hospital completed in October 2018. The Group also saw strong growth in foreign patients in 2018 as key initiatives were undertaken to drive medical tourism for the Turkish operations.

Revenue per inpatient admission increased 24.4% to RM7,721. Acibadem continues to enhance it service offering through the introduction of new service lines and value propositions across its network of hospitals in Turkey, Bulgaria, Macedonia and the Netherlands.

Acibadem has recently installed the MRI-LINAC, a smart radiotherapy method with advanced hardware, providing important benefits to both the patient and the doctor. Acibadem has become the third center with an MRI-LINAC device in Europe and the ninth facility throughout the world. Acibadem also introduced the "Alzheimer's and Aging Center" at Acibadem Eskisehir Hospital on 1 May 2018 to provide modern healthcare services for Alzheimer's patients. In Macedonia, Acibadem Sistina Hospital opened the first private Pediatric Hematology and Oncology Center of Macedonia. The new center will provide opportunities for more medical services offered in pediatric branches.

On 30 November 2018, the Group completed a transaction that simplified Acibadem's shareholding structure and increased its stake in Acibadem from 60% to approximately 90%. The transaction allows IHH to further consolidate its control in the Turkish operations. IHH is working to repay Acibadem's existing non-Lira loans of US$250 million equivalent to reduce its foreign debt obligations and deleverage its balance sheet. The Group has clear plans that will put Acibadem in a stronger position to manage volatility in the Turkish Lira.

KEY FACTS

RM3.7 billion
Revenue

RM617.3 million
EBITDA

Outlook

The Turkish operations expects patient volumes to grow with the continued demand, increased affordability of private healthcare and more foreign patients travelling to Turkey to seek medical treatments. Acibadem Altunizade Hospital will also continue to contribute to Acibadem's revenue as patient volumes grow and more complex cases are undertaken. Acibadem Maslak Hospital's capacity has recently been expanded and more beds were added. The new expanded facility commenced operations in early October, making it the largest private hospital in Turkey.

In view of the inflationary environment and the depreciating Turkish Lira against the US dollar and Euro, we expect a rising cost of purchases, resulting in higher pricing of drugs, consumables and medical equipment. However, the Group expects to mitigate these effects through tight cost controls, improvement in case mix and growth in foreign patient revenue.

1. TOBB Healthcare Providers Industry Council, Turkey Healthcare Landscape, December 2017.

OPERATING REVIEW

HOME MARKET – INDIA

What we do			
PRIMARY CARE	SECONDARY & TERTIARY CARE	QUATERNARY CARE	COMPLEMENTARY ANCILLARY SERVICES

With 36 hospitals, India is IHH's fourth home market. In 2015, the Group had pivoted from a greenfield strategy to a brownfield strategy with the acquisition of Continental Hospitals and Global Hospitals. To date, the Group has a 62.23% stake in Continental Hospitals and a 73.87% stake in Gleneagles Global Hospitals.

On 13 November 2018, IHH became the single largest controlling shareholder in Fortis after completing an INR40 billion (approximately RM2.4 billion) subscription to a preferential allotment of shares for 31.1% interest in Fortis Healthcare ("Fortis"). Fortis is a leading integrated healthcare services provider in India with operations spanning across both hospitals and diagnostics businesses. Currently, it is the second largest player in India by number of hospitals, operating a network of 32 hospitals across the country and internationally with a capacity of over 4,600 beds and employs more than 2,600 doctors and 13,200 support staff who catered to approximately 2.6 million patients in 2018.

In addition, the Group has a 50-50 joint venture with Apollo Hospitals, Apollo Gleneagles Hospitals in Kolkata.

KEY FACTS

RM851.3 million
Revenue

RM6.3 million
EBITDA

Performance Highlights

Our India Operations saw revenue grow 20% to RM851.3 million with the consolidation of Fortis's financials to the Group's income statement. EBITDA decreased 54% to RM6.3 million. Inpatient admission grew 23.3% to 88,793 with the inclusion of Fortis' inpatient admission since acquisition. However, revenue per inpatient admission decreased 1.7% to RM7,463 as Fortis' revenue intensity is generally lower than existing operations in India.

The transformational acquisition of Fortis presents a significant expansion of IHH's exposure to India, one of the most attractive countries globally for healthcare, through a controlling interest in the second largest hospital chain in the country.

Fortis' hospitals have a stronger presence in North India, complementary to IHH's existing South-India focused portfolio, and provide access to a leading platform with pan-India presence. This offers the Group a significant synergy potential in management, administration and operations, leveraging IHH's global private healthcare execution track record and expertise.

In January 2019, Fortis completed the acquisition of RHT Health Trust's ("RHT") India assets for a total cash consideration of INR46.7 billion (approximately RM2.7 billion) as planned. This consolidates Fortis's control over the RHT assets for a more focused and streamlined business operation and will generate substantial cost savings as Fortis will no longer need to bear significant rental fees paid to the trust.

Fortis has two core business components: the hospital business and a diagnostic business called SRL Diagnostics. With its strong focus on diagnostics, tertiary and quaternary care segments, there is significant opportunity for Fortis in the growing healthcare market in India.

Outlook

India is a market of tremendous potential, and the Group believes that the potential for growth continues to be supported by expanding demographics, an increase in the incidence of lifestyle related diseases and rising affluence. At the same time, the low cost of treatment, advanced facilities and availability of highly skilled doctors, makes India a popular location for medical tourism. It is estimated that India's medical tourism industry could be worth INR63 billion (USD9 billion) and account for 20% of the global market share by 2020. IHH is anticipating substantial growth opportunities with the burgeoning healthcare demand in India.

On our existing India operations, we are focused on improving operations, introducing new service lines and undertaking strict measures to control costs. We expect that over time, volume will ramp up and case mix will improve.

With the acquisition of a 31.1% interest in Fortis in November 2018, Fortis will continue to contribute to the Group's revenue and EBITDA. We will focus on integrating and executing the turnaround plans for Fortis to restore its operational performance back in line with "best in class" industry standards in the medium to long term.

See page 26 on Fortis Healthcare for more information

2. FICCI, FICCI Knowledge Paper, Medical Value Travel in India: Enhancing Value in MVT.

KEY GROWTH MARKETS – GREATER CHINA

What we do

PRIMARY CARE	SECONDARY & TERTIARY CARE	QUATERNARY CARE	COMPLEMENTARY ANCILLARY SERVICES

KEY FACTS

RM499.6 million
Revenue

(RM208.7) million
EBITDA

Expansion Pipeline	
Type	**Hospital**
Greenfield	**Gleneagles Chengdu** 350 bed capacity by 2019
Greenfield	**Gleneagles Shanghai** 450 bed capacity by 2020

In China, we have eight ParkwayHealth Medical Centers under our auspices. In Hong Kong, we operate the 500-bed multi-specialty Gleneagles Hong Kong Hospital, which opened in March 2017. In our Greater China portfolio, we also operate the ParkwayHealth Central Hong Kong Medical Center and the Angsana Molecular and Diagnostics ancillary service.

Performance Highlights

Revenue from North Asia increased 50% to RM499.6 million from RM332.7 million as Gleneagles Hong Kong Hospital continues to ramp up and increased its top line contribution since its opening. We have also seen EBITDA losses narrowed to RM208.7 million as Gleneagles Hong Kong Hospital's start-up losses continue to decrease as a result of operating leverage. The new hospital continues to show encouraging signs as utilization is improving quarter on quarter aided by strong inpatient revenue intensity from the hospital's ability to undertake complex procedures.

In China, the new hospitals will complement IHH's existing medical centres that provide primary and specialist care to the premium self-pay or corporate-insured segment. Construction of Gleneagles Chengdu Hospital is moving ahead and, it is slated to open in late 2019. Construction of Gleneagles Shanghai Hospital in Hongqiao is also progressing well, and it is slated to open in late 2020. Consequentially, we would start to incur capital expenditure and pre-operating costs leading up to their phased bed opening.

Outlook

Private hospitals in China generally cater to the higher-income population, but they have also seen a growing demand from the middle class.

A population of eight million in urban Chengdu makes it the fifth largest city in China. Chengdu has a strong supply of medical talent, with the presence of Sichuan University's West China Medical Center, ranked third in China for medical education. In the recent years, the city has received a massive influx of capital as it opens itself up to foreign investment. This is evidenced by Chengdu's GDP, which grew an impressive 70% from 2012 to 2017. The continuous investment and the attractive proposition on the back of an increased urban population bode well for Gleneagles Chengdu Hospital.

In Shanghai, the municipal government has released a proposed guideline that aims to inject flexibility to the healthcare service industry. Likewise, this is expected to bode well for Gleneagles Shanghai Hospital.

With the continued ramp-up of operations at Gleneagles Hong Kong, we expect the hospital to continue to contribute to the Group's revenue and EBITDA.

IMU HEALTH

What we do

MEDICAL EDUCATION

KEY FACTS

RM257.5 million
Revenue

RM84.9 million
EBITDA

IMU Health is the medical and health sciences education arm of IHH. It manages the International Medical University ("IMU") and International Medical College ("IMC") in Malaysia, offering medical, dentistry, pharmacy, nursing, health sciences and complementary and alternative medicine programmes. Both institutions offer courses from diploma to postgraduate studies.

IMU was set up as a college in 1992 providing medical education to students who would then complete their medical degrees at partner universities abroad.

In 1999, it was conferred full university status and could then offer its own medical programme. This gave students the option to complete the course in Malaysia or choose a transfer programme.

Today, IMU has 32 partner universities in Australasia, the United Kingdom, Ireland, North America and China.

Performance Highlights

IMU Health's revenue increased 3% to RM257.5 million from RM250.4 million, as a result of higher student intake and strong demand for certain courses. As a result, EBITDA increased 5% to RM84.9 million from RM80.6 million the year before.

Outlook

The proliferation of institutions offering programmes in medicine, dentistry and pharmacy have led to increased competition for IMU. Nevertheless, there are still opportunities for attracting international students to medicine, dentistry and selected health sciences programmes. IMU is constantly working to benchmark its programmes to international standards.

IMU and IMC are in the process of developing programmes that will be delivered via e-learning. IMU has also broken ground on its hospital in December 2017 and is expected to open in 2021. The hospital will also be used to provide medical and nursing students access for attachments and observations in the hospital, in addition to the existing attachments in government hospitals.

PLIFE REIT

KEY FACTS

RM133.2 million
Revenue

RM321.7 million
EBITDA

The Group holds a 35.66% equity interest in the real estate arm, Parkway Life Real Estate Investment Trust ("PLife REIT"). One of Asia's largest listed healthcare REITs by asset size, PLife REIT invests in income-producing real estate and real estate-related assets used primarily for healthcare and healthcare-related purposes. PLife REIT owns a well-diversified portfolio of 50 properties with a total portfolio size of approximately S$1.86 billion as at 31 December 2018.

Performance Highlights

PLife REIT's external revenue decreased by 1% to RM133.2 million due to the translation effects of a stronger ringgit. On constant currency, external revenue grew 4%, largely due to revenue contribution from the Japan nursing rehabilitation facility acquired in February 2018 and higher yielding properties acquired from an asset recycling initiative completed in February 2017. EBITDA increased 14% to RM321.7 million from the recognition of a RM50.4 million revaluation gain on its investment properties as compared to RM6.4 million in 2017. Gearing remained optimal at 36.1%. With the resilient performance and healthy liquidity position, Moody's maintained its investment grade rating of 'Baa2' with stable outlook for PLife REIT.

Outlook

The long-term outlook of the healthcare industry continues to be driven by an ageing population regionally and demand for better quality healthcare, as well as aged care services. With global growth expected to slow down and macroeconomic and geopolitical uncertainties as well as volatility within the financial markets likely to persist in 2019, PLife REIT remains cautious as it continues to build on its effective growth engines with the following strategies to deliver consistent value for Unitholders and growth for PLife REIT.

- Consolidate assets in Japan, generate operating synergies and derive further cost savings;
- Improve portfolio quality through asset enhancement initiatives and opportunistic acquisitions; and
- Manage assets proactively to improve performance, enhance competitiveness and extract further value from its overall portfolio.

PLife REIT, being one of only three healthcare REITs and trusts listed in Singapore, stands in good stead to continue offering investors stability with its long average lease expiry profile and downside protected rent structure for its portfolio.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SUSTAINABILITY REPORT

INTEGRATING SUSTAINABILITY

Our vision is to build a sustainable organisation that delivers value to all our stakeholders. Underpinning our commitment towards this vision is an integrated approach to business, where sustainability is inextricably linked with all we do. This is evidenced in our reporting this year, where we have adopted the Integrated Reporting Framework demonstrating how we create value in the short, medium and long term.

SUSTAINABILITY REPORT

SCOPE OF REPORTING

In order to focus our efforts and strengthen our benchmarks for economic, environmental and social sustainability, we are maintaining the scope as that of financial year 2017, i.e. our operations in the four main home markets, which are Malaysia, Singapore, Turkey and India. However, for the 2018 report, we have chosen specific case studies to highlight our sustainability initiatives and their impact. The reporting period captured with regard to our sustainability performance is from 1 January 2018 to 31 December 2018.

MALAYSIA

1. Pantai Hospital Sungai Petani
2. Pantai Hospital Penang
3. Pantai Hospital Ipoh
4. Pantai Hospital Manjung
5. Pantai Hospital Klang
6. Pantai Hospital Kuala Lumpur
7. Pantai Hospital Cheras
8. Pantai Hospital Ampang
9. Pantai Hospital Batu Pahat
10. Pantai Hospital Ayer Keroh
11. Gleneagles Kuala Lumpur
12. Gleneagles Penang
13. Gleneagles Medini
14. Gleneagles Kota Kinabalu
15. International Medical University

SINGAPORE

1. Mount Elizabeth Novena Hospital
2. Parkway East Hospital
3. Mount Elizabeth Hospital
4. Gleneagles Hospital

TURKEY

1. Acibadem Adana
2. Acibadem Altunizade
3. Acibadem Ankara
4. Acibadem Atakent
5. Acibadem Bakirkoy
6. Acibadem Bodrum
7. Acibadem Bursa
8. Acibadem Eskisehir
9. Acibadem Fulya
10. Acibadem International
11. Acibadem Kadikoy
12. Acibadem Kayseri
13. Acibadem Kocaeli
14. Acibadem Kozyatagi
15. Acibadem Maslak
16. Acibadem Taksim

INDIA

1. BGS Gleneagles Global Hospitals Kengeri (Bengaluru)
2. Gleneagles Global Hospital, Richmond Road (Bengaluru)
3. Gleneagles Global Health City Perumbakkam (Chennai)
4. Gleneagles Global Hospitals Parel (Mumbai)
5. Aware Gleneagles Global Hospitals LB Nagar (Hyderabad)
6. Gleneagles Global Hospitals Lakdi-Ka-Pul (Hyderabad)
7. Continental Hospitals (Hyderabad)

Sustainability is becoming increasingly integral to long-term business success – on top of strong financial performance, different stakeholder groups now expect organisations to adopt responsible practices throughout the entire business operations. In order to achieve better integration, connectivity and completeness in our reporting, we have opted to include some sustainability content in other sections besides the Sustainability Report, as part of the principles of Integrated Reporting. The content index below serves as guide to help readers access sustainability information within this Annual Report.

OUR PATIENTS

We promote a patient-centred culture, prioritising quality of care and patient satisfaction in order to have an impact on the well-being of our patients and their families.

QUALITY OF CARE

Our efforts to improve the quality of care to our patients involve integrating practices that are patient-centred, including the improvement of time spent and communication with patients.

All of our hospitals strongly believe that clinical excellence and the creation of value for our patients are best achieved through having a rigorous system of measurement, and by using this information to make continuous improvements. For instance, in 2007, the Parkway Pantai hospitals in Malaysia and Singapore embarked on the Enterprise Balanced Scorecard project. This Balanced Scorecard identifies key performance indicators and measurements in five strategic initiatives: People, Quality, Service, Finance and Growth.

INDIA: CASE STUDY

Value-added care towards improving the well-being of patients involves implementing lean management where we are constantly improving the quality of time spent in patient care. Nurse staffing ratios and patient maximums are a question of care quality, and we make sure that each patient is given enough attention by assigning a number of administrators accordingly. In determining the staffing ratio, we have also taken into consideration the fact that patient safety and care quality would be compromised if the nurses take on too many patients. The table below list the staffing ratio per patient at the different wards and units in the hospitals in India.

STAFFING RATIOS PER PATIENT

Specific Unit	Current Practice
General Ward	1:6
Special General Ward	1:5
Sharing Ward	1:5
Private Ward	1:4
Super Deluxe Ward	1:3
High Dependency Unit/ Step Down ICU	1:3
Post-Operative Liver, Heart & Lung in Ward	1:1
Bone Marrow Transplant Unit	1:1
Transplant ICU (Others)	1:1
Transplant ICU (Liver, Heart & Lung) — Ventilated	2:1
ICU — Non-Ventilated	1:2

The average time spent, i.e. the current time and target time, in Parkway Pantai hospitals in India for direct nursing care with patients on a six-hour shift in the wards and ICUs is as follows:

	WARDS	ICUs
Target	200/360 minutes	250/360 minutes
Current	136/360 minutes	190/360 minutes

Wasted time, energy, and material are pervasive in healthcare. From a study conducted on Parkway Pantai India, it was observed that the majority of a nurse's time during a shift is spent on indirect nursing care, housekeeping activities, such as documentation and billing related activities, patient care coordination with other treating teams, and pharmacy-related activities.

In order to achieve the aforementioned targets, Parkway Pantai India's action plan involves going lean and adopting practices that reduce wasted time spent by healthcare providers and improve the quality of time spent in patient care. Some of the key considerations that are underway or in the planning stage are listed below:

- Transforming the *Nurse Call Bell System* to a *Patient Request-Specific Call Bell System* to reduce time wasted on receiving calls for non-nursing activities
- Installing a special software application for instant complaints, and rectification of the same to reduce the number of nurse call bells – a pilot study has been implemented in Continental Hospitals
- Designating a dedicated nurse for handling billing, pharmacy and patient care coordination activities
- Reducing the number of pharmacy sub-stores managed by nurses
- Reviewing the existing system of documentation and simplifying it with less writing requirements, but in keeping with Joint Commission International (JCI) requirements.

Another measure that helps reduce wasted time in ad-hoc management, and provides a method by which healthcare providers can reliably deliver the best possible care for patients undergoing particular treatments with inherent risks, is the use of infection control bundles in ICUs. The use of bundles is a set of evidence-based practices, generally three to five, that when performed collectively and reliably, have been proven to improve patient outcomes.

Another key aspect of quality care is patient and family engagement. At Parkway Pantai India, engagement has increased through our efforts to provide patients with education or counselling on medication safety, prevention of patient falls, pain management, consents and discharge information.

PATIENT AND FAMILY SAFETY

The safety of our patients and their families is of paramount importance as it has a direct impact on our business. Key aspects of patient and family safety that are also pertinent in ensuring sustainable healthcare are food quality and the rational use of medicine. Our efforts to implement checks and measures throughout our operations are elaborated in this section.

PATIENT MENU

At IHH, we care about the quality and nutritional benefits of our food products that are served to our patients. Our approach to food quality is to provide food that is sustainable, locally-focused, clean, safe and specific to each of our patients' nutritional needs. Aside from hospital patients, the comprehensive food menu prepared by our in-house and external food and beverages team is able to cater to the needs of our hospital staff, patients' families and other visitors.

Dietitians create food menus for patients and their companions according to the daily and weekly nutritional requirements by a value calculation of carbohydrate, protein, fat, vitamins and minerals. All products are ensured to be of the highest quality and compatible in terms of food safety and nutritional value as monitored by our nutrition and dietetics professionals.

Nutrition screening is carried out for all in-patients within 24 hours of admission, and a nutrition assessment is completed on patients who are identified to have a moderate or severe nutritional risk. A clinical dietitian initiates a calorie count where the results are documented in the progress notes as a diet prescription. The nutrition assessment and plan of care will include a chart review of laboratory data, diagnosis, anthropometric measurements, weight history, pertinent medications, diet order, nutritional needs, appropriateness of diet order, assessment of nutritional status and recommendations/nutrition goals.

In terms of food handling, our food products are prepared in a clean kitchen where all staff working in the cooking and preparation lines are required to be equipped with appropriate personal protective equipment (PPE), such as hairnets, disposable/cloth aprons, safe closed-toe shoes, masks and gloves with no hand jewellery or watches. Food is delivered to patients in our exclusive trolleys to maintain the hot or cold temperature of the meal, and a colour-coded system is used to label the different dietary requirements of patients in order to avoid confusion.

SINGAPORE: CASE STUDY

When designing menus for patients, Parkway Pantai hospitals in Singapore put the trust in our reliable dietitian guidelines for healthy product selections and chemical-free food products. We never fail to consider and prioritise our patients' health conditions and their nutritional requirements.

Our F&B management team works together with our dietitians to deliver the best meals for our patients. All of our food handling and production staff are trained in food safety and hygiene and are certified by the National Environment Agency (NEA), a local government agency. Our in-house dietitians are very experienced and are dedicated to providing for the dietary needs of our patients. They share their knowledge and work alongside the F&B team to supply therapeutic diets[1], such as texture-modified diets[2], to patients with special dietary needs. Also, to ensure the patients' dietary requirements are labelled and categorised, we have in place a food labelling system.

Parkway Pantai conducts a series of prerequisites to source for the best food supplier. Firstly, we support local food suppliers that are Hazard Analysis Critical Control Points (HACCP[3]) or ISO certified and examine their supply chains before awarding them the contract. Secondly, as a means of quality assurance and as a control measure, we conduct frequent visits to the vendor and prepare audits when necessary.

In our product kitchen, we conduct daily hygiene checks, audits (three times a week), monthly food product testing by a third-party lab and quarterly quality Maintenance Department audits to ensure that the food we provide to our patients are safe and of the highest quality to foster health.

1. A therapeutic diet is a meal plan that controls the intake of certain foods or nutrients. It is part of the treatment of a medical condition and is normally prescribed by a physician and planned by a dietitian. A therapeutic diet is usually a modification of a regular diet.
2. A texture-modified diet is a type of therapeutic diet designed to make chewing and swallowing safer and easier.
3. The HACCP scheme meets the requirements of the Codex Alimentarius Commission – established by the World Health Organization and the Food and Agriculture Organization of the United Nations to bring together international food standards, guidelines and codes of practice to ensure fair trade.

RATIONAL USE OF MEDICINES

The Ministry of Health (MOH) in Malaysia published the National Survey on the Use of Medicines (NSUM) in 2016 and it stated that 60 per cent of medicines in public health facilities and 70 per cent of medicines in private facilities were prescribed and sold inappropriately in developing countries.

The inapt use of medicines results in not only reduced safety and quality of healthcare but also the increased wastage of health resources. The Group has a systematic approach to ensure the rational use of medicines, which includes proper dispensing practices, adherence to protocol for prescribing medicine and consideration for cost-effectiveness and efficacy. The Group also regulates improper patient adherence to dosing schedules and treatment regimens and inappropriate self-medication. The checks and measures towards these practices are in place throughout our operations.

SINGAPORE: CASE STUDY

Multidisciplinary committees have been set up to coordinate policies and monitor the use of medicines in Parkway Pantai hospitals in Singapore:

- Medical Advisory Board
- Medical Quality Assurance Committee
- Therapeutics and Infection Control Committee (TICC)
- Pharmacy and Therapeutic Committee

Our professional healthcare administrators ensure patients are protected from adverse drug events and harm from medications. One process that we have implemented is medication reconciliation. Upon admission, a pharmacist will perform medication reconciliation where prescribed medications are reconciled with the patient's own medications taken prior to admission with the purpose of looking out for duplication, omission or an unintentional change in the dosage or dosage regimen.

The backbone of Parkway Pantai's approach to ensure the rational use of medicines is the electronic order system. Computerised prescription order entry (CPOE) reduces prescription errors at the point of care, and medications are prescribed using the hospital's electronic health records (EHR). The CPOE system uses a clinical decision support database that allows checking for any drug-drug cross allergy and drug-drug interaction(s).

A pharmacist will verify the prescribed medications for the appropriateness of the drug, dosage regimen, route of administration, drug interactions, therapeutic duplication and potential cross allergy.

For medication administration, the nurse utilises knowledge-based medication administration (KBMA) where he/she scans the patient tag and medication barcode to ensure that the right medication is given to the right patient, at the right dose, right frequency and right time. Furthermore, a pharmacist will provide counselling on the proper use of medications to the patient, including specialised medications such as anticoagulants[1] and medications requiring devices for delivery, such as inhalers, injections and sprays. Yet another measure to ensure proper drug usage is that our pharmacies operate 24 hours – whereby at least one pharmacist is continuously available to provide medication information services to doctors, nurses and patients.

Anti-microbial resistance has been recognised as a global health threat and is now on the political agenda with organisations such as the World Health Organization (WHO), which recognises the necessity to act to preserve the potency of antimicrobial agents and invest funds to discover new ones. The Antibiotic Stewardship Programme (ASP) in our hospitals seeks to enforce judicious antimicrobial prescription to improve individual patient care and reduce microbial resistance. Treatment guidelines for antimicrobial use are developed to optimise its use and minimise any resulting side-effects. Furthermore, the Pharmacy Division tracks the usage of antibiotics, such as Carbapenems[2] and Vancomycin[3], and reports this to the TICC.

1. Anticoagulants are medications that thin the blood.
2. Carbapenems are antibiotics used for the treatment of infections known, or suspected, to be caused by multidrug-resistant bacteria.
3. Vancomycin is an antibiotic used to treat a number of bacterial infections. The World Health Organization's List of Essential Medicines features the most effective and safe medicines needed in a health system, and Vancomycin is on the list.

Sustainability

OUR PEOPLE

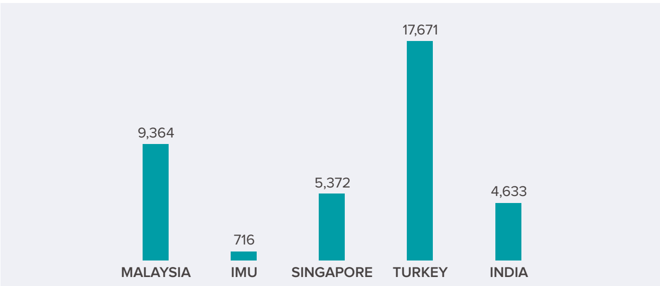
To provide a safe working environment that is conducive for the personal and professional growth of our employees and corporate culture that is built on good communication practices, transparency and integrity.

We have a diverse group of people working in IHH across the four countries. The following figures demonstrate the distribution of our employees by gender, age and employment level.

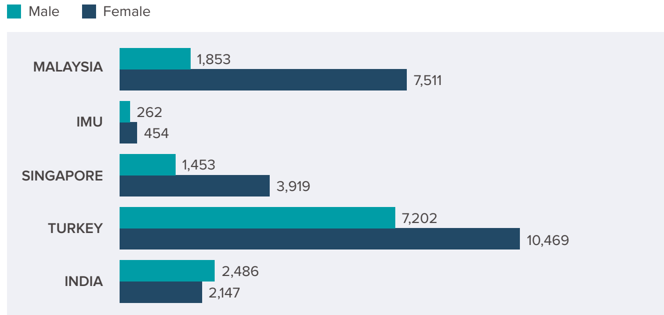
IHH's Workforce Diversity Policy, Gender Diversity Policy and Boardroom Diversity Policy allow for an open workplace that nurtures diversity and inclusiveness. We are able to create a positive and conducive workplace by facilitating effective communication and clear channels for feedback. Moreover, our employees are continuously exposed to new cultures, ideas and knowledge.

The graphs below describe the total employee strength and the distribution of full-time employees by gender across the main home markets – Malaysia, Singapore, Turkey and India.

TOTAL EMPLOYEE STRENGTH



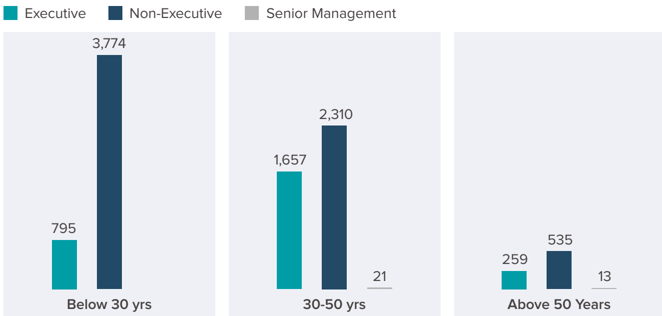
TOTAL EMPLOYEE STRENGTH BY GENDER



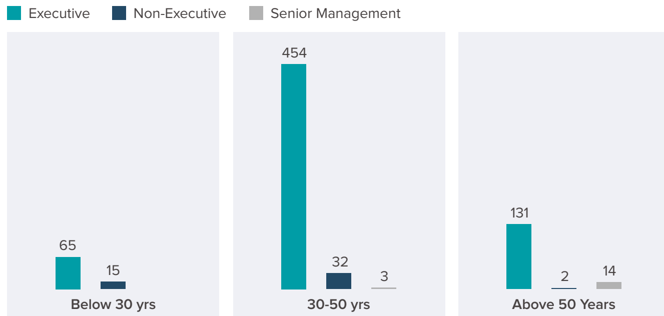
Employee distribution from 1 January 2018 to 31 July 2018

The graphs below capture the distribution of employees by age and employment category across the four home markets from 1 January 2018 to 31 July 2018.

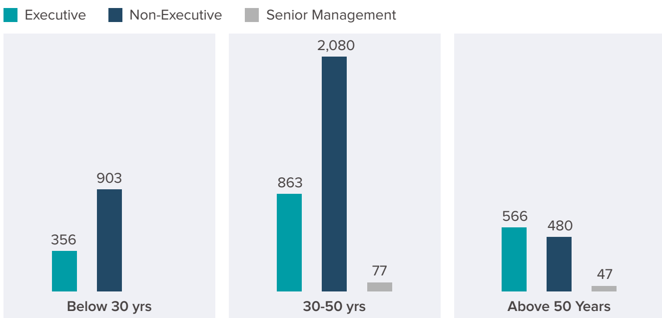
MALAYSIA



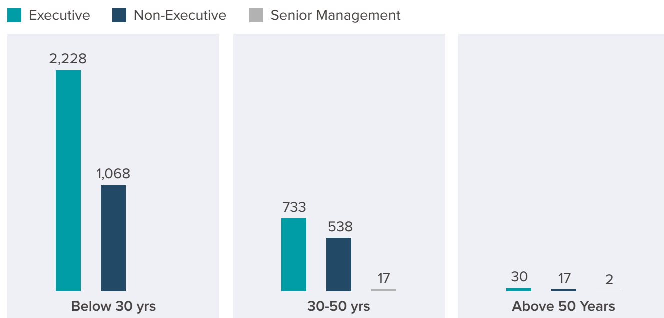
IMU



SINGAPORE



INDIA



TURKEY

EMPLOYEE HEALTH AND SAFETY

At IHH, we believe in creating a strong safety culture. The Group reports on employee incidents and identifies trends and key risk areas, such as employee injuries, needle-stick injuries, employee falls, employee mobility incidents, occupational health-related incidents, infection-related incidents and exposure to bodily fluids. Our safety mechanism also entails the submission of health and safety recommendations about workplace conditions, the continual improvement of occupational health and safety standards by applying the lessons gained through experience and ongoing instruction and advice for staff and management. Our hospitals in the different home markets appoint key personnel and committees to promote and execute workplace health and safety measures.

TURKEY: CASE STUDY

According to the Turkey Labour Law Act No. 6331, firms employing 50 or more workers (with job durations of more than 6 months) are obligated to establish a committee responsible for occupational health and safety activities. Acıbadem Healthcare Group has appointed 298 committee members to the Occupational Health and Safety (OHS) Board to oversee the 16 hospitals.

Each OHS committee consists of the following people:

1. Employer or representative of the employer
2. Occupational Safety Specialist
3. Occupational Physician
4. Representative from Human Resources
5. Civil defense expert, if applicable
6. Foreman, workman or chief workman, if it exists
7. Worker representatives

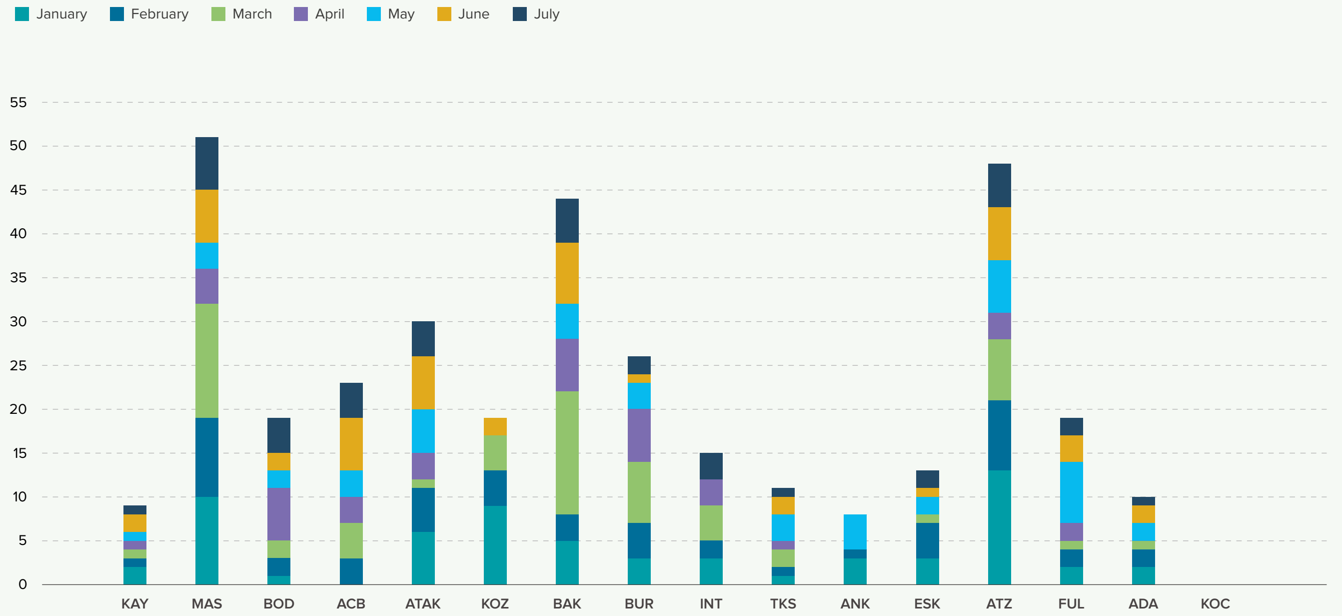
22 per cent of the total strength of the OHS committees across all 16 hospitals consists of worker representatives. The table opposite represents the number of worker representatives and the total number of committee members for each hospital, which complies with the requirements given by the Declaration on the Qualifications, Rules and Procedures for the Designation of Worker Representatives for Occupational Health and Safety.

Acıbadem Hospitals	Committee Members	Worker Representatives
Kadikoy (ACB)	24	4
Kozyatagi (KOZ)	16	4
Fulya (FUL)	18	4
Maslak (MAS)	17	5
Bakirkoy (BAK)	13	4
International (INT)	20	3
Taksim (TKS)	13	3
Kayseri (KAY)	18	4
Bursa (BUR)	19	5
Kocaeli (KOC)	14	3
Eskisehir (ESK)	26	3
Bodrum (BOD)	14	6
Adana (ADA)	20	3
Ankara (ANK)	16	3
Atakent (ATAK)	21	5
Altunizade (ATZ)	29	8

Acıbadem has a policy on OHS to increase awareness and to ensure that the management of OHS activities is in accordance with the legal regulations, as well as national and international standards. This policy involves standard controls, higher risk environment controls, and other controls to protect workers from incidents and occupational diseases. This is in addition to job entry and periodic examinations and risk assessments. OHS Committees meet periodically depending on the risk class of the workplace. As hospitals are considered high risk, the committees meet on a monthly basis.

With regard to workplace incidents, there were no occupational fatalities at Acıbadem in financial year 2018. Four out of the 16 hospitals recorded less than 10 incidents in the first half of 2018 with Acıbadem Kocaeli having zero incidents. The following graph represents the number of workplace incidents/injuries that occurred on a monthly basis across the 16 hospitals.

WORKPLACE INCIDENTS AT ACIBADEM HOSPITALS (JAN–JUL 2018)



TRAINING AND DEVELOPMENT

IHH's development and reputation in the healthcare industry wholly rely on the dedication, skills and knowledge of our workforce. Various training and development programmes are offered to our employees at every employment level. We frequently assess high-performing individuals and empower them through leadership programmes that will help bring their career forward.

There are ongoing training programmes across IHH's home markets that cater to the different skill requirements and training needs of our staff. These programmes ensure that all our healthcare professionals are regularly updated, trained and developed in order for them to achieve their personal and professional goals, and so that they can deliver the best quality care.

SINGAPORE: CASE STUDY

In Singapore, the learning and development approach for employees focuses on three areas.

1. CORPORATE ATTACHMENT, STRETCHED ASSIGNMENTS AND ON-THE-JOB STINTS
2. UNDERSTANDING LEADERSHIP STYLES AND COACHING
3. PROFESSIONAL TRAINING, CONFERENCES, WORKSHOPS AND SEMINARS

Training is given both in-house and through third-party coaching for clinical staff (physicians and nurses) and non-clinical staff (pharmaceutical representatives, biomedical technicians and HR).

The table below illustrates the total amount of training hours and placements undertaken for the clinical and non-clinical hospital staff from January to June 2018.

Training Programmes	Training Placements			Training Hours		
	Total Training Placements Attended	Clinical Staff	Non-Clinical Staff	Total Staff Training Hours	Clinical Staff	Non-Clinical Staff
Management and Supervisory Skills, Productivity and Quality-Related Skills, IT Systems	2,627	1,833	794	30,568	20,130	10,438
Academic Qualification and Sponsorship	14,328	14,328	–	18	18	–
Professional Certification (e.g. AED[1], BCLS[2])	678	668	10	4,850	4,806	44
Workshops, Overseas Seminars and Conferences	2,215	1,482	733	24,592	15,142	9,450

1. Automated External Defibrillator, a device used to resuscitate patients after CPR has proved ineffective.
2. Basic Cardiac Life Support.

Performance appraisal is an important step in the career development of our employees. It is also very beneficial for both employees and management to understand the individual's current performance level, challenges, training needs and areas for improvement. In Singapore, the annual Performance Management cycle is held formally to review the employee's performance and contribution for the year. It is a conversation to understand the employer-employee expectation, the employees' aspirations and how the business can support employees in their work and career growth opportunities.

In addition to the formal reviews, informal check-ins take place frequently throughout the year to discuss and manage performance progress and expectations.

OUR ORGANISATION

To strengthen our international market presence without compromising aspects of quality and sustainability, and to be responsive to the challenges and changing expectations of stakeholders within the healthcare industry.

INTERNATIONAL HEALTHCARE SERVICES

IHH's international healthcare services play an increasingly important role in building market presence in the home markets of Malaysia, Singapore, Turkey and India. Our efforts in catering to international patients include building infrastructure, medical expertise, ancillary services and collaborations with travel agencies. We continuously aspire to create an inclusive, comfortable and pleasant environment for our patients where their needs are always conveyed and received accurately.

The economic and social impact of building our international healthcare services include ensuring long-term economic opportunities in which socio-economic benefits are equally distributed among all stakeholders, generating stable employment opportunities and maintaining the socio-cultural authenticity of host communities. Moreover, by serving the higher demands and diverse needs of international patients, we are able to continuously improve healthcare quality and expertise.

MALAYSIA: CASE STUDY

In Malaysia, the international healthcare services mainly attract patients from Indonesia, Singapore, the Middle East, Bangladesh and Indo-China. To facilitate communication between staff and international patients, we have multilingual employees who are fluent in Bahasa Indonesia, Japanese, Korean and Mandarin.

In 2017, we experienced a 13 per cent increase in the number of international patients from 2016, amounting to 67,689 patients. Consequently, the total revenue contribution from international healthcare services in 2017 was RM 77.4 million, which was a four per cent increase from that of 2016. We have seen a year-on-year increase in the number of international patients and revenue generated. The increase in the first half of 2018 is illustrated below:

INTERNATIONAL PATIENTS	
2017 (JAN–JUN)	2018 (JAN–JUN)
33,591	40,309
20% increase	

REVENUE GENERATED	
2017 (JAN–JUN)	2018 (JAN–JUN)
RM 43.6 million	RM 45.8 million
5% increase	

The pull factors for international patients to choose Parkway Pantai hospitals in Malaysia are:

1. TRACK RECORD, HIGHLY SKILLED AND OVERSEAS-TRAINED DOCTORS
2. SUB-SPECIALISTS
3. INTERNATIONAL ACCREDITATION
4. LATEST EQUIPMENT AND TECHNOLOGY
5. SEAMLESS PATIENT SERVICES (E.G. AIRPORT TRANSFERS, HOTEL BOOKINGS, CONCIERGE)
6. AFFORDABILITY
7. REPUTABLE BRANDING
8. WELL-QUALIFIED NURSES
9. HIGH RECOMMENDATION FROM PREVIOUS PATIENTS
10. STRATEGIC LOCATION AND EASY ACCESS

The different organisational bodies Parkway Pantai has partnered with to foster international healthcare services include independent agents, foreign doctors, banks, associations, community clubs, travel agents, insurance and third-party administrators (TPA). Our international health services help generate income and employment opportunities within sectors, such as travel and tourism, transportation and medical tourism related departments such as Malaysia Healthcare Travel Council (MHTC) within MOH.

In 2018, our efforts to expand the scope of international healthcare services included collaborating with international insurance and TPAs for the purpose of providing cashless services, which make it easier for international patients. We have also begun to collaborate with local banks for the purpose of providing additional services and privileges to attract each bank's customers. We also organise joint events with insurance agencies to create better awareness amongst policy holders, and are growing our efforts in digital marketing as well as on social media platforms like Facebook.

Our outstanding international healthcare services achieved recognition from the International Medical Travel Journal at the 2018 Medical Travel Awards. At these Awards, Gleneagles Kuala Lumpur was awarded the "International Hospital of the Year", "Best Marketing Initiative" and Highly Commended in the 'Excellence in Customer Service' category.

COST-EFFECTIVENESS

Cost-effectiveness is an increasingly important consideration in the healthcare industry. It defines the extent to which healthcare operations have achieved, or are expected to achieve, at a lower cost compared to alternatives. At IHH, we recognise the benefits of cost-effectiveness in minimising administration and improving quality, accountability and accessibility to healthcare and its relevance in the context of sustainability. However, we take every precaution in assessing the risks involved before considering cost-effective alternatives. Ultimately, we are accountable to our patients, and we prioritise the maintenance of high standard of patient health and safety.

INDIA: CASE STUDY

In each of the home markets, there are ongoing as well as prospective plans for cost-effectiveness. The table below captures the initiatives undertaken by Parkway Pantai hospitals in India. Initiating cost-effectiveness in areas such as procurement, pharmaceutical processes and hospital operation structures involves standardisation and consolidation, and implementing a lean methodology to improve clear communication and coordination within the process or system.

As we explore ways of getting better value in healthcare, the trend is to shift care from the most expensive inpatient settings to providing care in ways that reduce spending while improving outcomes. Technology is a key consideration in this aspect to optimise internal support services and processes by using predictive and responsive platforms that are efficient, automated and move in real time. Parkway Pantai is looking into technological intervention to achieve cost-effectiveness in manpower.

Target Areas	Current Status	Reduction Target	Initiatives towards Cost-Effectiveness
Material Cost	Current Material cost at 20.8%	19%	• Central procurement • Formulary implementation and efficient usage • Price negotiation • Brand substitution • Vendor consolidation

Target Areas	Current Status	Reduction Target	Initiatives towards Cost-Effectiveness
Doctor Cost	Current Doctor cost at 25.7%	24%	• Initiating innovative engagement models
Manpower Cost	Current Manpower cost at 20.4%	19%	• Rationalising manpower cost in each hospital • Standardising hospital operations structures • Technology implementation

EMERGENCY PREPAREDNESS

Emergency preparedness in a healthcare facility requires extensive planning, documentation and communication. An effective response from all hospital employees is required during an emergency, and towards this, we have in place the necessary emergency plans and procedures. An Emergency Response Team (ERT) or Disaster Management Committee, a Disaster Management Plan and drills/exercises/ training are made available at all IHH hospitals to improve the unit's readiness and to ensure the safety of staff, patients and visitors while managing an emergency situation.

In Malaysia, Singapore, Turkey and India, the requirements for effective response to contain any outbreaks of emerging and dangerous pathogens are detailed in the laboratory associated infections and biosafety guidelines. Safety training is an essential part of preparing laboratory and other staff for managing such outbreaks, and these training sessions are conducted on a regular basis.

MALAYSIA: CASE STUDY

As part of a Laboratory Readiness and Response Plan for the rapid detection and containment of outbreaks of emerging and dangerous pathogens, Parkway Pantai hospitals in Malaysia ensure manpower is well trained and up to date with emergency procedures. The necessary equipment and reagent supply are identified and prepared. Communication and engagement with relevant authorities, such as the Institute for Medical Research (IMR), Center for Disease Control and Prevention (CDC) and the Ministry of Health (MOH), are established to come up with a flow and plan for the containment of outbreaks. The outcome from the meeting is updated to all relevant personnel in Parkway Pantai.

In the event of a suspected outbreak or incident, the Manager or Person-in-Charge of the laboratory is required to contact the Infection Prevention and Control Nurse of his or her hospital, even if the situation is unclear. The Infection Prevention and Control Nurse will assess the situation and will inform the Hospital Management and Head of Infection Prevention and Control and update them on the developments that occur throughout. If necessary, the Head of Infection Prevention and Control Nurse or any person authorised by the hospital will subsequently inform the Occupational Health Unit of the MOH.

Should an outbreak be confined to an individual site, the Hospital Infection Prevention and Control Nurse will manage the outbreak by liaising with the appropriate clinicians. Depending on the situation, the Hospital Infection Prevention and Control Nurse Team will initiate appropriate infection control procedures.

INFECTION CONTROL PROCEDURES		
Isolation	Case Finding	Data Collection
Diagnostic And Screening Microbiological Tests		

Where possible, specimens should be collected immediately and sent for diagnostic and microbiological screening tests before control measures are introduced. If the disease is notifiable by law, the medical staff responsible for the patient and the Safety and Health Officer must notify the MOH and Department of Occupational Safety and Health Malaysia (DOSH).

If the outbreak is not limited to an individual site, the infection control procedures undertaken by the Manager/Person-in-Charge are as follows:

1. Control measures:
   (a) Antibody Therapy/prophylaxis
   (b) Immunisation
   (c) Staff Screening
   (d) Decontamination of Laboratory or equipment
   (e) Personal Protective Equipment (PPE)
2. Assessing the outbreak at regular intervals
3. Liaising with Hospital Support Services
4. Giving infection control advice to staff to limit a potential spread
5. Increasing staff awareness of the organism involved, mode of transmission and rationale for control measures being taken
6. Involving a DOSH Certified Occupational Health Doctor (OHD) for reassurance and support
7. Preparing reports to disseminate information and findings

International Medical University (IMU)

The IMU Research Lab Disaster Management Plan (DMP) was established to outline the policies and procedures of any large-scale emergency or disaster. This plan will be implemented to ensure the maximum and efficient utilisation of resources during an emergency event/disaster.

The IMU Research Laboratory (IMU-RL) strives to provide a safe environment to facilitate and support research activities. The DMP will use IMU-RL and outside resources to:

1. Protect the safety and life of IMU-RL students, faculty, staff and visitors;
2. Protect and stabilise research, teaching and learning activities;
3. Minimise damage and the cost to facilities and material resources on IMU Bukit Jalil campus;
4. Provide for the continuity of facility management, damage assessment and re-establish IMU-RL's normal operations.

The DMP provides guidelines, procedures and information necessary to recover from an emergency event or a disaster. This is used for planning and executing through a priority list for damage control and prevention. The top priorities are human life and health and safety, followed by hazardous materials and chemical containment, experimental animals, infrastructure and resources, as well as document preservation. The DMP also outlines a disaster responsibility chain, a list of emergency supplies and materials, emergency response and contacts to facilitate coordination.

The chemical spill procedure outlines the general requirements for the management of chemical spills on the IMU-RL to minimise effects to the health and safety of individuals from exposure to chemical spills and to reduce the impact on the environment. In the event of a chemical spill, the individual who causes the spill is responsible for prompt and proper clean up. Related authorities, such as the IMU-RL office (and/or IMU Safety and Health Organisation and medical assistance), should be informed immediately.

Sustainability

OUR ENVIRONMENT

To strengthen our commitment to manage our impact on the environment by prioritising strict adherence to environmental regulations governing waste and by improving our energy performance.

WASTE MANAGEMENT

According to the World Health Organization, about 85 per cent of the total amount of waste generated by healthcare activities is general, non-hazardous waste, comparable to domestic waste. The remaining 15 per cent is considered hazardous material that may be infectious, chemical or radioactive. The treatment and disposal of healthcare waste may pose health risks indirectly through the release of pathogens and toxic pollutants into the environment.

IHH prioritises the management of healthcare waste, and the hospitals have developed strategies and systems along with strong oversight and regulation to incrementally improve waste segregation, destruction and disposal practices. This is done with the ultimate aim of meeting national and international standards.

Much of the concern around environmental compliance in healthcare, which has been reiterated by the Basel Convention[1], is regarding the impact of hazardous or scheduled waste generated by the hospitals in the surrounding environment. In Malaysia, Singapore, Turkey and India, hospitals are expected to follow environmental regulations as enacted by national or regional law. This compliance is also important to maintain accreditations, such as Joint Commission International accreditation.

1. The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal is an international treaty aiming to protect human health and the environment against the adverse effects of hazardous wastes.

TURKEY: CASE STUDY

In Turkey, hospitals are required to comply with the following environmental regulations:

- Environmental Permits and Licenses Regulation
- Environmental Impact Assessment Regulation
- Waste Management Regulation
- Medical Wastes Control Regulation
- Vegetable Oil Wastes Control Regulation
- Packaging Wastes Control Regulation
- Oil Wastes Control Regulation
- Regulation on Highway Transportation of Hazardous Substances
- Waste Batteries and Accumulators Control Regulation
- Environmental Noise Assessment and Management Regulation
- Water Pollution Control Regulation
- Regulation on Control of Air Pollution Caused by Heat
- Regulation on Control of Air Pollution Caused by Industry

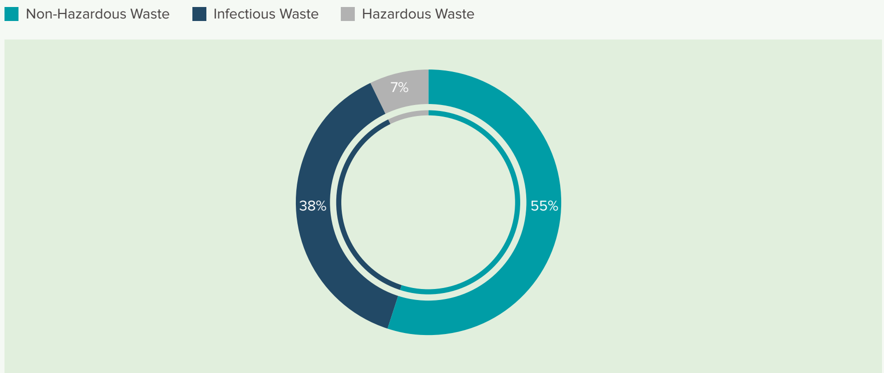
The audits conducted by the official authorities listed below on Acibadem hospitals in 2018 showed that there was no case of non-compliance regarding waste management or other environmental permits and, as a result, no penalties were imposed.

- Provincial Directorate of Environment connected to the Ministry of Environment
- Provincial Directorate of Health connected to the Ministry of Health
- Ministry of Transportation Regional Directorates

Waste generated from the various operations of Acibadem hospitals are classified under three main types – hazardous, infectious and non-hazardous waste. Based on the total waste that was generated by Acibadem hospitals from January to July 2018, the figure below represents the percentage breakdown of the three categories of waste.

In Acıbadem's waste management policy, reducing waste is a priority. As part of the medical waste reduction project, which started at the end of May, the types of wastes produced in the hospitals and their appropriate separation were studied. Medical wastes were labelled with the name of the units they were produced in and were investigated separately. Periodic site audits were performed to avoid disposing non-infectious waste into medical waste containers. The amount of medical waste was controlled at all times but, when a sudden increase occured, we investigated the cause and immediately implemented mitigation measures. As a result of these efforts, we saw a 20 per cent reduction in medical waste in June 2018, compared to that of May. The medical waste generated by the hospitals reduced from 217.6 tonnes in May to 174.7 tonnes in June.

TYPE OF WASTE GENERATED (JAN–JUL 2018)



The table below describes the different disposal methods and the amount of waste generated by Acibadem hospitals, medical centres and other facilities from January to July 2018.

Type of Waste	Amount of Waste (Tonnes)	Description	Disposal Method
Non-hazardous Waste	2,203.0	Domestic Waste	Domestic waste is collected by the municipality to be taken to domestic waste collection centres.
		Packaging Waste	Paper, cardboard, plastic, glass and metal packaging wastes are collected by licensed recycling companies which are contracted by the municipality to be processed for recycling.

Type of Waste	Amount of Waste (Tonnes)	Description	Disposal Method
Hazardous Waste	282.6	Battery Waste	Delivered to the Portable Battery Producers and Exporters Association.
		Accumulator Waste	Delivered to related licensed companies regarding their contents.
		Electronic Waste	Delivered to licensed companies that separate the recyclable parts and apply necessary processes for recycling.
		Cytotoxic Waste Pharmaceutical Waste Laboratory Liquid Waste Contaminated Packaging Waste Autoclave Waste Fluorescent Lamp Waste Absorbent materials contaminated with hazardous substances Paint Waste Anti-freeze Waste Grease Filters Waste	Delivered to licensed companies for disposal by incineration.
		Mineral Oil Waste Vegetable Oil Waste	Delivered to licensed companies for recycling.
Infectious Waste	1,546.7	Medical Waste	Delivered to the city's licensed company to be sent to sterilisation or incineration facilities.

ENERGY EFFICIENCY

IHH hospitals are increasingly becoming a global destination for medical and patient care, and there is a corresponding growth of infrastructure to support the industry, which inevitably results in an increase in energy consumption. The scope of introducing energy efficiency in a hospital involves creating a robust energy-saving programme that factors in, among others, the capacity of the building, the need for them to function 24 hours a day throughout the year and the careful control of the internal climate. In practice, energy efficiency is salient to our efforts to strengthen the performance of our hospitals in the context of environmental sustainability. However, medical considerations remain the top priority.

Across the different home markets, we have taken active measures to improve the energy efficiency of our hospitals and buildings, including but not limited to using state-of-the-art technology, switching to LED lighting, upgrading heating, ventilation and air-conditioning (HVAC) systems, renewing high energy consuming equipment and optimising operational system controls.

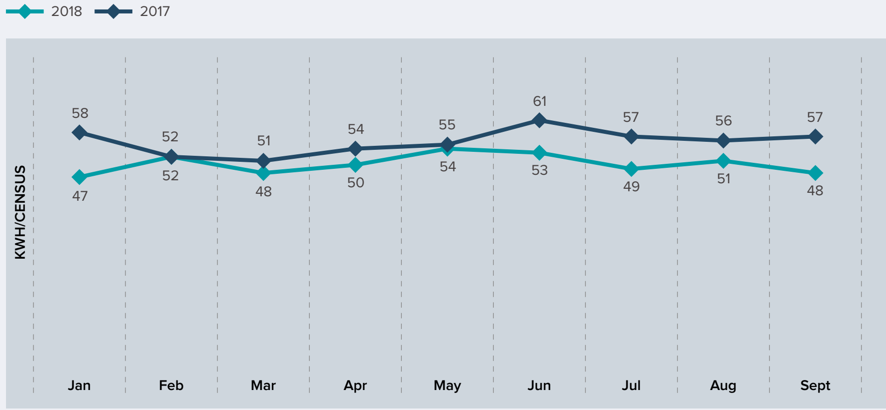
MALAYSIA: CASE STUDY

In Malaysia, all 14 hospitals have been practising a range of energy saving practices in areas including the front office, management office, IT office, facility room, housekeeping station, ward, nursery, accident and emergency department (A&E), operating theatre, intensive care unit (ICU) and the central sterile services department (CSSD), as well as using modality equipment for imaging and health screening. Without compromising the safety and security of our patients and staff, we have been successfully practising the following:

- Switching off televisions, computers and room lights when not in use.
- Turning off air-conditioning in empty patient rooms and, where possible, after office hours.
- Switching off modality machines, except the General X-Ray machine, when not in use.
- Creating awareness amongst staff on Energy Saving Management.

Our initiatives include upgrading or replacing HVAC and chillers.
In 2018, the existing HVAC of Pantai Hospital Penang and Pantai Hospital Ampang was upgraded and fine-tuned for considerable energy and CO_2 savings, reduced costs and improvements to the working environment. Also, within the reporting period, two chillers in Gleneagles Kuala Lumpur (Block A) and three in Gleneagles Penang (Block B) were replaced with newer, efficient chillers. The prospective savings in electricity consumption and cost per year when comparing the chiller efficiency (kW/RT[1]) of one new chiller unit to an old chiller unit are 193,093.7 kWh and RM 55,944.65 respectively.

ENERGY INTENSITY 2017 VS 2018



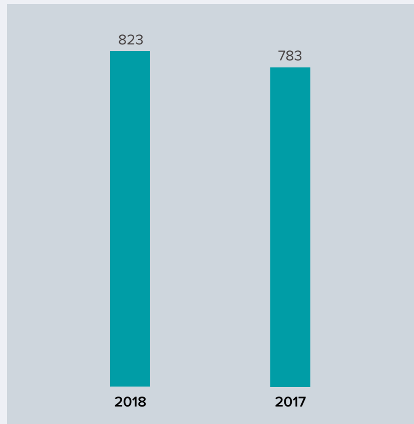
Monitoring and tracking energy consumption is the first step in controlling and conserving energy in the hospital buildings. Recording the data on a monthly basis has helped to identify energy saving opportunities and has provided an estimate on how much energy each opportunity can save.

As a result of our energy saving initiatives, we saw a 10 per cent reduction in energy intensity from January to September 2018, when compared to 2017. The energy intensity of our operations is a better representation of the energy consumed as it is relative to the patient census.

The total electricity consumption from January to September 2018 was five per cent higher compared to that of 2017. The increase was attributed to the opening of Gleneagles Kuala Lumpur (Block B) in 2018, which accounted for four per cent of the 2018 consumption and the 17 per cent increase in the 2018 patient census.

TOTAL CONSUMPTION JAN–SEPT 2018

(kwh x 100,000)



1. Chiller Efficiency = Chiller compressor power consumption (kW)/Refrigeration tonnage (RT)

OUR COMMUNITY

To provide resources and skills to improve the health and well-being of vulnerable sections of the community.

We are aware of our corporate social responsibility to the larger community and the vulnerable sections of society. However, we believe that corporate social responsibility begins at home, and that is the IHH community.

Good hospital governance and protecting the interests and rights of our doctors, nurses and employees is our absolute priority. IHH's code of ethics and conduct, fair grievance procedures and transparency in communicating the processes and rationale adopted by management and internal controls reflect our commitment to fairness, integrity and transparency to the IHH community. Setting a strong culture for social responsibility within IHH sets the tone for our CSR efforts to the wider community of people in the countries we operate in.

COMMUNITY DEVELOPMENT

Focusing on community engagement has become important for global public health as countries face complex health challenges that stretch and test the capacity and resilience of health systems and the populations they serve.

Our community engagement and outreach programmes in Malaysia, Singapore, Turkey and India are carried out with the aim of improving access to healthcare facilities, increasing public healthcare awareness, nurturing the next generation of healthcare professionals, funding community projects and providing disaster relief. We target the vulnerable sections of society in order to build their resilience and improve health awareness. We recognise that people are at the centre of any effort to create better health and that resilient people are the foundation of resilient health systems and communities.

IMU: CASE STUDY

IMU's ongoing community service programme, IMU Cares, which is undertaken by its staff and students, serves the community by delivering healthcare services. These include promoting health and wellness, providing holistic care, including medication counselling and nutritional assessment to prevent diseases, and educating and training caregivers. The IMU Cares office has a system in place for project leaders to identify and research the needs of the underprivileged community, focusing on four key areas, namely healthcare, education, the environment and humanitarian aid. In 2018, IMU spent a total of RM 31,077 for the activities and programmes that were carried out under the IMU Cares Project.

Project Name	Beneficiary	Activity
Health Screening for the physically challenged and those in need of support	Beautiful Gate Foundation for the Disabled	Blood glucose and blood pressure monitoring, dental check-up and over-the-counter medication education.
Jewellery Making Workshop	Caring and Community Centre – underprivileged urban families in Kapar, Klang	Taught adolescent girls living and social skills, in particular, jewellery making.
Recycling of Hotel Toiletries		Recycling.
Discover the Joy of Learning 3.0	Residents of Rumah Charis (Home for the Children)	Basic English skills for the children.
Diabetes and Health Education for Elderly Residents	Residents of Rumah Charis (Home for the Aged)	Diabetes and medication education.
Health Talks		Health talks on the importance and advantages of exercise.
Health Education and Screening	Residents of Kampung Tekir	Personal hygiene education, medical screening, dental screening, home visits, follow-up consultations and treatment.
	Residents of Kampung Sebir	Health talks on family planning, air pollution, respiratory health, personal hygiene, skin care, health screening follow-up and home visits.
Kampung Sebir Education Project	Students of Kampung Sebir	Taught students English and Mathematics according to their level of proficiency. Younger children were taught the alphabet, encouraged to draw and colour, and engaged in one-to-one reading exercises.
Health, Safety and English Workshops	ROH Community School Seremban	Taught students English conversational skills, fire safety training, and conducted medical screening.
Chemistry and Biology Practical Sessions	Dignity for Children Foundation	Gave students hands-on experience in biology, with the observation of animal and plant cells, DNA and digestion, and chemical practical sessions.
Chinese Medicine Service for the Community	Balai Masyarakat Seri Kembangan (general public)	Chinese medicine health screening and treatment.

IMU: CASE STUDY

Project Name	Beneficiary	Activity
Diabetes Education and Personal Hygiene for Elderly Residents	Residents of Rumah Victory Elderly Home	Healthcare education on diabetes and personal hygiene.
Train the Trainers Caring for the Elderly		Conducted Activities of Daily Living (ADL) lessons for caregivers, focusing on wound dressing, hand washing and spirometer handling.
Dengue Prevention – Gotong Royong	IMU	Anti-littering campaign where staff and students cleaned up areas surrounding Bukit Komanwel, IMU, Vista Komanwel A, B, C, Covillea and Savannah.
Dental Health	Pangsapuri Balakong Jaya	Dental screening and oral health education.
Health Education for Elderly Residents	Ti-Ratana Welfare Society	Diabetes education, medical screening of heart and lungs and blood pressure screening.
Health Screening for the Elderly	Rumah Orang Tua Kampung Baru Sikamat	Health screening conducted by the students under the supervision of faculty members.
	Rumah Sejahtera Jimah Lukut	
Diabetes Education for Elderly Residents	Rumah Sejahtera Seri Setia	Diabetes education and the monitoring of elderly residents with diabetes.
Eat Well, Live Well with Umami		Medical and nutritional screening and counselling.
Train the Trainers Caring for the Elderly	Residents of Tong Sim Senior Citizen Care Centre	Skills evaluation of caregiver for hand washing and female perineal care, new teaching sessions on male perineal care, and wound dressing.
Health Education and Gardening Workshops		Mental health education, and gardening with the elderly.
Health Education	Pusat Penjagaan Kanak-Kanak Cacat Taman Megah	Personal hygiene education.
Immunisation for Refugee Children	ACR Learning Centre	Hepatitis B and Pentavalent vaccines administration.
	Lautu Education Centre	
	ROH Community School Seremban	
	United Learning Centre	
	Dignity for Children Foundation	
	Little Flower Learning Centre	
Promoting Adolescent Health	SMK Dato' Abdul Samad	Health education on reproductive health, mental health, anti-smoking and substance abuse.

IMU: CASE STUDY

In IMU, the Mata Pelajaran Umum (MPU) is a pre-university qualification for private universities in Malaysia. It focuses on developing practical community-minded skills. MPU4 encourages all IMU students to undertake projects that are socially responsible and to engage with the surrounding communities of whom they will serve as future health professionals. The table below describes the activities and the beneficiaries of the different MPU4 projects in 2018. A total of RM 3,158 was spent.

Project Name	Beneficiary	Objective
Art for Refuge	The National Autism Society of Malaysia	1. To engage the autistic children through social interaction. 2. To expose them to activities that could aid their learning process. 3. To stimulate their motor and sensory skills.
	Bloomers Training House Bhd	1. To show the young adults, caretakers and family members how art can have a positive effect on life. 2. To brush up the young adults' psychomotor skills, such as hand-eye coordination, through specially designed handicrafts. 3. To compile a manual for making specially-designed crafts. 4. To sell products and donate the profits to the foundation.
	Alliance of Chin Refugees	1. To teach artistic techniques to the children in order for them to create a craft through their imagination. 2. To help the children develop spatial skills along with the form of art that is taught to them. 3. To develop teaching skills among IMU students.
Chemistry Day at Rumah Charis	Rumah Charis — Home for Children	1. To create awareness about their ingredients in commercial products and its sugar content. 2. To create an awareness about the value of money in the children. 3. To ignite interest in the children towards chemistry.
Nutrition Education for Children		1. To develop creativity amongst the children. 2. To encourage nutritional awareness. 3. To nurture teamwork through games and activities.

Project Name	Beneficiary	Objective
Buddy Programme: Living your Life in Malaysia	IMU	1. To encourage international students to converse in Malay. 2. To allow international students to understand what is considered halal food in Malaysia and what to expect when interacting with Malaysians. 3. To ensure that international students do not face difficulties when buying desired foods in the market, hawker stall or elsewhere and to help them integrate into local culture in Malaysia.
Health and Cultural Workshops		1. To promote a sense of respect and appreciation for cultural diversity, and acquire knowledge to function with the various cultures by being sensitive to and by being accepting of the differences. 2. To promote the understanding of the unique local culture, language and ethnic heritage. 3. To develop team spirit, leadership skills and communication skills among students.
Microsoft Words and Microsoft Excel Basic Skills Workshop	United Learning Centre (ULC)	1. To provide a platform for the students to learn and practice basic computer skills, in particular, Microsoft Word and Excel. 2. To provide a platform for IMU students to interact with underprivileged children, and serve the community.
Blood Donation Campaign in Asia Pacific University	Asia Pacific University	1. To raise awareness on the importance of being kind in the world today. 2. To raise awareness on blood related diseases and HIV. 3. To enlighten the target crowd, with a focus on the youth, on various aspects of the society that may be stigmatised or ridiculed. 4. To raise enough blood to supplement Hospital Tengku Ampuan Rahimah Klang (HTAR).
Love and Care Tasputra (Health Promotion)	Tasputra Perkim	1. To improve and raise awareness on the importance of health screening among the caregivers of cerebral palsy children 2. To monitor the health status of the caregivers of cerebral palsy children as a follow-up from the previous year (e.g. blood pressure and fasting blood sugar). 3. To provide knowledge for mental health and to deal with issues associated with stress and anxiety. 4. To educate staff on common health problems associated with Diabetes Mellitus and its preventive measures. 5. To discuss the importance of healthy diet, and how it affects overall well-being.

Project Name	Beneficiary	Objective
Nutrition and Hygiene	Taman Megah Handicapped and Disabled Children's Home	1. To raise awareness of proper nutrition and personal hygiene through education and interactive games. 2. To teach the children how to prepare a nutritionally balanced meal. 3. To provide a platform for IMU students to apply what they have learned in class by serving the children.
Healthcare to IQ70+	Malaysian Association for the Welfare of Mentally Challenged Children IQ70+	1. To provide health education to the children. 2. To raise awareness of the importance of hand and oral hygiene, as well as a healthy lifestyle, via education and interactive games. 3. To provide a platform for IMU students to apply what they have learned in class by serving the children.
English Workshop	SK Methodist Petaling Jaya	1. To improve speaking skills and introduce basic vocabulary and communication skills to Year 6 students who are weak in English. 2. To encourage the students to speak English confidently among peers. 3. To provide a platform for IMU students to serve the community.
Cultivation of scientific experimental knowledge, English communication and cultural insight among children	Lautu Refugee Learning Centre	1. To cultivate the children's interest in the field of Science by conducting scientific experiments. 2. To enhance the children's English language communication skills through drama. 3. To give a brief overview of the cultural aspects of Malaysia. 4. To improve the children's soft skills, such as teamwork and co-operation, through various interactive games.
Educational Activities in Lautu Education Centre		1. To teach basic postural health. 2. To educate and strengthen the children's basic grasp of Bahasa Malaysia.
Growing Healthy Kids		1. To ensure that the children know the meaning and benefits of a healthy lifestyle through fun and interactive activities related to proper nutrition, hand hygiene and physical exercise. 2. To provide a platform for IMU students to apply what they have learned in class and through experiential learning by serving the children.

Project Name	Beneficiary	Objective
Interactive Activities for Revision of Body Systems	Rumah Victory Children and Youth Home	1. To help the children understand the structure of the human body and the importance of social interaction.
Importance of Vaccination	Alliance of Chin Refugees	1. To shed light upon the importance of vaccines, elaborating upon their protective qualities, as well as dispelling rumours regarding the false information on vaccines.
Hygiene Awareness at Alliance of Chin Refugees		1. To raise awareness of proper food handling, communal hygiene as well as oral and hand hygiene through educational talks and interactive games. 2. To provide IMU students an opportunity to educate the underprivileged and to give back to the community.
Day Trip with the children at Ti-Ratana	Ti-Ratana Social Welfare Society	1. To explore each career and understand the roles and responsibilities expected of different occupations.
How to Maintain Proper Sitting Posture	IMU Bukit Jalil Campus	1. To demonstrate good sitting postures and stress their importance. 2. To demonstrate a few exercises that can help to keep the body in a good form.
Ovitrap Surveillance and Dengue Awareness Survey	IMU Bukit Jalil Campus	1. To reduce the risk of dengue in the Bukit Jalil campus. 2. To gauge the dengue awareness among MBBS students at Bukit Jalil campus. 3. To raise awareness of dengue prevention and control through posters and educational campaigns.
"Let's Speak English!"	United Learning Centre – Kuala Lumpur	1. To improve the standard of English among the children currently attending United Learning Centre. 2. To serve and give back to society by teaching and instruction. 3. To provide a platform for IMU students to apply what they have learned in class by serving the children.
Health is Wealth	Rumah Victory Elderly Home	1. To create awareness of the benefits and aspects of good health. 2. To teach the elderly about BMI. 3. To advise the elderly on their nutrition intake and the benefits of exercise. 4. To engage the elderly in a simple exercise routine.

Project Name	Beneficiary	Objective
Stand Straight to Feel Tall	Rumah Victory Children and Youth Home	1. To raise awareness of the importance of maintaining a proper posture, which affects spinal health. 2. To enhance the children's understanding of stretching exercises and warming up and cooling down before and after exercise. 3. To provide a platform for IMU students to apply what they have learned in class by serving the children.
Me and My Body: Muscular System	Rumah Victory Children and Youth Home	1. To teach the children how the body works, specifically the musculoskeletal system. 2. To increase the awareness of proper exercise techniques to prevent injuries.


Hong Kai

Governance

LEADING STEWARDSHIP

We embed a culture of governance through every level of our business and operations, with the Board driving the tone from the top. Guided by our corporate values and principles, we continually seek to enhance value and gain the trust and confidence of our stakeholders as we conduct our business.

BOARD OF DIRECTORS

Dato' Mohammed Azlan bin Hashim

Chairman, Independent, Non-Executive

Chairman of the Steering Committee

Nationality: Malaysian
Gender: Male
Age: 62
Date of Appointment: 30 March 2011
Length of Service: 8 years (As at 3 April 2019)
Last Date of Re-election: 27 May 2016

Work Experience

Dato' Mohammed Azlan bin Hashim was appointed to the Board of IHH Healthcare Berhad ("IHH") in 2011 as Deputy Chairman and was re-designated from Non-Independent Non-Executive Deputy Chairman to Non-Independent Non-Executive Chairman on 1 January 2018. On 27 November 2018, Dato' Mohammed Azlan bin Hashim was re-designated from Non-Independent Non-Executive Chairman to Independent Non-Executive Chairman following his cessation as a nominee director of Khazanah Nasional Berhad.

Dato' Azlan previously served as Executive Chairman of the (then) Kuala Lumpur Stock Exchange Group from 1998 to 2004 and in various other senior management roles, including at Bumiputra Merchant Bankers Berhad and Amanah Capital Malaysia Berhad.

Academic/Professional Qualification(s)

- Bachelor of Economics, Monash University
- Fellow Member, Institute of Chartered Accountants, Australia
- Member, Malaysian Institute of Accountants
- Fellow Member, The Malaysian Institute of Chartered Secretaries and Administrators

Present Directorship(s)

- D&O Green Technologies Berhad
- Marine & General Berhad

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 103 to 113 of this Annual Report

Dr Tan See Leng

Managing Director and Chief Executive Officer, Non-Independent, Executive

Member of the Steering Committee

Nationality: Singaporean
Gender: Male
Age: 54
Date of Appointment: 5 April 2012
Length of Service: 7 years (As at 3 April 2019)
Last Date of Re-election: 22 May 2017

Work Experience

Dr Tan See Leng was appointed the Managing Director and Chief Executive Officer of IHH Healthcare Berhad ("IHH") in January 2014 after serving as an Executive Director on the IHH Board for two years. Dr Tan is also the Group CEO and Managing Director of Parkway Pantai Limited, a position he assumed in 2011. He also serves on the Boards of IHH subsidiaries, namely Parkway Pantai Limited, Fortis Healthcare Limited, SRL Limited and Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") Group and on a Board Committee of ASYH. He also serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University and on the Board of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust, which is listed on the Singapore Exchange Securities Trading Limited.

Prior to this, Dr Tan was the CEO of Parkway Holdings Limited from April 2010, a position he rose to fairly quickly after he joined Parkway in 2004 as Chief Operating Officer of Mount Elizabeth Hospital. As a young entrepreneur, Dr Tan founded a private primary healthcare group at the age of 27 and subsequently developed it into the second largest primary healthcare group in Singapore before successfully selling the company to a leading global health-plan and insurance provider.

With over 27 years of healthcare experience, Dr Tan has served as an active member of various medical committees, such as Singapore Ministry of Health's MediShield Life Review Committee. He has been re-appointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for the period until 2019.

Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Medicine (Family Medicine), National University of Singapore
- Master of Business Administration, University of Chicago Booth School of Business
- Fellow, Academy of Medicine, Singapore
- Fellow, College of Family Physicians, Singapore

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
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BOARD OF DIRECTORS

Mehmet Ali Aydinlar

Non-Independent, Non-Executive

Nationality: Turkish
Gender: Male
Age: 62
Date of Appointment: 24 January 2012
Length of Service: 7 years 2 months (As at 3 April 2019)
Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2012, Mr Mehmet Ali Aydinlar is also the Chairman of Acibadem Saglik Yatirimlari Holding A.S. ("ASYH"), a 90%-owned subsidiary of IHH. He was re-designated from Executive Director to Non-Executive Director of IHH on 1 March 2019 following his cessation as the Chief Executive Officer ("CEO") of ASYH. Mr Mehmet Ali Aydinlar, after an illustrious tenure as founding CEO of ASYH, continues to serve as the Chairman of the Board of the Acibadem group of companies, which includes A Plus, Acibadem Project Management, Acibadem Mobile Services and Acibadem Labmed. He is also the Chairman of the Turkish Accredited Hospitals Association and Vice Chairman of Private Hospitals and Healthcare Institutions Association (OHSAD).

As of 2015, Mr Aydinlar has been serving on the board of the Foreign Economic Relations Board (DEIK). This institution is responsible for leading foreign economic relations within the Turkish private sector in a myriad of sectors, as well as for increasing the export volume of Turkish businesses and coordinating similar business development activities.

A certified public accountant-turned-entrepreneur, Mr Aydinlar has been recognised for his extensive experience in management and involvement in the healthcare sector since 1993. Mr Aydinlar was chosen "Ernst & Young Entrepreneur of the Year, Turkey" for the year 2018 and in 2015, Mr Aydinlar received the "Lifetime Achievement Award" from Bogazici University, one of the most prestigious higher education institutions in Turkey. Prior to this, he was elected "Business Man of the Year" by the same university. Mr Aydinlar was also awarded "The Eminent Services Award of the Grand National Assembly of Turkey" in 2010. He was also chosen to be "The Person with Most Contribution to Development of Healthcare" by the Turkish Healthcare Volunteers Organisation. In 2006, he was named "Male Entrepreneur of the Year" in a survey conducted by Ekonomist Magazine and "Business Executive of the Year" by Dunya Newspaper and Istanbul University's School of Business Administration.

Being a philanthropist, Mr Aydinlar is also the Chairman of the Board of Trustees of Acibadem University, an ambitious social responsibility undertaking initiated by Mr Aydinlar to advance healthcare in Turkey through education and research. For two years in a row, Mr Aydinlar was recognised by Capital Magazine for his philanthropic efforts as one of the top business people with the most charitable donations, ranking at number five in 2014.

Academic/Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
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Chintamani Aniruddha Bhagat

Non-Independent, Non-Executive

Member of the Steering Committee
Member of the Nomination Committee
Member of the Remuneration Committee

Nationality: Singaporean
Gender: Male
Age: 49
Date of Appointment: 23 September 2016
Length of Service: 2 years 6 months (As at 3 April 2019)
Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2016, Mr Chintamani Bhagat is the Executive Director in charge of Khazanah Nasional Berhad's holding in IHH and other investments in the healthcare sector, and is concurrently the head of private markets for South Asia. He also serves on the Boards of IHH subsidiaries, namely Fortis Healthcare Limited and Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") Group and Board Committees of ASYH.

Prior to joining Khazanah, Mr Bhagat spent 14 years at McKinsey & Company in Singapore, including six years as Managing Partner for the Singapore office. He was a leader in healthcare practice, serving hospital systems across Asia, as well as a leader in Principal Investor practice, serving several sovereign wealth funds, private equity firms and family owned businesses. He also founded and led McKinsey's corporate governance service line. Preceding his time at McKinsey, Mr Bhagat was the Chief Executive Officer of an engineering and construction firm in India.

Academic/Professional Qualification(s)

- Master of Business Administration, INSEAD Business School

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 103 to 113 of this Annual Report

Koji Nagatomi

Non-Independent, Non-Executive

Nationality: Japanese
Gender: Male
Age: 58
Date of Appointment: 1 April 2017
Length of Service: 2 years (As at 3 April 2019)
Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") on 1 April 2017, Mr Koji Nagatomi currently serves as the Managing Officer and Chief Operating Officer, Healthcare and Service Business Unit of Mitsui & Co., Ltd ("Mitsui") at its Tokyo Headquarters. Between 2011 and 2015, he served in the position of General Manager for several of Mitsui's divisions. These included Mitsui's Planning and Administrative Division (Machinery and Infrastructure), First Projects Development Division and Corporate Communications Division. In May 2008, he was appointed Deputy General Manager of Toyo Engineering Corporation's Corporate Planning Unit.

Preceding his tenure at Toyo Engineering Corporation, Mr Nagatomi served as the General Manager of the Infrastructure Project Development Division of Mitsui & Co. (Asia Pacific) Pte Ltd in Kuala Lumpur from December 2003. Prior to that, Mr Nagatomi joined the Project Development Division of Mitsui's Indonesia Project Section which was based out of Tokyo. He spent eight years at Mitsui & Co. (USA), Inc in Houston under the Plant & Energy Project Development Department after beginning his professional career in 1986 in Mitsui's Chemical Plant Division.

Academic/Professional Qualification(s)

- Master's Degree, Chemical Engineering, Graduate School of Engineering Science, Osaka University

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
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Takeshi Saito

Non-Independent, Non-Executive

Member of the Steering Committee

Nationality: Japanese
Gender: Male
Age: 47
Date of Appointment: 28 March 2019
Length of Service: – (As at 3 April 2019)
Last Date of Re-election: –

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2019, Mr Takeshi Saito was an alternate director to Mr Koji Nagatomi, a role he assumed since April 2017. He was also an alternate director to Mr Satoshi Tanaka, a former Director of IHH, from June 2015 to April 2016. He also serves on certain Boards of IHH subsidiaries under Acibadem Saglik Yatirimlari Holding A.S. Group. Mr Saito currently serves as Chief Executive Officer ("CEO") of MBK Healthcare Management ("MHM"), a wholly-owned subsidiary of Mitsui & Co., Ltd ("Mitsui") based in Singapore, which manage the healthcare assets within the portfolio of Mitsui.

Mr Saito has spent most of his career in the healthcare industry. Preceding his appointment as CEO of MHM, he served as General Manager of Healthcare Business 1st Department in Healthcare Business Division of Mitsui. In 2017, he was an Executive Assistant to a Representative Director and Executive Vice President of Mitsui. Between 2015 and 2016, he was the General Manager of the Provider Network Department, Medical Healthcare Business Division 1, Consumer Service Business Unit of Mitsui and during that time, he also sat on the Board and Executive Committee of Parkway Pantai Limited as an alternate director. In 2011, Mr Saito was seconded to Parkway Group Healthcare as Vice President of Strategic Planning, following his appointment as Director of the Medical Healthcare Business Department at Mitsui, where he led the investment in IHH.

Prior to this in 2007, Mr Saito was appointed Manager of the Strategic Planning/Business Development Department of the Life Science Division at Mitsui, which subsequently became the Medical Healthcare Division in 2008. He also initiated the 10-year plan for the newly formed Medical Healthcare Division.

Academic/Professional Qualification(s)

- Bachelor of Political Science, Keio University, Japan
- Master of Business Administration, Kellogg School of Management, Northwestern University

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
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BOARD OF DIRECTORS

Chang See Hiang

Senior Independent, Non-Executive

Member of the Audit Committee
Member of the Risk Management Committee
Member of the Nomination Committee
Member of the Remuneration Committee

Nationality: Singaporean
Gender: Male
Age: 65
Date of Appointment: 5 April 2012
Length of Service: 7 years (As at 3 April 2019)
Last Date of Re-election: 22 May 2017

Work Experience

Appointed to the Board of IHH Healthcare Berhad in 2012, Mr Chang See Hiang also serves as an Independent Director on the Board of Jardine Cycle & Carriage Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr Chang has been an Advocate and Solicitor of the Supreme Court of Singapore since 1979 and is a Senior Partner of his law practice, Chang See Hiang & Partners.

Mr Chang previously sat on the boards of five other companies listed on the SGX-ST and one on the Hong Kong Stock Exchange.

Academic/Professional Qualification(s)

- Bachelor of Laws (Hons), University of Singapore

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 103 to 113 of this Annual Report

Rossana Annizah binti Ahmad Rashid

Independent, Non-Executive

Chairman of the Audit Committee
Chairman of the Risk Management Committee
Member of the Nomination Committee
Member of the Remuneration Committee

Nationality: Malaysian
Gender: Female
Age: 53
Date of Appointment: 17 April 2012
Length of Service: 6 years 11 months (As at 3 April 2019)
Last Date of Re-election: 28 May 2018

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2012, Ms Rossana Annizah binti Ahmad Rashid also serves on the Board and Board Committee of Acibadem Saglik Yatirimlari Holding A.S., an indirect subsidiary of IHH. She is also a Non-Executive Director of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust which is listed on the Singapore Exchange Securities Trading Limited.

Ms Rossana concurrently serves as a member of the Investment Panel and the Investment Panel Risk Committee of Malaysia's Employees Provident Fund. She also serves as the Country Chairman of the Jardine Matheson Group of Companies in Malaysia and Deputy Chairman/Non-Independent Non-Executive Director on the Board of Cycle & Carriage Bintang Berhad, a member of the Jardine Matheson Group. She was appointed as Independent Non-Executive Director of edotco Group Sdn Bhd in May 2016 and Independent Non-Executive Director of Celcom Axiata Berhad in May 2017, both are subsidiaries of Axiata Group Berhad.

Prior to her current roles, Ms Rossana was a career professional holding leadership positions in the telecommunications and banking sectors. She previously served in various senior management roles with TIME dotCom Berhad, Maxis Berhad and RHB Bank Berhad, after beginning her banking career with Citibank Malaysia. With a combined 30 years of experience, Ms Rossana has broad experience in business strategy, identifying sustainable monetisation models, understanding customers and competition, as well as the need for reviewing monetisation models by focusing on both revenue management and cost management.

Academic/Professional Qualification(s)

- Bachelor of Arts in Banking and Finance, Canberra College of Advanced Education (now known as the University of Canberra), Australia

Present Directorship(s)

- Cycle & Carriage Bintang Berhad
- Celcom Axiata Berhad

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 103 to 113 of this Annual Report

BOARD OF DIRECTORS

Shirish Moreshwar Apte

Independent, Non-Executive

Chairman of the Nomination Committee
Chairman of the Remuneration Committee
Member of the Audit Committee
Member of the Risk Management Committee

Nationality: British
Gender: Male
Age: 66
Date of Appointment: 3 September 2014
Length of Service: 4 years 7 months (As at 3 April 2019)
Last Date of Re-election: 28 May 2018

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2014, Mr Shirish Moreshwar Apte is currently also the Independent, Non-Executive, Chairman of Pierfront Mezzanine Fund Pte Ltd. He also serves on the Boards of IHH subsidiaries, namely Fortis Healthcare Limited and Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") and on a Board Committee of ASYH. He concurrently serves on several Boards of Directors, including the Commonwealth Bank of Australia, the Supervisory Board of Bank Handlowy, Poland and Fullerton India Credit Company Limited.

He was a Council Member of the Institute of Banking and Finance Singapore until his retirement in May 2018. Prior to his retirement from Citigroup in 2014 as Chairman of Asia Pacific Banking, Mr Apte had built up an impressively extensive 32-year career with Citibank/Citigroup. He held numerous positions with Citibank/Citigroup serving in Singapore (2011–2013), Hong Kong (2009–2011), London (2003–2009), Poland (1997–2003) and London (1993–1997). He also supervised operations in the emerging markets covering Central and Eastern Europe, Middle East, Africa ("CEEMEA") and Asia Pacific. He was appointed head of Citi's Corporate and Investment bank in India, CEO for Citibank Poland and regional CEO, first for CEEMEA and then Asia Pacific. Mr Apte was also a member of Citigroup's Executive and Operating Committees from 2008–2012 and the Group's Business Practices Committee. He began his career in the banking division of Citibank India in 1981.

Academic/Professional Qualification(s)

- Bachelor of Commerce, Calcutta University
- Master of Business Administration — London Business School (Major in Finance)
- Institute of Chartered Accountants England — Student contract with Touche Ross (now known as Deloitte)

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
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Jill Margaret Watts

Independent, Non-Executive

Member of the Audit Committee
Member of the Risk Management Committee

Nationality: Australian
Gender: Female
Age: 60
Date of Appointment: 4 April 2018
Length of Service: 1 year (As at 3 April 2019)
Last Date of Re-election: 28 May 2018

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2018, Ms Jill Margaret Watts currently serves on the Board of Governors of Sidra Medicine. She was previously a Director of the Australian Chamber of Commerce, United Kingdom, the Royal Australian Flying Doctor Service, United Kingdom, Ramsay Sante in France and the Netcare Group in South Africa. Ms Watts also served on several Industry Boards including NHS Partners Network and the Association of Independent Hospital Operators.

Ms Watts was the Group Chief Executive Officer of BMI (GHG) Health Care Group ("BMI Healthcare") in United Kingdom from 2014 to 2017. She has over 40 years of experience in the healthcare industry and has held a number of senior executive roles in Australia and the United Kingdom. Prior to her appointment at BMI Healthcare, she was the Group Chief Executive Officer of Ramsay Health Care, United Kingdom ("Ramsay UK") for over six years. She was the Chair of NHS Partners Network between 2009 and 2012, where she was actively engaged in influencing governments on the benefits of having a strong and vibrant private healthcare sector.

In 2010, Ms Watts was voted as the most influential leader in United Kingdom private healthcare and in 2013 as one of healthcare's most inspirational women. Under her leadership, Ramsay UK was voted as the best United Kingdom private hospital provider in 2009 and 2013.

Academic/Professional Qualification(s)

- Registered Nurse, Northwick Park Hospital, London, United Kingdom
- Midwifery, Mater Mothers Hospital, Brisbane, Australia
- Grad. Dip Health Administration and Information Systems, University of Central Queensland, Australia
- Master's in Business Administration, Griffith University, Queensland, Australia
- Wharton Fellow, Pennsylvania University, United States of America

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
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BOARD OF DIRECTORS

Quek Pei Lynn

Non-Independent, Non-Executive (Alternate Director to Mr Chintamani Aniruddha Bhagat)

Member of the Steering Committee (Alternate to Mr Chintamani Aniruddha Bhagat)

Nationality: Malaysian
Gender: Female
Age: 46
Date of Appointment: 25 October 2012
Length of Service: 6 years 5 months (As at 3 April 2019)
Last Date of Re-election: –

Work Experience

Ms Quek Pei Lynn is an alternate director to Mr Chintamani Aniruddha Bhagat on the Board of IHH Healthcare Berhad ("IHH"), a role she assumed on 23 September 2016. She also serves on the Board and Board Committee of IHH subsidiary, IMU Health Sdn Bhd. Prior to her current position in IHH, she was appointed alternate director to YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz on 25 October 2012 and ceased to be his alternate on 23 September 2016, following his resignation as a Director of IHH. Ms Quek also serves as a Director at the Investments Division of Khazanah Nasional Berhad ("Khazanah"), a position she has held since joining the company in 2007.

Prior to joining Khazanah, Ms Quek served in the Corporate Finance Division at AmInvestment Bank Berhad for nine years from 1997 to 2006 after beginning her career as an auditor with PriceWaterhouse Coopers in 1994.

Academic/Professional Qualification(s)

- Bachelor of Economics, Monash University, Australia

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 103 to 113 of this Annual Report

Tomo Nagahiro

Non-Independent, Non-Executive (Alternate Director to Koji Nagatomi)

Nationality: Japanese
Gender: Male
Age: 43
Date of Appointment: 3 April 2019
Length of Service: – (As at 3 April 2019)
Last Date of Re-election: –

Work Experience

Mr Tomo Nagahiro is an alternate director to Mr Koji Nagatomi on the Board of IHH Healthcare Berhad ("IHH"), a role he assumed on 3 April 2019. Since April 2019, he has been General Manager of Healthcare Business 1st Department in Healthcare Business Division of Mitsui & Co., Ltd ("Mitsui"), overseeing Mitsui's investment in IHH.

Mr Nagahiro has over 20 years of working experience having served in multiple divisions in Mitsui, spanning from strategic planning, business development and operations management. Preceding his appointment as General Manager of Healthcare Business 1st Department at Mitsui, he was seconded to MIMS Pte. Ltd. ("MIMS") which is based in Singapore as the Chief Operating Officer from 2015 to 2018. MIMS is one of the largest multichannel providers of drug information and medical education for healthcare professionals in Asia Pacific region. During this period, he was responsible for the general management of regional business activities and development of the company.

Prior to this, Mr Nagahiro was seconded to Parkway Pantai Limited, a wholly-owned subsidiary of IHH, as Assistant Vice President of Strategic Planning and Business Development where he led multiple business development projects from 2013 to 2015.

Academic/Professional Qualification(s)

- Bachelor of Arts in Law, University of Tokyo, Japan
- Master of Business Administration, Kellogg School of Management, Northwestern University
- U.S. Certified Public Accountant

Present Directorship(s)

- Nil

Notes
- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 103 to 113 of this Annual Report

GROUP MANAGEMENT

Dr Tan See Leng

Managing Director and Chief Executive Officer, Non-Independent, Executive

Nationality: Singaporean
Age: 54 (As at 3 April 2019)
Date of Joining: 5 April 2012

Work Experience

Dr Tan See Leng was appointed the Managing Director and Chief Executive Officer of IHH Healthcare Berhad ("IHH") in January 2014 after serving as an Executive Director on the IHH Board for two years. Dr Tan is also the Group CEO and Managing Director of Parkway Pantai Limited, a position he assumed in 2011. He also serves on the Boards of IHH subsidiaries, namely Parkway Pantai Limited, Fortis Healthcare Limited, SRL Limited and Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") Group and on a Board Committee of ASYH. He also serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University and on the Board of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust, which is listed on the Singapore Exchange Securities Trading Limited.

Prior to this, Dr Tan was the CEO of Parkway Holdings Limited from April 2010, a position he rose to fairly quickly after he joined Parkway in 2004 as Chief Operating Officer of Mount Elizabeth Hospital. As a young entrepreneur, Dr Tan founded a private primary healthcare group at the age of 27 and subsequently developed it into the second largest primary healthcare group in Singapore before successfully selling the company to a leading global health-plan and insurance provider.

With over 27 years of healthcare experience, Dr Tan has served as an active member of various medical committees, such as Singapore Ministry of Health's MediShield Life Review Committee. He has been re-appointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for the period until 2019.

Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Medicine (Family Medicine), National University of Singapore
- Master of Business Administration, University of Chicago Booth School of Business
- Fellow, Academy of Medicine, Singapore
- Fellow, College of Family Physicians, Singapore

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
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Low Soon Teck

Group Chief Financial Officer

Nationality: Singaporean
Age: 54 (As at 3 April 2019)
Date of Joining: 10 January 2016

Work Experience

Mr Low Soon Teck assumed the position of Group Chief Financial Officer of IHH Healthcare Berhad ("IHH") on 10 January 2016. He brings with him over 20 years of experience in finance, legal and general management in leadership roles.

Prior to joining IHH, Mr Low served with the RCMA Group, a commodities supply chain management company, as its Chief Financial Officer between 2013 and 2015. From 1994 to 2013, he was employed in the Kuok/Kerry Group, holding various senior positions in diverse businesses within the group in Hong Kong and Singapore. His last position in the group was as Chief Financial Officer of the PACC Offshore Services Holdings Group, the offshore marine arm of the Kuok/Kerry Group. Prior to this, Mr Low served as Group Treasurer at Wilmar International Limited, after its merger in 2006 with Kuok Oils and Grains where he had served as Group Financial Controller following his relocation from Hong Kong to Singapore in 2005.

Whilst Mr Low was based in Hong Kong from 1994 to 2005, he held various positions within the Kerry Group, including that of Director of China Operations at SCMP Group, publisher of the South China Morning Post. In these roles, he was responsible for business development, newspaper publishing and circulation operations, as well as managing a chain of retail convenience stores.

Mr Low began his career as a solicitor in Singapore at a boutique law firm from 1991 to 1993, focusing on corporate and banking laws.

Academic/Professional Qualification(s)

- Bachelor of Laws (Hons) (2nd Upper), National University of Singapore
- Master of Business Administration, University of Chicago, Booth School of Business
- Advocate and Solicitor, Supreme Court of Singapore
- Member of Law Society of England and Wales

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

Dr Lim Suet Wun

Group Chief Operating Officer

Nationality: Singaporean
Age: 59 (As at 3 April 2019)
Date of Joining: 1 March 2011

Work Experience

Dr Lim Suet Wun is the Group Chief Operating Officer of IHH Healthcare Berhad ("IHH").

He brings more than 30 years of experience in healthcare management. Dr Lim has served Parkway Pantai since 2011, first as Executive Vice President Singapore and then as the Chief Executive Officer, Parkway Operations Division, before assuming the role of Group COO of Parkway Pantai.

Prior to joining Parkway, Dr Lim was the CEO of the National Healthcare Group and Tan Tock Seng Hospital (TTSH). In 2003, Dr Lim led the TTSH team through the SARS crisis, when the hospital was designated the SARS hospital for the whole of Singapore. For his leadership, he was awarded the Public Service Star by the President of Singapore. Dr Lim was also the former chairman of the Board of Joint Commission International (JCI).

Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Business Administration, University of California, Los Angeles
- Master of Public Health, University of California, Los Angeles

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
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Dr Chan Boon Kheng

Group Head, Strategic Planning & Business Development (Merger & Acquisition)

Chief Executive Officer, South East Asia Operations Division

Nationality: Singaporean
Age: 51 (As at 3 April 2019)
Date of Joining: 2 January 2018

Work Experience

Dr Chan has more than 20 years of healthcare management experience. He had a long association with IHH and its predecessor entity Parkway Healthcare from 2000–2010. Among the various positions held, he was the interim Group Chief Executive Officer of Pantai Holdings Berhad. He returned to IHH in 2018 to lead IHH Strategic Planning and Business Development (M&A) and the CEO for South East Asia Operations. Additionally, he is a Director of Fortis Healthcare Ltd (listed on the India Stock Exchange) and RHT Health Trust Pte. Ltd (listed on the SGX).

Prior to joining IHH in 2018, he was a senior advisor to a private equity investment firm. From 2010–2016, he was the Group President of Sasteria Pte Ltd, a privately held healthcare entity, which owns Thomson Medical Group based in Singapore and TMC Life Sciences based in Kuala Lumpur, Malaysia. He concurrently served as the Group CEO of Thomson, as well as the Executive Director of TMC Life Sciences Limited. Dr Chan had also served as an Advisor to a sovereign wealth fund based in Abu Dhabi.

Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Business Administration, University of Chicago

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

GROUP MANAGEMENT

Mehmet Ali Aydinlar

Chairman, Acibadem Saglik Yatirimlari Holding A.S

Non-Independent, Non-Executive

Nationality: Turkish
Age: 62 (As at 3 April 2019)
Date of Joining: 24 January 2012

Work Experience

Appointed to the Board of IHH Healthcare Berhad ("IHH") in 2012, Mr Mehmet Ali Aydinlar is also the Chairman of Acibadem Saglik Yatirimlari Holding A.S. ("ASYH"), a 90%-owned subsidiary of IHH. He was re-designated from Executive Director to Non-Executive Director of IHH on 1 March 2019 following his cessation as the Chief Executive Officer ("CEO") of ASYH. Mr Mehmet Ali Aydinlar, after an illustrious tenure as founding CEO of ASYH, continues to serve as the Chairman of the Board of the Acibadem group of companies, which includes A Plus, Acibadem Project Management, Acibadem Mobile Services and Acibadem Labmed. He is also the Chairman of the Turkish Accredited Hospitals Association and Vice Chairman of Private Hospitals and Healthcare Institutions Association (OHSAD).

As of 2015, Mr Aydinlar has been serving on the board of the Foreign Economic Relations Board (DEIK). This institution is responsible for leading foreign economic relations within the Turkish private sector in a myriad of sectors, as well as for increasing the export volume of Turkish businesses and coordinating similar business development activities.

A certified public accountant-turned-entrepreneur, Mr Aydinlar has been recognised for his extensive experience in management and involvement in the healthcare sector since 1993. Mr Aydinlar was chosen "Ernst & Young Entrepreneur of the Year, Turkey" for the year 2018 and in 2015, Mr Aydinlar received the "Lifetime Achievement Award" from Bogazici University, one of the most prestigious higher education institutions in Turkey. Prior to this, he was elected "Business Man of the Year" by the same university. Mr Aydinlar was also awarded "The Eminent Services Award of the Grand National Assembly of Turkey" in 2010. He was also chosen to be "The Person with Most Contribution to Development of Healthcare" by the Turkish Healthcare Volunteers Organisation. In 2006, he was named "Male Entrepreneur of the Year" in a survey conducted by Ekonomist Magazine and "Business Executive of the Year" by Dunya Newspaper and Istanbul University's School of Business Administration.

Being a philanthropist, Mr Aydinlar is also the Chairman of the Board of Trustees of Acibadem University, an ambitious social responsibility undertaking initiated by Mr Aydinlar to advance healthcare in Turkey through education and research. For two years in a row, Mr Aydinlar was recognised by Capital Magazine for his philanthropic efforts as one of the top business people with the most charitable donations, ranking at number five in 2014.

Academic/Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

Tahsin Güney

Chief Executive Officer, Acibadem Saglik Yatirimlari Holding A.S

Nationality: Turkish
Age: 52 (As at 3 April 2019)
Date of Joining: 1 March 2019

Work Experience

Mr Tahsin Güney was appointed as the Chief Executive Officer of Acibadem Saglik Yatirimlari Holding A.S on 1 March 2019. He is a highly experienced healthcare professional with deep knowledge on hospital operations and management. He first joined Acibadem in 2008 as Planning and Business Development Director and has served as Deputy General Manager since 2013.

Armed with a Bachelor's degree in Public Administration and a Master's degree in Actuarial Science and Statistics, Mr Tahsin Güney started his career in 1990 as an Assistant Inspector at Turkey's Social Security Agency, where he rose through the ranks to become Acting President and Acting President of the Board in 2008.

Academic/Professional Qualification(s)

- Bachelor of Public Administration, Middle East Technical University, Ankara, Turkey
- Master of Actuarial Science and Statistics, City University, London, UK

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

Prof Abdul Aziz Baba

President, IMU Health Sdn Bhd

Nationality: Malaysian
Age: 63 (As at 3 April 2019)
Date of Joining: 1 July 2013

Work Experience

Professor Abdul Aziz Baba was promoted as the President of IMU Health Sdn Bhd, a wholly-owned subsidiary of IHH Healthcare Berhad ("IHH"), on 1 January 2018. Since 1 January 2016, he is also the Chief Executive Officer and Vice-Chancellor of IMU Education Sdn Bhd, a wholly-owned subsidiary of IHH, responsible for operating the International Medical University ("IMU"). Prior to assuming this role, Prof Aziz served as Vice President of IMU since 1 November 2013, a role he was promoted to since joining IMU in 1 July 2013 as Vice President with responsibility for the Medical and Dental Programme.

Before he joined IMU, Prof Aziz held several key academic administrative positions at the School of Medical Sciences (SMS) of Universiti Sains Malaysia (USM). These included the positions of Dean (2005–2012) and Deputy Dean (2003–2005). Preceding this he served as a Professor (2000), Associate Professor (1992) and Lecturer and Clinical Haematologist/ Oncologist at USM's SMS, following the completion of his postgraduate training in 1986. During his tenure with USM, Prof Aziz was instrumental in establishing the Clinical Haematology and Stem Cell Transplantation service at USM's teaching hospital, HUSM.

Prof Aziz undertook his undergraduate medical training at the University of Melbourne on a Colombo Plan scholarship and graduated in November 1979. He subsequently trained in Internal Medicine, Haematology and Medical Oncology at several leading overseas institutions in Singapore, Scotland and Melbourne, Australia.

His past national appointments include those of President of the Malaysian Society of Haematology and Chairman of the National Conjoint Board for Postgraduate Medical Programmes, as well as Chairman of the Specialist Advisory Committee (Clinical Haematology) of the National Specialist Register. Prof Aziz has also been a member of the Malaysian Medical Council (MMC) and has served the MMC on several accreditation visits to local and foreign medical institutions. Currently he serves as a member of the Joint Technical Committee of the Malaysian Medical Council, the Executive Committee of the National Cancer Council Malaysia (MAKNA) and the Vice Chancellor's Council for Private University (VCCPU).

Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), University of Melbourne, Australia
- Membership of the Royal Colleges of Physicians of the United Kingdom
- Membership of the Royal College of Physicians of Ireland, Dublin
- Fellow of the Royal College of Physicians of Edinburgh (UK)
- Member, Academy of Medicine Malaysia

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

Sharon Teo Fay Lin

Group Chief Human Resources Officer

Nationality: Singaporean
Age: 50 (As at 3 April 2019)
Date of Joining: 10 March 2017

Work Experience

Ms Sharon Teo Fay Lin joined IHH Healthcare Bhd ("IHH") on 10 March 2017. She is a Human Resources practitioner with more than twenty years' HR experience across a broad spectrum of pharmaceutical, manufacturing and FMCG MNCs and local enterprises.

Prior to joining IHH, Ms Teo served with Avery Dennison Singapore Pte Ltd in various positions, beginning as the HR Director for its' ASEAN business before leading Integration and Transformation at the East Asia and Pacific level. She was subsequently promoted as the HR Director for the Materials Group at the ASEAN level.

Preceding this, Ms Teo held senior positions in pharmaceutical and healthcare MNCs, such as Novartis Asia Pacific Pharmaceutical Pte Ltd, where she served as the Human Resources Manager and Regional Human Resources Manager, Asia Pacific before being promoted as the Head of Talent Management, Organization Development and Staffing, Asia Pacific. Prior to that, she served at Bausch & Lomb Sdn Bhd as the Regional Human Resources Administrator, South Asia before rising to the position of Human Resources and Administration Manager, Malaysia and Singapore. Ms Teo began her career at Yeo Hiap Seng (M) Berhad as a Human Resources Executive in 1993.

Academic/Professional Qualification(s)

- Bachelor of Arts in Psychology, Anthropology and Sociology, National University of Malaysia
- Certificate in Personnel Management, Malaysian Institute of Personnel Management
- Leadership Versatility Index Certification and Realise2 Accreditation Programme
- DDI Facilitator Certifications (Leadership Assessment and Targeted Selection)
- 360° Coaching Accreditation and Occupational Climate Survey

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

GROUP MANAGEMENT

Audrey Huang Lok Sen

Group Head, Internal Audit

Nationality: Singaporean
Age: 63 (As at 3 April 2019)
Date of Joining: 1 March 2013

Work Experience

Ms Audrey Huang was appointed the Group Head of Internal Audit of IHH Healthcare Berhad ("IHH") on 1 March 2013. In this position, she is responsible for managing the internal audit functions of the Group's overall system of internal controls, risk and governance.

Ms Huang brings to the table more than 30 years experience in auditing, including external audit experience with one of the big four accounting firms as well as internal audit experience with various financial institutions.

Prior to joining IHH, Ms Huang had served as the Head of Internal Audit of Parkway Pantai Limited following its incorporation on 21 March 2011. Before that, she was Head of Internal Audit of Parkway Holdings Limited from 21 February 2005.

In 2013, she obtained the Certification in Risk Management Assurance ("CRMA") from the Institute of Internal Auditors, Inc USA, thereby strengthening her portfolio of skills.

Academic/Professional Qualification(s)

- Fellow member of the Association of Chartered Certified Accountants (UK)
- Member of the Institute of Singapore Chartered Accountants
- Member of the Malaysian Institute of Accountants
- Member of the Institute of Internal Auditors, Singapore

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

Nili Shayrina binti Saat

Head, Risk Management

Nationality: Malaysian
Age: 44 (As at 3 April 2019)
Date of Joining: 19 November 2018

Work Experience

Ms Nili Shayrina binti Saat has more than 20 years of experience in Risk Management with broad industry experiences across property development, constructions, media, oil and gas, hotel, education and agriculture with regional exposure in Indonesia, Thailand, Singapore, India and the Middle East.

Prior to joining IHH in 2018, she was the Director of Business Process and Risk Management for Eagle Hills Properties in Abu Dhabi and oversaw the risk management and business process improvement functions. Preceding this she was the Innovation Chief of Iskandar Investment, spearheading the Innovation initiatives for the organisation.

Academic/Professional Qualification(s)

- Bachelor of Arts (Hons) in Accounting and Finance of Lancaster University, UK

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
- Does not have any conflict of interest with the Company
- Does not have any convictions for offences within the past five years other than for traffic offences, if any

CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

At IHH Healthcare Berhad ("IHH" or "the Company"), together with its subsidiaries ("the Group"), we recognise that building a culture of integrity in today's highly competitive marketplace is vital to the ongoing success and sustainability of our operations. Underpinning the high standards we demand in every aspect of our operations is our commitment to the principles and practice of good corporate governance.

In addition to delivering sustainable value and enhancing business integrity, good governance essentially reciprocates the confidence that our investors and other stakeholders place in us as we deliver on our corporate objectives and vision.

The Board of Directors ("Board"), Management and staff of the Group affirm their commitment to upholding the guidelines, policies and practices of our corporate governance framework, which is modelled upon the best practices of the following industry-leading standards:

- Malaysian Code on Corporate Governance ("MCCG");
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
- Corporate Governance Guide: Moving from Aspiration to Actualisation by Bursa Securities ("CG Guide").

The requisite of good governance is accountability. At IHH, this begins at the top. Our Board is accountable for providing clear and accurate information to our investors, customers, employees, agencies and other stakeholders.
To further this objective, the Board subscribes to internal guidelines on corporate disclosure policies and procedures based on the best practices recommended by Bursa Securities.
The Group also abides by the guidelines of the respective regulators and authorities of the various countries in which it operates.

The Board is pleased to present this statement pursuant to Paragraph 15.25 of the MMLR, in respect of the financial year ended 31 December 2018 ("CG Overview Statement"). The CG Overview Statement serves to show how our measures align with the principles of good governance in accordance with the MCCG. These comprise:

(A) Board Leadership and Effectiveness;

(B) Effective Audit and Risk Management; and

(C) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The CG Overview Statement shall be read together with the Corporate Governance Report 2018, which is available on the Company's website at www.ihhhealthcare.com/corporate-governance.html.

Corporate Governance Framework

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

The Board is elected to oversee the management of the business and affairs of IHH and the Group as a whole, with the goal of enhancing long-term shareholder value and contributing to the success of the Company. The Board makes major policy decisions, participates in strategic planning, reviews the performance and effectiveness of the Management and ensures overall accountability for the Group's growth.

Each member of the Board is expected to act with a view towards the best interests of the Company. The Board is also mandated to assess the effectiveness of the Board as a whole, its committees and the contributions of individual Directors. The Board believes that the Company's governance system is effective with appropriate structures and procedures in place.

Board Charter

The Board Charter lists out the principles for the operation of the Board, whose members are stewards of the Company. It describes the functions of the Board and Board Committees and those functions delegated to Management of the Company.

The Board Charter is available for reference on the Company's website at www.ihhhealthcare.com/corporate-governance.html.

The Board shall review the Board Charter as and when it deems fit to ensure its applicability to the Company's operating environment. The Board Charter was last reviewed by the Board in May 2016.

Limits of Authority

The Limits of Authority ("LOA") are a set of authority limits for the Board, Board Committees, Managing Director & Chief Executive Officer ("MD & CEO") and Senior Management personnel, which are in compliance with the principles of good corporate governance. Although the operations of the Group are governed by the LOA, the overall management and control of the business and affairs of the Group still vests with the Board. Where necessary, the Board shall review the LOA to tailor to the Group's operating environment. The LOA was last reviewed by the Board in August 2018.

Whistleblowing Policy

It is in the interest of our stakeholders that we maintain confidence in the integrity of the operations of IHH and its major operating subsidiaries. We have established a confidential reporting procedure that enables employees to raise concerns to prevent or deter improper activities. The Whistleblowing Policy also ensures that whistleblowers are protected from retaliation or reprisal as a result of making the information known in good faith.

Any concern about unethical behaviour or serious misconduct should first be raised with the immediate superior or respective Human Resource department where possible, or via email to governance@ihhhealthcare.com. Alternatively, employees may choose to write in confidence directly to the MD & CEO of IHH. Where reporting to Management is a concern, the report should be made in confidence to the Chairman of IHH.

Read about our Whistleblowing Policy at www.ihhhealthcare.com/corporate-governance.html.

Division of Roles and Responsibilities between the Chairman and the MD & CEO

At IHH, the roles and responsibilities of the Chairman and MD & CEO are separated and clearly defined. The Chairman is responsible for the leadership of the Board and is instrumental in creating the necessary conditions inside and outside the boardroom. The Chairman promotes and oversees the highest standards of corporate governance within the Board and Company. The MD & CEO undertakes the day-to-day management of the Company, in line with the strategy and objectives approved by the Board.

Board Committees

Board Committees are set up to manage specific tasks for which the Board is responsible within clearly-defined Terms of Reference ("TOR"). This ensures that the members of the Board can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

The Board has to date established the following Board Committees:

- Audit Committee ("AC")
- Risk Management Committee ("RMC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Steering Committee ("SC")

The TOR of the relevant Board Committees are available on the Company's website at www.ihhhealthcare.com.

Audit Committee

The AC assists the Board in fulfilling its statutory and fiduciary responsibilities relating to the monitoring and management of financial risk processes along with its accounting practices, system of internal controls as well as the management and financial reporting practices of the Group. To achieve these, the AC oversees the reports of external and internal auditors and safeguards the integrity of financial reporting, as well as ensures a sound system of internal controls to safeguard and enhance enterprise value. It also oversees the implementation of the Whistleblowing Policy for the Group.

The composition and the summary of meetings attended by the AC members, as well as the work carried out by the AC, are set out separately in the AC Report as laid out on pages 121 to 125 of this Annual Report.

Risk Management Committee

The RMC assists the Board in ensuring the implementation of effective risk management processes for the Group and clinical governance to ensure the delivery of high quality and safe patient care across the Group. Its role includes reviewing the management in key risks and clinical quality indicators across the Group's operations in different jurisdictions and ways to improve and enhance the clinical quality.

The composition and the summary of meetings attended by the RMC members, as well as the work carried out by the RMC, are set out separately in the RMC Report as laid out on pages 126 to 127 of this Annual Report.

Nomination Committee

The NC plays a key role in the oversight of the nomination and selection process of the Board members and Senior Management, assesses and monitors the composition and effectiveness of the Board and undertakes development needs and succession planning initiatives for the Board and the Group as a whole.

The composition and the summary of meetings attended by the NC members, as well as the work carried out by the NC, are set out separately in the NC Report as laid out on pages 114 to 118 of this Annual Report.

Remuneration Committee

The RC is responsible for recommending and reviewing remuneration policies, the remuneration framework and performance measures of individual Directors and the Senior Management.

The composition and the summary of meetings attended by the RC members, as well as the work carried out by the RC, are set out separately in the RC Report as laid out on pages 119 to 120 of this Annual Report.

Steering Committee

The SC functions to assist the Board in reviewing the Group's long-term and short-term strategies, evaluating major transactions, material borrowings, any investment projects, broad procurement strategy and procurement and tender processes that any of the Group entities may undertake.

The SC comprises the following members:

Chairman:	Dato' Mohammed Azlan bin Hashim
Members:	Dr Tan See Leng
	Chintamani Aniruddha Bhagat
	Takeshi Saito
	Quek Pei Lynn (Alternate to Chintamani Aniruddha Bhagat)

Company Secretaries

The Board has ready and unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries support the Board in its leadership role, discharge of fiduciary duties and as stewards of governance. They provide an important advisory role to the Board on issues relating to corporate governance and compliance with applicable statutory and regulatory rules.

Summary of Board Activities in the Financial Year 2018

Pursuant to the Board Charter, the Board, among others, assumed the following roles and responsibilities during the financial year 2018, which are discharged in the best interests of the Company in pursuance of regulatory and commercial objectives:

- reviewing and setting the strategic direction of the Group including evaluating acquisition opportunities which fit into the Group's overall strategy;
- overseeing and evaluating the conduct of the Group's businesses;
- identifying top tier risks and ensuring the implementation of appropriate systems to manage these risks;
- establishing succession plans;
- establishing and implementing a good Investor Relations programme and shareholders' communication policy; and
- reviewing the adequacy and the integrity of the Group's internal control and management information systems.

The Board held its Board Retreat ("BR") in October 2018 to discuss the strategic intent of the Group moving forward. The BR was attended by a majority of Board members, Senior Management and the relevant Heads of Department of the Group. At the BR, the Board discussed the strategic plans to deliver growth outcomes for the Group. The BR included presentations from external consultants on, among others, enhancements to clinical governance and quality care, as well as the operating model of the future. The outcome of the BR saw both the Board and Management establishing a shared understanding of the Group's strategic goals, objectives and actions moving forward.

The Board is committed to acting in the best interests of the Group and its shareholders by exercising due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied at all times. We undertake this through compliance with the relevant rules, regulations, directives and guidelines, in addition to adopting the best practices in the MCCG and CG Guide.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Meeting Attendance

During the financial year under review, the Board met 15 times. The details of the attendance of the Board members are as follows:

Director	Designation	Total Meetings Attended
Dato' Mohammed Azlan bin Hashim *(Re-designated as Independent Non-Executive Director on 27 November 2018)*	Chairman, Independent Non-Executive Director	15/15
Dr Tan See Leng	Managing Director and Chief Executive Officer, Non-Independent Executive Director	15/15
Mehmet Ali Aydinlar *(Re-designated as Non-Independent Non-Executive Director on 1 March 2019)*	Non-Independent Non-Executive Director	9/15[(ii)]
Chintamani Aniruddha Bhagat	Non-Independent Non-Executive Director	12/15[(i)]
Koji Nagatomi	Non-Independent Non-Executive Director	11/15[(i)(ii)]
Chang See Hiang	Senior Independent Non-Executive Director	15/15
Rossana Annizah binti Ahmad Rashid	Independent Non-Executive Director	14/15
Shirish Moreshwar Apte	Independent Non-Executive Director	14/15[(ii)]
Jill Margaret Watts *(Appointed on 4 April 2018)*	Independent Non-Executive Director	9/11[(ii)]
Takeshi Saito *(Ceased as the Alternate Director to Koji Nagatomi and appointed as Non-Independent Non-Executive Director on 28 March 2019)*	Non-Independent Non-Executive Director	12/15[(i)(ii)]
Quek Pei Lynn (Alternate Director to Chintamani Aniruddha Bhagat)	Non-Independent Non-Executive Director	12/15[(i)]
Kuok Khoon Ean *(Retired on 28 May 2018)*	Independent Non-Executive Director	7/8[(ii)]

Notes:
Directors did not participate in certain meetings held during the financial year due to:
(i) conflict; and
(ii) scheduling conflict in respect of the ad-hoc meetings convened by way of short notice.

2. BOARD COMPOSITION

Our Board consists of individuals of different backgrounds, academic qualifications, experience, knowledge and skills. This allows the Board as a whole to draw on a diverse yet balanced group of individuals to provide insights, perspectives and independent judgement to lead and steer the business of the Group.

Independent Directors

Independent Directors are appointed to ensure objectivity to the oversight function of the Board and evaluate the performance and well-being of the Company without having any conflict of interest or undue influence. They act independently of Management and are free from any business or other relationships that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

The Board, as at the date of this CG Overview Statement, consists of eleven members out of which, five members are Independent Non-Executive Directors ("INED"), including the Chairman. Following the cessation of Dato' Mohammed Azlan bin Hashim ("Dato' Azlan") as a nominee director of Khazanah Nasional Berhad, a major shareholder of the Company, with effect from 7 November 2018, the NC has made an assessment on Dato' Azlan and recommended the re-designation of Dato' Azlan as an Independent Non-Executive Chairman of the Company based on the following justifications:

(i) Dato' Azlan has fulfilled the "independent director" criteria as stipulated under the MMLR; and
(ii) Dato' Azlan is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of IHH.

Based on the recommendation of the NC, the Board has re-designated Dato' Azlan as INED with effect from 27 November 2018.

A Senior INED, to whom concerns from the other Directors, the public or investors may be conveyed, has also been identified. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior INED via email at sid@ihhhealthcare.com.

To date, none of our INEDs have exceeded a cumulative term of nine years.

However, the nine-year tenure of two of our INEDs will approach in 2021. As such, our NC and Board will commence a careful evaluation to determine the retainment of these INEDs. The Board will comply with the recommendation of the MCCG, which states that the tenure of an independent director should not exceed a cumulative term of nine years unless shareholders' approval is obtained for such director to be retained as an independent director or to continue to serve on the board subject to the director's re-designation as a non-independent director.

Diversity Policy

The Company recognises that a Board comprising individuals of diverse backgrounds and perspectives, serving a common purpose, is a compelling competitive advantage for the Company. The Board leverages the strengths of the differences in skills, regional and industry experience, background, age, race, gender and other qualities of our Directors in maintaining a competitive advantage. These differences are considered in determining the optimum composition of the Board. The criteria, process and requirements to be undertaken by the NC and Board in discharging their responsibilities in terms of nomination, assessment and re-election of the Board members are set out in the Policy on Nomination and Assessment Process of Board Members adopted by the Company. Besides the above, the Company has also adopted a Boardroom Diversity Policy which sets out the approach to diversity on the Board including gender, age and ethnic diversity.

Read about our Boardroom Diversity Policy at www.ihhhealthcare.com/corporate-governance.html.

Annual Evaluation

The Board, through the AC and NC respectively, had conducted the annual evaluation on the effectiveness of the Board, Board Committees, individual Directors (including INEDs), MD & CEO, Group Chief Financial Officer ("GCFO") and external and internal auditors. This was facilitated internally by the Company Secretaries/Human Capital Management. The evaluation was conducted in the form of self-evaluation, evaluation by the NC and one-on-one sessions with the NC Chairman.

The following are the points of assessment for the Board, Board Committees and individual Directors:

Board	Board Committees	Individual Directors
• Board composition and structure • Dynamics and culture • Operations • Partnership with the Executive Team • Meeting administration and continuous development • Effectiveness of the Board Chairman	• Composition and experience of members • Fulfilment of objectives in line with their respective TORs • Effectiveness and efficiency of the decision-making process • Quality of information communicated to the Board • Effectiveness of the Board Committees' Chairmen	• Fit and proper • Contributions and performance • Continuous development • Affirmation of Independence (for INEDs)

The Board, having reviewed the performance of the respective persons/parties from the evaluation findings, is satisfied that:

(a) the Board and Board Committees are effective as a whole, considering the required mix of skills, size and composition, experience, integrity, core competencies, time committed and other qualities in carrying out their duties and responsibilities to steer the Group;

(b) the AC has consistently performed well during the financial year and discharged its duties and responsibilities satisfactorily in upholding the integrity of financial reporting and managing financial risks in accordance with its TOR. The AC members have sound judgement, objectivity, an independent attitude, professionalism, integrity and knowledge of the industry and are financially literate;

(c) the NC, RC and RMC have consistently performed well during the financial year and discharged their respective duties and responsibilities satisfactorily in accordance with their TORs under the chairmanship of the NC, RC and RMC Chairmen respectively;

(d) the five INEDs of the Company are independent from the management and free from any business or other relationships which could interfere with the exercise of independent judgement. The INEDs have continuously brought independent and objective judgement to the Board deliberations;

(e) each of the Directors, including the MD & CEO, has the character, experience, integrity, competence and time to effectively discharge his or her respective roles;

(f) the GCFO has the character, experience, integrity, competence and time to effectively discharge his role; and

(g) the external auditors, KPMG PLT, have discharged their duties independently, as well as adopted an objective approach in their audit process. The Board considered the performance of KPMG PLT and was satisfied with KPMG PLT's calibre and hence, recommended that KPMG PLT be re-appointed as the external auditors of the Company for the financial year ending 31 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Based on the assessment of the individual Directors seeking re-election at the forthcoming Ninth Annual General Meeting ("AGM") of the Company, and at the recommendation of the NC, the Board has recommended for the shareholders to vote in favour of the relevant resolutions with regard to the re-election of the Directors as stipulated in the Notice of Ninth AGM.

Directors' Training

The Company encourages all Directors to attend appropriate programmes, courses and seminars to stay abreast of relevant business development and the outlook in the industry and marketplace, locally and abroad.

The organisation of such programmes is facilitated by the Company Secretaries. The Company Secretaries also maintain the details of the training attended by the Directors.

Jill Margaret Watts, who was appointed as an INED of the Company on 4 April 2018, attended the Mandatory Accreditation Programme (MAP) on 23–24 July 2018.

The training programmes attended by the Directors during the financial year 2018 are as follows:

Director	List of Training, Conferences, Seminars, Workshops Attended	
Dato' Mohammed Azlan bin Hashim	(i) Gleneagles Hong Kong Operation Tour (ii) Labuan International Business and Financial Centre Asian Captive Conference 2018 (iii) Update on Malaysian Corporate Governance 2017 (iv) Future Products & Application — Smart RGB LED — Automotive Interior Trend — RGB Ambient Lighting	(v) SingHealth Duke — NUS Scientific Congress (vi) Asian Healthcare Leadership Summit 2018 — Innovation, Entrepreneurship & Disruption in Healthcare (vii) Global Islamic Finance Forum (viii) IHH Quality Summit (ix) IHH Board Retreat
Dr Tan See Leng	(i) 36th Annual JP Morgan Healthcare Conference (ii) Master Class in Liver Disease Forum (iii) Honour International Symposium 2018 (iv) IHH Quality Summit (v) Khazanah Megatrends Forum (vi) South China Morning Post — China Conference (vii) IHH Board Retreat	(viii) GIC Insights 2018 — The New China Economy (ix) Bloomberg New Economy Forum (x) Acibadem Maslak Hospital Tour (xi) Singapore Ministerial Conference on Diabetes 2018 (xii) 15th Confederation of Indian Industry Health Summit 2018: Indian Healthcare — A Changing Paradigm
Mehmet Ali Aydinlar	(i) Sector Meetings 7 — Clinical Trials	(ii) IHH Board Retreat
Koji Nagatomi	(i) Could We Believe in the Healthcare Information? — Prevention of Cancer and Research of Epidemiology	(ii) Healthcare System and Nursing Care System in Japan — The Impact of Medical Treatment Fee Revision in 2018 (iii) IHH Board Retreat
Chintamani Aniruddha Bhagat	(i) 36th Annual JP Morgan Healthcare Conference (ii) Focusing Capital on the Long-Term Summit 2018 (iii) India Today Conclave (iv) HBI Summit 2018 (v) HT-MintAsia Leadership Summit (vi) Milken Institute 2018 Asia Summit	(vii) Asian Healthcare Leadership Summit 2018 (viii) Khazanah Megatrends Forum (ix) IHH Board Retreat (x) Acibadem Maslak Hospital Tour (xi) Khazanah Nasional Berhad Board Retreat (xii) 15th CII Health Summit
Chang See Hiang	(i) IHH Board Retreat	

Director	List of Training, Conferences, Seminars, Workshops Attended	
Rossana Annizah binti Ahmad Rashid	(i) Gleneagles Hong Kong Operation Tour (ii) EPF International Social Security Conference (iii) EPF Global Private Equity Summit 2018 (iv) IHH Quality Summit	(v) Khazanah Megatrends Forum (vi) Bursa Malaysia Independent Directors Programme "The Essence of Independence" (vii) Acibadem Maslak Hospital Tour
Shirish Moreshwar Apte	(i) 36th Annual JP Morgan Healthcare Conference	(ii) IHH Board Retreat (iii) Acibadem Maslak Hospital Tour
Jill Margaret Watts	(i) Mandatory Accreditation Programme (ii) IHH Board Retreat	(iii) World Innovation Summit for Health
Takeshi Saito	(i) Could We Believe in the Healthcare Information? — Prevention of Cancer and Research of Epidemiology	(ii) IHH Board Retreat (iii) Acibadem Maslak Hospital Tour
Quek Pei Lynn *(Alternate Director to Chintamani Aniruddha Bhagat)*	(i) 36th Annual JP Morgan Healthcare Conference (ii) In-house Programme: License to Hire (iii) Managing Crucial Conversation — Part 1: Board Conversations (iv) In-house Programme: Saville Assessment International Accreditation Workshop	(v) Managing Crucial Conversation — Part 2: Leadership Conversation — With Stakeholders/Staff (vi) IHH Quality Summit (vii) Khazanah Megatrends Forum (viii) IHH Board Retreat

The Board, through the NC, also assessed the training needs of its Directors by referring to the list of trainings attended by each of the Directors during the financial year under review. The Board was satisfied that the training attended by the Directors in year 2018 was appropriate and aided the Directors in the discharge of their duties. The Directors were encouraged to attend relevant training programmes to enhance their ability in discharging their duties and responsibilities as Directors.

3. REMUNERATION

As the Company grows, we believe in appropriate remuneration for our talents by aligning pay and performance against the key strategic drivers of our long-term growth. Our policy on Directors' remuneration serves to attract, retain and motivate capable Directors to manage the Group successfully. The remuneration packages have been carefully aligned with industry practices, taking into account the appropriate calibre of each talent, while upholding the interests of our shareholders.

The Executive Directors' remuneration package is designed in such a way that it links the rewards to corporate and individual performance. The RC is responsible for reviewing and recommending to the Board the policy and framework of the Directors' remuneration and the remuneration package for our Executive Directors. In the process, the RC may receive advice from external consultants for the recommendation of the Group's remuneration policy. The Board takes the ultimate responsibility of approving the remuneration of these Directors.

The Non-Executive Directors' ("NEDs") remuneration package reflects the merits, valuable contribution and level of responsibilities undertaken by the individual NED. The Board determines the fees payable to NEDs, and individual Directors do not participate in decisions regarding their own remuneration package.

The details of aggregate remuneration of Directors for the financial year ended 31 December 2018 are as follow:

	Company				Subsidiaries				
	Salaries RM'000	Fees RM'000	Bonus, Incentives & Others RM'000	Benefits-in-kind RM'000	Salaries RM'000	Fees RM'000	Bonus, Incentives & Others RM'000	Benefits-in-kind RM'000	Group Total RM'000
Executive Directors									
Dr. Tan See Leng	2,248	–	21,823	79	2,349	–	9,530	146	36,175
Mehmet Ali Aydinlar *(Re-designated as Non-Independent Non-Executive Director on 1 March 2019)*	–	–	–	–	866	2,065	4,788	–	7,719
Total	**2,248**	**–**	**21,823**	**79**	**3,215**	**2,065**	**14,318**	**146**	**43,894**
Non-Executive Directors									
Dato' Mohammed Azlan bin Hashim *(Re-designated as Independent Non-Executive Director on 27 November 2018)*	–	832	–	25	–	128	–	–	985
Chintamani Aniruddha Bhagat[1]	–	476	–	–	–	150	–	–	626
Koji Nagatomi[1]	–	295	–	–	–	–	–	–	295
Chang See Hiang	–	556	–	–	–	28	–	–	584
Rossana Annizah binti Ahmad Rashid	–	656	–	–	–	211	–	–	867
Kuok Khoon Ean *(Retired on 28 May 2018)*	–	140	–	–	–	–	–	–	140
Shirish Moreshwar Apte	–	631	–	–	–	91	–	–	722
Jill Margaret Watts *(Appointed on 4 April 2018)*	–	337	–	–	–	–	–	–	337
Takeshi Saito[1] *(Ceased as the Alternate Director to Koji Nagatomi and appointed as Non-Independent Non-Executive Director on 28 March 2019)*	–	70	–	–	–	78	–	–	148
Quek Pei Lynn[1] (Alternate Director to Chintamani Aniruddha Bhagat)	–	–	–	–	–	40	–	–	40
Total	**2,248**	**3,993**	**21,823**	**104**	**3,215**	**2,791**	**14,318**	**146**	**48,638**

1. Fees for representatives of Pulau Memutik Ventures Sdn Bhd and Mitsui & Co., Ltd on the Board are directly paid to Khazanah Nasional Berhad and Mitsui & Co., Ltd, respectively.

Senior Management's Remuneration

There is a guideline and policy in place which defines the pay range (based on market data) of different levels of senior management according to a job grade structure. A review of the job grade structure has been undertaken to enable consistent adoption and application across the Group.

The Company's remuneration policy is based on competitive and market-aligned guidelines, taking into account the different levels of Senior Management according to roles, responsibilities and levels of accountability.

The Board determines all bonuses and share-based payments, at the recommendation of the RC. This is done after reviewing the individual performance appraisals and achievements of the key performance indicators (KPIs) of the Group's Balanced Scorecard, which was approved by the Board at the beginning of the financial year. This ensures that the remuneration packages for our Senior Management are fair, equitable and competitive and commensurate with their individual performance, taking the Group's performance into consideration.

PRINCIPLE B — EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

The Group undertook a restructuring exercise in the previous financial year, involving the Board and Board Committees across the Group to, among others, simplify and streamline the overall governance structure of the Group. Consequential thereto, the Audit and Risk Management Committee (ARMC) was split into an AC and an RMC, respectively with effect from 1 July 2018.

The audit and internal control functions are undertaken by the AC. The AC comprises four INEDs from diverse backgrounds with extensive experience in healthcare, banking and finance, legal and corporate governance.

Review of External Auditors

In line with market practice, the Company performs a major review of our external auditors every five years. Management assesses the experiences, capabilities, audit approach and independence of the audit firms we engage, and subsequently recommends their appointment or reappointment to the AC for approval.

On an annual basis, Management will review the service levels of the auditors, agree on amendments to their scope of work to address new developments in the business and recommend their reappointment to the AC. All major non-audit services proposed by the auditors are presented to the AC to determine if the auditors' independence will be compromised.

The annual evaluation of the external auditors is also carried out via evaluation forms by the MD & CEO, GCFO, the internal auditors and the AC. The review measures areas including objectivity and independence, technical competence and ability, understanding of IHH Group's businesses and industry, resources assigned and capability of the engagement partner and engagement team, as well as the ability to provide constructive observations, recognise implications and make recommendations in areas needing improvement, particularly with respect to the organisation's internal control system over financial reporting.

Oversight of Financial Reporting

The Board, assisted by the AC, oversees the financial reporting processes and the quality of the financial reporting by the Group. The AC reviews the quarterly financial results and audited financial statements which are then approved by the Board before their release to Bursa Securities and Singapore Exchange Securities Trading Limited ("SGX").

Please refer to the following reports/ statements as contained in this Annual Report for further details:

- Directors' Responsibility Statement for the audited financial statements of the Company and the Group on page 140;
- Company and the Group financial statements for financial year ended 31 December 2018 on pages 142 to 297; and
- AC Report on pages 121 to 125.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Organisations worldwide face a wide range of uncertain internal and external factors that may affect the achievement of their objectives. Risk Management focuses on identifying threats and opportunities, while Internal Control helps counter threats and takes advantage of opportunities. Recognising the importance of these roles, the Company established the RMC to oversee the Group's overall risk management framework and quality delivery of the Group's medical services, with the assistance of the International Clinical Governance Advisory Council (ICGAC).

The RMC comprises four INEDs from diverse backgrounds, from healthcare to banking and finance, legal and corporate governance. These appointed members have been carefully chosen for their sound judgement, objectivity, integrity, management experience and keen knowledge of the industry.

The Board is of the view that the system of internal control and risk management in place during the financial year 2018 is sound and sufficient to safeguard the Group's assets and shareholders' investments, as well as the interests of customers, regulators, employees and other stakeholders.

Please refer to the AC Report, RMC Report and Statement on Risk Management and Internal Control as laid out on pages 121 to 125, pages 126 to 127 and pages 128 to 134 respectively of this Annual Report for further details on the risk management and internal control framework of the Group.

Internal Audit

A key duty of the AC is to oversee the Company's internal controls. The independent internal audit function of the Group is an important resource to help carry out this responsibility. The Group's Internal Audit function is undertaken in-house (excluding the IMU Group) and reports directly to the AC. The internal audit function of Fortis Healthcare Limited Group, which is acquired in November 2018, is undertaken in-house and supported by outsourced independent internal audit firms. The Group's Internal Audit is guided by international standards and professional best practices of Internal Audit. The Group Internal Audit uses structured risk-based and strategic-based approaches to develop its strategic audit plan, which is reviewed and approved by the AC annually.

The internal audit function is further disclosed in the AC Report and Statement on Risk Management and Internal Control on pages 121 to 125 and pages 128 to 134 respectively of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C — INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

Regular communication is a key thrust to building confidence between the Group and its stakeholders, shareholders and the investing community at large. Management is committed to provide information that accurately and fairly represents the Group to ensure our stakeholders have clear insights into the Group's strategy and financial performance.

The Company ensures that its communication with various stakeholders through various means complies with the following criteria:

Transparent
Information will be released in a balanced and fair manner

Accurate
Information should be complete and accurate when released

Consistent and Timely
All stakeholders will receive the same information through broad public dissemination, which is made as and when possible

In view of the Company's dual listing status, we are obliged to adopt the MCCG and Singapore Code of Corporate Governance, as well as the disclosure obligations under the MMLR and the Mainboard Rules of SGX, where applicable, in all of our communications.

Please refer to pages 30 to 33 of this Annual Report for more about how the Company engages our key stakeholders and pages 136 to 137 of this Annual Report for our Investor Relations Report section on shareholder engagement.

2. CONDUCT OF GENERAL MEETINGS

AGM

IHH regards accountability as a key value for our stakeholders and shareholders. Shareholders are invited to attend our AGM, the Group's principal platform for meaningful dialogue between private and institutional shareholders with the Board and Management of the Group. This platform also offers the opportunity for the Group to obtain constructive and valuable feedback from IHH's shareholders.

Before proceeding with the agenda of the AGM, the MD & CEO presents to the shareholders the operational and financial performance of the Group during the year under review and an overview of the growth strategies of the Group moving forward. This accords our shareholders with a better understanding of their investment.

IHH values the feedback and input from our stakeholders. Shareholders are encouraged to participate in the proceedings. We ensure sufficient time is provided for shareholders to ask questions on the Group's performance, and on any resolutions proposed, with the Management on site to address concerns raised by our shareholders.

During the AGM, queries raised by the Minority Shareholder Watchdog Group (MSWG) on IHH's business or other pertinent governance issues raised prior to the meetings, and feedback, are shared with all shareholders. In addition, the results of the voting of each resolution are immediately announced after the voting process.

The Notice and agenda of the AGM, together with the Form of Proxy, are given to shareholders at least 28 days prior to the AGM. This gives shareholders sufficient time to prepare to attend or appoint a proxy or proxies to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of the issues involved.

The Company has also implemented an electronic poll voting at the AGM. These votes are validated by an independent scrutineer engaged by IHH.

All Directors and Senior Management attend and are available at the AGM to address shareholders' questions relating to functions and activities within their purview, unless another pressing commitment precludes them from doing so.

A summary of the key matters discussed at the general meetings will be published on IHH's corporate website as soon as practicable after the conclusion of the general meeting.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Moving forward, the Company will continue working towards achieving higher standards of corporate governance. To achieve this objective, the Board has identified the following key focus areas and future priorities in relation to the corporate governance practices.

1. Woman Representation on Board

At the end of the financial year, the Board comprised three women Directors, one of whom is an Alternate Director, which represents approximately 27% of the Board composition.

The Board does not specify a target for boardroom diversity as the appointment of Board members should be based on objective criteria and merit and with due regard for diversity.

Nevertheless, the Board remains committed in its efforts to source for and increase women representation on the Board by 2021 depending on the availability of the right candidates.

2. Board Independence

At the end of the financial year, the Board comprised five INEDs, which represents approximately 56% of the current Board composition, post the re-designation of Dato' Mohammed Azlan bin Hashim as INED in November 2018. The Independent Directors further reinforce the objectivity and impartiality of the Board. The Board believes the current board composition provides the appropriate balance in terms of skills, knowledge, experience and independent elements to promote the interests of all shareholders and to govern the Group effectively.

The Board acknowledges that promoting good corporate governance practices is an ongoing process and as such, the Board will continuously assess and implement relevant measures to safeguard the Board's independence in the long-term whilst simultaneously ensuring it remains dynamic and in line with the needs of the Group.

COMPLIANCE STATEMENT

IHH's corporate governance (CG) structure is central to the operation of the Board and the Group, and maintaining its high standards is critical for our sustainable growth.

In this vein, we continuously explore new measures to refine the Company's governance framework to improve our system of policies and procedures to meet the expectations of our stakeholders. We strive towards a model of governance that reflects our culture of performance, compliance and accountability. We are committed to strengthening the Group's position and status as a key healthcare provider in Malaysia and the world.

The Board has reviewed, deliberated upon and approved this CG Overview Statement and the Corporate Governance Report 2018 in line with the principles and recommendations of the MCCG and in accordance with the resolution of the Board, dated 28 March 2019.

NOMINATION COMMITTEE REPORT

The Nomination and Remuneration Committee ("NRC") was established on 18 April 2012 in line with the Malaysian Code on Corporate Governance ("MCCG"). Bursa Malaysia Securities Berhad ("Bursa Securities") had amended the Main Market Listing Requirements ("MMLR") mandating the establishment of a nominating committee by all the listed issuers with effect from 1 June 2013. On 1 July 2018, the NRC was split into a Nomination Committee ("NC") and Remuneration Committee ("RC"), respectively.

ROLES OF THE NC

The NC is primarily to assist the Board in fulfilling its fiduciary responsibilities relating to the review and assessment of the nomination and selection process of Board members and Senior Management, review of Board and Senior Management succession plans and talent management, assessment of the Board, its Committees and each individual Director's performance, as well as evaluation of the training and development needs of the Board members.

The NC is governed by a clearly defined and documented Terms of Reference ("TOR"). The NC's TOR is reviewed and updated from time to time, as the need arises, to ensure that it remains relevant and up-to-date to be in line with the Group's policies and various changes in regulations. The TOR of the NC was revised and approved by the Board for adoption with effect from 1 July 2018 in light of the splitting of the NRC. The TOR of the NC is accessible for reference on the Company's website at www.ihhhealthcare.com.

In carrying out its duties and responsibilities, the NC has the following authorities:

- Perform the activities required to discharge its responsibilities and make recommendations to the Board;
- Select, engage and seek approval from the Board (within the Group's Limits of Authority) for fees for professional advisers that the NC may require to carry out its duties;
- Have full and unrestricted access to information, records, properties and employees of the Group; and
- Have access to the advice and services of the Company Secretary.

COMPOSITION AND MEETINGS

The NC is comprised exclusively of Non-Executive Directors, a majority of whom are independent and represent an appropriate balance and diversity of skills, experience, gender and knowledge.

During the year under review, NRC membership was reduced to four following the retirement of Kuok Khoon Ean as Independent Non-Executive Director of the Company after the close of the Eighth Annual General Meeting ("AGM") in May 2018.

Based on the analysis/findings of the performance evaluation of the NC, the Board is satisfied that the NC has consistently performed well and discharged its duties and responsibilities satisfactorily in accordance with its TOR under the chairmanship of the NC Chairman.

The NRC/NC met eight times during the year under review. The composition of the NRC/NC and the attendance record of its members for the year under review are as follows:

Director	Designation	Total Meetings Attended
Shirish Moreshwar Apte (Chairman)	Independent Non-Executive Director	8/8
Chang See Hiang (Member)	Senior Independent Non-Executive Director	8/8
Rossana Annizah binti Ahmad Rashid (Member)	Independent Non-Executive Director	8/8
Chintamani Aniruddha Bhagat (Member) *(Appointed on 1 March 2018)*	Non-Independent Non-Executive Director	6/6
Dato' Mohammed Azlan bin Hashim (Member) *(Resigned on 1 March 2018)*	Chairman, Independent Non-Executive Director	2/2
Kuok Khoon Ean (Member) *(Retired on 28 May 2018)*	Independent Non-Executive Director	3/4

The NRC/NC meetings were attended by the Managing Director & Chief Executive Officer ("MD & CEO") and Group Chief Human Resource Officer together with other consultants engaged on particular subject matters, upon invitation, to brief the NC on pertinent issues.

Minutes of the NC meetings would be circulated to all members for comments and extracts of the decisions made by the NC would be escalated to relevant process owners for action. The Chairman of the NC would provide a report highlighting significant points of the decisions and recommendations made by the NC to the Board and significant matters reserved for the Board's approval would be tabled at the Board meetings. The NC may call for ad-hoc meetings as and when necessary to follow through on the necessary actions post the Board's decision or to discuss matters which require urgent decisions. Urgent matters which require the NC's decision may also be sought via circular resolutions together with the proposals containing relevant information for their consideration.

SUMMARY OF ACTIVITIES

During the financial year, the NC carried out the following key activities:

(a) Reviewed the results/findings of the performance evaluation of the Board as a whole, Board Committees, individual Directors and Independent Directors in accordance with the performance evaluation criteria set out in the Corporate Governance Guide – 3rd Edition: Moving from Aspiration to Actualism by Bursa Securities, for the year 2017;

(b) Assessed the NRC's composition, performance, quality, skills, competencies and effectiveness, as well as their accountability and responsibilities for the year 2017;

(c) Undertook an assessment to review the term of office and evaluate the Audit and Risk Management Committee's overall performance and each of its members in discharging its duties and responsibilities in accordance with its TOR;

(d) Assessed and evaluated the training needs of its Directors to ensure the Directors kept abreast of regulatory changes, other developments and broad business trends;

(e) Recommended the re-election of Directors at the Eighth AGM to the Board for consideration after taking into account the composition of the Board and the required mix of skills, as well as the experience and contributions of the individual Directors, based on the assessment conducted for the year 2017;

(f) Reviewed and recommended to the Board for approval, the NRC Report for inclusion in the Annual Report 2017;

(g) Reviewed and recommended to the Board for approval, the appointment of the Group Chief Operating Officer and renewal of the contract for the Group Chief Financial Officer;

(h) Reviewed and deliberated on the Group's succession planning and talent development;

(i) Reviewed, deliberated and recommended to the Board for approval, the re-designation of Dato' Mohammed Azlan bin Hashim as Independent Non-Executive Director of the Company following the cessation of Dato' Mohammed Azlan bin Hashim as a nominee director of Khazanah Nasional Berhad, an indirect major shareholder of the Company, with effect from 7 November 2018;

(j) Reviewed and recommended to the Board for approval, the appointment of the Head of Risk Management of IHH and Country Chief Executive Officer for the Greater China Operations Division;

(k) Reviewed, deliberated and recommended to the Board for approval, the roles and functions of the Board and Board Committees of the Group, aiming to simplify and streamline the overall governance, as well as to improve the efficiency of the Group;

(l) Deliberated and recommended to the Board for approval, the renewal of the contract/job expansion of Senior Management of the Group and their corresponding compensation package upon taking into consideration their length of service, professionalism, performance and competence;

(m) Deliberated and recommended to the Board for approval, the composition of the Board and Board Committees of all operating legal entities within the Group; and

(n) Reviewed and recommended to the Board for approval, the TOR of the NC in light of the splitting of the NRC into an NC and RC respectively.

Subsequent to the financial year ended 31 December 2018, the NC carried out the following activities:

(a) Reviewed the results/findings of the performance evaluation of the Board as a whole, Board Committees, individual Directors and Independent Directors in accordance with the performance evaluation criteria set out in the Corporate Governance Guide – 3rd Edition: Moving from Aspiration to Actualism by Bursa Securities, for the year 2018;

(b) Assessed the NC's composition, performance, quality, skills, competencies and effectiveness as well as their accountability and responsibilities for the year 2018;

(c) Undertook an assessment to review the term of office and evaluate the AC's overall performance and each of its members in discharging its duties and responsibilities in accordance with its TOR;

(d) Assessed and evaluated the training needs of its Directors to ensure the Directors are kept abreast of regulatory changes, other developments and broad business trends;

NOMINATION COMMITTEE REPORT

(e) Recommended the re-election of Directors at the Ninth AGM to the Board for consideration after taking into account the composition of the Board and the required mix of skills, as well as the experience and contributions of the individual Directors based on the assessment conducted for the year 2018;

(f) Reviewed and recommended to the Board for approval, the appointment of Group General Counsel and Company Secretary;

(g) Reviewed the NC Report for inclusion in the Annual Report 2018;

(h) Reviewed, deliberated and recommended to the Board for approval the re-designation of Mehmet Ali Aydinlar as Non-Executive Director of the Company following his cessation as the Chief Executive Officer of Acibadem Saglik Yatirimlari Holding A.S.; and

(i) Reviewed, deliberated and recommended to the Board for approval, the appointment of Takeshi Saito on the Board.

SELECTION AND ASSESSMENT OF DIRECTORS

The Group has adopted the Policy on the Nomination and Assessment Process of Board Members ("Policy") that sets out the process and requirements to be undertaken by the NC and Board in discharging their responsibilities in terms of the nomination, assessment and re-election of Board members in compliance with the MMLR and MCCG. The Policy is administered by the NC.

The process for the appointment of a new director is summarised in the diagram below:

STEP 1

Candidate identified

The candidate can be identified on the recommendation of the existing Directors, Senior Management staff, shareholders or third party referrals.

STEP 2

Assessment and evaluation to be conducted by the NC

The assessment should be conducted based on the following criteria:

(i) Integrity and Judgement
(ii) Knowledge
(iii) Diversity
(iv) Commitment
(v) Independent judgement
(vi) Performance and Contribution
(vii) Experience and Accomplishments
(viii) Board interaction
(ix) Any other criteria deemed fit

For an Independent Director position, additional assessment on independence would need to be carried out.

The NC would also need to consider the size and composition of the Board to be in compliance with MMLR and MCCG and to facilitate the making of informed and critical decisions.

STEP 3

Recommendation to be made by NC to the Board

STEP 4

Discussion and decision to be made by the Board on the proposed new appointment

STEP 5

If the proposed appointment is approved:

Invitation or offer to be made to the proposed/ potential candidate to join the Board.

If the proposed appointment is rejected:

The whole process to be re-commenced.

During the year under review, the Board approved the following upon the recommendation of the NRC/NC:

- The appointment of Jill Margaret Watts as Independent Non-Executive Director on 4 April 2018; and
- The re-designation of Dato' Mohammed Azlan bin Hashim as Independent Non-Executive Director on 27 November 2018.

RE-ELECTION OF DIRECTORS

The NC ensures that the Directors retire and are re-elected in accordance with the relevant laws and regulations and the Constitution of the Company.

Pursuant to Article 113(1) of the Constitution of the Company, at least one-third of the Directors (excluding Directors seeking re-election pursuant to Article 120 of the Constitution of the Company) are required to retire by rotation at each AGM, provided always that all Directors, including the Managing Director and Executive Directors, shall retire from office at least once every three years. A retiring Director is eligible for re-election.

Pursuant to Article 120 of the Constitution of the Company, any Director so appointed to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The Directors recommended to be re-elected at the AGM are subject to prior assessment by the NC and are required to give their consent on their re-election prior to NC and Board meetings. In assessing the candidates, the NC takes into consideration their character, experience, integrity, competence and time to effectively discharge their role as Directors, as well as their contribution and performance based on the performance evaluation undertaken during the year under review. The recommendations are thereafter submitted to the Board for deliberation prior to recommending to the shareholders for approval.

Pursuant to Article 113(1) of the Constitution of the Company, Dato' Mohammed Azlan bin Hashim, Chintamani Aniruddha Bhagat and Koji Nagatomi shall retire at the forthcoming Ninth AGM. The retiring Directors have expressed their intention to seek re-election at the Ninth AGM.

Upon reviewing the results/findings of the performance evaluation undertaken during the year under review for the Board as a whole, Board Committees, individual Directors and Independent Directors, the Board is of the view that the following Directors, who are subject to re-election at the Ninth AGM, have the character, experience, integrity, competence and time to effectively discharge their role as Directors. They have also continuously brought objective judgement in Board deliberations and decisions. In this respect, the Board recommended the shareholders to vote in favour of their re-election at the Ninth AGM pursuant to Article 113(1) of the Constitution of the Company:

(i) Dato' Mohammed Azlan bin Hashim;

(ii) Chintamani Aniruddha Bhagat; and

(iii) Koji Nagatomi.

Takeshi Saito, who was appointed to the Board on 28 March 2019, will be subject to re-election at the forthcoming Ninth AGM pursuant to Article 120 of the Constitution of the Company.

Any new Directors appointed prior to the convening of the Ninth AGM of the Company will also be subject to re-election at the forthcoming Ninth AGM pursuant to Article 120 of the Constitution of the Company.

BOARDROOM DIVERSITY

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining competitive advantage. Thus, the Board will take the necessary measures to ensure that in every possible event, boardroom diversity will be taken into consideration in the board appointment, as well as annual assessment.

Gender Diversity

The Company appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights, which enables better problem solving to gain competitive advantage in serving an increasingly diverse customer base compared to a boardroom that is dominated by one gender.

The Board also takes cognisance of the MCCG to have at least 30% women participation on public listed companies' boards. The Company does not set any specific target for women Directors on the Board but will work towards having more women Directors on the Board.

Presently, there are three women Directors on the Board, comprising Rossana Annizah binti Ahmad Rashid, an Independent Non-Executive Director, who is also the Chairman of the AC and Risk Management Committee ("RMC") and a member of the NC and RC; Jill Margaret Watts, an Independent Non-Executive Director, who is also a member of the AC and RMC; and Quek Pei Lynn, Alternate Director to Chintamani Aniruddha Bhagat.

The Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board.

NOMINATION COMMITTEE REPORT

Age Diversity

The Board acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity, as well as youthful exuberance. The Board with a wide range of age has the advantage of creating a dynamic, multi-generational workforce with a diverse range of skill sets that are beneficial to the Company.

The Company does not set any specific target for boardroom age diversity but will work towards having appropriate age diversity in the Board.

The Company does not fix an age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company.

The Board is composed of Directors from diversified age groups ranging from the age of 40 to 70, which enables the Board to drive the Group in delivering operational excellence. The Board would be able to tap on information from Directors of different age groups in order to have better understanding of the needs and the sensitivities of the stakeholders in their age group.

Ethnic Diversity

The Board recognises that as today's world becomes increasingly global in its outlook and as the marketplace becomes increasingly global in nature, ethnic diversity in the boardroom would be encouraged as it provides advantages that can help a company prosper, including but not limited to, sharing of knowledge in different markets where the Group is operating to enhance the Group's global presence, as well as sharing of viewpoints by Directors from different ethnic backgrounds as when a variety of viewpoints are thrown into the problem-solving mix, new and innovative solutions can be reached.

The Company does not set any specific target for ethnic diversity in the boardroom but will work towards having appropriate ethnic diversity in the Board.

The Board is composed of Directors from different ethnic groups and foreign countries where the Group has significant presence. The Company believes that the Board members from different cultures contribute to more holistic and quality discussions and more effective and feasible ideas compared to a Board with predominantly the same culture. Having Board members from different ethnic backgrounds widens the Board's perspectives, especially when making a decision that touches on issues that are peculiar to a particular ethnic group or country.

The Board is of the view that, while promoting overall boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. Nonetheless, the Company will work towards achieving the appropriate boardroom diversity mix covering gender, age and ethnicity to enhance its effectiveness and governance performance.

The NC is responsible for ensuring that the boardroom diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

The Boardroom Diversity Policy is accessible for reference on the Company's website at www.ihhhealthcare.com.

REMUNERATION COMMITTEE REPORT

On 1 July 2018, the Nomination and Remuneration Committee ("NRC") was split into a Nomination Committee ("NC") and Remuneration Committee ("RC"), respectively.

ROLES OF THE RC

The RC is primarily to assist the Board in fulfilling its fiduciary responsibilities relating to the implementation of policies and procedures on remuneration, including reviewing the Group's executive remuneration policy, remuneration framework and performance measures criteria, including the various incentive or retention schemes implemented by the Group.

The RC is governed by a clearly defined and documented Terms of Reference ("TOR"). The RC's TOR is reviewed and updated from time to time, as the need arises, to ensure that it remains relevant and up-to-date to be in line with the Group's policies and various changes in regulations. The TOR of the RC was revised and approved by the Board for adoption with effect from 1 July 2018 in light of the splitting of the NRC. The TOR of the RC is accessible for reference on the Company's website at www.ihhhealthcare.com.

In carrying out its duties and responsibilities, the RC has the following authorities:

- Perform the activities required to discharge its responsibilities and make recommendations to the Board;
- Select, engage and seek approval from the Board (within the Group's Limits of Authority) for fees for professional advisers that the RC may require to carry out its duties;
- Have full and unrestricted access to information, records, properties and employees of the Group;
- Seek input from the concerned individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration; and
- Have access to the advice and services of the Company Secretary.

COMPOSITION AND MEETINGS

The RC is comprised exclusively of Non-Executive Directors, a majority of whom are independent and represent an appropriate balance and diversity of skills, experience, gender and knowledge.

During the year under review, NRC membership was reduced to four following the retirement of Kuok Khoon Ean as Independent Non-Executive Director of the Company after the close of the Eighth Annual General Meeting ("AGM") in May 2018.

Based on the analysis/findings of the performance evaluation of the RC, the Board is satisfied that the RC has consistently performed well and discharged its duties and responsibilities satisfactorily in accordance with its TOR under the chairmanship of the RC Chairman.

The NRC/RC met six times during the year under review. The composition of the RC and the attendance record of its members for the year under review are as follows:

Director	Designation	Total Meetings Attended
Shirish Moreshwar Apte (Chairman)	Independent Non-Executive Director	6/6
Chang See Hiang (Member)	Senior Independent Non-Executive Director	6/6
Rossana Annizah binti Ahmad Rashid (Member)	Independent Non-Executive Director	6/6
Chintamani Aniruddha Bhagat (Member) *(Appointed on 1 March 2018)*	Non-Independent Non-Executive Director	4/4
Dato' Mohammed Azlan bin Hashim (Member) *(Resigned on 1 March 2018)*	Chairman, Independent Non-Executive Director	2/2
Kuok Khoon Ean (Member) *(Retired on 28 May 2018)*	Independent Non-Executive Director	3/4

REMUNERATION COMMITTEE REPORT

The NRC/RC meetings were attended by the Managing Director & Chief Executive Officer ("MD & CEO") and Group Chief Human Resource Officer together with other consultants engaged on particular subject matters, upon invitation, to brief the RC on pertinent issues.

Minutes of the RC meetings would be circulated to all members for comments and extracts of the decisions made by the RC would be escalated to relevant process owners for action. The Chairman of the RC would provide a report highlighting significant points of the decisions and recommendations made by the RC to the Board and significant matters reserved for the Board's approval would be tabled at the Board meetings. The RC may call for ad-hoc meetings as and when necessary to follow through on the necessary actions post the Board's decision or to discuss matters which require urgent decision. Urgent matters which require the RC's decision may also be sought via circular resolutions together with the proposals containing relevant information for their consideration.

SUMMARY OF ACTIVITIES

During the financial year, the RC carried out the following key activities:

(a) Assessed the performance and achievement of the key performance indicators of the Group for 2017 against the pre-determined targets in the balanced scorecard which had been approved by the Board;

(b) Deliberated and recommended to the Board for approval, the balanced scorecard of the Group for the year 2018 and balanced scorecard framework for the year 2019;

(c) Discussed and recommended to the Board for approval, the bonus and salary increment for Executive Directors, Management and employees of the Company and key subsidiaries (where applicable) upon assessing the performance of the Company, subsidiaries and employees for the performance year 2017;

(d) Discussed and recommended to the Board for approval, the 2018 Long Term Incentive Plan ("LTIP") and Enterprise Option Scheme grants for Executive Directors, Management and employees upon assessing the performance of the Company, the respective operating companies and employees;

(e) Noted the proposed revision of the Non-Executive Chairman and Directors fees as recommended by Management post the streamlining exercise undertaken by the Group ("Streamlining Exercise") in view of the increased roles and responsibilities of the Non-Executive Chairman and Directors;

(f) Reviewed and recommended to the Board for approval, the NRC Report for inclusion in the Annual Report 2017;

(g) Reviewed and recommended to the Board for approval, the TOR of the RC in light of the splitting of the NRC into an NC and RC respectively;

(h) Discussed and recommended to the Board for approval, the new incentive scheme for the eligible employees of the Group replacing the LTIP scheme which will be expiring in 2021; and

(i) Reviewed and discussed the Executive Compensation Review Report and findings prepared by the external consultant engaged.

Subsequent to the financial year ended 31 December 2018, the RC carried out the following activities:

(a) Assessed the performance and achievement of the key performance indicators of the Group for 2018 against the pre-determined targets in the balanced scorecard which had been approved by the Board;

(b) Deliberated and recommended to the Board for approval, the balanced scorecard of the Group for the year 2019;

(c) Discussed and recommended to the Board for approval, the bonus and salary increment for Executive Directors, Management and employees of the Company and key subsidiaries upon assessing the performance of the Company, subsidiaries and employees for the performance year 2018;

(d) Discussed and recommended to the Board for approval, the 2019 LTIP grant for the eligible Executive Directors, Management and employees upon assessing the performance of the Company, the respective operating companies and employees;

(e) Discussed and recommended to the Board for approval, the new incentive scheme for the eligible employees of the Group to replace the LTIP which is expiring in 2021;

(f) Reviewed and recommended to the Board for approval, the RC Report for inclusion in the Annual Report 2018; and

(g) Reviewed the Non-Executive Directors fees from 1 July 2019 until 30 June 2020.

AUDIT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") was established on 18 April 2012 in line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. On 1 July 2018, the ARMC was split into an Audit Committee ("AC") and Risk Management Committee ("RMC"), respectively.

ROLES OF THE AC

The AC is primarily to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to monitoring and management of financial risk processes along with its accounting and financial reporting practices, reviewing the business processes, ensuring the efficacy of the system of internal controls, and in maintaining oversight of both external and internal audit functions for the Group on behalf of the Board.

The AC is a Board delegated committee empowered by the Board to carry out its duties and responsibilities as set out in the Terms of Reference ("TOR"). The TOR is assessed, reviewed and updated from time to time, as the need arises, to ensure that it remains relevant and up-to-date to be in line with the requirements in the Malaysian Code on Corporate Governance, and the MMLR or any other applicable regulatory requirements. The TOR would also be reviewed and updated in the event of changes to the direction or strategies of the Group that may affect the role of the AC. The TOR was last revised in light of the splitting of the ARMC and approved for adoption by the Board with effect from 1 July 2018. The TOR of the AC is accessible for reference on the Company's website at www.ihhhealthcare.com.

In carrying out its duties and responsibilities, the AC has the following authority:

- Approve any appointment or termination of senior staff members of the internal audit function;
- Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group whenever deemed necessary, and such meetings with the external auditors shall be held at least twice a year;
- Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;
- Investigate any matter within its TOR, have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Group and the Management whereby all employees of the Group are required to comply with the requests made by the AC;
- Have direct communication channels to engage with the external auditors and internal auditors and also to engage with the Senior Management, such as the Managing Director and Chief Executive Officer ("MD & CEO"), the Chief Operating Officer and the Chief Financial Officer of the Group and its operating subsidiaries, on a continuous basis in order to be kept informed of matters affecting the Group;
- Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the AC;
- Authorise the AC Chairman for the time being to carry out the AC's responsibilities as required under the Whistleblowing Policy for the Group; and
- Have access to the advice and services of the Company Secretary.

COMPOSITION AND MEETINGS

The AC is comprised exclusively of Independent Non-Executive Directors, and no Alternate Director is appointed as a member of the AC. The AC members come from diverse backgrounds with extensive experience in banking, finance, legal practice, healthcare and corporate governance issues. The composition of the AC is in compliance with Paragraph 15.09(1) of the MMLR.

In April 2018, Jill Margaret Watts, an Independent Non-Executive Director, was appointed as an additional member of the ARMC. The Board believes that the existing AC composition provides the appropriate balance in terms of skills, experience, gender and knowledge to ensure the effective functioning of the AC. Based on the analysis/findings of the performance evaluation of the AC and its individual AC members by the Nomination Committee, the Board is satisfied that the AC has consistently performed well during the financial year and discharged its duties and responsibilities satisfactorily in upholding the integrity of financial reporting and managing financial risks in accordance with its TOR. The AC members have sound judgement, objectivity, an independent attitude, professionalism, integrity, knowledge of the industry and are financially literate.

AUDIT COMMITTEE REPORT

During the financial year under review, the ARMC/AC held seven meetings in total, out of which four were quarterly meetings while two meetings were held to consider projects which require an assessment by the AC. The remaining one meeting was held to review the Audited Consolidated Financial Statements of the Company and Group for the financial year ended 31 December 2017. The composition of the ARMC/AC and the attendance record of its members for the year under review are as follows:

Director	Designation	Total Meetings Attended
Rossana Annizah binti Ahmad Rashid (Chairman)	Independent Non-Executive Director	7/7
Chang See Hiang (Member)	Senior Independent Non-Executive Director	7/7
Shirish Moreshwar Apte (Member)	Independent Non-Executive Director	7/7
Jill Margaret Watts (Member) *(Appointed on 4 April 2018)*	Independent Non-Executive Director	4/4

The ARMC/AC meetings were attended by the MD & CEO, Group Chief Operating Officer, Group Chief Financial Officer ("GCFO"), Group Head, Internal Audit and Head, Risk Management, together with other members of the Senior Management of the Group and the external auditors, upon invitation, to brief the AC on pertinent issues. Senior Management of the Group are also invited to brief and provide clarification to the AC on their areas of responsibility for specific agenda items to support detailed discussions during the AC meetings.

The external auditors also attended and briefed the ARMC/AC on matters relating to external audit at five of the ARMC/AC meetings held during the financial year and provided a high level review of the financial position of the Group at the aforesaid meetings.

Minutes of the AC meetings would be circulated to all members for comments and extracts of the decisions made by the AC would be escalated to the relevant process owners for action. At the Board meetings, the Chairman of the AC would provide a report, highlighting pertinent issues, significant points of the decisions and recommendations made by the AC to the Board and matters reserved for the Board's approval, if any.

SUMMARY OF ACTIVITIES

During the financial year, the ARMC/AC carried out the following key activities:

Financial Reporting

(a) Reviewed the unaudited quarterly financial results of the Group, including the draft announcements pertaining thereto, significant judgements made by Management, significant matters highlighted and how these matters are addressed for recommendation to be made to the Board for approval. These reviews serve to ensure that IHH's financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the MMLR and applicable accounting standards in Malaysia;

(b) Reviewed the report of the external auditors on the review focus areas and key findings arising from their review of the unaudited quarterly financial results of the Group;

(c) Reviewed the focus areas as well as issues reported arising from the annual statutory audit by the external auditors, Management's responses to the audit findings and any changes in or implementation of major accounting policy changes for the financial year ended 31 December 2017;

(d) Reviewed and made recommendations to the Board for approval the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017 to ensure that it presented a true and fair view of the Group's financial position and performance for the year and is in compliance with regulatory requirements;

(e) Reviewed with the external auditors their audit plan and strategy for the financial year ended 31 December 2018, outlining, among others, the audit scope, methodology and timing of audit, audit materiality, audit focus areas, other audit findings and fraud risk assessment;

(f) Reviewed the revaluation of investment properties of the Group which was undertaken by independent valuers to ensure that the current market value of the investment properties was in compliance with MFRS 140, *Investment Property*, prior to the same being tabled to the Board for approval;

External Auditors

(g) Evaluated the performance of the external auditors for the financial year ended 31 December 2017, covering areas such as the calibre of external audit firm, independence and objectivity, quality of the processes/ performance, audit team, audit scope and planning, audit fees, audit communications and resources which was supported by the assessment conducted by relevant Management members on the experience and opinions of the firm, independence and objectivity and quality of the processes/performance of the external auditors. The AC, having been satisfied with the independence, suitability and performance of KPMG PLT, had recommended to the Board for approval the re-appointment of KPMG PLT as external auditors for the financial year ended 31 December 2018;

(h) Reviewed and recommended to the Board for approval the proposed fees for the annual audit, one-time audit related service and non-audit services rendered by the external auditors for the financial year ended 31 December 2017;

(i) Reviewed the audit plan of Fortis Healthcare Limited, a subsidiary of the Group, which was acquired on 13 November 2018;

(j) Met with the external auditors twice without the presence of the Executive Directors and Management during the year under review, with the exception of the Company Secretaries, to discuss any issues or reservations arising from the audits and any other matters the external auditors may wish to discuss, including but not limited to the system of internal controls and assistance given by the Group's employees to facilitate their audit work;

Internal Audit

(k) Reviewed and approved the 2018 internal audit plan to ensure that there is adequate scope and comprehensive coverage over the activities of IHH Group and that all high-risk areas are audited annually, as well as the availability of adequate resources within the internal audit team to carry out the audit work;

(l) Reviewed the internal audit reports issued by the internal audit function of the major operating companies ("Major OpCos") during the year and presented at quarterly ARMC/AC meetings;

(m) Monitored the implementation of the management action plan on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses are being properly addressed until the issues are fully resolved and rectified;

(n) Met with the Group Head, Internal Audit twice, without the presence of the Executive Directors and Management, with the exception of the Company Secretaries, during the year under review to obtain feedback on the audit activities, audit findings and any other related matters;

(o) Reviewed the Key Performance Indicators, competency and resources of the internal audit function to ensure that, collectively, the internal audit function is suitable and has the required expertise, resources and professionalism to discharge its duties, etc;

(p) Reviewed the report of the internal auditors in respect of their audit of the related party transactions and recurrent related party transactions (except transactions exempted by law and/or the MMLR) entered into by IHH and its subsidiaries to ensure compliance with the MMLR;

Related Party Transactions and Recurrent Related Party Transactions

(q) Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with the MMLR;

(r) Reviewed the related party transactions undertaken by the Group as required under the Limits of Authority ("LOA") of IHH Group to ensure that they are in the best interest of the Group, fair and reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders of IHH, prior to the same being tabled to the Board for approval, where applicable;

Verification of the Allocation of Long Term Incentive Plan ("LTIP") units and Enterprise Option Scheme ("EOS") options

(s) Verified the allocation and movement of LTIP units and EOS options respectively for the year 2017 to ensure that it had been carried out consistently according to the approved criteria and matrix stipulated in the respective Bye Laws of LTIP and EOS;

Other Activities

(t) Reviewed and recommended to the Board for approval the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2017;

(u) Monitored the progress of the implementation of the new IT system and platform throughout the Group and assessed the post implementation review report prepared by an independent party engaged to ensure smooth and successful implementation of the new system and platform;

(v) Reviewed the Group debt and cash position (including the treasury and foreign exchange management) of IHH and its subsidiaries on a quarterly basis to assess the various financial ratios, debt headroom, balance sheet risk, projected capital expenditure and funding status and additional financing initiatives, as well as foreign currency exposures of the Group in connection with its subsidiaries which are operating abroad, and made relevant recommendations to the Board to ensure that the business has sufficient liquidity to meet its obligations, whilst managing payments, receipts and financial risks effectively;

(w) Reviewed the summary report and proposed financial assistance provided to the subsidiaries and associates of the Group to ensure that it is fair and reasonable to the Company and is not to the detriment of the Company and its shareholders, prior to the same being tabled to the Board for approval, where applicable;

(x) Evaluated the performance of the GCFO of the Company to ensure that the GCFO has the character, experience, integrity, competence and time to effectively discharge his role as the GCFO of the Company;

(y) Reviewed and recommended to the Board for approval the TOR of the AC in light of the splitting of the ARMC into an AC and RMC respectively; and

(z) Reviewed and recommended to the Board for approval, the revisions to the LOA of IHH Group following the restructuring and streamlining of the overall governance structure of IHH and its relevant subsidiaries.

Subsequent to the financial year ended 31 December 2018, the AC carried out the following duties:

(a) Reviewed the internal audit work plan for the financial year ending 31 December 2019;

(b) Reviewed the material matters as highlighted by the AC of the relevant operating subsidiaries of the Group;

(c) Reviewed the results as well as reported issues arising from the annual statutory audit, Management's responses to the audit findings and any changes in or implementation of major accounting policy changes for the financial year ended 31 December 2018;

(d) Reviewed the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 and made recommendations to the Board for approval;

(e) Reviewed the focus areas highlighted by the external auditors in relation to the statutory audit for the financial year ended 31 December 2018;

(f) Evaluated the GCFO and internal auditors in connection with their performance for the financial year ended 31 December 2018;

(g) Considered the re-appointment of external auditors for the ensuing year upon reviewing the suitability and independence of the external auditors. The AC also reviewed and recommended to the Board for approval the proposed fees for the annual audit, one-time audit related service and non-audit services rendered by the external auditors for the financial year ended 31 December 2018;

(h) Confirmed and verified the allocation and movement of LTIP units and EOS options respectively for the year 2018 to ensure that it had been carried out according to the criteria and matrix stipulated in the Bye Laws of LTIP and EOS;

(i) Reviewed the report of the internal auditors in respect of their audit of the related party transactions and recurrent related party transactions (except transactions exempted by law and/or the MMLR) entered into by IHH and its subsidiaries to ensure compliance with the MMLR;

(j) Reviewed the revaluation of investment properties of the Group which was undertaken by independent valuers to ensure that the current market value of the investment properties was in compliance with MFRS 140, *Investment Property*, prior to the same being tabled to the Board for approval;

(k) Reviewed the AC Report as well as Statement on Risk Management and Internal Control for inclusion in the Annual Report 2018;

(l) Met with the external auditors without the presence of the Executive Directors and Management, with the exception of the Company Secretary, to discuss any issues or reservations arising from the audit for financial year ended 31 December 2018, including but not limited to the system of internal controls and assistance given by the Group's employees to facilitate their audit work; and

(m) Met with the Group Head, Internal Audit without the presence of the Executive Directors and Management, with the exception of the Company Secretary, to obtain feedback on any concerns noted in the course of auditing and feedback on the overall internal audit function of the Group.

GROUP INTERNAL AUDIT FUNCTION

The internal audit function is under the purview of the Group Internal Audit ("Group IA") department. Group IA is independent and reports directly to the AC. The internal audit reporting structure within the Group has been organised in such a way where the internal audit function of the Major OpCos reports to the AC with a dotted reporting line to Group IA. Group IA has direct control and supervision of internal audit activities in those subsidiaries that do not have an internal audit function.

Group IA provides independent, objective assurance on areas of operations reviewed and makes recommendations based on the best practices that will improve and add value to the Group. Group IA identifies, coordinates, monitors and oversees the internal audits that are to be carried out throughout the Group and also provides standards, policies, guidelines and advice to the subsidiaries' internal audit functions to standardise the internal audit activities within the Group.

Group IA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the financial, operational and compliance processes. Structured risk-based and strategic-based approaches are adopted in identifying the internal audit activities that are aligned with the Group's strategic plans to ensure those risks faced by the Group are adequately reviewed. In addition, international standards and best practices are adopted to enhance the relevancy and effectiveness of the internal audit activities.

The internal audit reports are issued to Management for their comments and for them to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports and summary of key findings are tabled to the AC for deliberation to ensure that Management undertakes to carry out the agreed remedial actions.

Please refer to the Statement on Risk Management and Internal Control as laid out on pages 128 to 134 of this Annual Report for the summary of the work of the internal audit function undertaken during the year ended 31 December 2018.

The total costs incurred by Group IA in 2018, inclusive of all the Major OpCos, was RM8,029,680.

RISK MANAGEMENT COMMITTEE REPORT

On 1 July 2018, the Audit and Risk Management Committee ("ARMC") was split into an Audit Committee ("AC") and Risk Management Committee ("RMC"), respectively.

ROLES OF THE RMC

The RMC is primarily to assist the Board in reviewing the management of key risks impacting the Group's operations, ensuring the implementation of effective risk management processes for the Group and clinical governance to ensure the delivery of high quality and safe patient care across the Group. Its role includes reviewing the clinical quality indicators across the Group's operations in different jurisdictions and ways to improve and enhance clinical quality.

The RMC is a Board delegated committee empowered by the Board to carry out its duties and responsibilities as set out in the Terms of Reference ("TOR"). The TOR is assessed, reviewed and updated from time to time, as the need arises, to ensure that it remains relevant and up-to-date to be in line with the requirements in the Malaysian Code on Corporate Governance, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other applicable regulatory requirements. The TOR would also be reviewed and updated in the event of changes to the direction or strategies of the Group that may affect the role of the RMC. The TOR was last revised in light of the splitting of the ARMC and approved for adoption by the Board with effect from 1 July 2018. The TOR of the RMC is accessible for reference on the Company's website at www.ihhhealthcare.com.

In carrying out its duties and responsibilities, the RMC has the following authority:

- Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;
- Investigate any matter within its TOR, have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Group and the Management, whereby all employees of the Group are required to comply with the requests made by the RMC;
- Have direct communication channels to engage with the Senior Management, such as the Managing Director and Chief Executive Officer ("MD & CEO"), the Chief Operating Officer and the Chief Financial Officer of the Group and its operating subsidiaries, on a continuous basis in order to be kept informed of matters affecting the Group;
- Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the RMC; and
- Have access to the advice and services of the Company Secretary.

COMPOSITION AND MEETINGS

The RMC is comprised exclusively of Independent Non-Executive Directors. The RMC members come from diverse backgrounds with extensive experience in banking, finance, legal practice, healthcare and corporate governance issues.

In April 2018, Jill Margaret Watts, an Independent Non-Executive Director, was appointed as an additional member of the ARMC. The Board believes that the existing RMC composition provides the appropriate balance in terms of skills, experience, gender and knowledge to ensure the effective functioning of the RMC. Based on the analysis/findings of the performance evaluation of the RMC, the Board is satisfied that the RMC has consistently performed well during the financial year and discharged its duties and responsibilities satisfactorily in accordance with its TOR.

During the financial year under review, the ARMC/RMC held six meetings in total. The composition of the ARMC/RMC and the attendance record of its members for the year under review are as follows:

Director	Designation	Total Meetings Attended
Rossana Annizah binti Ahmad Rashid (Chairman)	Independent Non-Executive Director	6/6
Chang See Hiang (Member)	Senior Independent Non-Executive Director	6/6
Shirish Moreshwar Apte (Member)	Independent Non-Executive Director	6/6
Jill Margaret Watts (Member) *(Appointed on 4 April 2018)*	Independent Non-Executive Director	3/3

The RMC meetings were attended by the MD & CEO, Group Chief Operating Officer, Group Chief Financial Officer ("GCFO"), Group Head, Internal Audit, Head, Risk Management and Head, Medical Affairs, together with other members of the Senior Management of the Group, upon invitation, to brief the RMC on pertinent issues.

Minutes of the RMC meetings would be circulated to all members for comments and extracts of the decisions made by the RMC would be escalated to the relevant process owners for action. At the Board meetings, the Chairman of the RMC would provide a report highlighting pertinent issues, significant points of the decisions and recommendations made by the RMC to the Board and matters reserved for the Board's approval, if any.

SUMMARY OF ACTIVITIES

During the financial year, the ARMC/RMC carried out the following key activities:

Enterprise Risk Management

(a) Reviewed the Group's consolidated Enterprise Risk Management ("ERM") reports, including the major operating companies' ("Major OpCos") ERM reports, which covered the Group's ERM reporting status, risk profile, key highlights and risk priorities, to ensure that the Group's business activities and risk management methodologies are aligned and enhanced on an ongoing basis. This is to proactively manage the key risk areas that arise with the developments in the external operating environment;

(b) Reviewed the reports pertaining to cyber risk prepared by the Group Risk Management team in joint collaboration with the information technology ("IT") team, which covered, among others, the cyber risk heat map, cyber security tender coverage and updates, implementation of cyber security threat countermeasure components and technical risk assessment resolution, aiming to identify and mitigate any potential cyber threat which may impact the Group's IT system;

Medical/Quality and Clinical Quality Updates

(c) Reviewed the reports on Medical/Quality and Clinical Quality Updates, which encompassed the following activities:

   (i) report on clinical quality indicators of the Group's operating divisions in Malaysia and Singapore with the key objectives of monitoring and assessing the clinical performance of hospitals so as to facilitate continuous quality improvement and benchmarking;

   (ii) report on the action plans to highlight initiatives that drive quality improvement activities;

   (iii) report on the trend of serious reportable events, adverse events and near misses to highlight problem areas in clinical performance and opportunities for improvement;

International Clinical Governance Advisory Council

(d) Reviewed the International Clinical Governance Advisory Council's ("Council") interim reports on matters related to clinical governance practices across the Group. This accords the RMC with a better understanding of the performance of the member hospitals with regard to patient safety and clinical quality, as well as the progress reports on the activities undertaken within the four workstreams under the TOR of the Council;

(e) Noted the assessment conducted by the Council to determine whether the Council has been effective in discharging its clinical governance advisory role;

Sustainability Disclosures

(f) Reviewed and recommended to the Board for approval the Sustainability Disclosures covering the period from 1 January 2018 to 31 December 2018 in line with the Global Reporting Initiative ("GRI") Standards – Core Options and GRI Sector Disclosures for inclusion in the Annual Report 2018; and

Other Activities

(g) Reviewed and recommended to the Board for approval the TOR of the RMC in light of the splitting of the ARMC into an AC and RMC respectively.

Subsequent to the financial year ended 31 December 2018, the RMC carried out the following duties:

(a) Reviewed the Group's consolidated ERM reports, including the Major OpCos' ERM reports, which covered the Group's ERM reporting status, risk profile, key highlights and risk priorities;

(b) Reviewed the reports on Medical/Clinical Quality updates, which include reporting on clinical quality indicators of the Group's operating divisions in Malaysia, Singapore, India, Hong Kong and other South East Asian countries;

(c) Reviewed the RMC Report as well as Statement on Risk Management and Internal Control for inclusion in the Annual Report 2018; and

(d) Noted the Sustainability Reporting methodology and workplan for the Group for 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of IHH Healthcare Berhad ("IHH" or the "Company"), together with that of its subsidiary companies ("the Group"), is committed to maintaining a sound system of risk management and internal control. In accordance with Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to provide the following Statement on Risk Management and Internal Control prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board, in discharging its responsibilities, is fully committed to maintaining a sound system of risk management and internal control, as well as to review its adequacy, integrity and effectiveness to safeguard shareholders' investment and the Group's assets. The system of risk management and internal control by its nature is designed to manage key risks that may hinder the achievement of the Group's business objectives within an acceptable risk profile. In view of the limitations inherent in any system of risk management and internal control, the systems put in place can only manage risks within tolerable and knowledgeable levels, rather than eliminate the risk of failure to achieve business objectives completely.

CONTROL STRUCTURE

The Board is assisted by the Audit Committee ("AC") and Risk Management Committee ("RMC"), which consist of four Independent Non-Executive members of the Board. The Board, through the AC and RMC, maintains risk oversight within the Group to ensure that the implementation of the approved policies and procedures on risks and controls is as intended. The approved policies and appropriate key internal controls have been put in place to mitigate the key risk areas which have been identified and assessed by the respective departments in charge for the year under review and up to the date of approval of this statement for inclusion in the annual report.

The Board, through the AC, provides constructive, focus and independent view on the financial reporting process and ensuring Management maintains a sound system of internal controls to safeguard and enhance enterprise value.

The internal control system covers areas of finance, operations and compliance, and provides reasonable assurance that the following objectives have been achieved:

(i) Reliability and integrity of financial reports;

(ii) Compliance with relevant regulations, policies, procedures and laws;

(iii) Safeguarding of the Company's assets;

(iv) Effective and efficient utilisation of the Company's resources; and

(v) Ensuring the long-term sustainability of the Company

For the year ended 2018, the Board is of the view that the present system of internal control is adequate and has been adhered to, to the best of its ability. The opinion is based on the following key internal controls practised:

Limits of Authority

The Limits of Authority established by the Group serves to govern the operations of all companies within the Group. It encompasses authorised signatories for Procurement and Payment, Financial Treasury, Human Capital Management, Corporate Transactions, Legal Documentation and Donations. It defines the authority limit for each level of management in the major operating subsidiaries and the Group as a whole. Major capital investment, acquisition and disposal are approved by the Board of the major operating subsidiaries and the Group.

Recommendations by Internal Auditors

The Group has an Internal Audit function to review the effectiveness of the material internal controls of the major operating subsidiaries based on the approved annual audit plan. Unannounced visits are conducted randomly to ensure compliance at all times.

Consequently, Management ensures that the recommendations made by the Internal Auditors to strengthen and improve the internal controls have been implemented.

Budgets and Performance Monitoring

Annual Budgets are prepared by the major operating subsidiaries and approved by their respective Boards. These budgets are then consolidated into the IHH Group Budget and approved by the IHH Board.

The major operating subsidiaries' performance is presented and discussed at their respective Board meetings on a quarterly basis, and is also discussed together with the consolidated IHH Group Performance at the quarterly IHH Board meetings.

Procurement and Project Management

There is a Centralised Procurement function in each major operating subsidiary for major purchases such as hospital equipment, drugs, maintenance expenditures and expansion projects. This ensures adherence to the Group Procurement Guidelines, and provides economies of scale during negotiations.

Major expenditure is subject to Tender procedures and evaluated by the Tender Committee.

There is also a Centralised Project Management office in each major operating subsidiary to handle and manage major renovation and expansion projects undertaken by the respective major operating subsidiaries.

Legal and Regulatory

The major operating subsidiaries adhere strictly to the applicable Acts and Regulations, as required of an institution operating private hospitals, medical clinics, private higher education, and healthcare services. Amongst them, are the established Acts and Regulations such as the Private Hospital and Medical Clinic Act, Private Hospital and Medical Clinic Regulations, Dangerous Drugs and Poison Act, Private Higher Educational Institutional Act, as well as the Occupational Safety and Health Act. Quality audits are also conducted by the Quality Assurance function within the hospital and by the Group Accreditation, Standards and Medical Affairs Departments on an ongoing basis.

Fraud Prevention

The Board strives to have zero incidences of fraud with strong internal accounting controls, proper segregation of duties in the work processes, and regular audits carried out by the Group Internal Auditors team.

The inherent system of internal controls is designed to provide a reasonable, though not absolute, assurance against the risk of fraud, material errors or losses.

CLINICAL GOVERNANCE

International Clinical Governance Advisory Council ("ICGAC")

In its third year as an independent high-level advisory committee, the Council continues to serve as an advisory in the areas of Clinical Governance which covers the management of Clinical Affairs, including Quality and Patient Safety, Clinical Risk Management, Continuing Professional Development and clinical training.

For the year ended 31 December 2018, the ICGAC initiatives undertaken during the year were as follows:

1. At the 6th Council Meeting, the ICGAC revised the ICGAC Terms of Reference which was subsequently approved and endorsed by the IHH Healthcare Board of Directors. One key area was to advise on promoting evidence-based medical practice
2. Sharing of Adverse Event ("AE") study results conducted at Singapore hospitals where it focused on hospitalised patients and the cost of treating AEs leading to excess Length of Stay ("LOS") and re-hospitalisation;
3. Risk management strategy for hospital acquired infections ("HAI") conducted at Turkey hospitals in relation to:
   (a) Analyse and identify critical factors that affect the effectiveness of HAI protocols;
   (b) Solutions will be developed and implemented at each facility during improvement phase;
   (c) Continuous education to push for compliance; and
   (d) Create a risk management culture
4. Assembly of Country CEOs from various geographies including Singapore, Malaysia, India, China, Hong Kong, and Brunei at the 6th Council meeting on 29 August 2018. The meeting allowed Country CEOs to share and discuss priorities and key challenges in the following areas:
   (a) Clinical Governance Structure;
   (b) Four Pillars of Clinical Governance;
   (c) Clinical Quality Indicators; and
   (d) Key priorities for 2019
5. Report from ICGAC was shared at the IHH Board in October 2018, and its recommendations included:
   (a) The development of a 3-year plan to strengthen clinical governance across the whole system;
   (b) The plan would address standardised reporting of performance at all levels and strengthen reporting and analyses of hospital incidents;
   (c) The plan would also address robust investigation of hospital incidents, as well as system-wide improvement projects using quality improvement methodology

The IHH Board and Management have accepted the report.

Management will develop a Plan of Action based on the recommendations in the report and subsequently engage with the ICGAC on the progress made in Clinical Governance.

The Council comprises the following members:

1. **Dr Joseph Sheares**, Cardiothoracic surgeon, Mt Elizabeth Hospital, Singapore
2. **Tan Sri Datuk Dr K. Ampikaipakan**, Consultant respiratory physician at Pantai Hospital, Kuala Lumpur, Malaysia
3. **Dr E.H Akalin**, Independent academic consultant, Istanbul, Turkey

Ex-officio members:

4. **Dr Ross Wilson**, Former Senior Vice President, Chief Medical Officer and Chief Transformation Officer, New York City Health & Hospitals
5. **Tan Sri Dato' Dr Abu Bakar**, Emeritus President/Chairman of the IMU Group
6. **Dr K Ravindranath**, Chairman, Global Hospitals Group
7. **Dr Tan See Leng**, Group Managing Director/ Chief Executive Officer, IHH
8. **Dr Lim Suet Wun**, Group Chief Operating Officer, IHH
9. **Dr T Thirumoorthy**, Group Chief Medical Officer, IHH
10. **Ms Nellie Yeo**, Vice President, Quality and Medical Affairs, PPL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ENVIRONMENT

The operating structure includes a defined delegation of responsibilities in terms of the management of operating subsidiaries. The limit of authority is clearly defined and set out in the Group's policies.

These policies and procedures are meant to be reviewed regularly and updated when necessary.

A Whistleblowing Policy is in place within the Group's major operating subsidiaries. This policy encourages employees to report any wrongdoing by any person in the Group to the proper authorities so that the appropriate business action can be taken immediately.

The system of risk management and internal control covers not only financial controls but also operational, risk and compliance controls as well. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives. Such systems provide reasonable, rather than absolute, assurance against material incidents or loss.

RISK MANAGEMENT

The Group recognises that risk management is an important and integral part of good management and corporate governance practice, and fundamental to driving shareholder value through quality healthcare. Although risks cannot be completely eliminated, effective risk identification and management can reduce the uncertainties associated with executing the Group's business strategies and maximising opportunities that may arise.

Operating Companies and business units have a primary responsibility for managing risk exposures. Group Risk is the central resource for managing the portfolio of risks assumed by the Group as a whole, and works closely with business units to strengthen their risk management practices and capabilities. Risk updates are consolidated and analysed for monitoring and reporting to the Group's RMC on a quarterly basis.

The Group recognises that Enterprise Risk Management ("ERM") is a proactive management system for anticipating emerging risks and putting in place pre-emptive action plans so that the effect of uncertainties on fulfilling business goals and objectives are minimised. The Group has in place a Risk Management Framework which is consistent with the definition of an 'appropriate framework' in Standard ISO 31000:2018 Risk Management — Guidelines.

The framework encompasses practices relating to the identification, assessment and measurement, response and action, as well as monitoring and reporting of the strategic and operational control risks pertinent to achieving our key business objectives.

Evaluate-Response-Monitor ("E-R-M") Process

For the year ended 31 December 2018, the major risk management activities undertaken during the year were as follows:

Establish the context

- Understand business strategy & objectives
- Review business environment
- Understand the risk acceptance criteria
- Identify critical business processes

1. Contributed to the development of IHH Board RMC Terms of Reference (TOR);
2. Reviewed the adequacy and effectiveness of the risk control processes and risk reporting systems;
3. Reviewed and updated the Enterprise Risk Management Governance policy;
4. Embedded material sustainability matters into the Enterprise Risk Management ("ERM") framework to identify and manage sustainability risks;
5. Assessed emerging risk relating to disruptive innovation and developed risk action plans with internal stakeholders;
6. Monitored cost of insurance claims and claims settlement through quarterly claims meetings with insurance service providers as part of the group insurance programme of a major operating company;
7. Developed a risk improvement plan to significantly reduce the claims cost of work injuries for a country operations division in order to reduce premium loading;
8. Reviewed claims reporting system of medical malpractice cases for certain geographies, with plans to extend to other Country operating divisions;
9. Placement of construction insurances for new hospital projects in Greater China and Singapore operations divisions;
10. Advised the Special Security Steering Committee of a major operating company providing strategic oversight on physical security policy and programmes across operations, encompassing security risk assessments, annual drills and action plans to enhance physical security measures across all facilities;
11. Supported a major operating company's Cybersecurity Governance Workgroup led by Group Chief Information Officer to strengthen the Group's Cyber & IT Security Framework, adopting a Zero Trust model, Defence-in-Depth protection and Cyber Resilience strategy to ensure uncompromised confidentiality, integrity and availability of our mission-critical information assets;
12. Conducted Group-wide risk assessment and benchmarking of IT security controls;
13. Reviewed a major operating company's data breach response plan and third party vendor incident response services following a major healthcare data breach in Singapore;
14. Enhanced the privacy and data protection governance for the Group through the inclusion of Bulgaria Data Protection Officer ("DPO") into the DPO network;
15. Monitored and assessed impact of EU General Data Protection Regulation (GDPR) particularly for Bulgaria and Netherlands and all other affected entities to ensure compliance;
16. Reviewed the impact of China's new national standard on personal information protection that came into effect on 1 May 2018;
17. Provided advisory to a Telemedicine Compliance Workgroup overseeing Digital Health initiatives for a country operations division;
18. Studied the impact of regulatory updates to Singapore's Healthcare Services Bill and supported the compliance efforts;
19. Organised risk forums for the Greater China operations divisions to create greater awareness of emerging risks arising from China's fast-changing and expanding healthcare market as well as the importance of improved communication and timely documentation to reduce medical malpractice incidences;
20. Organised medico-legal talks on new developments such as the modified Montgomery test for staff and accredited doctors of Singapore operations division; and
21. Carried out ad-hoc assignments requested by Senior Management.

GROUP INTERNAL AUDIT

The Group has an independent internal audit function, which is an integral part of the Group's assurance framework, with the function of reporting directly to the AC. The Group Internal Audit's ("Group IA") primary mission is to provide an independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes. The internal audit function within the Group is structured such that the internal audit function of the major operating subsidiaries has a dotted reporting line to the Group IA and a reporting line to the AC. Audits are performed on all major units or areas in the audit population to provide an independent and objective report on operational and management activities in the Group. The Group IA will also perform ad-hoc audits and investigations requested by the AC and/or by Senior Management, and will follow-up on the implementation of audit recommendations by Management to ensure that all key risks are addressed.

The Annual Internal Audit plans of the Group as developed are reviewed and approved by the AC annually.

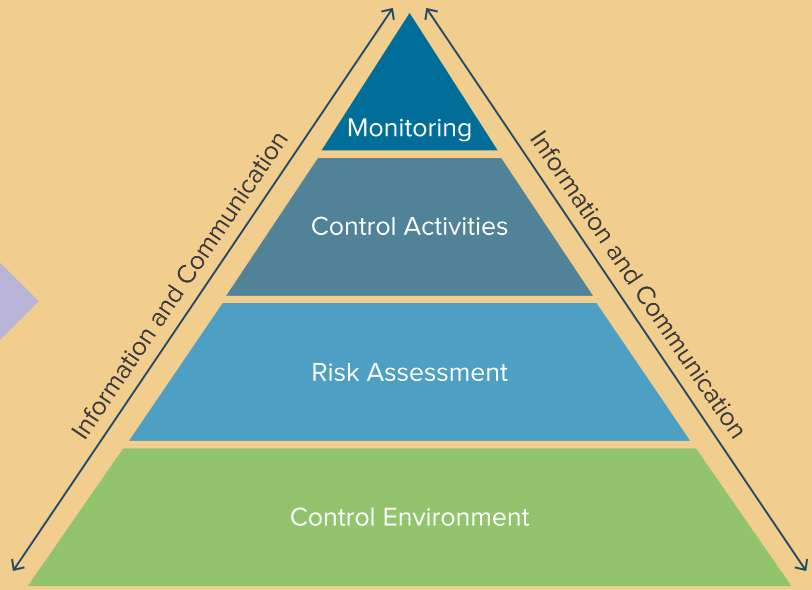
The Group IA highlights significant gaps identified in governance, risk management and control, makes recommendations for improvements, and tables management action plans to the AC through audit reports and during its quarterly AC meetings. The Group IA also follows up on the management action plans to address the improvements on a quarterly basis, and results of the status are presented at the quarterly AC meetings.

The Group IA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the Group's governance, internal control and risk management system, using the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control – Integrated Framework.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

COSO Internal Control— Integrated Framework

The adequacy and effectiveness of the Group's risk management, internal control and governance processes are assessed and reported according to the following five interrelated COSO components:



For the year ended 31 December 2018, the major internal audit activities undertaken were as follows:

- Developed a risk-based annual audit plan;
- Performed financial and operational audits on revenue cycle management (covering billing, cash and credit collections, credit control and accounts receivable), procurement and inventory and the capital and operating expenditure of hospitals, clinics and ancillary departments within the Group;
- Conducted Information Technology ("IT") audits, risk assessments, security and control reviews across the entities of the Group;
- Reviewed the level of compliance with established policies and procedures and statutory requirements to ensure that major units comply with the requirements, with any non-compliances highlighted to Management for remediation;
- Witnessed the tendering process for procurement of services or assets of the Group to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner;
- Carried out ad-hoc assignments and investigations requested by the AC and Senior Management; and
- Followed-up on the implementation of the Management Action Plan to ensure that necessary actions have been taken/are being taken to remedy any significant gaps identified in governance, risk management and control.

The review of the adequacy and effectiveness of the internal control process has been undertaken by the internal audit function and necessary actions have been/are being taken to remedy any significant failing or weakness for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

In the course of performing its duties, the Group IA has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group.

OTHER RISK AND CONTROL PROCESSES

The overall governance structure, and formally defined policies and procedures play a major part in establishing the control and risk environment of the Group. Although the Group is a networked organisation, a documented and auditable trail of accountability has been established within the operating subsidiaries of the Group.

Each major operating subsidiary of the Group is tasked with undertaking these corporate governance and risk management practices as well as implementing the same:

1. A governance and management structure is established within each hospital for functional accountability with operational/functional heads reporting financial, operational (clinical and non-clinical) risks, compliance with statutory and regulatory requirements and reputational risks to the Hospital Chief Executive Officer ("CEO")/Director;
2. Hospital CEOs/Directors, Business Heads, Country Heads and Corporate Heads report on business operations issues to the Senior Management on a monthly basis. Matters such as nursing issues, clinical/medical incidents with lapses, adverse outcomes, potential legal issues and media exposure, are reported and addressed at the hospital quality meetings chaired by the Hospital CEOs;
3. The Medical Affairs department/ Medical Execution Committee oversees the accreditation, as well as the qualifications and experience of our medical practitioners, and will not hesitate to remove their privileges if they are found to be unethical or negligent. They also ensure patient safety and quality of services delivered within the hospitals, and compliance with government regulations;
4. The respective quality committees or councils of the major operating subsidiaries ensures the quality of services and the safety of patients;
5. On a quarterly/monthly basis, the operations divisions are to submit to the Group CEO updates pertaining to clinical/medico-legal cases, IT, hospital development projects, business matters, HR matters, financial performance and analyses, group target savings, as well as the outlook for the business and strategic projects. These information will form the body of the Executive Report by the Group CEO to the Board of each major operating subsidiary, ultimately surfacing at the Board of the Group;
6. The development of any potential medico-legal cases are tracked and reported to Senior Management and to the RMC on a quarterly basis. Any significant risk exposures or trends in terms of incident type or case categorisation are highlighted to the Board/RMC quarterly;
7. Insurance policies relating to workforce compensation, property damage and equipment breakdown, cyber liability and network business interruption, third party liability, professional indemnity and medical malpractice liability, are procured to meet the local regulatory requirements and business requirements of the operational divisions and the wider Group;
8. Financial risk management systems are in place to address credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk;
9. The internal auditors independently audit and report findings on financial, operational and compliance controls to the AC or the Board. In addition, on an annual basis, the external auditors perform statutory audit and report findings on financial controls relevant to the statutory audit to the AC; and
10. Employees must abide by the Code of Conduct and avoid any dealings or conduct that could be or could appear to be in conflict with the Group's interests, unless such business relationships are consented to by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

IHH's Management is accountable to the Board for the implementation of the processes involved in identifying, evaluating and managing risk and internal control. In the financial year under review and up to the date of approval of this Statement, the Board has received assurances from the Managing Director and Chief Executive Officer, as well as Chief Financial Officer that the Group's system of risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Taking into consideration the information and assurances given, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report. The measures to protect and enhance shareholder value and business sustainability continue to be a focal point of the Group, and therefore, the system of risk management and internal control across the Group continues to be subject to enhancement, validation and regular review.

The Group's system of risk management and internal controls does not cover associates, joint ventures and its new subsidiary, Fortis Healthcare Limited and its group of companies, which was acquired on 13 November 2018, near to the Group's financial year ended 31 December 2018.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *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 ("MIA"),* for inclusion in the annual report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

SUSTAINABILITY GOVERNANCE

We have established a governance structure for sustainability, thereby creating lines of accountability within the organisation to oversee, implement and assess IHH's efforts to strengthen its sustainability performance.

The governance structure is helmed by the Board of Directors (Board), and the Sustainability Management Committee (SMC) acts as an advisor to the Board in fulfilling the Board's duty of overseeing and managing sustainability matters.

The Managing Director and Chief Executive Officer (MD and CEO) is mandated by the Board to oversee the delegation of the duties of the SMC in relation to sustainability reporting.

The key role of the SMC is to monitor the key performance indicators and targets that underpin the Group's sustainability strategy. Chaired by the Group Chief Operating Officer, the SMC oversees IHH's sustainability strategy in keeping with the Group's objectives.

The Sustainability Working Group (SWG), on the other hand, implements the sustainability initiatives and monitors the performance of the operations against the key performance indicators or targets. The sustainability champions at each hospital represent their hospital in their respective country's SWG. A Group-wide Sustainability Taskforce supports the SWG in addressing specific sustainability matters with real or potential impact on the Group.

The figure below illustrates the different constituents of IHH's governance structure for sustainability and the existing lines of accountability within the organisation.

INVESTOR RELATIONS REPORT

Our commitment to effective shareholder engagement

IHH Healthcare ("IHH") recognises the importance of effective communication between the company, its shareholders and the general public. The group believes good, clear and credible communication will foster confidence and a better understanding of our business.

The Company has a dedicated Investor Relations and Corporate Communications Department that facilitates communication between the Company and the investment community. We achieve this through active dialogue and by leveraging strategic communication platforms to provide comprehensive insights about the Group's corporate developments, financial performance and material operations affecting the Group.

The Investor Relations function builds relationships between the Group and its investment community via various channels in Malaysia and internationally. We engage with shareholders through our Annual Reports and Annual General Meeting. In addition, we provide timely and consistent disclosures and material announcements on Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Singapore Exchange Limited ("SGX").

The Senior Management of the Company is actively involved in the Group's extensive investor relations programme. This includes organising regular in-house meetings and facilitating hospital visits, investor non-deal roadshows ("NDRs") and conference calls, both locally and internationally, with financial analysts, institutional shareholders and fund managers. Proactive communication through these platforms keeps the investment community abreast of the Company's strategic developments and financial performance. Furthermore, analyst briefings and media briefings are conducted when the Group's quarterly and annual results are released.

On a quarterly basis, the Investor Relations Department updates the Board on shareholding details, investor relations activities, recommendations by analysts and comments from the investment community, as well as on commentary on share price performance.

The Board has endorsed the Investor Relations Policy, which aims to enforce IHH's commitment towards maintaining effective and timely communication with our shareholders and stakeholders. The Policy mandates that the Group updates its stakeholders on all material developments. The policy also outlines guidelines on the processes and procedures to be followed to ensure the successful implementation of our Investor Relations programme.

GROUP CORPORATE WEBSITE

The Group's corporate website at www.ihhhealthcare.com offers stakeholders a dedicated platform for accessing essential information of the Group. This information includes IHH's corporate profile, board members, senior management profiles, share information, financial results, dividend policy, annual reports, media releases, investor presentations, Annual General Meeting details and corporate governance-related policies. Our Investor Relations team ensures that the investor relations ("IR") section of the website is regularly updated with the latest Group disclosures. Any queries or concerns regarding the Group can be directed to the Investor Relations Department at ir@ihhhealthcare.com.

ANALYST BRIEFINGS FOR QUARTERLY AND ANNUAL FINANCIAL RESULTS ANNOUNCEMENT

In 2018, IHH's Senior Management conducted four analyst briefings and one media briefing to discuss and communicate the Group's quarterly and annual financial results. This was on top of our timely financial results announcements on a quarterly and annual basis to Bursa Malaysia and SGX. To widen our reach towards the investment community, recordings of these conference calls and materials related to the results announcements were uploaded to the Group's IR website.

The materials included:

- A press release with key operational and financial highlights for the quarter;
- A consolidated quarterly financial report;
- A set of presentation slides with operational and financial information; and
- A recording of the briefing for on-demand playback.

In addition, the investment community can obtain regulatory announcements made by IHH to Bursa Malaysia and SGX on IHH's Investor Relations webpage at www.ihhhealthcare.com/investor-relations.html.

TABLE OF KEY EVENTS

Key Events	2018	2017	2016	2015	2014
Annual and Quarterly Results Announcement: Teleconference & Webcasts	4	4	4	4	4
Investor Conferences & Non-deal Roadshows	9	8	12	18	17
Number of analysts/fund managers met (in-house, conference calls and road shows)	247	292	443	591	436

CONFERENCES AND ROADSHOWS

In 2018, investor relations worked with the major brokerage firms to conduct stakeholder engagements through investor conferences and non-deal roadshows, locally and internationally.

IHH's Senior Management, fronted by Managing Director and CEO, Dr Tan See Leng, and Investor Relations reached out directly to our shareholders and investors to provide updates about the Group's strategic developments, latest quarterly operational and financial performance, material operations affecting the Group and the business outlook. The Senior Management also took the opportunity to solicit feedback and perceptions of the Group from the investment community.

Date	Conference Names	Location	Organisers
10–11 Jan	36th J.P. Morgan Healthcare Conference: Emerging Markets	San Francisco	J.P. Morgan
1–2 Mar	Deutsche Bank London NDR	London	Deutsche Bank
5–9 Mar	DBS US & Canada NDR	New York, Boston, Toronto	DBS Bank
19–20 Mar	Credit Suisse Investment Conference	Hong Kong	Credit Suisse
24 Jul	Investor outreach on Fortis Healthcare Transaction	Hong Kong	IHH Healthcare Berhad
30 Jul	CIMB Kuala Lumpur NDR	Kuala Lumpur	CIMB Securities Ltd
2 Aug	Investor outreach on Fortis Healthcare Transaction	London	IHH Healthcare Berhad
12–13 Sep	25th CLSA Investors' Forum	Hong Kong	CLSA Singapore Pte Ltd
29 Nov	Morgan Stanley 17th Annual Asia Pacific Summit	Singapore	Morgan Stanley

ANALYST COVERAGE

The Company is closely tracked by the investment community. As at 30 March 2019, 26 analysts provided coverage on IHH, reflecting strong interest from sell side equity research houses, both domestic and abroad.

No	Analyst Coverage	No	Analyst Coverage
1	Affin Securities Sdn Bhd	14	KAF Seagroatt & Campbell Sec Sdn Bhd
2	AmInvestment Bank Berhad	15	K&N Kenanga Holdings Bhd
3	Bank of America Merrill Lynch Global Research	16	M & A Securities Sdn Bhd
4	BIMB Securities Sdn Bhd	17	Macquarie Securities Ltd
5	CIMB Securities Pte Ltd	18	Maybank Kim Eng Securities
6	Citigroup Global Markets Asia	19	MIDF Amanah Investment Bank Bhd
7	CLSA Singapore Pte Ltd	20	Morgan Stanley
8	Credit Suisse Holdings USA Inc	21	Nomura Securities Co Ltd/Tokyo
9	DBS Vickers Securities	22	Public Investment Bank
0	Deutsche Bank AG/Hong Kong	23	RHB Research Institute Sdn Bhd
11	Goldman Sachs India Sec Pte Ltd	24	TA Securities Holdings Bhd
12	Hong Leong Investment Bank Bhd	25	UBS Securities Malaysia Sdn
13	J.P. Morgan Securities (Malaysia) Sdn Bhd	26	UOB Kay Hian Pte Ltd

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as set out in Part A of Appendix 9C thereto.

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2018.

2. EMPLOYEE SHARE SCHEMES

The following are employee share schemes established by our Group and in existence during the financial year ended 31 December 2018 ("FY 2018"):

(i) Long Term Incentive Plan ("LTIP") of our Company ("IHH LTIP") for a duration of ten years from 25 March 2011 and expiring on 24 March 2021;

(ii) LTIP of Parkway Holdings Limited ("Parkway LTIP") for a duration of ten years from 21 April 2011 and expiring on 24 March 2021;

(iii) LTIP of Pantai Holdings Berhad (now known as Pantai Holdings Sdn Bhd) ("Pantai LTIP") for a duration of ten years from 24 May 2011 and expiring on 24 March 2021;

(iv) LTIP of IMU Health Sdn Bhd ("IMU LTIP") for a duration of ten years from 25 August 2011 and expiring on 24 March 2021; and

(v) Enterprise Option Scheme ("EOS") of our Company for a duration of ten years from 22 June 2015 and expiring on 21 June 2025.

(IHH LTIP, Parkway LTIP, Pantai LTIP, and IMU LTIP are collectively referred to as "LTIPs")

Brief details on the numbers of LTIP units/EOS options granted, vested and outstanding since the commencement of the LTIPs and EOS until FY 2018 are as follows:

	LTIPs	EOS
Total number of LTIP units/EOS options granted	64,573,415	44,030,000
Total number of LTIP units/EOS options surrendered/exercised	52,375,045	1,033,000
Total number of LTIP units/EOS options lapsed/cancelled/opted out	8,047,370	4,341,000
Total number of LTIP units/EOS options outstanding	4,151,000	38,656,000

Granted to Directors and Chief Executive

	LTIPs	EOS
Aggregate number of LTIP units/EOS options granted	16,404,000	23,194,000
Aggregate number of LTIP units/EOS options surrendered/exercised	14,409,000	123,000
Aggregate number of LTIP units/EOS options outstanding	1,995,000	23,071,000

In accordance with the Bye Laws for the LTIPs and EOS respectively, the total number of shares which may be issued under the LTIPs and EOS to the eligible participants, including Executive Directors and Senior Management of the Company, shall not exceed the aggregate of 2%, of our Company's total number of issued shares. Additionally, the total number of shares which may be issued under LTIP units and EOS options granted to a participant, who either singly or collectively with persons connected with him or her owns 20% or more of the total number of issued shares of our Company, shall not exceed in aggregate 10% of the total number of shares to be issued under the LTIPs and EOS respectively. None of our Directors and Senior Management, either singly or collectively with persons connected with them, owns 20% or more of the total number of issued shares of our Company.

For FY 2018, the actual percentage of LTIP units and EOS options granted to Executive Directors and Senior Management of the Company was 76% and 59% of the total number of LTIP units and EOS options granted in 2018 respectively.

Since the commencement of the LTIP and EOS, the actual percentage of LTIP units and EOS options granted in aggregate to Executive Directors and Senior Management of the Company are 27% and 61% of the total number of LTIP units and EOS options granted respectively.

There were no LTIP units and EOS options granted to the Non-Executive Directors since the commencement dates of the LTIPs and EOS until FY 2018.

Details of the LTIP units and EOS options exercised during the financial year are disclosed in Note 22 of the financial statements.

3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to external auditors by the Group and the Company respectively for the financial year ended 31 December 2018 are as follows:

	Audit fees		Non-Audit fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
KPMG PLT	1,212	458	810	810
Affliates of KPMG PLT	7,850	424	859	-
Total	9,062	882	1,669*	810

* Approximately RM862,000 of the non-audit fees are related to limited review of the Group's financial statements for acquisition projects.

Services rendered by KPMG PLT are not prohibited by regulatory and other professional requirements and are based on globally practiced guidelines on auditors' independence.

4. MATERIAL CONTRACTS INVOLVING DIRECTORS', CHIEF EXECUTIVE'S AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below and in the financial statements, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors', Chief Executive's and Major Shareholders' interests subsisting as at 31 December 2018 or entered into since the end of the previous financial year:

(i) A shareholders' agreement dated 23 December 2011 ("Shareholders' Agreement") was entered into among the Company, Integrated Healthcare Hastaneler Turkey Sdn Bhd ("IHH Turkey"), Bagan Lalang Ventures Sdn Bhd ("Bagan Lalang"), Hatice Seher Aydinlar ("HSA") and Mehmet Ali Aydinlar ("MAA"), whereby the parties have agreed on, among others, the rights and obligations of the parties regarding the governance of Acibadem Saglik Yatirimlari Holding A.S. and its group ("Acibadem Holding"). Under the Shareholders' Agreement, MAA, HSA and any relatives or heirs of these individuals or their permitted transferees holding shares in Acibadem Holding or in its group companies ("Aydinlar") have an option to convert Acibadem Holding shares that they hold representing up to 15% of the issued share capital in Acibadem Holding into ordinary shares in IHH ("IHH Shares") during a period of ten years from 24 January 2012, provided that such option is exercisable only after the initial public offering of IHH ("Aydinlar Option").

The relative prices of the Acibadem Holding shares to be transferred and the IHH Shares to be issued upon any exercise of the Aydinlar Option will be based on the fair market valuation of these shares at the time the Aydinlar Option is exercised. If the fair market valuation of these shares will result in a conversion of Aydinlar's Acibadem Holding shares into 20% or more than the number of IHH Shares, compared to if Aydinlar's Acibadem Holding shares were converted by using the share consideration price (per share) paid under the Share Purchase Agreement (referred to in Section 15.6(ii)(a) of the Company's Prospectus dated 2 July 2012) *(adjusted for any impact of subsequent capital increases or other changes to the capital)* ("Original Number"), then the number of IHH Shares which the Acibadem Holding shares will convert into will be 20% more than the Original Number. Likewise if the conversion would result in 20% or less than the Original Number, then the number of IHH Shares converted into will be 20% less than the Original Number.

Subject to Aydinlar exercising the Aydinlar Option, Bagan Lalang will have a similar right to convert a certain class of Acibadem Holding shares held by Bagan Lalang, representing up to 15% of the issued share capital in Acibadem Holding, into new IHH Shares ("Bagan Lalang Option"). The Bagan Lalang Option shall mirror exactly the Aydinlar Option and shall be subject to identical terms and procedures.

ADDITIONAL COMPLIANCE INFORMATION

On 8 October 2018, Aydinlar and Bagan Lalang exercised the Aydinlar Option and Bagan Lalang Option respectively as follows:

(i) MAA and HSA served a notice requesting to convert a total of 229,199,999 Class A shares in Acibadem Holding (“Acibadem Class A Shares”) (i.e. 212,719,852 Acibadem Class A Shares for MAA and 16,480,147 Acibadem Class A Shares for HSA), representing approximately 15% equity interest in Acibadem Holding, for 262,246,412 new ordinary shares in the Company (“new IHH Shares") ("Aydinlar Acquisition"); and

(ii) Bagan Lalang served a notice requesting to convert a total of 229,199,999 Class B shares in Acibadem Holding ("Acibadem Class B Shares"), representing approximately 15% equity interest in Acibadem Holding, for 262,246,412 new IHH Shares ("Bagan Lalang Acquisition").

In view that the exercise of the Bagan Lalang Option will result in Bagan Lalang’s shareholding in Acibadem Holding to be reduced from 229,200,000 Acibadem Class B Shares to 1 Acibadem Class B Share, Bagan Lalang has concurrently, with the completion of the Bagan Lalang Option, transferred its remaining 1 Acibadem Class B Share to IHH Turkey at no consideration (“Bagan Lalang Transfer”) to facilitate a complete exit of its investment in Acibadem Holding.

(The Aydinlar Acquisition, Bagan Lalang Acquisition and Bagan Lalang Transfer are collectively referred to as the “Acquisition”)

The Acquisition was completed on 30 November 2018 and consequently IHH, through its wholly-owned indirect subsidiary, IHH Turkey, increased its equity interest in Acibadem Holding from 60% to approximately 90%.

5. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of a revenue nature incurred by the Group for the financial year ended 31 December 2018 did not exceed the threshold prescribed under Paragraph 10.09(1) of the MMLR.

DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year. These are to be made out in accordance with the applicable approved accounting standards and to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year as well as of the results and cash flows of the Group and Company for the financial year.

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

The Directors have overall responsibility for taking such steps necessary to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the financial statements.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

for the year ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 46 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	627,687	243,773
Non-controlling interests	(137,827)	–
	489,860	243,773

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single tier cash dividend of 3 sen per ordinary share amounting to RM247,338,000 for the financial year ended 31 December 2017 on 18 July 2018.

The Directors have proposed a first and final single tier cash dividend of 3 sen per ordinary share for the financial year ended 31 December 2018 totalling RM263,079,000, which is subject to shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Mohammed Azlan Bin Hashim	
Dr. Tan See Leng	
Mehmet Ali Aydinlar	
Chang See Hiang	
Rossana Annizah Binti Ahmad Rashid	
Shirish Moreshwar Apte	
Bhagat Chintamani Aniruddha	
Koji Nagatomi	
Takeshi Saito*	
Jill Margaret Watts	Appointed on 4 April 2018
Kuok Khoon Ean	Retired on 28 May 2018
Quek Pei Lynn (Alternate Director to Bhagat Chintamani Aniruddha)	

* Takeshi Saito ceased to be an alternate director to Koji Nagatomi on 28 March 2019 and was appointed as a Director of the Company on 28 March 2019

The names of Directors of subsidiaries are set out in the subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares, units convertible into ordinary shares, options over ordinary shares, other units and perpetual securities of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 1 January 2018	**Options exercised**	**Bought**	**Sold**	**At 31 December 2018**
Interests in the Company					
Dr. Tan See Leng					
– Direct	10,453,800	1,248,000	–	(3,500,000)	8,201,800
Mehmet Ali Aydinlar					
– Direct	176,202,000	652,000	243,390,132*	–	420,244,132
– Deemed	88,910,861	–	18,856,280*	–	107,767,141
Chang See Hiang					
– Direct	100,000	–	–	–	100,000

	Number of ordinary shares of TL1.00 each				
	At 1 January 2018	**Options exercised**	**Bought**	**Sold**	**At 31 December 2018**
Interests in subsidiaries					
Acıbadem Sağlık Yatirimlari Holding A.Ş. ("ASYH")					
Mehmet Ali Aydinlar					
– Direct	354,533,087	–	–	(212,719,852)*	141,813,235
– Deemed	27,466,913	–	–	(16,480,147)*	10,986,766
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("ASH")					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	1	–	–	–	1
Acıbadem Poliklinikleri A.Ş.					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	3	–	–	–	3
Acıbadem Proje Yönetimi A.Ş.					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
Aplus Hastane Otelcilik Hizmetleri A.Ş.					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	2	–	–	–	2

DIRECTORS' INTERESTS *(continued)*

	Number of ordinary shares of TL2.00 each				
	At 1 January 2018	Options exercised	Bought	Sold	At 31 December 2018
Interests in a subsidiary					
International Hospital Istanbul A.Ş.					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	1	–	–	–	1

	Number of units convertible into ordinary shares				
	At 1 January 2018	Granted	Exercised	Lapsed/ cancelled	At 31 December 2018
Interests in the Company					
Long Term Incentive Plan ("LTIP")					
Dr. Tan See Leng	1,233,000	1,323,000	(1,248,000)	–	1,308,000
Mehmet Ali Aydinlar	660,000	657,000	(652,000)	–	665,000

	Number of options over ordinary shares				
	At 1 January 2018	Granted	Exercised	Lapsed/ cancelled	At 31 December 2018
Interests in the Company					
Enterprise Option Scheme ("EOS")					
Dr. Tan See Leng	14,229,000	6,432,000	–	–	20,661,000
Mehmet Ali Aydinlar	–	2,283,000	–	–	2,283,000

	Number of units				
	At 1 January 2018	Options exercised	Bought	Sold	At 31 December 2018
Interests in a subsidiary					
Parkway Life Real Estate Investment Trust ("PLife REIT")					
Chang See Hiang					
– Direct	300,000	–	–	–	300,000
Shirish Moreshwar Apte					
– Direct	150,000	–	–	–	150,000

	Value of perpetual securities held			
	At 1 January 2018 USD'000	Bought USD'000	Sold USD'000	At 31 December 2018 USD'000
Perpetual securities issued by a subsidiary				
Parkway Pantai Limited				
Dr. Tan See Leng	3,000	–	–	3,000

* New shares of the Company issued to Mehmet Ali Aydinlar in exchange for the acquisition of approximately his 15% interest in ASYH

DIRECTORS' INTERESTS *(continued)*

Except as disclosed above, none of the other Directors holding office as at 31 December 2018 had any interest in the ordinary shares, options over ordinary shares, units convertible into ordinary shares, other units and perpetual securities of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 41 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate apart from the issue of the LTIP and EOS as disclosed in Note 22.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

(i) 4,994,000 new ordinary shares pursuant to the surrender of vested LTIP units;

(ii) 226,000 new ordinary shares pursuant to the exercise of vested EOS options; and

(iii) 524,492,824 new ordinary shares for the acquisition of additional approximately 30% interest in Acibadem Saglik Yatirimlari Holding A.Ş. ("ASYH").

Upon completion of the above, the issued and fully paid number of shares of the Company increased from 8,239,583,639 to 8,769,296,463 as at 31 December 2018.

There were no other changes in the issued and paid-up capital of the Company, and no other debenture were issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options pursuant to the following scheme:

EOS

At an extraordinary general meeting held on 15 June 2016, the Company's shareholders approved the establishment of the EOS for granting of non-transferrable options to eligible employees of the Group any time during the existence of the scheme.

The salient features and the other terms of the EOS are, *inter alia*, as follows:

i. Eligible employees are executive directors and selected senior management employed by the Group who has been selected by the Board at its direction, if as at the offer date, the employee:

   – has attained the age of 18 years;

   – is in the full time employment and payroll of the Group including contract employees or in the case of a director, is on the board of directors of the Group; and

   – falls within such other categories and criteria that the Board may from time to time at its absolute discretion determine.

ii. The aggregate number of shares to be issued under the EOS shall not exceed 2% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES *(continued)*

EOS *(continued)*

iii. The EOS shall be in force for a period of 10 years from 22 June 2015.

iv. The EOS options granted in each year will vest in the participants over a three year period, in equal proportion (or substantially equal proportion) each year.

v. The exercise price for the EOS option granted shall be determined by the Board which shall be based on the 5-day weighted average market price of the underlying shares a day immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant regulatory from time to time (subject to the Board's discretion to grant the discount).

vi. Each EOS option gives a conditional right to the participant to receive 1 Share, upon exercise of the option and subject to the payment of the exercise price.

vii. The EOS options are granted if objective performance targets or such other objective conditions of exercise that the Board may determine from time to time on a yearly basis and which are met.

viii. The total number of EOS options which may be allocated to a participant who either singly or collectively with persons connected with him owns 20% or more of the issued and paid-up capital of the Company shall not exceed in aggregate 10% of the total number of Shares to be issued under the EOS.

ix. Options granted but not yet vested and any unexercised options shall lapse with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation or in the case of a director, cease or disqualified to be a Director of the Group or the participant becomes a bankrupt, unless the Board determines otherwise.

LTIP

At an extraordinary general meeting held on 25 March 2011, the Company's shareholders approved the establishment of the LTIP scheme for the granting of non-transferrable convertible units to eligible employees of the Group at any time during the existence of the scheme.

The salient features and the other terms of the LTIP are, *inter alia*, as follows:

i. Eligible employees are employees that are in the full time employment and in the payroll of the Group including contract employees for at least 6 months or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.

ii. The aggregate number of shares to be issued under the LTIP shall not exceed 2% of the issued and paid-up ordinary share capital of the Company.

iii. The LTIP shall be in force for a period of 10 years from 25 March 2011.

iv. The LTIP units granted in each year will vest in the participants over a three year period, in equal proportions each year.

v. Each unit of LTIP is entitled to be converted to 1 ordinary share of the Company after listing of the Company.

vi. Eligible employees who are offered LTIP units but have elected to opt out of the scheme will receive cash LTIP units instead which will be redeemed by the Company over a three year period in equal proportions each year.

vii. Options granted but not yet vested will be cancelled with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation or in the case of an executive director, cease or disqualified to be a Director or the participant becomes a bankrupt, unless the Board determines otherwise.

OPTIONS GRANTED OVER UNISSUED SHARES *(continued)*

During the year, the Group acquired Fortis Healthcare Limited and its subsidiaries ("Fortis Group") on 13 November 2018. Fortis Group has share-based payment schemes and the salient features and terms of these schemes are disclosed in Note 22 to the financial statements.

The options granted during the financial year is disclosed in Note 22 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, the Group purchased a Directors' and Officers' Liability Insurance for the Group's directors and officers with total insured limit of RM400 million per occurrence and in the aggregate. The insurance premium for the Group is RM470,000.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

for the year ended 31 December 2018

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Notes 42, 43 and 45 to the financial statements.

SUBSEQUENT EVENT

The event subsequent to the end of the reporting period is as disclosed in Note 51 to the financial statements.

CONSOLIDATION OF SUBSIDIARIES WITH DIFFERENT FINANCIAL YEAR END

Pursuant to Section 247(7) of the Companies Act 2016, the Company has applied and has been granted approval by the Companies Commission of Malaysia for the following subsidiaries of the Company to continue to have or to adopt a financial year which does not coincide with the Company in relation to the financial year ended 31 December 2018:

- Parkway Healthcare India Private Limited
- Andaman Alliance Healthcare Limited
- Ravindranath GE Medical Associates Private Limited ("RGE") and its subsidiaries
- Continental Hospitals Private Limited ("Continental") and its subsidiaries
- Fortis Healthcare Limited ("Fortis") and its subsidiaries

The details of the subsidiaries of RGE, Continental and Fortis are disclosed in Note 46 to financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 30 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Mohammed Azlan Bin Hashim
Director

....

Dr. Tan See Leng
Director

1 April 2019

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 155 to 297 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 31 December 2018 and of their financial performances and cash flows for the financial year then ended.

The Directors would like to draw your attention to Note 50. Given the ongoing regulatory investigations, any further adjustments/ disclosures, if required, would be made in the financial statements of the Group as appropriate when the outcome is known.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Dato' Mohammed Azlan Bin Hashim
Director

....

Dr. Tan See Leng
Director

1 April 2019

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Low Soon Teck**, the officer primarily responsible for the financial management of IHH Healthcare Berhad, do solemnly and sincerely declare that the financial statements set out on pages 155 to 297 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Low Soon Teck, Passport No.: K0764500H at Kuala Lumpur in the Federal Territory on 1 April 2019.

....

Low Soon Teck

Before me:

Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

to the Members of IHH Healthcare Berhad (Company No. 901914-V)
(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IHH Healthcare Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 155 to 297.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 2018, and of their financial performances and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 50 to the financial statements, the Group completed its acquisition of Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group") on 13 November 2018. Prior to the acquisition, an investigation report by an independent external legal firm was submitted to the former Fortis board, relating to systematic lapses/override of internal controls. Significant findings, amongst others, highlighted the placement of inter-corporate deposits and existence of possible related parties connected with former controlling shareholders of Fortis which may require appropriate reassessment by Fortis Group on the claims from, or transactions with, such parties. The Fortis Group had also initiated enquiries of the management of the entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm.

In addition, there are ongoing investigations by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India. On 17 October 2018 and 21 December 2018, SEBI had issued interim orders which, amongst others, stating that certain transactions were structured by some identified entities, which were *prima facie* fictitious and fraudulent in nature, resulting in *inter-alia* diversion of funds by former controlling shareholders of Fortis.

Due to the ongoing process of the various inquiries/investigations (including the need for any additional investigations by Fortis), the external auditors of Fortis are unable to determine if there are any regulatory non-compliances and additional adjustments/disclosures which may be necessary as a result of further findings of the ongoing or future regulatory/internal investigations and the consequential impact, if any, on the consolidated financial statements of Fortis. Any consequential adjustments may be recorded either as adjustments to the assets acquired and liabilities assumed in the acquisition which will have an impact to the provisional goodwill recognised by the Group on acquisition of Fortis under the purchase price allocation exercise, or as post-acquisition adjustments to be recognised in the financial statements of the Group in the period the adjustments are known.

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 Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

a. Impairment of the goodwill and intangible assets – Group

Refer to Note 2(f) and 2(g) – Significant accounting policies: "Goodwill on consolidation" and "Intangible assets" and Note 6 – Goodwill on consolidation and intangible assets.

The key audit matter

As at 31 December 2018, the Group's goodwill and intangible assets of RM13.9 billion represents 30.9% of the Group's total assets.

In view of the financial significance of the balance, the inherent uncertainties and the level of judgement required by us in evaluating the Group's assumptions included within the cash flow model and the fair value less costs to sell model, impairment of goodwill and intangible assets is a key audit matter.

The Group conducted an impairment assessment on all its cash-generating units ("CGUs") to identify if the recoverable amount is less than the carrying amount, indicating that the goodwill and intangible assets may be impaired. The Group determined the recoverable amounts of CGUs using value in use model involving cash flow projections with a terminal value or the fair value less costs to sell model. Key assumptions within these models include revenue growth, EBITDA margin, long-term growth rates, discount rates and an appropriate control premium percentage.

During the year, an impairment charge of RM66.2million was recognised in the profit or loss of the Group in respect of one cash generating unit where its recoverable amount is less than the Group's carrying amount.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the appropriateness of using value in use or fair value less costs to sell models as the basis for determining the CGUs' recoverable amounts.
- We evaluated the Group's cash flow projections by performing retrospective assessment of the key assumptions driving the business units' cash flow projections, in particular revenue growth and EBITDA margin, to the latest internal board approved budget and plan, external market data, the historical accuracy of the Group's estimates in the previous years and our understanding of the future prospects of the business or investments.
- We worked with our own valuation specialists to challenge the discount rates, long-term growth rates and control premium percentage, and comparing these assumptions to economic and industry forecasts.
- We performed our own sensitivity of the impairment calculation to changes in the key assumptions used by the Group to assess the extent of the changes that would be required for the assets to be impaired.
- We also assessed the adequacy of key assumptions disclosure in the Group's financial statements.

b. Basis of consolidation of investment in Fortis Healthcare Limited as a subsidiary – Group

Refer to Note 2(a) – Significant accounting policies: "Basis of consolidation", Note 7 – Investment in subsidiaries, and Note 43 – Acquisition of subsidiaries.

The key audit matter

During the year, the Group acquired 31.1% equity interest in Fortis Healthcare Limited ("Fortis") for a consideration of INR 40 billion (approximately RM2.3 billion).

Given that the interest in Fortis is at 31.1%, assessing whether the Group obtained control to direct the investment in Fortis requires judgement and to classify as a subsidiary on the date of acquisition is a key audit matter.

The Group assessed that with majority representation on the board of Fortis by virtue of share subscription agreement, the Group has control over the board of Fortis and accordingly, the investment in Fortis was classified as a subsidiary on the date of acquisition.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

b. Basis of consolidation of investment in Fortis Healthcare Limited as a subsidiary – Group *(continued)*

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We evaluated the appropriateness of management's assessment on when the Group obtained control over Fortis by examining of the terms and conditions of the share subscription agreement and other related documents in relation to the subscription of 31.1% equity interest.
- We performed an independent discussion and collaborate with the Company's India-based external lawyers who were involved in the drafting and finalising of the share subscription agreement, on the terms and conditions of the share subscription agreements and related local laws and regulations.
- We have also assessed the adequacy of the disclosures for the classification as a subsidiary and acquisition in the Group's financial statements.

c. Impairment of investment in a subsidiary – Company

Refer to Note 2(a)(i) – Significant accounting policies: "Subsidiaries" and Note 7 – Investment in subsidiaries.

The key audit matter

During the year, the Company continues to face challenges in its investment in Turkey, in particular the continuing depreciation of Turkish Lira currency over the years. This increased the risk that the Company's RM5.5 billion cost of investment in the subsidiary that holds the Turkey investment, exceeds its recoverable amount.

We identified the carrying value of the Company's investment in the subsidiary as a key audit matter as it required us to exercise judgement in evaluating the appropriateness of the assumptions used which include revenue growth, EBITDA margin, long-term growth rate, discount rate and EBITDA multiple, in deriving the recoverable amount of this investment.

Based on the impairment assessment performed by management using the recoverable amount as the greater of value in use ("VIU") or fair value less costs to sell ("FVLCTS"), an impairment loss of RM2.3 billion was charged to the profit or loss of the Company for the current year.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the Company's assessment on indicators of impairment in investment in subsidiary.
- We assessed the appropriateness of using value in use ("VIU") or fair value less costs to sell ("FVLCTS") models as the basis for determining the subsidiary's recoverable amount and checked the mathematical accuracy of these models.
- We evaluated the subsidiary's VIU and FVLCTS models by performing retrospective assessment of the key assumptions driving the subsidiary's cash flow projections, in particular revenue growth, EBITDA and EBITDA margin, to the latest internal board approved budget and plan, external market data, the historical accuracy of the subsidiary's estimates in the previous years and our understanding of the future prospects of the investment.
- We worked with our own valuation specialists to challenge the discount rate, long-term growth rate and EBITDA multiple, and comparing these assumptions to economic and industry forecasts.
- We performed our own sensitivity of the impairment calculation to changes in the key assumptions used by the subsidiary to assess the extent of the changes that would be required for the assets to be impaired.
- We also assessed the adequacy of key assumptions disclosure in the Company's financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do 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 annual report and, in doing so, consider whether the annual report 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, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

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 ability of the Group and of the Company 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 judgement and maintain professional scepticism 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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

to the Members of IHH Healthcare Berhad (Company No. 901914-V)
(Incorporated In Malaysia) *(continued)*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- 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, related safeguards.

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 auditors' 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 46 to the financial statements.

OTHER MATTER

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chong Dee Shiang
Approval Number: 02782/09/2020 J
Chartered Accountant

Petaling Jaya, Malaysia
1 April 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Property, plant and equipment	3	14,605,200	13,141,621	1,429	1,722
Prepaid lease payments	4	1,017,810	1,036,631	–	–
Investment properties	5	3,310,429	3,109,985	–	–
Goodwill on consolidation	6	11,829,197	10,692,198	–	–
Intangible assets	6	2,109,136	2,278,442	–	–
Investment in subsidiaries	7	–	–	16,286,644	15,650,650
Interests in associates	8	710,036	8,445	–	–
Interests in joint ventures	9	115,334	139,118	–	–
Other financial assets	10	18,668	15,052	–	–
Trade and other receivables	14	112,420	65,462	–	12,229
Tax recoverable		285,866	37,552	–	–
Derivative assets	26	722	12,422	–	–
Deferred tax assets	11	463,898	229,855	–	–
Total non-current assets		34,578,716	30,766,783	16,288,073	15,664,601
Development properties	12	80,729	75,027	–	–
Inventories	13	350,729	281,914	–	–
Trade and other receivables	14	1,959,970	1,504,882	15,330	15,041
Amounts due from subsidiaries	15	–	–	2,546,875	14,848
Tax recoverable		18,020	37,627	–	–
Other financial assets	10	347,185	160,235	179,646	–
Derivative assets	26	9,315	13,406	–	–
Cash and cash equivalents	16	7,763,398	6,078,603	1,280,302	1,564,893
		10,529,346	8,151,694	4,022,153	1,594,782
Assets classified as held for sale	17	6,448	7,004	–	–
Total current assets		10,535,794	8,158,698	4,022,153	1,594,782
Total assets		45,114,510	38,925,481	20,310,226	17,259,383

The notes on pages 167 to 297 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018 *(continued)*

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Equity					
Share capital	18	19,427,586	16,462,994	19,427,586	16,462,994
Other reserves	19	(1,665,515)	1,478,287	61,207	54,779
Retained earnings		4,231,930	3,948,881	729,004	730,716
Total equity attributable to owners of the Company		21,994,001	21,890,162	20,217,797	17,248,489
Perpetual securities	20	2,157,943	2,158,664	–	–
Non-controlling interests		4,355,141	1,851,904	–	–
Total equity		28,507,085	25,900,730	20,217,797	17,248,489
Liabilities					
Loans and borrowings	21	9,330,942	6,948,053	–	–
Employee benefits	22	98,938	52,442	122	49
Trade and other payables	25	691,264	969,909	–	–
Derivative liabilities	26	12,168	3,742	–	–
Deferred tax liabilities	11	991,273	1,011,220	–	–
Total non-current liabilities		11,124,585	8,985,366	122	49
Bank overdrafts	16	81,215	68	–	–
Loans and borrowings	21	1,123,108	689,987	–	–
Employee benefits	22	130,547	94,033	1,603	797
Trade and other payables	25	3,751,568	2,795,827	11,367	7,605
Derivative liabilities	26	5,931	22,991	–	–
Amounts due to subsidiaries	15	–	–	78,589	814
Tax payable		390,471	436,479	748	1,629
Total current liabilities		5,482,840	4,039,385	92,307	10,845
Total liabilities		16,607,425	13,024,751	92,429	10,894
Total equity and liabilities		45,114,510	38,925,481	20,310,226	17,259,383

The notes on pages 167 to 297 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	27	11,520,932	11,142,639	2,577,204	606,107
Other operating income		372,910	806,268	14,582	202,712
Inventories and consumables		(2,210,445)	(2,104,958)	–	–
Purchases and contracted services		(948,729)	(909,660)	–	–
Staff costs	28	(4,538,075)	(4,529,742)	(43,109)	(35,879)
Depreciation and impairment of property, plant and equipment	3	(880,701)	(915,769)	(859)	(865)
Amortisation and impairment of intangible assets and prepaid lease payments	6	(58,457)	(62,311)	–	–
Operating lease expenses		(334,316)	(328,510)	(2,186)	(2,238)
Other operating expenses		(1,380,182)	(1,293,159)	(2,322,652)	(73,157)
Finance income	29	174,943	151,839	25,726	18,689
Finance costs	29	(978,822)	(794,304)	(2,042)	(8)
Share of profits of associates (net of tax)		11,515	1,543	–	–
Share of profits of joint ventures (net of tax)		1,897	577	–	–
Profit before tax	30	752,470	1,164,453	246,664	715,361
Income tax expense	33	(262,610)	(334,625)	(2,891)	(4,335)
Profit for the year		489,860	829,828	243,773	711,026
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences from foreign operations		(349,175)	(790,190)	8	(27)
Hedge of net investments in foreign operations		(78,542)	21,344	–	–
Net change in fair value of available-for-sale financial instruments		–	(319,205)	–	(467)
Cash flow hedge		4,249	3,160	–	–
	31	(423,468)	(1,084,891)	8	(494)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liabilities		(11,241)	(12,245)	–	–
Net change in fair value of fair value through other comprehensive income financial instruments (FVOCI)		759	–	759	–
	31	(10,482)	(12,245)	759	–
Total comprehensive income/(expense) for the year		55,910	(267,308)	244,540	710,532
Profit attributable to:					
Owners of the Company		627,687	969,953	243,773	711,026
Non-controlling interests		(137,827)	(140,125)	–	–
Profit for the year		489,860	829,828	243,773	711,026
Total comprehensive income/(expense) attributable to:					
Owners of the Company		377,349	(6,989)	244,540	710,532
Non-controlling interests		(321,439)	(260,319)	–	–
Total comprehensive income/(expense) for the year		55,910	(267,308)	244,540	710,532
Earnings per ordinary share (sen):					
Basic	34	6.54	11.31		
Diluted	34	6.53	11.30		

The notes on pages 167 to 297 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2018

Group	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000
		Non-distributable				
At 1 January 2017		8,231,700	8,185,160	46,206	320,154	85,890
Foreign currency translation differences from foreign operations		–	–	–	–	–
Hedge of net investments in foreign operations		–	–	–	–	–
Net change in fair value of available-for-sale financial instruments		–	–	–	(320,154)	–
Cash flow hedge		–	–	–	–	–
Remeasurement of defined benefit liabilities		–	–	–	–	–
Total other comprehensive (expense)/income for the year	31	–	–	–	(320,154)	–
Profit for the year		–	–	–	–	–
Total comprehensive (expense)/income for the year		–	–	–	(320,154)	–
Contributions by and distributions to owners of the Company						
– Share options exercised		3,208	154	–	–	–
– Share-based payment	22	–	–	52,186	–	–
– Dividends to owners of the Company	35	–	–	–	–	–
		3,208	154	52,186	–	–
Transfer to share capital and share premium on share options exercised		42,705	67	(42,772)	–	–
Cancellation of vested share options		–	–	(661)	–	–
Acquisition of subsidiaries	43	–	–	–	–	–
Disposal of a subsidiary	44	–	–	–	–	–
Changes in ownership interests in subsidiaries	45	–	–	–	–	–
Issue of shares by subsidiaries to non-controlling interests		–	–	–	–	–
Recognition of put options granted to non-controlling interests	37	–	–	–	–	–
Changes in fair value of put options granted to non-controlling interests	37	–	–	–	–	–
Transfer per statutory requirements		–	–	–	–	–
Issue of perpetual securities	20	–	–	–	–	–
Accrued perpetual securities distribution		–	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–
Total transactions with owners of the Company		45,913	221[(1)]	8,753	–	–
Transfer in accordance with Section 618(2) of the Companies Act 2016[(2)]		8,185,381	(8,185,381)	–	–	–
At 31 December 2017		16,462,994	–	54,959	–	85,890

1 Share premium arose from the exercise of employee option scheme before 31 January 2017, being the effective date of the Companies Act 2016.

2 In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

Attributable to owners of the Company								
				Distributable				
Hedge reserve	Capital reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	Total	Perpetual securities	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
14,071	(1,157,882)	42,601	2,941,612	3,276,228	21,985,740	–	1,907,417	23,893,157
–	–	–	(658,527)	–	(658,527)	–	(131,663)	(790,190)
–	–	–	7,609	–	7,609	–	13,735	21,344
–	–	–	–	–	(320,154)	–	949	(319,205)
1,127	–	–	–	–	1,127	–	2,033	3,160
–	–	–	–	(6,997)	(6,997)	–	(5,248)	(12,245)
1,127	–	–	(650,918)	(6,997)	(976,942)	–	(120,194)	(1,097,136)
–	–	–	–	969,953	969,953	–	(140,125)	829,828
1,127	–	–	(650,918)	962,956	(6,989)	–	(260,319)	(267,308)
–	–	–	–	–	3,362	–	–	3,362
–	–	–	–	–	52,186	–	–	52,186
–	–	–	–	(247,171)	(247,171)	–	–	(247,171)
–	–	–	–	(247,171)	(191,623)	–	–	(191,623)
–	–	–	–	–	–	–	–	–
–	–	–	–	661	–	–	–	–
–	–	–	–	–	–	–	11,392	11,392
–	–	–	–	–	–	–	766	766
2	293,354	–	(1,119)	–	292,237	–	372,389	664,626
–	–	–	–	–	–	–	75,056	75,056
–	(103,924)	–	–	–	(103,924)	–	(57,516)	(161,440)
–	(46,640)	–	–	–	(46,640)	–	1,411	(45,229)
–	–	5,154	–	(5,154)	–	–	–	–
–	–	–	–	–	–	2,120,025	–	2,120,025
–	–	–	–	(38,639)	(38,639)	38,639	–	–
–	–	–	–	–	–	–	(198,692)	(198,692)
2	142,790	5,154	(1,119)	(290,303)	(88,589)	2,158,664	204,806	2,274,881
–	–	–	–	–	–	–	–	–
15,200	(1,015,092)	47,755	2,289,575	3,948,881	21,890,162	2,158,664	1,851,904	25,900,730

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2018 *(continued)*

		Non-distributable			
Group	Note	Share capital RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000
At 1 January 2018		16,462,994	54,959	–	85,890
Foreign currency translation differences from foreign operations		–	–	–	–
Hedge of net investments in foreign operations		–	–	–	–
Net change in fair value of FVOCI financial instruments		–	–	759	–
Cash flow hedge		–	–	–	–
Remeasurement of defined benefit liabilities		–	–	–	–
Total other comprehensive income/(expense) for the year	31	–	–	759	–
Profit for the year		–	–	–	–
Total comprehensive income/(expense) for the year		–	–	759	–
Contributions by and distributions to owners of the Company					
– Share options exercised		1,282	–	–	–
– Share-based payment	22	–	38,909	–	–
– Dividends to owners of the Company	35	–	–	–	–
		1,282	38,909	–	–
Transfer to share capital on share options exercised		31,395	(31,395)	–	–
Cancellation of vested share options		–	(1,094)	–	–
Acquisitions of subsidiaries	43	–	–	–	–
Changes in ownership interests in subsidiaries	45	2,931,915	–	–	–
Issue of shares by subsidiaries to non-controlling interests		–	–	–	–
Changes in fair value of put options granted to non-controlling interests	37	–	–	–	–
Transfer per statutory requirements		–	–	–	–
Payment of coupon on perpetual securities	20	–	–	–	–
Accrued perpetual securities distribution	20	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–
Total transactions with owners of the Company		2,964,592	6,420	–	–
Reclassification		–	–	(759)	–
At 31 December 2018		19,427,586	61,379	–	85,890

The notes on pages 167 to 297 are an integral part of these financial statements.

Attributable to owners of the Company								
				Distributable				
Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000
15,200	(1,015,092)	47,755	2,289,575	3,948,881	21,890,162	2,158,664	1,851,904	25,900,730
–	–	–	(215,086)	–	(215,086)	–	(134,089)	(349,175)
–	–	–	(27,985)	–	(27,985)	–	(50,557)	(78,542)
–	–	–	–	–	759	–	–	759
1,514	–	–	–	–	1,514	–	2,735	4,249
–	–	–	–	(9,540)	(9,540)	–	(1,701)	(11,241)
1,514	–	–	(243,071)	(9,540)	(250,338)	–	(183,612)	(433,950)
–	–	–	–	627,687	627,687	–	(137,827)	489,860
1,514	–	–	(243,071)	618,147	377,349	–	(321,439)	55,910
–	–	–	–	–	1,282	–	–	1,282
–	17	–	–	–	38,926	–	38	38,964
–	–	–	–	(247,338)	(247,338)	–	–	(247,338)
–	17	–	–	(247,338)	(207,130)	–	38	(207,092)
–	–	–	–	–	–	–	–	–
–	–	–	–	1,094	–	–	–	–
–	–	–	–	–	–	–	2,653,008	2,653,008
1	(3,258,468)	–	(3)	–	(326,555)	–	408,897	82,342
–	(203)	–	–	–	(203)	–	11,563	11,360
–	347,073	–	–	–	347,073	–	(50,739)	296,334
–	–	3,767	–	(3,767)	–	–	–	–
–	(849)	–	–	–	(849)	(86,567)	–	(87,416)
–	–	–	–	(85,846)	(85,846)	85,846	–	–
–	–	–	–	–	–	–	(198,091)	(198,091)
1	(2,912,430)	3,767	(3)	(335,857)	(273,510)	(721)	2,824,676	2,550,445
–	–	–	–	759	–	–	–	–
16,715	(3,927,522)	51,522	2,046,501	4,231,930	21,994,001	2,157,943	4,355,141	28,507,085

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2018 *(continued)*

		Attributable to owners of the Company						
		Non-distributable					Distributable	
Company	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2017		8,231,700	8,185,160	46,206	(153)	467	266,200	16,729,580
Foreign currency translation differences from foreign operations		–	–	–	(27)	–	–	(27)
Net change in fair value of available-for-sale financial instruments		–	–	–	–	(467)	–	(467)
Total other comprehensive expense for the year		–	–	–	(27)	(467)	–	(494)
Profit for the year		–	–	–	–	–	711,026	711,026
Total comprehensive (expenses)/income for the year		–	–	–	(27)	(467)	711,026	710,532
Contributions by and distributions to owners of the Company								
– Share options exercised		3,208	154	–	–	–	–	3,362
– Share-based payment		–	–	52,186	–	–	–	52,186
– Dividends to owners of the Company	35	–	–	–	–	–	(247,171)	(247,171)
		3,208	154	52,186	–	–	(247,171)	(191,623)
Transfer to share capital and share premium on share options exercised		42,705	67	(42,772)	–	–	–	–
Cancellation of vested share options		–	–	(661)	–	–	661	–
Total transactions with owners of the Company		45,913	221[(1)]	8,753	–	–	(246,510)	(191,623)
Transfer in accordance with Section 618(2) of the Companies Act 2016[(2)]		8,185,381	(8,185,381)	–	–	–	–	–
At 31 December 2017		16,462,994	–	54,959	(180)	–	730,716	17,248,489

1 Share premium arose from the exercise of employee option scheme before 31 January 2017, being the effective date of the Companies Act 2016.

2 In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

The notes on pages 167 to 297 are an integral part of these financial statements.

Company	Note	Share capital RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to owners of the Company					
		Non-distributable				Distributable	
At 1 January 2018		16,462,994	54,959	(180)	–	730,716	17,248,489
Foreign currency translation differences from foreign operations		–	–	8	–	–	8
Net change in fair value through other comprehensive income financial instruments		–	–	–	759	–	759
Total other comprehensive income for the year		–	–	8	759	–	767
Profit for the year		–	–	–	–	243,773	243,773
Total comprehensive income for the year		–	–	8	759	243,773	244,540
Contributions by and distributions to owners of the Company							
– Share options exercised		1,282	–	–	–	–	1,282
– Share-based payment		–	38,909	–	–	–	38,909
– Issue of new shares		2,931,915	–	–	–	–	2,931,915
– Dividends to owners of the Company	35	–	–	–	–	(247,338)	(247,338)
		2,933,197	38,909	–	–	(247,338)	2,724,768
Transfer to share capital on share options exercised		31,395	(31,395)	–	–	–	–
Cancellation of vested share options		–	(1,094)	–	–	1,094	–
Total transactions with owners of the Company		2,964,592	6,420	–	–	(246,244)	2,724,768
Reclassification		–	–	–	(759)	759	–
At 31 December 2018		19,427,586	61,379	(172)	–	729,004	20,217,797

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Profit before tax		752,470	1,164,453	246,664	715,361
Adjustments for:					
Dividend income	27	(3,639)	(2,128)	(2,577,204)	(606,107)
Finance income	29	(174,943)	(151,839)	(25,726)	(18,689)
Finance costs	29	978,822	794,304	2,042	8
Depreciation and impairment of property, plant and equipment	3	880,701	915,769	859	865
Amortisation and impairment of intangible assets and prepaid lease payments	6	58,457	62,311	–	–
Impairment loss made/(written back):					
– Investment in a subsidiary		–	–	2,295,921	(72)
– Goodwill	30	66,168	–	–	–
– Investment in a joint venture	30	33,353	–	–	–
– Trade and other receivables	30	(34,539)	11,066	–	–
– Amounts due from associates	30	–	(901)	–	–
– Amounts due from joint ventures	30	52	575	–	–
Write-off:					
– Property, plant and equipment	30	1,219	2,874	–	–
– Intangible assets	30	174	248	–	–
– Inventories	30	1,903	5,137	–	–
– Trade and other receivables	30	13,337	28,074	–	–
Gain on disposal of property, plant and equipment	30	(831)	(15,349)	(107)	–
Gain on disposal of a subsidiary	30	–	(1,149)	–	–
Gain on disposal of available-for-sale financial instruments					
– quoted	30	–	(554,500)	–	–
– unquoted	30	–	(4,695)	–	(167)
Realised gain on foreign exchange on return of capital by a foreign subsidiary	30	–	–	–	(202,365)
(Gain)/Loss on disposal of business units		(2,925)	776	–	–
Change in fair value of investment properties	30	(74,192)	(22,922)	–	–
Provision for financial guarantee given to a joint venture's loan	30	3,967	1,570	–	–
Share of profits of associates (net of tax)		(11,515)	(1,543)	–	–
Share of profits of joint ventures (net of tax)		(1,897)	(577)	–	–
Equity-settled share-based payment	22	38,964	52,186	11,309	12,069
Net unrealised foreign exchange differences		(183,675)	108,751	(11,906)	38,308
Operating profit/(loss) before changes in working capital		2,341,431	2,392,491	(58,148)	(60,789)
Changes in working capital:					
Development properties		(5,702)	(46,040)	–	–
Inventories		(38,873)	(39,097)	–	–
Trade and other receivables		(153,199)	(71,731)	12,815	14,556
Trade and other payables		100,681	298,800	2,469	(4,338)
Cash generated from/(used in) operations		2,244,338	2,534,423	(42,864)	(50,571)
Tax paid		(380,080)	(273,724)	(3,835)	(2,941)
Net cash from/(used in) operating activities		1,864,258	2,260,699	(46,699)	(53,512)

The notes on pages 167 to 297 are an integral part of these financial statements.

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from investing activities					
Interest received		130,324	67,195	24,670	9,113
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	43	(178,977)	(6,734)	–	–
Development and purchase of intangible assets	6	(14,511)	(7,505)	–	–
Purchase of property, plant and equipment		(1,046,729)	(1,498,377)	(573)	(450)
Payment for prepaid lease		(4,075)	–	–	–
Purchase of investment properties	5	(69,613)	(207,926)	–	–
Purchase of money market funds		(178,652)	–	(178,652)	–
Net withdrawal of fixed deposits with tenor of more than 3 months		69,517	44,116	–	–
Net cash inflow/(outflow) from disposal of business units	42	2,925	(1,124)	–	–
Proceeds from disposal of a subsidiary, net of cash and cash equivalents disposed	44	–	(9)	–	–
Proceeds from disposal of property, plant and equipment		8,109	33,419	107	–
Proceeds from disposal of available-for-sale financial instruments					
– quoted		–	1,257,531	–	–
– unquoted		–	150,973	–	70,274
Proceeds from disposal of money market funds		5,370	–	–	–
Proceeds from return of capital by a foreign subsidiary	7	–	–	–	692,302
Proceeds from liquidation of a subsidiary	7	–	–	–	598
Proceeds from redemption of redeemable preference shares by a subsidiary	7	–	–	–	260,000
Dividends received from money market funds	27	3,639	2,128	3,639	2,128
Dividends received from subsidiaries	27	–	–	50,000	603,979
Dividends received from joint ventures		1,212	1,401	–	–
Dividends received from associates		13,849	563	–	–
Deposits placed in escrow account		(1,970,800)	–	–	–
Repayment from subsidiaries		–	–	97,067	36,662
Net cash (used in)/from investing activities		(3,228,412)	(164,349)	(3,742)	1,674,606

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018 *(continued)*

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from financing activities					
Interest paid		(363,147)	(325,950)	–	–
Proceeds from exercise of share options		1,282	3,362	1,282	3,362
Proceeds from loans and borrowings		4,036,562	1,789,126	–	–
Proceeds from issue of fixed rate medium term notes		128,542	185,139	–	–
Proceeds from issue of perpetual securities, net of transaction costs		–	2,120,025	–	–
Repayment of loans and borrowings		(2,352,671)	(2,432,757)	–	–
Loan from non-controlling interest of a subsidiary		2,454	–	–	–
Payment of perpetual securities distribution		(87,416)	–	–	–
Dividends paid to non-controlling interests		(198,091)	(198,692)	–	–
Dividends paid to owners of the Company		(247,338)	(247,171)	(247,338)	(247,171)
Acquisition of non-controlling interests		(16,863)	(7,149)	–	–
Proceeds from dilution of interest in subsidiaries		13,745	671,775	–	–
Issue of shares by subsidiaries to non-controlling interests		11,360	75,056	–	–
Changes in pledged deposits		(31)	7,769	–	–
Net cash from/(used in) financing activities		928,388	1,640,533	(246,056)	(243,809)
Net (decrease)/increase in cash and cash equivalents		(435,766)	3,736,883	(296,497)	1,377,285
Effect of exchange rate fluctuations on cash held		68,583	(82,412)	11,906	(38,231)
Cash and cash equivalents at 1 January		6,077,746	2,423,275	1,564,893	225,839
Cash and cash equivalents at 31 December		5,710,563	6,077,746	1,280,302	1,564,893

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash and bank balances		4,166,127	4,886,821	1,227,914	1,288,920
Fixed deposits with tenor of 3 months or less		3,597,271	1,191,782	52,388	275,973
		7,763,398	6,078,603	1,280,302	1,564,893
Less:					
– Bank overdrafts		(81,215)	(68)	–	–
– Deposits placed in escrow account		(1,970,800)	–	–	–
– Cash collateral received		(820)	(789)	–	–
Cash and cash equivalents	16	5,710,563	6,077,746	1,280,302	1,564,893

The notes on pages 167 to 297 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

IHH Healthcare Berhad is a company incorporated and domiciled in Malaysia. It is listed on Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited. The address of the Company's principal place of business and registered office is as follows:

Level 11, Block A
Pantai Hospital Kuala Lumpur
8 Jalan Bukit Pantai
59100 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" or "IHH Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2018 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 1 April 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. BASIS OF PREPARATION *(continued)*

(a) Statement of compliance *(continued)*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2019 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The Group is still in the process of assessing the impact of the new MFRSs, amendments to and interpretations of MFRSs on the financial statements. The Group's preliminary assessment of MFRS 16, which is expected to have a more significant impact on the Group, is as described below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group had adopted the modified retrospective approach and elected to measure the right-of-use assets at an amount equal to the lease liability as at the date of initial application. The Group had completed a detailed assessment of the impact on its financial statements.

At 1 January 2019, the Group expects to recognise additional lease liabilities of RM1,751,919,000 with a corresponding right-of-use assets of RM1,751,919,000 pertaining to operating leases. In addition, leasehold lands and assets under finance lease arrangement (both currently recorded under the property, plant and equipment) and prepaid lease payments will be reclassified into right-of-use assets as at 1 January 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. BASIS OF PREPARATION *(continued)*

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 5	–	measurement of the fair value of investment properties
Note 6	–	measurement of the recoverable amounts of cash-generating units
Note 9	–	measurement of the recoverable value of a joint venture
Note 22	–	measurement of share-based payment
Note 23 and 24	–	measurement of retirement benefits and employment termination benefits
Note 25	–	measurement of fair value of put options granted to non-controlling interests
Note 43	–	business combinations

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;

ii) revenue recognition; and

iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impact arising from the changes are disclosed in Note 52.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at the date that common control was established.

The assets and liabilities acquired under business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, are recognised at the carrying amounts recognised previously in the Group controlling shareholders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial instruments depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

(vi) Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statements of financial position at cost less any impairment losses and includes transaction costs.

(viii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

(ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Financial instrument categories and subsequent measurement *(continued)*

Financial assets *(continued)*

Current financial year *(continued)*

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

(c) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition,gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see note 2(o)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Financial instrument categories and subsequent measurement *(continued)*

***Financial assets** (continued)*

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration receivable in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprised debt instruments that were quoted in an active market and the Group had the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprised debt instruments and financial assets with fixed or determinable payments that were not quoted in an active market.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial instruments

Available-for-sale category comprised investment in equity and debt securities instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2(o)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Financial instrument categories and subsequent measurement *(continued)*

Financial liabilities

Current financial year

Except for put options granted to non-controlling interests, categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss, put options granted to non-controlling interests and compulsory convertible preference shares, are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Put options granted to non-controlling interests

The Group granted put options to the non-controlling interests in existing subsidiaries over their equity interests in those subsidiaries which provide for settlement in cash by the Group. The Group recognises a liability for the present value of the exercise price of the options. Subsequent to initial recognition, the Group recognises the changes in the carrying amount of the financial liabilities in equity.

Compulsory convertible preference shares ("CCPS")

CCPS are issued by a subsidiary, denominated in Indian Rupees and will be converted to share capital of the subsidiary at the option of the holder. Where the number of shares to be issued is not fixed, the CCPS is classified as a liability and initially recognised at its fair value and subsequent changes in fair value are recognised in profit or loss. Where the number of shares to be issued becomes fixed, the related CCPS tranche is reclassified to equity at its fair value on that date.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Financial instrument categories and subsequent measurement *(continued)*

Financial liabilities *(continued)*

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration payable in a business combination or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(iv) Regular way purchase or sale of financial assets *(continued)*

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge.

The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(a) Cash flow hedge

Current financial year

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(v) Hedge accounting *(continued)*

(a) Cash flow hedge *(continued)*

Previous financial year

In the previous financial year, cost of hedging was expensed to profit or loss.

(b) Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation..

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a few financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability 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.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other cost directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing cost is capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable, willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement costs when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Property, plant and equipment *(continued)*

(i) Recognition and measurement *(continued)*

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property and measured at fair value.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction (construction-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	Remaining term of the lease
Buildings	5 – 60 years
Hospital and medical equipment, renovations, furniture and fittings and equipment	3 – 25 years
Laboratory and teaching equipment	2 – 10 years
Motor vehicles	4 – 8 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leased assets *(continued)*

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Prepayment for leasehold land which in substance is an operating lease is classified as prepaid lease payments, and are amortised over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(f) Goodwill on consolidation

Goodwill is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

(g) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to prepare the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Intangible assets *(continued)*

(ii) Other intangible assets

Customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Brand names and hospital licenses that have indefinite lives and other intangible assets that are not yet available for use are stated at cost less impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Customer relationships	5 – 20 years
Capitalised development costs	5 – 10 years
Brand use rights	remaining term of the right
Favourable lease arrangements	remaining term of the lease
Other intangibles	3 – 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(h) Investment properties

(i) Recognition and measurement

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

The fair value is determined based on internal valuation or independent professional valuation. Independent professional valuation is obtained annually for material investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Investment properties *(continued)*

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Development property

The cost of property under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure that can be allocated on a reasonable basis to the property under development. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Development property is stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Due allowance is made for all damaged, expired and slow moving items.

Net realisable value is the estimated selling price in the ordinary course of business less 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 allowance for 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. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(o)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(l) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Contract cost *(continued)*

(ii) Costs to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(n) Assets classified as held for sale

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

(o) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment *(continued)*

(i) Financial assets *(continued)*

Current financial year *(continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, associates and joint venture) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment *(continued)*

(i) Financial assets *(continued)*

Previous financial year *(continued)*

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, development properties and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time and whenever there is an indication that they may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distributions of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(q) Perpetual securities

The perpetual securities do not have a maturity date and the issuer is able to elect to defer making a distribution, subject to the terms and conditions of the securities issue. Accordingly, the perpetual securities are presented within equity as the issuer is not considered to have a contractual obligation to make principle repayments or distributions in respect of its perpetual securities. Distributions are treated as dividends which will be directly debited from retained earnings. Incremental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

(r) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

The component parts of compound financial instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the issuer's equity instruments is an equity instrument.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

(s) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to defined contribution plans are charged to the profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Employee benefits *(continued)*

(ii) Defined benefits plans

The Group has non-funded defined benefits plans given to employees of certain subsidiaries within the Group.

The Group's net obligation in respect of defined benefits retirement plan and termination plan are calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), if any, and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefits plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Share-based payments transactions

The grant date fair value of share-based payments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the employee share options is measured using the trinomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average cost of capital, earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("EBITDA") multiples, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(t) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income receivable under operating lease is recognised in profit or loss on a 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.

(iii) Dividend income

Dividend income from investments is recognised in profit or loss on the date that the right to receive payment is established.

(iv) Finance income

Finance income comprises interest income from bank deposits and debt securities, net fair value gain of financial derivatives that are recognised in profit or loss, net fair value gain of the CCPS liabilities, and net exchange gain from foreign currency denominated interest-bearing borrowings and lendings.

Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is capitalised.

(v) Finance costs

Finance costs comprises interest expense on borrowings, finance lease liabilities and bonds, amortisation of borrowing transaction costs and discount on bonds, bank charges, net fair value losses on financial derivatives that are recognised in profit or loss, net fair value losses of CCPS liabilities, and net exchange losses from foreign currency denominated interest-bearing borrowings and lendings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Finance costs *(continued)*

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

(w) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(x) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Both basic and diluted EPS of the Group are adjusted to take into consideration the effect of perpetual securities distribution on earnings.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(z) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(aa) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Cost									
At 1 January 2017		567,967	3,890,441	4,292,931	6,478,404	60,199	41,104	2,684,571	18,015,617
Acquisitions through business combinations	43	–	–	–	12,839	–	–	861	13,700
Disposal of a subsidiary	44	–	–	–	(548)	–	(161)	–	(709)
Disposal of a business unit	42	–	–	–	(662)	–	–	–	(662)
Additions		21,532	–	83,313	919,439	10,014	5,181	578,329	1,617,808
Disposals		–	–	–	(158,766)	–	(6,457)	–	(165,223)
Write off		–	–	–	(70,832)	(2,212)	–	(915)	(73,959)
Reclassification		225	–	1,361,155	1,112,726	–	145	(2,474,251)	–
Transfer to intangible assets	6	–	–	–	(3,901)	–	–	–	(3,901)
Transfer from investment properties	5	–	22,086	5,164	3,346	–	–	–	30,596
Translation differences		(27,365)	(53,349)	(168,621)	(645,348)	–	(2,123)	(160,606)	(1,057,412)
At 31 December 2017/ 1 January 2018		562,359	3,859,178	5,573,942	7,646,697	68,001	37,689	627,989	18,375,855
Acquisitions through business combinations	43	520,278	300,588	372,981	886,686	–	15,224	119,911	2,215,668
Additions		–	10,348	16,924	407,417	6,809	4,948	738,858	1,185,304
Disposals		–	–	(913)	(87,895)	–	(4,626)	(1,011)	(94,445)
Write off		–	–	–	(13,373)	(6,990)	(200)	–	(20,563)
Reclassification		–	–	37,433	759,970	661	2,489	(800,553)	–
Transfer to intangible assets	6	–	–	–	(1,569)	–	–	(956)	(2,525)
Translation differences		(39,880)	(22,381)	(103,311)	(770,198)	–	(3,540)	(88,595)	(1,027,905)
At 31 December 2018		1,042,757	4,147,733	5,897,056	8,827,735	68,481	51,984	595,643	20,631,389

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses									
At 1 January 2017		–	331,436	743,212	3,737,395	35,695	26,550	798	4,875,086
Acquisitions through business combinations	43	–	–	–	7,328	–	–	–	7,328
Disposal of a subsidiary	44	–	–	–	(465)	–	(176)	–	(641)
Depreciation charge for the year		–	45,388	118,855	738,382	6,855	4,825	–	914,305
Impairment loss made/ (reversed)		–	–	–	2,267	–	–	(803)	1,464
Disposals		–	–	–	(139,619)	–	(5,168)	–	(144,787)
Write off		–	–	–	(69,035)	(2,050)	–	–	(71,085)
Translation differences		–	(5,047)	(23,981)	(317,581)	–	(832)	5	(347,436)
At 31 December 2017/ 1 January 2018		–	371,777	838,086	3,958,672	40,500	25,199	–	5,234,234
Acquisitions through business combinations	43	–	–	32,037	372,100	–	10,915	–	415,052
Depreciation charge for the year		–	44,450	110,983	709,003	7,646	4,900	–	876,982
Impairment loss made		–	–	–	2,184	–	–	1,535	3,719
Disposals		–	–	(43)	(82,910)	–	(4,214)	–	(87,167)
Write off		–	–	–	(12,705)	(6,520)	(119)	–	(19,344)
Reclassification		–	–	(4,942)	4,389	553	–	–	–
Translation differences		–	(1,022)	(23,867)	(371,571)	–	(835)	8	(397,287)
At 31 December 2018		–	415,205	952,254	4,579,162	42,179	35,846	1,543	6,026,189
Net carrying amount									
At 1 January 2017		567,967	3,559,005	3,549,719	2,741,009	24,504	14,554	2,683,773	13,140,531
At 31 December 2017/ 1 January 2018		562,359	3,487,401	4,735,856	3,688,025	27,501	12,490	627,989	13,141,621
At 31 December 2018		1,042,757	3,732,528	4,944,802	4,248,573	26,302	16,138	594,100	14,605,200

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Renovations, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Company			
Cost			
At 1 January 2017	1,440	2,763	4,203
Additions	85	365	450
Write off	(31)	–	(31)
Translation differences	(1)	(28)	(29)
At 31 December 2017/1 January 2018	1,493	3,100	4,593
Additions	17	556	573
Disposal	–	(650)	(650)
Translation differences	–	(7)	(7)
At 31 December 2018	1,510	2,999	4,509
Accumulated depreciation			
At 1 January 2017	582	1,477	2,059
Depreciation charge for the year	280	585	865
Write off	(31)	–	(31)
Translation differences	–	(22)	(22)
At 31 December 2017/1 January 2018	831	2,040	2,871
Depreciation charge for the year	284	575	859
Disposal	–	(650)	(650)
At 31 December 2018	1,115	1,965	3,080
Net carrying amount			
At 1 January 2017	858	1,286	2,144
At 31 December 2017/1 January 2018	662	1,060	1,722
At 31 December 2018	395	1,034	1,429

Leasehold land under perpetual lease

At 31 December 2018, the carrying amount of leasehold land of the Group includes an amount of RM296,303,000 (2017: Nil) which is not depreciated as the land is taken on a perpetual lease.

Securities

As at 31 December 2018, property, plant and equipment of the Group with carrying amounts of RM1,139,559,000 (2017: RM648,664,000) are charged to licensed financial institutions for credit facilities and term loans granted to the Group.

Assets under finance lease arrangements

Included in the net carrying amount of property, plant and equipment of the Group are motor vehicles and equipment with net carrying amounts of RM427,905,000 (2017: RM106,787,000) that are held under finance lease arrangements.

Borrowing costs

Included in additions of the Group during the year are capitalised borrowing costs amounting to RM24,674,000 (2017: RM68,771,000).

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Prepaid lease payments amortisation capitalised

Included in additions of construction-in-progress of the Group are the amortisation of prepaid lease payments amounting to RM3,764,000 (2017: RM6,906,000) (See Note 4).

4. PREPAID LEASE PAYMENTS

	Group	
	2018 RM'000	**2017 RM'000**
Cost		
At 1 January	1,130,005	1,221,328
Additions	4,075	–
Translation differences	11	(91,323)
At 31 December	1,134,091	1,130,005
Accumulated amortisation		
At 1 January	93,374	77,849
Amortisation charge for the year	21,509	22,879
Translation differences	1,398	(7,354)
At 31 December	116,281	93,374
Net carrying amount		
At 1 January	1,036,631	1,143,479
At 31 December	1,017,810	1,036,631

Prepaid lease payments relate to leasehold land which are in substance operating leases. The prepaid lease payments are amortised on a straight-line basis over lease term ranging from 50 to 99 years. The amortisation charge for the year ended 31 December 2018 of RM3,764,000 (2017: RM6,906,000) is capitalised in property, plant and equipment which relates to the construction of a hospital.

5. INVESTMENT PROPERTIES

		Group	
	Note	**2018 RM'000**	**2017 RM'000**
At 1 January		3,109,985	3,033,107
Additions		69,613	207,927
Transfer to property, plant and equipment	3	–	(30,596)
Change in fair value recognised in profit or loss	30	74,192	22,922
Translation differences		56,639	(123,375)
At 31 December		3,310,429	3,109,985

Investment properties includes land, retail units and medical suites within hospitals, nursing homes with care services and a pharmaceutical product distributing and manufacturing facility leased or intended to be leased to external parties.

5. INVESTMENT PROPERTIES *(continued)*

The following are recognised in profit or loss in respect of investment properties:

	Group 2018 RM'000	Group 2017 RM'000
Rental income	177,267	179,934
Direct operating expenses:		
– income generating investment properties	(20,427)	(20,699)
– non-income generating investment properties	(1,386)	(1,427)
	155,454	157,808

Determination of fair value

Investment properties are stated at fair value based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuers have considered valuation techniques including the direct comparison method, the direct capitalisation approach, and the discounted cash flow approach in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The direct capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow approach involves the estimation and the projection of an income stream over a period and discounting the income stream with an appropriate rate of return.

Fair value hierarchy

The fair value of the investment properties are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 4 RM'000
2018				
Land	–	–	933,737	933,737
Buildings	–	–	2,376,692	2,376,692
	–	–	3,310,429	3,310,429
2017				
Land	–	–	833,672	833,672
Buildings	–	–	2,276,313	2,276,313
	–	–	3,109,985	3,109,985

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5. INVESTMENT PROPERTIES *(continued)*

Determination of fair value (continued)

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow approach	Risk-adjusted discount rates range from 4.70% to 7.25% (2017: 5.00% to 7.50%)	The estimated fair value would increase/(decrease) if the risk-adjusted discount rates were lower/(higher).
Direct comparison approach	Premium made for differences in type of development (including design, use and proximity to complementary businesses) range from 0% to 25% (2017: 0% to 25%)	The estimated fair value would increase/(decrease) if premium made for differences in type of development was higher/(lower).
Direct capitalisation approach	Capitalisation rates range from 4.7% to 6.8% (2017: 5.0% to 7.0%)	The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Other intangibles* RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Cost								
At 1 January 2017		1,887,237	305,613	399,372	254,161	2,846,383	11,076,000	13,922,383
Acquisitions through business combinations	43	–	7,923	–	–	7,923	15,313	23,236
Disposal of a subsidiary	44	–	–	–	(234)	(234)	–	(234)
Additions		–	–	–	7,505	7,505	–	7,505
Write off		–	–	–	(264)	(264)	–	(264)
Transfer from property, plant and equipment	3	–	–	–	3,901	3,901	–	3,901
Finalisation of purchase price allocation	43	–	–	–	–	–	33,563	33,563
Translation differences		(113,098)	(47,368)	(36,900)	(19,294)	(216,660)	(432,678)	(649,338)
At 31 December 2017/ 1 January 2018		1,774,139	266,168	362,472	245,775	2,648,554	10,692,198	13,340,752
Acquisitions through business combinations	43	–	–	–	144,343	144,343	1,612,732	1,757,075
Additions		–	–	–	14,511	14,511	–	14,511
Write off		–	–	–	(222)	(222)	–	(222)
Transfer from property, plant and equipment	3	–	–	–	2,525	2,525	–	2,525
Translation differences		(123,298)	(44,049)	(40,378)	(34,663)	(242,388)	(408,388)	(650,776)
At 31 December 2018		1,650,841	222,119	322,094	372,269	2,567,323	11,896,542	14,463,865

* Other intangibles include capitalised development costs, brand use rights and favourable lease arrangements.

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS *(continued)*

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Other intangibles* RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Accumulated amortisation and impairment losses								
At 1 January 2017		–	–	250,250	106,491	356,741	–	356,741
Disposal of a subsidiary	44	–	–	–	(17)	(17)	–	(17)
Amortisation charge for the year		–	–	24,745	21,593	46,338	–	46,338
Write off		–	–	–	(16)	(16)	–	(16)
Translation differences		–	–	(20,588)	(12,346)	(32,934)	–	(32,934)
At 31 December 2017/ 1 January 2018		–	–	254,407	115,705	370,112	–	370,112
Acquisitions through business combinations	43	–	–	–	87,278	87,278	–	87,278
Amortisation charge for the year		–	–	19,476	21,236	40,712	–	40,712
Impairment		–	–	–	–	–	66,168	66,168
Write off		–	–	–	(48)	(48)	–	(48)
Translation differences		–	–	(25,078)	(14,789)	(39,867)	1,177	(38,690)
At 31 December 2018		–	–	248,805	209,382	458,187	67,345	525,532
Net carrying amount								
At 1 January 2017		1,887,237	305,613	149,122	147,670	2,489,642	11,076,000	13,565,642
At 31 December 2017/ 1 January 2018		1,774,139	266,168	108,065	130,070	2,278,442	10,692,198	12,970,640
At 31 December 2018		1,650,841	222,119	73,289	162,887	2,109,136	11,829,197	13,938,333

* Other intangibles include capitalised development costs, brand use rights and favourable lease arrangements.

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS *(continued)*

Goodwill, brand names and hospital licences are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill, brand names and hospital licences are monitored for internal management purposes.

The aggregate carrying amounts of goodwill, brand names and hospital licences allocated to each operating unit are as follows:

	Goodwill		Brand names		Hospital licences	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Group						
Singapore healthcare services	5,796,769	5,835,854	1,145,173	1,145,173	–	–
Malaysia healthcare services	2,081,322	2,023,390	116,000	116,000	–	–
China healthcare services	185,476	184,880	–	–	–	–
India healthcare services						
– Continental Group[(1)]	–	73,151	–	–	–	–
– Global Group[(2)]	607,573	659,955	–	–	–	–
– Fortis Group[(3)]	1,517,088	–	–	–	–	–
Turkey healthcare services	1,249,246	1,522,161	389,668	512,966	222,119	266,168
PLife REIT	151,938	152,940	–	–	–	–
Education	224,976	224,976	–	–	–	–
Others	14,809	14,891	–	–	–	–
	11,829,197	10,692,198	1,650,841	1,774,139	222,119	266,168

1 Continental Hospitals Private Limited and its subsidiaries
2 Ravindranath GE Medical Associates Private Limited and its subsidiaries
3 Fortis Healthcare Limited and its subsidiaries

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences

(a) Healthcare services and Education CGUs

Key assumptions used in determining the recoverable amount

For the purpose of impairment testing, the carrying amounts are allocated to the Group's operating divisions which are the cash-generating units ("CGU"). Recoverable amount of each CGU, except for Fortis Group and PLife REIT, is estimated based on its value in use. The value in use calculations apply a discounted cash flow model using cash flow projections based on past experience, actual operating results, approved financial budgets for 2019 and 5 to 10 years business plans.

The key assumptions for the computation of value in use of goodwill, brand names and hospital licences include the following:

(i) Revenue growth assumptions:

- Singapore healthcare services: 4% – 6% (2017: 4% – 6%) per annum for the years 2019 to 2023.
- Malaysia healthcare services: 8% – 9% (2017: 6% – 12%) per annum for the years 2019 to 2023.
- China healthcare services: 8% – 23% (2017: 5% – 9%) per annum for the years 2019 to 2023.
- India healthcare services (Continental Group): 10% – 15% (2017: 9% – 29%) per annum for the years 2019 to 2027.
- India healthcare services (Global Group): 11% – 22% (2017: 10% – 25%) per annum for the years 2019 to 2027.
- Turkey healthcare services: 7% – 28% (2017: 13% – 17%) per annum for the years 2019 to 2023.
- Education services: 1% to 17% (2017: -4% to 1%) per annum for the years 2019 to 2023.

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS *(continued)*

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences *(continued)*

(a) Healthcare services and Education CGUs *(continued)*

Key assumptions used in determining the recoverable amount *(continued)*

(ii) EBITDA margins assumptions:

- Singapore healthcare services: 25% – 27% (2017: 26%) per annum for the years 2019 to 2023.
- Malaysia healthcare services: 23% – 27% (2017: 26% – 27%) per annum for the years 2019 to 2023.
- China healthcare services: 13% – 27% (2017: 26% – 29%) per annum for the years 2019 to 2023.
- India healthcare services (Continental Group): 4% – 25% (2017: 7% – 25%) per annum for the years 2019 to 2027.
- India healthcare services (Global Group): 13% – 25% (2017: 7% – 25%) per annum for the years 2019 to 2027.
- Turkey healthcare services: 18% – 21% (2017: 17% – 22%) per annum for the years 2019 to 2023.
- Education services: 23% to 29% (2017: 28% – 32%) per annum for the years 2019 to 2023.

The projections are in line with the proposed expansion plans for the respective CGUs.

(iii) Terminal value was estimated using the perpetuity growth model:

- Singapore healthcare services: 1% (2017: 2%) per annum.
- Malaysia healthcare services: 3% (2017: 3%) per annum.
- China healthcare services: 2.5% (2017: 2.5%) per annum.
- India healthcare services (Continental Group): 5% (2017: 4%) per annum.
- India healthcare services (Global Group): 5% (2017: 4%) per annum.
- Turkey healthcare services: 5.5% (2017: 3.0%) per annum.
- Education services: 0% (2017: 0%) per annum.

The terminal values were applied to steady-state estimated earnings at the end of the projected period.

(iv) Discount rates which were based on the cost of capital plus an appropriate risk premium at the date of assessment of the respective CGUs:

- Singapore healthcare services: 7.5% (2017: 7.5%).
- Malaysia healthcare services: 10.0% (2017: 10.5%).
- China healthcare services: 9.5% (2017: 11.5%).
- India healthcare services (Continental Group): 15.3% (2017: 15.0%).
- India healthcare services (Global Group): 15.3% (2017: 15.0%).
- Turkey healthcare services: 21% (2017: 15.5%).
- Education services: 9% (2017: 9.5%).

(v) There will be no other significant changes in the government policies and regulations which will directly affect the CGUs' businesses. The inflation for the operating expenses is in line with the estimated gross domestic product growth rate for the country based on the past trends.

The values assigned to the key assumptions represent the Group's assessment of future trends in the healthcare and education market and are based on both external sources and internal sources (historical data).

The Group has identified that a reasonably possible change in discount rate and EBITDA margins for the years 2019 to 2023 could cause the carrying amount of the Global Group CGU to exceed the recoverable amount. An approximate 3% increase in discount rate or a 14% decrease in the EBITDA margins for the years 2019 to 2023 at the reporting date would have reduced the recoverable amount of Global Group to the carrying amount.

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS *(continued)*

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences *(continued)*

(a) Healthcare services and Education CGUs *(continued)*

Key assumptions used in determining the recoverable amount *(continued)*

During the year, Continental Group continued to incur operating losses arising from the challenges faced in its business operations. The Group performed an assessment of the recoverable amount and determined the recoverable amount to be lower than the carrying amount. Accordingly, an impairment loss of RM66,168,000 (2017:Nil) was recognised in 'other operating expenses' in the profit or loss.

Except as mentioned above, the Group believes that no reasonably foreseeable changes in the above key assumptions that would cause the carrying values of these CGUs to materially exceed their recoverable amounts other than changes in the prevailing operating environment of which the impact is not ascertainable.

(b) PLife REIT CGU

Recoverable amount of PLife REIT is based on fair value less cost to sell, using the open market price of this CGU as at reporting date.

(c) Fortis Group CGU

The recoverable amount of Fortis Group was based on fair value less cost to sell determined using the quoted share price of Fortis Healthcare Limited ("Fortis") at the reporting date, adjusted for control premium. The fair value measurement is classified as Level 3 of the fair value hierarchy. A 3% decrease in share price or 4% decrease in control premium at the reporting date would have reduced the recoverable amount to its carrying amount.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM'000	**2017 RM'000**
At cost:		
Unquoted shares in Malaysia	18,582,534	15,650,619
Unquoted shares outside Malaysia	31	31
	18,582,565	15,650,650
Allowance for impairment loss	(2,295,921)	–
	16,286,644	15,650,650

The movements of cost of investment in subsidiaries are as follows:

	Company	
	2018 RM'000	**2017 RM'000**
At 1 January	15,650,650	16,402,113
Subscription of new ordinary shares of a subsidiary	2,931,915	–
Redemption of redeemable preference shares by subsidiary	–	(260,000)
Return of capital by subsidiaries	–	(490,535)
Write off investment against provision	–	(928)
At 31 December	18,582,565	15,650,650

During the year, the Company continues to face challenges in its investment in Turkey, in particular the continuing depreciation of Turkish Lira currency over the years. The Company performed an assessment on the recoverable amount of its Turkey investment as the greater of value in use or fair value less cost to sell and determined the recoverable amount is lower than the Company's RM5.5 billion (2017: RM2.6 billion) cost of investment in the subsidiary that holds the Turkey investment. Accordingly, an impairment loss of RM2,295,921,000 has been recognised in the Company's profit or loss.

7. INVESTMENT IN SUBSIDIARIES *(continued)*

Details of the investment in subsidiaries are as disclosed in Note 46.

Although the Group owns less than half of the ownership interest in the following entities, the Group consolidated them as subsidiaries in accordance with the MFRS 10, *Consolidated Financial Statements*, on the following basis:

a) **PLife REIT**

The Group has *de facto* control over PLife REIT, on the basis that the remaining voting rights in PLife REIT are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively.

b) **Gleneagles JPMC Sdn. Bhd. ("GJPMC")**

The Group controls the Board of GJPMC by virtual of agreement with other shareholders of GJPMC.

c) **Fortis**

The Group controls majority of Fortis Board by virtue of the share subscription agreement with Fortis.

The Group, via PLife REIT, does not hold any ownership interest in the special purpose entities ("SPEs") listed in Note 46. Notwithstanding that the Group does not have any direct or indirect shareholdings in these SPEs, the Group has accounted for these SPEs as subsidiaries in accordance to MFRS 10, *Consolidated Financial Statements*, as the Group receives substantially all of the returns related to the SPEs' operations and net assets and has the current ability to direct these SPEs' activities that most significantly affect their returns based on the terms of agreements under which these SPEs were established.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Material NCI			Other individually immaterial subsidiaries	Total
	PLife REIT[(i)]	Fortis Group	GHK[(iii)]		
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
NCI percentage of ownership interest and voting interest	64.34%	68.90%	40.00%		
Carrying amount of NCI	1,288,323	1,850,747[(ii)]	(405,521)	1,621,592	4,355,141
Profit/(Loss) allocated to NCI	166,008	5,493*	(168,266)	(141,062)[(ix)]	(137,827)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	4,511,716	4,204,138	2,535,330		
Current assets	75,247	2,734,102	91,317		
Non-current liabilities	(2,389,776)	(782,438)	(3,430,505)		
Current liabilities	(41,182)	(1,569,441)	(209,945)		
Net assets/(liabilities)	2,156,005	4,586,361[(vii)]	(1,013,803)		
Year ended 31 December					
Revenue	335,699	217,111*	290,172		
Profit/(Loss) for the year/period	239,761	10,739*[(viii)]	(420,666)		
Total comprehensive income/(expenses)	232,521	(30,569)*	(438,255)		
Cash flows from/(used in) operating activities	263,928	12,562	(176,842)		
Cash flows (used in)/from investing activities	(82,975)	34,381	(22,847)		
Cash flows (used in)/from financing activities	(193,305)	(174,471)	138,037		
Net decrease in cash and cash equivalents	(12,352)	(127,528)	(61,652)		
Dividends paid to NCI	183,131	–	–		

7. INVESTMENT IN SUBSIDIARIES *(continued)*

Non-controlling interests in subsidiaries *(continued)*

2017	Material NCI PLife REIT RM'000	ASYH RM'000	PCH[v] RM'000	ACC[vi] RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	64.31%	40.00%	29.90%	44.47%		
Carrying amount of NCI	1,293,916	(213,531)[iv]	448,322	205,502	117,695	1,851,904
Profit/(Loss) allocated to NCI	142,847	(66,712)	1,424	(3,554)	(214,130)	(140,125)
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	4,368,218	4,820,797	448,994	596,568		
Current assets	85,898	835,164	947,612	117,574		
Non-current liabilities	(242,023)	(1,491,377)	(6,924)	(151,670)		
Current liabilities	(2,046,305)	(2,610,922)	(187,780)	(103,025)		
Net assets	2,165,788	1,553,662	1,201,902	459,447		
Year ended 31 December						
Revenue	342,317	3,853,527	222,491	492,503		
Profit/(Loss) for the year	210,096	(161,399)	17,490	(10,539)		
Total comprehensive income/(expenses)	225,792	(65,921)	12,991	84,614		
Cash flows from/(used in) operating activities	252,095	609,506	176,042	(29,171)		
Cash flows used in investing activities	(221,198)	(582,228)	(30,617)	(51,850)		
Cash flows (used in)/from financing activities	(165,083)	(18,392)	590,450	30,849		
Net (decrease)/increase in cash and cash equivalents	(134,186)	8,886	735,875	(50,172)		
Dividends paid to NCI	158,275	8,755	–	–		

* Relates only to the Group's share of post-acquisition results.

i Parkway Life Real Estate Investment Trust ("PLife REIT").

ii Does not include the NCI of the non-wholly owned subsidiaries of Fortis.

iii GHK Hospital Limited ("GHK").

iv Does not include the NCI of the non-wholly owned subsidiaries of ASYH.

v PCH Holding Pte. Ltd. ("PCH").

vi Acibadem City Clinic B.V. ("ACC").

vii Includes net assets of RM774,265,000 attributable to NCIs within Fortis Group which are individually immaterial.

viii Includes total profit of RM2,767,000 attributable to NCIs within Fortis Group which are individually immaterial.

ix Included is an amount of RM142,809,000 losses, representing share of profit or loss for the period from January 2018 to November 2018 pertaining to the NCIs' 40% equity interest in ASYH. On 1 December 2018, NCI's equity interest has decreased to approximately 10%. Refer to Note 45(f) for details.

7. INVESTMENT IN SUBSIDIARIES *(continued)*

Significant restrictions

PLife REIT

The Group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of PLife REIT other than those resulting from the regulatory framework within which the subsidiary operates. PLife REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the Singapore Exchange Securities Trading Limited ("SGX-ST") for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with PLife REIT are either subject to review by PLife REIT's Trustee or must be approved by a majority of votes by the remaining holders of Units in PLife REIT ("Unitholders") at a meeting of Unitholders.

The assets of PLife REIT are held in trust by a Trustee for the Unitholders. As at 31 December 2018, the carrying amounts of PLife REIT's assets and liabilities are RM4,586,963,000 (2017: RM4,454,116,000) and RM2,430,958,000 (2017: RM2,288,328,000) respectively.

8. INTERESTS IN ASSOCIATES

	Group	
	2018 RM'000	2017 RM'000
At cost:		
Unquoted shares	2,236	2,247
Quoted shares	464,345	–
Share of post-acquisition reserves	(30,825)	6,198
	435,756	8,445
Investment in non-convertible debentures	274,280	–
	710,036	8,445
Market value of quoted shares	620,177	–

Details of the associates are disclosed in Note 47.

The non-convertible debentures ("NCDs") are issued by International Hospitals Limited ("IHL"), a wholly owned subsidiary of RHT Health Trust, an associate. The NCDs carry an interest of 9% per annum and mature in 10 years from the date of issuance. Subsequent to year-end, IHL is acquired as disclosed in Note 51.

8. INTERESTS IN ASSOCIATES *(continued)*

The Group does not have any material associates. Summarised financial information of the associates are presented in aggregate representing the Group's share, based on their respective financial statements prepared in accordance with MFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies, if any:

	Individually immaterial associates	
	2018 RM'000	2017 RM'000
Share of profit from continuing operations	11,515	1,543
Share of other comprehensive income	4,009	–
Share of total comprehensive income	15,524	1,543

9. INTERESTS IN JOINT VENTURES

	Group	
	2018 RM'000	2017 RM'000
At cost:		
Unquoted shares	281,880	276,887
Share of post-acquisition reserves	(57,129)	(56,715)
Allowance for impairment loss	(129,019)	(100,764)
	95,732	119,408
Amount due from a joint venture	19,602	19,710
	115,334	139,118

Details of the joint ventures are disclosed in Note 48.

Amount due from a joint venture

The amount due from a joint venture is unsecured and interest-free. The repayment of the amount is at the discretion of the lender and is not expected to be repaid within the next 12 months from 31 December 2018.

The Group does not have any material joint ventures. Summarised financial information of the joint ventures are presented in aggregate representing the Group's share, based on their respective financial statements prepared in accordance with MFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies, if any:

	Individually immaterial joint ventures	
	2018 RM'000	2017 RM'000
Share of profit from continuing operations, representing share of total comprehensive income	1,897	577

In 2016, the construction of Khubchandani Hospitals Private Limited ("KHPL")'s greenfield hospital in Mumbai stalled as a result of failed negotiations over disagreements with the joint venture partner. The disagreement persisted in 2018, resulting in further delays in the construction of the hospital. Accordingly, the Group fully impaired its investment in KHPL with the recognition of an impairment loss of RM33,353,000 (2017: Nil) during the year in the Group's other operating expenses. As at the reporting date, the accumulated impairment loss recognised for KHPL was RM126,018,000 (2017: RM97,676,000).

10. OTHER FINANCIAL ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Unquoted shares at fair value through other comprehensive income	11,334	–	–	–
Available-for-sale unquoted shares	–	11,385	–	–
Investments at amortised cost				
– Fixed deposits with tenor of more than 3 months	7,003	–	–	–
Loans and receivables				
– Fixed deposits with tenor of more than 3 months	–	3,323	–	–
Others				
– Club membership	331	344	–	–
	18,668	15,052	–	–
Current				
Fair value through profit and loss				
– Mutual funds	4,257	–	–	–
– Money market funds	179,646	–	179,646	–
Investments at amortised cost				
– Fixed deposits with tenor of more than 3 months	163,282	–	–	–
Loans and receivables				
– Fixed deposits with tenor of more than 3 months	–	160,235	–	–
	347,185	160,235	179,646	–

Equity investments designated at fair value through other comprehensive income

At 1 January 2018, the Group designated the investments in unquoted equity securities as at fair value through other comprehensive income because these equity securities represents investments that the Group intends to hold for long term strategic purposes. In 2017, these investments were designated as available-for-sale.

	Group	
	Fair value as at 31 December 2018 RM'000	Dividend income recognised during 2018 RM'000
FWD Singapore Pte Ltd *(formerly known as Shenton Insurance Pte Ltd)*	11,334	–

11. DEFERRED TAX ASSETS AND LIABILITIES

Group	Note	Unutilised tax losses and unabsorbed capital allowance RM'000	Investment tax allowances RM'000	Receivables/ provisions RM'000	Property, plant and equipment RM'000	Investment properties RM'000	Intangible assets RM'000	Others RM'000	Total RM'000
At 1 January 2017		21,049	48,540	60,689	(435,176)	(64,163)	(458,673)	1,065	(826,669)
Acquired through business combinations	43	–	–	–	2	–	–	–	2
Disposal of a subsidiary	44	–	–	(69)	117	–	3	–	51
Recognised in profit or loss	33	2,205	(42,348)	8,552	41,409	(12,498)	11,171	2,610	11,101
Recognised in other comprehensive income	31	–	–	3,321	–	–	–	–	3,321
Translation differences		(3,465)	2	(8,373)	4,311	4,316	33,786	252	30,829
At 31 December 2017/ 1 January 2018		19,789	6,194	64,120	(389,337)	(72,345)	(413,713)	3,927	(781,365)
Acquired through business combinations	43	225,569	5,277	195,336	(189,018)	–	(83,651)	10,888	164,401
Recognised in profit or loss	33	57,503	(2,808)	2,684	20,395	(14,620)	8,316	(88)	71,382
Recognised in other comprehensive income	31	–	–	3,667	–	–	–	–	3,667
Translation differences		(14,002)	(48)	(12,070)	4,022	(3,224)	40,094	(232)	14,540
At 31 December 2018		288,859	8,615	253,737	(553,938)	(90,189)	(448,954)	14,495	(527,375)

The amounts determined after appropriate offsetting is included in the statements of financial position are as follows:

	Assets		Liabilities		Net	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses and unabsorbed capital allowance	288,859	19,789	–	–	288,859	19,789
Investment tax allowances	8,615	6,194	–	–	8,615	6,194
Receivables/provisions	254,556	93,678	(819)	(29,558)	253,737	64,120
Property, plant and equipment	26,984	115,423	(580,922)	(504,760)	(553,938)	(389,337)
Investment properties	–	–	(90,189)	(72,345)	(90,189)	(72,345)
Intangible assets	1,771	5,012	(450,725)	(418,725)	(448,954)	(413,713)
Others	15,407	5,297	(912)	(1,370)	14,495	3,927
	596,192	245,393	(1,123,567)	(1,026,758)	(527,375)	(781,365)
Set off	(132,294)	(15,538)	132,294	15,538	–	–
	463,898	229,855	(991,273)	(1,011,220)	(527,375)	(781,365)

Deferred tax assets and liabilities are offset where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

11. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018 RM'000	2017 RM'000
Deductible temporary difference	336,060	712
Unutilised tax losses	1,654,831	551,508
	1,990,891	552,220

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits there from. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the countries in which the subsidiaries operate.

The unutilised tax losses carried forward do not expire under current tax legislations, except for amount of RM386,157,000 (2017: RM178,649,000) which will expire in 2019 – 2026.

12. DEVELOPMENT PROPERTIES

	Group	
	2018 RM'000	2017 RM'000
At 1 January	75,027	28,987
Additions	5,702	46,040
As at 31 December	80,729	75,027

13. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Pharmaceuticals, surgical and medical supplies	350,729	281,914

As at 31 December 2018, inventories with carrying amount of RM46,920,000 (2017: RM12,892,000) are pledged to licensed financial institutions as securities for credit facilities granted to subsidiaries in India.

14. TRADE AND OTHER RECEIVABLES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current				
Trade receivables	768	1,009	–	–
Other receivables	17,823	1,811	–	–
Interest receivables	38,885	–	–	–
Deposits	20,062	22,308	–	–
	77,538	25,128	–	–
Prepayments	34,882	40,334	–	12,229
	112,420	65,462	–	12,229
Current				
Trade receivables	1,670,330	1,260,097	–	–
Trade amounts due from associates	8,203	28	–	–
Trade amounts due from joint ventures	20,474	14,029	–	–
Other receivables	83,930	78,705	35	259
Non-trade amounts due from associates	14,542	12	–	–
Non-trade amounts due from joint ventures	1,350	1,223	–	–
Interest receivables	17,485	13,812	2,823	2,002
Deposits	55,396	36,492	5	5
	1,871,710	1,404,398	2,863	2,266
Prepayments	88,260	100,484	12,467	12,775
	1,959,970	1,504,882	15,330	15,041

Offsetting of financial assets and financial liabilities

Financial assets and liabilities that have been set off for presentation purpose are as follows:

Group	Note	Gross amount RM'000	Balances that are set off RM'000	Net carrying amount in the statements of financial position RM'000
2018				
Trade receivables		1,796,145	(96,370)	1,699,775
Trade payables	25	(1,528,147)	96,370	(1,431,777)
2017				
Trade receivables		1,365,744	(90,581)	1,275,163
Trade payables	25	(1,096,308)	90,581	(1,005,727)

Certain trade receivables and trade payables were set off for presentation purpose as the Group has enforceable rights to set off the amounts and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

15. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Amounts due from subsidiaries included a dividend receivable amount of RM2,523,565,000 (2017: Nil). This dividend receivable was settled after year end by the Company's subscription of new ordinary shares of the subsidiary.

Amounts due to subsidiaries included RM77,023,000 (2017: Nil) which is unsecured, repayable on demand and bears an interest rate of 3.50% per annum.

The remaining amounts due from/(to) subsidiaries are unsecured, interest-free and are repayable on demand.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash and bank balances	4,166,127	4,886,821	1,227,914	1,288,920
Fixed deposits with tenor of 3 months or less	3,597,271	1,191,782	52,388	275,973
	7,763,398	6,078,603	1,280,302	1,564,893
Secured bank overdrafts	(81,215)	(68)	–	–
Deposits placed in escrow account	(1,970,800)	–	–	–
Cash collateral received	(820)	(789)	–	–
Cash and cash equivalents in statements of cash flows	5,710,563	6,077,746	1,280,302	1,564,893

Deposits placed in escrow account

These are the amounts deposited in accordance with the requirements of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations ("SEBI (SAST) Regulations") relating to the Group's Mandatory Open Offer ("Offer") to acquire up to an additional 26% equity interest in Fortis and Fortis Malar Hospitals Limited (see Note 40). These amounts can only be released in the manner prescribed in clause 17(10) of the SEBI (SAST) Regulations.

17. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale as at 31 December 2018 and 31 December 2017 relates to a piece of freehold land in India that is committed for sale.

18. SHARE CAPITAL

	Group and Company			
	Number of shares 2018 '000	Amount 2018 RM'000	Number of shares 2017 '000	Amount 2017 RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January	8,239,583	16,462,994	8,231,700	8,231,700
Issued pursuant to the surrender of vested LTIP units	4,994	30,930	7,290	41,483
Issued pursuant to the exercise of vested EOS options	226	1,747	593	4,430
New shares issued (Note 45(f))	524,493	2,931,915	–	–
	8,769,296	19,427,586	8,239,583	8,277,613
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016[i]	–	–	–	8,185,381
At 31 December	8,769,296	19,427,586	8,239,583	16,462,994

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

[i] In accordance with Section 618(2) of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months after the commencement of Section 74 of the Companies Act 2016 on 31 January 2017 to utilise the credit.

19. OTHER RESERVES

The movements in each category of the other reserves are disclosed in the consolidated statements of changes in equity.

The nature and purpose of each category of reserves are as follows:

(a) Share option reserve

Share option reserve comprises the cumulative value of employee services received for the issue of share options and conditional award of performance shares. Upon the commencement of Companies Act 2016 on 31 January 2017, when the options are exercised, the amount from the share option reserves is transferred to share capital. Before the commencement of the Companies Act 2016 on 31 January 2017, the amount from the share option reserves is transferred to share capital and the excess value above the par value of the ordinary shares issued is transferred to share premium.

When the share options expire, the amount from the share option reserve is transferred to retained earnings. Details of the share options are disclosed in Note 22.

(b) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of financial instruments designated at fair value through other comprehensive income (2017: available-for-sale financial instruments) until the investments are derecognised or impaired.

(c) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

(d) Hedge reserve

Hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges relating to hedged transactions that have not yet occurred.

19. OTHER RESERVES *(continued)*

(e) Capital reserve

The capital reserve comprises:

(i) non-cash contribution from/distribution to holding companies within the Group for the common control transfer of subsidiaries;

(ii) difference between the consideration paid/received and net assets acquired/disposed in equity transactions with non-controlling interests;

(iii) capital gain/loss arising from the payment of a non-controlling interest's subscriptions to the share capital of subsidiaries or arising from the Group's subscription of additional shares of non-wholly owned subsidiaries; and

(iv) financial liabilities arising from initial issue of put options to non-controlling interests for sale of interests in subsidiaries to the Group, and its subsequent remeasurement.

(f) Legal reserve

The legal reserve comprises:

(i) first and second legal reserves for the Group's subsidiaries in Turkey. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Group's Turkish-based subsidiaries' statutory accounts until it reaches 20 percent of the paid-up share capital of these subsidiaries. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distribution, in excess of 5 percent of paid-up share capital are to be appropriated to increase the second legal reserve; and

(ii) statutory reserve fund ("SRF") for the Group's subsidiaries in the People's Republic of China ("PRC") who are required by the Foreign Enterprise Law to allocate 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations to the SRF annually. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

(g) Foreign currency translation reserve

The foreign currency translation reserve of the Group comprises:

(i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;

(ii) the exchange differences on monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met; and

(iii) the effective portion of any foreign currency differences arising from hedges of the Group's net investment in a foreign operation.

20. PERPETUAL SECURITIES

In July 2017, a wholly owned subsidiary, Parkway Pantai Limited ("PPL") established a US$2.0 billion Multicurrency Term Note Programme ("MTN programme").

In the same month, senior perpetual securities ("perpetual securities") with an aggregate principal amount of US$500.0 million (approximately RM2,130.8 million) were issued by PPL under the MTN programme. The perpetual securities bear an initial semi-annual distribution of 4.25% per annum which will be reset in July 2022 and at every 5 years thereafter.

The salient features of the perpetual securities are as follows:

i) unrated and listed on the Singapore Stock Exchange;

ii) direct, unconditional, unsubordinated and unsecured obligations of PPL;

iii) no fixed redemption date but PPL has the option to redeem at the end of 5 years from date of issuance at their principal amounts and on each subsequent semi-annual periodic distribution payment date;

iv) may also be redeemed at the option of PPL upon the occurrence of certain events as per detailed in the terms and conditions of offering circular and pricing supplement of the perpetual securities;

v) expected periodic distribution amount may be deferred by PPL and are cumulative, subject to the terms and conditions in the offering circular of the perpetual securities; and

vi) shall at all times rank *pari passu* and without any preference among the perpetual securities issued and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of PPL, from time to time outstanding.

The issued perpetual securities are classified as equity because the payment of cumulative distribution or redemption of the securities are at the option of PPL.

During the financial year, distributions amounting to RM85,846,000 (2017: RM38,639,000) were accrued to perpetual security holders, and RM87,416,000 (2017: Nil) distributions were paid to the perpetual security holders.

As at 31 December 2018, an amount of US$3,000,000, approximately RM12,497,000 (2017: US$3,000,000, approximately RM12,351,000) perpetual securities was held by a Director of the Company.

21. LOANS AND BORROWINGS

	Group 2018 RM'000	Group 2017 RM'000
Non-current		
Secured		
Bank borrowings	922,495	437,702
Loans from corporates	7,350	–
Finance lease liabilities	147,326	107,492
Unsecured		
Bank borrowings	6,705,248	5,257,584
Fixed rate medium term notes	444,537	301,007
Debt component of compulsory convertible debentures ("CCDs")	247,657	–
Loans from corporates	626	–
Loans from non-controlling interests ("NCI")	855,703	844,268
	9,330,942	6,948,053
Current		
Secured		
Bank borrowings	324,672	36,412
Loans from corporates	1,709	–
Finance lease liabilities	35,912	31,299
Unsecured		
Bank borrowings	760,168	622,276
Loans from corporates	647	–
	1,123,108	689,987
Total loans and borrowings	10,454,050	7,638,040

The terms and conditions of the bank borrowings are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
2018				
Secured bank loans	EUR	4.50%	2020	3,902
Secured bank loans	EUR	Euribor[1] + 1.5%	2021 – 2024	381,302
Secured bank loans	INR	MCLR[2] + 0.4% to 2.45%	2019 – 2027	774,789
Secured bank loans	INR	Base rate + 1.25% to 1.70%	2019 – 2028	61,066
Secured bank loans	MKD	4.50%	2019	4,367
Secured bank loans	SGD	2.88%	2019	19,811
Secured bank loans	USD	LIBOR[3] + 1.75%	2019	1,930
Secured loans from corporates	INR	7.78% – 9.75%	2019 – 2024	9,059
Unsecured bank loans	EUR	2.10% to 3.80%	2019 – 2021	61,613
Unsecured bank loans	EUR	Euribor + 0.38% to 3.10%	2020 – 2028	1,648,826
Unsecured bank loans	HKD	HIBOR[4] + 0.8%	2021	1,293,372
Unsecured bank loans	JPY	LIBOR + 0.3% to 1.05%	2019 – 2024	1,037,456
Unsecured bank loans	SGD	SOR[5] + 0.45% to 1.00%	2019 – 2021	1,259,187
Unsecured bank loans	SGD	SWAP rate + 0.92%	2021	1,551,003
Unsecured bank loans	TL	0% – 27%	2019	91,474
Unsecured bank loans	USD	LIBOR + 1.55% + 3.10%	2020 – 2021	522,485
Unsecured CCDs	INR	17.5%	2030	247,657
Unsecured fixed rate medium term notes				
– Issued in 2016	JPY	0.58%	2022	124,329
– Issued in 2017	JPY	0.57%	2023	188,349
– Issued in 2018	JPY	0.65%	2024	131,859
Unsecured loans from NCI	HKD	HIBOR + 1.30%	2021	853,268
Unsecured loans from NCI	RMB	PBC interest rate[6]	2020 – 2025	2,435
Unsecured loans from corporates	AED	0.00%	2021	626
Unsecured loans from corporates	USD	0.00%	2019	647
				10,270,812

21. LOANS AND BORROWINGS *(continued)*

The terms and conditions of the bank borrowings are as follows: *(continued)*

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
2017				
Secured bank loans	BGN	SOFIBOR[(7)] + 1.00%	2018	6,362
Secured bank loans	EUR	4.50% to 5.25%	2018 – 2020	9,441
Secured bank loans	EUR	Euribor + 1.50%	2018 – 2020	112,756
Secured bank loans	INR	Base rate + 1.25% to 1.70%	2018 – 2028	341,439
Secured bank loans	USD	LIBOR + 1.75%	2019	4,117
Unsecured bank loans	EUR	Euribor + 0.38% to 3.10%	2018 – 2026	1,877,875
Unsecured bank loans	EUR	2.10% to 3.90%	2018 – 2021	71,051
Unsecured bank loans	HKD	HIBOR + 0.80%	2021	1,050,721
Unsecured bank loans	JPY	LIBOR + 0.30% to 1.05%	2019 – 2021	1,079,924
Unsecured bank loans	MKD	5.25%	2018	4,848
Unsecured bank loans	SGD	SOR + 0.73% to 1.05%	2019 – 2021	1,201,112
Unsecured bank loans	SGD	COF[(8)]	2018	48,609
Unsecured bank loans	TL	0% – 15.50%	2018	58,812
Unsecured bank loans	USD	LIBOR + 2.95% to 3.10%	2018 – 2020	486,905
Unsecured fixed rate medium term notes				
– Issued in 2016	JPY	0.58%	2022	119,642
– Issued in 2017	JPY	0.57%	2023	181,367
Unsecured loan from NCI	HKD	HIBOR + 1.30%	2021	844,268
				7,499,249

1 Euro Interbank Offer Rate
2 Marginal Cost of Funds Based Lending Rate
3 London Interbank Offered Rate
4 Hong Kong Interbank Offered Rate
5 Singapore Swap Offer Rate
6 People's Bank of China benchmark loan interest rate
7 Sofia Interbank Bid Rate
8 Bank's cost of funds

21. LOANS AND BORROWINGS *(continued)*

The secured Indian Rupee ("INR") denominated bank loans are secured over the assets and shares of certain subsidiaries and associates.

The secured INR denominated loans from corporates are secured over specific equipments of certain subsidiaries.

The Singapore Dollar ("SGD") denominated bank loans are secured over the units in an associate held by the Group.

The secured United States Dollar ("USD"), Macedonian Denar ("MKD") and Euro Dollars ("Euro") denominated bank borrowings are secured over assets of certain subsidiaries in Turkey.

The secured Bulgarian Lev ("BGN") denominated bank borrowings are secured over assets of certain subsidiaries in Bulgaria. The loan was fully repaid in 2018.

Breach of loan covenant

One of the subsidiaries, Continental breached its loan covenant in respect of a bank loan with a carrying amount of RM95,470,000. Several non-financial covenants, including the requirement for the loan to be secured with a pledge of 51% shares in Continental, was not in place as at 31 December 2018. Consequently, the bank loan became repayable on demand and was classified in full as a current liability. The breach was not remedied when these financial statements were authorised for issue.

Unsecured fixed rate medium term notes

PLife REIT has through its wholly owned subsidiary, Parkway Life MTN Pte Ltd ("PLife MTN"), has put in place a SGD500 million Multicurrency Debt Issuance Programme, to provide PLife REIT with the flexibility to tap various types of capital market products including issuance of perpetual securities when needed.

Under the Debt Issuance Programme, PLife MTN is able to issue notes while HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of PLife REIT) ("PLife REIT Trustee") is able to issue perpetual securities.

All sums payable in respect of the notes issued by PLife MTN are unconditionally and irrevocably guaranteed by PLife REIT Trustee.

As at 31 December 2018, there are three series of outstanding fixed rate notes issued under the Multicurrency Debt Issuance Programme amounting to JPY11.8 billion (approximately RM444.5 million) with maturity dates between 2022 to 2024 (2017: JPY8.3 billion (approximately RM301.0 million) with maturity dates in 2022 to 2023).

Debt component of compulsorily convertible debentures ("CCDs")

The compulsorily convertible debentures ("CCDs") are issued by Fortis Hospotel Limited ("FHTL"), an indirect subsidiary of the Group. The CCDs carry an interest of 17.5% per annum and are convertible into 131,026,000 shares of FHTL at a price of INR32.55 (equivalent RM1.91) per share. Subject to relevant regulatory and third party approvals, the CCD holder has the right to convert the CCDs, at any time on or prior to the maturity date in 2030. The CCDs are compulsorily convertible into shares on the maturity date.

Loans from non-controlling interests

The HKD-denominated loans from a non-controlling interest are in relation to the non-controlling interest's share of the financing granted to a subsidiary, GHK Hospital Limited ("GHK"), for the purchase of land and construction of a hospital in Hong Kong.

21. LOANS AND BORROWINGS *(continued)*

Finance lease liabilities

	Payments 2018 RM'000	Interest 2018 RM'000	Payments 2018 RM'000	Interest 2017 RM'000	Net 2017 RM'000	2017 RM'000
Less than 1 year	44,756	(8,844)	35,912	37,603	(6,304)	31,299
Between 1 and 5 years	133,196	(28,060)	105,136	122,352	(15,254)	107,098
More than 5 years	120,594	(78,404)	42,190	403	(9)	394
	298,546	(115,308)	183,238	160,358	(21,567)	138,791

The Group has finance lease contracts for various items of property, plant and equipment. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Fixed rate medium term notes RM'000	Loan from NCI RM'000	Debt component of CCDs RM'000	Finance lease liabilities RM'000	Other loans and borrowings RM'000	Interest payable RM'000	Total RM'000
As at 1 January 2017	126,879	920,535	–	149,912	7,198,959	11,379	8,407,664
Net changes from financing cash flows	185,139	(20,621)	–	(58,455)	(585,176)	(305,329)	(784,442)
New finance leases	–	–	–	53,424	–	–	53,424
Acquisition of a subsidiary	–	–	–	3,358	2,985	–	6,343
Disposal of a subsidiary	–	–	–	–	(27)	–	(27)
Foreign exchange movements	(11,011)	(76,267)	–	(9,448)	(295,958)	(1,388)	(394,072)
Other liability related changes	–	20,621	–	–	33,191	331,420	385,232
As at 31 December 2017/ 1 January 2018	301,007	844,268	–	138,791	6,353,974	36,082	7,674,122
Net changes from financing cash flows	128,542	2,454	–	(38,319)	1,722,210	(363,147)	1,451,740
New finance leases	–	–	–	58,654	–	–	58,654
Acquisition of subsidiaries	–	–	252,014	29,284	753,592	12,772	1,047,662
Foreign exchange movements	14,988	8,981	(3,677)	(5,172)	(69,188)	(1,222)	(55,290)
Other liability related changes	–	–	(680)	–	(37,673)	358,152	319,799
As at 31 December 2018	444,537	855,703	247,657	183,238	8,722,915	42,637	10,496,687
						Note 25	

22. EMPLOYEE BENEFITS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Cash-settled LTIP		–	49	–	49
Retirement benefits	23	69,322	27,887	–	–
Employment termination benefits	24	15,958	15,353	–	–
Provision for unconsumed leave		2,347	2,301	–	–
Deferred bonus scheme		11,311	6,852	122	–
		98,938	52,442	122	49
Current					
Cash-settled LTIP		111	184	111	184
Retirement benefits	23	7,055	1,540	–	–
Employment termination benefits	24	925	846	–	–
PTM long term incentive plan (cash-settled)		1,119	1,287	–	–
Defined contribution plan		36,172	35,810	200	49
Provision for unconsumed leave		69,683	44,287	1,047	564
Deferred bonus scheme		15,482	10,079	245	–
		130,547	94,033	1,603	797

Cash-settled LTIP

The LTIP of the Company was approved and adopted by its Board on 25 March 2011 with the aim to make total employee remuneration sufficiently competitive to recruit, reward, retain and motivate outstanding employees.

Cash-settled LTIP balances refers to the amount that the Group has to pay out in the next few years to eligible personnel who are offered LTIP units but have elected to opt out of the scheme and receive cash instead of share options.

During the year, no (2017: 58,000) cash-settled LTIP units were granted to eligible employees.

PTM long term incentive plan (cash-settled)

In 2009, the long term incentive ("LTI") plan of a subsidiary, Parkway Trust Management Limited ("PTM"), was approved to award eligible employees with units in PLife REIT held by PTM when certain prescribed performance targets are met. The LTI plan is administered by the remuneration committee of PTM.

Provision for unconsumed leave

The balances represent the cash value amount of the unconsumed leave balance entitled to the employees at the end of the financial year. Employees of certain subsidiaries can carry-forward a portion of the unconsumed leave and utilise it in future service periods or receive cash compensation on termination of employment. Unconsumed leave that does not fall due wholly within twelve months after the end of the period in which the employees render the related service and are not expected to be utilised wholly within twelve months after the end of such period is classified as non-current. The obligation is measured based on independent actuarial valuation using projected unit credit method as at the reporting date.

Deferred bonus scheme

The Group established a deferred bonus scheme for eligible employees with the aim to make total employee remuneration sufficiently competitive to recruit, reward, retain and motivate outstanding employees. The deferred bonus is paid out in cash over three years if the eligible employees remain employed by the Group.

22. EMPLOYEE BENEFITS *(continued)*

Share-based payment scheme

(a) LTIP

On 25 March 2011, the Group established the LTIP scheme to grant non-transferrable convertible units to eligible employees of the Group.

The LTIP units granted will vest in the participants within three years from the date of grant. All LTIP units that have been granted and vested must be surrendered to the Company for allotment of shares of the Company on the basis of one share for each LTIP unit. The LTIP units have no exercise price and the LTIP scheme shall be in force for a period of 10 years from 25 March 2011.

The movement in the number of the outstanding LTIP as at 31 December 2018 are as follows:

	Key management personnel		Other eligible employees	
	2018 '000	2017 '000	2018 '000	2017 '000
No. of LTIP				
Outstanding as at 1 January	1,948	2,575	4,110	4,701
Granted during the year	1,980	2,023	1,620	4,662
Forfeited during the year	–	–	(513)	(613)
Exercised during the year	(1,933)	(2,650)	(3,061)	(4,640)
Outstanding at 31 December	1,995	1,948	2,156	4,110
Exercisable at 31 December	–	–	–	–

The LTIP outstanding as at 31 December has the following features:

	2018	2017
Exercise price	Nil	Nil
Weighted average contractual life (in years)	3.29	4.17

22. EMPLOYEE BENEFITS *(continued)*

Share-based payment scheme (continued)

(a) **LTIP** *(continued)*

Fair value of options and assumptions

The fair value of services received in return for the LTIP granted is determined based on Trinomial Option Pricing Model, and taking into account the terms and conditions under which the units were granted.

During the year, a total of 3,600,000 (2017: 6,685,000) equity settled LTIP units were granted to eligible employees.

The inputs to the models used for the LTIP granted during the year are as follows:

	Key management personnel		Other eligible employees	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fair values at grant date	RM5.97 to RM6.03	RM5.84 to RM5.90	RM6.01 to RM6.07	RM6.12 to RM6.19
Share price at grant date	RM6.03	RM5.90	RM6.07	RM6.19
Expected volatility (average volatility)	13.31%	15.19%	13.31%	15.19%
Option life (expected average life)	2.75 years	3.75 years	2.92 years	3.92 years
Expected dividend yield	0.49%	0.49%	0.49%	0.49%
Risk free rate	3.76% – 3.82%	3.56% – 3.58%	3.76% – 3.82%	3.56% – 3.58%

(b) **EOS**

On 15 June 2015, at an extraordinary general meeting, the Company's shareholders approved the establishment of the EOS scheme to grant share options to eligible personnel.

The EOS options granted in each year will vest in the participants over a 3-year period. Each EOS option gives the participant a right to receive one share, upon exercise of the option and subject to the payment of the exercise price.

The exercise price for the EOS option granted shall be determined by the Board which shall be based on the 5-day weighted average market price of the underlying shares a day immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant regulatory from time to time (subject to the Board's discretion to grant the discount).

The EOS shall be in force for a period of 10 years from 22 June 2015.

The movement in the number of the outstanding EOS options as at 31 December 2018 are as follows:

	Key management personnel		Other eligible employees	
	Weighted average exercise price	No. of options ('000)	Weighted average exercise price	No. of options ('000)
2018				
Outstanding as at 1 January	RM6.26	14,229	RM6.17	5,310
Granted during the year	RM6.02	8,715	RM6.02	11,713
Forfeited during the year	–	–	RM6.24	(1,085)
Exercised during the year	–	–	RM5.67	(226)
Outstanding at 31 December	RM6.17	22,944	RM6.06	15,712
Exercisable at 31 December	RM6.12	8,783	RM6.08	3,410

22. EMPLOYEE BENEFITS *(continued)*

Share-based payment scheme *(continued)*

(b) EOS *(continued)*

	Key management personnel		Other eligible employees	
	Weighted average exercise price	No. of options ('000)	Weighted average exercise price	No. of options ('000)
2017				
Outstanding as at 1 January	RM6.26	14,229	RM6.17	8,077
Forfeited during the year	–	–	RM6.30	(2,174)
Exercised during the year	–	–	RM5.67	(593)
Outstanding at 31 December	RM6.26	14,229	RM6.17	5,310
Exercisable at 31 December	RM5.97	4,039	RM6.02	2,480

The EOS outstanding as at 31 December has the following features:

	2018	2017
Exercise prices	RM5.67 – RM6.55	RM5.67 – RM6.55
Weighted average contractual life (in years)	8.10	9.32

Fair value of options and assumptions

The fair value of services received in return for the EOS granted is determined based on Trinomial Option Pricing Model, and taking into account the terms and conditions under which the options were granted.

During the year, a total of 20,428,000 (2017: Nil) equity settled EOS options with an exercise price of RM6.02 (2017:Nil) were granted to eligible employees.

The inputs to the models used for the EOS granted during the year are as follows:

	Key management personnel		Other eligible employees	
	2018	2017	2018	2017
Fair value at grant date	RM1.58	–	RM1.58	–
Share price at grant date	RM6.00	–	RM6.00	–
Expected volatility (average volatility)	15.06%	–	15.06%	–
Option life (expected average life)	7.0 years	–	7.0 years	–
Expected dividend yield	0.50%	–	0.50%	–
Risk free rate	3.99%	–	3.99%	–

(c) Fortis Employee Stock Option Plan ("Fortis ESOP")

Fortis, a non-wholly owned indirect subsidiary of the Company, has provided share-based payment scheme, "Employee Stock Option Plan 2007" and "Employee Stock Option Plan 2011" to the eligible employees and directors of Fortis and its subsidiaries. The schemes were approved by the shareholders of Fortis in 2007 and 2011 respectively.

Each option under the schemes, when exercised would be converted into one fully paid up equity share of INR10.00 each of Fortis. There are no conditions for vesting other than continued employment with Fortis and its subsidiaries.

22. EMPLOYEE BENEFITS *(continued)*

(c) Fortis Employee Stock Option Plan ("Fortis ESOP") *(continued)*

The movement in the number of the outstanding Fortis ESOP options from the date the Group acquired Fortis ("acquisition date") to 31 December 2018 are as follows:

	Weighted average exercise price	No. of options ('000)
2018		
Outstanding as at acquisition date	INR151.58	3,353
Forfeited during the period	INR158.00	(68)
Exercised during the period	INR95.62	(520)
Outstanding at 31 December	INR161.96	2,765
Exercisable at 31 December	INR161.96	2,765

The Fortis ESOP options outstanding as at 31 December has the following features:

	2018
Exercise prices	INR50 – INR163.30
Weighted average contractual life (in years)	4.73

(d) Malar Employee Stock Option Plan ("Malar ESOP")

Fortis Malar Hospital Limited ("FHML"), a non-wholly owned indirect subsidiary of the Company, has provided share-based payment scheme, Malar Employee Stock Option Plan 2008 ("Malar ESOP"), to the eligible employees of FHML and its subsidiary.

The Malar ESOP was approved by the board of directors of FHML on 31 July 2008/28 May 2009 and by FHML's shareholders in the annual general meeting held on 29 September 2008/21 August 2009. The Malar ESOP was effective from 21 August 2009.

The Malar ESOP options will vest in the participants equally over a 4-year period.

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

The movement in the number of the outstanding Malar ESOP options from acquisition date to 31 December 2018 are as follows:

2018	Weighted average exercise price	No. of options ('000)
Outstanding as at acquisition date and as at 31 December 2018	INR26.20	78,750
Exercisable at 31 December	INR26.20	78,750

The Malar ESOP options outstanding as at 31 December has the following features:

	2018
Exercise price	INR26.20
Weighted average contractual life (in years)	5.0

22. EMPLOYEE BENEFITS *(continued)*

(e) SRL Employee Stock Option Plan ("SRL ESOP")

SRL Limited ("SRL"), a non-wholly owned indirect subsidiary of the Company, has provided share-based payment scheme, "Employee Stock Option Plan 2009" and "Employee Stock Option Plan 2013" to the eligible employees and directors of SRL and its subsidiaries. The schemes were approved by the shareholders of SRL on 17 August 2009 and 20 September 2013 respectively.

There are no conditions for vesting other than continued employment with SRL and its subsidiaries.

The movement in the number of the outstanding SRL ESOP options from acquisition date to 31 December 2018 are as follows:

	Weighted average exercise price	No. of options ('000)
2018		
Outstanding as at acquisition date and as at 31 December 2018	INR310.99	1,254
Exercisable at 31 December	INR40	537

The SRL ESOP options outstanding as at 31 December has the following features:

	2018
Exercise prices	INR40 – INR674
Weighted average contractual life (in years)	3.3

Value of employee services received for issue of share options

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share-based payment expenses included in staff costs	28	38,964	52,186	11,309	12,069

Included in share-based payment expenses of the Group is an amount of RM54,000 (2017: Nil) representing total share-based payment expenses relating to the Fortis ESOP, Malar ESOP and SRL ESOP.

23. RETIREMENT BENEFITS

Certain Malaysia-based and India-based subsidiaries of the Group have defined benefits plans that provide pension benefits for employees upon retirement. The plans entitle a retired employee to receive one lump sum payment upon retirement. At the end of the financial year, the present values of the unfunded obligations are as follows:

		Group	
	Note	2018 RM'000	2017 RM'000
Present value of unfunded obligations		76,377	29,427
Movements in the liability for defined benefits obligations			
At 1 January		29,427	26,446
Included in profit or loss			
– Current service costs		4,511	5,061
– Past service credit		33	–
– Interest on obligation		1,210	768
		5,754	5,829
Included in other comprehensive income			
Remeasurement loss			
Actuarial gain/(loss) arising from:			
– demographic assumptions		57	–
– financial assumptions		1,207	(1,583)
– experience adjustments		(42)	9
	31	1,222	(1,574)
Others			
– Additions through business combinations		42,422	–
– Benefits paid		(2,013)	(1,364)
– Translation differences		(435)	90
At 31 December		76,377	29,427

Actuarial assumptions

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

	Group	
	2018 %	2017 %
Discount rate	5.0 – 8.4	5.0 – 7.2
Future salary growth	5.0 – 8.0	5.0 – 7.5
Future mortality	0.1 – 0.7	0.0 – 0.7

23. RETIREMENT BENEFITS *(continued)*

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the retirement benefits obligation at the end of the financial year would have increased/(decreased) as a result of a change in the respective assumptions by 1%, holding other assumptions constant.

	Group	
	Increase RM'000	Decrease RM'000
2018		
Discount rate (1% movement)	(7,130)	8,468
Future salary growth (1% movement)	8,316	(7,112)
Future mortality (1% movement)	–	–
2017		
Discount rate (1% movement)	(3,204)	3,880
Future salary growth (1% movement)	3,779	(3,170)
Future mortality (1% movement)	(3)	3

Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

24. EMPLOYMENT TERMINATION BENEFITS

Certain Turkish-based subsidiaries of the Group are required by local laws to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military services, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 years for women and 60 years for men).

The termination benefits is calculated as one month gross salary for every employment year and as at 31 December 2018, the ceiling amount has been limited to TL5,434 (2017: TL4,732), equivalent to RM4,240 (2017: RM4,916). The reserve has been calculated by estimating the present value of future probable obligations of these subsidiaries arising from retirement. The calculation was based upon the retirement pay ceiling announced by the local government.

		Group	
	Note	2018 RM'000	2017 RM'000
Present value of unfunded obligations		16,883	16,199
Movements in the liability for defined benefits obligations			
At 1 January		16,199	14,548
Included in profit or loss			
– Current service costs		2,390	2,752
– Interest on obligation		1,115	1,416
		3,505	4,168
Remeasurement loss			
– Actuarial loss arising from financial assumptions	31	13,686	16,737
Others			
– Benefits paid		(13,911)	(16,541)
– Translation differences		(2,596)	(2,713)
At 31 December		16,883	16,199

24. EMPLOYMENT TERMINATION BENEFITS *(continued)*

Actuarial assumptions

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

	Group	
	2018	**2017**
Annual inflation rate	11.0%	6.0%
Discount rate	15.0%	11.0%
Retirement pay ceiling amount	TL 5,434	TL 4,732

Sensitivity analysis

No sensitivity analysis is presented as any reasonably possible changes in the above key assumptions are not expected to materially affect the employment termination benefits obligation.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-current				
Trade payables	3,779	16,799	–	–
Other payables	38,344	37,616	–	–
Accruals	15,557	10,589	–	–
CCPS liabilities	–	7,895	–	–
Put options granted to non-controlling interests	567,586	837,526	–	–
	625,266	910,425	–	–
Deposits	65,998	59,484	–	–
	691,264	969,909	–	–
Current				
Trade payables	1,385,657	988,928	–	–
Trade amounts due to associates	42,341	–	–	–
Other payables	365,577	554,569	3,277	276
Non-trade amounts due to associates	1,171	853	–	–
Non-trade amounts due to joint ventures	927	400	–	–
Accruals	961,266	777,335	8,090	7,329
Interest payables	42,637	36,082	–	–
CCPS liabilities	–	85,290	–	–
Financial guarantee provision	39,739	35,273	–	–
Put options granted to non-controlling interests	706,632	160,783	–	–
	3,545,947	2,639,513	11,367	7,605
Deposits and rental advance billings	135,296	87,084	–	–
Contract liabilities	70,325	69,230	–	–
	3,751,568	2,795,827	11,367	7,605

25. TRADE AND OTHER PAYABLES *(continued)*

Contract liabilities

Contract liabilities mainly relate to considerations received/receivable from students for education services. Revenue from educational services is recognised overtime during the course semester. The contract liabilities are recognised as revenue over a period of 30 to 210 days when the services is rendered.

Significant changes to contract liabilities balance during the year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Contract liabilities at the beginning of the period recognised as revenue	69,230	60,319	–	–

CCPS liabilities

Ravindranath GE Medical Associates Pte Ltd ("RGE"), a 76.25% owned subsidiary, issued CCPS to its non-controlling shareholders. The CCPS are currently convertible at the option of the holder to ordinary shares of RGE and will be compulsory converted to ordinary shares at the end of 20 years from the date of issue. The conversion ratios of the different tranches of CCPS held by a non-controlling interest vary upon the occurrence of certain pre-determined events as agreed amongst RGE's shareholders. Accordingly, these CCPS are classified as financial liabilities at fair value through profit or loss. When the conversion ratios for each tranche of CCPS are fixed, the CCPS are reclassified to equity at its carrying amount.

During the year, as the conversion ratio for the remaining tranches of CCPS held by the non-controlling interests was fixed, all CCPS were reclassified from other payables to equity. In 2017, change in fair value loss amounting to RM13,753,000 was recognised in profit or loss.

Put options granted to non-controlling interests

As at 31 December 2018, put options granted to non-controlling interests consist of:

(i) Pursuant to the acquisition of RGE, the Group granted the following put options to a non-controlling interest of RGE:

  a. An option for the non-controlling interest to sell its 7.13% interest in RGE, on a fully diluted basis, to the Group at a fixed consideration of INR1,463.0 million (equivalent to RM85.9 million) (2017: RM93.3 million) less price adjustment of not more than INR110.0 million, upon achievement of a certain financial target pursuant to an option agreement entered with the non-controlling interest. As at 31 December 2018, this put option does not have any value as the target is not met; and

  b. Another option for the non-controlling interest to sell its remaining interest in RGE to the Group at the prevailing market price on the date the option is exercised. This put option can only be exercised from December 2020 onwards and does not have an expiry date.

(ii) Pursuant to the acquisition of Continental Hospitals Private Limited ("CHL"), the Group granted a put option to a non-controlling interest to sell its existing interest in CHL to the Group at the prevailing market price on the date the option is exercised. The put option can only be exercised from March 2018 onwards and does not have an expiry date.

(iii) Pursuant to the acquisition of City Hospitals and Clinics AD ("City Clinic"), the Group granted put options to non-controlling interests of Acibadem City Clinic B.V. ("ACC"), who were formerly shareholders of City Clinic, to sell their shares in ACC, to the Group at the higher of the prevailing market price or an amount determined by the formula stated in the agreement. The put options can only be exercised from June 2019 to May 2022.

(iv) Pursuant to the disposal of 15% equity interest in ACC by the Group to International Finance Corporation ("IFC"), the Group granted put options to IFC to sell their shares in ACC, to the Group at the higher of the cost of investment of IFC or an amount determined by the formula stated in the agreement. The put options can only be exercised from June 2022 to May 2026.

25. TRADE AND OTHER PAYABLES *(continued)*

***Put options granted to non-controlling interests** (continued)*

(v) Pursuant to the acquisition of Angsana Holdings Pte. Ltd. ("Angsana"), the Group granted put option to the non-controlling interest to sell their existing interest in Angsana to the Group at the prevailing market price on the date the option are exercised. The put option can only be exercised from August 2020 onwards and does not have an expiry date.

(vi) Pursuant to a shareholders' agreement and exit agreement entered into by SRL, Fortis and certain non-controlling interest of SRL, Fortis granted a cash put option to certain non-controlling interest of SRL to sell their shares in SRL to Fortis upon the occurrence of certain trigger event (i.e. Cash Option Trigger Event) as stated by the exit agreement. The Cash Option Trigger Event occurred prior to the Group's acquisition of Fortis and the exercise period for the cash put option was extended several times, with the latest extension of the exercise period given till 31 August 2019.

During the year, change in fair values of put options granted to non-controlling interests amounting to RM296,334,000 gain (2017: RM45,229,000 loss) was recognised in equity (see Note 37 (vii)).

In 2017, the Group recognised RM139,014,000 and RM22,426,000 being the fair value of put options granted to non-controlling interests relating to the disposal of 15% equity interest in ACC and acquisition of Angsana.

Financial guarantee provision

Financial guarantee comprises a proportionate guarantee given by Parkway Holdings Limited ("PHL"), a wholly-owned subsidiary, to a bank in respect of a term loan facility granted to KHPL, a 50% owned joint venture. On 5 January 2017, the bank served a notice to KHPL that an Event of Default has occurred. In view that KHPL is unlikely to be able to repay the loan, PHL made a provision for its 50% share of the amounts that KHPL owes the licensed bank.

26. DERIVATIVE ASSETS AND LIABILITIES

	Group	
	2018 RM'000	**2017 RM'000**
Non-current assets		
Foreign exchange forward contracts	722	5,761
Cross currency interest rate swaps	–	5,036
Put option	–	1,625
	722	12,422
Current assets		
Foreign exchange forward contracts	5,559	13,406
Put option	3,756	–
	9,315	13,406
Non-current liabilities		
Foreign exchange forward contracts	(956)	–
Interest rate swaps	(2,021)	(3,742)
Cross currency interest rate swaps	(9,191)	–
	(12,168)	(3,742)
Current liabilities		
Interest rate swaps	(1,070)	(498)
Call option granted to NCI	(4,861)	(22,493)
	(5,931)	(22,991)

26. DERIVATIVE ASSETS AND LIABILITIES *(continued)*

	Nominal value		Fair value	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Derivatives at fair value through profit or loss				
– Foreign exchange forward contracts	808,076	413,415	5,325	19,167
– Call option granted to NCI	29,355	31,886	(4,861)	(22,493)
– Put option	16,199	16,288	3,756	1,625
Derivatives used for hedging				
– Interest rate swaps	1,040,480	1,023,701	(3,091)	(4,240)
– Cross currency interest rate swaps	380,626	382,719	(9,191)	5,036
	2,274,736	1,868,009	(8,062)	(905)

The Group enters into interest rate swaps, cross currency interest rate swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations on certain loans, as set out in Note 37(v) and (vi).

Call option granted to NCI

The Group granted a call option to non-controlling interests of RGE to purchase the Group's 3% interest in RGE on a fully diluted basis, at a fixed price of INR500.0 million (equivalent to RM33.0 million), pursuant to an option agreement entered with the non-controlling interests. The call option granted to non-controlling interests is classified as a financial derivative liability.

During the year, change in fair value of RM17,202,000 gain (2017: RM4,753,000 loss) was charged to profit or loss.

Put option

On disposal of the Group's controlling stake in FWD Singapore Pte Ltd ("FSPL")(formerly known as Shenton Insurance Pte. Ltd.), the Group entered into an agreement with the purchaser and is granted a put option to sell all of its remaining shares in FSPL only after April 2019 and at the higher of the prevailing market price or consideration determined pursuant to the agreement. The put option is classified as a financial derivative asset.

During the year, change in fair value of RM2,102,000 gain (2017: Nil) was recognised in profit or loss.

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty in respect of the same transactions outstanding in the same currency under the agreement are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all outstanding transactions.

The above agreements do not meet the criteria for offsetting in the statement of financial position as the right to set-off recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously in its normal course of business.

27. REVENUE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Healthcare services	11,006,467	10,630,873	–	–
Education services	267,336	261,718	–	–
Management fees	10,284	13,139	–	–
Revenue from contracts with customers	11,284,087	10,905,730	–	–
Rental income	233,206	234,781	–	–
Dividend income				
– from subsidiaries	–	–	2,573,565	603,979
– from unquoted money market funds	3,639	2,128	3,639	2,128
	11,520,932	11,142,639	2,577,204	606,107

Included in the dividend income from subsidiaries was an amount of RM2,523,565,000 dividend which was settled after year end by the Company's subscription of new ordinary shares of the subsidiary.

Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by reportable segments.

	Healthcare services RM'000	Education services RM'000	Management fees RM'000	Total RM'000
2018				
Reportable segments				
Singapore	3,801,649	11,119	554	3,813,322
Malaysia	2,000,266	256,029	–	2,256,295
India	847,630	188	1,888	849,706
North Asia	498,494	–	347	498,841
Central and Eastern Europe, Middle East and North Africa ("CEEMENA")	3,676,198	–	–	3,676,198
Others	182,230	–	7,495	189,725
	11,006,467	267,336	10,284	11,284,087
2017				
Reportable segments				
Singapore	3,754,830	12,245	983	3,768,058
Malaysia	1,817,691	249,473	–	2,067,164
India	708,039	–	59	708,098
North Asia	331,904	–	362	332,266
CEEMENA	3,853,527	–	–	3,853,527
Others	164,882	–	11,735	176,617
	10,630,873	261,718	13,139	10,905,730

27. REVENUE *(continued)*

Healthcare services revenue

Healthcare services revenue 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 daycase services are generally satisfied over a period of less than one day, and revenue is also recorded when the healthcare services is performed. The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component. There are no variable considerations, and no obligation for returns or refunds or warranties for healthcare-related services.

Education services income

Education services revenue primarily consist of tuition fees. Tuition fee for educational services not yet provided is recorded as contract liability (see Note 25) and recognised as revenue over the period as the services is rendered.

Management fees

Management fee is recognised over time for management and consultancy services provided. The stage of completion is assessed by reference to surveys of work performed. The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component.

28. STAFF COSTS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries, bonuses and other costs		4,325,300	4,305,145	31,083	22,991
Contribution to defined contribution plans		173,811	172,411	717	819
Equity-settled share-based payments	22	38,964	52,186	11,309	12,069
		4,538,075	4,529,742	43,109	35,879

29. FINANCE INCOME AND COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Finance income				
Interest income	128,052	78,779	25,491	18,689
Exchange gain on loans	110	51,614	–	–
Fair value gain on financial derivatives	46,781	21,446	235	–
	174,943	151,839	25,726	18,689
Finance costs				
Interest expense on loans and borrowings	(283,682)	(277,196)	–	–
Interest expense on amount due to subsidiaries	–	–	(2,023)	–
Exchange loss on loans	(644,949)	(463,804)	–	–
Fair value loss on financial derivatives	(11,838)	(4,753)	–	–
Fair value loss on CCPS liabilities	–	(13,753)	–	–
Other finance costs	(38,353)	(34,798)	(19)	(8)
	(978,822)	(794,304)	(2,042)	(8)

30. PROFIT BEFORE TAX

(a) Auditors' remuneration charged to profit or loss comprises:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Audit fees				
– KPMG Malaysia	(1,212)	(1,021)	(458)	(373)
– Affiliates of KPMG Malaysia	(7,850)	(5,123)	(424)	(452)
– Other auditors	(778)	(765)	–	–
Non-audit fees paid to				
– KPMG Malaysia	(810)	(680)	(810)	(680)
– Affiliates of KPMG Malaysia	(859)	(775)	–	–

(b) Profit before tax is arrived at after crediting/(charging):

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Material (expenses)/income					
Exchange gains/(loss) – net		67,699	(66,453)	14,212	(60,703)
Impairment loss (made)/written back on:					
– Investment in subsidiary		–	–	(2,295,921)	72
– Goodwill		(66,168)	–	–	–
– Investment in a joint venture	9	(33,353)	–	–	–
– Trade and other receivables		34,539	(11,066)	–	–
– Amounts due from associates		–	901	–	–
– Amounts due from joint ventures		(52)	(575)	–	–
Write-off:					
– Property, plant and equipment	3	(1,219)	(2,874)	–	–
– Intangible assets	6	(174)	(248)	–	–
– Inventories		(1,903)	(5,137)	–	–
– Trade and other receivables		(13,337)	(28,074)	–	–
Gain on disposal of property, plant and equipment		831	15,349	107	–
Gain on disposal of a subsidiary	44	–	1,149	–	–
Realised gain on foreign exchange on return of capital by a foreign subsidiary		–	–	–	202,365
Gain on disposal of available-for-sale financial instruments					
– quoted		–	554,500	–	–
– unquoted		–	4,695	–	167
Gain/(Loss) on disposal of businesses	42	2,925	(776)	–	–
Change in fair value of investment properties	5	74,192	22,922	–	–
Provision for financial guarantee given on a joint venture's loan facility		(3,967)	(1,570)	–	–
Insurance compensation for flood		17,186	–	–	–

31. OTHER COMPREHENSIVE INCOME

Group	2018 Before tax RM'000	2018 Tax benefit RM'000 (Note 11)	2018 Net of tax RM'000	2017 Before tax RM'000	2017 Tax benefit RM'000 (Note 11)	2017 Net of tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	(349,175)	–	(349,175)	(790,190)	–	(790,190)
Hedge of net investments in foreign operations	(78,542)	–	(78,542)	21,344	–	21,344
Available-for-sale financial instruments:						
– Changes in fair value	–	–	–	239,990	–	239,990
– Reclassification adjustments for gain on disposal included in profit or loss	–	–	–	(559,195)	–	(559,195)
	–	–	–	(319,205)	–	(319,205)
Cash flow hedge:						
– Changes in fair value	2,571	–	2,571	731	–	731
– Reclassification adjustments for losses included in profit or loss	1,678	–	1,678	2,429	–	2,429
	4,249	–	4,249	3,160	–	3,160
	(423,468)	–	(423,468)	(1,084,891)	–	(1,084,891)
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liabilities (Note 23 and 24)	(14,908)	3,667	(11,241)	(15,566)	3,321	(12,245)
Net change in fair value of FVOCI financial instruments	759	–	759	–	–	–
	(14,149)	3,667	(10,482)	(15,566)	3,321	(12,245)
	(437,617)	3,667	(433,950)	(1,100,457)	3,321	(1,097,136)

Company	2018 Before tax RM'000	2018 Tax benefit RM'000 (Note 11)	2018 Net of tax RM'000	2017 Before tax RM'000	2017 Tax benefit RM'000 (Note 11)	2017 Net of tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	8	–	8	(27)	–	(27)
Available-for-sale financial instruments:						
– Changes in fair value	–	–	–	(300)	–	(300)
– Reclassification adjustments for gain on disposal included in profit or loss	–	–	–	(167)	–	(167)
	–	–	–	(467)	–	(467)
	8	–	8	(494)	–	(494)
Items that will not be reclassified subsequently to profit or loss						
Net change in fair value of FVOCI financial instruments	759	–	759	–	–	–
Total	767	–	767	(494)	–	(494)

32. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Directors of the Company to be key management personnel in accordance with MFRS 124, *Related Party Disclosures*.

The key management personnel compensation are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-executive Directors:				
– Fees	4,719	5,267	3,993	2,578
– Remuneration and other benefits	25	8	25	8
	4,744	5,275	4,018	2,586
Executive Directors:				
– Fees	2,065	1,556	–	–
– Remuneration and other benefits	21,366	17,672	16,092	11,026
– Share-based payment	20,463	23,291	8,058	9,555
	43,894	42,519	24,150	20,581
	48,638	47,794	28,168	23,167

The estimated monetary value of Directors' benefit-in-kind is RM250,000 (2017: RM327,000).

33. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current tax expense				
Current year	394,255	330,955	3,278	4,670
(Over)/Under provided in prior years	(60,263)	14,771	(387)	(335)
	333,992	345,726	2,891	4,335
Deferred tax income				
Reversal of temporary differences	(67,670)	(6,394)	–	–
Over provided in prior years	(3,712)	(4,707)	–	–
	(71,382)	(11,101)	–	–
	262,610	334,625	2,891	4,335

33. INCOME TAX EXPENSE *(continued)*

Reconciliation of income tax expense

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit before tax	752,470	1,164,453	246,664	715,361
Less:				
Share of profits of associates (net of tax)	(11,515)	(1,543)	–	–
Share of profits of joint ventures (net of tax)	(1,897)	(577)	–	–
	739,058	1,162,333	246,664	715,361
Income tax calculated using Malaysia tax rate of 24% (2017: 24%)	177,374	278,960	59,199	171,687
Effect of tax rates in foreign jurisdictions	(30,257)	(62,718)	(205)	(102)
Tax exempt income	(62,790)	(137,657)	(618,636)	(196,067)
Tax incentive	–	(2,672)	–	–
Non-deductible expenses	93,709	163,543	562,920	29,152
Recognition of previously unrecognised deferred tax assets	(11,652)	(11,198)	–	–
Deferred tax assets not recognised	160,201	96,303	–	–
(Over)/Under provided in prior years	(63,975)	10,064	(387)	(335)
	262,610	334,625	2,891	4,335

34. EARNINGS PER SHARE

	Group 2018	Group 2017
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)		
Profit after tax and non-controlling interest	627,687	969,953
Perpetual securities distribution	(85,846)	(38,639)
	541,841	931,314
Basic earnings per share		
Weighted average number of shares ('000)	8,288,793	8,236,349
Basic earnings per share (sen)	6.54	11.31

34. EARNINGS PER SHARE *(continued)*

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	Group 2018	Group 2017
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,288,793	8,236,349
Weighted average number of unissued ordinary shares from units under LTIP ('000)	3,264	4,080
Weighted average number of unissued ordinary shares from share options under EOS ('000)	55	196
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	8,292,112	8,240,625
Diluted earnings per share (sen)	6.53	11.30

At 31 December 2018, 32,850,000 outstanding EOS options (2017: 13,253,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

35. DIVIDENDS

Dividends recognised by the Company:

	Per ordinary share Sen	Total amount RM'000	Date of payment
2018			
First and final single tier cash dividend for financial year ended 31 December 2017	3.0	247,338	18 July 2018
2017			
First and final single tier cash dividend for financial year ended 31 December 2016	3.0	247,171	18 July 2017

The Directors have proposed the following dividend which is subject to shareholders' approval at the forthcoming Annual General Meeting:

	Per ordinary share Sen	Total amount RM'000
First and final single tier cash dividend for financial year ended 31 December 2018	3.0	263,079

* Based on 8,769,296,000 ordinary shares as at 31 December 2018.

36. SEGMENT REPORTING

Operating segments

The Group has seven reportable segments, as described below, which are the Group's strategic business units. Except for IMU Health and PLife REIT, the strategic business units offer hospital and healthcare services in different locations, and are managed separately. IMU Health is an educational service provider while PLife REIT is a real estate investment trust. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis.

The Group's reportable segments comprise:

- Singapore
- Malaysia
- India
- North Asia
- Acibadem Holdings
- IMU Health
- PLife REIT

Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment EBITDA.

Inter-segment pricing is determined on negotiated basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

36. SEGMENT REPORTING *(continued)*

	Parkway Pantai[1]				
	Singapore	Malaysia	India	North Asia	PPL Others[2]
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue and expenses					
Revenue from external customers	3,890,725	2,019,834	851,269	499,623	188,936
Inter-segment revenue	100,711	1,000	–	–	1,879
Total segment revenue	3,991,436	2,020,834	851,269	499,623	190,815
EBITDA	1,213,407	578,513	6,319	(208,714)	(1,178)
Depreciation and impairment losses of property, plant and equipment	(214,268)	(157,622)	(63,374)	(146,981)	(6,156)
Amortisation and impairment losses of intangible assets	(3,644)	(709)	(10,439)	(23,115)	–
Foreign exchange differences	(239)	68	41,073	(213)	9,926
Finance income	603	22,830	49,056	48,176	40,690
Finance costs	(14,669)	(2,329)	(56,458)	(86,933)	(24,546)
Share of profits of associates (net of tax)	1,667	–	9,848	–	–
Share of profits of joint ventures (net of tax)	1,213	–	669	15	–
Others	29,873	(6,070)	(86,301)	2,925	–
Profit/(Loss) before tax	1,013,943	434,681	(109,607)	(414,840)	18,736
Income tax (expense)/credit	(140,713)	(88,823)	(2,355)	(11,987)	(23,742)
Profit/(Loss) for the year	873,230	345,858	(111,962)	(426,827)	(5,006)
Assets and liabilities					
Cash and cash equivalents	202,779	625,241	4,339,118	701,685	448,447
Other assets	12,321,766	4,795,784	6,634,382	3,206,234	4,389,347
Segment assets as at 31 December 2018	12,524,545	5,421,025	10,973,500	3,907,919	4,837,794
Loans and borrowings	7,310	256	1,159,274	2,153,906	1,551,003
Other liabilities	4,364,225	546,688	3,244,401	327,793	327,921
Segment liabilities as at 31 December 2018	4,371,535	546,944	4,403,675	2,481,699	1,878,924

Acibadem Holdings CEEMENA[3]	IMU Health Malaysia	PLife REIT[1]	Others[4]	Eliminations	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3,676,198	257,540	133,168	3,639	–	11,520,932
–	3,461	202,531	2,573,636	(2,883,218)	–
3,676,198	261,001	335,699	2,577,275	(2,883,218)	11,520,932
617,320	84,935	321,688	2,509,239	(2,643,830)	2,477,699
(242,430)	(14,364)	(34,647)	(859)	–	(880,701)
(19,760)	(790)	–	–	–	(58,457)
(91)	(1)	2,964	14,212	–	67,699
34,622	5,701	19	25,726	(52,480)	174,943
(817,452)	(16)	(26,857)	(2,042)	52,480	(978,822)
–	–	–	–	–	11,515
–	–	–	–	–	1,897
–	–	–	(3,730)	–	(63,303)
(427,791)	75,465	263,167	2,542,546	(2,643,830)	752,470
51,040	(19,733)	(23,406)	(2,891)	–	(262,610)
(376,751)	55,732	239,761	2,539,655	(2,643,830)	489,860
73,512	24,789	67,201	1,280,626	–	7,763,398
5,027,213	530,141	4,519,762	196,423	(4,269,940)	37,351,112
5,100,725	554,930	4,586,963	1,477,049	(4,269,940)	45,114,510
3,504,877	247	2,077,177	–	–	10,454,050
1,040,113	149,212	353,781	69,181	(4,269,940)	6,153,375
4,544,990	149,459	2,430,958	69,181	(4,269,940)	16,607,425

36. SEGMENT REPORTING *(continued)*

2017	Parkway Pantai[1] Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000
Revenue and expenses					
Revenue from external customers	3,848,308	1,836,415	708,596	332,658	176,615
Inter-segment revenue	106,377	1,000	–	–	1,138
Total segment revenue	3,954,685	1,837,415	708,596	332,658	177,753
EBITDA	1,135,100	513,755	13,696	(251,954)	12,722
Depreciation and impairment losses of property, plant and equipment	(225,822)	(143,717)	(64,907)	(134,242)	(5,386)
Amortisation and impairment losses of intangible assets	(3,643)	(709)	(10,077)	(22,624)	–
Foreign exchange differences	(119)	106	(182)	(137)	(9,824)
Finance income	604	17,000	4,064	35,599	98,521
Finance costs	(12,825)	(4,106)	(61,480)	(104,136)	(119,126)
Share of profits of associates (net of tax)	1,543	–	–	–	–
Share of profits of joint ventures (net of tax)	1,402	–	(947)	122	–
Others	16,548	–	(1,570)	(776)	–
Profit/(Loss) before tax	912,788	382,329	(121,403)	(478,148)	(23,093)
Income tax (expense)/credit	(157,261)	(110,669)	6,681	(18,643)	(29,021)
Profit/(Loss) for the year	755,527	271,660	(114,722)	(496,791)	(52,114)
Assets and liabilities					
Cash and cash equivalents	169,752	505,273	95,705	1,057,205	2,495,611
Other assets	12,318,066	4,583,654	1,837,470	3,163,011	4,908,611
Segment assets as at 31 December 2017	12,487,818	5,088,927	1,933,175	4,220,216	7,404,222
Loans and borrowings	9,434	318	347,229	1,895,445	–
Other liabilities	4,830,012	536,655	2,198,383	420,431	329,442
Segment liabilities as at 31 December 2017	4,839,446	536,973	2,545,612	2,315,876	329,442

1 Parkway Pantai Group, per the corporate structure, comprises the "Parkway Pantai" and "PLife REIT" segments.

2 "PPL Others" comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai.

3 "CEEMENA" refers to Central and Eastern Europe, Middle East and North Africa.

4 Others comprises mainly the Group's corporate office as well as other investment holding entities.

Acibadem Holdings CEEMENA[3] RM'000	IMU Health Malaysia RM'000	PLife REIT[1] RM'000	Others[4] RM'000	Eliminations RM'000	Total RM'000
3,853,527	250,386	134,006	2,128	–	11,142,639
–	3,875	208,311	60,075	(380,776)	–
3,853,527	254,261	342,317	62,203	(380,776)	11,142,639
617,888	80,645	282,684	9,236	(134,292)	2,279,480
(292,047)	(13,988)	(34,795)	(865)	–	(915,769)
(24,473)	(785)	–	–	–	(62,311)
(447)	(90)	4,943	(60,703)	–	(66,453)
26,303	5,760	6,103	18,689	(60,804)	151,839
(528,015)	(286)	(25,108)	(26)	60,804	(794,304)
–	–	–	–	–	1,543
–	–	–	–	–	577
1,149	–	–	554,500	–	569,851
(199,642)	71,256	233,827	520,831	(134,292)	1,164,453
21,838	(19,484)	(23,731)	(4,335)	–	(334,625)
(177,804)	51,772	210,096	516,496	(134,292)	829,828
85,421	25,776	78,629	1,565,231	–	6,078,603
5,856,343	514,277	4,375,487	43,044	(4,753,085)	32,846,878
5,941,764	540,053	4,454,116	1,608,275	(4,753,085)	38,925,481
3,421,866	182	1,963,566	–	–	7,638,040
1,349,860	140,131	324,762	10,120	(4,753,085)	5,386,711
4,771,726	140,313	2,288,328	10,120	(4,753,085)	13,024,751

36. SEGMENT REPORTING *(continued)*

Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

	Singapore	Malaysia	North Asia	India	Japan	CEEMENA	Other regions	Others[(1)]	Elimina-tions	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018										
Revenue from external customers	3,888,843	2,277,686	499,624	851,268	132,857	3,676,198	190,817	3,639	–	11,520,932
Inter-segment revenue	–	–	–	–	–	–	–	2,529,534	(2,529,534)	–
Total segment revenue	3,888,843	2,277,686	499,624	851,268	132,857	3,676,198	190,817	2,533,173	(2,529,534)	11,520,932
Non-current assets[(2)]	14,154,746	4,725,583	3,084,320	4,558,805	2,106,266	4,192,607	48,016	1,429	–	32,871,772
2017										
Revenue from external customers	3,848,308	2,086,801	332,658	708,596	134,006	3,853,527	164,881	13,862	–	11,142,639
Inter-segment revenue	–	–	–	–	–	–	–	60,000	(60,000)	–
Total segment revenue	3,848,308	2,086,801	332,658	708,596	134,006	3,853,527	164,881	73,862	(60,000)	11,142,639
Non-current assets[(2)]	14,269,735	4,518,716	3,077,337	1,468,853	1,943,002	4,923,480	54,668	3,086	–	30,258,877

1 Others include balances relating to corporate offices, which is unallocated.

2 Non-current assets consist of property, plant and equipment, prepaid lease payments, investment properties, goodwill and intangible assets.

37. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Fair value through profit or loss ("FVTPL");
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC");

(c) Fair value through other comprehensive income ("FVOCI"); and
- Equity instruments designated upon initial recognition ("EIDUIR")

(d) Fair value of derivatives used for hedging

37. FINANCIAL INSTRUMENTS *(continued)*

(i) Categories of financial instruments

2018	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVOCI – EIDUIR RM'000	Derivatives used for hedging RM'000
Financial assets					
Group					
Amount due from a joint venture	19,602	19,602	–	–	–
Investment in NCDs of an associate	274,280	274,280	–	–	–
Other financial assets					
– Unquoted shares	11,334	–	–	11,334	–
– Mutual funds	4,257	–	4,257	–	–
– Money market funds	179,646	–	179,646	–	–
– Fixed deposits	170,285	170,285	–	–	–
– Trade and other receivables[1]	1,949,248	1,949,248	–	–	–
Derivative assets					
– Foreign exchange forward contracts	6,281	–	6,281	–	–
– Put option	3,756	–	3,756	–	–
Cash and cash equivalents	7,763,398	7,763,398	–	–	–
	10,382,087	10,176,813	193,940	11,334	–
Company					
Money market funds	179,646	–	179,646	–	–
Trade and other receivables[1]	2,863	2,863	–	–	–
Amount due from subsidiaries	2,546,875	2,546,875	–	–	–
Cash and cash equivalents	1,280,302	1,280,302	–	–	–
	4,009,686	3,830,040	179,646	–	–
Financial liabilities					
Group					
Trade and other payables[2]	(2,896,995)	(2,896,995)	–	–	–
Loans and borrowings	(10,454,050)	(10,454,050)	–	–	–
Bank overdrafts	(81,215)	(81,215)	–	–	–
Derivative liabilities					
– Interest rate swaps	(3,091)	–	–	–	(3,091)
– Cross currency interest swaps	(9,191)	–	–	–	(9,191)
– Call option granted to NCI	(4,861)	–	(4,861)	–	–
– Foreign exchange forward contracts	(956)	–	(956)	–	–
	(13,450,359)	(13,432,260)	(5,817)	–	(12,282)
Company					
Trade and other payables[2]	(11,367)	(11,367)	–	–	–
Amounts due to subsidiaries	(78,589)	(78,589)	–	–	–
	(89,956)	(89,956)	–	–	–

1 Excludes prepayments

2 Excludes deposits, rental advance billings, put option liabilities and contract liabilities

37. FINANCIAL INSTRUMENTS *(continued)*

(i) Categories of financial instruments *(continued)*

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial instruments ("AFS");
(c) Financial liabilities measured at amortised cost ("FL");
(d) Fair value through profit or loss ("FVTPL"); and
(e) Fair value of derivatives used for hedging

2017	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000	FVTPL RM'000	Derivatives used for hedging RM'000
Financial assets					
Group					
Amount due from a joint venture	19,710	19,710	–	–	–
Other financial assets					
– Available-for-sale equity instruments	11,385	–	11,385	–	–
– Fixed deposits	163,558	163,558	–	–	–
– Trade and other receivables[1]	1,429,526	1,429,526	–	–	–
Derivative assets					
– Foreign exchange forward contracts	19,167	–	–	19,167	–
– Cross currency interest swap	5,036	–	–	–	5,036
– Put option	1,625	1,625	–	–	–
Cash and cash equivalents	6,078,603	6,078,603	–	–	–
	7,728,610	7,693,022	11,385	19,167	5,036
Company					
Trade and other receivables[1]	2,266	2,266	–	–	–
Amounts due from subsidiaries	14,848	14,848	–	–	–
Cash and cash equivalents	1,564,893	1,564,893	–	–	–
	1,582,007	1,582,007	–	–	–
Financial liabilities					
Group					
Trade and other payables[2]	(2,458,444)	(2,458,444)	–	–	–
CCPS liabilities	(93,185)	–	–	(93,185)	–
Loans and borrowings	(7,638,040)	(7,638,040)	–	–	–
Bank overdrafts	(68)	(68)	–	–	–
Derivative liabilities					
– Interest rate swaps	(4,240)	–	–	–	(4,240)
– Call option granted to NCI	(22,493)	–	–	(22,493)	–
	(10,216,470)	(10,096,552)	–	(115,678)	(4,240)
Company					
Trade and other payables[2]	(7,605)	(7,605)	–	–	–
Amounts due to subsidiaries	(814)	(814)	–	–	–
	(8,419)	(8,419)	–	–	–

1 Excludes prepayments
2 Excludes deposits, rental advance billings, put option liabilities, contract liabilities and CCPS liabilities

37. FINANCIAL INSTRUMENTS *(continued)*

Net gains/(losses) arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Mandatorily at FVTPL financial instruments				
– fair value changes recognised in profit or loss	273	(13,753)	235	–
– dividend income	3,639	–	3,639	–
Financial assets at amortised cost	149,254	–	25,491	–
Financial liabilities at amortised cost	(966,874)	(724,184)	(2,042)	–
AFS financial instruments				
– recognised in other comprehensive income	–	(319,205)	–	–
– dividend income	–	2,128	–	–
– gain on disposals	–	559,195	–	–
Loans and receivables	–	39,639	–	18,689
Derivative liabilities				
– recognised in other comprehensive income	(11,873)	24,971	–	–
– recognised in profit or loss	34,670	16,693	–	–
	(790,911)	(414,516)	27,323	18,689

(ii) Financial risk management

The Group and the Company have exposures to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(iii) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's primary exposure to credit risk, arises principally through its trade receivables and investment in debt securities. The Company's exposure to credit risk arises principally from its amounts due from subsidiaries and financial guarantee provided to a bank for credit facilities granted to a subsidiary. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on major customers requiring credit over a certain amount. For the hospital operations, the Group does not grant credit to self-pay customers. Instead, a self-pay customer is requested to place an initial deposit at the time of admission to the hospital. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

At the end of each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

37. FINANCIAL INSTRUMENTS *(continued)*

(iii) Credit risk *(continued)*

Trade receivables *(continued)*

Exposure to credit risk, credit quality and collateral

As the Group does not require any collateral in respect of its financial assets, the maximum exposures to credit risk are represented by the carrying amounts of financial assets in the statements of financial position.

Credit risk concentration profile

The exposure to credit risk for trade receivables at the date of reporting (by geographical distribution) are as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000
Malaysia		449,361	263,744
Singapore		283,008	371,389
India		608,523	74,738
North Asia		49,576	47,438
Middle East		30,239	76,901
South East Asia		106,511	86,469
CEEMENA		543,290	602,342
Others		15,647	4,987
		2,086,155	1,528,008
Impairment losses		(386,380)	(252,845)
	14	1,699,775	1,275,163

At 31 December 2018, the Group has no outstanding trade receivables from significant customers (2017: two significant customers amounting to RM201,467,000 for which allowance for impairment of RM32,687,000 has been recognised).

Recognition and measurement of impairment losses

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics such as customer types, geographic region, and days past due. Customer types include self-pay customers, insurers, third party administrators, government bodies etc.

Loss rate is calculated using a "roll-rate" method based on the probability of a receivable progressing through successive stages of delinquency to being written off.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, based on actual credit loss experience over the past four years. This is adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The scalar factors for self-pay customers are based on actual and forecast real income growth rates of respective countries. The scalar factors for corporate and government customers are based on default probability risk rates of the customer.

37. FINANCIAL INSTRUMENTS *(continued)*

(iii) Credit risk *(continued)*

Trade receivables *(continued)*

Recognition and measurement of impairment losses *(continued)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018.

Group	Gross carrying amount RM'000	Impairment loss RM'000	Net balance RM'000
Not credit impaired			
Not past due	769,828	(350)	769,478
Past due 1–30 days	315,340	(3,241)	312,099
Past due 31–180 days	431,600	(19,854)	411,746
Past due 181 days–1 year	123,465	(43,405)	80,060
Past due more than 1 year	309,553	(258,078)	51,475
	1,949,786	(324,928)	1,624,858
Credit impaired			
Individually impaired	136,369	(61,452)	74,917
	2,086,155	(386,380)	1,699,775

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Group RM'000
At 1 January 2018 per MFRS 9/MFRS 139	252,845
Additions through business combinations	197,186
Impairment loss reversed	(35,037)
Written off	(8,799)
Translation differences	(19,815)
At 31 December 2018	386,380

37. FINANCIAL INSTRUMENTS *(continued)*

(iii) Credit risk *(continued)*

Trade receivables *(continued)*

Comparative information under MFRS 139, Financial instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

Group	Gross carrying amount RM'000	Impairment loss RM'000	Net balance RM'000
Not past due	766,414	(3,485)	762,929
Past due 1 – 30 days	237,539	(3,953)	233,586
Past due 31 – 180 days	258,795	(33,836)	224,959
Past due 181 days – 1 year	85,534	(48,275)	37,259
Past due more than 1 year	179,726	(163,296)	16,430
	1,528,008	(252,845)	1,275,163

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Group RM'000
At 1 January 2017	266,803
Impairment loss recognised	10,856
Written off	(6,558)
Translation differences	(18,256)
At 31 December 2017	252,845

The Group provides for impairment allowance in respect of trade receivables based on historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

The gross amount of the trade receivables which are individually assessed for impairment, and specific impairment allowance are made on a case-by-case basis are as follows:

Group	Individually assessed balance RM'000	Specific allowances made RM'000	Net RM'000
2017			
Trade receivables	250,872	(141,650)	109,222

Fixed deposits and cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated and with good credit ratings. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group and the Company consider its fixed deposits and cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on fixed deposits and cash and cash equivalents was negligible.

37. FINANCIAL INSTRUMENTS *(continued)*

(iii) Credit risk *(continued)*

Amount due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

The Company determines the probability of default from these receivables individually using internal information available. The Company considers these receivable balances as low credit risk unless there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly or the balance is overdue for more than 365 days. As at reporting date, the expected credit loss allowance on these low-credit-risk balances is insignificant.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

Financial guarantees to banks in respect of banking facilities are granted by the Company and PHL, a wholly owned subsidiary.

The financial guarantees are granted by the Company and PHL for Integrated Healthcare Turkey Yatirimlari Limited ("IHTYL"), a wholly owned subsidiary, and KHPL, a 50% owned joint venture, based on the Company's and Group's shareholding interests in these borrowing entities. The Group monitors on an ongoing basis the results of and repayments made by the borrowing entities.

Exposure to credit risk, credit quality and collateral

Group

The maximum exposure of the Group in respect of financial guarantee (Note 25) at the reporting date amounted to RM39,739,000 (2017: RM35,273,000) representing the Group's share of amount drawn down by KHPL.

On 5 January 2017, the bank served a notice to KHPL that an Event of Default has occurred. In view that KHPL is unlikely to be able to repay the loan, the Group had made a provision for its 50% share of the amounts that KHPL owes the bank (Note 25).

Company

The maximum exposure of the Company in respect of financial guarantee at the reporting date amounted to RM664,003,000 (2017: RM669,360,000) representing the outstanding bank loans of IHTYL.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the financial guarantee.

The financial guarantee is not recognised since the fair value on initial recognition was not material.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables and loans and borrowings.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash and available undrawn credit facilities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

37. FINANCIAL INSTRUMENTS *(continued)*

(iv) Liquidity risk *(continued)*

Maturity analysis

The following table provides the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements:

Group	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
2018					
Non-derivative financial liabilities					
Loans and borrowings	10,454,050	11,762,370	1,416,756	9,173,881	1,171,733
Bank overdrafts	81,215	81,215	81,215	–	–
Trade and other payables*	4,171,213	4,179,266	3,553,999	413,012	212,255
	14,706,478	16,022,851	5,051,970	9,586,893	1,383,988
Derivative financial instruments					
Foreign exchange forward contracts (gross-settled)					
– inflows	(272,590)	(278,318)	(173,432)	(104,886)	–
– outflows	267,265	272,974	168,194	104,780	–
Cross currency interest rate swaps (gross-settled)					
– inflows	(4,738)	(4,889)	(2,563)	(2,326)	–
– outflows	13,929	14,372	7,534	6,838	–
Interest rate swaps (net-settled)	3,091	3,189	2,013	1,149	27
	6,957	7,328	1,746	5,555	27
	14,713,435	16,030,179	5,053,716	9,592,448	1,384,015
2017					
Non-derivative financial liabilities					
Loans and borrowings	7,638,040	9,130,871	814,755	7,103,245	1,212,871
Bank overdrafts	68	68	68	–	–
Trade and other payables*	3,456,753	3,463,071	2,560,539	781,446	121,086
	11,094,861	12,594,010	3,375,362	7,884,691	1,333,957
Derivative financial instruments					
Foreign exchange forward contracts (gross-settled)					
– inflows	(416,119)	(422,659)	(290,409)	(132,250)	–
– outflows	396,952	403,302	274,818	128,484	–
Cross currency interest rate swaps (gross-settled)					
– inflows	(13,156)	(13,576)	(4,625)	(8,951)	–
– outflows	8,120	8,379	2,855	5,524	–
Interest rate swaps (net-settled)	4,240	4,378	2,926	1,452	–
	(19,963)	(20,176)	(14,435)	(5,741)	–
	11,074,898	12,573,834	3,360,927	7,878,950	1,333,957

* Excludes deposits, rental advance billings, contract liabilities and CCPS liabilities

37. FINANCIAL INSTRUMENTS *(continued)*

(iv) Liquidity risk *(continued)*

Maturity analysis *(continued)*

Company	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
2018					
Non-derivative financial liabilities					
Amounts due to subsidiaries	78,589	78,589	78,589	–	–
Trade and other payables#	11,367	11,367	11,367	–	–
	89,956	89,956	89,956	–	–
2017					
Non-derivative financial liabilities					
Amounts due to subsidiaries	814	814	814	–	–
Trade and other payables#	7,605	7,605	7,605	–	–
	8,419	8,419	8,419	–	–

Excludes deposits and rental advance billings

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's financial position or cash flows.

(a) Foreign currency risk

Foreign currency 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 is exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables, and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the Singapore Dollar, United States Dollar, Euro, Japanese Yen, Chinese Renminbi and India Rupee.

Risk management objectives, policies and processes for managing the risk

The Group uses foreign exchange forward contracts to manage its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investment in Japan. Where necessary, the foreign exchange forward contracts are rolled over at maturity.

The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as the foreign investment (i.e. natural hedge of net investments).

The Group also enters in cross currency interest rate swaps to realign borrowings to the same currency of the Group's foreign investments to achieve a natural hedge (See Note 37(vi)).

In respect of other monetary assets and liabilities held in currencies other than the functional currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate where necessary to address short term imbalances.

The nominal value and fair value of the foreign exchange forward contracts and cross currency interest rate swaps is disclosed in Note 26.

37. FINANCIAL INSTRUMENTS *(continued)*

(v) Market risk *(continued)*

(a) Foreign currency risk *(continued)*

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk are as follows:

Group	Singapore Dollar RM'000	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	India Rupee RM'000	Chinese Renminbi RM'000	Others* RM'000
2018							
Carrying value							
Trade and other receivables	1,037	18,178	2,700	–	17,708	–	6,703
Intra-group receivables	2,544,330	126,563	–	–	3,937	417	1,307
Cash and cash equivalents	60,048	1,269,047	5,716	818	–	220,234	2,666
Loans and borrowings	(19,811)	(525,423)	(2,023,337)	–	–	–	(626)
Trade and other payables	(141,028)	(111,186)	(4,618)	(1,754)	–	(27,601)	(1,383)
Intra-group payables	(1,029,486)	(125,935)	–	–	–	(1,353)	(24,048)
Put options granted to non-controlling interests	–	–	(224,272)	–	(362,967)	–	–
Call option granted to non-controlling interests	–	–	–	–	(4,862)	–	–
	1,415,090	651,244	(2,243,811)	(936)	(346,184)	191,697	(15,381)
Off balance sheet derivative net assets/liabilities							
Foreign exchange forward contracts	–	32,017	55,028	(180,061)	–	–	–
	1,415,090	683,261	(2,188,783)	(180,997)	(346,184)	191,697	(15,381)
2017							
Carrying value							
Trade and other receivables	–	8,133	3,247	–	1,134	–	155
Intra-group receivables	22,148	1,648	–	–	23,699	–	330
Cash and cash equivalents	2,055	2,908,230	28,840	14,702	–	222,929	2,927
Loans and borrowings	–	(495,400)	(1,739,258)	–	–	–	–
Trade and other payables	(13,922)	(87,816)	(15,561)	(1,776)	–	(28,319)	(507)
Intra-group payables	(49,612)	(957)	–	–	–	(1,281)	(15,768)
Put options granted to non-controlling interests	–	–	(311,281)	–	(664,943)	–	–
Call option granted to non-controlling interests	–	–	–	–	(22,493)	–	–
	(39,331)	2,333,838	(2,034,013)	12,926	(662,603)	193,329	(12,863)
Off balance sheet derivative net assets/liabilities							
Foreign exchange forward contracts	–	–	203,106	(198,933)	–	–	–
	(39,331)	2,333,838	(1,830,907)	(186,007)	(662,603)	193,329	(12,863)

* Others include mainly British Pound, Hong Kong Dollar, Malaysian Ringgit, Swiss Franc, Australian Dollar, and Bangladeshi Taka.

37. FINANCIAL INSTRUMENTS *(continued)*

(v) Market risk *(continued)*

(a) Foreign currency risk *(continued)*

Exposure to foreign currency risk *(continued)*

Company	Singapore Dollar RM'000	Malaysian Ringgit RM'000	United States Dollar RM'000
2018			
Cash and cash equivalents	615	–	1,209,438
Amounts due from/(to) subsidiaries	2,536,971	(7,027)	227
Trade and other payables	(152)	–	(3,508)
	2,537,434	(7,027)	1,206,157
2017			
Cash and cash equivalents	189	–	1,182,977
Amounts due from/(to) subsidiaries	14,706	(12,567)	–
Trade and other payables	(354)	–	–
	14,541	(12,567)	1,182,977

Sensitivity analysis

A 10% strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the financial year would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	2018		2017	
Group	**Equity RM'000**	**Profit or loss RM'000**	**Equity RM'000**	**Profit or loss RM'000**
Singapore Dollar	–	141,509	–	(3,933)
United States Dollar	–	68,326	–	233,384
Euro	(22,427)	(196,451)	(31,128)	(151,963)
Japanese Yen				
– Foreign exchange forward contracts	–	(18,006)	–	(19,893)
– Non-derivative financial assets and liabilities	–	(94)	–	1,293
India Rupee	(36,297)	1,678	(66,494)	232
Chinese Renminbi	–	19,170	–	19,333
Others*	–	(1,538)	–	(1,286)
	(58,724)	14,594	(97,622)	77,167

* Others include mainly British Pound, Malaysian Ringgit, Swiss Franc, Australian Dollar, and Bangladeshi Taka.

37. FINANCIAL INSTRUMENTS *(continued)*

(v) Market risk *(continued)*

(a) Foreign currency risk *(continued)*

Sensitivity analysis *(continued)*

	2018		2017	
	Equity	Profit or loss	Equity	Profit or loss
Company	RM'000	RM'000	RM'000	RM'000
Singapore Dollar	–	253,743	–	1,454
Malaysian Ringgit	–	(703)	–	(1,257)
United States Dollar	–	120,616	–	118,298
	–	373,656	–	118,495

The foreign currency risk associated with the Japanese denominated outstanding forward foreign exchange contracts as at 31 December 2018 would have no significant impact to the Group as the Group would have a corresponding gain in its net future income from Japan as a result of the weakening of Malaysian Ringgit.

A 10% weakening of the above currencies against the respective functional currencies of the Group entities at the end of the financial year would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(b) Interest rate risk

This relates to changes in interest rates which affect mainly the Group's fixed deposits and its loans and borrowings. The Group's fixed-rate financial assets and loans and borrowings are exposed to a risk of change in their fair value while the variable-rate financial assets and borrowings are exposed to a risk of change in cash flows. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group has no significant concentration of interest rate risk that may arise from exposure to Group's fixed deposits and its obligations with banks and financial institutions.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its fixed deposits and variable rate borrowings on a short-term basis. In respect of long-term borrowings, the Group may enter into interest rate derivatives to manage its exposure to adverse movements in interest rates.

Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy (See Note 36(vi)).

The nominal value and fair value of the interest rate swaps is disclosed in Note 26.

37. FINANCIAL INSTRUMENTS *(continued)*

(v) Market risk *(continued)*

(b) Interest rate risk *(continued)*

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Fixed rate instruments				
Investment in NCDs	274,280	–	–	–
Fixed deposits	3,767,556	1,355,340	52,388	275,973
Amount due to a subsidiary	–	–	(77,023)	–
Fixed rate medium term notes	(444,537)	(301,007)	–	–
Debt component of CCD	(247,657)	–	–	–
Finance lease liabilities	(183,238)	(133,407)	–	–
Other loans and borrowings	(171,706)	(143,944)	–	–
Variable rate instruments				
Cash and bank balances	1,203,480	3,333,110	1,203,480	1,182,936
Loans and borrowings	(9,406,912)	(7,054,298)	–	–
Bank overdrafts	(81,215)	(68)	–	–
Finance lease liabilities	–	(5,384)	–	–
Financial guarantee provision	(39,739)	(35,273)	–	–
Interest rate swaps	(3,091)	(4,240)	–	–
Cross currency interest rate swaps	(9,191)	5,036	–	–

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss.

37. FINANCIAL INSTRUMENTS *(continued)*

(v) Market risk *(continued)*

(b) Interest rate risk *(continued)*

Sensitivity analysis

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would increase/(decrease) amounts charged or credited to assets, profit or loss or equity as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity		Profit or loss	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
Group				
2018				
Interest rate swaps	15,312	(8,489)	10,404	(10,404)
Cross currency interest rate swaps	7,853	(8,042)	3,807	(3,807)
Other variable rate instruments	–	–	(83,228)	83,228
	23,165	(16,531)	(69,017)	69,017
2017				
Interest rate swaps	12,501	(15,567)	10,238	(10,238)
Cross currency interest rate swaps	11,119	(11,363)	3,828	(3,828)
Other variable rate instruments	–	–	(37,709)	37,709
	23,620	(26,930)	(23,643)	23,643
Company				
2018				
Other variable rate instruments	–	–	12,035	(12,035)
2017				
Other variable rate instruments	–	–	11,829	(11,829)

(vi) Hedging activities

Cash flow hedge

The Group manages its exposure to interest rate movements on certain floating rate loans and borrowings by entering into interest rate swaps, where appropriate. As at 31 December 2018, the Group has interest rate swaps with a total notional amount of RM1,040,480,000 (2017: RM1,023,701,000) to provide fixed rate funding up to 2024 (2017: up to 2020) at a weighted average effective interest rate of 0.25% (2017: 0.34%) per annum.

Also, the Group has cross currency interest rate swaps ("CCIRS") with notional amount of RM380,626,000 (2017: RM382,719,000) as at 31 December 2018 to manage its foreign currency risk and interest rate risk arising from the financing of Japanese properties using Singapore dollar facilities. To maintain a natural hedge, the Group utilised CCIRS to realign the Singapore dollar denominated loans back into effective Japanese Yen denominated loans to match its underlying Japanese Yen denominated assets.

As at 31 December 2018, where the interest rate swaps and cross currency interest rate swaps were designated as hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the swaps amounting to RM2,571,000 gain (2017: RM731,000 gain) was recognised in other comprehensive income (see Note 31).

37. FINANCIAL INSTRUMENTS *(continued)*

(vi) Hedging activities *(continued)*

Cash flow hedge *(continued)*

During the year, where hedge accounting was discontinued, not practised or ineffective, the changes in fair value of interest rate swaps amounting to RM971,000 loss (2017: RM815,000 loss) was charged to profit or loss. Accordingly, the changes in fair value of these interest rate swaps, previously recognised in the hedge reserve amounting to RM1,678,000 loss (2017: RM2,429,000 loss) were reclassified to profit or loss.

At 31 December 2018, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Maturity	
	Within 1 year RM'000	**More than 1 year RM'000**
Interest rate risk		
Cross currency interest rate swaps		
Net exposure (RM'000)	–	380,626
Average fixed interest rate	–	0.75%
Interest rate swaps		
Net exposure (RM'000)	442,238	598,242
Average fixed interest rate	0.31%	0.20%

The amounts at the reporting date relating to items designated as hedged items were as follows:

	2018		
	Change in value used for calculating hedge ineffectiveness RM'000	**Hedge reserve RM'000**	**Balances remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000**
Interest rate risk			
Variable-rate instruments	23,074	16,715	407

37. FINANCIAL INSTRUMENTS *(continued)*

(vi) Hedging activities *(continued)*

Cash flow hedge *(continued)*

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items resulting from cash flow hedge accounting.

	2018 Hedge reserve RM'000
Cash flow hedges	
At 1 January	15,200
Changes in fair value	2,571
Hedge ineffectiveness recognised in profit or loss	1,678
	4,249
OCI attributed to NCI	(2,735)
Changes in ownership interest in subsidiaries with no change in control	1
At 31 December	16,715

The amounts relating to items designated as hedging instruments were as follows:

	2018							
		Carrying amount		Line item in the statement of financial position where				
Interest rate risk	**Nominal amount RM'000**	**Assets RM'000**	**Liabilities RM'000**	**the hedging instrument is included**	**the hedged item is included**	**Changes in the value of the hedging instrument recognised in OCI RM'000**	**Hedge ineffectiveness recognised in profit or loss RM'000**	**Line item in profit or loss that includes hedge ineffectiveness**
Cross currency interest rate swaps	380,626	–	(9,191)	Financial derivatives	Loans and borrowings	2,171	–	Finance costs
Interest rate swaps	1,040,480	–	(3,091)	Financial derivatives	Loans and borrowings	400	1,678	Finance costs
						2,571	1,678	

37. FINANCIAL INSTRUMENTS *(continued)*

(vi) Hedging activities *(continued)*

Cash flow hedge *(continued)*

Hedge of net investments in foreign operations

The Group's Japanese Yen denominated unsecured bank loans has been designated as a natural hedge of the Group's net investments in Japan. In 2014, the Group refinanced a Japanese Yen denominated loan with a Singapore Dollar denominated loan which was overlaid with a cross currency interest rate swaps to realign this SGD borrowing into an effective Japanese Yen loan to maintain as a natural hedge for its foreign investment in Japan. The carrying value of these Japanese denominated loan and Japanese medium term notes as at end of financial year was RM1,481,993,000 (2017: RM1,380,933,000).

The amounts related to items designated as hedging instruments were as follows:

	2018						
		Carrying amount					
	Nominal amount	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Interest rate risk	**RM'000**	**RM'000**	**RM'000**		**RM'000**	**RM'000**	
Foreign exchange denominated loans and borrowings	1,865,984	–	(1,861,785)	Loans and borrowings	(78,542)	–	Not applicable

	2018		
	Change in value used for calculating hedge ineffectiveness	Exchange fluctuation reserve	Balances remaining in the exchange fluctuation reserve from hedging relationships for which hedge accounting is no longer applied
	RM'000	**RM'000**	**RM'000**
JPY net investment	46,414	(85,518)	–

37. FINANCIAL INSTRUMENTS *(continued)*

(vii) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term of nature of these financial instruments.

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value of financial instruments carried at fair value					
		Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2018							
Financial assets							
FVOCI unquoted shares	10	–	–	11,334	11,334	11,334	11,334
FVTPL money market funds	10	–	179,646	–	179,646	179,646	179,646
FVTPL mutual funds	10	–	4,257	–	4,257	4,257	4,257
Foreign exchange forward contracts	26	–	6,281	–	6,281	6,281	6,281
Put option	26	–	–	3,756	3,756	3,756	3,756
		–	190,184	15,090	205,274	205,274	205,274
Financial liabilities							
Put options granted to NCI	25	–	–	(1,274,218)	(1,274,218)	(1,274,218)	(1,274,218)
Interest rate swaps	26	–	(3,091)	–	(3,091)	(3,091)	(3,091)
Foreign exchange forward contracts	26	–	(956)	–	(956)	(956)	(956)
Cross currency interest rate swaps	26	–	(9,191)	–	(9,191)	(9,191)	(9,191)
Call option granted to NCI	26	–	–	(4,861)	(4,861)	(4,861)	(4,861)
		–	(13,238)	(1,279,079)	(1,292,317)	(1,292,317)	(1,292,317)
2017							
Financial assets							
Foreign exchange forward contracts	26	–	19,167	–	19,167	19,167	19,167
Cross currency interest rate swaps	26	–	5,036	–	5,036	5,036	5,036
		–	24,203	–	24,203	24,203	24,203
Financial liabilities							
CCPS liabilities	25	–	–	(93,185)	(93,185)	(93,185)	(93,185)
Put options granted to NCI	25	–	–	(998,309)	(998,309)	(998,309)	(998,309)
Interest rate swaps	26	–	(4,240)	–	(4,240)	(4,240)	(4,240)
Call option granted to NCI	26	–	–	(22,493)	(22,493)	(22,493)	(22,493)
		–	(4,240)	(1,113,987)	(1,118,227)	(1,118,227)	(1,118,227)

37. FINANCIAL INSTRUMENTS *(continued)*

(vii) Fair value information *(continued)*

Company	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
		Fair value of financial instruments carried at fair value					
2018							
Financial assets							
Other financial assets							
– FVTPL money market funds	10	–	179,646	–	179,646	179,646	179,646

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted that are observable for the financial assets or liabilities either directly or indirectly.

Derivatives, money market funds and mutual funds

The fair value of foreign exchange forward contracts, cross currency interest rate swaps, interest rate swaps, money market funds and mutual funds are based on banker quotes.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2017: no transfer in either direction).

Level 3 fair value

The following table shows a reconciliation of level 3 fair values:

	Call option granted to NCI RM'000	Put option RM'000	FVOCI unquoted shares RM'000	CCPS liabilities RM'000	Put options granted to NCI RM'000
At 1 January 2017	(18,128)	–	–	(82,645)	(864,608)
Arising from business combination	–	–	–	–	(22,426)
Granted to non-controlling interests	–	–	–	–	(139,014)
Reclassification to equity	–	–	–	–	(45,229)
Change in fair value	(4,753)	–	–	(13,753)	–
Translation differences	388	–	–	3,213	72,968
At 31 December 2017/1 January 2018	(22,493)	–	–	(93,185)	(998,309)
Reclassification on application of MFRS 9	–	1,625	11,385	–	–
Arising from business combination	–	–	–	–	(667,285)
Reclassification to equity	–	–	–	85,460	–
Change in fair value	17,202	2,102	–	–	296,334
Translation differences	430	29	(51)	7,725	95,042
At 31 December 2018	(4,861)	3,756	11,334	–	(1,274,218)

37. FINANCIAL INSTRUMENTS *(continued)*

(vii) Fair value information *(continued)*

Measurement of fair values

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, other financial assets, cash and cash equivalents, bank overdrafts and trade and other payables) are measured on the amortised cost basis and approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

(a) Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group			
Interest rate swaps, foreign exchange forward contracts and cross currency interest rate swaps	*Market comparison technique*: The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.	Not applicable	Not applicable
Call option granted to non-controlling interests	*Black Scholes model*	• Risk-adjusted discount rate at 7.0% (2017: 6.4%)	The estimated fair value would increase/(decrease) if the risk-adjusted discount rates were lower/(higher).
		• Dividend yield at nil% (2017: nil%)	The estimated fair value would increase/(decrease) if the dividend yield were lower/(higher).
		• Volatility at 31.2% (2017: 33.2%)	The estimated fair value would increase/(decrease) if volatility were higher/(lower).
CCPS liabilities and put options granted to non-controlling interests	Discounted cash flows: The fair values are based on the subsidiary's equity value computed mainly using the discounted cash flow method based on present value of projected free cash flows of the subsidiary discounted using a risk-adjusted discount rate. For put options granted to non-controlling interests, the expected payment is then discounted using a risk-adjusted discount rate.	Risk-adjusted discount rates at 13.25% to 15.25% (2017: 13.3% to 15.0%)	The estimated fair value would increase/(decrease) if the risk-adjusted discount rates were lower/(higher).

37. FINANCIAL INSTRUMENTS *(continued)*

(vii) Fair value information *(continued)*

Valuation techniques and significant unobservable inputs *(continued)*

(b) Financial instruments not carried at fair value

Type	Valuation technique
Group	
Unsecured fixed rate medium term notes	Market comparison: The fair value is estimated considering recent quoted prices in markets that are not active.
Loans and borrowings, finance lease liabilities payables	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

		Group	
	Note	2018 RM'000	2017 RM'000
Loans and borrowings	21	10,454,050	7,638,040
Bank overdrafts		81,215	68
Less: Cash and cash equivalents	16	(7,763,398)	(6,078,603)
Net debt		2,771,867	1,559,505
Total equity		28,507,085	25,900,730
Debt-to-equity ratio		0.10	0.06

There were no changes in the Group's approach to capital management during the financial year.

Except as disclosed in Note 21, the Group complies with all externally imposed capital requirements for the financial years ended 2018 and 2017.

39. OPERATING LEASES

(i) Leases as lessee

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-cancellable operating lease payable:				
– Within 1 year	270,542	231,212	1,018	18
– After 1 year but within 5 years	901,629	792,984	1,272	42
– After 5 years	1,737,826	2,056,475	–	–
	2,909,997	3,080,671	2,290	60

Land lease premium

Based on the agreement between the Federal Government and the Group in 1994 for the use of Ministry of Health facilities, the agreement allows the Group to construct buildings in connection with the use of facilities for the training of students. The land was leased to the Group for a period of 30 years, commencing 1 January 1999.

In July 2012, the Group was informed by Pesuruhjaya Tanah Persekutuan (Federal Land Commission) that the lease premium from 1 January 1999 to 31 December 2013 amounted to RM2,800,000 and the Group had accordingly made payments.

The Group has accrued annual lease premium of RM116,000 for 2014 and RM420,000 for 2015, 2016, 2017 and 2018 respectively.

The Group is unable to ascertain the amount of the lease premium from 2019 to 2028 as the lease amount payable is yet to be determined as at date of these financial statements.

(ii) Leases as lessor

The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2018 RM'000	2017 RM'000
Non-cancellable operating lease receivable:		
– Within 1 year	208,761	195,640
– After 1 year but within 5 years	642,896	606,365
– After 5 years	700,513	774,659
	1,552,170	1,576,664

40. CAPITAL AND OTHER COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
(a) Capital expenditure commitments		
Property, plant and equipment and investment properties		
– Contracted but not provided for in these financial statements	887,340	1,083,580
(b) Joint venture		
Share of capital commitment of joint venture	128,285	137,291

40. CAPITAL AND OTHER COMMITMENTS *(continued)*

(c) Other commitments

Pursuant to the acquisition of 31.1% equity interest in Fortis, NTK is required to carry out the following subsequent to year ended 31 December 2018:

i. Mandatory Open Offer for acquisition of up to 26% of paid up equity Fortis shares at INR170 per share ("Fortis Open Offer").

ii. Mandatory Open Offer for acquisition of up to 26% paid up equity shares of Fortis Malar Hospitals Limited ("Malar Open Offer")

The maximum number of Fortis shares that Northern TK Venture Pte Ltd ("NTK") will be acquiring will only be determined at a later date nearer to the start of the Fortis Open Offer. The maximum number of Fortis Malar Hospitals Limited shares, and the acquisition price per share, of the Malar Open Offer will only be determined at a later date nearer to the start of the Malar Open Offer.

In light of both open offers, an amount of RM1,970,800,000 was deposited in an escrow as described in Note 16.

On 14 December 2018, the Honorable Supreme Court of India had passed an order ("Order") directing "*status quo* with regard to the sale of controlling stake in Fortis to Malaysian IHH Healthcare Berhad to be maintained". In light of the Order, the Group is not able to proceed with the Fortis Open Offer for the time being until further order(s)/clarification(s)/direction(s) are issued by the Supreme Court of India and/or the Securities and Exchange Board of India. NTK is also not able to proceed with the Malar Open Offer as the Malar Open Offer is conditional upon the completion of the Fortis Open Offer.

41. RELATED PARTIES

Related party transactions

Other than disclosed elsewhere in the financial statements, transactions carried out on terms agreed with the related parties are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
With substantial shareholders and their related parties		
Sales and provision of services	316,677	348,005
Purchases and consumption of services	(50,318)	(54,706)
Acquisition of approximately 15% equity interest in ASYH (Note 45(f))	(1,465,957)	–
With key management personnel and their related parties		
Sales and provision of services	9,448	13,157
Purchases and consumption of services	(64,461)	(88,318)
Acquisition of approximately 15% equity interest in ASYH (Note 45(f))	(1,465,957)	–
With associates and joint ventures		
Sales and provision of services	10,689	9,454
Rental income	1,583	1,708
Purchases and consumption of services	(15,928)	(15,298)
With related corporations		
Consultancy fees rendered	792	340
Purchases and consumption of services	(3,459)	(3,512)
With director of a subsidiary		
Consultancy fees paid	(140)	(272)

41. RELATED PARTIES *(continued)*

Related party transactions (continued)

	Company 2018 RM'000	Company 2017 RM'000
With subsidiaries		
Share-based payment transactions	27,600	40,118

Significant related party balances related to the above transactions are as follows:

	Group 2018 RM'000	Group 2017 RM'000
Trade and other receivables		
Substantial shareholders and their related parties	12,251	46,161
Key management personnel and their related parties	1,137	4,302
	13,388	50,463
Trade and other payables		
Substantial shareholders and their related parties	(3,213)	(3,907)
Key management personnel and their related parties	(4,802)	(4,976)
	(8,015)	(8,883)

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

From time to time, directors and key management personnel of the Group, or their related parties, may receive services and purchase goods from the Group. These services and purchases are on negotiated basis.

42. ACQUISITION AND DISPOSAL OF BUSINESS

Disposal of business in 2018

During the year, Parkway Healthcare (Hong Kong) Limited ("PHHK") disposed of its panel network business for RM2,925,000. As no assets or liabilities were transferred during the sale, the Group recorded a gain of RM2,925,000 in the profit or loss.

Disposal of business in 2017

In July 2017, PHHK disposed of its aesthetic business for nil consideration.

	Note	RM'000
Property, plant and equipment	3	662
Inventories		296
Cash and cash equivalents		561
Trade and other payables		(1,306)
Fair value of net identifiable assets disposed		213
Cash consideration received		–
Fair value of net identifiable assets disposed		(213)
		(213)
Staff termination expenses paid		(563)
Loss on disposal of business	30	(776)
Staff termination expenses paid		(563)
Less: Cash and cash equivalents (net of bank overdrafts) disposed		(561)
Net cash out flows		(1,124)

43. ACQUISITIONS OF SUBSIDIARIES

Acquisitions of subsidiaries in 2018

(a) In March 2018, Medical Resources International Pte Ltd acquired 60% equity interest in Chengdu Shenton Health Clinic Co., Ltd (formerly known as Sincere Chengdu Clinic Co., Ltd) ("Chengdu Shenton Clinic") from Beijing Yizhi Zhuoxin Corporate Management Information Co., Ltd for a total consideration of RMB12,000,000 (equivalent to RM7,418,000).

(b) In October 2018, Pantai Hospitals Sdn. Bhd. completed the acquisition of 9,500,000 ordinary shares in Amanjaya Specialist Centre Sdn. Bhd. ("Amanjaya"), representing a 100% equity interests therein, for a total cash consideration of RM104,762,000.

(c) In November 2018, NTK completed the subscription of 235,294,117 new equity shares of face value of Indian Rupee ("INR") 10 each ("Fortis Shares") in Fortis for a total cash consideration of INR39,999,999,980 (equivalent to RM2,383,160,000). Consequential thereto, NTK holds 31.1% of the equity interest of Fortis and obtained majority control of the Board of Fortis.

Fair value of consideration transferred

The following summarises fair value of each major class of consideration transferred or payable at the acquisition date:

	Chengdu Shenton Clinic	Amanjaya	Fortis Group (provisional)	Total
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	7,418	104,762	2,383,160	2,495,340

Identifiable assets acquired and liabilities assumed

The following summarises the recognised fair value of assets acquired and liabilities assumed at the date of acquisition:

	Note	Chengdu Shenton Clinic	Amanjaya	Fortis Group (provisional)	Total
		RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	3	5,052	54,000	1,741,564	1,800,616
Intangible assets	6	–	–	57,065	57,065
Interests in associates		–	–	713,988	713,988
Interests in joint ventures		–	–	18,875	18,875
Deferred tax assets	11	–	–	257,146	257,146
Inventories		1	723	36,626	37,350
Tax recoverable		–	–	245,506	245,506
Trade and other receivables		163	4,962	517,602	522,727
Other financial assets		–	–	89,838	89,838
Cash and cash equivalents		667	9,246	2,437,013	2,446,926
Trade and other payables		(3,315)	(3,505)	(1,317,716)	(1,324,536)
Tax payable		–	(2)	(5,246)	(5,248)
Employee benefits		–	–	(66,439)	(66,439)
Bank overdrafts		–	–	(130,563)	(130,563)
Loans and borrowings		–	(22,043)	(1,012,847)	(1,034,890)
Deferred tax liabilities	11	–	(5,956)	(86,789)	(92,745)
Net identifiable assets acquired		2,568	37,425	3,495,623	3,535,616

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired in relation to the acquisitions of Chengdu Shenton Clinic and Amanjaya were as follows.

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The fair value of Fortis Group's identifiable assets acquired, liabilities assumed, non-controlling interests in the acquisition are provisional in view that the acquisition was completed close to the reporting date and the purchase price allocation exercise cannot be completed by then. As permitted by MFRS 3, *Business Combinations*, provisional fair values can used for a period of 12 months from the acquisition date to reflect the initial accounting for business combinations.

Net cash outflow arising from acquisitions of subsidiaries

	Chengdu Shenton Clinic RM'000	Amanjaya RM'000	Fortis Group (provisional) RM'000	Total RM'000
Purchase consideration settled in cash and cash equivalents	7,418	104,762	2,383,160	2,495,340
Less: Cash and cash equivalents acquired	(667)	(9,246)	(2,306,450)	(2,316,363)
	6,751	95,516	76,710	178,977

Goodwill

	Note	Chengdu Shenton Clinic RM'000	Amanjaya RM'000	Fortis Group (provisional) RM'000	Total RM'000
Fair value of consideration transferred		7,418	104,762	2,383,160	2,495,340
Fair value of net identified assets acquired		(2,568)	(37,425)	(3,495,623)	(3,535,616)
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired		1,027	–	2,651,981	2,653,008
Goodwill	6	5,877	67,337	1,539,518	1,612,732

Goodwill comprises of expected synergies from integrating the operations of the Group and the acquiree, and expected upside potential from leveraging the Group's international private healthcare experience to operate the acquiree. Goodwill also includes value for assets that are not separately identifiable.

Acquisition-related costs

The Group incurred acquisition-related costs of approximately RM37,485,000 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Post-acquisition contributions to the Group

	Chengdu Shenton Clinic RM'000	Amanjaya RM'000	Fortis Group (provisional) RM'000	Total RM'000
Revenue	317	8,783	217,111	226,211
Net (loss)/profit	(4,236)	2,184	10,572	8,520

If the above acquisitions had occurred on 1 January 2018, the Group would report a consolidated Group revenue of RM13,906,542,000 and a consolidated Group losses after tax of RM295,719,000# for the financial year.

\# Arrived at after taken into consideration mainly the impairment loss of inter-corporate deposits of Fortis, approximately INR4.5 billion, equivalent to RM261.2 million (see Note 50) and impairment of Fortis' goodwill and investment totalled INR 5.5 billion, equivalent to RM322.9 million. Both impairments were recognised in profit or loss of Fortis prior to the acquisition by the Group on 13 November 2018.

Acquisitions of subsidiaries in 2017

(a) In May 2017, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") acquired 100% equity interest in ME-Dİ Sağlık Hizmetleri İthalat ve Ticaret A.Ş. ("ME-Di") comprising 110,000 shares from Dilaver Özturan for a total consideration of TL6,500,000 (equivalent to RM7,874,000). The intended principal activity of ME-Di is the provision of outpatient medical services. ME-Di has merged with ASH on 27 December 2017.

(b) In July 2017, PPL subscribed for 5,104,849 ordinary shares in Angsana for a total consideration of SGD9,300,000 (equivalent to RM29,305,000) resulting in PPL holding 55% equity interest in Angsana and its subsidiaries.

Fair value of consideration transferred

The following summarises fair value of each major class of consideration transferred or payable at the acquisition date:

	ME-Di RM'000	Angsana RM'000	Total RM'000
Cash and cash equivalents	7,923	29,237	37,160

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	ME-Di RM'000	Angsana RM'000	Total RM'000
Property, plant and equipment	3	–	6,372	6,372
Intangible assets	6	7,923	–	7,923
Deferred tax assets	11	–	2	2
Inventories		–	408	408
Trade and other receivables		–	3,849	3,849
Cash and cash equivalents		–	30,426	30,426
Trade and other payables		–	(9,398)	(9,398)
Loans and borrowings		–	(6,343)	(6,343)
Net identifiable assets acquired		7,923	25,316	33,239

Following the completion of the final purchase price allocation in financial year 2018, no adjustments were made to the provisional fair values originally recorded in the prior year in respect of Angsana.

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Net cash outflow arising from acquisitions of subsidiaries

	ME-Di RM'000	Angsana RM'000	Total RM'000
Purchase consideration settled in cash and cash equivalents	7,923	29,237	37,160
Less: Cash and cash equivalents acquired	–	(30,426)	(30,426)
	7,923	(1,189)	6,734

Goodwill

	Note	ME-Di RM'000	Angsana RM'000	Total RM'000
Fair value of consideration transferred		7,923	29,237	37,160
Fair value of net identified assets acquired		(7,923)	(25,316)	(33,239)
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired		–	11,392	11,392
Goodwill	6	–	15,313	15,313

Goodwill comprises of expected synergies from integrating the operations of the Group and the acquiree, and expected upside potential from leveraging the Group's international private healthcare experience to operate the acquiree. Goodwill also includes value for assets that are not separately identifiable.

Acquisition-related costs

The Group incurred acquisition-related costs of approximately RM1,782,000 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

Post-acquisition contributions to the Group

	ME-Di RM'000	Angsana RM'000	Total RM'000
Revenue	–	2,975	2,975
Net loss	–	(6,959)	(6,959)

If the above acquisitions had occurred on 1 January 2017, the Group will report a consolidated Group revenue of RM11,148,027,000 and a consolidated Group profit after tax of RM822,810,000 for the financial year.

44. DISPOSAL OF A SUBSIDIARY

Disposal of a subsidiary in 2017

In November 2017, a 59.6% owned subsidiary, Acibadem Poliklinikleri A.S. ("POL") disposed of its 60% equity interest in SESU Ozel Saglik Hizmetleri Tibbi Malzemeler ve Ticaret A.S. ("SESU") to Ali Suat Gulluoglu ("Disposal") which was satisfied by share swap with Ali Suat Gulluoglu for his 30.10% equity interest in Medlife Clinic Ambulance ve Ozel Saglik Hizmetleri Ithalat ve Ihracat A.S. ("Medlife"). Following the Disposal, SESU ceased to be a subsidiary of POL.

The effects of the disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	68
Intangible assets	6	217
Deferred tax assets	11	81
Inventories		39
Trade and other receivables		1,215
Tax recoverable		151
Cash and cash equivalents		9
Trade and other payables		(3,535)
Employee benefits		(1)
Loans and borrowings		(27)
Deferred tax liabilities	11	(132)
Net identifiable assets		(1,915)
Less: Non-controlling interests		766
Gain on disposal of a subsidiary recognised in profit or loss	30	1,149
Cash consideration		–
Less: Cash and cash equivalents disposed		(9)
Cash flow on disposal, net of cash disposed		(9)

45. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

Changes in ownership interests in subsidiaries in 2018

(a) In January 2018 and February 2018 respectively, Parkway-Healthcare Mauritius Limited ("PHML") acquired a total of 1.70% equity interest in Ravindranath GE Medical Associates Private Limited ("RGE") for a total cash consideration of INR272,109,000 (equivalent to RM16,863,000). Consequential thereto, IHH Group's interest in RGE increased from 76.25% to 77.96%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM15,534,000 and RM1,329,000 respectively.

(b) In February 2018, Parkway Holdings Limited ("PHL") disposed 26% equity interest in Gleneagles JPMC Sdn. Bhd. ("GJPMC") to Jerudong Park Medical Centre Sdn. Bhd. at a total consideration of BND4,203,000 (equivalent to RM12,509,000). Consequential thereto, the Group's interest in GJPMC decreased from 75.0% to 49.0%.

The transaction resulted in a decrease in capital reserve of RM6,425,000 and an increase in non-controlling interests of RM18,935,000.

(c) In April 2018, PTM transferred 140,900 PLife REIT units that it owned to its eligible employees in accordance to PTM's LTIP. Consequential thereto, the Group's effective interest in PLife REIT was diluted from 35.69% to 35.66%.

The transaction resulted in an increase in capital reserve, non-controlling interests and hedge reserve of RM620,000, RM618,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM3,000.

45. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES *(continued)*

Changes in ownership interests in subsidiaries in 2018 *(continued)*

(d) In May 2018, GDPL subscribed for 35,087,716 new equity shares in Continental Hospitals Private Limited ("CHL") for a total consideration of INR1,400,000,000 (equivalent to RM82,600,000) pursuant to the rights issue undertaken by CHPL. Post the rights issue, GDPL's equity interest in CHPL increased from 53.13% to 62.23%.

The transaction resulted in a decrease in capital reserve of RM20,515,000 and an increase in non-controlling interest of RM20,515,000.

(e) In August 2018, the Group's interest in RGE was diluted by 4.09% from 77.96% to 73.87% as the conversion ratio for the remaining tranches of CCPS held by the non-controlling interests were fixed and these CCPS were reclassified from other payables to equity.

The transactions resulted in an increase of RM60,830,000 and RM24,629,000 in the capital reserve and non-controlling interests respectively.

(f) In November 2018, Integrated Healthcare Hastaneler Turkey Sdn. Bhd. ("IHH Turkey") has completed the acquisition of 458,399,999 equity shares in ASYH from ASYH's existing two shareholders, namely Bagan Lalang Ventures Sdn. Bhd. and Mehmet Ali Aydinlar, through a share swap of 524,492,824 new ordinary shares of the Company. Consequential thereto, IHH Turkey's equity interest in ASYH has increased from 60.0% to approximately 90.0%.

The transactions resulted in an increase of RM2,931,915,000 and RM345,529,000 in share capital of the Company and non-controlling interests, respectively, and a decrease of RM3,277,444,000 in the capital reserve.

Changes in ownership interests in subsidiaries in 2017

(a) In April 2017, PTM transferred 155,200 PLife REIT units that it owned to its eligible employees in accordance to PTM's Long Term Incentive Plan. Consequential thereto, the Group's effective interest in PLife REIT was diluted from 35.71% to 35.69%.

The transaction resulted in an increase in capital reserve, non-controlling interests and hedge reserve of RM898,000, RM257,000 and RM2,000 respectively, and a decrease in foreign currency translation reserve of RM3,000.

(b) In April 2017, Parkway Group Healthcare Pte. Ltd. ("PGH") divested 29.9% equity interest in PCH to TK Healthcare Investment Limited ("Taikang") through a combination of secondary sale and allotment of new shares by PCH to Taikang as detailed below. Consequential thereto, the Group's effective interest in PCH decreased from 100% to 70.1%.

The transaction resulted in an increase in capital reserve and non-controlling interests of RM299,609,000 and RM310,734,000 respectively, and a decrease in foreign currency translation reserve of RM1,116,000.

Pursuant to the divestment, PGH received a deposit of RMB10,000,000 (equivalent to RM6,231,000) from the non-controlling interest for granting PGH a put option to require the non-controlling interest to purchase another 10.1% shares in PCH from PGH when the regulations allow the non-controlling interest to increase its stake in PCH. The put option is valid till July 2018 and the deposit is non-refundable if the put option is not exercised.

(c) In April and June 2017, CHL allotted 3,807,106 and 2,358,071 equity shares respectively to GDPL. Consequential thereto, the Group's effective interest in CHL was increased from 51% to 53.13%.

The transactions resulted in a decrease in capital reserve of RM4,484,000 and an increase in non-controlling interests of RM4,484,000.

(d) In May 2017, Gleneagles (Malaysia) Sdn. Bhd. ("GMSB") acquired 269,444 ordinary shares representing approximately 1.107% of the total issued shares of Pulau Pinang Clinic Sdn. Bhd. ("PPCSB") from 3 minority shareholders for a total cash consideration of RM5,928,000. Consequential thereto, the Group's effective interest in PPCSB increased from 70.77% to 71.88%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM3,008,000 and RM2,919,000 respectively.

45. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES *(continued)*

***Changes in ownership interests in subsidiaries in 2017** (continued)*

(e) In May 2017, ASH disposed of 15% equity interest in ACC to International Finance Corporation for a total consideration of EUR15,000,000 (equivalent to RM67,322,000). Consequential thereto, the Group's effective interest in ACC decreased from 41.2% to 32.2%.

The transaction resulted in an increase in capital reserve and non-controlling interests of RM93,000 and RM67,229,000 respectively.

(f) In May 2017, ASH acquired 1.83% equity interest in ACC from Ilian Georgiev Grigorov for a total consideration of EUR1,468,000 (equivalent to RM6,957,000). Consequential thereto, the Group's effective interest in ACC increased from 32.2% to 33.3%.

The transaction resulted in a increase in capital reserve and a decrease in non-controlling interests of RM645,000 and RM7,795,000 respectively.

(g) In November 2017, POL acquired the remaining 40% equity interest in Medlife and Ozel Turgutreis Poliklinik Hizmetleri Ticaret A.S. ("T.Reis"). Consequential thereto, the Group's effective interest in the 2 companies increased from 35.7% to 59.6%. The 2 companies were subsequently merged with POL and dissolved in December 2017.

The transaction resulted in a decrease in capital reserve and an increase in non-controlling interests of RM399,000 and RM399,000 respectively.

46. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	2017 %
Direct subsidiaries				
IMU Health Sdn. Bhd.	Malaysia	Investment holding and provision of management services to its subsidiaries	100	100
Integrated Healthcare Holdings Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Holdings (Bharat) Limited#	Mauritius	Investment holding	100	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries				
Held through IMU Health Sdn. Bhd.:				
IMU Education Sdn. Bhd.	Malaysia	Establishing and carrying on the business of managing educational institutions, colleges, schools and other centres of learning, research and education	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of healthcare services	100	100
IMC Education Sdn. Bhd.	Malaysia	Provision of educational programs and training courses for healthcare and related fields	100	100
Held through Integrated Healthcare Holdings Limited:				
Parkway Pantai Limited#	Singapore	Investment holding	100	100
Held through Integrated Healthcare Holdings (Bharat) Limited:				
Integrated (Mauritius) Healthcare Holdings Limited+	Mauritius	In the process of striking off	100	100
Held through IMU Healthcare Sdn. Bhd.:				
IMU Dialysis Sdn. Bhd.	Malaysia	Establishing, operating and managing dialysis centre(s) for the provision of haemodialysis services	60	60
Held through Integrated Healthcare Turkey Yatirimlari Limited:				
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	100	100
Held through Parkway Pantai Limited:				
Parkway HK Holdings Limited# (1)	Hong Kong	Investment holding	100	100
Parkway Holdings Limited#	Singapore	Investment holding	100	100
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Parkway Group Healthcare Pte Ltd# (2)	Singapore	Investment holding and provision of management and consultancy services	100	100
Gleneagles Development Pte Ltd# (3)	Singapore	Investment holding	100	100
Parkway Healthcare Indo-China Pte. Ltd.#	Singapore	Investment holding	100	100

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Parkway Pantai Limited: *(continued)*				
Northern TK Venture Pte. Ltd#	Singapore	Investment holding	100	100
Angsana Holdings Pte. Ltd#	Singapore	Investment holding	55	55
Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:				
Acıbadem Sağlık Yatırımları Holding A.Ş.#	Turkey	Investment holding	90	60
Held through Acıbadem Sağlık Yatırımları Holding A.Ş.:				
APlus Hastane Otelcilik Hizmetleri A.Ş.#	Turkey	Provision of catering, laundry and cleaning services for hospitals	90	60
Acıbadem Proje Yönetimi A.Ş.#	Turkey	Supervise and manage the construction of healthcare facilities	90	60
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.#	Turkey	Provision of medical, surgical and hospital services	89.8	59.6
Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.:				
Acıbadem Poliklinikleri A.Ş.#	Turkey	Provision of outpatient and surgical (in certain clinics only) services	89.8	59.6
Acıbadem Labmed Sağlık Hizmetleri A.Ş.#	Turkey	Provision of laboratory services	89.8	59.6
International Hospital İstanbul A.Ş.#	Turkey	Provision of medical, surgical and hospital services	80.8	53.6
Acıbadem Mobil Sağlık Hizmetleri A.Ş.#	Turkey	Provision of emergency, home and ambulatory care services	89.8	59.6
Clinical Hospital Acıbadem Sistina Skopje#	Macedonia	Provision of medical, surgical and hospital services	45.2	30.0
Acıbadem Sistina Medikal Kompani Doo Skopje#	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	44.9	29.8
Acıbadem Ortadogu Saglik Yatirimlari A.Ş.#	Turkey	Construction and planning of healthcare facilities, provision of operation and management services to healthcare institutions and secondary logistic services such as catering cleaning, laundry services	89.8	59.6
Acibadem International Medical Center B.V.#	Netherlands	Provision of outpatient services	89.8	59.6

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.: *(continued)*				
Acıbadem Teknoloji A.Ş.#	Turkey	Conduct research, develop and commercially market healthcare information systems, web-based applications and other technology solutions nationally and internationally	89.8	59.6
APlus Saglik Hizmetleri A.S.#	Turkey	Provision of medical, surgical and hospital services	89.8	59.6
Acibadem City Clinic B.V.# (4)	Netherlands	Investment holding	50.2	33.3
Held through Acıbadem Poliklinikleri A.Ş.:				
Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret A.S.#	Turkey	Provision of outpatient services	61.1	40.5
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnşaat Pazarlama İthalat İhracat Sanayi ve Ticaret A.Ş.#	Turkey	Provision of outpatient services	53.9	35.7
Held through Clinical Hospital Acıbadem Sistina Skopje:				
Ordinacija po Interna Medicina Acibadem Sistina Bitola 24#	Bulgaria	Dissolved during the year	–	30.0
Poliklinika Acibadem Sistina Bitola 27#	Bulgaria	Dissolved during the year	–	30.0
Held through Acibadem City Clinic B.V.:				
Acibadem City Clinic EAD#	Bulgaria	Investment holding	50.2	33.3
Held through Acibadem City Clinic EAD:				
Acibadem City Clinic University Hospital EOOD#	Bulgaria	University multi-profile hospital for acute care	50.2	33.3
Acibadem City Clinic Cardiac Surgery Hospital Burgas OOD#	Bulgaria	Specialised hospital for acute care of cardiac surgery	35.1	23.3
Acibadem City Clinic Diagnostic and Consultative Centre EOOD#	Bulgaria	Outpatient diagnostic and consultative centre	50.2	33.3
Acibadem City Clinic Medical Center Varna EOOD#	Bulgaria	Outpatient medical centre	50.2	33.3
Acibadem City Clinic Medical Center Burgas EOOD#	Bulgaria	Outpatient medical centre	50.2	33.3
Acibadem City Clinic Pharmacies EOOD#	Bulgaria	Pharmacy	50.2	33.3

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Acibadem City Clinic EAD: *(continued)*				
Healthcare Consulting OOD#	Bulgaria	Clinical research	25.3	16.8
Tokuda Clinical Research Center AD#	Bulgaria	Clinical research	42.6	28.3
Acibadem City Clinic Hospice EOOD#	Bulgaria	Hospice care centre	50.2	33.3
Tokuda Pharmacy EOOD#	Bulgaria	Pharmacy	50.2	33.3
Acibadem City Clinic Diagnostic and Consultation Center Tokuda EAD#	Bulgaria	Outpatient diagnostic and consultative centre	50.2	33.3
Acibadem City Clinic Tokuda Hospital EAD#	Bulgaria	Multi-profile hospital for acute care	50.2	33.3
Held through Pantai Holdings Sdn. Bhd.:				
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Dormant	100	100
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100
Held through Pantai Group Resources Sdn. Bhd.:				
P.T. Pantai Healthcare Consulting#(5)	Indonesia	Dormant	100	100
Pantai Premier Pathology Sdn. Bhd.	Malaysia	Provision of medical laboratory services	100	100
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	100	100
Twin Towers Healthcare Sdn. Bhd.	Malaysia	In the process of Members' Voluntary Winding-up	100	100
Pantai Wellness Sdn. Bhd.	Malaysia	Provision of health and wellness services	100	100
POEM Corporate Health Services Sdn. Bhd.	Malaysia	Provision of occupational and environmental health services and other industry specific medical services to corporate clients	100	100
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and daycare medical centre	100	100

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Pantai Hospitals Sdn. Bhd.:				
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services, as well as providing administrative support, management and consultancy services	100	100
Cheras Medical Centre Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	Dormant	100	100
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.6	95.6
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Dormant	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Screening Services Sdn. Bhd.	Malaysia	Dormant	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.[(6)]	Malaysia	Dormant	100	100
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Hospital Johor Sdn. Bhd.	Malaysia	Development, construction and leasing of medical facility buildings	100	100
Kuala Lumpur Medical Centre (Asia Pacific) Sdn. Bhd.	Malaysia	Struck off during the year	–	51
Amanjaya Specialist Centre Sdn. Bhd.	Malaysia	Specialist hospital	100	–
Held through Pantai Medical Centre Sdn. Bhd.:				
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51
HPAK Cancer Centre Sdn. Bhd.	Malaysia	Dissolved during the year	–	100
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment	100	100

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Pantai Premier Pathology Sdn. Bhd.:				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	100
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Rendering of hospital services	71.88	71.88
GEH Management Services (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Held through Parkway Healthcare Indo-China Pte Ltd:				
Andaman Alliance Healthcare Limited[#(13)]	Myanmar	Provision of medical and health related facilities and services	52	52
Held through Parkway HK Holdings Limited:				
Parkway Healthcare (Hong Kong) Limited[#]	Hong Kong	Provision of medical and healthcare outpatient services	100	100
GHK Hospital Limited[#]	Hong Kong	Private hospital ownership, development and management	60	60
Held through Parkway Holdings Limited:				
Parkway Hospitals Singapore Pte. Ltd.[#]	Singapore	Private hospitals ownership and management	100	100
Parkway Trust Management Limited[#]	Singapore	Provision of management services to PLife REIT	100	100
Parkway Investments Pte. Ltd.[#]	Singapore	Investment holding	100	100
Parkway Novena Pte. Ltd.[#]	Singapore	Development, ownership and management of private hospital premises	100	100
Parkway Irrawaddy Pte. Ltd.[#]	Singapore	Development, ownership and management of a medical centre	100	100
Parkway Shenton Pte Ltd[#]	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	100	100
Medi-Rad Associates Ltd[#]	Singapore	Operation of radiology clinics	100	100
Parkway Laboratory Services Ltd.[#]	Singapore	Provision of comprehensive diagnostic laboratory services	100	100
Gleneagles Medical Holdings Limited[#]	Singapore	Investment holding	100	100

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Parkway Holdings Limited: *(continued)*				
Parkway College of Nursing and Allied Health Pte. Ltd.#	Singapore	Provision of courses in nursing and allied health	100	100
iXchange Pte. Ltd.#	Singapore	Agent and administrator for managed care and related services	100	100
Gleneagles JPMC Sdn. Bhd.#	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	49	75
Gleneagles Management Services Pte Ltd#	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Held through Parkway Hospitals Singapore Pte. Ltd.:				
Parkway Promotions Pte Ltd#	Singapore	Dormant	100	100
MENA Services Pte Ltd#	Singapore	Struck off during the year	–	100
Held through Parkway Group Healthcare Pte Ltd:				
Parkway-Healthcare (Mauritius) Ltd##	Mauritius	Investment holding	100	100
Gleneagles International Pte. Ltd.#	Singapore	Investment holding	100	100
Shanghai Gleneagles International Medical and Surgical Center#	People's Republic of China	Dissolved during the year	–	70
PCH Holding Pte. Ltd.#	Singapore	Investment holding	70.1	70.1
Shanghai Gleneagles Hospital Management Co., Ltd#	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
Held through PCH Holding Pte. Ltd.:				
Medical Resources International Pte Ltd#	Singapore	Investment holding	70.1	70.1
M & P Investments Pte Ltd#	Singapore	Investment holding	70.1	70.1
Parkway (Shanghai) Hospital Management Ltd.#	People's Republic of China	Provision of management and consultancy services to healthcare facilities	70.1	70.1

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	2017 %
Indirect subsidiaries *(continued)*				
Held through M & P Investments Pte Ltd:				
ParkwayHealth Shanghai Hospital Company Limited *(formerly known as ParkwayHealth Shanghai International Hospital Company Limited)*#	People's Republic of China	Provision of medical and health related facilities and services	49.07	49.07
Gleneagles Chengdu Hospital Company Limited#	People's Republic of China	Provision of specialised care and services	49.07	49.07
ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited#	People's Republic of China	Provision of medical and health related facilities and services	42.06	42.06
Held through Medi-Rad Associates Ltd:				
Radiology Consultants Pte Ltd#	Singapore	Provision of radiology consultancy and interpretative services	100	100
Held through Gleneagles Development Pte Ltd:				
Continental Hospitals Private Limited# (13)	India	Private hospital ownership and management	62.23	53.13
Ravindranath GE Medical Associates Private Limited# (7) (13)	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	73.87	76.25
Parkway Healthcare India Private Limited# (13)	India	Provision of management and consultancy services	100	100
Held through Continental Hospitals Private Limited:				
C3 Health Community Corporation Private Limited## (13)	India	Operation of clinics	60.99	52.07
Continental Community Clinics Private Limited## (13)	India	Dormant	60.99	52.07
Held through Ravindranath GE Medical Associates Private Limited:				
Centre for Digestive and Kidney Diseases (India) Private Limited# (13)	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	48.00	49.55
Global Clinical Research Services Private Limited# (13)	India	Provision of clinical research services	73.63	76.02

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Parkway Shenton Pte Ltd:				
Nippon Medical Care Pte Ltd#	Singapore	Operation of clinics	70	70
Parkway Shenton International Holdings Pte. Ltd.#	Singapore	Investment holding	100	100
Shenton Family Medical Clinics Pte Ltd#	Singapore	To provide, establish and carry on the business of clinics	100	100
Held through Parkway Shenton International Holdings Pte. Ltd.:				
Parkway Shenton Vietnam Limited+	Vietnam	Dormant	100	100
Held through Medical Resources International Pte Ltd:				
Shanghai Rui Xin Healthcare Co., Ltd.# (8)	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1
Shanghai Rui Hong Clinic Co., Ltd.# (9)	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1
Shanghai Xin Rui Healthcare Co., Ltd.# (10)	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1
Chengdu Shenton Health Clinic Co., Ltd *(formerly known as Sincere Chengdu Clinic Co., Ltd)*#	People's Republic of China	Management and operation of medical and health related facilities and services	42.06	–
Held through Parkway (Shanghai) Hospital Management Ltd.:				
Shanghai Shu Kang Hospital Investment Management Co., Ltd.#	People's Republic of China	Investment holding	70.1	70.1
Suzhou Industrial Park Yuan Hui Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1
Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.:				
Shanghai Mai Kang Hospital Investment Management Co., Ltd.#	People's Republic of China	Investment holding	70.1	70.1
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:				
Chengdu Rui Rong Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1
Shanghai Rui Pu Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	2017 %
Indirect subsidiaries *(continued)*				
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.: *(continued)*				
Shanghai Rui Xiang Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1
Shanghai Rui Ying Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.1	70.1
Held through Northern TK Venture Pte Ltd:				
Fortis Healthcare Limited# (13)	India	Investment holding	31.1	–
Held through Fortis Healthcare Limited:				
Hiranandani Healthcare Private Limited# (13)	India	Operates a multi-specialty hospital	31.1	–
Fortis Hospotel Limited## (13)	India	Operates clinical establishment	15.86	–
Fortis La Femme Limited# (13)	India	Investment holding	31.1	–
Fortis Healthcare International Limited## (13)	Mauritius	Investment holding	31.1	–
SRL Limited# (13)	India	Operates a network of diagnostics centres	17.66	–
Escorts Heart Institute and Research Centre Limited# (13)	India	Operates a multi-specialty hospital	31.1	–
Fortis Hospitals Limited# (13)	India	Operates a network of multi-specialty hospitals	31.1	–
Fortis CSR Foundation## (13)	India	Non-profit Company for carrying out Corporate Social Responsibilities	31.1	–
Held through SRL Limited:				
SRL Diagnostics Private Limited# (13)	India	Operates a network of diagnostics centres	17.66	–
SRL Reach Limited# (13)	India	Operates a network of diagnostics centres	17.66	–
SRL Diagnostics FZ-LLC## (13)	United Arab Emirates	Operates a network of diagnostics centres	17.66	–
Held through SRL Diagnostics FZ-LLC:				
SRL Diagnostic Middle East LLC## (13)	United Arab Emirates	Investment holding	8.65	–

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Fortis Hospitals Limited:				
Fortis Emergency Services Limited## (13)	India	Operates ambulance services	31.1	–
Fortis Cancer Care Limited# (13)	India	Investment holding	31.1	–
Fortis Malar Hospitals Limited# (13)	India	Operates a multi-specialty hospital	19.58	–
Fortis Health Management (East) Limited# (13)	India	Operates a hospital	31.1	–
Birdie & Birdie Realtors Private Limited## (13)	India	Renting of immovable property	31.1	–
Stellant Capital Advisory Services Private Limited## (13)	India	Merchant banker	31.1	–
Fortis Global Healthcare (Mauritius) Limited## (13)	Mauritius	Investment holding	31.1	–
Held through Escorts Heart Institute and Research Centre Limited:				
Fortis Asia Healthcare Pte. Limited## (13)	Singapore	Investment holding	31.1	–
Fortis Health Staff Limited## (13)	India	Operates a network of Heart Command centres	31.1	–
Held through Fortis Asia Healthcare Pte. Limited:				
Fortis Healthcare International Pte Limited## (13)	Singapore	Investment holding	31.1	–
Held through Fortis Healthcare International Pte Limited:				
MENA Healthcare Investment Company Limited## (13)	British Virgin Islands	Investment holding	25.67	–
Held through Mena Healthcare Investment Company Limited:				
Medical Management Company Limited## (13)	British Virgin Islands	Investment holding	25.67	–
Held through Fortis Malar Hospitals Limited:				
Malar Stars Medicare Limited# (13)	India	Investment holding	19.58	–
Held through Stellant Capital Advisory Services Private Limited:				
RHT Health Trust Manager Pte Limited## (13)	Singapore	Trustee-manager of a Business Trust	31.1	–

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Parkway Investments Pte. Ltd.:				
Gleneagles Technologies Services Pte Ltd#	Singapore	Dormant	100	100
Gleneagles Medical Centre Ltd.#	Singapore	Dormant	100	100
Gleneagles Pharmacy Pte Ltd#	Singapore	Dormant	100	100
Mount Elizabeth Medical Holdings Ltd.#	Singapore	Investment holding	100	100
Parkway Life Real Estate Investment Trust# (11)	Singapore	Real estate investment trust	35.66	35.69
Held through Parkway Life Real Estate Investment Trust:				
Matsudo Investment Pte. Ltd.#	Singapore	Investment holding	35.66	35.69
Parkway Life Japan2 Pte. Ltd.#	Singapore	Investment holding	35.66	35.69
Parkway Life Japan3 Pte. Ltd.#	Singapore	Investment holding	35.66	35.69
Parkway Life Japan4 Pte. Ltd.#	Singapore	Investment holding	35.66	35.69
Parkway Life MTN Pte. Ltd.#	Singapore	Provision of financial and treasury services	35.66	35.69
Parkway Life Malaysia Pte. Ltd.#	Singapore	Investment holding	35.66	35.69
Held through Matsudo Investment Pte. Ltd.:				
Godo Kaisha Phoebe(12)	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Held through Parkway Life Japan2 Pte. Ltd.:				
Godo Kaisha Del Monte(12)	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Tenshi 1(12)	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Tenshi 2(12)	Japan	Special purpose entity – Investment in real estate	35.66	35.69
G.K. Nest(12)	Japan	Special purpose entity – Investment in real estate	35.66	–

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Parkway Life Japan3 Pte. Ltd.:				
Godo Kaisha Healthcare 1 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Healthcare 2 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Healthcare 3 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Healthcare 4 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Healthcare 5 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Held through Parkway Life Japan4 Pte. Ltd.:				
Godo Kaisha Samurai [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 2 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 3 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 4 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 5 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 6 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 7 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 8 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 9 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 10 [12]	Japan	Special purpose entity – Investment in real estate	35.66	35.69

46. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect subsidiaries *(continued)*				
Held through Parkway Life Japan4 Pte. Ltd.: *(continued)*				
Godo Kaisha Samurai 11 [(12)]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Godo Kaisha Samurai 12 [(12)]	Japan	Special purpose entity – Investment in real estate	35.66	35.69
Held through Parkway Life Malaysia Pte. Ltd.:				
Parkway Life Malaysia Sdn. Bhd.[##]	Malaysia	Special purpose entity – Investment in real estate	35.66	35.69
Held through Angsana Holdings Pte. Ltd.:				
Angsana Molecular & Diagnostics Laboratory Pte. Ltd.[#]	Singapore	Provision of medical laboratories including biochemistry, chemistry, haematology and molecular blood analysis and testing	55	55
Angsana Molecular & Diagnostics Laboratory (HK) Limited[#]	Hong Kong	Provision of molecular diagnostic assays and services	55	55
Angsana Molecular & Diagnostics Laboratory Sdn. Bhd.[#]	Malaysia	Research laboratories and carry on business, including taking blood samples for testing	55	55
Held through Angsana Molecular & Diagnostics Laboratory Pte. Ltd.:				
Allergy Laboratory Pte Ltd[#]	Singapore	Dormant	55	55

1 PPL holds 99.99% shares in Parkway HK Holdings Limited. The other 0.01% shares are held by PHL.
2 PPL holds 78.52% shares in Parkway Group Healthcare Pte Ltd ("PGH"). The other 21.48% shares are held by PHL.
3 PPL holds more than 99.99% shares in Gleneagles Development Pte Ltd. The remaining are held by Gleneagles International Pte Ltd.
4 ASH and Clinical Hospital Acıbadem Sistina Skopje hold 48.3% and 15.0% shares in ACC respectively.
5 Pantai Group Resources Sdn. Bhd. holds 50% shares in P.T. Pantai Healthcare Consulting. The other 50% is held by Pantai Hospitals Sdn. Bhd. ("PHSB").
6 PHSB holds 70% shares in Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.. The other 30% is held by Gleneagles (Malaysia) Sdn. Bhd..
7 Gleneagles Development Pte Ltd holds 72.26% (2017: 76.25%) share in Ravindranath GE Medical Associates Pte Ltd ("RGE"). The other 1.61% is held by Parkway-Healthcare (Mauritius) Ltd. The Group consolidated 73.87% (2017: 76.25%) of RGE on the basis of shareholding interests that give rise to present access to the rights and rewards of ownership in RGE. The Group's equity interest in RGE is 73.87% (2017: 72.26%) on a fully diluted basis.
8 Medical Resources International Pte Ltd ("MRI") holds 70% shares in Shanghai Rui Xin Healthcare Co., Ltd.. The other 30% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd. ("Shanghai Mai Kang").
9 MRI holds 70% shares in Shanghai Rui Hong Clinic Co., Ltd.. The other 30% is held by Shanghai Mai Kang.
10 MRI holds 70% shares in Shanghai Xin Rui Healthcare Co., Ltd.. The other 30% is held by Shanghai Mai Kang.
11 Parkway Investment Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2017: 35.25%), 0.38% (2017: 0.40) and 0.04% (2017: 0.04%) of the units in PLife REIT respectively.
12 Not required to be audited under the laws of country of incorporation. These special purpose entities have been consolidated in the financial statements in accordance with MFRS 10, as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities.
13 The entity was granted approval by Companies Commission of Malaysia to have a financial year which does not coincide with the Company.
Audited by other member firms of KPMG International.
Audited by firms other than member firms of KPMG International.
+ Audit is not required.

47. ASSOCIATES

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect associates				
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.##	Malaysia	Dissolved during the year	–	30
Held through Gleneagles Medical Holdings Limited:				
PT Tritunggal Sentra Utama Surabaya##	Indonesia	Provision of medical diagnostic services	30	30
Asia Renal Care Mount Elizabeth Pte Ltd##	Singapore	Provision of dialysis services and medical consultancy services	20	20
Asia Renal Care (Katong) Pte Ltd##	Singapore	Provision of dialysis services and medical consultancy services	20	20
Held through Medi-Rad Associates Ltd:				
Positron Tracers Pte. Ltd.#	Singapore	Ownership and operation of a cyclotron for production of radioactive tracers	33	33
Held through Fortis Healthcare Limited:				
Sunrise Medicare Private Limited##	India	Liquidation in process	9.72	–
Held through Fortis Healthcare International Limited:				
The Medical and Surgical Centre Limited##	Mauritius	Operates a multi-specialty hospital	8.98	–
RHT Health Trust## (1)	Singapore	Investment holding company	8.65	–
Held through Fortis Healthcare International Pte Limited:				
Lanka Hospitals Corporation Plc#	Sri Lanka	Operates a multi-specialty hospital	8.91	–

1 Fortis Healthcare International Limited holds 25.14% share in RHT Health Trust. The other 2.68% is held by RHT Health Trust Manager Pte Limited.
\# Audited by other member firms of KPMG International.
\## Audited by firms other than member firms of KPMG International.

48. JOINT VENTURES

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect joint ventures				
Held through Gleneagles Development Pte Ltd:				
Apollo Gleneagles Hospital Ltd##	India	Private hospital ownership and management	50	50
Held through Parkway-Healthcare (Mauritius) Ltd:				
Apollo Gleneagles PET-CT Private Limited##	India	Operation of PET-CT radio imaging centre	50	50
Held through Shenton Family Medical Clinics Pte Ltd:				
Shenton Family Medical Clinic (Ang Mo Kio)+	Singapore	Operation of medical clinic	60	–
Shenton Family Medical Clinic (Bedok Reservoir)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Bukit Gombak)+	Singapore	Deregistered	–	50
Shenton Family Medical Clinic (Duxton)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Jurong East)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Serangoon)+	Singapore	Deregistered	–	50
Shenton Family Medical Clinic (Tampines)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Yishun)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Towner)+	Singapore	Operation of medical clinic	50	50
Held through Parkway Shenton Pte Ltd:				
Hale Medical Clinic (Concourse) Pte Ltd##	Singapore	In liquidation	50	50
Held through Parkway Group Healthcare Pte Ltd:				
Khubchandani Hospitals Private Limited##	India	Dormant	50	50
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:				
Shanghai Hui Xing Hospital Investment Management Co., Ltd.# (1)	People's Republic of China	Investment holding	42.06	42.06

48. JOINT VENTURES *(continued)*

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held 2018 %	Effective equity interest held 2017 %
Indirect joint ventures *(continued)*				
Held through Shanghai Hui Xing Hospital Investment Management Co., Ltd.:				
Shanghai Hui Xing Jinpu Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	42.06	42.06
Held through SRL Limited:				
SRL Diagnostics (Nepal) Private Limited##	Nepal	Operates a network of diagnostics centers	8.83	–
Held through SRL Diagnostics Private Limited:				
DDRC SRL Diagnostics Private Limited##	India	Operates a network of diagnostics centers	8.83	–
Held through Fortis Hospitals Limited:				
Fortis C-Doc Healthcare Limited## (1)	India	Operates a hospital	18.66	–
Held through Fortis Cancer Care limited:				
Fortis Cauvery (Partnership firm)##	India	Under members voluntary liquidation	15.86	–

1 The Group has accounted for the entity as a joint venture in accordance with MFRS on the basis that the entity's operating decisions are made jointly with the joint venture partner.
\# Audited by other member firms of KPMG International.
\## Audited by firms other than member firms of KPMG International.
\+ Audit is not required.

49. CONTINGENT LIABILITIES

The following are the material litigations and investigations of Fortis which occurred prior to the Group's acquisition of its 31.1% interest in Fortis in November 2018:

(a) In respect of Escorts Heart Institute and Research Centre Limited ("EHIRCL"), a subsidiary of Fortis:

i. The Delhi Development Authority ("DDA") had terminated the lease deeds and allotment letters relating to land parcels on which the Fortis Escorts Hospital exists due to certain alleged non-compliances of such documents. Consequent to the termination, the DDA issued show cause notices and initiated eviction proceedings against EHIRCL. These terminations, show cause notices and eviction proceedings have been challenged by EHIRCL before the Hon'ble High Court of Delhi, Hon'ble Supreme Court and Estate Officer, respectively which are currently pending. Based on the external legal counsel opinions, EHIRCL is of the view that it will be able to suitably defend the termination orders, show cause notices and eviction proceedings.

ii. Further EHIRCL also has open tax demands of INR893.4 million (equivalent to RM52.5 million) for various assessment years before the Indian Income-tax authorities. While the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL in the past, the Income Tax Department has filed an appeal before Income Tax Appellate Tribunal ("ITAT") and the matter is currently pending at the ITAT. Based on management assessment, EHIRCL believes that it has a good chance of success in these cases. Nevertheless, EHIRCL has a right to appeal to the High Court and the Supreme Court of India, thereafter.

49. CONTINGENT LIABILITIES *(continued)*

(a) In respect of Escorts Heart Institute and Research Centre Limited ("EHIRCL"), a subsidiary of Fortis: *(continued)*

iii. In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/beds to the economically weaker sections of society pursuant to such obligations set forth under certain land grant orders/ allotment letters ("EWS Obligations"), the Directorate of Health Services ("DoHS"), Government of NCT of Delhi, appointed a firm to calculate "unwarranted profits" arising to EHIRCL due to alleged non-compliance of such EWS Obligations. Following various hearings and appeals between 2014 and 2018, in a hearing before the DoHS in May 2018, an order was passed imposing a penalty of INR5.03 billion (equivalent to RM295.5 million) which was challenged by EHIRCL before the Delhi High Court. Through an order dated 1 June 2018, the Delhi High Court has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of INR50 million (equivalent to RM2.9 million) before the DoHS. In compliance of the above direction, EHIRCL had deposited the stipulated amount on 20 June 2018. A hearing in this matter was held on 12 March 2019 and was adjourned for the next hearing on 25 April 2019. Based on its internal assessment and advice from its counsels on the basis of the documents available, EHIRCL believes it is in compliance of the EWS Obligations and expects the demand to be set aside.

b) In respect of Hiranandani Healthcare Private Limited ("HHPL"), a subsidiary of Fortis:

Through an order dated 8 January 2017, the Navi Mumbai Municipal Corporation ("NMMC") has terminated the lease agreements with HHPL ("Termination Order") for certain alleged contravention of such hospital lease agreement. HHPL has filed a writ petition before the Hon'ble Supreme Court of India towards challenging the Termination Order. The writ petition has been tagged with special leave petition which has also been filed by HHPL for *inter alia* challenging the actions of State Government, City Industrial Development Corporation and the NMMC which led to the passing of the Termination Order. The Hon'ble Supreme Court of India in the hearing held on 30 January 2017 ordered that *status quo* be maintained with regard to the operation of the hospital. Further, the special leave petition has been admitted by the Hon'ble Supreme Court on 22 January 2018 and *status quo* has been continuing ever since. Based on external legal counsel's opinion, HHPL is confident that it is in compliance of conditions of the hospital lease agreements and accordingly considers that no provisions were required.

c) A civil suit has been filed by a third party ("Claimant') against Fortis and certain subsidiaries (together "Defendants") before the District Court, Delhi alleging, *inter alia*, implied ownership of the "Fortis", "SRL" and "La-Femme" brands in addition to certain other financial claims and seeking a decree that consequent to a term sheet with a certain party, Fortis is liable for claims due to the Claimant from that certain party. In connection with this, the District Court passed an *ex-parte* order directing that any transaction undertaken by the defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed by the District Court in the said civil suit. Additionally, the said certain party with whom the term sheet had been allegedly signed has also claimed that Fortis has not abided by the aforementioned term sheet and has therefore claimed alleged ownership over the brands apart from the alleged claim to have a right to invest in Fortis.

Fortis has filed written statements denying all allegations made against it and sought for dismissal of the said civil suit. Allegations made by the said certain party have been duly responded by Fortis denying (i) execution of any binding agreement with certain party, and (ii) liability of any kind whatsoever.

In addition to the above, Fortis has also received four notices from the Claimant claiming (i) INR180 million (equivalent to RM10.6 million) as per notices dated 30 May 2018, and 1 June 2018, (ii) INR2,158 million (equivalent to RM126.7 million) as per notice dated 4 June 2018, and (iii) INR196 million (equivalent to RM11.5 million) as per notice dated 4 June 2018. All these notices have been responded by Fortis denying any liability whatsoever.

Based on opinions from external legal counsel, Fortis Board believes that the claims are without legal basis and are not tenable and accordingly, no provisions were required.

49. CONTINGENT LIABILITIES *(continued)*

d) Fortis, having considered all necessary facts and taking into account external legal advice, had decided to treat as non-est the Letter of Appointment dated 27 September 2016, as amended, ("LOA") issued to Malvinder Mohan Singh, the erstwhile Executive Chairman in relation to his appointment as "Lead: Strategic Initiatives" in the Strategy Functions. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of Section 197 of the Indian Companies Act, 2013.

In view of the above, Fortis has taken requisite action to recover the amounts paid to the erstwhile Executive Chairman during his tenure under the aforesaid LOA and certain additional amounts reimbursed in relation to expenses incurred (in excess of amounts approved by the Central Government under Section 197 of the Indian Companies Act 2013 for remuneration & other reimbursement), aggregating to INR200.2 million (equivalent to RM11.8 million).

The erstwhile Executive Chairman has claimed an amount of INR461.0 million (equivalent to RM27.1 million) from Fortis towards his terms of employment. Fortis Board has responded denying any liability whatsoever in this regards.

Fortis has also filed a complaint against the erstwhile Executive Chairman before the Economic Offence Wing, New Delhi in the above matter.

50. MATTERS ARISING FROM INVESTIGATIONS

The Group completed its acquisition of Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group") in November 2018. Prior to this acquisition, an investigation report by an independent external legal firm was submitted to the former Fortis board and there are ongoing investigations on Fortis by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India, both further explained below.

a) Independent investigation by external legal firm (prior to the acquisition of Fortis by IHH Group)

The external legal firm's significant findings revealed that the Fortis Group had made investment placements in the nature of inter-corporate deposits ("ICDs") with three companies ("borrowing companies") totalling INR4,450 million (equivalent to RM261.2 million) which were impaired in full in the financial statements for the year ended 31 March 2018 of Fortis Group. The Fortis Group is in the process of evaluating the legal alternatives available to recover the aforesaid balances and interest thereon. The report suggested that the ICDs were utilised by the borrowing companies (possible related parties of Fortis Group in substance) for granting/repayment of loans to certain entities whose former directors of Fortis are connected with the former controlling shareholders of Fortis.

Additionally, the placement of ICDs, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate of Fortis Group; and without specific authorisation by the former board of Fortis.

As disclosed in Note 49 – Contingent Liabilities, a third party (to whom the ICDs were previously assigned) filed a civil suit in February 2018 against various entities including Fortis and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme". In the suit, it claimed that consequent to a term sheet, Fortis is liable for claims due to the third party from a certain party, in addition to total claims of INR2,534 million (equivalent to RM148.8 million) and other claims by the said certain party. Based on advice from external legal counsel, Fortis believes that these claims are without legal basis and are not tenable and accordingly, no provisions were required. Whilst this legal matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

Fortis Group acquired 71% equity interest in Fortis Healthstaff Limited ("Fortis Healthcare") at consideration of INR346,000 (equivalent to RM20,000), and 51% equity interest in Fortis Emergency Services Limited ("Fortis Emergency Services") at consideration of INR25,000 (equivalent to RM1,500). Loans of INR79.45 million (equivalent to RM4.7million) and INR20.8 million (equivalent to RM1.2 million), were advanced to these newly-acquired subsidiaries to repay the outstanding unsecured loan amounts due to companies related to the former controlling shareholders of Fortis. The report suggested that the loan repayment and some other payments to companies connected to the former controlling shareholders of Fortis may have been ultimately routed through various intermediary companies and used for repayment of the ICDs/vendor advance to Fortis Group.

50. MATTERS ARISING FROM INVESTIGATIONS *(continued)*

b) Regulatory investigations (prior to the acquisition of Fortis by IHH Group)

On 17 October 2018 and 21 December 2018, SEBI issued interim orders, indicating, amongst others, certain transactions were structured by some identified entities, which were *prima facie* fictitious and fraudulent in nature, resulting in, *inter alia,* diversion of funds from the Fortis Group for the ultimate benefit of former controlling shareholders of Fortis (and certain entities controlled by them) and misrepresentation in financial statements for the year ended 31 March 2018 of Fortis Group. Further, it issued certain interim directions, *inter alia,* directing Fortis shall take all necessary steps to recover INR4,030 million (equivalent to RM236.7 million), along with due interest, from former controlling shareholders of Fortis and various other entities identified in the orders.

The matter before SEBI is *sub-judice* and its investigation has not yet concluded.

Similarly, the investigation by the SFIO is ongoing. Fortis Group has been submitting all the information required by the various investigating agencies and is fully cooperating in the investigations/inquiries.

c) Actions taken by Fortis Group

With respect to the above findings by the external legal firm, the Fortis Board has implemented specific improvement projects to strengthen the process and control environment. These include review and revision of operational and financial authority levels, greater oversight by Fortis Board, review and improve financial reporting processes, more robust secretarial documentation in regards to compliance to regulatory requirements and improving systems design and control enhancement. Accordingly, steps have been taken in relation to enhanced authority levels for payments/transfer of funds within Fortis Group, and review of borrowings above certain levels by the Fortis Board. Fortis Group had also disengaged itself from the former controlling shareholders. Fortis Board continues to evaluate other areas to strengthen processes and build a robust governance framework. The Fortis Board has initiated an enquiry of the management of the certain entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm. To this end, Fortis Board will also initiate a forensic audit to ascertain the extent of diversion of funds from Fortis Group.

As per the directions from SEBI, Fortis Group has taken steps to recover dues from the former controlling shareholders of Fortis and various other entities. These include initiating civil actions against these entities demanding recovery of the outstanding amounts together with interest and to secure repayment of the outstanding amounts on the assets of these entities.

Based on the findings of investigations to-date, all identified/required adjustments/disclosures have been recorded in the financial statements of Fortis Group prior to the Group's acquisition in November 2018. Any further adjustments/disclosures, if required, would be made in the financial statements of Fortis Group pursuant to the above actions to be taken by the internal/regulatory investigations, as and when the outcome of the above is known. Any consequential adjustments may be recorded either as adjustments to the assets acquired and liabilities assumed in the acquisition which will have an impact to the provisional goodwill recognised by the Group on acquisition of Fortis under the purchase price allocation exercise, or as post-acquisition adjustments to be recognised in the financial statements of the Group in the period the adjustments are known.

51. SUBSEQUENT EVENT

On 15 January 2019, Fortis had completed the acquisition of the equity and other securities of the following entities from Fortis Global Healthcare Infrastructure Pte Ltd, the wholly-owned subsidiary of RHT Health Trust (an associate of the Group), for a total cash consideration of INR46,663 million (equivalent to RM2,740.0 million). Post completion of the acquisition, the following entities have become direct/indirect wholly-owned subsidiaries of Fortis and thus become indirect subsidiaries of the Company:

(i) International Hospitals Limited;

(ii) Fortis Health Management Limited;

(iii) Escorts Heart and Super Speciality Hospital Limited;

(iv) Hospitalia Eastern Private Limited; and

(v) Fortis Hospotel Limited.

52. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and the transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

Impacts on financial statements

The application of MFRS 15 and MFRS 9 had no material impact on the financial statements of the Group and the Company.

Accounting for financial instruments

a) Transition

In adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:

– The determination of the business model within which a financial asset is held;

– The designation and revocation of previous designation of certain financial assets and financial liabilities as measured at FVTPL; and

– The designation of certain investment in equity instruments not held for trading as at FVOCI.

iii) If an investment in a debt security had low credit risk at the date of initial application of MFRS 9, the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

iv) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

52. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *(continued)*

Accounting for financial instruments *(continued)*

b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table show the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and liabilities as at 1 January 2018.

		1 January 2018			
		Reclassification to new MFRS 9 category			
Category under MFRS 139	**31 December 2017**	**AC**	**Mandatorily at FVTPL**	**FVOCI-equity instruments**	**Derivatives used for hedging**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets					
Loans and receivables					
Amount due from a joint venture	19,710	19,710	–	–	–
Trade and other receivables[1]	1,429,526	1,429,526	–	–	–
Cash and bank balances	6,078,603	6,078,603	–	–	–
Other financial assets					
– Fixed deposits	163,558	163,558	–	–	–
Derivative assets					
– Put option	1,625	–	1,625	–	–
	7,693,022	7,691,397	1,625	–	–
Available-for-sale					
Equity instruments	11,385	–	–	11,385	–
Derivatives used for hedging					
Cross currency interest swap	5,036	–	–	–	5,036
FVTPL					
Derivative asset					
– Foreign exchange forward contracts	19,167	–	19,167	–	–
Financial liabilities					
Financial liabilities measured at amortised cost					
Trade and other payables[2]	(2,458,444)	(2,458,444)	–	–	–
Loans and borrowings	(7,638,040)	(7,638,040)	–	–	–
Bank overdrafts	(68)	(68)	–	–	–
	(10,096,552)	(10,096,552)	–	–	–
FVTPL					
CCPS liabilities	(93,185)	–	(93,185)	–	–
Derivative liabilities					
– Call option	(22,493)	–	(22,493)	–	–
	(115,678)	–	(115,678)	–	–
Derivatives used for hedging					
Interest rate swaps	(4,240)	–	–	–	(4,240)

1 Excludes prepayments

2 Excludes deposits, rental advance billings, put option liabilities and CCPS liabilities

52. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *(continued)*

Accounting for financial instruments *(continued)*

b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 *(continued)*

		1 January 2018			
		Reclassification to new MFRS 9 category			
Category under MFRS 139	**31 December 2017**	**AC**	**Mandatorily at FVTPL**	**FVOCI-equity instruments**	**Derivatives used for hedging**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets					
Loans and receivables					
Trade and other receivables[1]	2,266	2,266	–	–	–
Amounts due from subsidiaries	14,848	14,848	–	–	–
Cash and cash equivalents	1,564,893	1,564,893	–	–	–
	1,582,007	1,582,007	–	–	–
Financial liabilities					
Financial liabilities measured at amortised cost					
Trade and other payables[2]	(7,605)	(7,605)	–	–	–
Amounts due to subsidiaries	(814)	(814)	–	–	–
	(8,419)	(8,419)	–	–	–

1 Excludes prepayments

2 Excludes deposits, rental advance billings, put option liabilities and CCPS liabilities

53. COMPARATIVE INFORMATION – GROUP

During the year, the Group reclassified certain balances from interest in associates and interest in joint ventures upon adoption of MFRS 9, *Financial Instruments*. Other balances were also reclassified to more appropriately reflect the nature of the balances. Comparative amounts in the statements of financial position were restated to conform with current year's presentation. The reclassifications did not have any effect on the statements of comprehensive income and cash flows.

The effects of the reclassification are set out below:

	As previously reported RM'000	Reclassification RM'000	Restated RM'000
Statement of financial position			
Group			
31 December 2017			
Non-current assets			
Interests in associates	7,632	813	8,445
Interests in joint ventures	153,970	(14,852)	139,118
Current assets			
Trade and other receivables	1,489,590	15,292	1,504,882
Non-current liabilities			
Loans and borrowings	6,103,785	844,268	6,948,053
Employee benefits	45,590	6,852	52,442
Trade and other payables	1,814,177	(844,268)	969,909
Current liabilities			
Employee benefits	83,954	10,079	94,033
Trade and other payables	2,811,505	(15,678)	2,795,827

ANALYSIS OF SHAREHOLDINGS

As at 29 March 2019

Class of securities : Ordinary shares

Issued share capital : 8,769,296,463 ordinary shares

Voting right : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
Less than 100	175	2.34	1,745	0.00
100–1,000	2,119	28.35	1,672,133	0.02
1,001–10,000	3,491	46.71	15,404,096	0.18
10,001–100,000	975	13.05	30,036,727	0.34
100,001–438,464,822*	710	9.50	2,377,285,868	27.11
438,464,823 and above**	4	0.05	6,344,895,894	72.35
Total	7,474	100.00	8,769,296,463	100.00

Notes:

* Less than 5% of issued share capital

** 5% and above of issued share capital

CATEGORY OF SHAREHOLDERS

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Shares
Individual	5,577	74.62	30,239,081	0.34
Banks/Finance Companies	71	0.95	833,766,100	9.51
Investments Trusts/Foundations/Charities	1	0.01	100,000	0.00
Other Types of Companies	87	1.17	5,184,077,858	59.12
Government Agencies/Institutions	1	0.01	375,700	0.00
Nominees	1,737	23.24	2,720,737,724	31.03
Others	0	0.00	0	0.00
Total	7,474	100.00	8,769,296,463	100.00

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

No.	Name	Direct Interest: No. of Shares held	Direct Interest: % of Issued Shares	Indirect Interest: No. of Shares held	Indirect Interest: % of Issued Shares
1.	Mitsui & Co., Ltd	2,888,487,400	32.94	–	–
2.	Pulau Memutik Ventures Sdn Bhd	2,284,536,356	26.05	–	–
3.	Khazanah Nasional Berhad	–	–	2,284,536,356[i]	26.05
4.	Employees Provident Fund Board	654,367,400[ii]	7.46	–	–
5.	Mehmet Ali Aydinlar	420,244,132	4.79	107,319,041[iii]	1.22

Notes:

[i] Deemed interest by virtue of its shareholding in Pulau Memutik Ventures Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

[ii] The shares are held through various nominees companies.

[iii] Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş.'s shareholding in the Company, a company wholly-owned by Mehmet Ali Aydinlar and his wife, pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

(As per Register of Directors' Shareholdings)

No.	Interest in the Company	Number of ordinary shares – Direct Interest: No. of Shares held	Direct Interest: % of Issued Shares	Indirect Interest: No. of Shares held	Indirect Interest: % of Issued Shares
1.	Dr Tan See Leng	2,863,300	0.03	–	–
2.	Mehmet Ali Aydinlar	420,244,132	4.79	107,319,041[i]	1.22
3.	Chang See Hiang	100,000	0.00	–	–

Note:

[i] Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş.'s shareholding in the Company, a company wholly-owned by Mehmet Ali Aydinlar and his wife, pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

As at 29 March 2019

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

(As per Register of Directors' Shareholdings) *(continued)*

Mehmet Ali Aydinlar's direct and/or indirect interest in the subsidiaries are as follows:

	Number of ordinary shares of TL1.00 each			
	Direct Interest		Indirect Interest	
Interest in subsidiaries	No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
Acibadem Saglik Yatirimlari Holding A.S.	141,813,235	9.28	10,986,766	0.72
Acibadem Saglik Hizmetleri ve Ticaret A.S.	1	0.00	1	0.00
Acibadem Poliklinikleri A.S.	1	0.00	3	0.00
Acibadem Proje Yonetimi A.S.	1	0.00	–	–
Aplus Hastane Otelcilik Hizmetleri A.S.	1	0.00	2	0.00

	Number of ordinary shares of TL2.00 each			
	Direct Interest		Indirect Interest	
	No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
International Hospital İstanbul A.S.	1	0.00	1	0.00

Chang See Hiang's direct interest in the subsidiary is as follows:

	Number of units			
	Direct Interest		Indirect Interest	
Interest in subsidiary	No. of Units held	% of Issued Units	No. of Units held	% of Issued Units
Parkway Life Real Estate Investment Trust	300,000	0.05	–	–

Shirish Moreshwar Apte's direct interest in the subsidiary is as follows:

	Number of units			
	Direct Interest		Indirect Interest	
Interest in subsidiary	No. of Units held	% of Issued Units	No. of Units held	% of Issued Units
Parkway Life Real Estate Investment Trust	150,000	0.02	–	–

Dr Tan See Leng's direct interest in the subsidiary is as follows:

	USD500 million 4.25% Senior Perpetual Securities
	Direct Interest
Interest in subsidiary	Value of Securities held USD'000
Parkway Pantai Limited	3,000

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

(As per Register of Directors' Shareholdings) *(continued)*

Long Term Incentive Plan

		Number of units convertible into ordinary shares
		Direct Interest
No.	**Interest in the Company**	**No. of Units held**
1.	Dr Tan See Leng	1,308,000
2.	Mehmet Ali Aydinlar	665,000

Enterprise Option Scheme

		Number of options convertible into ordinary shares
		Direct Interest
No.	**Interest in the Company**	**No. of Options held**
1.	Dr Tan See Leng	20,661,000
2.	Mehmet Ali Aydinlar	2,283,000

Save as disclosed above, none of the Directors of the Company has any interest, direct or indirect in the Company and its related corporations.

LIST OF TOP 30 LARGEST SHAREHOLDERS

As at 29 March 2019

No.	Name	No. of Shares held	% of Issued Shares
1.	Mitsui & Co., Ltd	2,888,487,400	32.94
2.	Pulau Memutik Ventures Sdn Bhd	2,284,536,356	26.05
3.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for The Central Depository (Pte) Limited	661,919,938	7.55
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	509,952,200	5.82
5.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	226,588,600	2.58
6.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for Kuwait Investment Authority	144,136,900	1.64
7.	Kumpulan Wang Persaraan (Diperbadankan)	139,752,900	1.59
8.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	98,960,575	1.13
9.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	91,514,800	1.04
10.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	65,000,000	0.74
11.	Amanahraya Trustees Berhad Amanah Saham Malaysia	63,399,400	0.72
12.	Permodalan Nasional Berhad	51,622,000	0.59
13.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Matthews Pacific Tiger Fund	47,676,300	0.54
14.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	46,345,857	0.53
15.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	44,832,875	0.51

No.	Name	No. of Shares held	% of Issued Shares
16.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	43,800,000	0.50
17.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	40,215,400	0.46
18.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	40,024,400	0.46
19.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	34,876,100	0.40
20.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for New World Fund, Inc.	31,984,000	0.36
21.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	29,158,100	0.33
22.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	28,839,900	0.33
23.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	25,393,600	0.29
24.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd.	22,771,800	0.26
25.	HSBC Nominees (Asing) Sdn Bhd TNTC for Fidelity Series Emerging Markets Opportunities Fund (FID INV TST)	22,188,000	0.25
26.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	21,705,000	0.25
27.	Amanahraya Trustees Berhad Public Islamic Equity Fund	21,295,400	0.24
28.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	18,867,200	0.22
29.	Amanahraya Trustees Berhad Public Islamic Sector Select Fund	18,400,000	0.21
30.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	17,883,400	0.20
	Total	7,782,128,401	88.73

LIST OF TOP 10 PROPERTIES

for the Financial Year Ended 31 December 2018

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area	Built-up /Strata Area	Existing Use	Approximate Age of Buildings	Net Book Value @ 31 December 2018
				Sq m	Sq m		Years	RM'000
	SINGAPORE							
1.	**Mount Elizabeth Novena Hospital and Medical Centre Units** 38 Irrawaddy Road Singapore 329563	Leasehold land and building	2108	N/A	Strata area: 56,361	Hospital building and medical centre	5	3,970,091[a]
2.	**Mount Elizabeth Hospital and Medical Centre Units** 3 Mount Elizabeth Singapore 228510	Leasehold land and building	2075	N/A	Strata area: 58,290	Hospital building and medical centre	39	1,440,521[a,b]
3.	**Gleneagles Hospital and Medical Centre Units** 6 Napier Road, Singapore 258499; A Napier Road, Singapore 258500	Freehold land and building	–	N/A	Strata area: 49,003	Hospital building and medical centre	27	698,714[a,b]
	MALAYSIA							
4.	**Gleneagles Medini Hospital** Plot A25 under HSD478967, PT 170682, Medini Iskandar Malaysia, Johor	Leasehold land and building	2107	72,313	Built-up area: 59,388	Hospital building and medical centre; Includes a plot of land held as investment property	3	388,658[a]
5.	**Pantai Hospital Kuala Lumpur** 8 Jalan Bukit Pantai 59100 Kuala Lumpur	Leasehold land and building	2111	22,533	Built-up area: 132,711	Hospital building	14 years for original block; 4 years and 3 years for extension blocks	302,595[b]

Notes:

[a] Carrying value includes fair value of investment properties, which were revalued in 2018 in accordance with the Group's accounting policies.

[b] Properties were revalued in 2010 pursuant to a purchase price allocation performed upon acquisition of Parkway Group.

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area	Built-up /Strata Area	Existing Use	Approximate Age of Buildings	Net Book Value @ 31 December 2018
				Sq m	Sq m		Years	RM'000
	HONG KONG							
6.	**Gleneagles Hong Kong Hospital** 1 Nam Fung Path Wong Chu Hang Hong Kong	Leasehold building	2063	27,500	Built-up area: 46,750	Hospital building	1	1,238,343
	INDIA							
7.	**Fortis Memorial Research Institute, Gurgaon** Sector 44, Opposite HUDA City Centre Metro Station, Gurugram, Haryana - 122002	Freehold land and building	–	43,300	Built-up area: 66,065	Hospital building	7	495,662[c]
8.	**Shalimar Bagh, New Delhi** A Block, Shalimar Bagh, New Delhi - 110088	Leasehold land and building	2095	29,703	Built-up area: 36,105	Hospital building	8	368,102[c]
9.	**Continental Hospitals** Plot No.3, Road No.2, IT & Financial District, Nanakramguda, Gachibowli, Hyderabad, 500 032, India	Freehold land and building	–	11,938	Built-up area: 120,242	Hospital building	5	253,296[d]
	BULGARIA							
10.	**Bulgaria Tokuda Hosital** bul. "Nikola Y. Vaptsarov" 51Б, 1407 Sofia, Bulgaria	Freehold land and building	–	27,000	Built-up area: 51,138	Hospital building	12 years for original block and 10 years for extension blocks	250,821

Notes:

c Properties were revalued in 2016, prior to the Group's acquisition for Fortis Group on 13 November 2018. Properties will be revalued pursuant to an ongoing purchase price allocation performed upon acquisition of Fortis Group.

d Properties were revalued in 2015 pursuant to a purchase price allocation performed upon acquisition of Continental Hospitals.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of **IHH HEALTHCARE BERHAD** ("IHH" or "the Company") will be held at Ballroom A & B, Level 6, Hilton Hotel KL Sentral, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 28 May 2019 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of a first and final single tier cash dividend of 3 sen per ordinary share for the financial year ended 31 December 2018. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 113(1) of the Constitution of the Company:

   i. Dato' Mohammed Azlan bin Hashim **Ordinary Resolution 2**

   ii. Bhagat Chintamani Aniruddha **Ordinary Resolution 3**

   iii. Koji Nagatomi **Ordinary Resolution 4**

4. To re-elect Takeshi Saito who retires pursuant to Article 120 of the Constitution of the Company. **Ordinary Resolution 5**

5. To approve the payment of the following fees and other benefits payable to the Directors of the Company by the Company: **Ordinary Resolution 6**

   i. Directors' fees to the Non-Executive Directors in respect of their directorship and committee membership in the Company with effect from 1 July 2019 until 30 June 2020 as per the table below:

Structure	Chairman (RM per annum)	Member (RM per annum)
Board of Directors	600,000	285,000
Audit Committee	175,000	100,000
Risk Management Committee	175,000	100,000
Nomination Committee	150,000	90,000
Remuneration Committee	150,000	90,000
Steering Committee	350,000	100,000

   ii. Any other benefits provided to the Directors of the Company by the Company with effect from 1 July 2019 until 30 June 2020, subject to a maximum amount equivalent to RM1,000,000.

6. To approve the payment of the Directors' fees (or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the payment dates, where applicable) to the Directors of the Company who are holding directorship and committee membership in the following Company's subsidiaries and other benefits payable to the Directors of the Company by the Company's subsidiaries: **Ordinary Resolution 7**

   i. Fortis Healthcare Limited for the period with effect from 13 November 2018 (being the date which Fortis Healthcare Limited became a subsidiary of the Company) to 30 June 2020 as per below:

Structure	Chairman/Member (INR per meeting attended)
Board of Directors	100,000
Audit and Risk Management Committee	100,000
Nomination and Remuneration Committee	100,000
Corporate Social Responsibility Committee	100,000
Stakeholders Relationship Committee	100,000
Finance Committee	100,000
Independent Directors	100,000

   ii. Parkway Trust Management Limited for the period with effect from 1 January 2019 to 30 June 2020 as per below:

Structure	Chairman (SGD per annum)	Member (SGD per annum)
Board of Directors	100,000	50,000
Audit Committee	33,000	10,000
Nominating and Remuneration Committee	27,000	9,000

   iii. (a) Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") Group for the period with effect from 1 July 2019 to 30 June 2020 as per below:

Structure	Chairman (USD per annum)	Member (USD per annum)
Board of Directors	–	40,000
Audit and Risk Management Committee	30,000	10,000
Nomination and Remuneration Committee	25,000	10,000

   (b) ASYH for the period with effect from 1 March 2019 to 30 June 2020, for the Board fee of USD513,000 per annum payable to Mehmet Ali Aydinlar as the Board Chairman and Director in ASYH Group.

   iv. Any other benefits provided to the Directors of the Company by the subsidiaries with effect from 1 July 2019 until 30 June 2020, subject to a maximum amount equivalent to RM300,000.

7. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

8. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016** **Ordinary Resolution 9**

   "THAT subject to the Companies Act 2016 (the "Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 75 of the Act, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution in any one financial year does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. **PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN ("LTIP") OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES IN IHH ("IHH SHARES") TO DR TAN SEE LENG** **Ordinary Resolution 10**

   "THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Dr Tan See Leng, the Managing Director and Chief Executive Officer of the Company, under any of the LTIPs of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of Singapore Dollar 3,076,592 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the LTIP."

10. **PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN ("LTIP") OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES IN IHH ("IHH SHARES") TO MEHMET ALI AYDINLAR** **Ordinary Resolution 11**

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Mehmet Ali Aydinlar, a Non-Independent Non-Executive Director of the Company (re-designated from Executive Director with effect from 1 March 2019), under any of the LTIPs of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of United States Dollar 1,000,000 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the LTIP."

11. **PROPOSED RENEWAL OF AUTHORITY FOR IHH TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE PREVAILING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 12**

"THAT subject to the Companies Act 2016 (the "Act"), rules, regulations and orders made pursuant to the Act, the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of all relevant governmental and/or relevant authorities, the Company be and is hereby authorised, to the extent permitted by law, to purchase and/or hold such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

i. the aggregate number of shares which may be purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten percent (10%) of the prevailing total number of issued shares of the Company at the point of purchase;

ii. the maximum funds to be allocated for the Company to purchase its own shares pursuant to the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company;

iii. upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares in the following manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force:

    a. cancel all or part of the Purchased Shares; and/or
    b. retain all or part of the Purchased Shares as treasury shares (as defined in Section 127 of the Act); and/or
    c. resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
    d. distribute the treasury shares as share dividends to the shareholders of the Company; and/or
    e. transfer the treasury shares for the purposes of or under the employees' share scheme established by the Group; and/or
    f. transfer the treasury shares as purchase consideration; and/or
    g. sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe,

    or in any other manner as may be prescribed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

THAT the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue to be in force until:

i. the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions;

ii. the expiration of the period within which the next AGM of the Company is required by law to be held; or

iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

AND THAT the Directors of the Company be and are hereby empowered to do all acts and things (including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991) and to take all such steps and to enter into and execute all declarations, commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations (if any) as may be imposed by the relevant authorities."

12. **PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY IN PLACE OF THE EXISTING CONSTITUTION ("PROPOSED NEW CONSTITUTION")** **Special Resolution 1**

"THAT approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in Appendix IV of the Circular to Shareholders dated 29 April 2019, in place of the existing Constitution AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts necessary to give effect to the Proposed New Constitution."

13. To transact any other business of which due notice shall have been given.

NOTICE ON DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final single tier cash dividend of 3 sen per ordinary share for the financial year ended 31 December 2018 ("Dividend"), if approved by the shareholders at the forthcoming Ninth Annual General Meeting, will be paid on 18 July 2019 to depositors whose names appear in the Record of Depositors on 28 June 2019.

A depositor shall qualify for entitlement to the Dividend only in respect of:

a. shares transferred into the Depositor's securities account before 4.00 p.m. on 28 June 2019 in respect of transfers; and
b. shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

SEOW CHING VOON (MAICSA 7045152)
Company Secretary

Kuala Lumpur
29 April 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTES:
PROXY AND/OR AUTHORISED REPRESENTATIVES

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote in his/her stead.

2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Companies Act 2016) shall be entitled to appoint up to (but not more than) five (5) proxies. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. The instrument appointing a proxy shall:

   i. in the case of an individual, be signed by the appointer or by his/her attorney.

   ii. in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

   A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with the Company's Constitution.

6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof.

7. **Personal data privacy**

   By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the above Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the above Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the above Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

8. **Members entitled to attend**

   Only Members whose names appear in the General Meeting Record of Depositors on 21 May 2019 shall be entitled to attend, speak and vote at this Ninth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution pursuant to Section 75 of the Companies Act 2016

   The proposed Ordinary Resolution 9 is a renewal of the general mandate for issuance of shares by the Company under Section 75 of the Companies Act 2016 ("General Mandate"). The General Mandate, if passed, will empower the Directors to issue shares in the Company up to an amount of not exceeding in total ten percent (10%) of the total number of issued shares of the Company for any possible fund raising activities, funding investment project(s), working capital or such purposes as the Directors consider would be in the interest of the Company. The approval is sought to avoid any delay and cost in convening separate general meetings for such issuance of shares. This authority, unless revoked or varied at a general meeting will expire at the next annual general meeting of the Company.

   The Company had, during its Eighth Annual General Meeting held on 28 May 2018, obtained its shareholders' approval for the General Mandate. No share was issued pursuant to the General Mandate as at the date of this Notice.

2. Resolutions pursuant to the proposed allocation of units under the Long Term Incentive Plan ("LTIP") of the IHH Group and issuance of new ordinary shares in IHH ("IHH Shares") to the Directors of the Company i.e. Dr Tan See Leng and Mehmet Ali Aydinlar ("Proposed Allocation")

   The proposed Ordinary Resolutions 10 – 11 are for the purpose of approving the allocation of LTIP units and the corresponding number of new IHH Shares to the Directors of the Company i.e. Dr Tan See Leng and Mehmet Ali Aydinlar under the LTIP as established by our Company.

   Rationale of the Proposed Allocation

   The purpose of the LTIP is to promote ownership of IHH Shares by eligible employees of our Group including the Executive Directors, thereby motivating eligible employees including the Executive Directors to work towards achieving our business goals and objectives and to enable us to attract, retain and reward eligible employees of our Group by permitting them to participate in our Company's growth. The LTIP units are granted to eligible employees including Executive Directors as part of the annual compensation package and upon the meeting of performance targets based upon, among others, the Balanced Scorecard and individual annual performance appraisal. The Proposed Allocation is part of the compensation package to the Executive Directors.

   Maximum Number and Basis of Allocation

   The actual number of LTIP units to be granted to the Directors of the Company will be determined at the sole and absolute discretion of the Board after taking into account their performance in the Company or its group of companies or such other matters which the Board may in their sole discretion deem fit. In respect of the Proposed Allocation, upon considering the actual performance of the Company, Acibadem Saglik Yatirimlari Holding A.S. and its group of companies for the financial year ended 2018, the Board recommends the total allocation to the Directors based on the aggregate value in the currency applicable in the jurisdiction each Director is based in to be converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation") which will be equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") based on issue price per unit/ IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Securities prior to the issue date ("Issue Price"), provided that if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price.

   The total number of IHH Shares which may be issued under this LTIP shall not exceed two percent (2%) of the total number of issued shares of our Company at any time during the existence of the LTIP. Also, the total number of IHH Shares which may be issued under LTIP units granted under this LTIP to a participant who either singly or collectively with persons connected with him owns twenty percent (20%) or more of the total number of issued shares of the Company shall not exceed in aggregate ten percent (10%) of the total number of IHH Shares to be issued under the LTIP.

   All LTIP units that have been vested must be surrendered to the Company and the Company shall allot and issue to the eligible employee such number of IHH Shares on the basis of one (1) IHH Share for each LTIP unit. There is no price payable by the eligible employees or Directors for the allotment and issuance of new IHH Shares to them upon surrender of the LTIP units. No shares will be allotted and issued upon the surrender of LTIP units if such allotment and issuance would violate any provision of applicable laws, nor shall any LTIP units be exercisable more than ten (10) years, from the date on which the LTIP becomes effective. No LTIP unit shall be granted pursuant to the LTIP on or after the tenth anniversary of the date on which the LTIP becomes effective.

Unit Price, Ranking and Listing

The IHH Shares to be issued to the Directors upon the surrender of all granted and vested LTIP units shall be based on the five (5)-day weighted average market price of IHH Shares at the time the LTIP unit is issued. The new IHH Shares to be issued pursuant to the Proposed Allocation shall, upon allotment and issue, rank equally in all respects with the existing IHH Shares save that they shall not be entitled to any rights, allotments, entitlements, dividends and/or distributions, the entitlement date of which is prior to the date of allotment of such new IHH Shares to be issued. The new IHH Shares to be issued pursuant to the Proposed Allocation shall be primarily listed on the Main Market of Bursa Securities and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited, subject to obtaining the necessary approvals.

Directors' and Major Shareholders' Interests

Each of Dr Tan See Leng and Mehmet Ali Aydinlar is deemed interested in the Proposed Allocation to him individually. Mehmet Ali Aydinlar was an Executive Director of the Company during the financial year 2018 and was subsequently re-designated as Non-Independent Non-Executive Director of the Company with effect from 1 March 2019 following his cessation as the Chief Executive Officer of ASYH on the same day.

Accordingly, each of Dr Tan See Leng and Mehmet Ali Aydinlar has abstained and will continue to abstain from all deliberations and voting on the Proposed Allocation to him individually at the relevant Board meetings of IHH and/or its subsidiary. In addition, each of Dr Tan See Leng and Mehmet Ali Aydinlar will abstain and has undertaken to ensure that persons connected to him will abstain from voting in respect of their respective direct and/or indirect shareholding in IHH, if any, on the resolutions pertaining to the Proposed Allocation to him individually at the AGM to be convened.

Save as disclosed above, none of the directors, major shareholders and persons connected to the directors and major shareholders of IHH are interested in the Proposed Allocation.

3. Proposed renewal of authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing total number of issued shares of the Company

The proposed Ordinary Resolution 12, if passed, will enable the Company to purchase its own shares through Bursa Securities of up to ten percent (10%) of the prevailing total number of issued shares of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular to shareholders dated 29 April 2019, which is despatched together with the Company's Annual Report 2018.

4. Proposed adoption of a new Constitution of the Company in place of the existing Constitution ("Proposed New Constitution")

The proposed Special Resolution 1, if passed, will streamline the Company's Constitution with the provisions of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia and any other relevant regulations.

In view that the proposed amendments to be made in the Company's existing Constitution are substantial, the Board proposes that the Proposed New Constitution be adopted in its entirety in place of the Company's existing Constitution. The Proposed New Constitution shall take effect once it has been passed by a majority of not less than seventy-five percent (75%) of such members who are entitled to vote and do vote in person or by proxy at the Ninth Annual General Meeting of the Company.

Further information on the Proposed New Constitution is set out in the Circular to shareholders dated 29 April 2019, which is despatched together with the Company's Annual Report 2018.

FORM OF PROXY

Ninth Annual General Meeting

IHH Healthcare Berhad

*I/*We ____

(Full name and NRIC/Passport/Company no. in capital letters)

of ____

(Full address in capital letters and telephone no.)

being a member/members of IHH HEALTHCARE BERHAD ("Company"), hereby appoint:

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/*or

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/*or (only in the case of a substantial shareholder)

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/*or (only in the case of a substantial shareholder)

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/*or (only in the case of a substantial shareholder)

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing *him/*her/*them, the CHAIRMAN OF THE MEETING as *my/*our *proxy/*proxies to vote for *me/*us on *my/*our behalf at the Ninth Annual General Meeting of the Company to be held at Ballroom A & B, Level 6, Hilton Hotel KL Sentral, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 28 May 2019 at 10.00 a.m. and at any adjournment thereof. *I/*We indicate with an "✓" or "x" in the spaces below how *I/*we wish *my/*our vote to be cast:

No.	Resolutions	For	Against
Ordinary Resolutions			
1	Payment of a first and final single tier cash dividend of 3 sen per ordinary share		
2	Re-election of Dato' Mohammed Azlan bin Hashim		
3	Re-election of Bhagat Chintamani Aniruddha		
4	Re-election of Koji Nagatomi		
5	Re-election of Takeshi Saito		
6	Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company		
7	Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company's subsidiaries		
8	Re-appointment of KPMG PLT as Auditors of the Company and authority to the Directors to fix their remuneration		
9	Authority to allot shares pursuant to Section 75 of the Companies Act 2016		
10	Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares in IHH to Dr Tan See Leng		
11	Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares in IHH to Mehmet Ali Aydinlar		
12	Proposed renewal of authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing total number of issued shares of IHH		
Special Resolution			
1	Proposed adoption of a new Constitution of the Company in place of the existing Constitution		

Subject to the abovestated voting instructions, *my/*our *proxy/*proxies may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

Dated this ________ day of ______________________ 2019

Total no. of Shares held	
Securities Account No.	

____

Signature of member/Common Seal of member

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IMPORTANT: PLEASE READ THE NOTES BELOW

Notes:

* Delete whichever is not applicable.

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote in his/her stead.
2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Companies Act 2016) shall be entitled to appoint up to (but not more than) five (5) proxies. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. The instrument appointing a proxy shall:

   (i) in the case of an individual, be signed by the appointer or by his/her attorney.

   (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

   A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.
5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with the Company's Constitution.
6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof.
7. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the above Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the above Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the above Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.
8. Only Members whose names appear in the General Meeting Record of Depositors on 21 May 2019 shall be entitled to attend, speak and vote at this Ninth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

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IHH HEALTHCARE BERHAD (901914-V)

c/o Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6 Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mohammed Azlan bin Hashim
Chairman, Independent, Non-Executive

Dr Tan See Leng
Managing Director and
Chief Executive Officer,
Non-Independent, Executive

Mehmet Ali Aydinlar
Non-Independent, Non-Executive

Chintamani Aniruddha Bhagat
Non-Independent, Non-Executive

Koji Nagatomi
Non-Independent, Non-Executive

Takeshi Saito
Non-Independent, Non-Executive

Chang See Hiang
Senior Independent, Non-Executive

Rossana Annizah binti Ahmad Rashid
Independent, Non-Executive

Shirish Moreshwar Apte
Independent, Non-Executive

Jill Margaret Watts
Independent, Non-Executive

Quek Pei Lynn
Non-Independent, Non-Executive
(Alternate Director to Chintamani Aniruddha Bhagat)

Tomo Nagahiro
Non-Independent, Non-Executive
(Alternate Director to Koji Nagatomi)

COMPANY SECRETARY

Seow Ching Voon
(MAICSA 7045152)

COMMITTEES

Audit Committee

Chairman : Rossana Annizah binti Ahmad Rashid
Members : Chang See Hiang
: Shirish Moreshwar Apte
: Jill Margaret Watts

Risk Management Committee

Chairman : Rossana Annizah binti Ahmad Rashid
Members : Chang See Hiang
: Shirish Moreshwar Apte
: Jill Margaret Watts

Nomination Committee

Chairman : Shirish Moreshwar Apte
Members : Chang See Hiang
: Rossana Annizah binti Ahmad Rashid
: Chintamani Aniruddha Bhagat

Remuneration Committee

Chairman : Shirish Moreshwar Apte
Members : Chang See Hiang
: Rossana Annizah binti Ahmad Rashid
: Chintamani Aniruddha Bhagat

Steering Committee

Chairman : Dato' Mohammed Azlan bin Hashim
Members : Dr Tan See Leng
: Chintamani Aniruddha Bhagat
: Takeshi Saito
: Quek Pei Lynn (Alternate to Chintamani Aniruddha Bhagat)

REGISTERED ADDRESS & BUSINESS ADDRESS

Level 11 Block A
Pantai Hospital Kuala Lumpur
8 Jalan Bukit Pantai
59100 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Tel : +603-2298 9898
Fax : +603-2298 9899

COMPANY WEBSITE

www.ihhhealthcare.com

SHARE REGISTRARS

Malaysia

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : +603-7849 0777 (helpdesk)
Fax : +603-7841 8151 / 8152
Email : BSR.Helpdesk@boardroomlimited.com

Singapore

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Tel : +65-6536 5355
Fax : +65-6438 8710

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : +603-7721 3388
Fax : +603-7721 3399

PRINCIPAL BANKERS

- Bank of America Merrill Lynch
- Bank of China (Hong Kong) Limited
- BNP Paribas
- Credit Agricole Corporate and Investment Bank
- DBS Bank Ltd
- Hongkong and Shanghai Banking Corporation Limited
- ING Bank
- MUFG Bank, Ltd
- Oversea-Chinese Banking Corporation Limited
- Türkiye Garanti Bankasi A.S.
- United Overseas Bank Limited

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 25 July 2012)

Main Board of the Singapore Exchange Securities Trading Limited
(Listed since 25 July 2012)

IHH HEALTHCARE BERHAD
(901914-V)

Level 11 Block A, Pantai Hospital Kuala Lumpur,
8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia

Tel: 603-2298 9898

www.ihhhealthcare.com

This report contains forward-looking statements. All statements, other than statements of historical facts included in this report, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this report to reflect any change in our expectations with regard to such statement or any change in events, conditions or circumstances on which any such statement is based.