



IHH Healthcare



# AT THE FRONTLINE OF TRUST

ANNUAL REPORT 2020

## AT THE FRONTLINE OF TRUST

IHH's Refreshed Strategy has proven to provide the group with resilience and agility, particularly during the COVID-19 pandemic. A key pillar of the Refreshed Strategy is to build trust with stakeholders which serves as a foundation on which IHH's sustainability is built.

IHH builds trust with its stakeholders through its management of the pandemic so that the Group can remain steadfast in its long-term goals to establish itself as the world's most trusted healthcare services network.

---

### Our Purpose

Touching lives.  
Transforming care.

### Our Vision

To be the world's  
most trusted  
healthcare  
services network

### Our Mission

To take exemplary  
care of our patients,  
anchored around our  
people who strive  
to continuously raise  
the bar in clinical,  
operational and  
service excellence

### Our Values

1. **Patients First**  
We put patient's needs first
2. **Integrity**  
We do the right thing
3. **Empathy**  
We listen with our hearts
4. **Teamwork**  
We are better together
5. **Excellence**  
We champion continuous  
improvement and innovation

# Contents

## Group Overview

Case Study	
At the Frontline with our People	2
At the Frontline of Innovation	4
At the Frontline of Positive Change	7
IHH at a Glance	8
Financial Highlights	10
Operational and Sustainability Highlights	12
Corporate Milestones	14
Awards and Accreditations	16

## Strategic Report

Chairman's Statement	20
CEO's Message	26
Market Outlook	32
Business Model	34
Business Strategy	36
Stakeholder Engagement	38
Our Material Matters	42
Risk Management	44
Principal Risks	45

## Performance Review

Financial Review	49
Operations Review	
Malaysia	52
Singapore	53
Turkey and Central and Eastern Europe	54
India	55
Greater China	56
IMU Health	57
Parkway Life REIT	57

## About This Report

The Annual Report 2020 has been prepared in accordance with the International <IR> Framework set by the International Integrated Reporting Council (IIRC) and references the Global Reporting Initiative (GRI) Standards and GRI Sector Disclosures. Our reporting aims to enhance reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value.

Our reporting processes also comply with the provisions of the Malaysian Code on Corporate Governance, the Main Market Listing Requirements (MMLR) and the Sustainability Reporting Guide (2nd edition) of Bursa Malaysia Securities Berhad, the Companies Act 2016, and the Malaysian Financial Reporting Standards (MFRS).

Besides financial reporting, our Report also includes non-financial performance, opportunities, risks and outcomes attributable to, or associated with, all our stakeholders that significantly influence IHH's ability to create value.

## Sustainability

Scope and Boundary	60
Report Highlights	62
Sustainability Approach and Policy	63
Benchmarking Sustainability and Sustainability Pillars	64
Our Global Initiative	65
Our Patients	66
Our People	72
Our Organisation	76
Our Environment	83
Our Community	86

## Governance

Board of Directors	92
Group Management	100
Corporate Governance Overview Statement	105
Nomination Committee Report	116
Remuneration Committee Report	122
Audit Committee Report	124
Risk Management Committee Report	129
Statement on Risk Management and Internal Control	131
Sustainability Governance	137
Investor Relations Report	138

## Other Information

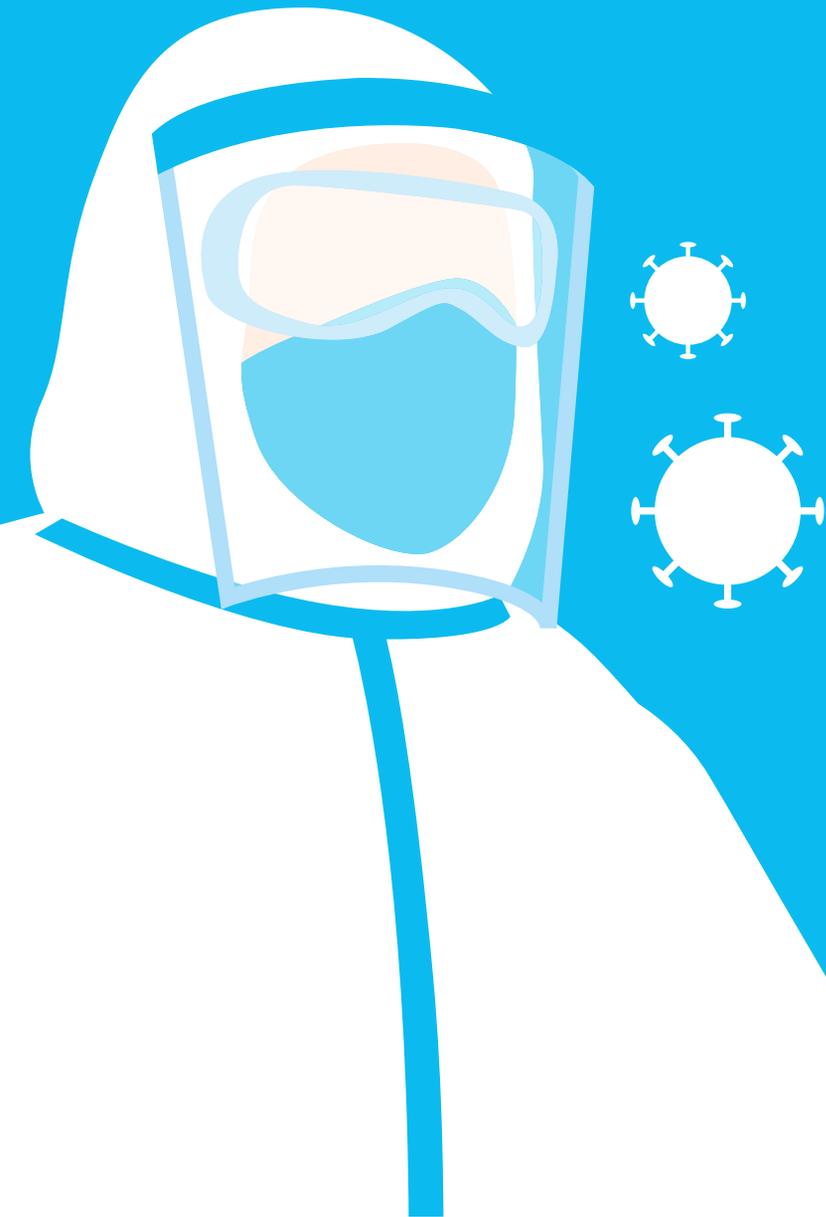
Additional Compliance Information	142
Directors' Responsibility Statement	144

## Financial Statements

Directors' Report	146
Statement by Directors	153
Statutory Declaration	153
Independent Auditors' Report	154
Statements of Financial Position	159
Statements of Profit or Loss and Other Comprehensive Income	161
Statements of Changes in Equity	162
Statements of Cash Flows	168
Notes to the Financial Statements	170

## Additional Corporate Information

Analysis of Shareholdings	309
List of Top 30 Largest Shareholders	312
List of Top 10 Properties	314
Notice of Eleventh Annual General Meeting	316
Form of Proxy	



# AT THE FRONTLINE WITH OUR PEOPLE

Our people are our topmost priority. We are committed to keeping them safe and protecting their livelihoods so they can continue taking good care of their families and our patients.



## **SAFETY IS OUR TOP PRIORITY**

As the COVID-19 pandemic began to surface in December 2019, we ensured that everyone, from a staff entering a ward, to our front office and customer care officers, wore a surgical mask for their own safety, as well as that of our patients. Anticipating the need for sufficient supplies of masks and personal protection equipment in the long run, IHH sought to secure additional supply lines to meet operational needs early on. Furthermore, to mitigate the risks posed by COVID-19 to our staff, we arranged for our headquarters staff to work remotely.



### CARING FOR OUR OWN

The Movement Control Order imposed by the Malaysian government on 18 March left many of our Malaysian staff working at our Singapore hospitals in a bind. Our Singapore Operations Division quickly sprang into action and within a day, successfully secured alternative accommodation for 250 Malaysian colleagues who wanted to continue working in Singapore.



### DEPLOYING CRISIS MANAGEMENT INITIATIVES

As the situation arising from COVID-19 evolved rapidly, our operations recognised the need to establish communications at the grassroots level to ensure clarity and speed in our response. For instance, a Command Centre comprising a cross-functional team was set up in Singapore to coordinate, monitor and disseminate crisis management information to staff. In Malaysia, the Hospital Infectious Disease Outbreak Committee quickly implemented simple preventive measures, and a WhatsApp taskforce made up of consultants, clinicians and the management to share updates and action plans with staff to strengthen preparedness.



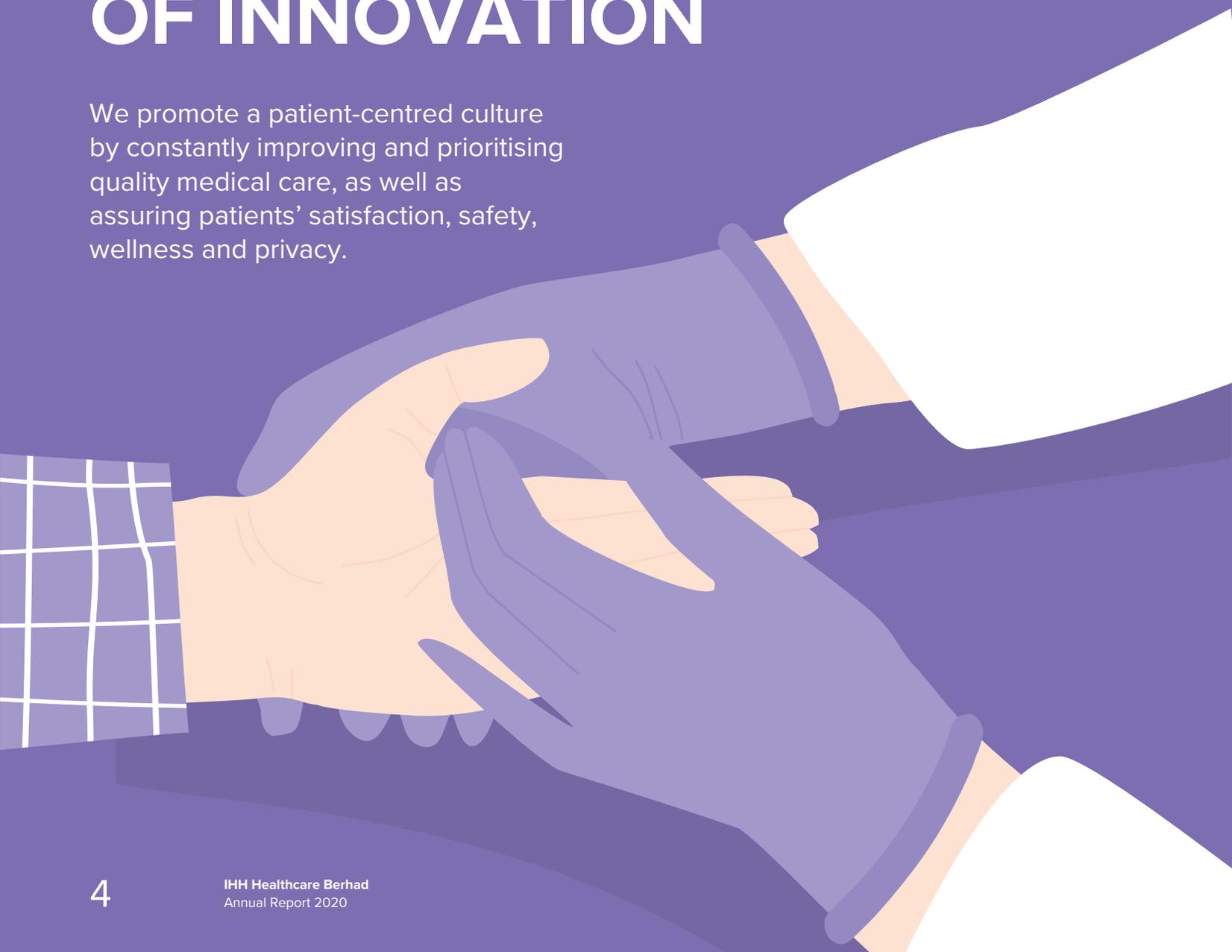


## LEVERAGING PARTNERSHIPS

Gleneagles Chengdu Hospital collaborated with partners outside conventional healthcare circles – China's e-commerce giants. The hospital leveraged e-commerce platforms, Dianping, WeChat Mall, and Tmall flagship stores, by providing an avenue for customers to access healthcare and book appointments on the platforms with ease and familiarity.

# AT THE FRONTLINE OF INNOVATION

We promote a patient-centred culture by constantly improving and prioritising quality medical care, as well as assuring patients' satisfaction, safety, wellness and privacy.





## TRANSFORMING CARE THROUGH VIRTUAL CONSULTATIONS

Integrated telemedicine and brick-and-mortar healthcare was rolled out globally across all IHH's key markets of Malaysia, Singapore, Turkey, India and Hong Kong. The introduction of virtual consultation means patients around the world can receive quality medical care from the comfort and security of their homes, with the option for seamless transfer to brick-and-mortar facilities, if necessary. From consultation to doorstep drug delivery, patients are able to access healthcare with greater convenience.



## TAMPER PROOF AND VERIFIABLE DIGITAL RESULTS

Partnering Accredify, IHH is the first healthcare provider in Singapore to issue tamper-proof, easily verifiable digital COVID-19 results for travellers directly from the Digital Health Passport app. The Digital Health Passport leverages blockchain technology, making it tamper-proof and easily verifiable. It provides an efficient way for Singaporean authorities to ensure that all outbound travellers are COVID-compliant.

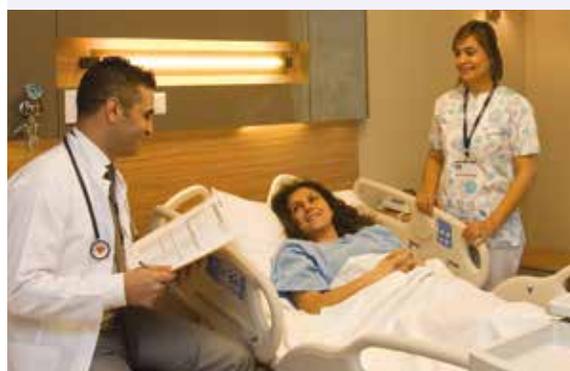


## BUILDING MUTUAL TRUST THROUGH ARTIFICIAL INTELLIGENCE (AI)

AI bill estimates provides price transparency and offers patients peace of mind knowing how much they will have to pay prior to admission. With an 80% estimate accuracy for inpatient bills, this initiative builds trust with patients and in the longer term bend the healthcare curve.

## GREATER TRANSPARENCY AND CONSISTENCY FOR PATIENTS

IHH rolled out a Value Driven Outcomes (VDO) initiative aimed at better identifying and predicting the outcomes and costs of care. The initiative has been rolled out for four common high-volume and high-impact procedures – Total Knee Replacement (TKR), colonoscopy, Anterior Cruciate Ligament Surgery (ACL) and Percutaneous Coronary Intervention (PCI). To date, VDO has led to changes in clinical practice and better outcomes for colonoscopy, with doctors spending more time to optimise adenoma detection rate. Currently, the initiative is actively practised across five regions: Singapore, Malaysia, Turkey, Brunei and Hong Kong.





## STRENGTHENING PUBLIC-PRIVATE PARTNERSHIPS

In solidarity with the countries in which we operate, IHH has collaborated with governments and public hospitals to battle the healthcare crisis arising from Covid-19. In Malaysia, IHH treat non-COVID-19 patients decanted from public hospitals across its network of 15 Pantai and Gleneagles Hospitals. By so doing, IHH eased the burden on the public healthcare system and enabled the Health Ministry to focus on treating COVID-19 cases. In Turkey, 40 specialists from Acibadem Healthcare have taken their experience across borders to help patients at the recently opened Yeni Klinika Hospital in Baku.



## INCREASING OUR CAPACITY TO PROCESS COVID-19 SWAB TESTS

Pantai Premier Pathology Lab, Malaysia and Parkway Laboratories, Singapore were among the first laboratories to be endorsed by the respective countries' Ministries of Health to conduct COVID-19 testing. Even as COVID-19 testing saw an increase of about 500%, the lab teams persevered and responded with determination and utmost professionalism, turning around sample results in a timely fashion. Volunteers at Gleneagles Hong Kong Hospital also helped out at the Wong Chuk Hang COVID-19 testing centre to support Hong Kong's Universal Community Testing Programme.





# AT THE FRONTLINE OF POSITIVE CHANGE

We create a positive impact on the local communities where we operate and improve their health and well-being by providing affordable, accessible and quality care.

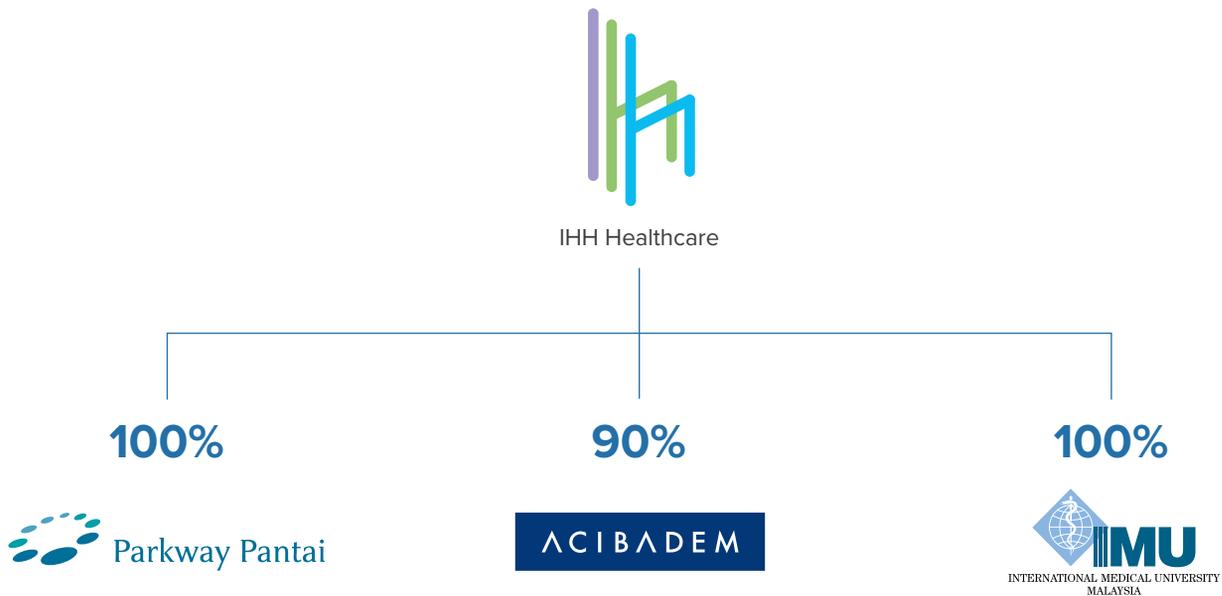


## PROTECTING OUR VULNERABLE POPULATIONS

Many of our staff members have stepped up to help our most vulnerable populations. In Singapore, medical professionals braved long hours, decked out in full personal protection equipment gear to conduct swab tests for migrant worker communities. Under the Care Programme, Gleneagles Hospital Kota Kinabalu and University Malaya Sabah produced and distributed 2000 bottles (100 litres) of alcohol-based hand sanitisers to low-income families to help prevent the spread of the COVID-19 virus in the community.

# IHH at a Glance

As at 31 March 2021



With a network of 59 hospitals throughout the region, including Malaysia, Singapore, India, Greater China, Sri Lanka and Brunei, Parkway Pantai is one of Asia's largest integrated private healthcare groups.

Acibadem Holdings is Turkey's leading private healthcare provider, offering integrated healthcare services across 21 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.

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 Portfolio of Excellence in Healthcare

We are proud of our leading brands in our various markets, each underpinned by an outstanding reputation for clinical outcomes and quality care.

### Acibadem



Setting the healthcare benchmarks in Turkey and the region, this visionary brand combines the top experts and latest technology with the contemporary sophistication of a five-star hotel, offering generous personal space and attention to detail.

### Mount Elizabeth



The two hospitals in Singapore are among the world's top destinations for medical treatment, known for top experts, excellent clinical outcomes and exceptional personalised service.

### Gleneagles



Located in our key Asian markets, this world-class private hospital brand is known for its international standing and stature, delivering superior clinical outcomes in extensive modern facilities.

### Pantai



Conveniently located across Malaysia, Pantai proudly serves families and communities with quality healthcare, always delivered with friendly, familiar smiles.

### Parkway



Born in Singapore, Parkway is one of Asia's leading brands in private healthcare, offering the full spectrum of integrated healthcare services from clinics to hospitals and a wide range of ancillary services. Brands include: Parkway Hospitals, Parkway Shenton, Parkway Laboratories and Parkway Radiology.

### Fortis Healthcare



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

### Prince Court Medical Centre



Prince Court, a distinguished hospital for Malaysians, expatriates and medical tourism patients, is recognised for its outstanding achievements and breakthroughs in medicine.

### IMU



The International Medical University (IMU) is an educational arm that combines research and healthcare practice to develop knowledgeable, competent and caring healthcare professionals. Together with IMU Healthcare, the group improved the health of patients and communities by synergising care and providing quality integrated healthcare facilities.

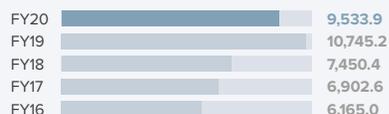
# Financial Highlights

## Revenue by Strategic Business Units

(RM million)

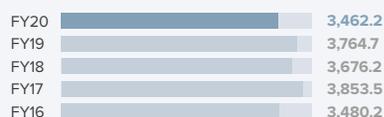
### Parkway Pantai

# 9,533.9



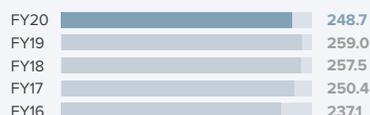
### Acibadem Holdings

# 3,462.2



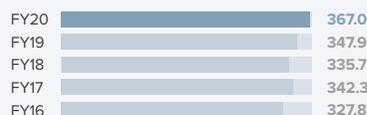
### IMU Health

# 248.7



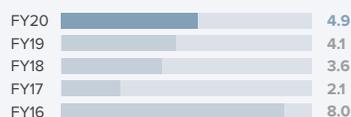
### PLife REIT (Total Revenue)

# 367.0



### Others

# 4.9

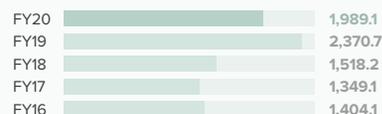


## EBITDA by Strategic Business Units

(RM million)

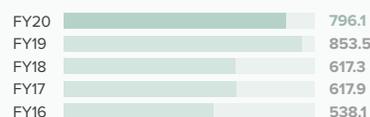
### Parkway Pantai

# 1,989.1



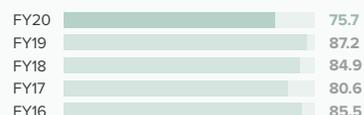
### Acibadem Holdings

# 796.1



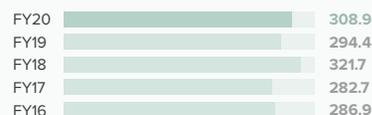
### IMU Health

# 75.7



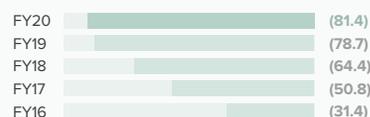
### PLife REIT

# 308.9



### Others

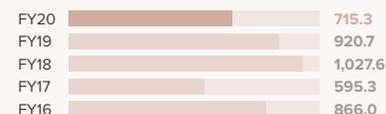
# (81.4)



## Profit After Tax and Minority Interest (PATMI)

excluding exceptional items  
(RM million)

# 715.3



## Basic Earnings per Share

excluding exceptional items  
(sen)

# 7.13



See pages 49 and 50 on Financial Review for more information

The above charts are not drawn to scale.

	FY2016	FY2017	FY2018	FY2019	FY2020
<b>A. INCOME STATEMENT (RM MILLION)</b>					
<b>Revenue by Strategic Business Units</b>					
Singapore	3,563.3	3,848.3	3,890.7	4,289.8	3,886.5
Malaysia	1,620.6	1,836.4	2,019.8	2,331.1	2,187.1
India	560.1	708.6	851.3	3,320.9	2,655.8
Greater China	259.2	332.7	499.6	604.6	662.4
PPL Others <sup>5</sup>	161.8	176.6	188.9	198.9	142.1
Parkway Pantai	6,165.0	6,902.6	7,450.4	10,745.2	9,533.9
Acibadem Holdings	3,480.2	3,853.5	3,676.2	3,764.7	3,462.2
IMU Health	237.1	250.4	257.5	259.0	248.7
Others <sup>5</sup>	8.0	2.1	3.6	4.1	4.8
	9,890.3	11,008.6	11,387.8	14,773.0	13,249.6
PLife REIT total revenue	327.8	342.3	335.7	347.9	367.0
PLife REIT inter-segment revenue	(196.3)	(208.3)	(202.5)	(208.4)	(212.0)
<b>Total</b>	<b>10,021.9</b>	<b>11,142.6</b>	<b>11,520.9</b>	<b>14,912.5</b>	<b>13,404.6</b>
<b>EBITDA<sup>1</sup> by Strategic Business Units</b>					
Singapore	913.2	1,060.9	1,143.2	1,475.1	1,359.5
Malaysia	430.8	513.8	578.5	675.2	555.9
India	27.3	13.7	6.3	360.0	200.5
Greater China	(27.9)	(252.0)	(208.7)	(175.5)	(146.5)
PPL Others <sup>5</sup>	60.7	12.7	(1.2)	35.8	19.7
Parkway Pantai	1,404.1	1,349.1	1,518.2	2,370.7	1,989.1
Acibadem Holdings	538.1	617.9	617.3	853.5	796.1
IMU Health	85.5	80.6	84.9	87.2	75.7
Others <sup>5</sup>	(31.4)	(50.8)	(64.4)	(78.7)	(81.4)
	1,996.2	1,996.8	2,156.0	3,232.7	2,779.5
PLife REIT	286.9	282.7	321.7	294.4	308.9
Eliminations	—	—	—	(209.3)	(212.1)
<b>Total</b>	<b>2,283.2</b>	<b>2,279.5</b>	<b>2,477.7</b>	<b>3,317.7</b>	<b>2,876.3</b>
<b>Profit After Tax and Minority Interest (PATMI)</b>					
Including Exceptional Items	612.4	970.0	627.7	551.5	288.9
Excluding Exceptional Items	866.0	595.3	1,027.6	920.7	715.3
<b>B. FINANCIAL POSITION (RM MILLION)</b>					
Total Assets	37,188.0	38,925.5	45,114.5	45,053.3	44,534.3
Net Borrowings	5,043.9	1,559.5	2,807.3	4,311.0	5,495.7
Equity attributable to Owners of the Company	21,985.7	21,890.2	21,994.0	22,339.5	21,739.8
<b>C. FINANCIAL RATIOS</b>					
<b>Basic Earnings per Share (sen)</b>					
Including Exceptional Items	7.44	11.31	6.54	5.28	2.27
Excluding Exceptional Items	10.52	6.76	11.36	9.49	7.13
<b>Net Assets<sup>2</sup> per Share (RM)</b>					
<b>Net Tangible Assets<sup>3</sup> per Share (RM)</b>	2.67	2.66	2.51	2.55	2.48
	1.02	1.08	0.90	0.88	0.87
<b>Return on Shareholders' Fund<sup>4</sup> (%)</b>					
Including Exceptional Items	2.79%	4.43%	2.85%	2.47%	1.33%
Excluding Exceptional Items	3.94%	2.72%	4.67%	4.12%	3.29%
<b>Return on Total Assets (%)</b>					
Including Exceptional Items	1.65%	2.49%	1.39%	1.22%	0.65%
Excluding Exceptional Items	2.33%	1.53%	2.28%	2.04%	1.61%
<b>Net Debt Equity Ratio (times)</b>	0.21	0.06	0.10	0.15	0.20

#### Notes

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

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

Comparative figures for the previous year are restated, where applicable, upon the completion of the Purchase Price Allocation on the Group's acquisitions of subsidiaries as required under MFRS 3, *Business Combinations*.

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 corporate offices as well as other investment holding entities.

# Operational and Sustainability Highlights

	FY2016	FY2017	FY2018	FY2019	FY2020
<b>MALAYSIA</b>					
No. of hospitals at end of year	14	14	15	15	16
No. of licensed beds <sup>1</sup> at end of year	2,385	2,399	2,503	2,537	2,908
No. of operational beds <sup>1</sup> at end of year	2,143	2,182	2,327	2,372	2,696
Inpatient admissions <sup>2</sup>	193,113	197,563	203,419	218,051	158,944
Average length of stay <sup>3</sup> (days)	2.7	2.7	2.7	2.7	2.9
Occupancy rate <sup>4</sup>	69%	67%	67%	70%	49%
Average revenue per inpatient admission (in RM)	5,915	6,237	6,615	7,054	8,428
<b>SINGAPORE</b>					
No. of hospitals at end of year	4	4	4	4	4
No. of licensed beds <sup>1</sup> at end of year	914	942	967	998	998
No. of operational beds <sup>1</sup> at end of year	892	928	942	960	991
Inpatient admissions <sup>2</sup>	74,119	76,459	76,917	78,541	64,071
Average length of stay <sup>3</sup> (days)	2.9	2.8	2.8	2.9	3.1
Occupancy rate <sup>4</sup>	65%	64%	63%	65%	55%
Average revenue per inpatient admission (in SGD)	8,866	9,527	10,266	10,730	11,284
Average revenue per inpatient admission (in RM, SGD1=RM3.0637)	27,164	29,189	31,452	32,873	34,573
<b>INDIA<sup>5</sup></b>					
No. of hospitals at end of year	8	9	33	29	31
No. of licensed beds <sup>1</sup> at end of year	1,546	1,664	5,954	5,887	6,154
No. of operational beds <sup>1</sup> at end of year	1,192	1,192	4,845	4,770	5,004
Inpatient admissions <sup>2</sup>	62,126	72,005	88,793	363,126	270,581
Average length of stay <sup>3</sup> (days)	3.9	3.9	3.7	3.3	3.7
Occupancy rate <sup>4</sup>	56%	63%	59%	69%	54%
Average revenue per inpatient admission (in INR)	119,140	122,003	127,112	110,014	124,495
Average revenue per inpatient admission (in RM, INR1=RM0.0564)	6,724	6,885	7,173	6,209	7,026
<b>TURKEY AND CENTRAL AND EASTERN EUROPE ("CEE")</b>					
No. of hospitals at end of year	20	21	21	21	21
No. of licensed and operational beds <sup>5</sup> at end of year	3,446	3,818	4,099	4,157	4,189
No. of overnight beds <sup>5</sup> at end of year	2,556	2,729	2,781	2,863	2,893
Inpatient admissions <sup>2</sup>	171,583	213,590	229,433	221,493	186,662
Average length of stay <sup>3</sup> (days)	3.3	3.4	3.4	3.5	3.8
Occupancy rate <sup>4</sup>	70%	74%	78%	75%	67%
Average revenue per inpatient admission (in TL)	7,104	7,956	9,896	11,662	17,247
Average revenue per inpatient admission (in RM, TL1=RM0.5453)	3,874	4,338	5,396	6,359	9,404

## Notes

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

Hospitals in Turkey and CEE do not compile certain operational data, including the number of operational beds, the average length of stay and occupancy rates on the same basis as the rest of the regions and therefore, these numbers may not be comparable.

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

- 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 which includes licensed beds utilised for patients.
- Represents the total number of overnight inpatients admitted.
- Represents the average number of days an overnight inpatient stays.
- Represents the percentage of hospital operational/overnight beds occupied by inpatients.  
Occupancy rate may be lower due to new hospitals that are in the ramp up stage.
- Under Turkish Law, "licensed beds" refer 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" include beds used for treatments of less than 24 hours, such as 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.
- SGD: Refers to Singapore Dollars; TL: Refers to Turkish Lira; INR: Refers to Indian Rupees



### Number of Hospitals

**16**

Malaysia

**4**

Singapore

**31**

India

**21**

Turkey & CEE



### Number of Operational Beds

**2,696**

Malaysia

**991**

Singapore

**5,004**

India

**4,189**

Turkey & CEE



### Number of Inpatient Admissions

**158,944**

Malaysia

**64,071**

Singapore

**270,581**

India

**186,662**

Turkey & CEE



### Average Revenue per Inpatient Admission (RM)

**8,428**

Malaysia

**34,573**

Singapore

**7,026**

India

**9,404**

Turkey & CEE

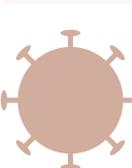


See pages 51 to 57 on Operations Review and pages 60 to 89 on Sustainability for more information.

# Corporate Milestones

<p><b>28</b></p> <p>IHH announces full year 2019 results</p>	<p><b>3</b></p> <p>Parkway Laboratories is the first private laboratory to be approved by MOH to perform COVID-19 testing in Singapore</p>	<p><b>01</b></p> <p>IHH Healthcare loaned 20 ventilators from its network of 15 Gleneagles and Pantai Hospitals in Malaysia to public hospitals for the treatment of patients in their Intensive Care Units</p>	
<p>February</p>		<p><b>17</b></p> <p>Pantai and Gleneagles Hospitals across Malaysia commit 200 beds to assist the public health system in treating non-COVID-19 patients amid outbreak</p>	<p><b>08</b></p> <p>Roll out telemedicine services across all key markets globally</p>

# 2020

<p><b>31</b></p> <p>IHH Healthcare Invests in Telehealth Start-up “Doctor Anywhere” to scale up its Digital Ecosystem</p>	<p><b>29</b></p> <p>Gleneagles Hong Kong Hospital is the first private hospital in Hong Kong to provide Paediatric Intensive Care (PICU) services</p>	<p><b>20</b></p> <p>Gleneagles Hong Kong Hospital’s Joint Replacement Centre boosts recovery with Hong Kong’s sole private pre-anaesthesia clinic, allowing patients to walk in an hour after surgery</p>
	 	



**23**

IHH 10<sup>th</sup> Annual General Meeting FY2019

June

**01**

IHH Healthcare strengthens its service offerings in Kuala Lumpur through the acquisition of Prince Court Medical Centre, where it becomes the 16<sup>th</sup> hospital under IHH Healthcare in Malaysia



September



**26**

Launch of Fortis Hospital Vadapalani, Chennai, by the Honourable Chief Minister of Tamil Nadu, Thiru Edappadi K. Palaniswami. Fortis Healthcare's 27<sup>th</sup> hospital in India

October

November



**10**

Acibadem's Leadership Program in Nursing earned the Prize of Excellence in Leadership Improvement by Brandon Hall Group

**30**

IHH Healthcare Berhad acknowledged as "Most Outstanding Company in Malaysia – Healthcare Sector" in Asiamoney Asia's Outstanding Companies Poll 2020

**11**

IHH entered into a Share Purchase Agreement to divest Apollo Gleneagles Hospital joint venture in India

# Awards and Accreditations

## Awards

### IHH Healthcare Berhad

#### Asiamoney Asia's Outstanding Companies Poll 2019

- Most Outstanding Company in Malaysia – Healthcare Sector

#### 2019 ASEAN Corporate Governance Scorecard Award

- ASEAN Asset Class

### Malaysia Operations

#### Pantai Hospital Penang

##### World Stroke Organisation Angels Award 2020

- Diamond Award

#### Gleneagles Hospital Medini Johor (IVF Centre @ Medini)

##### Global Health Asia Pacific Award 2020

- Women's Health & Fertility Medical Centre of the Year Asia Pacific

#### Prince Court Medical Centre

##### International Medical Travel Journal (IMTJ) Medical Travel Awards 2020

- International Hospital of the Year

##### Global Health Awards 2020

- Best Hospital of the Year in Malaysia

##### Global Health Awards 2020

- ENT Service Provider of the Year in Asia Pacific

##### Global Health Awards 2020

- Paediatric Service Provider of the Year in Asia Pacific

##### Global Health Awards 2020

- Health Screening Service Provider of the Year in Asia Pacific

#### Pantai Hospital Kuala Lumpur

##### Global Health Awards 2020

- Endocrinology Service Provider of the Year in Asia Pacific

#### Gleneagles Hospital Kuala Lumpur

##### Global Health Awards 2020

- Bariatric Service Provider of the Year in Asia Pacific

### International Medical University (IMU)

#### Quacquarelli Symonds, QS Stars

- 5-star Institution

#### SETARA 2018/19

- 6-star rating under the Mature University Category

### Singapore Operations

#### Parkway Shenton

##### MOH's Nurses' Merit Award 2020

- Noor Hafiz Bin Hassan, Senior Staff Nurse

##### The Healthcare Humanity Awards

- Ms Fiona Tan Ei Hong, Nurse Educator

#### Gleneagles Hospital

##### MOH's Nurses' Merit Award 2020

- Rodrigues Junita Henrita, Senior Nurse Educator

##### The 14<sup>th</sup> Tan Chin Tuan Nursing Award

- Chen Jing, Senior Enrolled Nurse

#### Mount Elizabeth Hospital

##### MOH's Nurses' Merit Award 2020

- Yau Chuen So, Senior Nurse Manager

##### The Healthcare Humanity Awards

- W.K. Audrey Malini Brampy, Senior Nurse Manager

#### Mount Elizabeth Novena Hospital

##### MOH's Nurses' Merit Award 2020

- Fung Guat Ching, Senior Nurse Manager

#### Parkway East Hospital

##### The Healthcare Humanity Awards

- Chng Lee Ming, Assistant Nurse Clinician

### Turkey Operations

#### Acibadem Healthcare Group

##### Brandon Hall Group Leadership Development Award 2020

- Gold award for Nursing Leadership Program

##### Turkey's Most Technological Healthcare Brand

### India Operations

#### Fortis Mumbai

##### Dainik Jagran Healthcare Heroes Awards 2020 'Beyond the call of duty' – Paramedics category

- Sister Nayana Vartak

#### Fortis Hospital, Mulund

##### FICCI Healthcare Excellence Awards 2020 'Special Award for COVID 19'

- Minimole Varghese, Chief Nursing Officer

#### Fortis Memorial Research Institute, Gurugram

##### Economic Times Healthworld Hospital's Awards 2020

- Best Oncology Hospital

### Greater China Operations

#### Gleneagles Hospital Hong Kong

##### Hong Kong Living Awards 2020

- Best Hospital Award

The awards we have won over the past year and the recognition and trust we have gained for our hard work and dedication are a reflection of the resilience and commitment shown amongst all our staff.

**Dr Kelvin Loh Chi-Keon**

Managing Director and Chief Executive Officer

## Accreditations

### Joint Commission International (JCI)

<b>Malaysia</b>	Pantai Hospital Kuala Lumpur, Gleneagles Hospital Kuala Lumpur, Gleneagles Hospital Penang
<b>Turkey</b>	Acibadem Sistina Hospital (Macedonia), Acibadem Maslak Hospital, Acibadem Altunizade Hospital, Acibadem Adana Hospital, Acibadem Mehmet Ali Aydinlar University Atakent Hospital
<b>Singapore</b>	Gleneagles Hospital, Mount Elizabeth Hospital, Mount Elizabeth Novena Hospital, Parkway East Hospital

### National Accreditation Board for Hospitals and Healthcare Providers (NABH)

<b>India</b>	BGS, Aware Gleneagles and Continental Hospitals
--------------	---

### Certificate of Accreditation by the Hong Kong College of Obstetricians & Gynaecologists

Gleneagles Hospital Hong Kong

### Malaysia Society for Quality Health (MSQH)

Pantai Hospital Cheras, Pantai Hospital Penang, Pantai Hospital Kuala Lumpur, Pantai Hospital Ampang, Pantai Hospital Ipoh, Pantai Hospital Batu Pahat, Pantai Hospital Manjung, Pantai Hospital Sungai Petani, Pantai Hospital Ayer Keroh, Pantai Hospital Klang, Gleneagles Hospital Kuala Lumpur, Gleneagles Hospital Penang, Gleneagles Hospital Medini Johor, Gleneagles Hospital Kota Kinabalu and Prince Court Medical Centre



# BUILDING RESILIENCE

Building trust among our stakeholders is a critical foundation of our strategy, which underpins the group's sustainable business model in the long run.



## Strategic Report

Chairman's Statement	20
CEO's Message	26
Market Outlook	32
Business Model	34
Business Strategy	36
Stakeholder Engagement	38
Our Material Matters	42
Risk Management	44
Principal Risks	45

# Chairman's Statement

**We promote a patient-centred culture by constantly improving and prioritising quality of medical care as well as ensuring patients' satisfaction, safety, wellness and privacy.**



**Dato' Mohammed Azlan bin Hashim**  
Non-Executive Chairman

Dear Stakeholders,

Forging forward after a year of unparalleled challenges presented by a pandemic, IHH Healthcare (IHH) will continue tenaciously to strengthen the trust we have been cultivating with all our stakeholders. This is key if we are to realise our vision of becoming the world's most trusted healthcare services network.

In a global environment still threatened by COVID-19 and rife with economic, political and other uncertainties, trust forms the bedrock of our resilience and sustainable growth and is central to our governance culture. With an ingrained culture of trust, we can be confident of sustainable success, given our solid fundamentals, robust corporate oversight and the prudent management of our operations.

### Engendering Trust for Sustainable Healthcare

Being a best-in-class healthcare provider with a network of 80 hospitals across 10 countries, IHH was on the front line of the pandemic in 2020. Like many other businesses, we realised that this unprecedented health crisis demanded that we transform the way we operate and review how we connect with and deliver value for our stakeholders.

In response to the challenges of COVID-19, the Board realised that more than ever, it had to embrace new ways of governing our businesses. Together with our Senior Management team, we focused on our Refreshed Strategy on giving us the resilience to recover from the setbacks the pandemic brought.

At the core of this strategy is fostering a culture of trust because trust is quite simply the bedrock currency of a sustainable healthcare business. Despite and perhaps because of COVID-19, we had many opportunities this past year to make great strides in engendering trust with our people, patients, partners, investors and governments in the countries we operate.

Through important public-private partnerships in our home and key markets, we offered crucial support to the respective public health services. By rolling out telemedicine services in all our markets, we enabled our patients to continue to access healthcare solutions quickly and conveniently from the safety of their homes.

### Standing by Our People

Our initiatives and partnerships would not have been possible without the support of our people across our global network. During the year, we often saw the best sides of our colleagues as they went beyond the call of duty with selfless acts of volunteerism to assist public healthcare services in the battle against COVID-19. Driven by a singular focus to help others, these colleagues truly embody IHH's five core values of Putting Patients First, Integrity, Empathy, Teamwork and Excellence.

Inspired and touched by our colleagues, I would like to take this opportunity to thank them for their dedication to service and for helping us execute our mission of providing exemplary care to all our patients.

On behalf of the Board, we commit to continue to provide an environment where all the people of IHH are able to perform their roles safely and sustainably. The efforts we make here underpin our aim to nurture a culture of mutual trust within the Group.

### Delivering Best-in-Class Care Safely

We nurture our patients' trust by offering them best-in-class medical care delivered safely by IHH colleagues who are motivated to give their best every day. It is only when patients are assured of the best service from us on all fronts, be it clinical, administrative, customer service or general services, that they will trust and continue to support us.



*"My heartfelt thanks to all our colleagues at the forefront of our response to the COVID-19 outbreak.*

*Your sacrifice, hard work and dedication to the profession is admirable. I deeply appreciate what you are doing to protect our patients and all of us. You are not alone in this fight and I have no doubt we will pull through this together."*

In compliance with government regulations of our home and key markets, and the recommendations made by the World Health Organization (WHO), we established Emergency and Crisis Response (ECR) plans in 2020.

These ensured that we could provide medical care during the pandemic without compromising the safety and health of our people and our patients. Each ECR blueprint outlines procedures and protocols for preventing the spread of the disease and guidance on managing patients accordingly. Our Sustainability Report on page 79 has details on this.

# Chairman’s Statement

## Furthering Public-Private Partnership

With COVID-19 acknowledging no boundaries as it spreads around the world, IHH stepped up on a global scale to bolster public healthcare systems wherever we operate. We treated patients where jurisdictions permitted, offered beds where public hospitals were inundated with pandemic patients, assisted in screenings and swab testing, and plugged shortages of critical equipment such as ventilators when required to do so.

Public-private collaboration is critical if we are to ensure the stability of our healthcare ecosystem, and such partnerships are only possible when there is mutual trust. This means private healthcare providers have to be more transparent about the health value they offer at any price point, while governments

establish policies that enable the private sector to participate sustainably.

As we learn and recover from the pandemic, we will continue cultivating relationships and working with the governments of the countries in which we operate.

## Making Strides in Sustainability

To create long-term value for stakeholders and realise our vision of becoming the world’s most trusted healthcare services network, IHH must ensure the sustainability of our operations. This means managing the impact of our operations efficiently and responsibly across the Group.

In 2020, we improved on our sustainability performance in spite of the challenges from a relentless pandemic. We also

### Where we were

2016

2017

2018

- Disclosed our inaugural sustainability statement in our Annual Report.
- Established our Sustainability governance structure with clear lines of accountability for sustainability management
- Conducted our first materiality assessment to identify our material sustainability matters

- Inclusion of hospitals in India in scope of sustainability reporting
- Adopted six United Nations Sustainable Development Goals
- Established Terms of Reference for the Sustainability Committee to outline roles and responsibilities of members
- Conducted materiality assessment to ensure relevance of material sustainability matters

- Inclusion of Gleneagles Global Hospital, Richmond Road (Bengaluru) in scope of sustainability reporting

established a Sustainability Policy and Key Performance Index for this and developed a five-year Sustainability Roadmap and Action Plan.

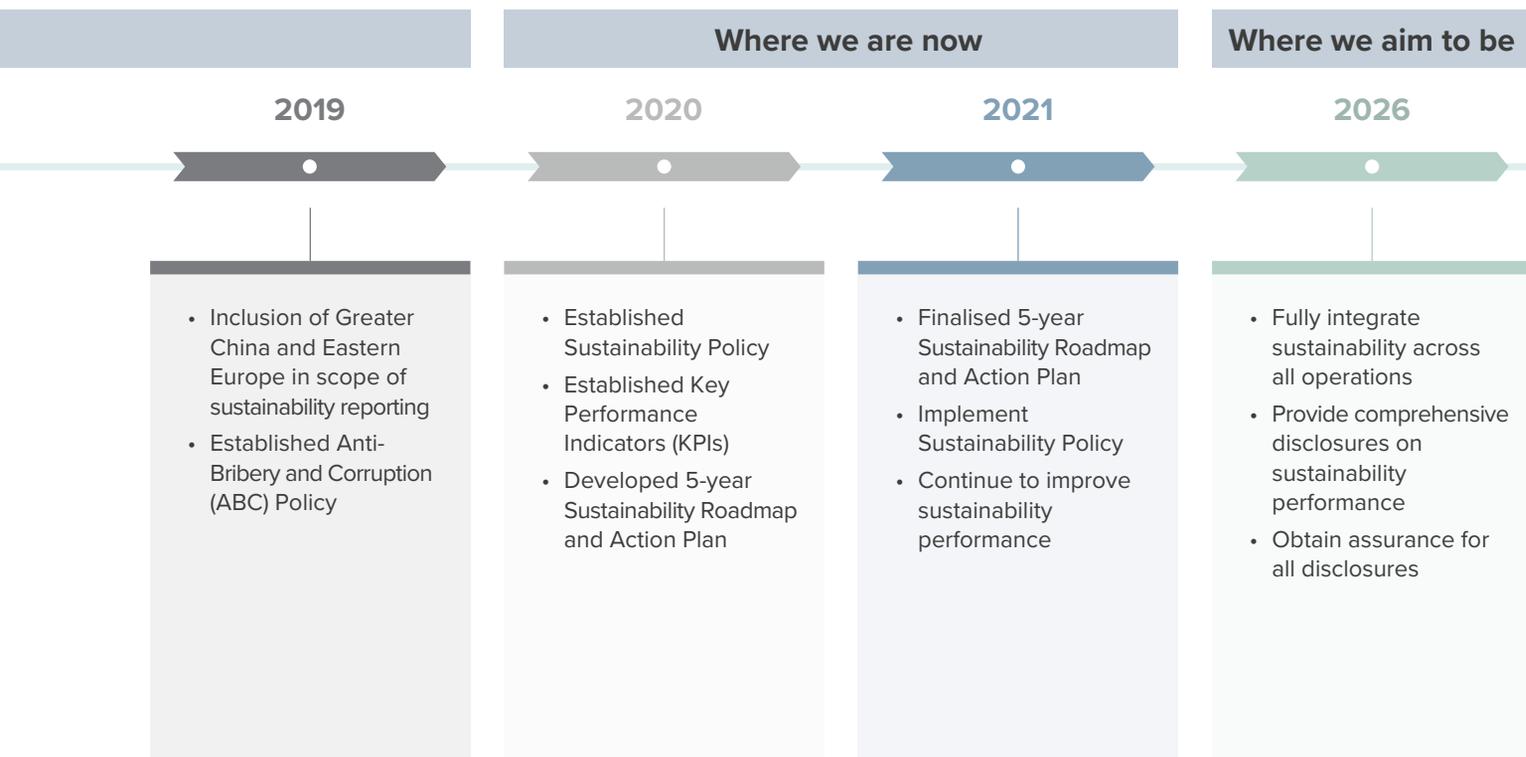
IHH has come a long way since starting our sustainability journey in 2016. With our latest roadmap and action plan, we have a clear direction and will focus to elevate our sustainability agenda even more in the next half decade. For 2021, we will be rolling out the Roadmap and Action Plan and implementing our Sustainability Policy to up the ante on our sustainability performance.

The table below, titled “Our Sustainability Journey”, offers an overview of our efforts to widen our scope for sustainable growth and to present a representative yet balanced narrative of our sustainability plans, actions and achievements. It also sets out our targets and what we wish to

achieve by 2026. So far, the Group has embraced seven of the Sustainability Development Goals (SDGs) set by the United Nations in its efforts to counter extreme poverty, inequality, injustice and climate change.

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), Peace, Justice and Strong Institutions (SDG16) and, since 2019, Quality Education (SDG 4).

Page 58 of our Fifth Sustainability Report provides insights on how the Group’s collaborative businesses have been embedding sustainability and identifying key risks and opportunities when managing operations.



# Chairman's Statement

**Our network of healthcare services is anchored by arguably some of the best hospitals in our home and key markets, with outstanding reputation for clinical outcomes.**

## Governing Risks

Over the past year, particularly as we were operating against a backdrop of unprecedented challenges, the IHH Board increased its vigilance over our processes. This entailed reviewing and enhancing our risk management methodology and approach. Risk areas, including emerging risks, are continuously being assessed in each operating division in line with the business planning cycle to ensure the adequacy and effectiveness of our risk control processes and risk reporting systems.

With the introduction of the Corporate Liability Provision under Section 17a of the Malaysian Anti-Corruption Commission Act 2009, which came into force on 1 June 2020, we understand that our stakeholders would expect even greater transparency and accountability. We have therefore reviewed our Anti-bribery and Corruption (ABC) Policy and practices to ascertain that we are fully complying with the latest regulatory requirements and best practices to ensure procedures and mechanisms are in place to foster a corruption-free business environment. We have also taken steps to conduct Group-wide risk assessment of bribery and corruption exposures, including enhancing our methodology, to focus on corruption risk assessment on vulnerable areas for each country where we operate. IHH has also completed Group-wide training initiatives in relation to combating anti-bribery and corruption and undertaken anti-corruption compliance readiness assessment in accordance with regulatory guidelines.

In addition, IHH Group's Code of Conduct Policy sets out the standards of integrity and behaviour that are required of our employees. Our Whistleblowing Policy provides an avenue for all to raise concerns and offers protection from reprisals or victimisation, in line with local and/or foreign whistle-blowing related laws and regulations. Through these measures, we ensure that we uphold integrity across our global operations by eliminating unethical behaviour and bad practices. This, in turn, enhances trust among our stakeholders.

## Leveraging Our Strong Foundation

IHH as a Group has so far been able to respond to challenges created by COVID-19 because of our strong foundation. Our network of healthcare services is anchored by some of the best hospitals in our home and growth markets, with outstanding reputations for clinical outcomes.

Our international scale allows for earnings and other synergies to help us to remain financially stable and resilient to current and future challenges.

## Board and Management Changes

Our Board has given us the support and direction needed to negotiate the twists and turns of a very rough road this past year and I would like to thank all Board members for their contributions. As is often the case with dynamic and growing organisations, it is usual to see movements at Board and Senior Management levels each year. In August 2020, IHH bid farewell to Mr Low Soon Teck, who left his post as Group Chief Financial Officer after four years to pursue other interests and opportunities.

We thank Mr Low for his dedication and many contributions during his time with us and wish him the best for his future endeavours.

Taking over from Mr Low as Group Chief Financial Officer is Mr Joerg Ayrle, who joined us on 1 February 2021. Mr Ayrle was most recently with a Thai-based conglomerate, as their Group Chief Financial Officer. Prior to that, he held various senior management roles with international conglomerates in Germany, the United States of America, China and Singapore. We are confident he will boost the strength of our management bench.

We also welcome Mr Stephen Byrne, who replaces Ms Audrey Huang as our Group Head, Internal Audit, from 4 January 2021. Mr Byrne is a UK-qualified Chartered Accountant with 25 years of international experience in both corporate and site-based roles. With a career that has spanned several sectors, Mr Byrne will be implementing best practices in internal audit and promoting international standards and methodology.

Among our Board members, Ms Ong Shilin resigned as a non-Independent, non-executive Alternate Director to Mr Takeshi Saito. Joining our Board of Directors on 1 January 2021 are: Dato' Muthanna bin Abdullah, Miss Ong Ai Lin, Mr Satoshi Tanaka, and YM Tunku Alizakri bin Raja Muhammad Alias. I extend my warm welcome to all of them.

## **Our Heartfelt Thanks**

We have always appreciated the support and trust from our stakeholders – our patients, partners such as doctors, specialists and consultants, investors, and management and staff. In these uncertain times, this trust is even more important in motivating us to deliver best-in-class healthcare for our patients and ensure sustainable growth for the Group.

To our patients we believe trust is the cornerstone of all our relationships and it starts with honouring our commitments. Thank You heartily for trusting us to give you the best healthcare services possible. It is this trust that inspires us to continually raise the bar on the services we provide so that we can remain your preferred healthcare partner.

We also thank our partners – the doctors, specialists, consultants and other allied healthcare professionals – who enhance our brand names by epitomising our core values of putting patients first, integrity, empathy, teamwork and excellence.

Our gratitude goes to our loyal investors as well for believing in us and letting us represent your interest in the boardroom and enhance your shared value.

Finally, and not least, we thank Board members, the management team and all staff for your industry, work ethics, and dedication. You are the reason we are the best-in-class healthcare service provider we are today.

Moving on to the new normal that lies ahead, the Board will continue building on the trust we have earned from all our stakeholders and working hard to live up to your expectations. Our vision of becoming the world's most trusted healthcare services network is something we know we can achieve. We have every intention of realising this ambition.

Thank You.

**Dato' Mohammed Azlan bin Hashim**  
Non-Executive Chairman

# CEO's Message

**In a year of unprecedented challenges, our people enabled us to perform resiliently. Their dedication and tenacity inspired us to overcome all adversity and give the best of ourselves.**



**Dr Kelvin Loh Chi-Keon**  
Managing Director and Chief Executive Officer

Dear Stakeholders,

Like much of the world, IHH was buffeted by the winds of COVID-19 this past year. Although the pandemic situation continues to evolve and produces uncertainty and stress in our communities as a Group, we performed resiliently amidst the challenges. Throughout 2020, we stood by our colleagues on the frontline of the pandemic battle, supported the public healthcare systems in our home and key markets, and continued delivering unrivalled care and building trust. Striding into the “next normal” ahead, we are confident we can harness synergies for our network of 80 hospitals and generate sustainable long-term growth.

## A Year of Resilience and Trust

Our challenges in 2020 were on two fronts: combating a healthcare crisis and operating efficiently while maintaining excellence in our healthcare delivery. The early realisation that our usual revenue sources would be under pressure saw us adapting quickly to diversify revenue streams by expanding our service offerings, such as providing COVID-19 treatments and doing more than 1.5 million COVID-19 related tests across our network by early 2021.

We cooperated with the governments in countries where we operate to help them manage the health crisis. In Malaysia, for example, our Pantai and Gleneagles Hospitals committed 10% of our beds to treat COVID-19 patients in addition to 200 beds to assist the public healthcare system to treat non-COVID-19 patients. Through such public-private partnerships, we stayed true to a basic tenet of our Refreshed Strategy: fostering trust with our stakeholders – patients, employees, partners, investors – as well as governments.

Another important initiative was our rolling out of telemedicine across all our markets in May 2020. In this way, our patients can now enjoy faster, better, easier and more cost-effective care from the safety of their homes.

Leveraging our scale as an international healthcare network, we have also been harnessing significant synergies such as sharing IT services, talent management, global procurement and other administrative functions.

With costs bound to continue rising in the future, we have been managing our cashflow prudently and maintaining capital discipline. In 2020, we deferred all non-critical capital expenditure scheduled for the year. This included delaying the opening of a new block of our Pantai Ayer Keroh Hospital in Malacca, Malaysia and the opening of Parkway Shanghai Hospital in Shanghai, China to 2022. Consequently, we remain financially robust, with a strong cashflow and sufficient secured lines of credit to draw from should we need to do so.

While our operations were impacted by the pandemic, particularly in April and May, we saw a firm recovery from the third quarter onwards. Hospital occupancy recovered to between 50% and 65%. Revenue intensity improved in Malaysia, Turkey, India, with Turkey seeing a rise in foreign patient numbers from June 2020 as travel restrictions were eased.

We continued to see recovery across all markets and ended 2020 with resilient earnings amid the pandemic. Our Group Revenue for the full year of 2020 was down 10% year-on-year to RM13.4 billion from RM14.9 billion. Earnings before Interest, Taxes, Depreciation, Amortisation, Foreign Currency Exchanges and other non-operational items (EBITDA) decreased 13% to RM2.9 billion, compared with RM3.3 billion in 2019. Our Profit After Tax and Minority Interests (PATMI) came in at RM288.9 million, a decrease of 48% year-on-year. Excluding exceptional items, PATMI stood at RM715.3 million, a drop of 22%, year-on-year.

Across our key markets, operational performances reflect our strategy of improving locally and synergising

globally while nurturing trust and seizing opportunities to grow and create value for the long term. Please read pages 51 to 57 for more information on the operations of these markets.

## Malaysia

We have been pursuing growth on an organic basis. We do this via a two-pronged strategy approach. Firstly, through our metro cluster strategy, we continue to pursue “Centres of Excellence” in our hub hospitals to deepen specialisations and to grow more efficiently. Testament to that, we completed our acquisition of Prince Court Medical Centre (PCMC) in September 2020. With PCMC added to our Malaysia’s portfolio, we now operate three hub hospitals within the Klang Valley in Kuala Lumpur. This gives us significant leverage to extract synergies to bolster our service offerings and deepen our specialities in each hub hospital. This enables us to offer improved quality of care for our patients and reach the fast-growing middle-income segments.

Secondly, we will be focusing on driving bed occupancy as well as re-engineering our services to provide treatments for common procedures at our spoke hospitals located within the suburban clusters. This will enable us to extend our reach to the rapidly growing ranks of middle class. At the same time, it delivers a higher quality of care and an improved response to the healthcare needs of the local community.

By adopting this two-pronged strategy, we can better serve the needs of the community and build greater trust between patients and payors while improving our earnings through operational efficiencies.

## CEO's Message

### We continue to focus on achieving the best clinical outcomes relative to cost which is part of our Value Driven Outcome (VDO) initiative for our patients.

When the pandemic started early last year, we reacted swiftly to respond to the healthcare needs of the country. In the beginning we helped in the health crisis by loaning public hospitals ventilators and committed 200 beds to non-COVID-19 patients decanted from public hospitals. The country's health authority also authorised Gleneagles and Pantai hospitals around Kuala Lumpur and Melaka to perform on-demand swab testing for COVID-19. When private hospitals were allowed to treat COVID-19 patients in early 2021, we also committed 10% of beds to the cause.

Through our public private partnerships, we were able to contribute to the battle against COVID-19.

#### Singapore

The challenges of the pandemic created more opportunities for IHH to collaborate with the Singapore government and strengthen trust in this home market. To lighten the patient load in public hospitals, we treated a number of COVID-19 patients. In January, many of our frontline colleagues sacrificed Chinese New Year celebrations with their families to do temperature screening for incoming visitors to Singapore at land and sea border checkpoints. Some colleagues from corporate functions and backend operations worked alongside nurses on the frontline to conduct swab testing while others took part in COVID-19 operations at the Community Care Facility at Singapore Expo, migrant worker dormitories, regional screening centres and swing facilities that offered short-term patient care without tying up hospital beds and other resources over a long period.

IHH, in partnership with the company Accredify, has been issuing tamper-proof digital COVID-19 test result documents for travellers taking pre-departure swab tests since November. We plan to integrate Accredify's block-chain technology into our healthcare networks in overseas markets.

In line with IHH's vision of becoming the leading healthcare services provider, we continue to focus on achieving the best clinical outcomes relative to cost as part of our VDO initiative for our patients. This is to improve the transparency of clinical outcomes and optimise costs within our private healthcare system. With VDO, we can improve the quality of care for patients whilst optimising healthcare costs. For some time now, we have been strengthening our reputation among patients in our Singapore hospitals through improving price transparency. Our Price Guarantee Procedures, enabled by an Artificial Intelligence (AI)-driven hospital bill estimating system with 80% accuracy, are an example of patients seeing greater price transparency and bill certainty for common medical procedures.

We have also embarked on the journey to move ambulatory centres outside of the hospitals. For example, we relocated the rehabilitation services out of Mount Elizabeth Novena Hospital so that the hospital can make space and focus on providing higher acuity services for our patients.

Continuing IHH's trajectory to advance our service offerings to become a "super specialisation hub", Mount Elizabeth Novena Hospital will open its Proton Beam Therapy Centre in 2022. Proton beams are used for precision cancer treatment and can kill cancer cells with far less damage to surrounding healthy tissues and other organs.

## Turkey and Central and Eastern Europe

In Turkey, our hospitals supported the public healthcare system by caring for COVID-19 patients. We also boosted our capacity to process COVID-19 swab tests to help with the country's mass testing strategy. Besides working with the government to care for COVID-19 patients, our Turkey and Central and Eastern Europe Operations continued to ramp up capabilities. Acibadem Altunizade Hospital and Acibadem Maslak Hospital took such steps to better serve domestic and foreign patients even during the pandemic.

With the Group's ongoing strategy to reduce our foreign currency exposure in this region, Acibadem has significantly lowered its unhedged non-Lira debt in 2020 to 37 million euros through cross currency swaps (CCS) and prepayment of debt. This is down from 288 million euros at the end of 2019. As a result, we expect the drag on Acibadem's earnings to be greatly reduced. Our Turkish operations will focus on growing via the cluster strategy and improving its operations. Leveraging its strong Acibadem brand, we will continue to de-risk growth by pursuing Euro-denominated revenue. Over the years, we have established a strong beachhead into the European markets with our European assets in Macedonia, Bulgaria and Netherlands, all of which have been performing well even during the challenging times of COVID-19.

Given its significant experience in tracking clinical outcomes, Acibadem is now contributing towards the Group's VDO initiative by sharing best practices and knowledge. These developments tie in with Acibadem's own continuing efforts to deepen its clinical offerings.

## India

During the year, to support India's public healthcare system, our hospitals have been at the forefront of the war against COVID-19 including the treatment of many patients with low mortality risk, designation of 1,500 beds across the network and conducting laboratory testing. In April, Fortis Hospital, Bannerghatta Road brought in the Mitra robot for COVID-19 screening. Such initiatives have helped to strengthen trust between us and our local patients.

Part of IHH's Refreshed Strategy involves reviewing our portfolio and capital deployment to prioritise returns. In line with this, we entered into a share purchase agreement to divest our entire 50% equity interest in the Apollo Gleneagles Hospital joint venture in November to monetise a non-core asset and recycle capital to help us grow efficiently via our Cluster Strategy.

In 2020, we continued to drive ongoing cost optimisation and improve productivity across functions and facilities. As India is a highly regulated and competitive market, it is important for us as a Group to utilise our global scale to develop operating leverage. This will help us see reasonable cost savings play out in the short to medium term and improve margins.

In 2020, the Fortis board has given in-principle approval to change the name of the company and its subsidiaries to "Parkway" in relation to the hospital business, so as to leverage the mindshare associated with the Parkway brand. This rebranding is subject to approvals from the Supreme Courts. Once approved, we expect the initiative to enhance our goal of harnessing synergies throughout our global network.

## CEO's Message

### Greater China

Despite the onset of COVID-19, Gleneagles Hong Kong Hospital (GHK) has seen progressive growth in inpatient volume throughout 2020. The fourth quarter of 2020 proved to be the strongest quarter in revenue for GHK to date, both in terms of growth in patient volumes, and improved revenue intensity. Operational losses have been narrowing as the hospital operations continue to improve. At the end of 2020, GHK was running at an average occupancy rate of 63%, based on about 200 operational beds. We target for GHK to achieve EBITDA break-even in 2021, provided that Hong Kong does not remain in protracted lockdown.

To support the public health system in Hong Kong, GHK introduced its patient engagement mobile application, "My Gleneagles SmartHealth". It also empowered staff to back the Hong Kong government's efforts in identifying silent COVID-19 carriers in the community via the Universal Community Testing Programme. Furthermore, the hospital launched discounted all-inclusive packages and special maternity offers to help public hospital patients amid the COVID-19 outbreak.

As for China, operations have gradually recovered from the lows during COVID-19. Gleneagles Chengdu Hospital, which opened in late October 2019 has 30 operational beds as at 31 December 2020 with key specialities such as Cardiovascular, Gastrointestinal, Orthopaedics and Paediatrics. The ramping up of operations has been hampered by the COVID pandemic since January 2020. However, to make medical care more accessible and convenient to our patients, the hospital leveraged innovation to transform care for our patients by providing one-stop services on WeChat. Patients can enjoy quick access to online appointments and information about our physicians and

available medical and health services. IHH will continue to manage its cash burn rate *pari passu* to the ramp-up as we introduce more comprehensive procedures and services.

Parkway Shanghai Hospital, the construction of which was delayed due to the pandemic, is now expected to open in 2022.

China remains a high potential market as the demographic is changing and we are seeing an increasing uptake from the country's middle class for private healthcare.

### Our People, Our Inspiration

The face-off with the unprecedented challenges of 2020 demonstrated our agility and ability to rebound. At the heart of this resilience are our people – colleagues on the frontline, those working behind the scenes, and our corporate and management teams. Their dedication and tenacity underpin everything we do.

Being a medical professional myself, I understand the pressures and challenges of the profession and 2020 was rife with them. I would therefore like to extend my personal thanks to each and every colleague for going beyond the call of duty and being an inspiration to us all.

Doing the right thing for patients is crucial for our business. It is with our common purpose of "Touching Lives. Transforming Care.". Underpinned by our five core values of: Putting Patients First, Integrity, Empathy, Teamwork and Excellence, and tenacity of delivering excellent healthcare that we are able to ask patients to entrust their health to us. It is with the same purpose and tenacity we have when delivering health care that we drive our business, while ensuring our operations reflect our five core values.

## Adapting to the Next Normal

Currently IHH's geographical footprint gives us earning resilience as some of our key markets are on the pandemic recovery path even as others are experiencing a resurgence of COVID-19 cases. There are roll-outs of tested and approved vaccines and we have reason to believe that the health crisis might be alleviated in 2021.

To stay relevant moving into the next normal, we must align ourselves with three major trends that have started to shape our industry: healthcare being delivered digitally where possible; rising demand by healthcare consumers for greater transparency; and better public-private partnership and collaboration.

Even prior to the outbreak of COVID-19, we had already been offering more healthcare services digitally. One example is the release of two mobile apps by Parkway Pantai in Singapore in 2Q 2019: Parkway DigiHealth app for patients and Parkway DigiCare for specialist doctors. Parkway DigiHealth allows patients to book appointments and, in time, manage them while enjoying faster access to their laboratory results and medical records. Created to enhance efficiencies and allow doctors and their teams to focus fully on patient care, Parkway DigiCare gives accredited specialists quick and convenient access to Parkway related services.

The COVID-19 pandemic has no doubt accelerated the necessity for delivering healthcare digitally as patients need to get information more quickly and without visiting hospitals if possible. In response, we rolled out our telemedicine initiative across our network in May 2020 to complement our bricks-and-mortar business as well as to make receiving healthcare diagnosis and advice more convenient for patients.

**It is with the same sense of purpose and tenacity we have when delivering healthcare that we drive our business, while ensuring our operations reflect our five core values of: Putting Patients First, Integrity, Empathy, Teamwork and Excellence.**

Despite increasing our investment in medical technology and equipment, we are striving to keep medical cost inflation in check by leveraging our operational scale to amortise costs. We must be transparent with patients about how their money will be spent so they can better understand the value they will be getting at any price point. This action builds trust, which in turn leads to patients returning to us to address their medical concerns. Post COVID-19, the need for transparency will be greater than ever and I am pleased that IHH has taken the lead in this area, particularly in Singapore and Hong Kong.

The pandemic this past year also illustrated the importance of public and private sectors working together to deal with a health crisis. In all our home and key markets, IHH stood by the various governments in their fight against the virus in significant ways. We intend to forge more of these important partnerships in future.

As COVID-19 accelerated our efforts to innovate, leverage synergies and build platforms for growth, we now have the momentum to continue in the same direction. This means adopting disruptive technology where necessary to sharpen our medical capabilities and stay relevant to the market, as well as continuing to apply our Refreshed Strategy in our quest to become the world's most trusted healthcare services network.

## Appreciation

When I took the helm as MD and CEO at IHH at the start of 2020, COVID-19 had already been detected in some countries. Throughout the year, I had the good fortune of working with remarkable colleagues to surmount various challenges and execute IHH's mission of providing exemplary care for our patients. At the same time, we were committed to optimising value for all stakeholders and building trust among them. As a team, we faced up to the problems caused by the pandemic and, despite strong unavoidable headwinds, we coped relatively well and have emerged stronger overall.

I now have the responsibility but also the privilege to steer a clear course for IHH's further development post-COVID-19. With your collaboration and continued support of my stewardship and our vision, and IHH's culture of trust and core of resilience, I am confident that IHH is advancing towards a new horizon.

Thank you.

**Dr Kelvin Loh Chi-Keon**  
Managing Director and  
Chief Executive Officer

# Market Outlook

The pandemic has presented challenges to the global economy, across all industries including healthcare. IHH is adapting to the new normal and seeking new opportunities amidst this pandemic. IHH is confident that its long-term growth trajectory remains intact as it delivers on its refreshed strategy to improve growth and achieve stronger synergies.

Trends	Impact on Group	Our Response	Link to Strategy
<b>Current Trends</b>			
<b>Strong Demand for Private Healthcare</b>	By 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, incidence of chronic diseases and co-morbidity jump. Asia's overall healthcare spending is projected to surge to US\$2.27 trillion by 2026 from US\$1.69 trillion in 2017. By 2030, the mass affluent income group is expected to climb from 57 million to 137 million in ASEAN alone, accounting for 21 per cent of the region's combined population by 2030. As patients are demanding more personalised, efficient and seamless healthcare experiences with rising affluence, IHH must be ready to capitalise on these growth opportunities.	IHH is expanding capacity in some of our hospitals in Malaysia and India, and stepping up to make better use of existing capacity in Singapore. We continue to ramp up operations and deepen clinical services offerings across all our hospitals in the markets we operate.  We also have adopted a cluster strategy for growth in key metro cities where there is strong demand for private healthcare. For example, in September 2020, we completed the acquisition of Prince Court Medical Centre, located in the "Golden Triangle" area of Kuala Lumpur. This takes the number of hospitals we operate in Malaysia up to 16.	<ul style="list-style-type: none"> <li>• Improve Locally, Synergise Globally</li> <li>• Develop Robust, Sustainable Growth Platforms</li> </ul>
<b>Disease Outbreaks, Epidemics and Pandemics</b>	In the healthcare industry, disease outbreaks, epidemics and pandemics such as COVID-19 require us to change the way we operate and step up security and protective measures. We expect to face increased costs of manpower and consumables in response to such health crises. This is to limit cross-infections and ensure the safety of our staff, patients and visitors. At such times, doctors and patients are likely to defer non-essential procedures as the COVID-19 crisis has demonstrated. This pandemic puts pressure on healthcare systems worldwide, IHH included, and poses a safety risk to our patients and staff, particularly those working on the frontline.	We undertook various measures to enable us to serve our community safely during the pandemic, including introducing telemedicine, making contactless screening efforts (see also our response to Technological disruption) and forging partnerships with governments in the areas in which we operate ( <i>See our response to Public-Private Partnerships on the bottom of the next page</i> ).	<ul style="list-style-type: none"> <li>• Build Trust Culture</li> <li>• Improve Locally, Synergise Globally</li> <li>• Develop Robust, Sustainable Growth Platforms</li> </ul>
<b>Long-Term Trends</b>			
<b>Technological Disruptions</b>	Technological disruptions have been identified as one of the impending, if not immediate, issues that the healthcare industry will face, driven in part by evolving consumer expectations. Increasingly, consumers are no longer passive participants in addressing their healthcare needs and are demanding transparency, convenience, access, and personalised products and services.  Hospitals continue to be essential in the delivery of healthcare services particularly in the quaternary and tertiary space where patients carry out physical procedures.  COVID-19 accelerated the pace and pressure for the healthcare industry to adopt technology, particularly in the telehealth space. Our failure to respond with innovative and complementary solutions will erode the convenience and trust for patients and employees in IHH.	IHH embarked on several technological initiatives over the year, to enhance our digital health offerings and offer patients a seamless experience in transitioning from our brick-and-mortar touchpoints to online platforms. This can be seen especially in response to the COVID-19 pandemic. <ul style="list-style-type: none"> <li>• We rolled out telemedicine globally, offering our patients convenient access to IHH's full suite of services, from consultation to doorstep drug delivery, with the option for a seamless transfer to brick-and-mortar facilities, when necessary.</li> <li>• Fortis Hospital, Bannerghatta Road introduced Mitra robot for COVID-19 screening, which enabled our healthcare workers to work safely.</li> <li>• Parkway Pantai, working with Accredify in Singapore, has been issuing Verifiable Digital COVID-19 Swab Results to travellers taking pre-departure swab tests since November 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Build Trust Culture</li> <li>• Improve Locally, Synergise Globally</li> <li>• Develop Robust, Sustainable Growth Platforms</li> </ul>
<b>Shortage of skilled healthcare professionals amid a competitive landscape</b>	The demand globally for skilled healthcare professionals has grown immensely in recent years and the COVID-19 pandemic has elevated this demand immensely. The World Health Organization and the World Bank have projected a global shortage of 18 million healthcare workers in 2030. Southeast Asia alone will require about 4.7 million more health workers to achieve effective coverage. This pursuit of effective and skilled professionals has also resulted in rising labour costs over the years.  With labour shortages and a higher cost base, delivering effective and efficient service is a challenge for many healthcare providers. While IHH remains well resourced, we are aware of the increased pressures faced by our employees, especially frontline workers, amid the pandemic. As the healthcare industry is largely reliant on manpower, we must find effective solutions to reduce labour-intensive tasks and enhance overall productivity, given the rising population and their growing needs.	Besides ensuring competitive remuneration packages and career development opportunities for our employees, we leverage technology and innovation to drive productivity. Our well-established international reputation and cross-country exchange programmes between our operating subsidiaries continue to give us the edge in talent recruitment and retention.  IHH keeps seeking new ways to raise productivity standards through increased digitalisation, innovation and technology. We believe in cultivating a culture of consistent upskilling through training and maintaining positive mindsets. We organise an annual Quality Summit where innovative projects of staff from our different markets are presented. Selected projects are potentially implemented to realise synergies across the Group.	<ul style="list-style-type: none"> <li>• Build Trust Culture</li> </ul>

Trends	Impact on Group	Our Response	Link to Strategy
<b>Long-Term Trends</b>			
<b>Geopolitical Tensions</b>	Escalating geopolitical tensions take a toll on global investment portfolios, with some markets facing uncertainties. The political climate in the Middle East, especially in Turkey, has seen the US imposing sanctions and tariffs. This exacerbates the volatility of the Turkish Lira (TL), which continues to be a challenge that IHH actively manages.	<p>IHH is committed to managing geopolitical risks by applying defences to our strategies. One of the immediate ways is to establish natural hedges of our future borrowings to match investments, to avoid any mismatch of earnings with debt servicing. The Group is also closely monitoring developments involving the Turkish Lira (TL) and has established clear plans to reduce Acibadem's foreign debt to manage its exposure to currency volatility. In 2020, Acibadem significantly reduced its unhedged non-Lira debt to 37 million euros. By diversifying our businesses and geographies, the Group reduces our reliance on a single market. This allows cyclical dips in one market to be offset by gains in another.</p> <p>Our strong portfolio of cash-generative assets and strong cashflow generation in developed markets such as Singapore and Malaysia are well poised to support our growth in the emerging markets of Turkey, India and Greater China. See also our Financial Review on pages 49 to 50.</p>	<ul style="list-style-type: none"> <li>• Improve Locally, Synergise Globally</li> </ul>
<b>Competition</b>	<p>Healthcare industry is set in a competitive landscape in which healthcare service providers are merging and consolidating their operations to maximise economies of scale.</p> <p>Healthcare companies and start-ups are accelerating the pace to adopt technology, providing new disruptive services which might change the way patients consume healthcare services at hospitals.</p>	<p>We strengthened our capabilities and capacities to undertake more complex medical cases. We are also well-placed to leverage our reach and scale by tapping on our diverse talent pool to develop high value-added services and product offerings to boost our competitive edge in the healthcare space. For instance, Global Hospitals, Parel was the first hospital in Mumbai to successfully perform a bilateral hand transplant, led by the plastic reconstruction surgeon Dr Nilesh G Satbhai. The surgery performed allowed the patient to regain 95% of her hand function and lead an independent and normal life.</p> <p>IHH reacted quickly to the COVID-19 pandemic by rolling out telemedicine services across our network in May 2020 to make it convenient for our patients to access our healthcare services. We are continuing to enhance our complementary digital ecosystem and services and have, for example, partnered with Singapore-based telehealth company, Doctor Anywhere's (DA) end-to-end digital platform allows patients to schedule and receive virtual consultations with a doctor anytime and anywhere. It also gives them the option to have their prescribed medications delivered to their homes. This partnership with DA enables us to expand our digital ecosystem to complement our full suite of healthcare service to better serve our clients.</p>	<ul style="list-style-type: none"> <li>• Improve Locally, Synergise Globally</li> <li>• Develop Robust, Sustainable Growth Platforms</li> </ul>
<b>Public-Private Partnerships (PPP)</b>	<p>There is a demand-capacity mismatch globally for health care services and a challenge in connecting the healthcare supply chain, from drug shortages to protective equipment, especially during the COVID-19 crisis.</p> <ul style="list-style-type: none"> <li>• Covid-19 has underscored the importance of PPP in addressing healthcare emergencies swiftly and effectively, as one.</li> <li>• Mutual trust and partnership between the private healthcare sector and governments are crucial for a sound and sustainable healthcare ecosystem.</li> </ul>	<p>As a private healthcare provider, IHH is ready to be an extension of public healthcare systems and lend our support where we can across our global network. Our initiatives in 2020 include:</p> <ul style="list-style-type: none"> <li>• Lending 20 ventilators from our network of 15 Gleneagles and Pantai Hospitals in Malaysia to public hospitals for the treatment of patients in their Intensive Care Units.</li> <li>• Allocating 200 beds across our network of 15 Pantai and Gleneagles Hospitals in Malaysia, to treat non-COVID-19 patients decanted from public hospitals</li> <li>• Strengthening our capacity to process COVID-19 swab tests at our laboratories in Malaysia, India and Turkey to support mass testing strategy of these countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Build Trust Culture</li> <li>• Develop robust, sustainable growth platforms</li> </ul>

 Please refer to our Performance Review starting on Page 49 to see how these trends have impacted each of our home and key markets.

# Business Model

IHH Healthcare is a leading international private healthcare operator. The Group’s vast healthcare network provides a full spectrum of healthcare and related services that deliver excellent clinical outcomes for our patients while creating long term sustainable value for our stakeholders.

## 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 10 countries. As a leading integrated healthcare service, we equip our hospitals with best-in-class medical equipment and technology to provide their services.

### Human Capital

The skills and competency of our employees are instrumental in building relationships with our patients and stakeholders. Our multi-pronged talent retention programme offers competitive remuneration and 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 cost efficient and effective for recovery.

### Brand Capital

Our healthcare brands, including, but not exclusive to Gleneagles, Mount Elizabeth, Pantai, Parkway, IMU, Fortis Healthcare, Acibadem and Prince Court, are renowned for their premier service quality and are among the most prestigious in Asia, and Central and Eastern Europe.

### 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, and various governments and communities to build long-term relationships.

## What We Do

As a healthcare service network, our mission is to take exemplary care of our patients, anchored around our people who strive to continuously raise the bar in clinical, operational and service excellence.



## IHH Healthcare Edge

### Leading Brand in Each of Our Home Markets

Our full spectrum of quality healthcare services and talent has firmly established us as household names in our home markets.

### Outstanding Reputation for Clinical Outcomes

Our unwavering commitment to provide the highest standards of healthcare has led to global prominence for excellent clinical outcomes.

 Find out more on our approach to governance and sustainability on page 105 and 137

## Delivering Value to Our Stakeholders



### Primary Care

Primary care refers to access to basic day-to-day healthcare services via outpatient treatment of common illnesses, routine check-ups and vaccinations. It includes preventive care and patient education



### Secondary & Tertiary Care

Secondary care comprises specialist consultations, local surgeries, emergency care, laboratory services, diagnostics and acute treatments. It goes a step beyond with specialist consultative care, advanced treatments or complex surgeries and inpatient care.



### Quaternary Care

Quaternary care is an advanced level of medical care that 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.

### Our Patients

Our patients' needs are our priority. We go the extra mile to provide quality and exemplary care. Patients rely on us to give sound medical advice and deliver superior clinical outcomes, with the help of our medical technologies. We already have leading brands in our various home markets, underpinned by an outstanding reputation for clinical outcomes. To double down building trust with our patients, we will continue to build on our strengths and make healthcare services more convenient. Our patients are also assured of speed, affordability, and high-quality medical care.

### Our People

When we build a caring and inspiring environment for employees to succeed, they are motivated to do their best and shape the future with us. On top of competitive remuneration and a nurturing work environment, we provide continuous training and development opportunities for all our employees in both clinical and business services.

### Our Partners

We view our doctors, healthcare professionals and vendors as important partners, and work together with them with respect and honesty for mutual benefits. Our 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 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.

### Our Shareholders

We deliver value to shareholders by balancing purpose and profit to achieve long-term sustainable earnings growth and shareholder value. We reciprocate their trust and loyalty through active stewardship of the company, based on a strong corporate governance framework.

### Our Communities

We do good in our communities beyond our healthcare services. With our people, size, reach and relentless pursuit of excellence, we commit to making a difference one patient, one family, one touch, at a time.

### Leveraging International Scale

Our network of 80 hospitals across 10 countries allows the Group to achieve stronger synergies by pooling together best practices and building deep capabilities.

### Continuously Deepening Operating Capabilities

Our international network allows IHH to invest in various deep capabilities to better deliver care while amortising the costs over its large international network.

### A Strategy Based on Trust

Our strategy is built on a foundation of trust among our patients and employees, which engenders strong, sustainable growth and, in turn, profitability.

 Find out more about our Business Strategy on pages 36 and 37

# Business Strategy

We will deliver on our vision through a clear strategy for the next five years from 2020 to 2024. Our refreshed strategy has been critical in providing resilience through the COVID-19 pandemic and it will continue to provide clear direction to firm recovery and unlocking our potential as a group.

## 2020-2024 Strategic Focus Areas



## An Enduring Sustainability Strategy

## 2020-2024 Strategic Focus Areas

Our strategic thrusts are the main drivers steering the Group to fulfil our vision to be the world's most trusted healthcare services network. The following three thrusts lay the foundation for executing our strategy and achieving sustainable growth.



**Improve Locally, Synergise Globally**



**Build Trust Culture**

2020

2021

### Strategic Objectives

#### Build Resilience

Establishing a solid foundation for our strategy by building a trust culture

Manage our cost base such as by deferring non-essential capital expenditures

#### Associated Risks

Geopolitical risk  
Cyber security risk

Forex risk

## Sustainability Strategy

IHH's three-pronged sustainability strategy guides the implementation of sustainability initiatives and supports the Group's overall business strategy. It covers critical areas involving opportunities for growth and learning for IHH to achieve economic, environmental and social sustainability.



#### Quality Healthcare

To prioritise patient experience and encourage feedback to improve satisfaction levels and to continuously benchmark our standards for quality to international standards throughout our operations.



## Develop Robust, Sustainable Growth Platforms

To develop our growth platforms so that we are able to address multiple areas of the healthcare industry such as our laboratory facilities, health data, medical tourism, etc., to build an ecosystem that provides excellent healthcare services.

Leveraging IHH's international scale, we will drive stronger synergies that will enable us to deepen our services and quality through our large networks.

As healthcare providers, we are driven to live up to the trust our patients place in us by providing the best medical care and outcomes. In addition to this, by fostering a culture of trust within IHH, we motivate our employees to reach their full potential and ensure they are well-equipped to deliver the best patient care.

2022

2023

2024

### Lead Recovery

Drive further integration of our acquisitions into our global network

Focused growth based on our geographical clusters

### Maximise Gains

Realise gains from the efficiencies of synergy across our global network

Geopolitical risk  
Cyber security risk

Geopolitical risk



### Sustainable Growth

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



### 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.

# Stakeholder Engagement

IHH recognises our stakeholders to be the individuals and groups that influence our ability to provide quality healthcare services, as well as those who have an interest in the performance of the Group as a leading international healthcare provider.

Stakeholder Group	Stakeholder Profile
<b>Senior Management</b>	Senior Management sits below the Board of Directors. Members guide the Group in addressing economic, environmental and social issues in order to achieve sustainable growth.
<b>Doctors, Nurses and Employees</b>	Our employees are the backbone of our success. We ensure a conducive working environment in which they can work optimally and sustainably, and we encourage them to communicate their concerns to Senior Management.
<b>Investors and Shareholders</b>	Investors and shareholders provide capital funding for IHH to develop across all geographic regions. They prioritise the Group’s performance and reputation, ensuring that we continue to operate in an ethical and sustainable manner.
<b>Academia</b>	The academic community at IMU plays an important role in fostering the next generation of healthcare professionals. IHH ensures that they have the materials and resources necessary to provide top quality medical education.
<b>Students</b>	Students at IMU represent the future of healthcare. To nurture them as the next generation of highly skilled healthcare professionals, IHH provides students with a conducive learning environment.

This year, we have included students from our IMU campus in IHH’s list of stakeholder groups. We continue to regularly engage with our stakeholders to understand their concerns and address these accordingly.

Stakeholder Expectations	IHH’s Response	Methods and Frequency of Engagement
<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Talent attraction and retention</li> <li>• Succession planning</li> <li>• Operational performance</li> <li>• Sustainable growth</li> </ul>	<p>IHH equips our Senior Management with the resources and other support to help them lead their teams in performing to the best of their capabilities so as to enhance the Group’s reputation</p>	<ul style="list-style-type: none"> <li>• Monthly IHH Operations Meetings</li> <li>• Quarterly Board Meetings</li> <li>• Quarterly Board Audit Committee Meetings</li> <li>• Quarterly Risk Management Committee Meetings</li> <li>• Monthly Board Steering Committee Meeting</li> <li>• Board Nomination Committee Meetings when required</li> <li>• Board Remuneration Committee Meetings when required</li> </ul>
<ul style="list-style-type: none"> <li>• Staff and doctor engagement/ feedback sessions</li> <li>• Positive workplace culture and a conducive work environment</li> <li>• Career development and training</li> </ul>	<p>We conduct town hall meetings to address concerns raised and develop strategies to improve performance. Training is provided to enhance skill sets and support career development.</p>	<ul style="list-style-type: none"> <li>• Annual town hall meetings</li> <li>• Annual focus group sessions</li> <li>• Annual/biannual employee engagement surveys</li> <li>• Weekly physicians meetings</li> </ul>
<ul style="list-style-type: none"> <li>• Continued operational growth and financial sustainability</li> <li>• Clear and transparent reporting</li> <li>• Strong Corporate Governance framework</li> <li>• Effective and timely shareholder engagement</li> <li>• Succession planning</li> </ul>	<p>IHH fosters trust with our investors and shareholders through transparent disclosures of our economic, environmental, social, and governance risks and opportunities.</p>	<ul style="list-style-type: none"> <li>• Annual General Meeting (AGM)</li> <li>• Extraordinary General Meeting (EGM) when required</li> <li>• Ongoing investor conferences, site visits and ad hoc events with investors, engagement sessions with sell-side and buy-side analysts</li> <li>• Ongoing non-deal roadshows</li> <li>• Corporate website</li> </ul>
<ul style="list-style-type: none"> <li>• Research and development</li> <li>• Strong relationship with Partner Schools/ Universities</li> <li>• Education financing, teaching and learning support</li> <li>• Industry partnership</li> <li>• Students’ welfare and emotional support</li> <li>• Strong relationship with residents and community</li> </ul>	<p>We foster an environment where leading academics can exchange ideas and information on the latest healthcare developments.</p>	<ul style="list-style-type: none"> <li>• Biannual town hall meetings</li> <li>• Faculty meetings held every two months</li> <li>• Quarterly Dean meetings</li> <li>• Biennial Staff Barometer Survey</li> </ul>
<ul style="list-style-type: none"> <li>• High-quality education at premium price point</li> <li>• Highest level of knowledge, skills and competency upon graduation and throughout professional career</li> </ul>	<p>We provide world-class education to support the next generation of medical professionals. We foster an environment conducive to learning and keeping abreast of the latest industry developments.</p>	<ul style="list-style-type: none"> <li>• Regular monitoring of teaching and learning activities</li> <li>• Quarterly meeting with Students ‘Representative Council</li> <li>• I-Barometer survey on students’ satisfaction</li> <li>• Mentor-mentee system</li> <li>• Programme Director briefing to the class in the semester</li> </ul>

# Stakeholder Engagement

Stakeholder Group	Stakeholder Profile
<b>Patients</b>	Patients are among our most valued stakeholder group. We provide them with satisfactory levels of healthcare services to build their trust and loyalty, and improve clinical outcomes.
<b>Accreditation Bodies</b>	Accreditation bodies, such as Malaysian Society for Quality in Health (MSQH), Joint Commission International (JCI), Malaysia Research Assessment (MyRA) ensure that IHH provides high-level healthcare services and education in line with accreditation requirements and standards.
<b>Regulators</b>	Regulators assess IHH operations for compliance with relevant laws and regulations. We maintain frequent communication with them to ensure the Group is kept up to date with the latest regulatory requirements.
<b>Local Communities</b>	Local communities are the main beneficiaries of our corporate social responsibility (CSR) projects. These projects aim to make a positive impact on the communities we engage with and to improve public health awareness.
<b>Intermediaries</b>	Intermediaries are third-party representatives that assist in our provision of healthcare services across IHH hospitals and clinics. They include insurance companies, privately insured patients, and third-party administrations, among others.
<b>Suppliers and Service Providers</b>	Suppliers and service providers are a key stakeholder group that supports IHH in providing quality healthcare services to our patients. We maintain a professional relationship with our suppliers and service providers to ensure a transparent and sustainable supply chain.

Stakeholder Expectations	IHH's Response	Methods and Frequency of Engagement
<ul style="list-style-type: none"> <li>• Delivery of quality healthcare</li> <li>• Patient experience</li> <li>• Health awareness and information</li> <li>• Cost-effectiveness</li> <li>• Patient privacy and data protection</li> </ul>	<p>We strive to deliver excellent healthcare services that revolve around patient care. We conduct patient satisfaction surveys to better understand and enhance our performance.</p>	<ul style="list-style-type: none"> <li>• Consultations when required</li> <li>• Patient Satisfaction Surveys conducted throughout the year</li> <li>• Admission and discharge</li> <li>• Patient Education and Family Conferences when required</li> </ul>
<ul style="list-style-type: none"> <li>• Regular audits and verification</li> <li>• Meeting international benchmarks</li> </ul>	<p>To ensure that we meet the requirements of the accreditation bodies, we conduct regular audits and inspections to evaluate our performance and bridge gaps.</p>	<ul style="list-style-type: none"> <li>• Triennial JCI (Joint Commission International) audit and inspections</li> <li>• Annual MSQH (Malaysian Society for Quality in Health) surveillance audit</li> <li>• MSQH certification inspection conducted every four years</li> <li>• NABH (National Accreditation Board for Hospitals &amp; Healthcare Providers) surveillance audit conducted every one and a half years</li> <li>• Triennial NABH certification audit</li> <li>• MQA (Malaysian Qualification Agency) audits conducted when required</li> <li>• Biennial SETARA (Higher Education Rating system in Malaysia) assessment</li> <li>• Annual Malaysia Research Assessment ("MyRA")</li> </ul>
<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Regulatory reform relating to hospital planning</li> <li>• Employee and patient safety</li> </ul>	<p>Regular inspections and audits are conducted to ensure that we comply to relevant legislations and requirements.</p>	<ul style="list-style-type: none"> <li>• Formal correspondence and meetings when required</li> <li>• Hospital visits when necessary</li> <li>• Biennial audits and inspections by the Ministry of Health</li> </ul>
<ul style="list-style-type: none"> <li>• Improve accessibility to healthcare services</li> <li>• Increase public awareness about healthcare</li> <li>• Providing opportunities to the next generation of healthcare professionals</li> <li>• Funding community projects</li> </ul>	<p>IHH conducts various health and education programmes to promote the health and well-being of our local communities.</p>	<ul style="list-style-type: none"> <li>• Ongoing programme for free medical treatment</li> <li>• Health awareness initiatives when necessary</li> <li>• Scholarships and professorships are endowed and carried out in perpetuity</li> <li>• Sponsorships and donations</li> </ul>
<ul style="list-style-type: none"> <li>• At the service level – Timeliness of the guarantee letter issuance from intermediaries</li> <li>• The cost of healthcare in private hospitals especially in medical treatment packages and services</li> </ul>	<p>We strengthen relationships with intermediaries through frequent engagement via referral letters and talks to guarantee smooth operations of health system functions.</p>	<ul style="list-style-type: none"> <li>• Guarantee Letter/Referrals sent out daily</li> <li>• Health talks, forums, Continuing Medical Education (CME) carried out monthly or every 2 months</li> <li>• Process and service improvements carried out monthly, quarterly, or when required</li> <li>• Hospital empanelment/renewal when required</li> <li>• Claims and charges review meeting when required</li> </ul>
<ul style="list-style-type: none"> <li>• Cost-effectiveness</li> <li>• Fair and transparent negotiations</li> <li>• Value proposition price and quality</li> </ul>	<p>We foster good relationships with our suppliers and service providers by ensuring transparent tender processes, and evaluate their performances as well.</p>	<ul style="list-style-type: none"> <li>• Vendor presentations and product demonstrations are conducted upon the introduction of new products</li> <li>• Formal sessions to update knowledge on product information conducted at least twice a year</li> <li>• Tender briefings held at each tender session upon users request to brief tenderers on tender specifications</li> <li>• Tender clarification sessions held with each tender launched to seek clarification on details relating to tender submissions</li> <li>• Group Procurement Office/MMD (Materials Management Department)/Purchase committee for price negotiations with vendors, carried out continuously – for both existing and new purchases.</li> </ul>

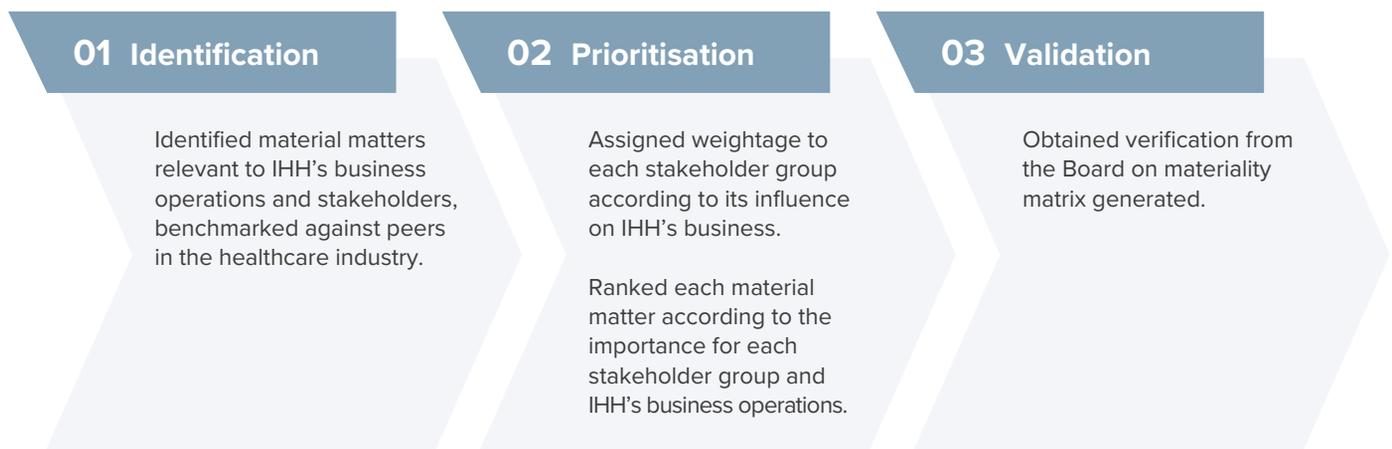
# Our Material Matters

Sustainability at IHH means we focus on areas of opportunity that maximise our value for long-term growth while ensuring our operations do not impact the surrounding ecosystem. Doing this allows our business to intersect positively with the environment and society.

## Materiality Assessment

Our list of material matters represents the priorities of the Group and reflects changing healthcare needs, as well as emerging challenges, through the lens of sustainability. The identification and prioritisation of material matters by the Sustainability Management Committee (SMC) are both part of a three-step materiality assessment process that was conducted in FY2019.

This year, after a meeting held to deliberate on the relevance of the material sustainability matters for FY2020, the SMC decided to maintain the 20 material sustainability matters identified in FY2019. Increased importance was, however, given to Occupational Safety and Health because of the COVID-19 pandemic. The 20 material matters were then validated by the Board as the final step in the three-step process.



The materiality assessment helps us identify opportunities for long-term growth and shared value creation. Our 20 materiality matters have been categorised according to the Group's five pillars of sustainability as presented below.

<p><b>Our Patients</b></p> <ul style="list-style-type: none"> <li>• Patient Safety and Welfare</li> <li>• Quality of Care and Patient Satisfaction</li> <li>• Privacy of Patients' Data and Medical Records</li> </ul>	<p><b>Our People</b></p> <ul style="list-style-type: none"> <li>• Occupational Safety and Health</li> <li>• Talent Recruitment and Retention</li> <li>• Employee Capability Building</li> <li>• Human Rights</li> </ul>	<p><b>Our Organisation</b></p> <ul style="list-style-type: none"> <li>• Ethics and Integrity</li> <li>• Corporate Governance</li> <li>• Compliance and Regulatory Risks</li> <li>• Economic Performance</li> <li>• Cost-Effectiveness</li> <li>• Technology and Innovation</li> </ul>	<p><b>Our Environment</b></p> <ul style="list-style-type: none"> <li>• Waste Management</li> <li>• Energy Conservation</li> <li>• Water Efficiency</li> <li>• Green Design and Construction</li> <li>• Climate Change</li> </ul>	<p><b>Our Community</b></p> <ul style="list-style-type: none"> <li>• Affordable and Accessible Treatment</li> <li>• Community Engagement</li> </ul>

Material Sustainability Matter	Description	Strategic Thrusts	Stakeholders	Sustainable Development Goal(s)
<b>Our Patients</b>				
<b>Quality of Care and Patient Satisfaction</b>	The provision of quality healthcare services promotes higher patient satisfaction that leads to an increase in patient trust and loyalty. This in turn attracts new patients to IHH hospitals and clinics to obtain the necessary medical treatment.	<ul style="list-style-type: none"> <li>Build trust culture</li> <li>Improve locally, synergise globally</li> </ul>	<ul style="list-style-type: none"> <li>Patients</li> <li>Doctors, Nurses and Employees</li> </ul>	
<b>Privacy of Patients' Data and Medical Records</b>	Safeguarding patients' right to privacy is crucial in promoting trust among our patients. Building trust safeguards our position as a healthcare provider of choice across our operating divisions. We implement stringent procedures and policies to ensure patient data and medical records are kept safe.	<ul style="list-style-type: none"> <li>Build trust culture</li> </ul>	<ul style="list-style-type: none"> <li>Patients</li> <li>Doctors, Nurses and Employees</li> <li>Regulators</li> </ul>	
<b>Patient Safety and Welfare</b>	Patient safety is of utmost importance to IHH. By keeping our patients safe, we support the recovery process. We ensure our patients are kept free from harm by practising the rational use of medicines and through the preparation of patient-centric menus.	<ul style="list-style-type: none"> <li>Build trust culture</li> </ul>	<ul style="list-style-type: none"> <li>Patients</li> <li>Doctors, Nurses and Employees</li> <li>Regulators</li> </ul>	
<b>Our People</b>				
<b>Occupational Safety and Health</b>	Ensuring our employees are provided with a safe, conducive work environment is a top priority for IHH. By practising safe workplace behaviour, we hope to be an employer of choice across our home markets. We conduct regular assessments on workplace safety and implement stringent policies and procedures to ensure workplace hazards are minimised.	<ul style="list-style-type: none"> <li>Build trust culture</li> </ul>	<ul style="list-style-type: none"> <li>Doctors, Nurses and Employees</li> <li>Regulators</li> </ul>	 
<b>Talent Recruitment and Retention</b>	Our employees are a crucial part of the Group. Without them, we would not be able to provide healthcare services that allow us to achieve our vision of becoming the world's most trusted healthcare services provider. We recruit talented individuals and ensure they are well taken care of throughout their tenure at IHH hospitals and clinics.	<ul style="list-style-type: none"> <li>Build trust culture</li> </ul>	<ul style="list-style-type: none"> <li>Senior Management</li> <li>Doctors, Nurses and Employees</li> </ul>	
<b>Our Organisation</b>				
<b>Corporate Governance</b>	Good corporate governance is necessary to ensure IHH remains accountable and transparent. The Group is helmed by the Board of Directors, guiding Senior Management, who ensure that IHH remains an organisation of integrity. Our experienced leadership team continues to guide IHH in achieving our vision and mission.	<ul style="list-style-type: none"> <li>Build trust culture</li> <li>Improve locally, synergise globally</li> <li>Develop robust sustainable growth platforms</li> </ul>	<ul style="list-style-type: none"> <li>Senior Management</li> <li>Doctors, Nurses and Employees</li> <li>Investors and Shareholders</li> <li>Regulators</li> </ul>	
<b>Emergency Preparedness and Crisis Response</b>	By ensuring IHH hospitals and clinics are prepared for emergencies and equipped with crisis response plans, we safeguard our ability to provide patient care during times of uncertainty. This year COVID-19 has highlighted the need for emergency preparedness. We rolled out various measures across our operating divisions to safeguard operations while assisting the governments of the countries we operate in to manage the COVID-19 pandemic.	<ul style="list-style-type: none"> <li>Build trust culture</li> <li>Improve locally, synergise globally</li> </ul>	<ul style="list-style-type: none"> <li>Senior Management</li> <li>Doctors, Nurses and Employees</li> <li>Investors and Shareholders</li> <li>Regulators</li> </ul>	
<b>Our Environment</b>				
<b>Waste Management</b>	Improper waste disposal practices can negatively impact public health and damage the environment. At IHH, we continue to implement initiatives to reduce our waste output and carry out proper waste management practices to minimise our environmental footprint for a better tomorrow.	<ul style="list-style-type: none"> <li>Build trust culture</li> <li>Improve locally, synergise globally</li> </ul>	<ul style="list-style-type: none"> <li>Regulators</li> <li>Local Communities</li> </ul>	 
<b>Our Community</b>				
<b>Community Engagement</b>	IHH has taken the responsibility to foster healthy communities across all regions in which we operate. We conduct community engagement programmes that aim to improve public health through health awareness campaigns and health screenings.	<ul style="list-style-type: none"> <li>Develop sustainable growth platforms</li> </ul>	<ul style="list-style-type: none"> <li>Local Communities</li> <li>Doctors, Nurses and Employees</li> <li>Investors and Shareholders</li> </ul>	 

 Please refer to pages 67-89 for further details on how we manage our material sustainability issues.

# 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

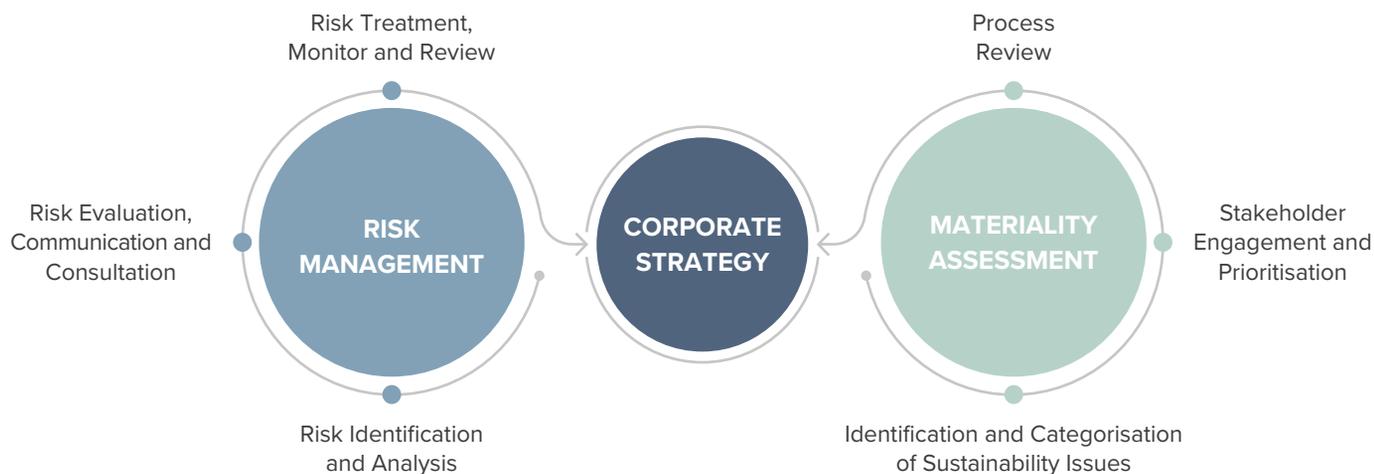
monitor key business risks of the Group. The RMC has a specific focus on clinical governance and quality risk.

In addition, the AC is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that the Group 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 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 105 to 136.

## 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 42.

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 and the risk implication of any change in strategy is identified, assessed and documented. Refer to page 129 for more on our risk management strategy.

# Principal Risks

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
<b>Strategic</b>	Geopolitical	The Group is subject to political, economic and social developments, conditions and changes in the countries that we operate, which have become more complex because of COVID-19.	<p>Our key mitigating strategy includes the diversification of businesses and geographies in the Group. This enables us to leverage synergies, including in earnings.</p> <p>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 potential adverse impacts are understood and, where possible, mitigated.</p>	<ul style="list-style-type: none"> <li>Compliance and regulatory risks</li> <li>Economic Performance</li> </ul>	↔
<b>Operational</b>	Disease Outbreaks	<p>As a healthcare services provider, the group is exposed to the risk of infectious disease outbreaks.</p> <p>In 2020, the COVID-19 pandemic caused unprecedented levels of disruption and uncertainty to companies across the globe in various sectors or industries. As a result, economic/business activities were mostly impacted negatively.</p> <p>The ongoing pandemic subjects the Group to government directives and movement restrictions in countries where we operate, affecting patient volume as well as patient affordability caused by economic slowdown.</p>	<p>The Group has implemented surveillance strategies and control programmes to prevent the spread of infectious disease within our premises.</p> <p>For continuity of care, the Group has established uninterrupted supply chains and our employees are trained and equipped with the knowledge and skills to handle the outbreak without compromising their health and safety.</p> <p>The Group also undertook measures to support national efforts of government in each operating division through the provision of testing facilities and hospital beds for the treatment of recovering COVID-19, as well as non-COVID-19 patients from public healthcare facilities</p> <p>Financially, the Group has been proactive in prudent cash management and forecasting, tightening credit risk, capex deferral, cost containment and reduction. We have also ensured adequate credit facilities were available, if required.</p>	<ul style="list-style-type: none"> <li>Patient safety and welfare</li> <li>Quality of care and patient satisfaction</li> <li>Occupational safety and health</li> </ul>	↑
	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. Such developments would expose the Group to liabilities which could adversely impact our business and reputation.	<p>Cybersecurity measures are continuously reviewed and upgraded, including the monitoring of networks and systems, vulnerability assessments and penetration testing and employee training.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Security and asset protection</li> </ul>	↑
<b>Financial</b>	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 exchange risk and minimises such risk by borrowing in the functional currency of the respective entities. We also enter into foreign exchange forward contracts and cross currency interest rate swaps to manage our exposure. We have reduced exposure to foreign debt significantly in our Turkish operations from €288 million in December 2019 to €37 million in December 2020.	<ul style="list-style-type: none"> <li>Sustainable international healthcare services</li> </ul>	↔

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

↑ Pre-mitigation risk increased

↔ Pre-mitigation risk remained unchanged

↓ Pre-mitigation risk decreased



# DELIVERING SUSTAINABLE CARE

Guided by our strategy and driven by our purpose, we aim to deliver value through providing exemplary care to our patients anchored by our people who strive to continuously raise the bar in clinical, operational and service excellence.



## Performance Review

Financial Review	49
Operations Review	
– Malaysia	52
– Singapore	53
– Turkey and Central and Eastern Europe	54
– India	55
– Greater China	56
– IMU Health	57
– ParkwayLife REIT	57



# PROGRESS FROM THE REFRESHED STRATEGY

We were steadfast in adherence to the execution of our Refreshed Strategy. As a result, the Group performed resiliently in FY2020 and saw strong 4Q2020 results despite the challenges posed by the COVID-19 pandemic. Our disciplined focus on operational efficiencies, increasing bed occupancy and revenue intensity, and tight cost control measures, are starting to see results. Despite an overall fall in revenue and profit in FY2020, we remain on track to double our Return on Equity (ROE) over 5 years from 2020 to 2024.

# Financial Review

## Overview

For the full year 2020, the Group's revenue and EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) fell 10% and 13% respectively, compared with corresponding figures in FY2019, largely due to the challenges of the COVID-19 pandemic. When the health crisis started in January 2020, patients put off non-urgent treatment and visits to hospitals and healthcare facilities. The number of foreign patients has remained low in many of our markets since March 2020 because of the various travel restrictions imposed by the countries where we operate. Unique to Turkey where the borders have re-open, the Turkey operations has seen foreign patients returned from June onwards.

COVID-19 related services we provided mitigated the revenue fall to some extent. We actively collaborated with the health authorities in the countries we operate to conduct COVID-19 screening and laboratory testing services and, where permitted, accepted COVID-19 patients into our facilities. In fact, COVID-19 related services contributed about 11%, 12% and 21% of the 4Q2020 revenues from the Group's operations in Singapore, Turkey, and India respectively. As a Group, we remain agile to adjust and widen our repertoire of services during the pandemic to create and diversify revenue streams.

Our FY2020 EBITDA declined due to lower revenues, with the fall cushioned by tight cost containment measures, new revenue streams and government grants and reliefs. The Group continued to see firm recovery in the fourth quarter as EBITDA rose to RM1.0 billion in 4Q2020 from RM0.9 billion in 4Q2019. EBITDA grew especially from our India, Central and Eastern Europe and Hong Kong operations.

Our FY2020 PATMI (Profit after Taxes and Minority Interests), excluding Exceptional Items (EI), decreased 22% to RM715.3 million from lower EBITDA.

On a brighter note, while most of our markets felt the major impact of the pandemic in April and May 2020, they have seen gradual recovery since June. The Group continued to maintain

a strong portfolio of trusted brands and a healthy balance sheet, with strong cash flow and liquidity in FY2020.

Meanwhile, by sticking to our plan outlined in 2018 to deleverage the non-Lira debt for our Turkey operations, we have further trimmed our forex exposure on our unhedged non-Lira gross debt to 37.0 million euros as at 31 December 2020. The forex exposure has been largely deleveraged and we expect the drag on the Group's earnings to significantly reduce going forward.

## The Year Ahead

In 2021, we are ploughing ahead on our Refreshed Strategy to extract synergies from IHH's international network. Our plan is to sharpen the strategy in each market to deliver greater value for patients, achieve RM100.0 million in cost savings with our procurement synergy programme, and enhance our operational efficiency as one IHH network by integrating systems.

We also plan on driving efficient growth across the business by deepening the execution of our cluster strategy, remaining focused on capital efficiency to prioritise achieving higher returns, and reviewing and calibrating our asset portfolio by addressing non-core or underperforming assets.

Committed to developing sustainable growth platforms, we will embrace innovation and digitalisation in response to patients' needs, and focus on value-driven outcomes in providing healthcare services.

A note on the Qualified Opinion included in our 2019 Audited Financial Statements: the basis for this Qualified Opinion arising from events before the Group completed our acquisition of Fortis Healthcare Limited (Fortis) and its subsidiaries (Fortis Group) on 13 November 2018. We are happy to inform that the Group's audited financial statements is no longer qualified for the financial year ended 31 December 2020. The Group's audited financial statements for the financial years ended 31 December 2019 and 2018 were qualified in relation to ongoing investigations by the Securities and Exchange Board of India (SEBI) and the

Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs of India (including the need for any additional investigations by Fortis). These regulatory investigations are in relation to certain transactions in Fortis Group, which occurred prior to the Group's acquisition in November 2018. Fortis Board appointed an independent accounting firm to conduct additional procedures and enquiries of certain entities and transactions in Fortis Group to ascertain, amongst other things, the extent of diversion of funds from Fortis Group. The independent accounting firm submitted their report to the Fortis Board, and the Fortis Board deliberated the findings at its meeting held on 16 September 2020. There were no additional findings arising from the report that requires further adjustments to the financial statements. 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. Fortis Group is fully co-operating with the regulators in relation to the ongoing investigations to enable the regulators to conclude their investigations. Regarding the SEBI investigations, management and external legal counsels are of the opinion that while no outcome can be predicted with certainty, the likelihood of any potential remedial measures being directed against Fortis Group is low and any potential financial impact of such measures is not expected to be material. Regarding the SFIO proceedings, the outcome of the investigation cannot be predicted at this juncture and the financial impact to the Group, if any, will be recognised in the period that the outcome is known.

## Capital Management

Maintaining a strong capital base and securing the long-term financial sustainability of IHH has always been the Group's strategic goal. Through prudence, we aim to 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 trust and confidence by showing our resilience and flexibility as we align our resources to mitigate risks, seize opportunities and support growth in all areas of our business.

## Financial Review

Due to the many challenges of the pandemic, we deferred non-critical purchases and expansion projects across the network in FY2020. For the hospital projects we slated for implementation between 2021 to 2023, the Group had set aside approximately RM1.0 billion for ongoing committed projects in China and Malaysia.

We also have a Fortis Open Offer and a Malar Open Offer to purchase an additional 26% equity in Fortis and a 26% share in Malar. However, in view of the stay order passed by the Supreme Court of India, we will not be proceeding with the Fortis Open Offer and the Malar Open Offer, for the time being.

### Liquidity

The Group's Balance Sheet and Statement of Cashflows at the end of FY2020 illustrate that we are in a strong cash position to meet our working capital and CAPEX requirements for the next 12 to 18 months. Besides managing payments, receipts and financial risks effectively, we constantly review the funding strategy for IHH and our subsidiaries to ascertain that we have sufficient liquidity to meet our obligations.

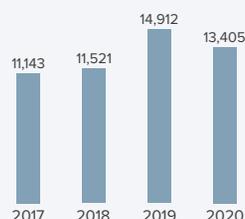
As at 31 December 2020, our net debt/EBITDA stood at 1.9, compared with 1.3 as at 31 December 2019. Our gearing ratio moved upwards due to higher loans and borrowings resulting from the drawdown of facilities to finance working capital, capital expenditure, and the acquisition of Prince Court Medical Centre. Our balance sheet demonstrates a cash position of RM4.2 billion, which includes RM1.9 billion placed in escrow for the pending open offer for Fortis.

### Outlook

With the battle against COVID-19 yet to be won, the Group's priority is to continue collaborating with the public healthcare systems in the countries where we operate to overcome the challenges, be it with vaccinations or other healthcare approaches.

### Revenue

RM 13.4b (↓10% vs FY2019)



### EBITDA

RM 2.9b (↓13% vs FY2019)



### PATMI

RM 288.9m (↓48% vs FY2019)



### PATMI (Excl EI)

RM 715.3m (↓22% vs FY2019)



RM'mil	2017	2018	2019	2020
Revenue	11,143	11,521	14,912	13,405
EBITDA	2,280	2,478	3,318	2,876
PATMI	970	628	552	289
PATMI (Excl EI)	595	1,028	921	715
Margins	2017	2018	2019	2020
EBITDA Margin	20%	21.5%	22%	21%
PATMI Margin	9%	5%	4%	2%
PATMI (Excl EI) Margin	5%	9%	6%	5%

Meanwhile, patient volumes have gradually recovered since June 2020. We expect our proactive execution of our Refreshed Strategy will help to cushion the impact of short-term headwinds from COVID-19. Our diversified earnings across 10 markets gives us more resilience as key markets are at different phases of recovery. At the same time, we will continue to use a targeted strategy for each market to ensure sustained earnings growth, create new revenue streams and improve case mix.

To sustain our current robust financial position and ensure continued strong operating cash generation, we will maintain tight cost and capital discipline, including further reduction in forex exposure for our unhedged non-lira borrowings. By staying focused on executing our Refreshed Strategy, we are confident that our longer-term growth trajectory to double our ROE between 2020 and 2024 remains on course.

# PERFORMING RESILIENTLY

Surmounting the challenges of the COVID-19 pandemic, IHH Healthcare maintained efficiency and excellence in our operations and remained financially strong in FY2020. By June our markets of Malaysia, Singapore, Turkey, India and Greater China has seen occupancy recover to about 50-65% across our markets. During the year we supported public healthcare systems in countries where we operate through Public-Private Partnerships. In the “next normal” ahead, we will continue executing on our Refreshed Strategy that has enabled us to be resilient, and leverage technology such as digitalisation, to ensure continuity while building trust with all our stakeholders – our patients, staff, investors, partners, and the governments in each market.



# Operations Review

## Home Market – Malaysia

### What we do



Primary Care



Secondary & Tertiary Care



Quaternary Care



Complementary Ancillary Services

Going by the number of licensed beds, IHH is Malaysia’s second largest private healthcare provider. Our hospital network, operating under the Pantai, Gleneagles and Prince Court brands, offers 2,900 licensed beds across 16 hospitals and is supported by our ancillary healthcare services, including, Pantai Integrated Rehab and Pantai Premier Pathology.

### Performance Highlights

We continued to support the Public sector in the fight against COVID-19 through various initiatives. In April, IHH responded to the shortage of ventilators in Malaysia’s public hospitals by lending them 20 ventilators from our 15 Pantai and Gleneagles hospitals. We also committed 200 beds to help the public healthcare system treat COVID-19 patients and pledged more than RM240 million to assist decanted patients. The country’s health authority also authorised Gleneagles and Pantai hospitals around Kuala Lumpur and Melaka to perform on-demand swab testing for COVID-19. In May 2020, we rolled out our telemedicine service across all our key markets to allow for virtual consultations for our patients. Since January 2021, we have been treating COVID-19 patients at our hospitals.

The pandemic led to deferments of non-critical treatments and a dip in medical tourism. Our FY2020 revenue decreased 6% to RM2.2 billion year-on-year. However, we have started

to see recovery since Q2 – when the pandemic was at its height – as local patients gradually returned after the lifting of Malaysia’s Movement Control Order (MCO) in June. However, Conditional MCO was introduced in November as the number of COVID-19 cases escalated in Malaysia. EBITDA for the year decreased 18% to RM555.9 million.

Our inpatient admissions decreased 27% to 158,944 while revenue intensity grew to RM8,428 on the corresponding improved case mix. Average occupancy for the year stood at 49%. COVID-19 related services for the year contributed to about 4% of revenue.

To strengthen our service offerings in Kuala Lumpur, we completed our acquisition of a 100%-stake in Prince Court Medical Centre in September 2020. This means IHH now operates 16 hospitals in Malaysia.

To continue deepening our service offerings in the country, we rolled out our Value Driven Outcomes (VDO) initiative since 2019 in Malaysia, Singapore and Turkey, starting with four common high-volume procedures that have the biggest impact on patients: Total Knee Replacement (KR), colonoscopy, Anterior Cruciate Ligament Surgery (ACL) and Percutaneous Coronary Intervention (PCI). This has already led to improvements in clinical practice and better outcomes for various procedures.

### Outlook

Despite the unprecedented challenges triggered by COVID-19, we are confident that the demand for private healthcare will come back because of Malaysia’s ageing population, the increased incidences of non-communicable diseases and longer life expectancies.

In Malaysia, we will drive growth in an organic basis via a two-pronged strategy. Firstly, through our metro cluster strategy, we will continue to pursue “Centres of Excellence” in the hub hospitals to deepen our specialisations and grow efficiently. Secondly, we will focus on driving bed occupancy across all our hospitals as well as re-engineer our clinical services at the suburban clusters to extend our services to the fast growing middle income-segment and better serve their needs.

In addition, medical tourism has grown substantially in recent years due to a rise in the quality of services offered, competitive pricing and greater cross-mobility. We expect medical tourism to continue to trend upwards with the opening of the borders and resumption of international travels.

The Group will also keep implementing our cluster strategy for growth by expanding and tweaking the service offerings within IHH-established clusters to enable our hospitals to deliver high quality healthcare for better value to the community. Acquiring Prince Court Medical Centre is an example of how we continually develop robust, sustainable growth platforms via our cluster strategy. Thanks to IHH’s scale, we are also able to achieve cost efficiencies synergistically and operational efficiency for such new acquisitions.

## Home Market – Singapore

### What we do



Primary Care



Secondary & Tertiary Care



Quaternary Care



Complementary Ancillary Services



Medical Education

IHH is Singapore's leading private healthcare provider through our Mount Elizabeth, Gleneagles and Parkway brands. Our brands are associated with exceptional quality and prestige in healthcare services with 4 hospitals with almost 1,000 licensed beds, are supported by more than 50 medical centres and clinics, as well as ancillary services provided by Parkway Laboratories, Parkway Radiology and Angsana Molecular & Diagnostics.

### Performance Highlights

Since the lifting of Singapore's Circuit Breaker measures in June, local patient numbers have recovered. For the full year of 2020, revenue decreased 9% to RM3.9 billion, and EBITDA was down 8% to RM1.4 billion. COVID-19 related services accounted for about 8% of revenue for the year.

Our inpatient admissions decreased 18% to 64,071 while revenue intensity increased 5.2% to RM34,573. Average occupancy was at 55%.

As part of our culture of nurturing trust, our hospitals collaborated with the local government by treating COVID-19 patients to alleviate the patient load at public hospitals. When border screening started in January, many of our operations staff forewent Chinese New Year celebrations to conduct perform temperature screening for visitors entering Singapore via land and sea border checkpoints. Some employees with non-clinical backgrounds even worked alongside nurses at the frontline to do swab testing.

To join in the fight to flatten the COVID-19 curve, our Singapore Operations team ramped up testing efforts for COVID-19 in support of the nation's push to stem local

transmission through aggressive testing. In addition to conducting swab tests for foreign workers in dormitories, vulnerable seniors in elderly homes, as well as pre-school teachers and staff, Gleneagles Hospital Singapore was also the first private hospital in Singapore to set up Swab-and-Go booths to further increase testing capacity. We were also engaged in COVID-19 operations at the Community Care Facility at Singapore Expo, migrant worker dormitories, regional screening centres and swing facilities. In 2021, we started assisting in the nationwide administration of COVID-19 vaccines.

Private non-COVID-19 patients meanwhile benefited from the telemedicine initiative we launched in May 2020. By downloading the MyHealth Connect app, they could access our full suite of services from consultation to doorstep drug delivery, with an option to transfer to IHH's brick-and-mortar facilities for treatments, if necessary.

In March 2020, we co-led a minority investment in Singapore-based telehealth start-up Doctor Anywhere, which offers on-demand healthcare solutions through a digital platform that allows quick access to health and wellness solutions from anywhere.

Additionally, Singapore firm Accredify, which uses blockchain technology to make COVID-19 test results harder to forge, is working with Parkway Pantai to issue tamper-proof digital COVID-19 test result documents for travellers taking pre-departure swab tests. Parkway Pantai started giving out COVID-19 test results in this form in early November and will integrate Accredify's technology into its healthcare networks in overseas markets.

### Outlook

Despite the headwinds generated by COVID-19, we are confident our operations in Singapore will continue to grow. The country faces the issue of an ageing population that is increasingly conscious of personal health and seeking earlier diagnoses to enable preventive care. The rising prevalence of chronic illness, escalating healthcare costs and increasing complexity of care needs also bode well for the expansion of our operations here. We continue to focus on achieving the best possible outcome relative to cost, otherwise known as value driven outcomes (VDO) for our patients.

This is to improve the transparency of clinical outcomes and optimise costs within our private healthcare system. With VDO, we can optimise length of stay for patients in our hospitals, as well as improve care quality, such as increasing patient satisfaction and reducing healthcare costs.

We have also embarked on the journey to move ambulatory centres out of hospitals. For example, we relocated the rehabilitation services out of Mount Elizabeth Novena Hospital so that the hospital can make space and focus on providing higher acuity services for our patients.

We also expect foreign patients to return with the opening of the borders and resumption of international travels because of the rise in quality of healthcare here and greater cross-mobility among the region's population.

Continuing IHH's trajectory to advance our service offerings, Mount Elizabeth Novena Hospital will open its Proton Beam Therapy Centre in 2022, further complementing its comprehensive suite of oncology services for our patients.

# Operations Review

## Home Market – Turkey and Central and Eastern Europe (CEE)



### What we do

Acibadem Holdings (Acibadem), which is Turkey’s leading private healthcare provider, operates more than 4,100 beds across 21 hospitals and 15 medical clinics across Turkey, Macedonia, Bulgaria and the Netherlands. It is renowned for high quality diagnostic services and clinical treatment offerings for Turkish and international patients. Our hospitals are equipped with state-of-the-art medical technologies, including smart radiotherapy, robotic surgery, intraoperative radiotherapy and digital tomosynthesis mammography, Acibadem is a brand that is synonymous with clinical excellence in CEE, Middle East and North Africa (CEEMENA) and attracts foreign patients in the region.

### Performance Highlights

Besides working with the local government to care for COVID-19 patients, our Turkey hospitals also strengthened their capacity to process COVID-19 swab tests at their laboratories to support the country’s mass testing strategy.

For our private patients in this market, our telemedicine initiative complemented our bricks-and-mortar operations by offering them virtual consultations and doorstep delivery of their medications.

Before the pandemic, Turkey and CEE’s revenue had been growing steadily because of the continuous ramp-up of Acibadem Altunizade Hospital, the increased capacity from Acibadem Maslak Hospital and improvement in our European operations. Medical tourism in the CEEMENA region had also contributed to this growth. With the pandemic impacting operations in FY2020, revenue for our Turkey and Central and Eastern European (CEE)

market decreased 8% to RM3.5 billion in FY2020. EBITDA came in at RM796.1 million, a 7% decrease compared with the previous year.

Inpatient admissions decreased 16% to 186,662 while revenue intensity increased 29.5% to RM9,404 as more complex procedures were performed and foreign patients returned to Turkey since the lifting of travel restrictions in June 2020. Occupancy stood at 67% and COVID-related services accounted for about 7% of the revenue year-on-year.

Our Turkey and CEE operations continued their efforts to deepen its clinical offerings. In the Netherlands, to cater to the increasing day surgery demands, we have installed a second MRI device and retro-fitted the hospital for more clinic space and treatment rooms. In Macedonia, the Acibadem Sistina Hospital acquired an advanced mammograph which enables computer-controlled navigation for intervention procedures.

In addition to operational improvements, through proactive management of foreign currency exposure, Acibadem reduced its unhedged non-Lira debt to 37 million Euros as at 31 December 2020 from 288 million Euros at the end of 2019, through cross currency swaps (CCS) and prepayment of debt.

In March 2021, Acibadem also entered into an agreement to acquire Bel Medic Group, a leading private healthcare operator in Serbia. This will strengthen its Eastern European cluster and further diversifies Acibadem’s revenue base as its income is denominated in Euro.

### Outlook

With the relaxation of travel restrictions and the formation of more “travel bubbles”, we expect medical tourism to pick up again soon as demand for quality private healthcare returns. The ramp-ups of Acibadem Altunizade Hospital and Acibadem Maslak Hospital in Turkey in recent years will stand us in good stead for this.

With the significant reduction of the unhedged non-Turkish Lira exposure in 2020, we expect the drag on Acibadem’s earnings to be reduced going forward. Our Turkey operations can focus on ramping up their operations, as well as leveraging on the strong Acibadem brand to pursue Euro-denominated revenue through providing excellent care and services for patients in the European and Balkan regions. We are aware that the volatility of the Turkish Lira may have a financial impact on our Turkey operations and we plan to mitigate these effects through tight cost controls, improvement in case mix, and growth in foreign-denominated revenue.

The Group’s Refreshed Strategy will allow us to continue being resilient and navigating market challenges to capitalise on opportunities.

## Home Market – India

### What we do



Primary Care



Secondary & Tertiary Care



Quaternary Care



Complementary Ancillary Services

IHH's fourth home market is India where it has 34 hospitals, through its subsidiaries of Fortis Healthcare (Fortis), Gleneagles Global Hospitals and Continental Hospitals Continental Hospitals. The Group became the single largest shareholder with board control in Fortis, a leading integrated healthcare services provider in India, on 13 November 2018.

Fortis has operations both in hospitals and diagnostics businesses and is currently the country's second largest healthcare player in terms of the number of hospitals. It runs a network of 27 healthcare facilities with more than 4,000 operational beds. Through its subsidiary, SRL Limited, it operates over 400 diagnostic centres across India and is one of the largest diagnostic players in India.

### Performance Highlights

Our hospitals in India supported the country's public healthcare system during the pandemic by caring for COVID-19 patients and offering screenings for the disease and laboratory testing. We also dedicated 1,500 beds out of our 4,700 beds to COVID-19 patients.

Although operations were affected by the pandemic, particularly in April and May, we have seen a firm rebound in local patient volumes since.

For FY2020, revenue declined 20% to RM2.7 billion, due to the extended lockdowns. In Q3, India operations saw the return of local patients, resumption of elective surgeries, as well as the

treatment of COVID-19 patients. EBITDA for the year decreased 44% to RM200.5 million. However, the decline was partially mitigated by tight cost containment implemented by the India operations during the year. COVID-19 related services in India contributed to about 20% of revenue.

Inpatient admissions dropped 26% to 270,581 for the year, with revenue intensity rising 13.2% to RM7,026 due to improved case mix and COVID-19 patients being admitted. Average occupancy stood at 56% while foreign patient revenue remained negligible because of travel restrictions.

IHH also had a 50-50 joint venture with Apollo Hospitals Enterprise Ltd (Apollo) to operate Apollo Gleneagles Hospitals in Kolkata, but in December we entered into a share purchase agreement to divest 50% equity interest in it. This was an opportunity for us to monetise a non-core asset, so we can recycle capital to grow efficiently via our cluster strategy.

To leverage IHH's international scale and achieve stronger synergies, India's Fortis Healthcare, in which we are the largest shareholder, intends to rebrand its hospitals to 'Parkway', to leverage the mindshare associated with the Parkway brand. This is subject to requisite approvals from the Supreme Court of India. This exercise will draw on strong internationally renowned IHH Healthcare brand of 'Parkway' and signifies complete disassociation from ex-promoters.

### Outlook

Expanding demographics, a rise in the incidence of lifestyle-related diseases and burgeoning affluence explain why we continue to view India as a key market. The availability of low-cost treatment and highly skilled doctors, as well as advanced facilities, also makes India a popular medical tourism destination.

In 2020, we continued to drive ongoing cost optimisation initiatives across functions and facilities. As India is a highly regulated and competitive market, it is important for us as a Group to utilise our global scale to extract operating leverage. This will see reasonable cost savings play out in the short to medium term and improve margins.

By rebranding Fortis to Parkway, we are also facilitating our efforts to integrate it into our network for local improvements and global synergies. Locally, we will keep focusing on improving operations, introducing new service lines and adopting strict measures to control costs. Over time, we expect both volume and case mix to improve.

# Operations Review

## Greater China



### What we do

We have seven ParkwayHealth Medical Centres under our auspices in Greater China and have been operating Gleneagles Chengdu Hospital since October 2019. In Hong Kong, we run the multi-specialty Gleneagles Hong Kong Hospital that opened in March 2017. Our Greater China portfolio also incorporates the ParkwayHealth Central Hong Kong Medical Center.

### Performance Highlights

Despite operations were hampered by the onset of the pandemic, our hospitals in Greater China, in particular Gleneagles Hong Kong Hospital (GHK), performed well. Revenue climbed 10% year-on-year in FY2020 to RM662.4 million while EBITDA losses narrowed 16% against last year's losses to RM146.5 million.

The year has seen GHK's strongest performance to date in terms of patient volumes. Its average occupancy was approximately 60% for about 200 operational beds.

During the year, GHK launched its patient engagement mobile application, "My Gleneagles SmartHealth" and relocated the Gleneagles Medical Clinic to deliver more comprehensive diagnostic services. It also empowered its employees to support the Hong Kong government's efforts in identifying silent COVID-19 carriers in the community via the Universal Community Testing Programme. Additionally, the hospital provided special offers on more than 150 discounted all-inclusive medical packages and obstetric services,

providing a solution for patients who did not want to take the public route during the pandemic.

Despite a difficult environment, GHK managed commendable achievements on different fronts including the various new services we launched during the year. The hospital moved ahead with some of the goals we set for the year to build its ability to meet growing demand in certain areas. December saw the opening of the Oncology ward which allows different teams of specialists to take care of patients under different cancer treatments in a more comprehensive and coordinated manner.

Gleneagles Chengdu Hospital (GCD), which was opened in late October 2019, has 30 operational beds as of 31 December 2020 and offers key specialisations in medical fields such as Cardiovascular, Gastrointestinal, Orthopaedics and Paediatrics. Planned ramp-up operations were hampered because of the pandemic that has been ongoing since January 2020. To make medical care more accessible and convenient for our patients, the hospital leveraged innovation to transform care to patients by providing one-stop services on Wechat. Patients can enjoy quick access to online appointments and information about our physicians, medical services, and other medical and health services. The hospital will continue to ramp up using a phased-bed approach as it manages its cash burn rate and introduces more comprehensive procedures and services.

### Outlook

GHK had shown significant improvement in 2020 and we are confident it is on track to achieve EBITDA break even in 2021, barring no further protracted lockdown in Hong Kong.

In China, GCD has seen impact from the COVID-19 pandemic since January 2020. IHH will continue to manage costs *pari passu* to the ramp-up of the hospital. China remains a high potential market as the demographic is changing and we are seeing an increasing uptake from the country's middle class for private healthcare.

Our construction of Parkway Shanghai Hospital (formerly called Gleneagles Shanghai) was delayed as the lockdown in China halted construction work. We expect the hospital to be opened in 2022. Despite the temporary pandemic situation, we remain confident in the long-term growth potential of the Chinese market.

## IMU Health

### What we do



#### Medical Education

IMU Health, the Group's medical and health sciences education arm, 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. Providing a full suite of tertiary education, including a foundation in science programme to diploma, undergraduate and postgraduate studies, IMU and IMC has been awarded for its second consecutive term the SETARA rating, in which IMU received 6 stars (Outstanding).

IMU was set up as a college in 1992 to offer medical education to students who can then complete their medical degrees at partner universities abroad. In 1999, IMU was conferred full university status and now offers its own degree programmes. Students can either complete the course in

Malaysia or choose a transfer programme. Today, IMU has 33 partner universities in Australasia, the United Kingdom, Ireland, North America and China.

#### Performance Highlights

IMU Health's revenue for the year dropped 4% year-on-year to RM248.7 million mainly because of changes in the academic calendar for certain courses due to COVID-19 disruptions. These changes in turn affected the timing of their revenue recognition. EBITDA for the year fell 13% year-on-year to RM75.7 million principally due to lower revenue, our implementation of COVID-19 measures, and the incurrence of pre-operating costs for the new 96-bed IMU Hospital under development.

#### Outlook

Despite increased competition from the growing number of institutions offering programmes in medicine and dentistry,

IMU is confident there are still opportunities for attracting international students to its programmes. IMU constantly benchmarks its programmes to international standards. Being awarded the QS Star 5-stars and SETARA 6-stars ratings has further enhanced IMU's competitiveness.

The health sciences programmes that target a price sensitive market will continue to be sluggish with increased competition.

Prior to the COVID-19 pandemic, both IMU and IMC had already been gearing up to deliver programmes via e-learning. This has proved fortuitous, given the lockdown the health crisis triggered. The new IMU hospital that had its ground-breaking in December 2017 is now expected to open in early 2022. It will be offering medical and nursing students opportunities for attachments and observations in the hospital, on top of their existing attachments in government hospitals.

## PARKWAY LIFE REIT

IHH holds a 35.62%-equity interest in its 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 54 properties with a total portfolio value of approximately RM6.15 billion as at 31 December 2020.

#### Performance Highlights

PLife REIT's gross revenue rose 5% to RM367.0 million in FY2020 from RM347.9 million in FY2019. This was mainly due to higher rent contributions from existing properties and revenue

contribution from the Japan property acquisitions in December 2019 and 2020, as well as the appreciation of the Japanese Yen.

EBITDA increased 5% to RM308.9 million from the recognition of RM19.7 million revaluation gain on its investment properties in 2020, compared with RM11.4 million in 2019. Gearing remained optimal at 38.5%. With its resilient performance and healthy liquidity position, Moody's maintained its investment grade rating of "Baa2" with stable outlook for PLife REIT. On 18 September 2020, PLife was included in the FTSE EPRA NAREIT Global Developed Index, testament of its resiliency and value amidst the COVID-19 uncertainties.

#### Outlook

While the outlook of the global economy remains uncertain as the COVID-19 pandemic persists, the long-term outlook of the regional healthcare industry continues to be driven by an ageing population, demand for better quality healthcare and aged care services. Backed by its strong core fundamentals and favourable portfolio attributes, PLife REIT remains well-positioned for future growth.

Moving ahead, PLife REIT seeks to be nimble to market changes as it builds on its growth strategies of targeted investments, dynamic capital and financial management, as well as proactive asset management and strategic asset recycling, to deliver value and growth for unitholders in a sustainable manner.



# COMMITTED TO SUSTAINABILITY

We are committed to contributing to sustainable development. We believe that sustainable practices are inextricably connected to our ability to deliver continued value for our stakeholders and grow as a business.



## Sustainability Report

Scope and Boundary	60
Report Highlights	62
Sustainability Approach and Policy	63
Benchmarking Sustainability and Sustainability Pillar	64
Our Global Initiative	65
Our Patients	66
Our People	72
Our Organisation	76
Our Environment	83
Our Community	86

# Sustainability Report

## Scope and Boundary

IHH Healthcare Berhad (IHH or the Group) continuously strengthens its sustainability performance to develop a trusted brand in the world of healthcare services. In our fifth Sustainability Report, we build on last year's efforts and disclose our performance on the economic, environmental and social aspects of our operations.

Our key home markets where we have our largest operating capacities are Malaysia, Singapore, Turkey and India. The Group also operates in Greater China, Brunei, Bulgaria, Macedonia, Myanmar, and the Netherlands. Across these 10 countries, we have 80 hospitals and over 15,000 licensed beds (including Fortis Healthcare) and, in Malaysia, we also have the International Medical University (IMU), our academic arm.

## Boundary of Our Disclosures

The entities included in our scope of reporting for this year are listed below. In this report, we have chosen case studies from our home markets that holistically represent our economic, environmental and social efforts to strengthen sustainability across our hospitals, clinics and at our university.

### Malaysia

#### Hospital (MOD)

- Pantai Hospital Sungai Petani (PHSP)
- Pantai Hospital Penang (PHP)
- Pantai Hospital Ipoh (PHI)
- Pantai Hospital Manjung (PHM)
- Pantai Hospital Klang (PHK)
- Pantai Hospital Kuala Lumpur (PHKL)

- Pantai Hospital Cheras (PHC)
- Pantai Hospital Ampang (PHA)
- Pantai Hospital Batu Pahat (PHBP)
- Pantai Hospital Ayer Keroh (PHAK)
- Pantai Hospital Laguna Merbuk (PHLM)
- Gleneagles Kuala Lumpur (GKL)
- Gleneagles Penang (GPg)

- Gleneagles Medini (GMH)
- Gleneagles Kota Kinabalu (GKK)

#### University:

- International Medical University (IMU)

### Singapore (SOD)

- Mount Elizabeth Novena Hospital (MNH)
- Mount Elizabeth Hospital (MEH)
- Parkway East Hospital (PEH)
- Gleneagles Hospital (GEH)

### India (IOD)

- BGS Gleneagles Global Hospitals Kengeri (Bengaluru)
- Gleneagles Global Hospital, Richmond Road (Bengaluru)
- Gleneagles Global Health City Perumbakkam (Chennai)
- Gleneagles Global Hospitals Parel (Mumbai)
- Aware Gleneagles Global Hospitals LB Nagar (Hyderabad)
- Gleneagles Global Hospitals Lakdi-Ka-Pul (Hyderabad)
- Continental Hospitals (Hyderabad)

### Greater China

#### China (GCOD)

- Gleneagles Chengdu Hospital
- Shanghai Xin Rui Healthcare Co. Ltd (Luwan Clinic/GPS Clinic)
- Shanghai Rui Xin Healthcare Co. Ltd (Shanghai Center Clinic)
- Shanghai Rui Pu Clinic Co. Ltd (Jinqiao Clinic)

- Shanghai Rui Xiang Clinic Co. Ltd (Hongqiao Clinic)
- Shanghai Rui Ying Clinic Co. Ltd (Tomorrow Square Clinic)
- Suzhou Industrial Park Yuan Hui Clinic Co. Ltd (SIP Clinic)
- Shanghai Hui Xing Jin Pu Clinic Co. Ltd (Jinmao Clinic) (Ceased operations on 24 June 2020)

- Chengdu Shenton Health Clinic Co., Ltd (Chengdu Shenton Clinic)

#### Hong Kong

- Gleneagles Hong Kong (GHK)

## Turkey and Central and Eastern Europe (ASYH)

### Turkey

- Acibadem Adana Hospital
- Acibadem Altunizade Hospital
- Acibadem Ankara Hospital
- Acibadem Bakırköy Hospital
- Acibadem Bodrum Hospital
- Acibadem Bursa Hospital
- Acibadem Eskişehir Hospital
- Acibadem Fulya Hospital

- Acibadem International Hospital
- Acibadem Kadıköy Hospital
- Acibadem Kayseri Hospital
- Acibadem Kocaeli Hospital
- Acibadem Kozyatağı Hospital
- Acibadem Maslak Hospital
- Acibadem Mehmet Ali Aydınlar Üniversitesi Atakent Hospital
- Acibadem Taksim Hospital

### Bulgaria

- Acibadem City Clinic Tokuda Hospital
- Acibadem City Clinic Cardio Hospital
- Acibadem City Clinic Mladost Hospital

### Macedonia

- Acibadem Sistina Hospital

### Netherlands

- Acibadem International Medical Center

### Reporting Timeline

This report covers our performance for the reporting period from 1 January to 31 December 2020 (FY2020), unless otherwise stated.

### Reporting Framework

Our sustainability statement for FY2020 has been prepared in accordance with Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements, with reference to Bursa

Securities' Sustainability Reporting Guide (2<sup>nd</sup> Edition). To ensure that our sustainability statement is disclosed in a meaningful and balanced manner, we have referred to the Global Reporting Initiative (GRI) Standards, and GRI's Sector Specific Sustainability Topics for Healthcare Providers and Services and Healthcare Technology.

Like our Sustainability Report in FY2019, this year's Report demonstrates our commitment to the principles of Integrated Reporting as

such a framework provides a way for IHH to examine and communicate our financial and non-financial drivers comprehensively. Since sustainability is so intrinsically connected to the way IHH operates, we have integrated sustainability into other key areas of reporting to reflect the way we communicate our sustainability efforts.

The table of sustainability content below guides readers in accessing sustainability information within this Report.

Contents of the Sustainability Statement	Can be found in	Page number
Material sustainability matters	Stakeholder Engagement	38 to 41
<ul style="list-style-type: none"> <li>• How they are identified</li> <li>• Why they are important to IHH</li> </ul>	Our Material Matters	42 and 43
The scope and boundary of the Sustainability Statement	Sustainability Report	60 and 61
Sustainability highlights	Sustainability Report	62
Sustainability approach and policy	Sustainability Report	63
<ul style="list-style-type: none"> <li>• Sustainability Journey</li> <li>• The Group's Strategic Thrust and Sustainability Strategy</li> </ul>	Chairman's Statement	22 and 23
Benchmarking Sustainability and Sustainability Pillar	Business Strategy	36 to 37
Benchmarking Sustainability and Sustainability Pillar	Sustainability Report	64
Our global initiative	Sustainability Report	65
Material sustainability matters	Our Patients	66 to 71
<ul style="list-style-type: none"> <li>• Policies to manage these sustainability matters</li> <li>• Measures and actions taken to deal with these sustainability matters which demonstrate how IHH has performed in managing these sustainability matters</li> </ul>	Our People	72 to 75
	Our Organisation	76 to 82
	Our Environment	83 to 85
	Our Community	86 to 89
<ul style="list-style-type: none"> <li>• The governance structure in place to manage economic, environmental and social risks and opportunities</li> </ul>	Sustainability Governance Report	137

# Sustainability Report

## Report Highlights

In FY2020, we reached a key milestone in our sustainability journey by rolling out the Group-wide Sustainability Policy in the fourth quarter of 2020. We also embarked on a 5-year sustainability roadmap to strengthen accountability and build the Group’s sustainability performance to meet annual targets. Through this initiative, we intend to secure our future by creating long-term value for our stakeholders. This roadmap will drive us forward in our journey to become a leading, sustainable premium healthcare provider.

We have established key performance indicators (KPIs) to help measure, track and implement corrective action for the continuous improvement of the Group’s sustainability performance. This year, we achieved three KPIs representing these three sustainability pillars: Our Patients, Our People and Our Environment.

As we understand that our stakeholders value more transparency and accountability from us, we have reviewed our Anti-Bribery and Corruption (ABC) Policy to ensure that we are up to date with the latest regulatory requirements and best practices. In doing so, we uphold integrity across the Group and foster trust among our stakeholders through the elimination of unethical behaviour and practices.

This year, with the coronavirus (COVID-19) pandemic spreading across the globe rapidly, IHH rose to acclimatise ourselves to unfamiliar environments by developing policies and procedures to manage the pandemic across all operations. In our home markets, we mitigated the impacts of the pandemic by contributing to national efforts – from lending ventilators to rapid testing in communities, we put in our best effort to protect the health of the

public without compromising the safety of our own people.

The pandemic forced us to think on our feet to meet new patient expectations, which resulted in innovative methods of healthcare consultation, as demonstrated by our telemedicine services. We are proud of the commitment demonstrated by our employees and leadership team in managing the COVID-19 pandemic.

Despite challenges brought on by the pandemic, we were able to monitor our performance and achieve milestones in our journey to be sustainable. Looking ahead, we will continue to plan and implement initiatives for long-term and shared value creation, bringing us closer to our vision of becoming the world’s most trusted healthcare services network.

Here are our key achievements this year across our home markets:

## Sustainability Highlights for FY2020

### Our Patients



- Implemented Antimicrobial Stewardship programmes across **ALL** IHH hospitals in Malaysia
- Achieved target NPS scores across **ALL** home markets

### Our People



- **100%** of eligible employees underwent performance appraisals in FY2020
- Recorded **ZERO** fatalities for FY2020

### Our Organisation



- **100%** of employees were offered access to training on the Group’s Anti-Bribery and Corruption Policy
- Established **telemedicine and e-Health video consultation services** across IHH hospitals to limit the spread of COVID-19

### Our Environment



- **15%** of non-scheduled waste generated was diverted from landfills in FY2020

### Our Community



- **78%** of community contributions provided by IMU was in the form of COVID-19 aid and relief



### IHH's Sustainability Approach

Our approach to embed sustainability throughout our business is multifold. The illustration below demonstrates how our business strategy, sustainability pillars, the recently established Sustainability Policy and the United Nation's Sustainable Development Goals interweave in our comprehensive approach.

### Sustainability Policy

This year the IHH Board approved our Sustainability Policy, which outlines our commitment to uphold sustainable practices across our operations. The policy was developed in alignment with the Group's sustainability approach by building on our vision and mission, strategic thrusts, sustainability strategy, core values and pillars of sustainability.

### IHH's Sustainability Policy Tenets

- 1 Conducting business with the highest standards of ethics and transparency across our operations
- 2 Ensuring compliance with legislation, regulations and codes of practice governing healthcare facilities in the countries we operate
- 3 Delivering sustainable economic growth and returns to our investors and enriching the local economy
- 4 Continuously engaging with relevant stakeholders who include, but are not limited to patients, employees, suppliers, students, amongst others, to address and manage their concerns and expectations of the Group
- 5 Constantly working to improve the quality of our healthcare services to ensure delivery meets stakeholder expectations
- 6 Ensuring that stakeholders receive quality healthcare services through highly trained medical, nursing and administrative staff
- 7 Identifying and monitoring the environmental impacts of the Group's business activities and facilities to improve our environmental performance
- 8 Improving environmental awareness amongst employees and promoting green practices where possible
- 9 Contributing to local communities and assisting them in improving and enhancing their socio-economic status and well-being

# Sustainability Report

## Benchmarking Sustainability

IHH recognises its responsibility to the global community in contributing towards a healthy and sustainable future. The Sustainable Development Goals (SDGs) were announced under the aegis of the United Nations Sustainability Agenda 2030 to eliminate economic, environmental and social disparities across the globe.

The Group focuses its efforts on seven SDGs for which we are positioned to

create sustainable and scalable impacts. They are: **SDG 3** Good Health and Well-being, **SDG 4** Quality Education, **SDG 7** Affordable and Clean Energy, **SDG 8** Decent Work and Economic Growth, **SDG 9** Industry Innovation and Infrastructure, **SDG 12** Responsible Consumption and Production and **SDG 16** Peace, Justice and Strong Institutions. We review our goals and initiatives regularly to ensure that our activities are aligned with these seven SDGs.

## IHH's Sustainability Pillars

IHH identified five areas that have an impact on our business performance. These five areas are the pillars by which we define our approach to sustainability within the organisation. They cover key economic, governance, environmental and social aspects of our business and this categorisation has helped us expand and strengthen our sustainability disclosures and reporting framework.

### Our Efforts towards the SDGs

- 
  - Deliver quality healthcare services throughout different regions such as Malaysia, Singapore, Greater China, India, Turkey and Central and Eastern Europe
  - Provide sponsored health screenings and medical treatment for vulnerable socio-economic groups as part of corporate social responsibility programmes
  - Deliver health talks to raise awareness on pressing health issues and to promote healthier lifestyle choices
  - Ensure proper management of medical waste to safeguard public health.
  - Protect the safety and promote the well-being of our employees
- 
  - Provide quality education focused on medical and health sciences through our educational institutions, International Medical University (IMU) and International Medical College in Malaysia
  - Conduct training for employees to keep abreast of the latest healthcare industry best practices and knowledge
- 
  - Where possible, our hospital buildings have been built in accordance with the standards of internationally recognised green building accreditation schemes that increase energy efficiency
- 
  - Provide safe work environment for employees
  - Provide training for employees to keep abreast of latest industry knowledge and best practices
  - Create opportunities in the regional markets by hiring locally
- 
  - Keep up with the latest medical advancements in the healthcare industry to enhance the provision of healthcare services
  - Utilise the latest technology to ensure the safety of our patients and employees during the COVID-19 pandemic, such as strict procedures for COVID-19 screening at hospital entrances and telemedicine & e-Health video consultations
- 
  - Comply with all environmental regulations with regard to waste management practices.
  - Ensure that all medical waste and other toxins are treated before discharge or incinerated to protect public health
- 
  - Establish internal policies and procedures for strong corporate governance
  - Implement a Code of Conduct, Whistleblowing Policy and Anti-Bribery and Corruption Policy
  - Ensure all employees undergo training on internal policies



### Our Patients

Patients are a crucial component of our operations as a global healthcare provider. We keep our patients satisfied through the provision of safe, effective and quality healthcare services.



### Our Organisation

We uphold organisational integrity and operate ethically in accordance with applicable legislation and industry best practices.



### Our People

Our human capital is an essential resource that drives value creation across our operations. We continuously provide a conducive work environment to safeguard employee satisfaction and loyalty.



### Our Community

We strive to promote the health and well-being of the communities we operate in. By providing basic healthcare and health education programmes, we encourage good public health practices within each community.



### Our Environment

IHH works to reduce our environmental footprint. We implement stringent measures to ensure our environmental footprint is minimised through efficient consumption of natural resources and appropriate management of generated waste.

## Our Global Initiative

This year, IHH established three key performance indicators (KPIs) as part our global initiative to improve

the Group's overall sustainability performance. These KPIs were established to enhance sustainability management and strengthen long-term value creation.

Our selected KPIs correspond with selected sustainability pillars (Our Patients, Our People and Our Environment) and material sustainability matters.



## Our Patients

### Material Matter:

Quality of Care and Patient Satisfaction

To measure patient experience, we use **the Net Promoter Score (NPS)** as an indicator to gauge patients' levels of satisfaction. The NPS rates how likely are our patients to recommend our medical services to their family and friends.

### Our Target and Performance:

Operating Division	KPI Target	Achievement
MOD	A unique NPS target was set for each operating division based on division-specific performance factors and criteria.	✓
SOD		✓
GCOD		✓
GHK		✓
IOD		✓
ASYH		✓

All operating divisions have achieved their set KPIs for this year.



## Our People

### Material Matter:

Employee Capability Building

Our employees are the main driving force in the delivery of excellent healthcare services. Their development is integral to the ongoing success of our organisation and therefore, IHH ensures performance appraisals for our employees are conducted.

### Our Target and Performance:

KPI Target	Achievement
100% of eligible employees to receive performance appraisals	100% of eligible employees across the Group received performance appraisals



## Our Environment

### Material Matter:

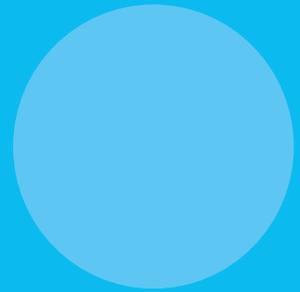
Waste Management

As an environmentally conscious organisation, we continuously look to minimise our impacts on the environment. As such, it is critical to establish proper waste management procedures to recover non-scheduled wastes whenever possible and reduce our input to landfills.

### Our Target and Performance:

Operating Division	KPI Target	Achievement
MOD	Each operating division shall conduct waste recovery activities to reduce non-scheduled waste input to landfills.	✓
SOD		✓
GCOD		✓
GHK		✓
IOD		✓
ASYH		✓
IMU		✓

All operating divisions have achieved their set KPI for this year.



# OUR PATIENTS

We keep our patients satisfied through the provision of safe, effective and quality healthcare services.

# Our Patients

## Patient Safety and Welfare

Safeguarding patient safety and welfare is of utmost importance to the Group. We implement various initiatives to instil the importance of patient safety throughout the organisation. These initiatives include establishing policies and guidelines, providing training to medical staff on how to improve patient safety, and maintaining open lines of communication to better understand the needs of our patients.

The World Health Organization (WHO) estimates that more than half of all medicines are prescribed, dispensed or sold inappropriately, and that half of patients fail to take them correctly. The improper use of medicine can adversely impact a patient's immune

system and recovery time, and result in wastage of scarce resources. This is why we actively communicate with our patients to educate them on proper medication practices. The patient safety culture is strong throughout our organisation because of our policies and guidelines for the rational use of medicine.

Misuse of antibiotics has led to bacteria becoming more resistant to medication, thereby creating a larger issue and health hazard. We accommodate the need to regulate medicine for patient safety through our *Antimicrobial Stewardship (AMS) Programme*, which addresses the issue of antibiotic resistance. It uses a systematic approach that

looks into appropriate selection, dosage and duration. Through the AMS Programme, we aim to spread awareness of the rational use of such medicines to combat the issue of drug-resistant superbugs.

We serve high quality meals that cater to the dietary needs of our patients as a measure to safeguard patient safety and welfare. We provide food that has nutritional value, is safe, clean, locally sourced, and tailored to the dietary requirements of each patient. At our hospitals, we have a team dedicated to making sure food products meet quality standards, and food menus are developed according to the dietary requirements and nutritional needs of patients.

## Case Study: Malaysia

### Appropriate Administration of Medicines

In our Malaysian hospitals, only drugs approved and registered under the National Pharmaceutical Regulatory Agency are listed in the formulary of our pharmacies. However, if our patients require treatment with unregistered medication, we need to submit a request form to the Ministry of Health (MOH) for prior approval before we are allowed to obtain the necessary medicines.

Our pharmacies practise careful inventory turnover monitoring and regular medicine rotations among sister hospitals to reduce wastage of medicines. This minimises the risk of having overstocked medicines expiring in our pharmacies.

As part of the pharmacy work plan for 2020, we initiated AMS programmes across all our hospitals to regulate the proper use of antibiotics while creating awareness among clinical staff and patients. For doctors, this means prescribing antibiotics of the appropriate strength and dosage, and,

in some cases, checking if antibiotics are necessary at all. For patients, the AMS programme may educate them on the appropriate use of antibiotics and the importance of completing a prescribed course.

Each hospital is required to develop its own AMS team to oversee the implementation of initiatives under the AMS programme. The team is also responsible for collecting information on regular antibiotic consumption and resistance data for further analysis. Pharmacists are required to complete an online course by WHO on AMS, so that they are well-equipped to lead the AMS team, dispense medicines appropriately and provide counselling to patients on the proper use of medicines.

Bulletins at our hospitals include regular updates on high-alert medications, high-risk drugs with adverse reactions, and other information. We also use banners, posters, leaflets, digital platforms, as well as engagement programmes to spread the message of the AMS programme.

### Food Safety

When developing menus, our approach is patient-centred; we consider all aspects of a patient's intake, including prescription medicines, types of antibiotics and other medications that may cause adverse reactions. On admission, patients undergo nutrition screening so we can identify potential allergens and determine dietary suitability. Our nurses interview patients to learn about their known food or drug allergens and find out if they require special diets such as vegetarian meals, gluten-free food, etc. This information is then communicated to our Food Services department.

We subject food products and ingredients to detailed screening when sourcing for healthy and safe meals for our patients. For example, we look out for quality certifications that are issued by the relevant regulating authorities to ensure we are consistently providing patients with the best quality meals. These checks are carried out stringently before selection of brands or products to be used.

# Our Patients

## Quality of Care and Patient Satisfaction

We are committed to delivering the highest quality of care to our patients, provided by our skilled clinical staff and well-equipped facilities.

IHH's patient satisfaction management system involves engaging with patients using methods such as patient surveys,

feedback mechanisms and complaint reports. Certain performance indicators are reported to the Group's Senior Management to assess the quality of our services. This also enables us to identify areas for improvement and develop necessary corrective actions, thereby building trust and transforming patient care.

### Case Study: Turkey and Central and Eastern Europe

Acibadem hospitals adopt a multidisciplinary approach, where physicians from different specialities work together to provide patients with a holistic healthcare experience. Physicians are encouraged to form a council to meet and discuss various aspects of a patient's journey from admission to recovery.

Medical staff play a crucial part in providing quality care. Their responsibilities include wound cleaning, administering medication, operating feeding tubes, providing emotional support, and more. Our medical staff attend in-house caregiver training to address knowledge gaps that may potentially impair the provision of high-quality care at Acibadem hospitals.

We involve patients and their families in, and informed them of, the patients' medical treatments every step of the way to ensure we have their informed consent. For patients under chronic care, we deploy medical staff who are trained to provide psychological support to improve patient mental health.

#### Improving Quality of Care

We have a partnership with Acibadem University (ACU), a member of the Acibadem Ecosystem, to enhance the quality of care we provide. We receive support from ACU to identify and

create relevant clinical quality indicators for us to improve how we monitor and assess our quality of care. ACU's highly distinguished faculty proposes novel indicators, as well as provides advice on existing indicators, at Acibadem's request.

By using the clinical quality indicators, we are able to identify gaps in patient care services. Thereafter, we will develop corrective action plans to close these gaps and support the provision of high-quality medical services to patients.

Clinical Quality Indicators	Target for FY2020	Performance in FY2020
Surgical Area Infection Rate	3.1%	0.5%
Decubitus Ulcer Rate	3%	0.54%
Falling Patient Incident Rate	0.8%	0.21%
Inpatient and Outpatient Satisfaction Rate	90%	92.7%

Furthermore, we integrate best practices outlined by national and international accreditation standards across Acibadem hospitals. The implementation of standards set out by the Joint Commission International (JCI) serve as a guide for us to improve patient satisfaction, increase efficiency and reduce costs through standardised care.

This year, we obtained JCI accreditation for three of our hospitals in Turkey, namely, Acibadem Adana, Maslak and

Altunizade Hospitals. Acibadem Atakent Hospital in Turkey, has been accredited as an Academic Medical Centre by JCI effective 19 Dec 2020. Moreover, Acibadem Sistina Hospital in Macedonia, Acibadem City Clinic Cardiovascular Hospital and Acibadem City Clinic Mladost Hospital in Bulgaria have also received JCI accreditations. These affirmations from JCI demonstrate our commitment to improving the quality of care at our hospitals.

## Patient Relations Management

Part of Acibadem's efforts to increase patient satisfaction is to provide patients with quality services during their medical treatment at the hospital. The systems that are in place at our hospitals for the provision of quality services include:

### Patient Communication Coordination Office

This department continuously reviews, monitors, reports hospital patient experience performance, and supports hospital improvement processes.

### Multidisciplinary Patient Relation Steering Committee

The committee aims to secure the buy-in and ownership of management across all locations and functional areas, while reviewing the patients' experiences at Acibadem.

### Call-Centre

Our call-centers perform regular outbound satisfaction calls to patients and monitor the hospitals' social media pages (Facebook, Twitter, Instagram, Google Business, etc.). We respond to calls and requests promptly and resolve concerns in a timely manner.

### Electronic System for Record Keeping

We use an electronic system to record, analyse and report patient feedback from satisfaction surveys to develop improvement plans. Hospital benchmark reports are generated monthly and weekly and shared with the central Patient Communication Coordination Office where meetings are held to review and discuss the findings.

### Dedicated Patient Communication Staff

They help monitor satisfaction and complaint trends to determine areas for improvement by collecting data on patient experience, visiting inpatients daily, and conducting root cause analysis. The department then organises weekly meetings with hospital management to review patient experience and further educate staff about Acibadem Patient Relation Procedures.

## Patient Satisfaction

Placing utmost importance on patient experience, Acibadem has, over the years, created a sophisticated patient satisfaction management system. To identify patient satisfaction levels,

we collect patient feedback through satisfaction surveys, a complaints register and patient safety statistics. Our main channel for gathering patient feedback is the patient satisfaction survey. These surveys, which cover

critical aspects of the patient's journey from the time they arrive to when they exit the hospital, look at three types of services available at Acibadem hospitals: outpatient, inpatient and emergency services.



### Outpatient Survey

- Appointment
- Welcome
- Admission and registration
- Treatment
- Laboratory and Radiology services
- Discharge process
- Hospital environment
- Overall rating



### Inpatient Survey

- Pre-admission
- Welcome
- Admission and registration
- Nursing care and treatment
- Medical services
- Drug Use and Pain Management
- Hospital environment
- Discharge process
- Overall rating



### Emergency Services Survey

- Admission and registration
- Nursing care
- Treatment
- Emergency Room
- Laboratory and Radiology services
- Hospital environment
- Discharge process
- Overall rating

# Our Patients

On obtaining patient feedback, responses are directed to the relevant departments to process and develop the required corrective actions. Patient satisfaction survey reports and complaint reports inform us on hospital performance and help identify improvement areas. Net Promoter Score (NPS) responses measure patient loyalty. The system aims to keep in contact with patients who have unsatisfactory

experiences and take related actions and measures on their needs. It also analyses which drivers (questions) in the patient satisfaction surveys have a stronger impact on the likelihood of the patient recommending our services.

The results of patient satisfaction surveys conducted across our hospitals for this reporting period can be found below.

Survey	Score (as of 30 September 2020)
Patient Satisfaction Rate	92.4%
Satisfaction Rate of Problems Resolved	83.4%
Net Promoter Score (NPS)	67

*Through the Eyes of Patients* training is given as a part of a two-day *Corporate Orientation Programme* in which new clinical staff participate in workshops guided by daily behaviour models of patient services teams. This initiative aims to enhance patient experience and increase patient satisfaction.

### Challenges

When delivering quality care, one of the challenges the healthcare industry faces is the management of human capital. Due to competitive job opportunities in the public sector, there is a high turnover rate of medical personnel in the private sector, primarily among nurses and technicians.

As a mitigation measure, Acibadem conducts about 60 visits to universities in the region for campus recruitment. This approach helps build a large enough pool of talents for us to source from. We also provide students from ACU with internship opportunities that allow them to familiarise themselves with the workplace environment and culture. On completion of their internships, many are also offered full-time opportunities to begin their careers at the Acibadem facility. In 2020, 31% of the students who graduated from Acibadem University were recruited by Acibadem Hospitals.

### Privacy of Patients' Data and Medical Records

The ever increasing integration of diverse information technologies is transforming modern medicine by improving connectedness between medical services and products, diagnostics platforms, and medical records. While this has enhanced operational efficacy and the delivery of services and products, it has also raised concerns on the risks of possible data breaches. The healthcare industry recognises the impact of such risks and aims to protect patients', students' and customers' private and personal data.

At IHH, we take a comprehensive approach to protect the devices and systems used for administering our medical services and all data that is entrusted to us by our patients. The Group continues to identify ways to prevent data breaches by improving cybersecurity control measures. In each of the regions where we operate, we comply with the national legislation pertaining to personal data protection and, furthermore, implement procedures, guidelines and policies that protect the confidentiality and availability of patient medical records and information.

## Case Study: Hong Kong

At Gleneagles Hong Kong (GHK), the main legislation regulating personal data and information is the Personal Data (Privacy) Ordinance (Chapter 486) (PDPO). The PDPO's guidelines and codes of practice, outline the collection, holding, processing or use of personal data. Other legislations that govern the management of patient information are: Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) and the Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes, Chapter 10.3. The internal policies and guidelines are developed in accordance with the mentioned legislations.

GHK has established and implemented a number of internal policies to safeguard patient information from breaches or misuse. Listed are GHK's policies and guidelines which are made available on our intranet that remain accessible to staff when needed. Every 18 months, policies undergo a screening exercise to determine if amendments are required. This is followed by a formal review every three years or when there are changes in law or software/hardware.

Accessing patients' information at GHK follows the data protection principles stated in the PDPO. Employees are required to sign a confidentiality

agreement on commencing work at GHK. The *New Staff & Nursing Orientation Programme* that is mandatory at GHK provides new hires with training on the use of clinical data and patient privacy.

The Health Information & Records Department regulates and controls access to patient information and records. They ensure that only those with authorisation are able to access the necessary information. Release of Patient's Information and Data Access Request information are available on the GHK internet, Patient Charter booklet and Inpatient Guide. All Data Access Requests are handled within 40 days, which is in accordance with PDPO legislation.

Through our Hospital Management System, we are able to compile information from our laboratories, radiology, anaesthetic, ICU, endoscopy and other operation records, all in real time. The retention of patients' medical records is necessary for the tracking of medical history in cases of continued care. We usually keep patient records for 7 years. However for psychiatric cases, we keep records for 10 years, and for paediatric cases, 21 years.

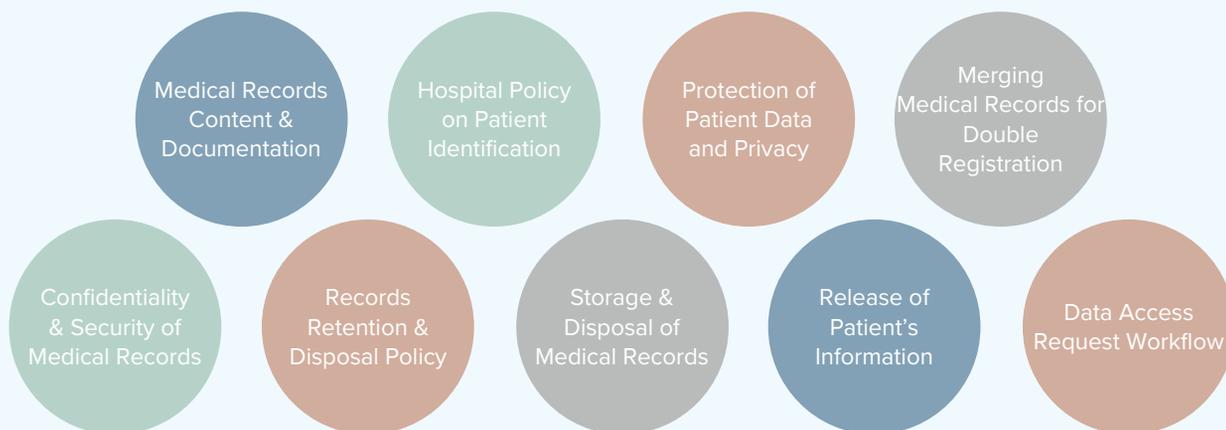
Audits such as Discharge Summary Completeness, Medical Records Content Documentation, and Verbal Order Audit, are conducted regularly to ensure data

is managed appropriately. Results of the audits are reported to the Clinical Effectiveness and Medical Technology Committee for review and corrective action is undertaken to address any gaps and potential risks that have been identified.

### Management of Data Leaks

As a result of our strict measures, we did not receive any reported cases of data breach in FY2020. However, in the event of a data breach, we have established countermeasures to mitigate the incident.

Data breaches are reported to the IT Helpdesk which assesses the severity of the incident. Based on the assessment, a report will either be provided to the Crisis Manager immediately, in which case, the mandatory personnel and team will execute the steps for recovery, or to the Corporate Communication Department, for potential crisis and incident management. Updates are sent to the Crisis Management Team and the Executive Management Team at least once every 4 hours. Notifications are sent to all departments for their awareness. Once it has been resolved, a detailed incident report is prepared documenting incident details, response actions, areas for improvement, and an action plan to prevent recurrences.



# OUR PEOPLE

We continuously provide a conducive work environment to safeguard employee satisfaction and loyalty.



# Our People

As at 30 September 2020, the Group's total workforce comprises 52,261 employees across our six home and growth markets. The majority are based in Turkey and Central and Eastern Europe followed by India, Malaysia, Singapore, and Greater China.

We believe that diversity will propel us to become the healthcare employer of choice in the countries where we operate. Our hiring practices are non-discriminatory and we practise equal opportunity at the workplace. This is reinforced by the Group-wide Workforce Diversity Policy which aims to promote inclusivity in the workplace by embracing diversity and recognising and accepting individual differences.



The headcounts exclude outsourced personnel from India Operating Division, doctors from Fortis and Greater China Operating Division (including Hong Kong), and employees from Acibadem's European Operations (ACC; Bulgaria, IMC; Netherlands, Sistina; Bulgaria), SRL Diagnostic, Prince Court Medical Centre and Gleneagles, and Jerudong Park Medical Centre, Brunei.

# Our People

## Talent Recruitment and Retention

Both our clinical and non-clinical staff are the largest contributors to IHH's success as a leading premium healthcare provider. We provide our employees with a conducive work environment, competitive benefits, and opportunities for career growth.

IHH has undertaken various initiatives to attract and retain talent across our operations worldwide. Annual benchmarking is conducted against key industry players to ensure our employees are compensated accordingly. Pathways to provide employees with career development opportunities have also been established.

For the Group to identify employee expectations of our clinical and non-clinical staff, we conduct employee engagement surveys annually and biennially, depending on the home market. Training is also provided to address identified skill gaps and to enhance the abilities of our workforce. Through such efforts, we strengthen employee morale and keep our employees motivated.

### Case Study: Singapore

In Singapore, the competition for clinical and non-clinical staff is extremely high. We strive to maintain a favourable work environment at our facilities so as to attract the country's top talents and to be a preferred choice for employment within the healthcare industry.

#### Recruitment

We recruit talents using physical and online platforms. To recruit new employees, we organise hospital open houses and participate in career fairs and campus recruitment events at polytechnics and institutes of technical education. We even recruit talents at our corporate social responsibility (CSR) events. Individuals can also be recommended for employment through staff referrals.

This year, however, we were highly dependent on our online recruitment platforms as the Circuit Breaker implemented by the Government of Singapore in response to the COVID-19 outbreak across the country restricted everyone's movements. We utilised a variety of channels to engage with candidates, including the Group's corporate website, job portals and social media platforms (i.e. Facebook, LinkedIn, Telegram).

#### New Hires and Turnover (%)



In FY2020, we achieved a new hires rate of 10.2% and a turnover rate of 12.1%. These results are lower than FY2019's rates of 16% and 14.8% respectively.

#### Remuneration and Benefits

Our employees are remunerated equitably according to market rates. In recognition of employee needs, the Group has implemented a flexi-benefits programme that allows employees to

use flexi-dollars to purchase privileges from a suite of benefits that cater to their respective lifestyles. Furthermore, we have extended outpatient medical benefits to include employees' family members.

With the Long Service and Golden Years' Service awards, we recognise employees who have achieved key milestones in their career journeys and who have remained loyal to the Group. We also have in place a Retirement and Post-Retirement Re-employment Policy that allows the Group to offer employment to individuals who are beyond the retirement age of 62.

We show our support for employees who are looking to grow their families by granting them parental leave. This gives them additional flexibility and time to bond with their children while adjusting to their new familial needs.

Parental Leave	Female	Male
Number of employees who took parental leave as of 30 September 2020	143	19
Number of employees who returned to work after parental leave ended as of 30 September 2020	142	19
Number of employees who were still employed 12 months after their return to work in FY2020 (as of 30 September 2020)	132	19

## Capability Building

Our talent management programme offers employees opportunities to advance in their careers and grow professionally. It gives high-performing employees exposure to senior-level jobs so they can gain the relevant experience for taking on future leadership roles.

An annual budget for training and development programmes enables the Group to equip our employees with the latest industry knowledge and best practices. These programmes focus on areas of leadership, quality improvement, service, life support, digitalisation and nursing. This year, we spent a total of SGD591,818 on employee capacity building across our operations in Singapore.

The Group also offers high-performing employees the opportunity to further their studies and obtain diplomas and degrees by giving them financial assistance. In FY2020, a total of 52 employees received this opportunity to further their studies.

## Safety and Well-being

In light of the COVID-19 pandemic, precautionary measures were implemented to keep our employees healthy and safe. We ensured that our frontline staff were equipped with appropriate and sufficient

personal protective equipment (PPE) and given care packs with hand sanitisers and vitamin C supplements to combat COVID-19 while carrying out their duties. We also distributed tokens of appreciation, such as ice cream treats and self-care products, to boost their morale.

During the early stages of the COVID-19 crisis, we arranged for corporate staff to work staggered hours before we transitioned them to working from home. Other control measures in the workplace included the implementation of strict protocols,

developed in line with the requirements of Singapore's Government.

Working extended hours can impact an employee's ability to maintain the desired work-life balance. Despite the pandemic, clinical and non-clinical staff were encouraged to take annual leave to spend time with their families and to take a break from their hectic work schedules whenever possible. For employees feeling anxious and emotionally affected by the COVID-19 outbreak and Singapore's Circuit Breaker, we offered professional in-house counselling.



30 Pantai Hospital Ayer Keroh staff from various clinical and non-clinical departments gather every day since the beginning of April 2020 to make Personal Protective Equipment (PPE) and face shields for frontliners.



# OUR ORGANISATION

We uphold organisational integrity and operate ethically in accordance with applicable legislation and industry best practices.

# Our Organisation

## Corporate Governance

IHH is committed to upholding the highest standards of corporate governance. By doing so, we are able to safeguard institutional integrity and boost investor and patient confidence.

The Group's Board is responsible for governing and setting strategic direction. Guided by the Malaysian Code on Corporate Governance 2017 (MCCG), the Board is able to sustain long-term value creation by upholding stakeholder expectations and steering the organisation. The roles and responsibilities of Board members are outlined in our Board Charter, which is available on our corporate website. We appoint our Directors on

a non-discriminatory basis, regardless of gender, age and background. In line with IHH's Boardroom Diversity Policy, three of our 12 Directors are women. The Group publishes a Corporate Governance Report that summarises our corporate governance performance annually, in line with Bursa Securities' Main Market Listing Requirements.

Group-wide policies are also established and reviewed regularly to ensure alignment with the latest industry developments and best practices. This year, our Code of Conduct and Whistle Blowing Policy were reviewed and amended to comply with the latest regulatory requirements.

The Group's Anti-Bribery and Corruption Policy (ABC Policy) was established in 2019. With the implementation of the ABC Policy, Group corporate functions collaborated with Division Anti-Corruption Compliance Leads to review existing Standard Operating Procedures (SOPs) and policies and update them according to the ABC Policy and relevant anti-corruption laws in 2020.

In addition to revamping SOPs and policies, we also conduct training to ensure employees are aware of our ABC Policy and its contents. It is vital that employees complete the training and in FY2020, 100% of employees across all IHH operations were given access to resources to ensure they fulfil this requirement.



### Code of Conduct (Code)

Outlines the Group's values, and provides guidance to all employees on expected business standards and behaviour.



### Whistle Blowing Policy

Provides a channel for employees to communicate concerns and reassures them that they will be protected from repercussions resulting from whistleblowing.



### Anti-Bribery and Corruption Policy (ABC Policy)

Elaborates on core principles iterated in the Group's Code, and promotes compliance by all employees with anti-corruption laws that apply to the Group, including the anti-corruption laws of all countries in which the Group operates.

## Case Study: Turkey and Central and Eastern Europe

Acibadem is subject to the laws and regulations of the countries it operates in. In February 2020, Acibadem established a division-level Anti-Bribery and Corruption Policy to outline standards and principles iterated by anti-corruption regulations of the countries it operates in.

### Acibadem's Legal Register

- Turkish Criminal Code No: 5237 (2004)
- Law on Declaration of Property and Combating Bribery and Corruption No: 3628 (Turkey, 1990)
- Malaysian Anti-Corruption Commission Act (Malaysia, 2009)
- Money Laundering and Terrorism Financing Prevention Law (Malaysia, 2001)
- Whistleblower Protection Act (Malaysia, 2010)
- Witness Protection Act (Malaysia, 2009)
- Malaysia Code of Corporate Governance (2017)
- Malaysia Code of Ethics
- Bribery Act (UK, 2010)
- Foreign Corrupt Practices Act (USA, 1977)
- Prevention of Corruption Act (Chapter 241) (Singapore)
- Prevention of Corruption Act (India, 1988)
- Criminal Law of the People's Republic of China (Bribery of public officials and foreign public officials)
- Anti-Unfair Competition Law of the People's Republic of China (Private bribery)
- Prevention of Bribery Ordinance (Cap 201) (Hong Kong, 1971)

All departments within Acibadem are required to adhere to applicable laws and regulations, as well as established procedures. If there are changes to regulations or laws, each department has the responsibility to streamline its operations and procedures with updated regulations.

In FY2020, Acibadem recorded zero cases of non-compliance with laws and regulations pertaining to corporate governance, anti-bribery and corruption. The culture of integrity throughout the organisation is attributed to our strong corporate governance and good leadership.

# Our Organisation

## Emergency Preparedness and Crisis Response

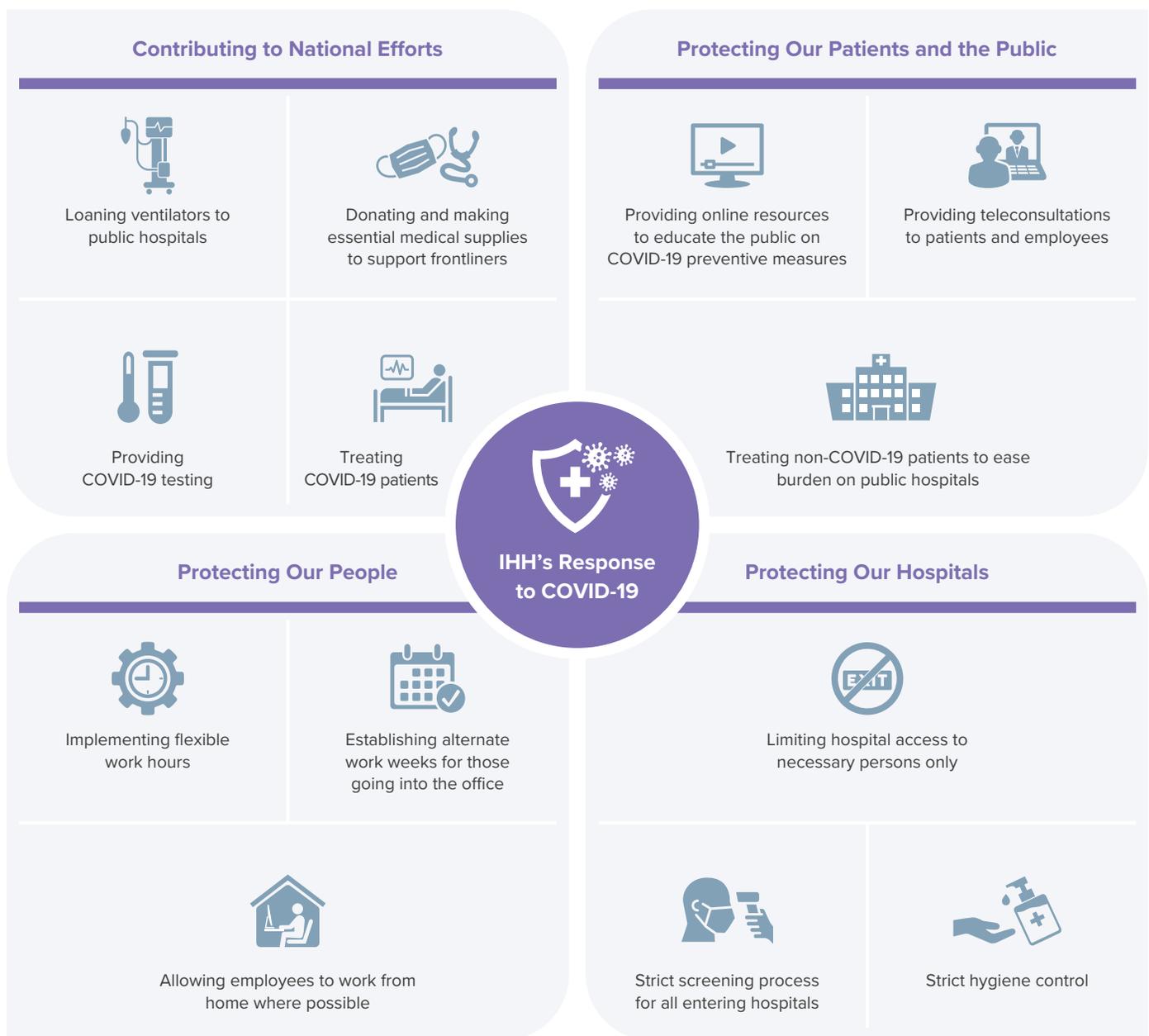
The coordination of an emergency response system is critical to ensuring that we are able to provide medical care under challenging circumstances. Emergency and crisis readiness translates to having the necessary structures in place and resources available to manage a crisis or emergency situation. Coordination

across operations is crucial to our implementing prompt and effective measures in response to a crisis.

### COVID-19 Response

The COVID-19 pandemic spread across the world leaving no country unaffected. It has forced new standards of normal for the way businesses continue operating, despite obstacles arising from the pandemic outbreak.

The rapid transmission of the virus called for immediate action to mitigate its spread and rehabilitate those infected. As a healthcare provider, we prioritised the need to protect our employees at work, especially those dealing with infectious diseases. We took great measures to ensure the safety of our employees, patients, and all visitors at our healthcare facilities.



### **Policies and Plans**

At IHH, we have strict policies and plans that outline the course of action for such events, and act as the foundation for deploying our resources and personnel. We also have a series of initiatives and programmes in the various locations where we operate to support the general public where possible.

Our hospitals across the Group are equipped to handle such situations and have in place the necessary measures to manage emergencies such as the COVID-19 pandemic. In line with the regulations of countries where we operate, as well as the recommendations set out by WHO, we established Emergency and Crisis Response (ECR) plans to provide medical care during the pandemic without compromising the safety and health of our employees and patients. Each ECR plan outlines procedures to prevent the spread of the disease and to manage patients accordingly.

We have minimised entry points to our hospitals and clinics to better control the influx of patients and visitors, and implemented social distancing measures. On entry, all persons are required to scan the QR codes and have their temperatures taken. They are also required to input contact information for the hospital's record. This serves as a quick response measure for contact tracing, enabling us to notify patients and visitors in case of possible exposure.

To safeguard the health and well-being of our staff, we enhanced the surveillance of medical staff movement and restricted inter-hospital movement of medical practitioners to limit the spread of the virus. For employees at our corporate offices, IHH implemented flexible work arrangements at the height of the pandemic, such as working from home and flexible work hours, and encouraged employees to practise good hand hygiene and respiratory etiquette at the workplace. In addition, we increased cleaning and disinfection for frequently touched surfaces across the workplace.

### **Training and Testing**

We provided training to medical and non-medical staff to communicate new practices expected of them while at the hospital. These sessions covered mask fitting, as well as the proper ways to wear personal protective equipment (PPE). All units were split into teams and the teams worked on rotation. Breaks were scheduled into these rotations to make sure our staff were not overworked. The ECR committees conducted drills at the departmental level to test response to a confirmed COVID-19 case.

All employees are currently still required to fill out a declaration form to help us determine the possibility and risk of their exposure to those with COVID-19. In addition, medical staff working in the inpatient department are required to undergo a nucleic acid test to confirm that they are not carrying the virus.

### **COVID-19 Wards**

We have designated areas and wards for COVID-19 patients and allocated spaces for fever cases in our Accident and Emergency Department to isolate these patients and prevent further spread of the contagion. Designated rooms with two or more beds are adequately spaced apart for safety. COVID-19 wards have 24-hour security to minimise movement into and out of the ward. Furthermore, patient meals are served in disposable plastic containers, along with disposable cutlery. Any patient who tests positive for COVID-19 is transferred to other hospitals or other facilities, as directed by government legislation.

### **Telemedicine & e-Health Video Consultation**

Even with the implementation of strict infection control procedures to make our hospitals safe to visit, we had patients who were unable or chose not to visit hospitals as a precautionary measure. For these patients, we launched our telemedicine and e-Health video consultation services. This platform offers patients convenient access to a wide range of our medical services,

from booking virtual consultations with our doctors to receiving prescribed medications at their doorsteps and being transferred to our hospitals or clinics for treatment. Through this platform, we ensure patients can access uninterrupted quality medical care, be it from home or at our facilities.

### **Contribution to National Efforts Malaysia**

As a private hospital, we are not permitted by Malaysia's Ministry of Health (MOH) to treat COVID-19 patients at our facilities in the country. Therefore, we supported and offered services in other ways to help alleviate the overwhelming medical needs of the COVID-19 pandemic. IHH allocated 200 beds from across our network of 15 Pantai and Gleneagles Hospitals in Malaysia to treat non-COVID-19 patients transferred from public hospitals. This helped lighten the burden on public hospitals and allowed them to focus on infected patients. We also pledged more than RM24 million to subsidise the medical treatment of patients going to public hospitals.

Due to the rise in demand for ventilators to treat critical COVID-19 patients, public hospitals were facing a shortage. IHH was equipped to loan out 20 ventilators while still being able to provide for our own patients. These ventilators were distributed to intensive care units in public hospitals across Malaysia.



Loaned **20**  
ventilators to  
Malaysian public  
hospitals

## Our Organisation

We facilitated the mobilisation of an experienced infectious disease physician from our Gleneagles hospital in Kota Kinabalu to support the MOH in managing the COVID-19 outbreak in the state of Sabah. Our physician has been working alongside MOH doctors at outbreak centres across the state to help treat and manage COVID-19. This physician has been selected as the technical member in the Government assessment programme for a COVID vaccine and is the only member from a private hospital in the National COVID vaccine committee.

In addition, IHH Malaysia's laboratory division, Pantai Premier Pathology, worked in collaboration with the MOH to increase the testing capacity for COVID-19. It was one of four private laboratories in Malaysia to provide a home-based COVID-19 sampling service, which includes the COVID-19 drive-thru screening service that gives people the alternative of being screened in their vehicles.

### IMU

As demand for ventilators increased, hospitals struggled to treat patients because of insufficient equipment. Given this situation, IMU donated two ventilator units to a public hospital. In addition, it collaborated with a local

fashion designer/textile company to manufacture and donate PPE for frontliners across public hospitals in Malaysia. Other essential items were donated throughout the country to non-governmental organisations and homes for the underprivileged. More information on IMU's contributions can be found on pages 88 to 89 of this statement.

### Singapore

Our hospitals here accepted stable and recovering COVID-19 patients from public hospitals. To date, we have admitted and discharged more than 350 patients. We were also deployed by Singapore's Ministry of Social and Family Development to conduct swab testing for more than 11,500 people in dormitories, polytechnics, and other locations, and to operate temporary testing centres for a month. Up to 500 people were tested daily at each facility.

Our clinical staff were part of the pioneering medical team for the planning and operation of the Community Care Facility. All 10 halls of the Singapore Expo with a capacity of 8,000 beds were utilised towards this effort.

Our lab at Parkway Pantai was the first private hospital in Singapore to provide

Acibadem  
Labmed processed  
**168,780**  
COVID-19 PCR,  
antibody and  
antigen tests

**First private  
hospital**  
in Singapore to  
provide COVID-19  
PCR testing

COVID-19 polymerase chain reaction (PCR) testing. Priority testing is still being offered 24 hours a day, seven days a week, including on weekends and public holidays, continuing all year in 2021.

### Turkey and Central and Eastern Europe

All 16 of our Acibadem hospitals in Turkey have been declared "Pandemic Hospitals" by government decree and have designated wards for COVID-19 patients and persons under investigation (PU). Acibadem hospitals have also been designated testing



Dr Serene Wee, general practitioner at Parkway Shenton Medical Group, together with her team mates, stepped out of their comfort zones to provide COVID-19 swab tests for migrant workers.



40 of our ACIBADEM Healthcare Services specialists travelled across borders to help COVID-19 patients at the recently opened Yeni Klinika Hospital in Baku.



IHH's Gleneagles Hospital Hong Kong's team offers free COVID-19 swab tests to all Hong Kong residents.

centres while the Acibadem Labmed laboratories have been certified by the Ministry of Health for the running of COVID-19 PCR, COVID-19 antibody and COVID-19 antigen tests. This year, a total of 168,780 tests were processed by Acibadem Labmed.

The Acibadem City Clinic (ACC) in Bulgaria opened and maintained special units specifically for treating COVID-19 patients. A separate infections department was opened to care for these patients and recently expanded its COVID-19 unit to include a total of 67 beds of which seven are designated for intensive care.

In Macedonia, Acibadem Sistina Hospital donated its vacant facilities to aid governments in the management and treatment of COVID-19 patients. All 27 mechanical ventilation machines were made available for use. Acibadem Sistina Hospital is the only lab in Macedonia performing three types of tests to detect COVID-19. In addition to this, employees of the hospital donated packages of food and hygiene kits to vulnerable residents in the municipalities of Debar and Centar Zhupa, who were fully quarantined.

Mobile hospitals were set up to improve patients' accessibility to healthcare. The five mobile hospitals have a total capacity of 70 beds, arranged at least two metres apart.

#### **Hong Kong**

On 1 September 2020, the Government of Hong Kong set up its Universal Community Testing Programme, with 141 testing centres across the 18 districts. IHH's GHK volunteered its services at the Wong Chuk Hang COVID-19 testing centre which offers free COVID-19 swab tests to all Hong Kong residents. The aim is to find asymptomatic patients as early as possible for early identification, isolation and treatment to disrupt the virus transmission chain in the community.

#### **Occupational Safety and Health**

The safety of our patients and employees is IHH's highest priority. Our systems comply with occupational safety and health (OSH) legislation and standards. The management of our OSH risks is carried out through a series of procedures such as, hazard assessments and controls, and incident reporting. The results of these assessments are reported and

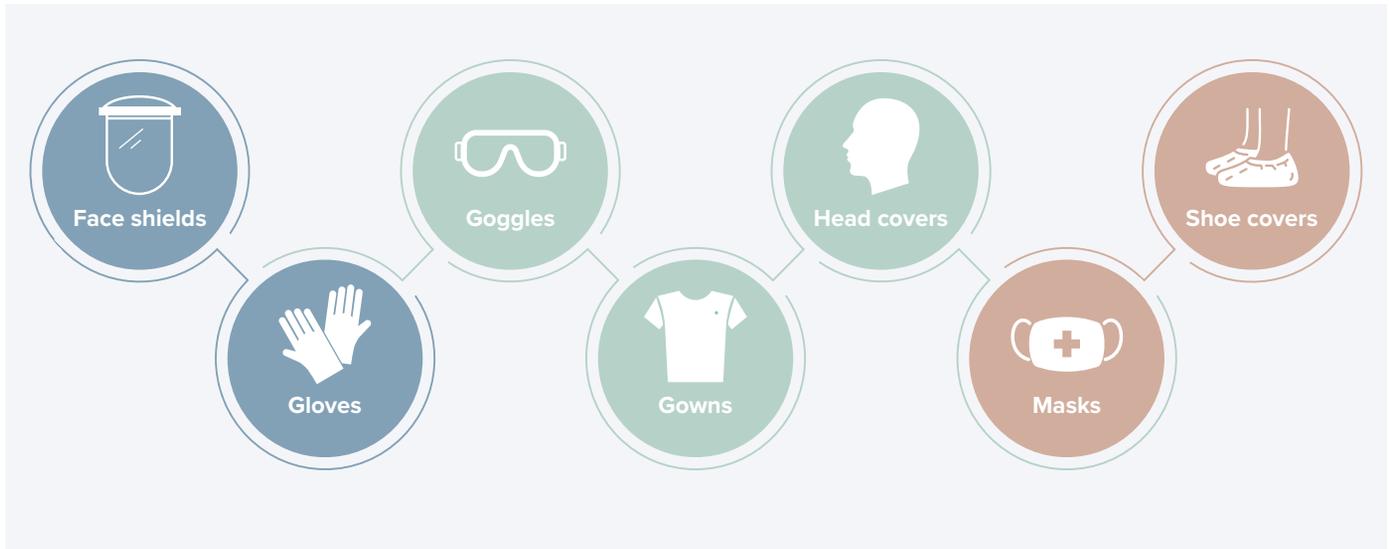
discussed by key personnel at weekly and monthly meetings. By maintaining a safe work environment, we support the consistent delivery of quality healthcare services to our patients.

OSH committees are established at our hospitals, clinics and universities to oversee the development of safety and health rules, review their effectiveness, assess workplace injuries and develop corrective actions accordingly. The OSH committees serve as a contact point for employees to raise any concerns or complaints pertaining to workplace safety, as well as to report safety incidents.



## Our Organisation

Across our facilities, we have ample personal protective equipment (PPE) supplies and all medical staff are provided with the necessary PPE to protect them from contagions. PPE provided include:



Mandatory training on topics such as infection control, manual handling, workplace violence, and fire safety, was carried out throughout the year on e-learning platforms.

# OUR ENVIRONMENT

We implement stringent measures to ensure our environmental footprint is minimised through efficient consumption of natural resources and appropriate management of generated waste.



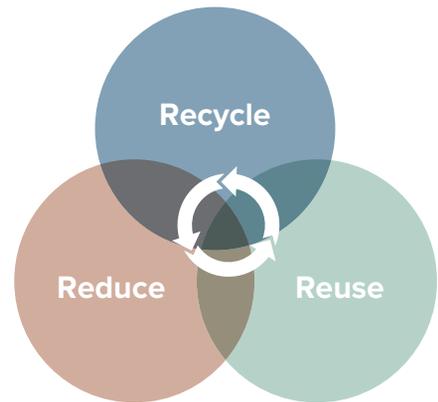
# Our Environment

## Waste Management

The healthcare industry is responsible for protecting and restoring public health. However by-products from treatments are often hazardous, including used syringes and radioactive isotopes used for diagnostic and therapeutic applications. Mismanagement of these by-products can have adverse impacts on the environment and public health. There are strict laws and regulations on waste management in the countries where we operate. Our hospitals and clinics recognise the high-risk irresponsible waste

management practices pose on the environment and the community. To prevent this, they comply with national waste management regulations stringently and engage with licensed contractors for the proper disposal of clinical waste.

As a responsible healthcare provider, we implement and raise awareness among employees on waste reduction practices, including 3R (Reduce, Reuse, Recycle) practices. In the long run, we look to further reduce our waste output and minimise IHH's environmental footprint.



## Case Study: Hong Kong

GHK adheres to stringent waste management laws and regulations formulated by regulatory bodies in Hong Kong. To ensure employees follow these laws and regulations, GHK has formulated a number of internal policies and procedures to guide employees on best practices when managing clinical and general waste.

In addition to the policies and guidelines, GHK has undertaken various initiatives to ensure proper waste management practices among its employees. On commencing work at GHK, employees undergo an orientation programme where they are given training on waste management practices. Training, drills and assessments for waste

management are conducted by GHK's departments throughout the year. One waste management drill was conducted this year where 35% of GHK employees participated.

GHK has also implemented various awareness campaigns and programmes to reduce general waste output. These campaigns aim

### Laws and Regulations on Waste Management

- Code of Practice for the Management of Clinical Waste – Major Clinical Producers and Waste Collector, Environmental Protection Department
- Radiation Ordinance (Cap 303)
- Waste Disposal Ordinance (Chapter 354)
- Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C)
- Waste Disposal (Clinical Waste) (General) Regulation (Cap. 354O)
- Privacy Ordinance (Chapter 486)
- Occupational Safety and Health Ordinance and regulations (Cap. 509)
- Antibiotic Ordinance (Chapter 137)
- Dangerous Drug Ordinance (Chapter 134)
- Pharmacy and Poisons Ordinance (Chapter 138)

### GHK Policies and Guidelines

- Safety and Handling of Oil/ Grease Waste in F&B
- Pharmaceutical Waste Management
- Cytotoxic Waste Disposal
- Expired Medications Management
- Waste Management
- Chemical Safety
- Clinical Waste Management
- Handling of Domestic Waste
- Handling of Confidential Waste

to promote the rational use of materials and increase general waste recovery. In FY2020, GHK continued to conduct the *Recycle Programme*, which was established in FY2018 to raise awareness among hospital staff on the importance of recycling, and to increase recycling efforts within GHK. Information on the *Recycle Programme* is communicated to employees regularly through roll calls.

Led by the Environmental Services Department, the programme involves collecting recyclable wastes, including plastics, glass, aluminium and paper, and recording the weight of each category to track progress. With this programme, we diverted 20.25 tonnes of non-hazardous waste from the landfill this year.

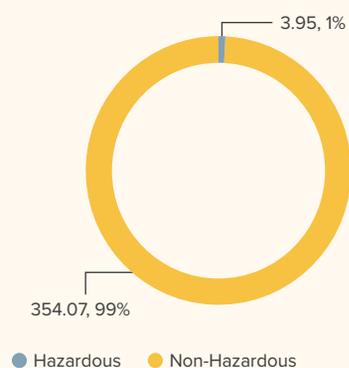
Part of our 3R efforts is to reduce the use of single-use plastics and take-away packaging. At GHK, the Food and Beverage (F&B) Department insists that employees bring their own containers and avoid using plastic straws in the hospital cafeteria.

In line with the *Producer Responsibility Scheme* established by the Environment Protection Department “EPD” of Hong Kong, GHK’s IT Department has established a *Computer Recycling Programme* (CRP). The programme aims to reuse, recycle and refurbish computer hardware in an environmentally sound manner, hence reducing GHK’s output of potentially harmful e-waste.

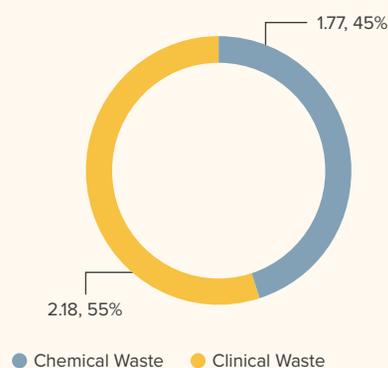
As at 30 September 2020, GHK has generated a total of 358.02 tonnes of waste, of which 99% is non-hazardous. 6% of non-hazardous waste was collected for recovery while the remaining 94% was sent to landfills by licensed contractors.

All hazardous waste generated at GHK is handled in accordance with applicable environmental laws and regulations, and collected for treatment by licensed contractors. While clinical waste is collected and incinerated to meet industry best practices, chemical waste is treated chemically and/or physically in a licensed treatment facility.

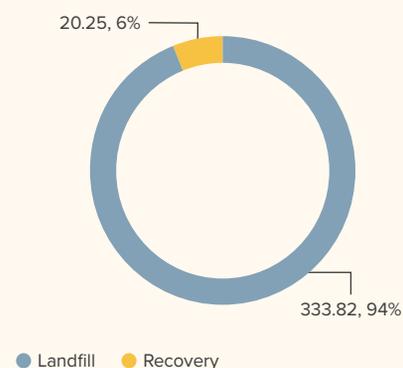
**Waste Generation in FY2020 (tonnes)**



**Hazardous Waste Generated (tonnes)**



**Disposal Methods of Non-Hazardous Waste (tonnes)**





# OUR COMMUNITY

We strive to promote the health and well-being of the communities we operate in by providing basic healthcare and health education programmes.

# Our Community

## Community Engagement

IHH strives to improve the lives of not just our patients, but also the communities that we operate in. Throughout the year, we organise community health campaigns and programmes, using our expertise and resources as a healthcare provider, to improve the health and livelihoods of local communities.

### Case Study: International Medical University (IMU) in Malaysia

As an educational institution, IMU contributes to the community by producing highly-skilled, well-informed, and ethical health professionals who can effectively

serve the community. To do so, IMU established the *IMU Cares* in 2002.

Starting out as a small-scale fund-raising event, *IMU Cares* has now expanded

its scope to deliver healthcare and promote health and wellness through a number of projects. All activities carried out under the *IMU Cares* are driven by its vision, mission and focus areas.

#### Vision:

To serve society through community involvement, integrating service, education and research for the development of our students and staff to be competent, ethical, caring and inquiring professionals who are leaders of the community.

#### Mission:

- To serve society in an effective and impactful manner
- To be a forum for IMU staff and students to practise professionalism and inter-professional learning through service and research
- To engage and collaborate with caring organisations for the common good of society
- To serve society and driving social change through sustainable transformation.

#### IMU Cares Focus Areas (United Nations Sustainable Development Goals, UN SDGs)

##### UN SDG3 Good health and well being

Ensure healthy lives and promote well-being for all at all ages.

##### UN SDG4 Quality education

Ensure inclusive and quality education for all and promote lifelong learning.

##### UN SDG10 Reduce inequality in the community

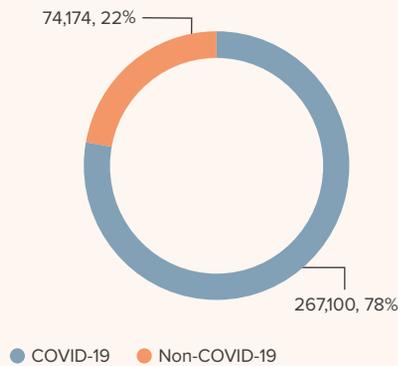
Ensure equal opportunities and end discrimination.

##### UN SDG12 Responsible Consumption and production

Ensure sustainable consumption and production patterns.

# Our Community

## Total Contributions (RM)



Students at IMU are engaged in community activities through various platforms ie. service learning within respective disciplined programmes, Mata Pelajaran Umum (MPU4) which is a general studies module focusing on community activities, student-led community charity clinics, District Partnership Initiative in Negeri Sembilan, students' clubs and societies as well as participating in staff-led projects. Through these various platforms under the purview of IMU Cares, various initiatives were undertaken for the betterment of the greater community in FY2020.

In the year under review, IMU contributed RM341,273.81 to local communities through *IMU Cares*.

### COVID-19

As COVID-19 began to spread across Malaysia, hospitals struggled to cope with the increasing number of infections due to the lack of equipment and facilities. In response, IMU donated two ventilator units to Hospital Tuanku Jaafar in Seremban in the state of Negeri Sembilan, and provided research laboratory space to support national efforts for COVID-19 testing. IMU contributed a total of RM267,100 in the form of aid and relief during the COVID-19 pandemic.

To ensure frontliners were sufficiently protected from the virus, IMU donated and manufactured PPE in collaboration with renowned Malaysia fashion designer, Datuk Radzuan Radziwill, a textile company, and others. Together, IMU and its collaborators donated RM81,769.22 worth of PPE to frontliners across various public hospitals in Malaysia.

In addition to supporting medical staff, IMU provided aid to communities in

need during this time. Food items and essential provisions were donated to individuals and families who were greatly affected by the COVID-19 outbreak in Malaysia and the Movement Control Order (MCO) imposed by the Government of Malaysia. In all, essential items worth RM52,061.07 were donated. Beneficiaries include non-governmental organisations and homes for the underprivileged.



Dr Peter Chow, CEO of Mount Elizabeth Novena receives a COVID-19 vaccination on Jan 9, 2021.



Pantai and Gleneagles Hospitals have collectively loaned 20 ventilators to public hospitals for the treatment of patients in their Intensive Care Units.

IMU raised awareness on the COVID-19 pandemic through public health advocacy and awareness programmes. These programmes helped to update the public and the IMU community on the latest developments for overcoming COVID-19. These programmes include:

Public health awareness topic	Resources developed and advocated	Target beneficiaries
Stay at Home – Flattening the Curve	Video production with Sign Language Awareness of Stay@Home	Public
COVID Preventive Measures	Video production advocating COVID preventive measures	Public
This Is Just The Beginning: Be Safe From COVID-19 (Awat COVID-19 #DudukDiamDiam)	Animated video production, “This Is Just The Beginning: Be Safe From COVID-19” and its translation “Awat COVID-19 #DudukDiamDiam”	Public
10 Dirtiest Things and Washing Hands	Video on “10 Dirtiest Things and Washing Hands”	Public
COVID-19 101	Advocacy e-flyers and video on “COVID-19 101” and “How to Stop COVID-19”	Public
RM50/week shoestring budget	Preparing power point/video information content for educating B40 families	50 families in the B40 community
Words of Support and Encouragement	Production of video “Words of Support and Encouragement”	IMU Staff and Students during the MCO period



# RESPONSIBLE BUSINESS

Championed by the Board, our robust governance structure ensures that business is conducted responsibly, ethically and at the highest levels of integrity.



## **Governance**

Board of Directors	92
Group Management	100
Corporate Governance Overview Statement	105
Nomination Committee Report	116
Remuneration Committee Report	122
Audit Committee Report	124
Risk Management Committee Report	129
Statement on Risk Management and Internal Control	131
Sustainability Governance	137
Investor Relations Report	138

# Board of Directors

**Our Board of Directors comprises an effective combination of individuals with a diverse range of skills, knowledge and experience that complement our strategic objectives.**



## **Dato' Mohammed Azlan bin Hashim**

**Chairman, Independent, Non-Executive  
Chairman of the Steering Committee**

Nationality: Malaysian  
 Gender: Male  
 Age: 64  
 Date of Appointment: 30 March 2011  
 Length of Service: 10 years (As at 31 March 2021)  
 Date of Last Re-election: 28 May 2019

### **Work Experience**

Dato' Mohammed Azlan bin Hashim was appointed to the Board of IHH Healthcare Berhad in March 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' Azlan 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 also serves as a Director and Chairman, Investment Panel of Employees Provident Fund, a role he held since 1 September 2020.

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
- Khazanah Nasional 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 105 to 115 of this Annual Report



## Dr Kelvin Loh Chi-Keon

**Managing Director and Chief Executive Officer,  
Non-Independent, Executive  
Member of the Steering Committee**

Nationality: Singaporean  
Gender: Male  
Age: 47  
Date of Appointment: 1 July 2019  
Length of Service: 1 year 9 months (As at 31 March 2021)  
Date of Last Re-election: 23 June 2020

### Work Experience

Dr Kelvin Loh Chi-Keon was appointed the Chief Executive Officer (CEO) (designate) and Executive Director of IHH Healthcare Berhad (IHH) on 1 July 2019 and assumed the position of Managing Director and CEO of IHH with effect from 1 January 2020. He also serves on the Boards and Board Committees of IHH subsidiaries.

Dr Loh started his career as a practising physician and then spent a decade in the public sector in Singapore in areas such as clinical services development, hospital planning and hospital operations. Dr Loh first joined IHH Group in 2008. Between 2008 and 2017, he held a number of senior management roles before taking over as the CEO for its Singapore Operations Division (now known as IHH Healthcare Singapore), covering among other services, the four multi-specialty tertiary hospitals – Mount Elizabeth, Mount Elizabeth Novena, Gleneagles and Parkway East.

In 2017, Dr Loh moved to Columbia Asia Group as CEO where he was responsible for overseeing its 28 hospitals across four countries in Asia. He rejoined IHH in July 2019.

An expert in lean management systems, Dr Loh was previously a member of Singapore's National Expert Advisory Panel for Healthcare Productivity and Advisor to the Asia Productivity Organisation.

### Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Masters of Business Administration, NUS Business School, Singapore
- Graduate of the Insead Advanced Management Programme

### Present Directorship(s)

- Nil



## Masato Sugahara

**Non-Independent, Non-Executive**

Nationality: Japanese  
Gender: Male  
Age: 58  
Date of Appointment: 1 April 2020  
Length of Service: 1 year (As at 31 March 2021)  
Date of Last Re-election: 23 June 2020

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in April 2020, Mr Masato Sugahara is the Managing Officer and Chief Operating Officer of Healthcare and Service Business Unit at Mitsui & Co., Ltd (Mitsui) in its Tokyo Headquarters.

Mr Sugahara has over 20 years of working experience having served in multiple divisions in Mitsui, spanning from engineering, procurement, construction, infrastructure project development and human resources. Between 2018 and 2020, Mr Sugahara served as the Managing Officer Deputy Chief Operation Officer & Chief Administrative Officer at the Asia Pacific Business Unit of Mitsui. Prior to that, Mr Sugahara served in the position of Division General Manager of the Planning & Administration Division (Machinery & Infrastructure). In 2014, he was appointed Department General Manager of Human Resources Planning Department. Preceding his tenure in the Human Resources Planning Department, Mr Sugahara served as the Division General Manager of the Infrastructure Project Development in the Middle East, Africa and Russia+Commonwealth of Independent States (CIS) division.

### Academic/Professional Qualification(s)

- Bachelor's degree, Japanese law, Tokyo 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
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 105 to 115 of this Annual Report

# Board of Directors



## Takeshi Saito

**Non-Independent, Non-Executive  
Member of the Steering Committee**

Nationality: Japanese  
Gender: Male  
Age: 49  
Date of Appointment: 28 March 2019  
Length of Service: 2 years (As at 31 March 2021)  
Date of Last Re-election: 28 May 2019

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in 2019, Mr Takeshi Saito was an alternate director to Mr Satoshi Tanaka and Mr Koji Nagatomi, during their tenure as Directors of IHH between June 2015 and March 2019. He also serves on the Boards of a few IHH subsidiaries. Mr Saito currently serves as Chief Executive Officer (CEO) of MBK Healthcare Management Pte Ltd (MHM), a wholly-owned subsidiary of Mitsui & Co., Ltd (Mitsui) based in Singapore, which manages the healthcare assets within the portfolio of Mitsui.

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 also sat on the Board and Executive Committee of Parkway Pantai Limited, a wholly-owned subsidiary of IHH, 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.

### 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



## Dr Farid bin Mohamed Sani

**Non-Independent, Non-Executive  
Member of the Steering Committee  
Member of the Nomination Committee  
Member of the Remuneration Committee**

Nationality: Malaysian  
Gender: Male  
Age: 45  
Date of Appointment: 29 November 2019  
Length of Service: 1 year 4 months (As at 31 March 2021)  
Date of Last Re-election: 23 June 2020

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in November 2019, Dr Farid bin Mohamed Sani is the Head, Chief Investment Officer's Office of Khazanah Nasional Berhad (Khazanah). He also serves on the Board and Board Committees of IHH subsidiaries.

Dr Farid re-joined Khazanah in December 2018 after serving as Chief Strategy Officer of UEM Group. Prior to that, Dr Farid was with Telekom Malaysia Berhad from 2012 to 2017. Dr Farid first joined Khazanah in July 2004 until 2011. Prior to joining Khazanah, Dr Farid was a consultant at McKinsey & Co.

### Academic/Professional Qualification(s)

- Bachelor of Arts (Chemical Engineering), University of Cambridge
- Masters in Engineering (Chemical Engineering), University of Cambridge
- PhD in Chemical Engineering, University of Cambridge

### 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 105 to 115 of this Annual Report



## Mehmet Ali Aydinlar

Non-Independent, Non-Executive  
Member of the Steering Committee

Nationality: Turkish  
Gender: Male  
Age: 64  
Date of Appointment: 24 January 2012  
Length of Service: 9 years 2 months (As at 31 March 2021)  
Date of Last Re-election: 23 June 2020

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in January 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 Aydinlar, after an illustrious tenure as founding CEO of ASYH, continues to serve as the Chairman of the Board of Acibadem group of companies.

Mr Aydinlar is also the Chairman of the Turkish Accredited Hospitals Association and Vice Chairman of Private Hospitals and Healthcare Institutions Association (OHSAD). 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 and received numerous prestigious awards including but not limited to “Ernst & Young Entrepreneur of the Year, Turkey” for the year 2018 for his entrepreneurship and contributions in healthcare industry.

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.

### Academic/Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College

### Present Directorship(s)

- Nil



## Tunku Alizakri bin Raja Muhammad Alias

Non-Independent, Non-Executive

Nationality: Malaysian  
Gender: Male  
Age: 51  
Date of Appointment: 1 January 2021  
Length of Service: 3 months (As at 31 March 2021)  
Date of Last Re-election: –

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in January 2021, Tunku Alizakri bin Raja Muhammad Alias was the Chief EPF Officer of the Employees Provident Fund (EPF), a post he held since 20 August 2018 to 28 February 2021. He joined the EPF on 1 January 2014 as the Deputy Chief Executive Officer for the Strategy Division, overseeing national policies on social protection, and developing EPF products and services. He was also an ex-officio member of the EPF Board and Investment Panel.

Tunku Alizakri has extensive experience covering fund management and the financial industry, public sector administration and central banking, media and telecommunications, property development, plantations and oil and gas.

Currently, Tunku Alizakri also sits as a board member of Astro Malaysia Holdings Berhad and Sime Darby Plantation Berhad.

He was also the Vice Chair of Technical Commission on Organisation, Management & Innovation of International Social Security Association and the Secretary-General of Asean Social Security Association.

Prior to joining the EPF, he was the Chief Marketing Officer and Chief Operating Officer of the Iclif Leadership and Governance Centre. He has also held the positions of Director of Strategic Management at Bank Negara Malaysia, Director and Head of Strategy and Corporate Affairs at DiGi Telecommunications Sdn Bhd, and Vice President and Head of Group Strategic Planning at Malayan Banking Berhad.

### Academic/Professional Qualification(s)

- Master of Business Administration (MBA), Cornell University
- Bachelor of Law (LLB), King's College University of London
- Barrister-at-Law, Honourable Society of Lincoln's Inn (London)

### Present Directorship(s)

- Astro Malaysia Holdings Berhad
- Sime Darby Plantation 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 105 to 115 of this Annual Report

## Board of Directors



### 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: 55  
 Date of Appointment: 17 April 2012  
 Length of Service: 8 years 11 months (As at 31 March 2021)  
 Date of Last Re-election: 23 June 2020

#### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in April 2012, Ms Rossana Annizah binti Ahmad Rashid also serves on the Boards and Board Committees of a few IHH subsidiaries.

Ms Rossana serves as Country Chairman of the Jardine Matheson Group of Companies in Malaysia. She subsequently joined the Board of Cycle & Carriage Bintang Berhad, a member of the Jardine Matheson Group, as Deputy Chairman. She also serves as Chairman of Bank Simpanan Nasional and Prudential BSN Takaful Berhad. She is also a member of the Investment Panel and Investment Panel Risk Committee of Employee Provident Fund Malaysia. She is also a Board member of Celcom Axiata Berhad and edotco Group Sdn Bhd, both of which are subsidiaries of Axiata Group Berhad.

She was a career professional having held several 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 career with Citibank Malaysia.

#### Academic/Professional Qualification(s)

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

#### Present Directorship(s)

- Cycle & Carriage Bintang Berhad
- Celcom Axiata Berhad
- Prudential BSN Takaful Berhad



### 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: 68  
 Date of Appointment: 3 September 2014  
 Length of Service: 6 years 7 months (As at 31 March 2021)  
 Date of Last Re-election: 28 May 2018

#### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in September 2014, Mr Shirish Moreshwar Apte is currently also an Independent, Non-Executive, Chairman of Pierfront Mezzanine Fund Pte Ltd, and Chairman of Fullerton India Credit Corporation, India. Besides, he is on the Boards and Board Committees of a few IHH subsidiaries.

Mr Apte concurrently serves on other Boards of Directors, including the Commonwealth Bank of Australia, Clifford Capital Holdings Pte Ltd, Aviva Singlife Holdings Pte Ltd and Keppel Infrastructure Holdings Pte Ltd, Singapore.

Prior to his retirement from Citigroup in 2014 as Chairman of Asia Pacific Banking, Mr Apte held numerous positions with Citibank/ Citigroup in Singapore (2011–2013), Hong Kong (2009–2011), London (2003–2009), Poland (1997–2003) and London (1993–1997). He also supervised Citigroup's operations in the Emerging Markets covering Central and Eastern Europe, Middle East, Africa (CEEMEA) and Asia Pacific. Mr. Apte began his career in banking with 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 and Wales

#### 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 105 to 115 of this Annual Report



## Jill Margaret Watts

Independent, Non-Executive

Member of the Audit Committee

Member of the Risk Management Committee

Nationality: Australian  
Gender: Female  
Age: 62  
Date of Appointment: 4 April 2018  
Length of Service: 3 years (As at 31 March 2021)  
Date of Last Re-election: 28 May 2018

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in April 2018, Ms Jill Margaret Watts currently serves on several Boards of Directors/ Governors, including Sidra Medicine and St Vincent's Health Australia Ltd. 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. Prior to her appointment at BMI Healthcare, she was the Group Chief Executive Officer of Ramsay Health Care, United Kingdom for over six years. She was the Chair of NHS Partners Network between 2009 and 2012.

### 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 in Business Administration, Griffith University, Queensland, Australia
- Wharton Fellow, Pennsylvania University, United States of America

### Present Directorship(s)

- Nil



## Dato' Muthanna bin Abdullah

Independent, Non-Executive

Nationality: Malaysian  
Gender: Male  
Age: 61  
Date of Appointment: 1 January 2021  
Length of Service: 3 months (As at 31 March 2021)  
Date of Last Re-election: –

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in January 2021, Dato' Muthanna bin Abdullah currently serves as an independent member of several boards of companies.

Dato' Muthanna began his career as a lawyer at Skrine & Co. He then became Partner at Abdullah A. Rahman & Co. before becoming Managing Partner at Lee Hishammudin Allen & Gledhill. Dato' Muthanna then became Managing Partner at Abdullah Chan & Co. before he assumed the role of Consultant at Abdullah Chan & Co., a role he continues to hold at present.

Professionally, Dato' Muthanna has frequently advised companies on local and international cross-border acquisitions and investments including corporate restructurings required to transform businesses.

Dato' Muthanna is the Honorary Consul of The Republic of San Marino to Malaysia.

He is also the Trustee of The Habitat Foundation, Yayasan Siti Sapura, a board member of the Kuala Lumpur Business Club and The Malaysian Aerospace Industry Association.

Previously he served on boards of 2 international chambers – the British and the Swiss – and presently is the Avocat Au Confiance to the Swiss Embassy.

### Academic/Professional Qualification(s)

- Bachelor of Law (LLB), University of Buckingham
- Barrister-at-Law, Honourable Society of Middle Temple (England)

### Present Directorship(s)

- Digital Nasional Berhad (formerly known as Digital Nasional Sdn Bhd)
- MSM Malaysia Holdings Berhad
- Sapura Resources Berhad
- Malaysia Rating Corporation Berhad
- Malaysia Life Reinsurance Group Berhad
- MSIG Insurance Malaysia 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 105 to 115 of this Annual Report

# Board of Directors



## Ong Ai Lin

Independent, Non-Executive

Nationality: Malaysian  
 Gender: Female  
 Age: 65  
 Date of Appointment: 1 January 2021  
 Length of Service: 3 months (As at 31 March 2021)  
 Date of Last Re-election: –

### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in January 2021, Ms Ong Ai Lin has over 30 years of experience in providing Business Continuity Management (BCM), Governance Risk and Compliance, Information Security, Cyber Security, Technology Risk and Governance and Data Privacy services in the United Kingdom, Singapore, Indonesia, Thailand, Vietnam, Philippines, Sri Lanka, Cambodia and Malaysia.

Ms Ong was a Partner/Senior Executive Director at PricewaterhouseCoopers (PwC) Malaysia and also led the BCM and Information Security practice for PwC Malaysia. Clients she supported include major organisations in the financial services, communications and multimedia, energy, capital markets, transportation and aviation industry as well as regulators, government ministries and agencies.

In addition to her board portfolio, she is a member of the SIRIM ISO Technical Committee on Information Security and a former president of ISACA (previously known as the Information Systems Audit and Control Association) Malaysia Chapter from June 1997 to June 1999.

### Academic/Professional Qualification(s)

- BA. (Hons.) in Economics, University of Leeds, United Kingdom
- Associate, Institute of Chartered Accountants in England and Wales (ICAEW)
- Member, Malaysian Institute of Accountants (MIA)

### Present Directorship(s)

- RHB Bank Berhad
- RHB Islamic Bank Berhad
- Tenaga Nasional Berhad
- FIDE Forum



## Satoshi Tanaka

Independent, Non-Executive

Nationality: Japanese  
 Gender: Male  
 Age: 63  
 Date of Appointment: 1 January 2021  
 Length of Service: 3 months (As at 31 March 2021)  
 Date of Last Re-election: –

### Work Experience

Mr Satoshi Tanaka was appointed to the Board of IHH Healthcare Berhad as Independent Non-Executive Director in January 2021.

Mr Tanaka began his career at Mitsui & Co., Ltd. (Mitsui) in 1981 and had been with Mitsui for 38 years until his retirement in June 2019. During his tenure with Mitsui, Mr Tanaka had held various roles including as Representative Director, Executive Vice President since 2017, after serving as Senior Executive Managing Officer and Chief Operating Officer of the Asia Pacific Business Unit of Mitsui since 2015.

From 2010 to 2015, Mr Tanaka has held various positions including as Executive Managing Officer and Chief Operating Officer of the Consumer Service Business Unit. In 2007, he was appointed General Manager of the Corporate Planning and Strategy Division, preceded by his appointment as General Manager of the Investor Relations Division in 2004.

During Mr Tanaka's tenure with Mitsui, he was appointed to IHH Board of Directors as a representative of MBK Healthcare Partners Limited for the period from May 2011 to April 2017. Mr Tanaka currently serves as a Counsellor of Mitsui, a role he held since June 2019. He is also a director of Kuraray Co., Ltd. and one of Japan's largest homebuilders, Sekisui House, Ltd.

### Academic/Professional Qualification(s)

- Master of Business Administration, Harvard Business School
- Bachelor of Arts in Literature, University of Tokyo, Japan

### 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 105 to 115 of this Annual Report



## Tomo Nagahiro

**Non-Independent, Non-Executive  
(Alternate Director to Mr Masato Sugahara)**

Nationality: Japanese  
Gender: Male  
Age: 45  
Date of Appointment: 3 April 2019  
Length of Service: 2 years (As at 31 March 2021)  
Date of Last Re-election: –

### Work Experience

Mr Tomo Nagahiro is an alternate director to Mr Masato Sugahara on the Board of IHH Healthcare Berhad (IHH), a role he assumed on 1 April 2020. Prior to his current position in IHH, he was appointed alternate director to Mr Koji Nagatomi on 3 April 2019 and ceased to be his alternate on 31 March 2020, following Mr Nagatomi's resignation as a Director of IHH.

Mr Nagahiro has been General Manager of Healthcare Business 1<sup>st</sup> Department in Healthcare Business Division of Mitsui & Co., Ltd (Mitsui), overseeing Mitsui's investment in IHH since April 2019.

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 1<sup>st</sup> Department at Mitsui, he was seconded to MIMS Pte Ltd which is based in Singapore as the Chief Operating Officer from 2015 to 2018.

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



## Wong Eugene

**Non-Independent, Non-Executive  
(Alternate Director to Dr Farid bin Mohamed Sani)  
Member of the Steering Committee  
(Alternate to Dr Farid bin Mohamed Sani)**

Nationality: Malaysian  
Gender: Male  
Age: 42  
Date of Appointment: 31 July 2019  
Length of Service: 1 year 8 months (As at 31 March 2021)  
Date of Last Re-election: –

### Work Experience

Mr Wong Eugene is an alternate director to Dr Farid bin Mohamed Sani on the Board of IHH Healthcare Berhad (IHH), a role he assumed on 29 November 2019. Prior to his current position in IHH, he was appointed alternate director to Mr Chintamani Aniruddha Bhagat on 31 July 2019 and ceased to be his alternate on 29 November 2019, following Mr Bhagat's resignation as a Director of IHH.

Mr Wong joined Khazanah Nasional Berhad (Khazanah) in 2013 and is currently Senior Vice President in the Investments Division. Since joining, he has covered both the healthcare and airline sectors. He is currently the Team Lead of the IHH PIPE team under the Commercial Fund. Prior to joining Khazanah, Mr Wong was previously with Deloitte & Touche Corporate Finance (Singapore), where he worked as a financial advisor for both buy and sell-side merger and acquisitions transactions. During his tenure there, he covered various sectors such as manufacturing and consumer, with an emphasis on the oil and gas sector.

### Academic/Professional Qualification(s)

- Bachelor of Science in Economics & Accounting, Queens University of Belfast, United Kingdom

### 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 105 to 115 of this Annual Report

# Group Management



**Dr Kelvin Loh Chi-Keon**  
**Managing Director and**  
**Chief Executive Officer,**  
**Non-Independent, Executive**

Nationality: Singaporean  
 Age: 47 (As at 31 March 2021)  
 Date of Joining: 1 July 2019

## Work Experience

Dr Kelvin Loh Chi-Keon was appointed the Chief Executive Officer (CEO) (designate) and Executive Director of IHH Healthcare Berhad (IHH) on 1 July 2019 and assumed the position of Managing Director and CEO of IHH with effect from 1 January 2020. He also serves on the Boards and Board Committees of IHH subsidiaries.

Dr Loh started his career as a practising physician and then spent a decade in the public sector in Singapore in areas such as clinical services development, hospital planning and hospital operations. Dr Loh first joined IHH Group in 2008. Between 2008 and 2017, he held a number of senior management roles before taking over as the CEO for its Singapore Operations Division, covering among other services, the four multi-specialty tertiary hospitals – Mount Elizabeth, Mount Elizabeth Novena, Gleneagles and Parkway East.

In 2017, Dr Loh moved to Columbia Asia Group as CEO where he was responsible for overseeing its 28 hospitals across four countries in Asia. He rejoined IHH in July 2019.

An expert in lean management systems, Dr Loh was previously a member of Singapore's National Expert Advisory Panel for Healthcare Productivity and Advisor to the Asia Productivity Organisation.

## Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Masters of Business Administration, NUS Business School, Singapore
- Graduate of the Insead Advanced Management Programme



**Joerg Ayrl**  
**Group Chief Financial Officer**

Nationality: German  
 Age: 52 (As at 31 March 2021)  
 Date of Joining: 1 February 2021

## Work Experience

Mr. Joerg Ayrl was appointed the Group Chief Financial Officer of IHH Healthcare Berhad (IHH) on 1 February 2021. With a wealth of international experience from United States, Germany, Singapore, China and Thailand, he will be responsible for providing financial leadership and strategic guidance for IHH and its operations and the business plan development. In his role, Joerg will ensure effective management of resources, safeguard shareholders' interests and steer financial and management reporting, treasury, tax and investor relations functions and support the companies M&A activities.

Prior to joining IHH, Mr. Ayrl was the GCFO of Thai Union Group and steered the Company's financial transformation journey, winning multiple awards including Best CFO Asia by Corporate Treasurer in 2016.

He also had a successful career with tech giants Osram and Siemens. Most notably, he was Chief Financial Officer & Treasurer of Osram Sylvania, USA, and Managing Director of Corporate Finance Mergers, Acquisitions & Post Closing (ASIA) for Siemens, China.

## Academic/Professional Qualification(s)

- Masters of Business Administration major in Finance & Controlling, Marketing, Finance-Mathematics, University of Augsburg, Germany

## 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 105 to 115 of this Annual Report



**Joe Sim Heng Joo**  
Group Chief Operating Officer

Nationality: Singaporean  
Age: 49 (As at 31 March 2021)  
Date of Joining: 1 January 2020

### Work Experience

Joe Sim Heng Joo is Group Chief Operating Officer of IHH Healthcare Berhad (IHH).

He was appointed Group Chief Operating Officer of IHH with effect from 1 January 2020. He was previously Chief Executive Officer of IHH's Malaysia Operations Division where he was instrumental in providing strategic direction and leadership for the Group's integrated healthcare businesses in Malaysia.

Mr Sim has extensive experience spanning over 19 years in the public and private healthcare industry. Prior to joining IHH in 2017, he held leadership roles within the National University Health System and National Healthcare Group in Singapore.

Mr Sim began his career with the Singapore Administrative Service and held different positions at the Ministry of Finance, Community Development Council and Ministry of Defence. In 2000, he founded a company that developed business-to-business trading hubs before joining Accenture where he was responsible for developing thought leadership, concepts and innovations on next-generation revenue.

Between 2008 and 2015, Mr Sim was also an adjunct lecturer at Nanyang Business School, during which he was recognised with a Teacher of the Year Award. He was also an Adjunct Associate Professor at the National University of Singapore's School of Public Health and Business School before he joined the IHH.

Currently he sits on the Board of IHH's subsidiaries, PLife REIT and Fortis Healthcare Ltd, as a Non-executive Director.

### Academic/Professional Qualification(s)

- Masters in Public Administration, Kennedy School of Government, Harvard University
- Bachelors of Arts in Electronic and Information Science Tripos, University of Cambridge



**Prof Abdul Aziz Baba**  
President, IMU Health Sdn Bhd

Nationality: Malaysian  
Age: 65 (As at 31 March 2021)  
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 Programmes.

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), the Vice Chancellor's Council for Private University (VCCPU) and the Accreditation Committee of the Malaysian Qualifying Agency (MQA).

### 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
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 105 to 115 of this Annual Report

# Group Management



## Tahsin Güney

**Chief Executive Officer,  
Acibadem Sağlık Yatırımları  
Holding A.S**

Nationality: Turkish  
Age: 54 (As at 31 March 2021)  
Date of Joining: 1 March 2019

### Work Experience

Mr Tahsin Güney was appointed as the Chief Executive Officer of Acibadem Sağlık Yatırımları 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



## Ida Suryati Ab. Rahim

**Group General Counsel and  
Company Secretary**

Nationality: Malaysian  
Age: 48 (As at 31 March 2021)  
Date of Joining: 27 June 2019

### Work Experience

Ms Ida Suryati brings with her more than 20 years of experience in various legal and company secretarial roles in agribusiness, oil and gas and fast moving consumer goods companies. Immediately prior to joining IHH Healthcare Berhad (IHH) in June 2019, Ida served in FGV Holdings Berhad (FGV), a Malaysian-based global agribusiness public listed company, between December 2011 and June 2019.

Her last position in FGV was as Chief Counsel and preceding this, she held various leadership roles in FGV including as Head, Sustainability & Environment, Head, Group Governance and Compliance, Vice President, International Business and as Group Company Secretary of FGV and MSM Malaysia Holdings Berhad (a public listed subsidiary of FGV) for the period between 2011 and 2013.

Ida was admitted to the High Court of Malaya as an advocate and solicitor in April 1997. She began her career as Management Trainee in Unilever Malaysia and worked there as an Assistant Manager in legal and company secretarial roles until year 2000.

Thereafter she moved to hold legal and company secretarial positions in Golden Hope Plantations Berhad (now a part of Sime Darby Group) (2000–2002), Tradewinds (M) Berhad (2002–2009) and MISC Berhad (2009–2011).

### Academic/Professional Qualification(s)

- Bachelor of Law (Hons), Universiti Kebangsaan Malaysia
- Master of Law (LLM) (Commercial), University of Cambridge, United Kingdom
- Master of Law (LLM), University of Malaya, 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
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 105 to 115 of this Annual Report



## Angela Ryan

### Group Chief Human Resources Officer

Nationality: British  
Age: 48 (As at 31 March 2021)  
Date of Joining: 16 September 2019

#### Work Experience

Ms Angela Ryan joined IHH Healthcare Bhd (IHH) as Group Chief Human Resources Officer with 25 years of global HR experience and expertise in creating people-centered organisational, cultural and HR transformation.

Prior to joining IHH, Ms Ryan was the Senior Vice President of Human Resources (Asia Pacific and the Middle East) at Fox Networks Group (The Walt Disney Company). Preceding this, Ms Ryan served for 11 years with GroupM (WPP Plc), a leading global media investment company, holding various leadership roles including Global Chief Human Resources and Talent Officer.

#### Academic/Professional Qualification(s)

- Bachelor of Laws (Honours), University of the West of England, United Kingdom
- Postgraduate Diploma in European Business Administration, Bristol Business School, United Kingdom
- Master's degree in European Business, Bristol Business School, United Kingdom
- Candidate – Doctor of Professional Studies: Human Resources, Middlesex University, United Kingdom
- Fellow of the Chartered Institute of Personnel and Development



## Stephen Byrne

### Group Head, Internal Audit

Nationality: Australian  
Age: 48 (As at 31 March 2021)  
Date of Joining: 4 January 2021

#### Work Experience

Mr. Stephen Byrne was appointed the Group Head of Internal Audit of IHH Healthcare Berhad (IHH) on 4 January 2021. In this position, he is responsible for designing a proactive strategy to mitigate corporate risk and improve business processes and internal control mechanisms.

Mr. Byrne has 25 years of international experience in both corporate and site-based roles. His career spans numerous sectors including manufacturing, resources and healthcare, the most current being his position as Group Manager, Risk and Assurance with global packaging company Orora in Melbourne, Australia.

#### Academic/Professional Qualification(s)

- Member of the Institute of Chartered Accountants UK (FCA)
- Bachelor of Science (Honours) in Physics with Study in Continental Europe from the University of Bristol, UK and University of Mainz, Germany

#### 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 105 to 115 of this Annual Report

# Group Management



**Nili Shayrina binti Saat**  
Group Head, Risk Management

Nationality: Malaysian  
Age: 46 (As at 31 March 2021)  
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 and market exposure in South East Asia and the Central Europe, North Africa and Middle East region.

Prior to joining IHH in 2018, Nili was the Director of Risk Management and Business Process for Eagle Hills Properties in Abu Dhabi, United Arab Emirates where she oversaw the risk management and business process improvement functions for the group.

Preceding this, she was attached to Iskandar Investment Berhad for six years, holding several roles including the Innovation Chief, spearheading the Innovation initiatives for the organisation, and Head of Risk Management & Compliance where she was responsible for setting up the function.

## 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
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 105 to 115 of this Annual Report

# 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 strongly believe that sound corporate governance practices are essential for delivering shareholder value, enhancing business integrity, maintaining investors' confidence and achieving the Group's corporate objectives and vision.

The Board, Management and employees of the Group are committed to achieving and maintaining the highest standards of corporate governance. We continuously strive to refine the Group's corporate governance practices and processes and shall always uphold the pillars of corporate governance such as ethical behaviour, accountability, transparency and sustainability.

The Board is committed to ensure that the Group's Corporate Governance Framework complies with the following requirements and guidelines:

- Companies Act 2016;
- 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 Board is pleased to present this statement, pursuant to Paragraph 15.25 of the MMLR, for the financial year ended 31 December 2020 (CG Overview Statement) in respect of the following principles which are enunciated in the MCCG:

**Principle A – Board Leadership and Effectiveness;**

**Principle B – Effective Audit and Risk Management; and**

**Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.**

The CG Overview Statement shall be read together with the Corporate Governance Report 2020, which is available on the Company's website at [www.ihhhealthcare.com/corporate-governance.html](http://www.ihhhealthcare.com/corporate-governance.html).

## Principle A – Board Leadership and Effectiveness

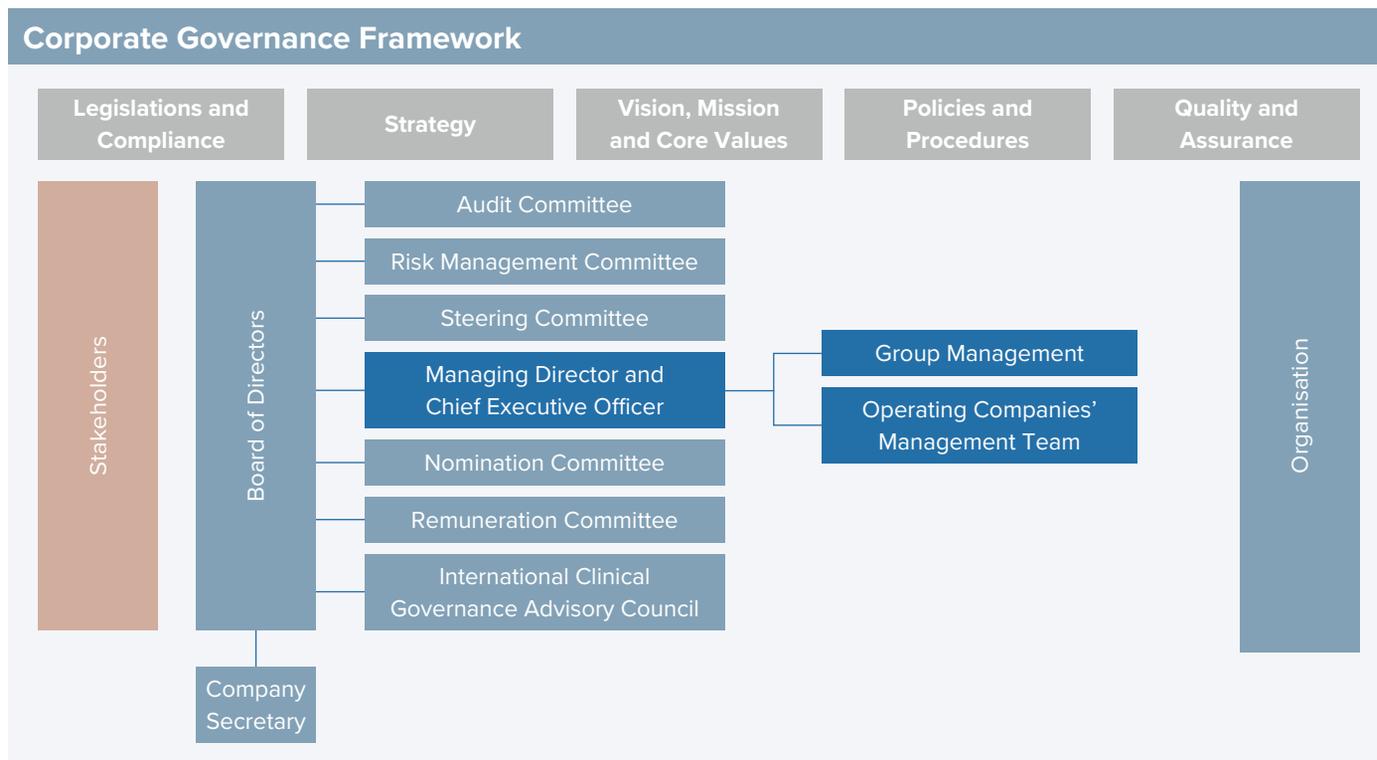
### 1. Board Responsibilities

The Board directs and oversees the management of the business and affairs of IHH and the Group, with the goal of achieving long-term success of the Company and delivering sustainable value to its stakeholders. Apart from making major policy decisions, the Board determines the strategic direction of the Company and monitors the Management's execution of strategy and financial performance. Together with Management, the Board sets the tone from the top by promoting good corporate governance culture within the Company and formalising and committing to ethical values.

### Board Charter

The Board Charter describes the roles and responsibilities of the Board, and the principles for the operation of the Board, and has a formal schedule of matters specifically reserved for the Board's decision.

The Board Charter is available for reference on the Company's website at [www.ihhhealthcare.com/corporate-governance.html](http://www.ihhhealthcare.com/corporate-governance.html).



# Corporate Governance Overview Statement

The Board reviews the Board Charter as and when it deems fit to ensure its applicability to the Company's operating environment and alignment with current rules and regulations. The Board Charter was last reviewed by the Board in June 2020.

## Limits of Authority

The Limits of Authority (LOA) is a Group policy which prescribes the authority limits for the Board, Board Committees, Managing Director & Chief Executive Officer (MD & CEO) and Senior Management personnel, to facilitate 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 fit the Group's operating environment. The LOA was last updated in February 2020.

## Whistleblowing Policy

It is in the interest of our stakeholders that we maintain confidence in the integrity of the operations of IHH and all its operating subsidiaries. We have established a confidential reporting procedure that enables external parties, suppliers, contractors, key stakeholders, shareholders and employees to raise concerns to prevent or deter improper activities. A Whistleblowing Policy is in place within the Group and it ensures that whistleblowers are protected from reprisals or victimisation as a result of making the information known in good faith.

Read about our Whistleblowing Policy at [www.ihhhealthcare.com/corporate-governance.html](http://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 in the Board Charter in line with best practices. 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/corporate-governance.html](http://www.ihhhealthcare.com/corporate-governance.html).

## 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 activities carried out by the AC, are set out separately in the AC Report as laid out on pages 124 to 128 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 of key risks and clinical quality indicators across the Group's operations in different jurisdictions and ways to improve and enhance clinical quality.

The composition and the summary of meetings attended by the RMC members, as well as the activities carried out by the RMC, are set out separately in the RMC Report as laid out on pages 129 to 130 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 activities carried out by the NC, are set out separately in the NC Report as laid out on pages 116 to 121 of this Annual Report.

## Remuneration Committee

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

The composition and the summary of meetings attended by the RC members, as well as the activities carried out by the RC, are set out separately in the RC Report as laid out on pages 122 to 123 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, financial management (such as operating budgets, capital expenditures, cashflow, dividend payout, etc.), 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 Kelvin Loh Chi-Keon  
Takeshi Saito  
Dr Farid bin Mohamed Sani  
Mehmet Ali Aydinlar  
Wong Eugene (Alternate to Dr Farid bin Mohamed Sani)

### 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 2020

Pursuant to the Board Charter, the Board, among others, performed the following roles and responsibilities during the financial year 2020:

Focus Area	Key Discussion Topics
Strategy	<ul style="list-style-type: none"> <li>Governing and setting of the strategic direction of the Group. The Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.</li> <li>Reviewing, challenging and deciding on Management's proposals for the Group and monitoring its implementation by Management.</li> </ul>
Operations	<ul style="list-style-type: none"> <li>Overseeing the conduct of the Group's businesses, including supervising and assessing Management's performance to determine whether the business is being managed properly.</li> <li>Ensuring that the necessary resources are in place for the Company to meet its objectives and review Management's performance.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>Reviewing and approving financial statements and the Company's annual reports.</li> </ul>
Risk, Compliance and Internal Controls	<ul style="list-style-type: none"> <li>Identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks and that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.</li> <li>Ensuring the integrity of the Company's financial and non-financial reporting.</li> <li>Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems to safeguard and enhance enterprise value.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Setting the Company's core values and standards, and ensuring that its obligations to the Company's shareholders and other stakeholders are understood and met.</li> <li>Together with Management, promoting good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</li> <li>Together with Management, implementing its policies and procedures, which include managing conflict of interest, preventing the abuse of power, corruption, insider trading and money laundering.</li> <li>Undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees, each individual Director as well as the Board Chairman.</li> <li>Determining the remuneration of Directors and Management in accordance with the MCCG, which takes into account the demands, complexities and performance of the Company as well as skills and experience required.</li> </ul>
Succession Planning	<ul style="list-style-type: none"> <li>Establishing succession plans including appointing, training, fixing the compensation of and replacing key management including ensuring that Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Management.</li> </ul>
Investor Relations	<ul style="list-style-type: none"> <li>Developing and implementing an Investor Relations programme and shareholders' communication policy.</li> </ul>

# Corporate Governance Overview Statement

The Board held its Board Offsite Meeting (Offsite Meeting) in October and November 2020 to review the Group's performance and set the Group's strategic directions and aspirations. The Offsite Meeting was attended by the Directors, Senior Management and the relevant Heads of Department of the Group. At the Offsite Meeting, the Board discussed the Group's strategic directions and priorities,

delivering synergy, growth platforms and review of the performance of the investments made by the Group. The outcome of the Offsite Meeting saw the establishment of a common 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. This is undertaken through compliance with the relevant rules, regulations, directives and guidelines, in addition to adopting the best practices in the MCCG and CG Guide.

## Meeting Attendance

During the financial year under review, the Board met eight times, of which six meetings were pre-scheduled and the remaining two meetings were convened on ad-hoc basis. The details of the attendance of the Board members during the financial year under review are as follows:

Director	Designation	Total Meetings Attended
Dato' Mohammed Azlan bin Hashim	Chairman, Independent Non-Executive Director	8/8
Dr Kelvin Loh Chi-Keon	Managing Director and Chief Executive Officer, Non-Independent Executive Director	8/8
Koji Nagatomi <i>(Resigned on 31 March 2020)</i>	Non-Independent Non-Executive Director	2/2
Masato Sugahara <i>(Appointed on 1 April 2020)</i>	Non-Independent Non-Executive Director	6/6
Takeshi Saito	Non-Independent Non-Executive Director	8/8
Dr Farid bin Mohamed Sani	Non-Independent Non-Executive Director	8/8
Mehmet Ali Aydinlar	Non-Independent Non-Executive Director	8/8
Rossana Annizah binti Ahmad Rashid	Independent Non-Executive Director	8/8
Shirish Moreshwar Apte	Independent Non-Executive Director	8/8
Jill Margaret Watts	Independent Non-Executive Director	8/8

## 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.

IHH aspires to have a majority of Independent Non-Executive Directors (INED) on the Board and the Board views that the appointment of new INEDs

on the Board should be based on the skillsets and not be restricted to the independent element.

The Board, as at the end of the financial year under review, was comprised of eleven members (including alternate directors) out of which, four members are INEDs, including the Chairman.

On 1 January 2021, the Company has appointed additional three INEDs and one Non-Independent Non-Executive Director (NINED). Consequently,

the Board is comprised of seven INEDs, five NINEDs, one Non-Independent Executive Director and two Alternate Directors. Therefore, the INEDs made up 54% of the Board Composition (excluding two Alternate Directors).

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. Otherwise, such director may 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 on 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, cultural background and ethnic diversity.

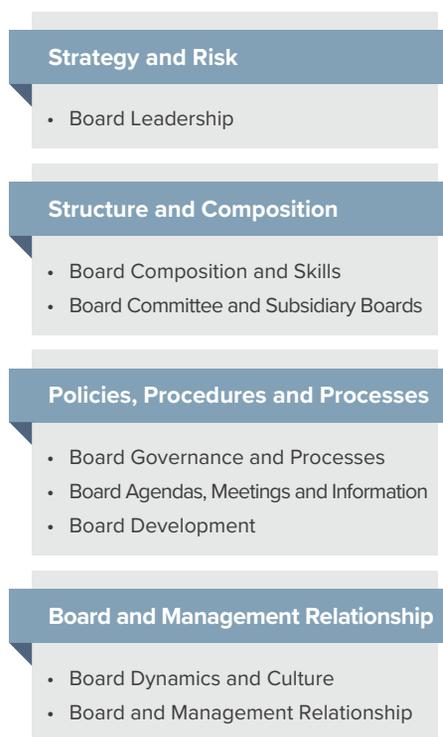
Read about our Boardroom Diversity Policy at [www.ihhhealthcare.com/corporate-governance.html](http://www.ihhhealthcare.com/corporate-governance.html).

### Annual Evaluation

The Board undertakes an annual evaluation on the effectiveness of the Board, Board Committees and each individual Director. The Board had

engaged an independent expert as an external facilitator to facilitate the Board & Director Effectiveness Evaluation (BDEE) in respect of the financial year under review.

The said BDEE framework focuses on the following eight key parameters:



The BDEE was carried out through online questionnaires and confidential interviews with the Directors and Senior Management members. During the BDEE exercise, in addition to the areas of assessment, all Board members had provided feedback on the areas of improvement moving forward.

Overall, the results of the BDEE in respect of the financial year under review demonstrated that the Board is working well given its organisational model and board structure and that the Directors demonstrated a high level of commitment to their fiduciary duties as well as have consistently fulfilled their responsibilities as members of the Board and relevant Board Committees. The Board will take the necessary actions in respect of areas that could be further strengthened.

The Board also evaluated the performance of the MD & CEO based on questionnaires completed by all Board members and interviews with the external facilitator. Based on the overall results of the evaluation conducted in respect of the financial year under review, the Board was satisfied with the performance of the MD & CEO.

The Board also assessed the independence of INEDs in respect of the financial year under review, which was carried out internally, facilitated by the Company Secretaries. Based on the overall assessments conducted for the financial year under review, the Board is satisfied that the 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.

### Directors' Training

The Board acknowledges the importance of continuous education for the Directors and encourages all Directors to attend appropriate programmes, courses and seminars in order to stay abreast with the relevant business development and the outlook in the industry and to ensure that they are equipped with the necessary skills and knowledge to perform their duties and responsibilities as Directors. The Company also organises an onboarding programme and orientation for new Directors.

The organisation of such programmes internally is facilitated by the Company Secretaries. The Directors have attended trainings on a consistent basis to keep abreast on the latest trends and developments. An in-house training session was held and attended by all Directors during the financial year entitled "Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)".

Masato Sugahara, who was appointed as a Director of the Company during the financial year 2020, had attended the Mandatory Accreditation Programme.

# Corporate Governance Overview Statement

The training programmes attended by the Directors during the financial year 2020 are as follows:

Director	List of Training, Conferences, Seminars, Workshops Attended
Dato' Mohammed Azlan bin Hashim	<ul style="list-style-type: none"> <li>i. Digital Transformation Program</li> <li>ii. Amendments to Main Market Listing Requirements and Effectiveness of Internal Audit Function by Bursa Malaysia Securities Berhad</li> <li>iii. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> <li>iv. The Way Forward</li> </ul>
Dr Kelvin Loh Chi-Keon	<ul style="list-style-type: none"> <li>i. Workshop: Obligations and Responsibilities of Director in Indian Laws</li> <li>ii. Fraud Risk Management Workshop</li> <li>iii. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> </ul>
Masato Sugahara	<ul style="list-style-type: none"> <li>i. Mandatory Accreditation Programme</li> <li>ii. Business Networking Training - Management and Leadership School</li> <li>iii. 360 Degree Foresight: Healthcare x Digital</li> <li>iv. Integrity Training</li> <li>v. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> <li>vi. Innovation in Life Insurance and Business Diversification for Health and Wellness</li> </ul>
Takeshi Saito	<ul style="list-style-type: none"> <li>i. Introduction to Data Governance</li> <li>ii. Design Thinking and Lean Startup</li> <li>iii. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> </ul>
Dr Farid bin Mohamed Sani	<ul style="list-style-type: none"> <li>i. Induction Program for New Director</li> <li>ii. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> </ul>
Mehmet Ali Aydinlar	<ul style="list-style-type: none"> <li>i. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> </ul>
Rossana Annizah binti Ahmad Rashid	<ul style="list-style-type: none"> <li>i. Employee Provident Fund (EPF) Board Cyber Risk Awareness</li> <li>ii. EPF Digital Transformation Program</li> <li>iii. Anti-Money Laundering Training</li> <li>iv. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> <li>v. Navigate the Impact of MFRS 9 in the New Era and Beyond</li> </ul>
Shirish Moreshwar Apte	<ul style="list-style-type: none"> <li>i. Workshop: Obligations and Responsibilities of Director in Indian Laws</li> <li>ii. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> </ul>
Jill Margaret Watts	<ul style="list-style-type: none"> <li>i. Whistleblower Training</li> <li>ii. Health Market Environmental Analysis</li> <li>iii. Digital Health, The Great Leap Forward</li> <li>iv. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> </ul>
Tomo Nagahiro (Alternate Director to Masato Sugahara)	<ul style="list-style-type: none"> <li>i. 360 Degree Foresight: Healthcare x Digital</li> <li>ii. Integrity Training</li> <li>iii. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> <li>iv. Innovation in Life Insurance and Business Diversification for Health and Wellness</li> </ul>
Wong Eugene (Alternate Director to Dr Farid bin Mohamed Sani)	<ul style="list-style-type: none"> <li>i. 38th Annual JP Morgan Healthcare Conference 2020</li> <li>ii. Implementing Effective Adequate Procedures (as the only defense for Corporate Liability Provisions)</li> </ul>

During the financial year 2020, the Board approved the Board of Directors' Training Framework in relation to the trainings to be attended by the Directors annually.

### 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 has been carefully aligned with industry

practices, taking into account the appropriate calibre of each Director, 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 2020 are as follows:

	Company				Subsidiaries				Group Total RM'000
	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	
<b>Executive Directors</b>									
Dr Kelvin Loh Chi-Keon	1,339	–	8,501	20	3,300	–	6,959	115	20,234
<b>Total</b>	<b>1,339</b>	<b>–</b>	<b>8,501</b>	<b>20</b>	<b>3,300</b>	<b>–</b>	<b>6,959</b>	<b>115</b>	<b>20,234</b>
<b>Non-Executive Directors</b>									
Dato' Mohammed Azlan bin Hashim	–	950	–	28	–	–	–	–	978
Koji Nagatomi <sup>1</sup> (Resigned on 31 March 2020)	–	71	–	–	–	–	–	–	71
Masato Sugahara <sup>1</sup> (Appointed on 1 April 2020)	–	214	–	–	–	–	–	–	214
Takeshi Saito <sup>1</sup>	–	385	–	–	–	271	–	–	656
Dr Farid bin Mohamed Sani <sup>1</sup>	–	565	–	–	–	51	–	–	616
Mehmet Ali Aydinlar	–	385	–	–	–	2,274	4,000	–	6,659
Rossana Annizah binti Ahmad Rashid	–	815	–	–	–	448	–	–	1,263
Shirish Moreshwar Apte	–	785	–	–	–	322	–	–	1,107
Jill Margaret Watts	–	485	–	–	–	–	–	–	485
Tomo Nagahiro <sup>2</sup> (Alternate Director to Masato Sugahara)	–	–	–	–	–	–	–	–	–
Ong Shilin (Alternate Director to Takeshi Saito) (Resigned on 23 December 2020)	–	–	–	–	–	–	–	–	–
Wong Eugene (Alternate Director to Dr Farid bin Mohamed Sani)	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>4,655</b>	<b>–</b>	<b>28</b>	<b>–</b>	<b>3,366</b>	<b>4,000</b>	<b>–</b>	<b>12,049</b>

#### Notes

1. Fees for representatives of Pulau Memutik Ventures Sdn Bhd and MBK Healthcare Management Pte Ltd on the Board are directly paid to Khazanah Nasional Berhad and Mitsui & Co., Ltd. respectively.
2. Ceased as Alternate Director to Koji Nagatomi on 31 March 2020 and appointed as Alternate Director to Masato Sugahara on 1 April 2020.

# Corporate Governance Overview Statement

## Senior Management's Remuneration

There is a framework in place which defines the IHH Remuneration philosophy and includes compensation tools such as pay ranges (based on market data) of different levels of Senior Management according to job grade structure and location. 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 of the Group's Balanced Scorecard, which was approved by the Board. 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 AC plays a crucial role in assisting the Board to fulfil its oversight responsibilities through review of financial information and provides an unbiased review of the effectiveness and efficiency of the Group's internal controls. The AC comprises three INEDs from diverse backgrounds with extensive experience in banking, finance, healthcare, business strategy 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, except for under certain circumstances as determined by the Board. 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, Group Chief Financial Officer, the internal auditors and the AC. The evaluated areas include 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 144;
- Company and the Group financial statements for financial year ended 31 December 2020 on pages 146 to 308; and
- AC Report on pages 124 to 128.

## 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 and evaluating threats and opportunities, while Internal Control helps mitigate threats and take advantage of opportunities. Recognising the importance of these roles, the Board 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 three INEDs from diverse backgrounds, from healthcare to banking and finance, business strategy 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 2020 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 124 to 128, pages 129 to 130 and pages 131 to 136 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 Gleneagles Hong Kong) and reports directly to the AC. The internal audit function of Fortis Healthcare Limited Group 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 124 to 128 and pages 131 to 136 respectively of this Annual Report.

## Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

### 1. Communication with Stakeholders

The Group recognises the importance of effective and timely communication with stakeholders to keep them informed of the Group's latest financial performance and business matters affecting the Company. Having open, clear and timely 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 providing information that accurately and fairly represents the Group to ensure our stakeholders have clear and factual insights into the Group's strategy, financial performance and all material matters affecting the Company through announcements made on Bursa Securities and SGX including the Company's quarterly financial results. 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

# Corporate Governance Overview Statement

In view of the Company's dual listing status, we 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 our communications.

Please refer to pages 38 to 41 of this Annual Report for more about how the Company engages our key stakeholders and pages 138 to 141 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 or participate virtually at 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 and in the event the AGM is held on a fully virtual basis, shareholders may pose questions

in real-time whilst the meeting is in progress. We ensure sufficient time is provided for shareholders to ask questions on the Group's performance, and on any resolutions proposed, with the Management being available to address concerns raised by them.

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

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.

All Directors and Senior Management attend or participate virtually 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.

In support of the Government of Malaysia's ongoing efforts to contain the spread of the COVID-19 pandemic and the Government's advice on social distancing and not having mass gatherings, the Company held its Tenth AGM on 23 June 2020 on a fully virtual basis through electronic live streaming and online remote voting, pursuant to Section 327(2) of the Companies Act 2016 and the Company's Constitution.

## 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. Board Independence

At the end of the financial year, the INEDs made up 44% of the Board comprising nine members (excluding two Alternate Directors). Subsequent to the financial year, the Board appointed three additional INEDs with effect from 1 January 2021. Consequential thereto, there was an increase in the composition of INEDs to 54% of the Board comprising thirteen members (excluding two Alternate Directors).

The INEDs 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.

Presently, there is already a proper check and balance by the representatives of different shareholders in addition to the new appointments of the three INEDs and one NINED on 1 January 2021. There is no single large shareholder who is controlling the Company through the Board representation.

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 enhance and safeguard the Board's independence in the long term whilst simultaneously ensuring it remains dynamic and in line with the needs of the Group.

## 2. Women Representation on Board

At the end of the financial year, the Board had two women Directors, representing approximately 18% of the Board composition. Subsequent to the appointment of four new directors on the Board on 1 January 2021, the Board has three women Directors, representing 20% of the Board composition.

The Board does not specify a target for boardroom gender diversity. In ensuring Board diversity, the Board aims to achieve synergies of thinking through diverse cultures, experience, skills, etc. rather than just in terms of gender as the appointment of Board members should be based on objective criteria, merit and with due regard for diversity.

Nevertheless, the Board remains committed in its efforts to actively continue to work towards having at least 30% women representation on the Board depending on the availability of the right candidates and the requirements of the Board from a skills perspective.

## Compliance Statement

IHH's corporate governance 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 the world's most trusted healthcare services network.

The Board has reviewed, deliberated upon and approved this CG Overview Statement and the Corporate Governance Report 2020 in line with the practices and guidance of the MCCG and in accordance with the resolution of the Board, dated 25 March 2021.

# Nomination Committee Report

The Nomination Committee (NC) was established on 1 July 2018 consequent to the division of the Nomination and Remuneration Committee (NRC) into two separate committees, namely the NC and Remuneration Committee (RC), respectively. The NRC was established on 18 April 2012.

## Roles of the NC

The NC's primary role is 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.

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 advisors 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.

## Terms of Reference

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 up-to-date and in conformity with the applicable regulations and Group's

policies. The TOR of the NC was last reviewed and approved for adoption by the Board in February 2020.

The TOR of the NC is published on the Company's website at [www.ihhhealthcare.com/corporate-governance.html](http://www.ihhhealthcare.com/corporate-governance.html).

## 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.

The NC met five times during the year under review. The composition of the 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	5/5
Rossana Annizah binti Ahmad Rashid (Member)	Independent Non-Executive Director	5/5
Dr Farid bin Mohamed Sani (Member)	Non-Independent Non-Executive Director	5/5

The NC meetings were attended by the Managing Director & Chief Executive Officer (MD & CEO) and Group Chief Human Resource Officer together with other relevant members of the Senior Management and professional advisors engaged on particular subject matters, upon invitation by the NC, to brief the NC on pertinent issues.

Minutes of the NC meetings would be circulated to all members for comments and the decisions made by the NC would be communicated to the 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, if any.

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 the NC's consideration.

## Summary of Activities

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

1. 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, for the year 2019;

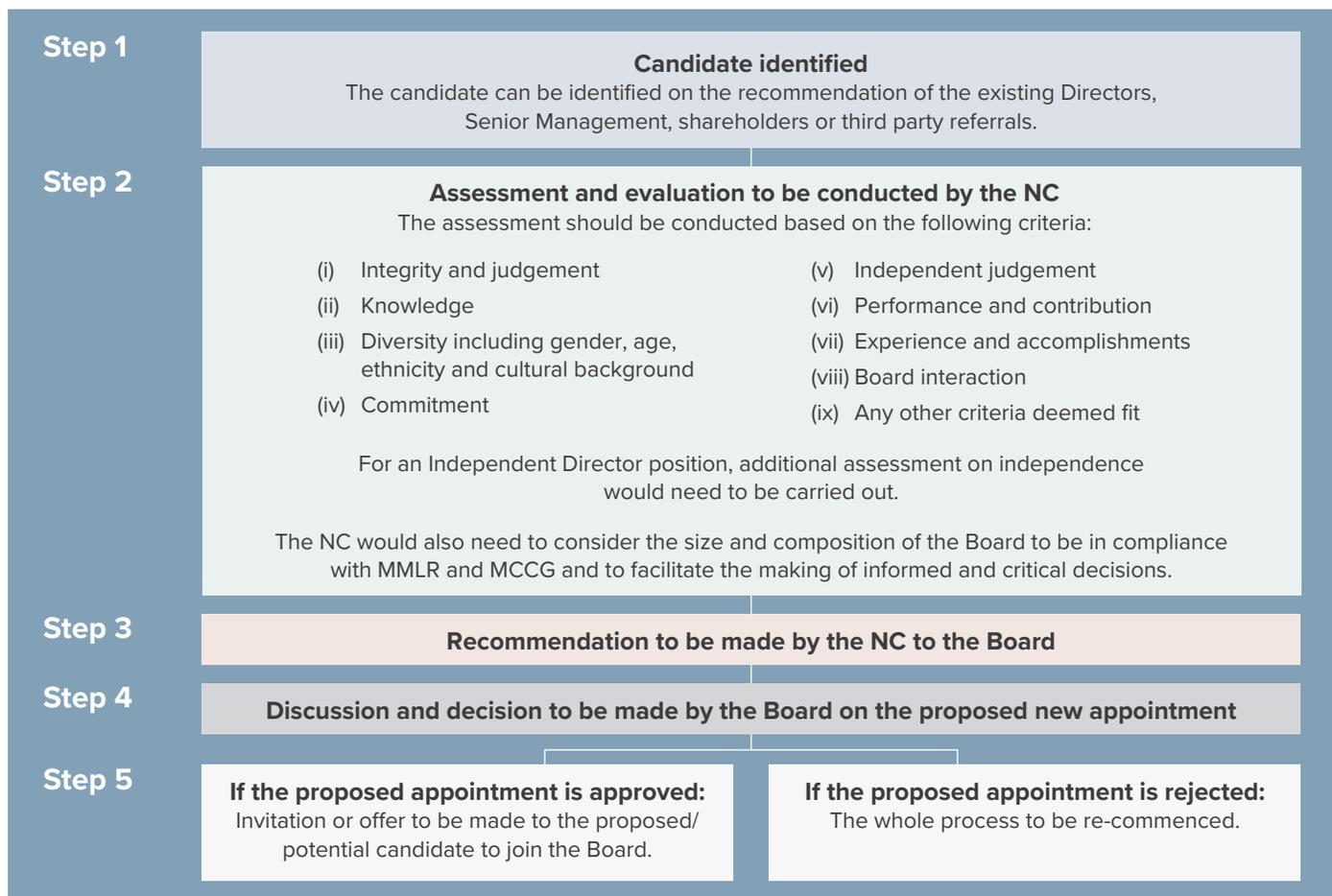
2. Assessed the NC's composition, performance, quality, skills, competencies and effectiveness as well as their accountability and responsibilities for the year 2019;
  3. Undertook an assessment to review the term of office and evaluate the Audit Committee's (AC) overall performance and each of its members in discharging its duties and responsibilities in accordance with its TOR;
  4. Assessed and evaluated the training needs of the Directors to ensure that they kept abreast of regulatory changes, other developments and broad business trends;
  5. Reviewed the results/findings of the performance evaluation of the MD & CEO and the Group Chief Financial Officer (GCFO) (taking into consideration the feedback of the AC) to determine whether they have the character, experience, integrity, competence and time to effectively discharge their respective roles;
  6. Reviewed and deliberated on the Group's Business Critical Role (BCR) talent review, talent movements updates, succession planning and individual talent development plans;
  7. Reviewed, deliberated and recommended to the Board for approval, the review of the composition of the Board Committees of the Company;
  8. Recommended to the Board for consideration, the re-election of Directors at the Tenth Annual General Meeting (AGM) after taking into account the composition of the Board and the required mix of skills, as well as the experience, contributions and time commitment of the individual Directors;
  9. Reviewed and recommended to the Board for approval, the NC Report for inclusion in the Annual Report 2019;
  10. Reviewed and recommended to the Board for approval, the revisions to the TOR of the NC, Boardroom Diversity Policy, Policy on Nomination and Assessment Process of Board Members (Policy) and Code of Conduct Policy, in line with the changes in the relevant laws, rules and regulations including but not limited to the Companies Act 2016, Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG);
  11. Reviewed, deliberated and recommended to the Board for approval, the appointment of new directors on the Board;
  12. Deliberated and recommended to the Board for approval, the composition of the Board of the Company in relation to the number of Independent Directors on the Board of the Company, the tenure of the Independent Directors of the Company and the corresponding amendments to be made to the Board Charter and the Policy;
  13. Deliberated and recommended to the Board for approval, the composition of the Board of Directors of the subsidiaries in relation to the appointment of nominees on the Board of IHH subsidiaries;
  14. Reviewed and recommended to the Board for approval, the appointments of BCRs, after having considered the respective candidate's skillset, experience, competency and fulfilment of the necessary criteria;
  15. Reviewed and recommended to the Board for approval, the Board of Directors' Training Framework; and
  16. Reviewed and recommended to the Board for approval, the appointment of an independent expert as an external facilitator to conduct the Board and Directors Effectiveness Evaluation (BDEE) in respect of the financial year 2020.
- Subsequent to the financial year ended 31 December 2020, the NC carried out the following key activities:
1. Assessed the Independent Non-Executive Director (INED) reaching 9-year tenure limit;
  2. Reviewed the final report of the BDEE by the external facilitator outlining the finding and observations including the Directors' Development Analysis and recommendations of action/improvement plans;
  3. Assessed the independence of the INEDs during the year 2020 in particular whether the INEDs had exercised independent and objective judgement when discharging their duties;
  4. Reviewed the results/findings of the performance evaluation of the MD & CEO and the former GCFO (taking into consideration the feedback of the AC) to determine whether they have the character, experience, integrity, competence and time to effectively discharge their respective roles;
  5. Recommended the re-election of Directors at the Eleventh 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; and
  6. Reviewed the NC Report for inclusion in the Annual Report 2020.

# Nomination Committee Report

## Selection and Appointment 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:



## 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 Clause 113(1) of the Constitution of the Company, at least one-third of the Directors (excluding Directors seeking re-election pursuant to Clause 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 Clause 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.

The list of directors who are standing for re-election under Clause 113(1) of the Constitution of the Company and Clause 120 of the Constitution of the Company are as stipulated in the Notice of AGM of the Company.

## Tenure of Independent Directors

The NC acknowledges the role played by, and the continuous contribution of, the INEDs in bringing independent and objective judgement to Board's discussions.

Upon reaching 9 years of cumulative tenure and beyond, an INED shall be subject to the annual assessment pursuant to the Policy. Pursuant to the said assessment and subject to the Policy of the Company, the Board will provide justifications when seeking annual shareholders' approval at AGM in the event that it wishes to retain the Director as INED. The Board should undertake a rigorous review to determine whether the "independence" of the Director has been impaired. Findings from the review should be disclosed to the shareholders for them to make an informed decision.

In accordance with the Policy, an INED must not remain as an INED in such capacity for a period of more than 12 years.

During the financial year under review, none of the INEDs have reached the 9-year tenure.

## Board and Directors Effectiveness Evaluation

The Board undertakes an annual evaluation to determine the effectiveness of the Board, its committees and each individual director. During the financial year under review, the Board had engaged an independent expert as an external facilitator to facilitate the Board and Directors Effectiveness Evaluation (BDEE).

## Nomination Committee Report

The BDEE was carried out through online questionnaires and confidential interviews with the Directors and Senior Management members with the external facilitator. During the BDEE exercise, in addition to the areas of assessment, all Board members had provided feedback on the areas of improvement moving forward.

The Directors had conducted self and peer evaluation and the results and all feedback received were presented by the independent expert to the NC and Board.

Overall, the results of the BDEE in respect of the financial year under review demonstrated that the Board is working well given its organisational model and board structure and that the Directors demonstrated a high level of commitment to their fiduciary duties as well as have consistently fulfilled their responsibilities as members of the Board and relevant Board Committees. The Board will take the necessary actions in respect of areas that could be further strengthened.

### Boardroom Diversity

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at 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 the boardroom dominated by one gender.

The Board also takes cognisance of the MCCG to have at least 30% women participation on the board of Large Companies. Large Companies are defined in the MCCG as companies on the FTSE Bursa Malaysia Top 100 Index or companies with market capitalisation of RM2 billion and above. The Company does not set any specific target for women Directors on the Board but will actively continue to work towards having at least 30% women Directors on the Board.

The Company has been and shall continue to provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board. Presently, there are three women Directors on the Board or 20% female representation.

### 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 on the Board.

The Company does not fix a maximum age 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 42 to 68, 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.

## Cultural Background and 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, cultural background and 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 cultural and 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 and cultural background diversity in the boardroom but will work towards having appropriate ethnic and cultural background diversity on the Board.

The Board is comprised of Directors from different ethnic and cultural backgrounds and foreign countries where the Group has significant presence. The Company believes that the Board members from different ethnicity and cultures contribute to more holistic and quality discussions and more effective and feasible ideas compared to a Board with predominantly the same ethnic and culture. Having

Board members from different ethnic and cultural backgrounds widens the Board's perspectives, especially when making a decision that touches on issues that are peculiar to a particular ethnic or cultural group or country.

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age, ethnicity and cultural background, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority and the Board will ensure that Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. Nonetheless, the Company will work towards achieving the appropriate boardroom diversity mix covering gender, age, ethnicity and cultural background 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 <https://www.ihhhealthcare.com/corporate-governance.html>.

# Remuneration Committee Report

The Remuneration Committee (RC) was established on 1 July 2018, consequent to the division of the Nomination and Remuneration Committee (NRC) into two separate committees, namely the Nomination Committee (NC) and RC, respectively. The NRC was established on 18 April 2012.

## Roles of the RC

The RC’s primary role is 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 and the various incentive or retention schemes implemented by the Group.

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

advisors 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.

## Terms of Reference

The RC is governed by a clearly defined and documented Terms of Reference (TOR). The TOR is assessed, reviewed and updated as the need arises, to ensure that it remains up-to-date and in conformity

with the applicable regulations and Group’s policies. The TOR of the RC was last reviewed and approved by the Board in February 2020.

The TOR of the RC is published on the Company’s website at <https://www.ihhhealthcare.com/corporate-governance.html>.

## 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.

The 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
Rossana Annizah binti Ahmad Rashid (Member)	Independent Non-Executive Director	6/6
Dr Farid bin Mohamed Sani (Member)	Non-Independent Non-Executive Director	6/6

The RC meetings were attended by the Managing Director & Chief Executive Officer (MD & CEO) and Group Chief Human Resource Officer together with other relevant members of the Senior Management and professional advisors engaged on particular subject matters, upon invitation by the RC, to brief the RC on pertinent issues.

Minutes of the RC meetings would be circulated to all members for comments and the decisions made by the RC would be communicated to the 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, if any.

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 the RC’s consideration.

## Summary of Activities

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

1. Assessed the performance and achievement of the key performance indicators of the Group for 2019 against the pre-determined targets in the balanced scorecard which had been approved by the Board;
2. Deliberated and recommended to the Board for approval, the balanced scorecard framework and targets of the Group for the year 2020;
3. Discussed and recommended to the Board for approval, the bonus and salary increment for Executive Director, Management and employees of the Company and key subsidiaries upon assessing the performance of the Company, subsidiaries and employees for the performance year 2019;
4. Discussed and recommended to the Board for approval, the 2020 LTIP grant for the eligible Management and employees upon assessing the performance of the Company, the respective operating companies and employees;
5. Reviewed and recommended to the Board for approval, the RC Report for inclusion in the Annual Report 2019;
6. Reviewed the Non-Executive Directors fees from 1 July 2020 until 30 June 2021;
7. Reviewed and recommended to the Board for approval, the revisions to the TOR of the RC in line with the changes in the relevant laws, rules and regulations including but not limited to the Companies

Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance;

8. Reviewed and recommended to the Board for approval, the Remuneration Guideline for Directors and Senior Management;
9. Reviewed and recommended to the Board for approval, the compensation review/proposed long term performance award of certain Senior Management members;
10. Reviewed and recommended to the Board for approval, the enhancement to the employees' benefits and establishment of a Global Mobility Policy;
11. Deliberated on the compensation analysis and recommendations by Management;
12. Noted Management's updates in respect of the employee share scheme grant, compensation and benefits communication strategy;
13. Reviewed and recommended to the Board for approval, the compensation package of Group Chief Financial Officer, having considered the candidate's skillset, experience and fulfilment of the necessary criteria; and
14. Discussed and recommended to the Board for approval, the bonus and salary increment pools for the employees of the Company and key subsidiaries upon assessing the performance of the Company and subsidiaries for the performance year 2020.

Subsequent to the financial year ended 31 December 2020, the RC carried out the following key activities:

1. Assessed the performance and achievement of the key performance indicators of the Group for 2020 against the pre-determined targets in the balanced scorecard which had been approved by the Board;
2. Deliberated and recommended to the Board for approval, the balanced scorecard framework of the Group for the year 2021;
3. Discussed and recommended to the Board for approval, the bonus for Executive Director, Management and employees of the Company and key subsidiaries upon assessing the performance of the Company, subsidiaries and employees for the performance year 2020;
4. Discussed and recommended to the Board for approval, the 2021 long term incentive grant for the eligible Management and employees upon assessing the performance of the Company, the respective operating companies and the individual performance contributions of the eligible employees;
5. Discussed the remuneration benchmarking of a key subsidiary group of the Company;
6. Reviewed and recommended to the Board for approval, the RC Report for inclusion in the Annual Report 2020; and
7. Reviewed the Non-Executive Directors fees from 1 July 2021 until 30 June 2022.

# Audit Committee Report

The Audit Committee (AC) was established on 1 July 2018 consequent to the division of the Audit and Risk Management Committee (ARMC) into two separate committees, namely the AC and Risk Management Committee, respectively. The ARMC was established on 18 April 2012.

## Roles of the AC

The AC's primary role is 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 maintaining oversight of both external and internal audit functions for the Group on behalf of the Board.

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 Terms of Reference, 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 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 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.

## Terms of Reference

The AC is governed by a clearly defined and formal Terms of Reference (TOR). The TOR is assessed, reviewed and updated as the need arises, to ensure that it remains relevant and in line with the requirements in the Malaysian Code

on Corporate Governance, and the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad or any other applicable regulatory requirements. The TOR of the AC was last reviewed and approved by the Board in February 2020.

The TOR of the AC is published on the Company's website at <https://www.ihhhealthcare.com/corporate-governance.html>.

## 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, healthcare, business strategy and corporate governance. The composition of the AC is in compliance with Paragraph 15.09(1) of the MMLR.

The Board believes that the composition of the AC provides the appropriate balance in terms of skills, experience, gender and knowledge to ensure the effective functioning of the AC.

During the financial year under review, the AC held six meetings in total. The composition of the 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	6/6
Shirish Moreshwar Apte (Member)	Independent Non-Executive Director	6/6
Jill Margaret Watts (Member)	Independent Non-Executive Director	6/6

The AC meetings were attended by the MD & CEO, Group Chief Operating Officer, Group Chief Financial Officer (GCFO), Group Financial Controller, Group Head, Internal Audit and Group Head, Risk Management, together with other relevant members of the Senior Management of the Group and the external auditors, upon invitation by the AC, to brief the AC on pertinent issues and to support detailed discussions at the AC meetings. Senior Management members 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 AC on matters relating to external audit at all the AC meetings held during the financial year and provided a high-level review of the financial position of the Group.

Minutes of the AC meetings were circulated to all members for comments and the decisions made by the AC were communicated to the relevant process owners for action. At the Board meetings, the Chairman of the AC would provide a report, highlight 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 AC carried out the following key activities:

### Financial Reporting

1. 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;

2. Reviewed the report of the external auditors on the focus areas and key findings arising from their review of the unaudited quarterly financial results of the Group;
3. Reviewed the focus areas, as well as issues reported arising from the annual statutory audit by the external auditors including basis of the modified opinion by the external auditors for the financial year ended 31 December 2019;
4. Reviewed and made recommendations to the Board for approval of the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 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;
5. Reviewed with the external auditors their audit plan and strategy for the financial year ended 31 December 2020, outlining, among others, COVID-19 financial reporting/audit implications, the audit scope, methodology and timing of audit, audit materiality, audit focus areas and fraud risk assessment;
6. 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

7. Evaluated the performance of the external auditors for the financial year ended 31 December 2019, 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 2020;
8. Reviewed and recommended to the Board for approval the proposed fees for the annual and one-time audit related services, and the annual and one-time non-audit services rendered by the external auditors for the financial year ended 31 December 2019;
9. Reviewed the findings of the special audit initiated by the Board of Directors of Fortis Healthcare Limited (Fortis), a subsidiary of the Group acquired on 13 November 2018 to address the qualifications by the external auditors;
10. Met with the external auditors twice without the presence of the Executive Director 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 cooperation rendered by the Group's employees to facilitate their audit work;

# Audit Committee Report

## Internal Audit

11. Reviewed and approved the 2020 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;
12. Reviewed the internal audit reports issued by the internal audit function of the respective operating divisions during the year and presented at quarterly AC meetings;
13. Monitored the implementation of the management action plans 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;
14. Met with the Group Head or interim Group Head, Internal Audit, twice, without the presence of the Executive Director and Management, with the exception of the Company Secretaries, during the year under review to obtain feedback on the internal audit activities, audit findings and any other related matters;
15. 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;
16. 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;

17. Reviewed and recommended to the Board for approval, the appointment of new Group Head, Internal Audit, Stephen John Byrne, in place of Audrey Huang Lok Sen who retired on 4 November 2020;

## Related Party Transactions and Recurrent Related Party Transactions

18. Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with the MMLR;
19. Reviewed the related party transactions to be undertaken by the Group in accordance with the Limits of Authority (LOA) and Policy on Related Party Transactions 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;

## Verification of the Allocation of Long Term Incentive Plan (LTIP) units and Enterprise Option Scheme (EOS) options

20. Verified the allocation and movement of LTIP units and EOS options respectively for the year 2019 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

21. Reviewed the ancillary governance, control and reputational risk reports summary as highlighted by the AC of the relevant operating subsidiaries of the Group;
22. Reviewed and recommended to the Board for approval the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2019;
23. Reviewed the Group debt and cash position, interest rate risk and exchange rate risk of IHH and its subsidiaries to ensure that the business has sufficient liquidity to meet its obligations;

24. Reviewed the Group's contingency planning upon the analysis of the liquidity position of each geographical segment in order to assess the critical areas arising from the Covid-19 pandemic;

25. 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;

26. 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;

27. Reviewed and recommended to the Board for approval, the revisions to the TOR of the AC, in line with the changes in the relevant laws, rules and regulations including, but not limited to, the Companies Act 2016, MMLR and the Malaysian Code on Corporate Governance (MCCG);

28. Reviewed and recommended to the Board for approval, the revisions to the Whistleblowing Policy of the Group to reflect the current operating, legal and commercial contexts;

29. Reviewed and recommended to the Board for approval, the adoption of the Code of Conduct to Regulate, Monitor and Report Trading in Securities of Specific Indian Companies; and

30. Reviewed the findings of the independent review on the Procurement Governance Framework and LOA of the Group which was carried out with the aim of ensuring there are adequate controls in place to address procurement related governance practices.

Subsequent to the financial year ended 31 December 2020, the AC carried out the following duties:

1. Reviewed the unaudited quarterly financial results of the Group for the quarter ended 31 December 2020, including the draft announcements pertaining thereto and significant judgements made by Management for recommendation to be made to the Board for approval;
2. Reviewed the report of the external auditors on the focus areas and key findings arising from their review of the unaudited quarterly financial results of the Group for the quarter ended 31 December 2020;
3. Reviewed the internal audit work plan for the financial year ending 31 December 2021;
4. Reviewed the ancillary governance, control and reputational risk reports summary as highlighted by the AC of the relevant operating subsidiaries of the Group;
5. Reviewed the focus areas, as well as issues reported 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 2020;
6. Reviewed the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2020 and made recommendations to the Board for approval;
7. Evaluated the performance of the former GCFO for the financial year ended 31 December 2020;
8. Reviewed the Key Performance Indicators, competency and resources of the internal audit function for the financial year ended 31 December 2020 to ensure that, collectively, the internal audit function is suitable and has the required expertise, resources and professionalism to discharge its duties;
9. Evaluated the performance of the external auditors for the financial year ended 31 December 2020. 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 ending 31 December 2021;
10. Reviewed and recommended to the Board for approval the proposed fees for the annual and one-time audit related services, and the annual and one-time non-audit services rendered by the external auditors for the financial year ended 31 December 2020;
11. Confirmed and verified the allocation and movement of LTIP units and EOS options respectively for the year 2020 to ensure that it had been carried out according to the criteria and matrix stipulated in the Bye Laws of LTIP and EOS;
12. 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;
13. 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;
14. Reviewed the AC Report, as well as Statement on Risk Management and Internal Control for inclusion in the Annual Report 2020;
15. Met with the external auditors without the presence of the Executive Director and Management, with the exception of the Company Secretaries, to discuss any issues or reservations arising from the audit for financial year ended 31 December 2020, including, but not limited to, the system of internal controls and assistance given by the Group's employees to facilitate their audit work; and
16. Met with the Group Head, Internal Audit without the presence of the Executive Director and Management, with the exception of the Company Secretaries, to obtain feedback on any concerns noted in the course of auditing and feedback on the overall internal audit function of the Group.

# Audit Committee Report

## GROUP INTERNAL AUDIT FUNCTION

The internal audit function is under the responsibility of the Group Internal Audit (Group IA) department led by the Group Head, Internal Audit. Group IA is independent and reports directly to the AC. The Group IA has direct control over internal audit activities in Malaysia, Singapore, China and India (excluding Fortis Healthcare Limited Group which is a publicly listed company in India). Group IA maintains oversight of Acibadem's internal audit activities through close partnership with the internal audit function of Acibadem. Apart from IMU Group and Gleneagles Hong Kong, majority of the Group's internal audit function is undertaken in-house. Fortis Healthcare Limited Group undertakes its internal audit function in-house which is also supported by outsourced independent internal audit firms periodically. Group IA has visibility and ability to influence those internal audit activities at all levels throughout the Group including in respect of those operating companies' internal audit function which are outsourced to independent internal audit firms.

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 131 to 136 of this Annual Report for the summary of the work of the internal audit function undertaken during the year ended 31 December 2020.

The total costs incurred by Group IA in 2020 was RM8.6 million.

# Risk Management Committee Report

The Risk Management Committee (RMC) was established on 1 July 2018 consequent to the division of the Audit and Risk Management Committee (ARMC) into two separate committees, namely the Audit Committee and RMC respectively. The ARMC was established on 18 April 2012.

## Roles of the RMC

The RMC's primary role is to assist the Board in ensuring that the Company has in place a sound and robust risk management and internal control framework and that such framework and processes have been effectively implemented. The RMC reviews the management of the Company in addressing key risks impacting the Group's operations including, but not limited to financial, operational, medical and clinical, regulatory compliance, cyber security, sustainability and reputational risks. The RMC also reviews the clinical governance and quality framework and reports to ensure delivery of high quality and safe patient care across the Group in accordance with the appropriate standards.

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 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.

## Terms of Reference

The RMC is governed by a clearly defined and documented Terms of Reference (TOR). The TOR is assessed, reviewed and updated as the need arises, to ensure that it remains up-to-date and in conformity

with the applicable regulations and Group's policies. The TOR of the RMC was last reviewed and approved by the Board in February 2020.

The TOR of the RMC is published on the Company's website at <https://www.ihhhealthcare.com/corporate-governance.html>.

## Composition and Meetings

The RMC is comprised exclusively of Independent Non-Executive Directors. The RMC members come from diverse backgrounds with extensive experience in healthcare, banking, finance, business strategy and corporate governance.

The Board believes that the composition of the RMC provides the appropriate balance in terms of skills, experience, gender and knowledge to ensure the effective functioning of the RMC.

During the financial year under review, the RMC held four meetings in total. The composition of the 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	4/4
Shirish Moreshwar Apte (Member)	Independent Non-Executive Director	4/4
Jill Margaret Watts (Member)	Independent Non-Executive Director	4/4

The RMC meetings were attended by the MD & CEO, Group Chief Operating Officer, Group Chief Financial Officer, Group Financial Controller, Group Head, Internal Audit, Group Head, Risk Management and Group Head, Medical and Quality, together with other relevant members of the Senior Management of the Group,

upon invitation by the RMC, to brief the RMC on pertinent issues and to support detailed discussions at the RMC meetings.

Minutes of the RMC meetings would be circulated to all members for comments and the decisions made by the RMC would be communicated 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.

# Risk Management Committee Report

## Summary of Activities

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

### Enterprise Risk Management

1. Reviewed the Group's consolidated Enterprise Risk Management (ERM) reports, including the ERM reports of the respective operating divisions, which covered the ERM reporting status, risk profile, key highlights and risk priorities, and risk mitigation plans 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;

### Cyber Security Risk Management

2. Reviewed the reports pertaining to cyber risk, which covered, among others, the cyber security residual risk profile, cyber security threat report, cyber security strengthening plan and cyber security roadmap assessment and planning, aiming to identify and mitigate any potential cyber threat which may impact the Group's IT system;

### Bribery and Corruption Risk Management

3. Reviewed the Group's anti-bribery and corruption risk reports, including the risk profile, key highlights, strengthening plans and mitigation action plans against possible bribery and corruption, and incident reporting in line with the Anti-Bribery and Corruption Policy;
4. Reviewed the Group's action plans and anti-corruption compliance readiness assessment undertaken, including the bribery and corruption risk assessment approach, for compliance to Section 17A of the Malaysian Anti Corruption Commission Act 2009 (Amendment 2018);

### Medical/Quality and Clinical Quality Updates

5. Reviewed the reports on Medical/Quality and Clinical Quality Updates, which encompassed the following:
  - (i) clinical quality indicators of the Group's operating divisions in Malaysia, Singapore, India, Hong Kong and other South East Asian countries with the key objectives of monitoring and assessing the clinical performance of hospitals so as to facilitate continuous quality improvement and benchmarking;
  - (ii) action plans/initiatives undertaken to drive quality improvement activities;
  - (iii) trend of serious reportable events which highlighted problem areas in clinical performance and opportunities for improvement; and
  - (iv) the Group's medico-legal litigation cases;
6. Reviewed the clinical audit activities undertaken by the Group's hospitals for quality assurance and improvement purposes;
7. Reviewed the findings of the Joint Commission International (JCI) accreditation survey reports for better understanding on the level of compliance and improvement purposes;

### Sustainability Disclosures

8. Reviewed the Sustainability reporting timeline for the Group;
9. Reviewed and recommended to the Board for approval the Sustainability Report covering the period from 1 January 2020 to 31 December 2020. The Sustainability disclosures were prepared in line with the Global Reporting Initiative (GRI) Standards and GRI's Sector Specific Sustainability Topics for Healthcare Providers and Services and Healthcare Technology for inclusion in the Annual Report 2020;

10. Reviewed and recommended to the Board for approval the Sustainability Policy and 5-Year Roadmap which serve as a guideline in implementing sustainability initiatives across the Group in line with global and national efforts, as well as industry best practices;

### Other Activities

11. Reviewed and recommended to the Board for approval the RMC Report, as well as Statement on Risk Management and Internal Control for inclusion in the Annual Report 2019; and
12. Reviewed and recommended to the Board for approval, the revisions to the TOR of the RMC, in line with the changes in the relevant laws, rules and regulations including, but not limited to, the Companies Act 2016, MMLR and MCCG.

Subsequent to the financial year ended 31 December 2020, the RMC carried out the following duties:

1. Reviewed the Group's consolidated ERM reports, including the ERM reports of the respective operating divisions, which covered the Group's ERM reporting status, risk profile, key highlights and risk priorities, and risk mitigation plans;
2. Reviewed the reports on Medical/Clinical Quality updates which include reporting on clinical quality indicators, trend of serious reportable events and medico-legal litigation cases of the Group's operating divisions; and
3. Reviewed the RMC Report, as well as Statement on Risk Management and Internal Control, for inclusion in the Annual Report 2020.

# 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 three 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 an 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 2020, 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.

## Performance Monitoring and Budgets

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 Management Tender Committee.

# Statement on Risk Management and Internal Control

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. This includes 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 Audit 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 fifth 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 2020, Management continues to make significant progress on the implementation of the following plan of actions based on the recommendations by the ICGAC:

1. Strengthening the overall Clinical Governance framework
  - (a) Through defining the roles and responsibilities of key committees and personnel with regards to clinical governance;
2. Strengthening Incident Reporting and Root Cause Analysis (RCA)
  - (a) Establishing a system-wide electronic incident reporting system and tracking of investigations and implementation of recommendations;
  - (b) Establishing a rapid response team for serious events;
3. Measuring and reporting on Quality
  - (a) Establishing a standardised quality report and
  - (b) Implementing a process to select, define, analyse and report process and outcome quality indicators;
4. Improving Quality group-wide by
  - (a) Providing an annual system wide quality plan;
  - (b) Establishing unit-based skills in quality;
  - (c) Strengthening system-wide cross learning;
  - (d) Improving the quality of care and reduce cost through standardisation of common processes;
5. Further enhancing doctor engagement through greater participation in physician-led peer review committees, value based healthcare and clinical pathway initiatives.

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
4. **Professor Yeoh Eng Kiong**, Director at the JC School of Public Health and Primary Care of The Chinese University of Hong Kong (CUHK)

## 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 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

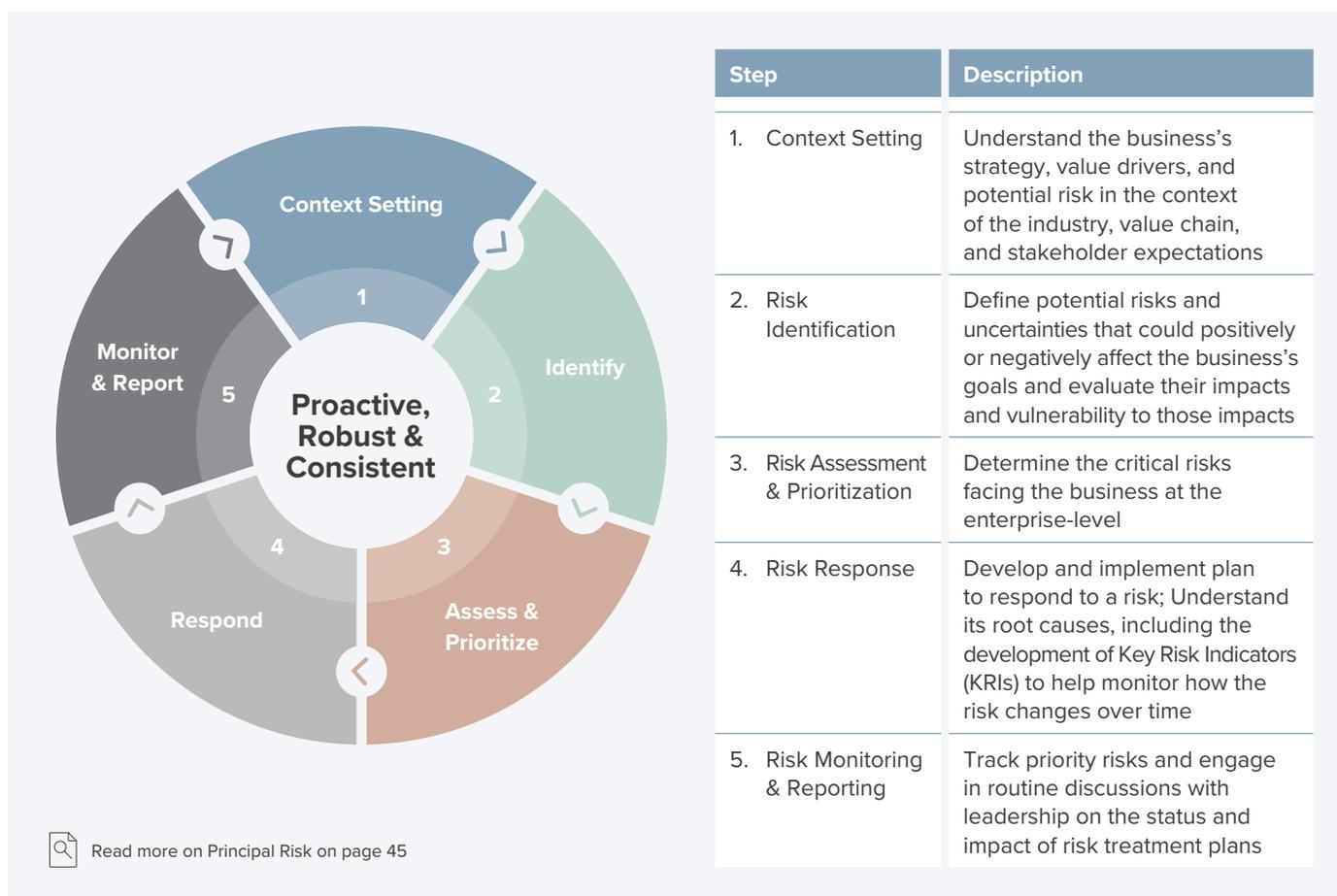
The Group recognises that risk management is an important and integral part of good management and corporate governance practice, and fundamental to driving shareholder value through quality healthcare. Although risks cannot be completely eliminated, effective risk identification and management can reduce the uncertainties associated with executing the Group's business strategies and maximising opportunities that may arise.

Group Risk assists the Board and RMC in discharging their risk management

responsibilities. Companies and business units have a primary responsibility for managing risk exposures. Group Risk is structured to provide adequate support to business units and the Divisions in relation to risk management practices and implementation. 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 as well as to guide the priorities and direction of the Group's risk management activities. 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.

# Statement on Risk Management and Internal Control

## Evaluate-Response-Monitor (E-R-M) Process

For the year ended 31 December 2020, the major risk management activities undertaken during the year were as follows:

1. Reviewed the adequacy and effectiveness of the risk control processes and risk reporting systems;
2. Conducted risk assessment workshop in each operating division, in line with the business planning cycle;
3. Assessed emerging risks and developed risk action plans with internal stakeholders;
4. Continued focus on Data Protection and Anti-Bribery & Corruption initiatives;
5. Ensured "adequate procedures" pursuant to Subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act);
6. Undertaken Anti-Corruption Compliance Readiness Assessment in accordance with regulatory guidelines;
7. Substantial completion of Group-wide training initiatives in relation to combatting Anti-Bribery & Corruption;
8. Augmented key Group SOPs for Divisions' adoption to augment existing SOPs relevant to the prevention of bribery & corruption;
9. Augmented Group and Division policies relevant to Personal Data Protection;
10. Institutionalised the Group Third Party Code of Conduct and the Group Personal Data Protection Framework;
11. Conducted Group-wide risk assessment of bribery and corruption exposures including enhancing the Group risk assessment of bribery and methodology focusing on corruption risk assessment on vulnerable areas by implementing a structured approach to Risk Assessment and profiling on each Division;
12. In collaboration with Group IT, continuously conducted a Group-wide risk assessment of Cyber Security exposures as planned and presented to the RMC on a quarterly basis;
13. Undertook placements and renewals of Insurance Programme, including the Group's Directors & Officers Policy;

14. 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;
15. Reviewed claims reporting system of medical malpractice cases for certain geographies, with plans to extend to other country operating divisions; and
16. Carried out ad-hoc assignments requested by Senior Management.

For 2020, the consolidated risk report includes those of Fortis Healthcare Limited and PLife REIT risk profiles. The consolidated risk report and updates are analysed for monitoring and reporting to the Group's RMC on a quarterly basis.

## 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. 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 reporting line to Group IA and to the AC. Audits are performed on all major units or areas in the audit population to provide independent and objective reports on operational and management activities in the Group. 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 are reviewed and approved by the AC annually.

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.

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.

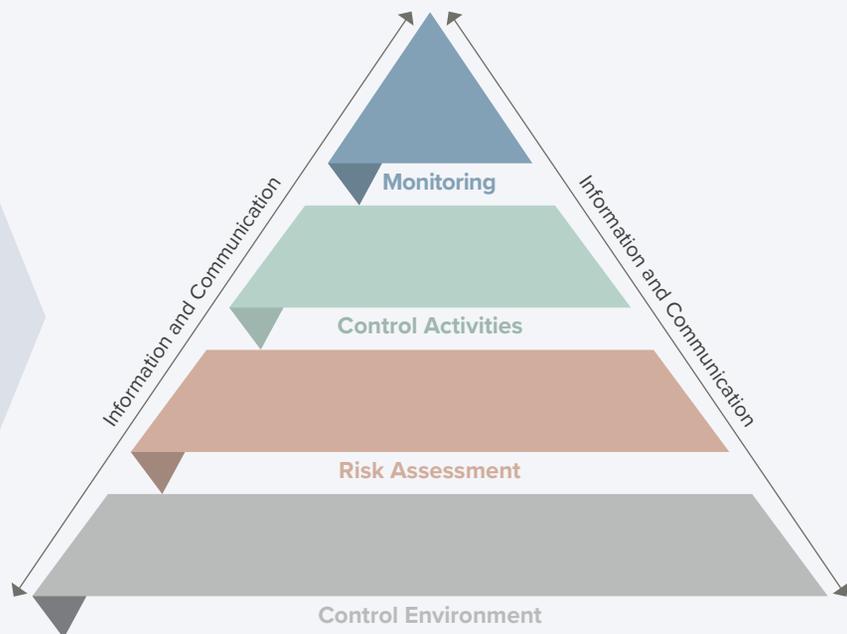
Group IA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the Group's governance, internal control, and risk management system, using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework.

For the year ended 31 December 2020, the major internal audit activities 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 complied with the requirements, with any non-compliances highlighted to Management for remediation;
- Witnessed the tendering process for procurement of services or assets to ensure the activities in the tendering process were conducted in a fair, transparent and consistent manner;
- Carried out ad hoc assignments and investigations requested by the AC and/ or Senior Management; and

## 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:



- Followed up on the implementation of the Management Action Plans to ensure that necessary actions have been taken to remedy any significant gaps identified in governance, risk management and control.

The internal audit function reviews for the adequacy and effectiveness of the internal control process and ensures that necessary actions have been taken to remedy any significant failures or weaknesses for the financial year in review and up to the date of approval of this statement for inclusion in the annual report.

In the course of performing its duties, 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 do 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.

# Statement on Risk Management and Internal Control

This 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. Senior management tracks the development of any potential medico-legal cases. 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. Group Internal Audit 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.

## 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. For the financial year under review, there were no material control failure or adverse consequences that have directly resulted in any material losses to the Group. However, the investigations on Fortis Group by the Securities and Exchange Board of India (SEBI) and the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs of India are still ongoing, for matters that occurred prior to IHH's acquisition of Fortis. The information relating to the SEBI and SFIO investigations are available in IHH's Audited Financial Statements and Quarterly Financial Results. Since the acquisition on 18<sup>th</sup> November 2018, the Board of Fortis has initiated additional control procedures and has appointed Ernst & Young LLP, India, to conduct enquiries of certain entities and transactions in Fortis Group (the Project) in relation to the issues raised in the investigation.

On 16 September 2020, the Board of Fortis in considering and discussing the Project results, noted the enquiries. All amounts identified in the enquiries had been previously provided for or expensed in the financial statements of Fortis Group. There are no other improper transactions identified by the enquiries or the management which had not been expensed or provided for.

The measures to protect and enhance shareholders' 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 and joint ventures.

## Review of the Statement by External Auditors

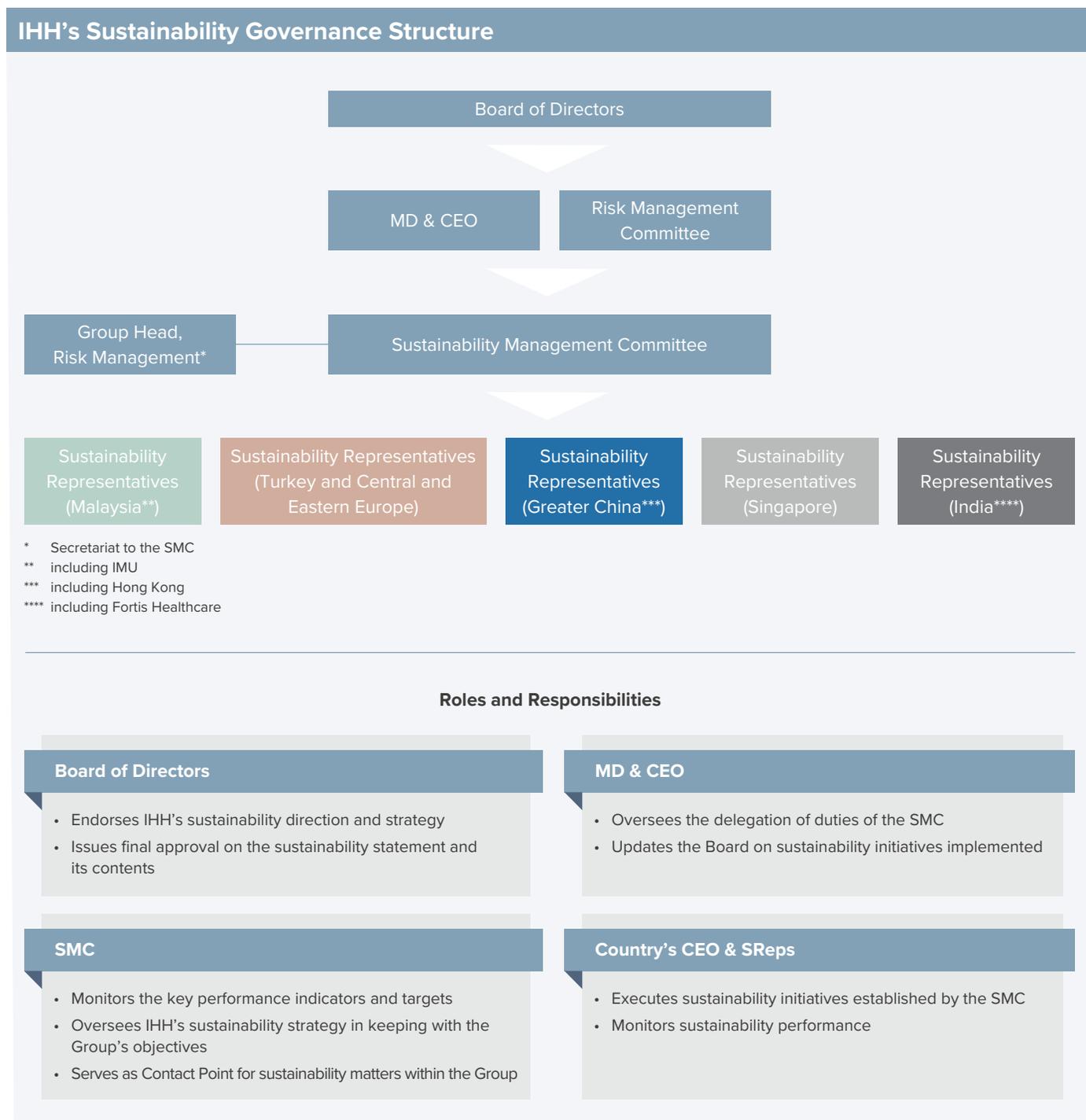
The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA), for inclusion in the annual report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that causes 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

A sound governance structure lays the foundation for sustainable development. Our sustainability governance structure is helmed by the Board of Directors (the Board) who set the tone from the top. Other key constituents include the Managing Director (MD) and Chief Executive Officer (CEO), the Risk Management Committee (RMC), the Sustainability Management Committee (SMC), the Country's CEO and Sustainability Representatives (SReps).



# Investor Relations Report

## Our commitment to effective shareholder engagement

IHH Healthcare (IHH) recognises the importance of effective communication between the Company, our shareholders and the general public. We believe good, clear and credible communication fosters confidence and a better understanding of our business.



IHH has a dedicated Investor Relations and Corporate Communications Department that facilitates communication between the Company and all our stakeholders, including the domestic and international investment community. We engage in active dialogue with our stakeholders, and leverage strategic communication platforms to provide timely, accurate and comprehensive insights on the Group's corporate developments, financial performance and material operations affecting us.

The Investor Relations function builds relationships between the Group and our investment community via various channels in Malaysia and internationally. We engage with shareholders through our annual reports and Annual General Meetings. In addition, we provide timely and consistent disclosures and material announcements on Bursa Malaysia Securities Berhad (Bursa Malaysia) and Singapore Exchange Limited (SGX).

Our Senior Management members are actively involved in the Group's extensive Investor Relations programme.

This includes organising regular in-house meetings and facilitating hospital visits, physical and virtual investor conferences and non-deal roadshows (NDRs), as well as conference calls, both locally, internationally, with financial analysts, institutional shareholders and fund managers. Proactive communication through these platforms keeps the investment community abreast of our strategic developments and financial performance. Furthermore, analyst briefings and media briefings are conducted when we release the Group's quarterly and annual results.

Every quarter, our 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 commentaries on share price performance.

Our Board has endorsed our 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 our stakeholders on all material developments. It 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](http://www.ihhhealthcare.com) offers stakeholders a dedicated platform for accessing essential information on the Group. This information includes IHH's corporate profile, individual profiles of Board Members and Senior Management, share prices, 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 section of the website is regularly updated with the latest Group disclosures. In addition, stakeholders can also obtain regulatory announcements made by IHH to Bursa Malaysia and SGX on our Investor Relations webpage at [www.ihhhealthcare.com/investor-relations.html](http://www.ihhhealthcare.com/investor-relations.html). Any queries or concerns regarding the Group can be directed to the Investor Relations Department at [ir@ihhhealthcare.com](mailto:ir@ihhhealthcare.com).

### Analyst Briefings for Quarterly and Annual Financial Results Announcement

In 2020, IHH's Senior Management conducted four analyst briefings and one media briefing via conference calls to discuss and communicate the Group's quarterly and annual financial results. This was on top of our timely quarterly and annual financial results announcements to

Bursa Malaysia and SGX. To widen our reach to the investment community, we uploaded recordings of these conference calls and materials related to the results announcements onto the Group's IR website.

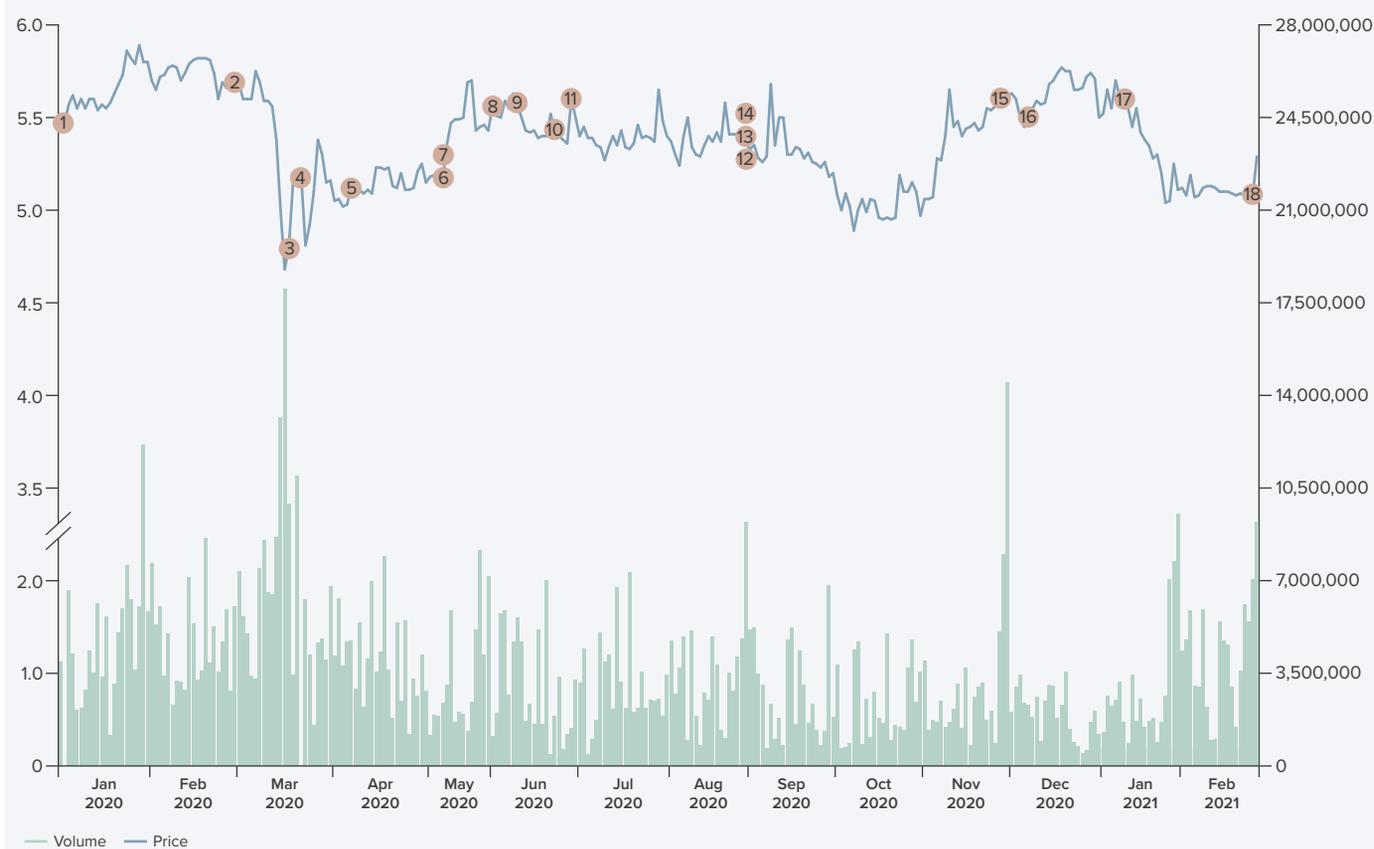
The materials for each quarter include:

- 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.

Our analyst briefings are also broadcast live via webcast to stakeholders who are overseas or unable to participate in person.

## IHH Stock Performance for Full Year 2020



1	Dr Kelvin Loh appointed MD & CEO of IHH	1 January 2020	5.53
2	IHH FY2019 Results	28 February 2020	5.70
3	Malaysia Movement Control Order (MCO) begins	18 March 2020	4.80
4	India lockdown started	22 March 2020	5.17
5	Singapore Circuit Breaker measures took effect	7 April 2020	5.12
6	Turkey weekend lockdown	12 May 2020	5.16
7	IHH rolls out telemedicine	13 May 2020	5.35
8	End of Circuit Breaker in Singapore, Relaxation of lockdown in India	1 June 2020	5.56
9	Commencement of Recovery MCO (RMCO)	10 June 2020	5.57
10	IHH 10th Annual General Meeting	23 June 2020	5.43
11	IHH Q1 2020 Results	29 June 2020	5.60
12	IHH Q2 2020 Results	27 August 2020	5.41
13	Malaysia announced RMCO extension until 31 December	28 August 2020	5.36
14	Acquisition of PCMC completed	1 September 2020	5.33
15	IHH Q3 2020 Results	26 November 2020	5.60
16	Malaysia introduced Enhanced MCO	7 December 2020	5.50
17	Malaysia re-introduces MCO 2.0	11 January 2021	5.60
18	IHH FY 2020 and Q4 Results	26 February 2021	5.08

# Investor Relations Report

## Table of Key Events

Key Events	2020	2019	2018	2017	2016
Annual and Quarterly Results Announcement: Teleconference & Webcasts	4	4	4	4	4
Investor Conferences & Non-deal Roadshows (NDRs)	7	8	9	8	12
Number of analysts/fund managers met (in-house, conference calls and roadshows)	164	252	247	292	443

### Conferences and Roadshows

In 2020, Investor Relations worked with the major brokerage firms to conduct stakeholder engagements through investor conferences and Non-deal Roadshows (NDRs), locally and internationally. Where COVID-19 movement restrictions prevented us from taking part in physical investor conferences, we ensured continued engagement with our investors by switching to a virtual format. Early in the year, our Senior Management, led by Managing Director and CEO,

Dr Kelvin Loh, CFO and Investor Relations, attended one physical conference: the JP Morgan Healthcare Conference in San Francisco, United States. In March, we conducted the Daiwa Investment Conference in Tokyo Japan via teleconference and converted the DBS NDR to New York, Boston and London to a virtual format because of the pandemic. We participated in three other investor engagement programmes during the year held virtually. Our participation in these virtual events enabled us to reach out directly to our shareholders and

investors to provide updates on our strategic developments, latest quarterly operational and financial performance, material operations affecting the Group and the business outlook, despite the COVID-19 pandemic affecting our management's ability to engage in physical meetings with our investment community. Our Senior Management also took the opportunity to solicit feedback and perceptions of the Group from the investment community. See our table of Key Events for all conferences and NDRs where we participated.

Date	Conference Names	Location	Organisers
13-15 January	38 <sup>th</sup> J.P. Morgan Healthcare Conference Emerging Markets	San Francisco	J.P. Morgan
6 March	Daiwa Investment Conference	Tokyo	Daiwa
9-13 March	DBS New York, Boston & London NDR	New York, Boston, London	DBS
6 April	Credit Suisse Virtual Group Meeting	Kuala Lumpur	Credit Suisse
3 September	CIMB Malaysia Virtual Group Meeting	Kuala Lumpur	CIMB Securities Ltd
8-9 September	27 <sup>th</sup> Annual CLSA Flagship Investor Forum (Virtual)	Hong Kong	CLSA Limited
28-29 September	UBS OneAsean Conference 2020 (Virtual)	Kuala Lumpur	UBS

## Analyst Coverage

IHH is closely tracked by the investment community. As at 31 March 2021, 25 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	AmlInvestment Bank Berhad	15	K&N Kenanga Holdings Bhd
3	Bank of America Merrill Lynch Global Research	16	Macquarie Securities Ltd
4	BIMB Securities Sdn Bhd	17	Maybank Kim Eng Securities
5	CIMB Securities Pte Ltd	18	MIDF Amanah Investment Bank Bhd
6	Citigroup Global Markets Asia	19	Morgan Stanley
7	CLSA Limited	20	Nomura Securities Co Ltd/Tokyo
8	Credit Suisse Holdings USA Inc	21	Public Investment Bank
9	DBS Vickers Securities	22	RHB Research Institute Sdn Bhd
10	Deutsche Bank AG/Hong Kong	23	TA Securities Holdings Bhd
11	Goldman Sachs India Sec Pte Ltd	24	UBS Securities Malaysia Sdn
12	Hong Leong Investment Bank Bhd	25	UOB Kay Hian Pte Ltd
13	J.P. Morgan Securities (Malaysia) Sdn Bhd		

The Board of Directors wishes to announce that the Company will continue to adopt the dividend policy whereby not less than 20% of the Group's profit after tax and minority interests, excluding exceptional items, in respect of any financial year, shall be distributed to its shareholders. In considering the level of dividend payments, the Board of Directors has taken into account various factors including:

- (i) the level of the Group's available cash and cash equivalents;
- (ii) return on equity and available retained earnings; and
- (iii) the Group's projected levels of capital expenditure and other investment plans.

# 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.

## Utilisation of Proceeds

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2020 (FY2020).

## Employee Share Schemes

The following are employee share schemes established by our Group and in existence during FY2020:

- (i) Long Term Incentive Plan (LTIP) of our Company (IHH LTIP) for a duration of 10 years from 25 March 2011 and expiring on 24 March 2021;
  - (ii) LTIP of Parkway Holdings Limited (Parkway LTIP) for a duration of 10 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 10 years from 24 May 2011 and expiring on 24 March 2021;
  - (iv) LTIP of IMU Health Sdn Bhd (IMU LTIP) for a duration of 10 years from 25 August 2011 and expiring on 24 March 2021; and
  - (v) Enterprise Option Scheme (EOS) of our Company for a duration of 10 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 FY2020 are as follows:

	LTIPs	EOS
Total number of LTIP units/EOS options granted	71,525,415	61,521,000
Total number of LTIP units/EOS options surrendered/exercised	60,298,045	1,033,000
Total number of LTIP units/EOS options lapsed/cancelled/opted out	8,891,370	13,657,000
Total number of LTIP units/EOS options outstanding	2,336,000	46,831,000

## Granted to Directors and Chief Executive

	LTIPs	EOS
Aggregate number of LTIP units/EOS options granted	18,804,000	35,786,000
Aggregate number of LTIP units/EOS options surrendered/exercised	18,004,000	123,000
Aggregate number of LTIP units/EOS options outstanding	800,000	35,663,000

Note: Includes the LTIP units/EOS options granted to Directors and Chief Executive who have resigned.

The LTIPs will expire on 24 March 2021, thus all unvested LTIP units shall lapse upon expiry.

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 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 FY2020, the actual percentage of LTIP units granted to Executive Directors and Senior Management of the Company was 19% of the total number of LTIP units granted in 2020. There were no EOS options granted during the FY2020.

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 60% 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 FY2020.

Details of the LTIP units and EOS options exercised during the financial year are disclosed in Note 21 of the financial statements.

## 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 FY2020 are as follows:

	Audit fees		Non-Audit fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
KPMG PLT	1,509	423	499	499
Affiliates of KPMG PLT	9,853	442	2,051	510
<b>Total</b>	<b>11,362</b>	<b>865</b>	<b>2,550*</b>	<b>1,009</b>

\* Approximately RM1,206,000 of the non-audit fees are pertaining to tax related studies or projects and tax compliance matters engaged by various entities of the Group.

Services rendered by KPMG PLT are not prohibited by regulatory and other professional requirements and are based on globally practised guidelines on auditors' independence.

## 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 2020 or entered into since the end of the previous financial year:

- (i) A shareholders' agreement dated 23 December 2011 was entered into among the Company, Integrated Healthcare Hastaneler Turkey Sdn Bhd, Bagan Lalang Ventures Sdn Bhd, Hatice Seher Aydinlar and Mehmet Ali Aydinlar, 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.
- (ii) A conditional share purchase agreement dated 17 September 2019 was entered into between Pantai Holdings Sdn Bhd (PHSB), an indirect wholly-owned subsidiary of the Company and Pulau Memutik Ventures Sdn Bhd (PMV), a wholly-owned subsidiary of Khazanah Nasional Berhad, in respect of the acquisition

by PHSB of 100,000,000 ordinary shares and 35,176 redeemable preference shares, representing the entire issued share capital of Prince Court Medical Centre Sdn Bhd (PCMC) for a cash consideration of RM1,020.0 million (Acquisition). The Acquisition was completed on 1 September 2020 and consequently PCMC became a wholly-owned indirect subsidiary of the Company.

## Recurrent Related Party Transactions

The recurrent related party transactions of a revenue nature incurred by the Group for FY2020 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	146
Statement by Directors	153
Statutory Declaration	153
Independent Auditors' Report	154
Statements of Financial Position	159
Statements of Profit or Loss and Other Comprehensive Income	161
Statements of Changes in Equity	162
Statements of Cash Flows	168
Notes to the Financial Statements	170

# Directors' Report

for the year ended 31 December 2020

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 2020.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in note 42 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 42 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	288,882	306,667
Non-controlling interests	(83,036)	–
	205,846	306,667

## RESERVES AND PROVISIONS

Except as disclosed in the financial statements, there were no material transfers to or from reserves and provisions during the financial year under review.

## DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single tier cash dividend of 4 sen per ordinary share amounting to RM350,960,000 for the financial year ended 31 December 2019 on 30 April 2020.

The Board of Directors have declared that a first and final single tier cash dividend of 4 sen per ordinary share for the financial year ended 31 December 2020 to be paid on 30 April 2021 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn Bhd and The Central Depository (Pte) Limited ("CDP") at the close of business on 31 March 2021. The Company shall apply the RM:SGD noon middle rate as disclosed in the Bank Negara Malaysia's website on 31 March 2021 as the basis for computing the dividend quantum to be paid in SGD to the Singapore investors whose Company's shares are traded on SGX-ST.

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Mohammed Azlan Bin Hashim	
Dr. Kelvin Loh Chi-Keon	
Takeshi Saito	
Mehmet Ali Aydinlar	
Rossana Annizah Binti Ahmad Rashid	
Shirish Moreshwar Apte	
Jill Margaret Watts	
Dr. Farid Bin Mohamed Sani	
Masato Sugahara	Appointed on 1 April 2020
Tunku Alizakri Bin Raja Muhammad Alias	Appointed on 1 January 2021
Satoshi Tanaka	Appointed on 1 January 2021
Ong Ai Lin	Appointed on 1 January 2021
Dato' Muthanna Bin Abdullah	Appointed on 1 January 2021
Tomo Nagahiro* (Alternate Director to Masato Sugahara)	
Wong Eugene (Alternate Director to Dr. Farid Bin Mohamed Sani)	
Koji Nagatomi	Resigned on 31 March 2020
Ong Shilin (Alternate Director to Takeshi Saito)	Resigned on 23 December 2020

\* Tomo Nagahiro was appointed as an alternate director to Koji Nagatomi on 3 April 2019. On 31 March 2020, he ceased to be an alternate director to Koji Nagatomi and was appointed as an Alternate Director to Masato Sugahara on 1 April 2020.

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 and options over ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial 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:

	At 1 January 2020	Number of ordinary shares			At 31 December 2020
		Options exercised	Bought	Sold	
<b>Interests in the Company</b>					
Mehmet Ali Aydınlar					
– Direct	420,935,132	464,000	–	–	421,399,132
– Deemed	102,147,441	–	–	(3,860,400)	98,287,041
<b>Number of ordinary shares of TL1.00 each</b>					
	At 1 January 2020	Options exercised	Bought	Sold	At 31 December 2020
<b>Interests in subsidiaries</b>					
<b>Acıbadem Sağlık Yatırımları Holding A.Ş. (“ASYH”)</b>					
Mehmet Ali Aydınlar					
– Direct	274,809,547	–	–	–	274,809,547
– Deemed	21,290,454	–	–	–	21,290,454
<b>Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. (“ASH”)</b>					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
– Deemed	1	–	–	–	1
<b>Acıbadem Poliklinikleri A.Ş.</b>					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
– Deemed	3	–	–	–	3
<b>Acıbadem Proje Yönetimi A.Ş.</b>					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
<b>Aplus Hastane Otelcilik Hizmetleri A.Ş.</b>					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
– Deemed	2	–	–	–	2

# Directors' Report

for the year ended 31 December 2020

## DIRECTORS' INTERESTS *(continued)*

	Number of ordinary shares of TL2.00 each				At 31 December 2020
	At 1 January 2020	Options exercised	Bought	Sold	
<b>Interests in a subsidiary</b>					
<b>International Hospital Istanbul A.Ş.</b>					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	1	–	–	–	1
<b>Number of units convertible into ordinary shares</b>					
	At 1 January 2020	Granted	Exercised	Lapsed/ cancelled	At 31 December 2020
<b>Interests in the Company</b>					
<b>Long Term Incentive Plan (“LTIP”)</b>					
Mehmet Ali Aydinlar	709,000	–	(464,000)	–	245,000
<b>Number of options over ordinary shares</b>					
	At 1 January 2020	Granted	Exercised	Lapsed/ cancelled	At 31 December 2020
<b>Interests in the Company</b>					
<b>Enterprise Option Scheme (“EOS”)</b>					
Mehmet Ali Aydinlar	5,127,000	–	–	–	5,127,000
<b>Number of units</b>					
	At 1 January 2020	Options exercised	Bought	Sold	At 31 December 2020
<b>Interests in a subsidiary</b>					
<b>Parkway Life Real Estate Investment Trust (“PLife REIT”)</b>					
Dr. Kelvin Loh Chi-Keon					
– Direct	120,000	–	–	–	120,000
Shirish Moreshwar Apte					
– Direct	150,000	–	–	–	150,000

Except as disclosed above, none of the other Directors holding office as at 31 December 2020 had any interest in the ordinary shares, options over ordinary shares and units convertible into ordinary shares 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 and other benefits 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 substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in note 39 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 21.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 3,229,000 new ordinary shares pursuant to the surrender of vested LTIP units.

Upon completion of the above, the issued and fully paid number of shares of the Company increased from 8,773,990,463 to 8,777,219,463 as at 31 December 2020.

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 schemes:

### EOS

At an extraordinary general meeting held on 15 June 2015, 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 discretion, 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.

# Directors' Report

for the year ended 31 December 2020

## 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 within three years in equal proportions.
- 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)*

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 21 to the financial statements.

The options granted during the financial year is disclosed in note 21 to the financial statements.

## **INDEMNITY AND INSURANCE COSTS**

During the financial year, the Company purchased a Directors’ and Officers’ Liability Insurance for the Group’s directors and officers. The insurance premium paid by the Company was RM800,000.

## **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 2020 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 2020

## SIGNIFICANT EVENTS

Significant events during the financial year are as disclosed in notes 40 and 41 to the financial statements.

## SUBSEQUENT EVENTS

Significant event subsequent to the end of the reporting period is as disclosed in note 48 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 2020:

- Parkway Healthcare India Private Limited
- Andaman Alliance Healthcare Limited
- Ravindranath GE Medical Associates Private Limited ("RGE") and its subsidiaries ("RGE Group")
- Continental Hospitals Private Limited ("Continental") and its subsidiaries ("Continental Group")
- Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group")

The details of the subsidiaries of RGE, Continental and Fortis are disclosed in note 42 to the financial statements.

## AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in note 29 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. Kelvin Loh Chi-Keon**  
Director

Date: 31 March 2021

# 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 159 to 308 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 position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Dato' Mohammed Azlan Bin Hashim**  
Director

.....  
**Dr. Kelvin Loh Chi-Keon**  
Director

Date: 31 March 2021

# Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Joerg Ayrle**, 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 159 to 308 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 Oaths and Declarations Act (Cap 211, 2001 Rev Ed.).

Subscribed and solemnly declared by the abovenamed Joerg Ayrle, Passport No.: C4KLC5TX4 in the Republic of Singapore on 31 March 2021.

.....  
**Joerg Ayrle**

Before me:

Commissioner for Oaths  
Singapore

# Independent Auditors' Report

To the members of IHH Healthcare Berhad  
(Registration No. 201001018208 (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 2020 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 159 to 308.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance 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 Opinion

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

### Emphasis of Matter

- 1 We draw attention to Note 46 to the financial statements on the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group"). Fortis Group has been submitting all information required by the various investigating agencies and is fully cooperating in the investigations/inquiries.

As explained in the note, the outcome of the investigation cannot be predicted at this juncture and the financial impact to the Group, if any, will only be recognised in the period that the outcome is known.

- 2 We draw attention to Note 47 to the financial statements on the judgment dated 15 November 2019 by the Supreme Court of India ("Judgment"), relating to the issuance of a suo-moto contempt notice to, amongst others, Fortis, and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018.

Since the issuance of the Judgment, several parties have filed applications before the Supreme Court, in attempts to seek remedies for themselves. On 5 March 2020, Northern TK Venture Pte. Ltd., the immediate holding company of Fortis filed the necessary applications to intervene in the aforementioned Supreme Court proceedings.

As stated in the said note, the Group believes that it has a strong case on merits. The ultimate outcome of the Supreme Court proceedings is unknown at this juncture and therefore the potential impact, if any, to the Group's financial statements cannot be determined. Our opinion is not modified in respect of the aforesaid matters.

### 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

### 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

#### a. Impairment of 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 2020, the Group’s goodwill and intangible assets of RM14.1 billion represented 31.7% 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 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 fair value less costs to sell model. Key assumptions within these models include revenue growth, EBITDA margin, long-term growth rates and discount rates.

During the year, an impairment charge of RM398.0 million was recognised in the profit or loss of the Group in respect of the cash-generating units 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 internal valuation specialists to challenge the discount rates and long-term growth rates, 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.

# Independent Auditors' Report

To the members of IHH Healthcare Berhad  
(Registration No. 201001018208 (901914-V))  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

### Key Audit Matters *(continued)*

#### b. Acquisition of Prince Court Medical Centre Sdn. Bhd.

Refer to Note 2(a) – Significant accounting policies: “Basis of consolidation”, Note 7 – Investments in subsidiaries and Note 40 – Acquisition and disposal of subsidiaries/business.

##### The key audit matter

On 1 September 2020, the Group completed the acquisition of the entire issued share capital of Prince Court Medical Centre Sdn. Bhd. (“PCMC”) comprising 100,000,000 ordinary shares and 35,176 redeemable preference shares in PCMC, representing a 100% equity interest therein, for a consideration of RM1,020.0 million.

Management engaged an external valuation expert to assist them with the purchase price allocation (“PPA”) exercise for the acquisition of PCMC.

This was a key audit matter as the accounting for the acquisition of PCMC was complex and the process of purchase price allocation required significant judgement and estimation used by the Group.

##### How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We evaluated the appropriateness of the Group’s assessment on the fair value of identifiable assets and liabilities, with the involvement of our internal valuation specialist.
- We evaluated the appropriateness of the discount rate used by comparing it with our expectations based on our knowledge of the industry in which the asset operates.
- We assessed those significant and highly sensitive assumptions to determine that they were appropriate and supportable by comparing them with internal and external sources.
- We re-computed the goodwill arising from the business combination.
- We have also assessed the adequacy of the disclosures in respect of the acquisition in the Group’s financial statements.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors’ report.

### 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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

### 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.
- 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.

## Independent Auditors' Report

To the members of IHH Healthcare Berhad  
(Registration No. 201001018208 (901914-V))  
(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

#### Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 42 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

Petaling Jaya, Malaysia  
31 March 2021

#### Lee Yee Keng

Approval Number: 02880/04/2021 J  
Chartered Accountant

# Statements of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Assets</b>					
Property, plant and equipment	3	11,569,497	11,196,308	512	627
Right-of-use assets	4	6,612,132	6,736,016	247	1,237
Investment properties	5	3,612,547	3,508,182	–	–
Goodwill on consolidation	6	12,123,112	12,574,673	–	–
Intangible assets	6	1,990,429	2,081,266	–	–
Investments in subsidiaries	7	–	–	19,713,748	19,713,748
Interests in associates	8	142,869	92,454	–	–
Interests in joint ventures	9	122,765	212,529	–	–
Other financial assets	10	63,891	46,763	–	–
Trade and other receivables	14	127,329	155,809	13,134	18,252
Tax recoverables		287,697	385,512	–	–
Derivative assets	25	108,304	9,220	–	–
Deferred tax assets	11	427,749	428,228	1,288	208
<b>Total non-current assets</b>		<b>37,188,321</b>	<b>37,426,960</b>	<b>19,728,929</b>	<b>19,734,072</b>
Development properties	12	90,083	84,213	–	–
Inventories	13	420,153	350,321	–	–
Trade and other receivables	14	1,953,142	2,107,897	59,546	56,389
Tax recoverables		21,760	17,081	564	–
Other financial assets	10	422,593	344,283	190,915	186,148
Derivative assets	25	33,410	85	–	–
Cash and cash equivalents	15	4,187,806	4,714,669	146,676	156,169
		<b>7,128,947</b>	<b>7,618,549</b>	<b>397,701</b>	<b>398,706</b>
Assets classified as held for sale	16	216,992	7,780	–	–
<b>Total current assets</b>		<b>7,345,939</b>	<b>7,626,329</b>	<b>397,701</b>	<b>398,706</b>
<b>Total assets</b>		<b>44,534,260</b>	<b>45,053,289</b>	<b>20,126,630</b>	<b>20,132,778</b>

# Statements of Financial Position

as at 31 December 2020 (continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Equity</b>					
Share capital	17	19,473,364	19,455,138	19,473,364	19,455,138
Other reserves	18	(1,988,281)	(1,529,495)	80,053	83,357
Retained earnings		4,254,736	4,413,888	465,905	501,371
<b>Total equity attributable to owners of the Company</b>		<b>21,739,819</b>	<b>22,339,531</b>	<b>20,019,322</b>	<b>20,039,866</b>
Perpetual securities	19	2,158,061	2,158,169	–	–
Non-controlling interests	7	3,137,489	3,596,269	–	–
<b>Total equity</b>		<b>27,035,369</b>	<b>28,093,969</b>	<b>20,019,322</b>	<b>20,039,866</b>
<b>Liabilities</b>					
Loans and borrowings	20	8,664,676	8,266,065	–	–
Lease liabilities		1,704,084	1,851,567	–	253
Employee benefits	21	117,678	99,821	3,836	17
Trade and other payables	24	228,330	249,514	–	–
Derivative liabilities	25	800	33,124	–	–
Deferred tax liabilities	11	1,168,256	1,110,002	–	–
<b>Total non-current liabilities</b>		<b>11,883,824</b>	<b>11,610,093</b>	<b>3,836</b>	<b>270</b>
Bank overdrafts	15	22,401	121,814	–	–
Loans and borrowings	20	996,384	637,834	–	–
Lease liabilities		241,226	222,366	253	999
Employee benefits	21	147,238	145,484	5,079	1,468
Trade and other payables	24	3,891,883	3,858,162	94,993	89,355
Derivative liabilities	25	7,316	12,964	–	–
Tax payable		289,595	350,418	3,147	820
		5,596,043	5,349,042	103,472	92,642
Liabilities classified as held for sale	16	19,024	185	–	–
<b>Total current liabilities</b>		<b>5,615,067</b>	<b>5,349,227</b>	<b>103,472</b>	<b>92,642</b>
<b>Total liabilities</b>		<b>17,498,891</b>	<b>16,959,320</b>	<b>107,308</b>	<b>92,912</b>
<b>Total equity and liabilities</b>		<b>44,534,260</b>	<b>45,053,289</b>	<b>20,126,630</b>	<b>20,132,778</b>

The notes on pages 170 to 308 are an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Revenue</b>	26	13,404,604	14,912,485	391,238	115,562
Other operating income		738,396	308,635	6,743	876
Inventories and consumables		(2,798,168)	(2,923,546)	–	–
Purchases and contracted services		(1,298,180)	(1,584,059)	–	–
Development cost of properties sold		–	(738)	–	–
Staff costs	27	(5,201,241)	(5,371,535)	(59,906)	(55,832)
Depreciation and impairment of property, plant and equipment	3	(960,323)	(954,505)	(289)	(631)
Depreciation and impairment of right-of-use assets	4	(379,091)	(335,357)	(990)	(990)
Amortisation and impairment of intangible assets	6	(57,899)	(65,629)	–	–
Operating lease expenses	4c	(66,922)	(84,582)	(1,235)	(1,185)
Net loss on impairment of financial instruments		(107,433)	(62,689)	–	–
Other operating expenses		(2,019,893)	(2,097,587)	(26,270)	(32,724)
Finance income	28	242,855	131,325	789	13,903
Finance costs	28	(947,586)	(903,600)	(2,030)	(2,682)
Share of profits of associates (net of tax)	8	7,072	64,244	–	–
Share of profits of joint ventures (net of tax)	9	11,316	9,862	–	–
<b>Profit before tax</b>	29	567,507	1,042,724	308,050	36,297
Income tax expense	32	(361,661)	(527,882)	(1,383)	(1,009)
<b>Profit for the year</b>		205,846	514,842	306,667	35,288
<b>Other comprehensive income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences from foreign operations		(246,152)	(155,909)	28	29
Realisation of foreign currency translation reserve (“FCTR”) upon substantive liquidation of a subsidiary and a joint venture		(132,971)	–	–	–
Hedge of net investments in foreign operations		(59,978)	1,477	–	–
Cash flow hedge		(7,864)	976	–	–
Cost of hedging reserve		234	914	–	–
	30	(446,731)	(152,542)	28	29
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Net change in fair value of fair value through other comprehensive income (“FVOCI”) financial instruments		–	(9,252)	–	–
Effect of change in tax rate on past revaluation of property, plant and equipment upon transfer to investment properties		–	(2,456)	–	–
Remeasurement of defined benefit liabilities		(9,592)	(9,519)	–	–
	30	(9,592)	(21,227)	–	–
<b>Total comprehensive income for the year</b>		(250,477)	341,073	306,695	35,317
<b>Profit attributable to:</b>					
Owners of the Company		288,882	551,476	306,667	35,288
Non-controlling interests		(83,036)	(36,634)	–	–
<b>Profit for the year</b>		205,846	514,842	306,667	35,288
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(107,977)	428,448	306,695	35,317
Non-controlling interests		(142,500)	(87,375)	–	–
<b>Total comprehensive income for the year</b>		(250,477)	341,073	306,695	35,317
<b>Earnings per ordinary share (sen):</b>					
Basic	33	2.27	5.28		
Diluted	33	2.27	5.28		

The notes on pages 170 to 308 are an integral part of these financial statements.

# Statements of Changes in Equity

for the year ended 31 December 2020

Group	Note	Attributable to owners of the Company				
		Share capital RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000
<b>At 1 January 2019</b>		19,427,586	61,379	–	85,890	16,715
Foreign currency translation differences from foreign operations		–	–	–	–	–
Hedge of net investments in foreign operations		–	–	–	–	–
Cash flow hedge		–	–	–	–	347
Costs of hedging reserves		–	–	–	–	–
Net change in fair value of FVOCI financial instruments	10	–	–	(9,252)	–	–
Effect of change in tax rate on past revaluation of property, plant and equipment upon transfer to investment properties		–	–	–	(2,456)	–
Remeasurement of defined benefit liabilities		–	–	–	–	–
Total other comprehensive income for the year	30	–	–	(9,252)	(2,456)	347
Profit for the year		–	–	–	–	–
<b>Total comprehensive income for the year</b>		–	–	(9,252)	(2,456)	347
<i>Contributions by and distributions to owners</i>						
Share-based payment transactions	21	–	49,972	–	–	–
Dividends to owners of the Company	34	–	–	–	–	–
Transfer to share capital on share options exercised		27,552	(27,552)	–	–	–
Cancellation of vested share options		–	(299)	–	–	–
Changes in ownership interests in subsidiaries	41	–	–	–	–	1
Issue of shares by subsidiaries to non-controlling interests		–	–	–	–	–
Disposal of a subsidiary	40	–	–	–	–	–
Changes in fair value of liabilities on put options granted to non-controlling interests	36(vii)	–	–	–	–	–
Transfer from hedge reserves to retained earnings		–	–	–	–	(1,812)
Transfer per statutory requirements		–	–	–	–	–
Overprovision of transaction costs in prior years' dilution in interest in subsidiaries		–	–	–	–	–
Payment of coupon on perpetual securities	19	–	–	–	–	–
Accrued perpetual securities distribution	19	–	–	–	–	–
Dividends to non-controlling interests		–	–	–	–	–
<b>Total transactions with owners</b>		27,552	22,121	–	–	(1,811)
Transfer of accumulated losses to retained earnings upon disposal of FVOCI equity investments		–	–	9,252	–	–
<b>At 31 December 2019</b>		19,455,138	83,500	–	83,434	15,251

Cost of hedging reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Distributable		Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000
				Retained earnings RM'000	Total RM'000			
-	(3,927,522)	51,522	2,046,501	4,231,930	21,994,001	2,157,943	4,199,755	28,351,699
-	-	-	(103,133)	-	(103,133)	-	(52,776)	(155,909)
-	-	-	526	-	526	-	951	1,477
-	-	-	-	-	347	-	629	976
325	-	-	-	-	325	-	589	914
-	-	-	-	-	(9,252)	-	-	(9,252)
-	-	-	-	-	(2,456)	-	-	(2,456)
-	-	-	-	(9,385)	(9,385)	-	(134)	(9,519)
325	-	-	(102,607)	(9,385)	(123,028)	-	(50,741)	(173,769)
-	-	-	-	551,476	551,476	-	(36,634)	514,842
325	-	-	(102,607)	542,091	428,448	-	(87,375)	341,073
-	340	-	-	-	50,312	-	754	51,066
-	-	-	-	(263,220)	(263,220)	-	-	(263,220)
-	-	-	-	-	-	-	-	-
-	-	-	-	299	-	-	-	-
-	(96,730)	-	(5)	-	(96,734)	-	(410,421)	(507,155)
-	-	-	-	-	-	-	101,583	101,583
-	1,249	(31)	-	-	1,218	-	124	1,342
-	239,277	-	-	-	239,277	-	5,209	244,486
-	-	-	-	1,812	-	-	-	-
-	-	1,600	-	(1,600)	-	-	-	-
-	74,054	-	-	-	74,054	-	-	74,054
-	347	-	-	-	347	(87,946)	-	(87,599)
-	-	-	-	(88,172)	(88,172)	88,172	-	-
-	-	-	-	-	-	-	(213,360)	(213,360)
-	218,537	1,569	(5)	(350,881)	(82,918)	226	(516,111)	(598,803)
-	-	-	-	(9,252)	-	-	-	-
325	(3,708,985)	53,091	1,943,889	4,413,888	22,339,531	2,158,169	3,596,269	28,093,969

# Statements of Changes in Equity

for the year ended 31 December 2020 (continued)

Group	Note	Attributable to owners of the Company			
		Share capital RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000
<b>At 1 January 2020</b>		19,455,138	83,500	83,434	15,251
Foreign currency translation differences from foreign operations		–	–	–	–
Realisation of FCTR upon substantive liquidation of a subsidiary and a joint venture		–	–	–	–
Hedge of net investments in foreign operations		–	–	–	–
Cash flow hedge		–	–	–	(2,798)
Costs of hedging reserves		–	–	–	–
Remeasurement of defined benefit liabilities		–	–	–	–
Total other comprehensive income for the year	30	–	–	–	(2,798)
Profit for the year		–	–	–	–
<b>Total comprehensive income for the year</b>		–	–	–	(2,798)
<i>Contributions by and distributions to owners</i>					
Share-based payment transactions	21	–	23,721	–	–
Dividends to owners of the Company	34	–	–	–	–
Transfer to share capital on share options exercised		18,226	(18,226)	–	–
Cancellation of vested share options		–	(8,827)	–	–
Changes in ownership interests in subsidiaries	41	–	–	–	1
Issue of shares by subsidiaries to non-controlling interests		–	–	–	–
Disposal of a subsidiary	40	–	–	–	–
Transfer per statutory requirements		–	–	–	–
Changes in fair value of liabilities on put options granted to non-controlling interests	36(vii)	–	–	–	–
Dividends to non-controlling interests		–	–	–	–
Payment of coupon on perpetual securities	19	–	–	–	–
Accrued perpetual securities distribution	19	–	–	–	–
<b>Total transactions with owners</b>		18,226	(3,332)	–	1
<b>At 31 December 2020</b>		19,473,364	80,168	83,434	12,454

Cost of hedging reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Distributable			Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000
			Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000			
325	(3,708,985)	53,091	1,943,889	4,413,888	22,339,531	2,158,169	3,596,269	28,093,969
-	-	-	(232,661)	-	(232,661)	-	(13,491)	(246,152)
-	-	-	(132,971)	-	(132,971)	-	-	(132,971)
-	-	-	(21,366)	-	(21,366)	-	(38,612)	(59,978)
-	-	-	-	-	(2,798)	-	(5,066)	(7,864)
83	-	-	-	-	83	-	151	234
-	-	-	-	(7,146)	(7,146)	-	(2,446)	(9,592)
83	-	-	(386,998)	(7,146)	(396,859)	-	(59,464)	(456,323)
-	-	-	-	288,882	288,882	-	(83,036)	205,846
83	-	-	(386,998)	281,736	(107,977)	-	(142,500)	(250,477)
-	(106)	-	-	-	23,615	-	(234)	23,381
-	-	-	-	(350,960)	(350,960)	-	-	(350,960)
-	-	-	-	-	-	-	-	-
-	-	-	-	8,827	-	-	-	-
-	(8,794)	-	2	-	(8,791)	-	10,097	1,306
-	-	-	-	-	-	-	626	626
-	6,413	-	-	(6,413)	-	-	(65,120)	(65,120)
-	-	2,499	-	(2,499)	-	-	-	-
-	(67,066)	-	-	-	(67,066)	-	(93,142)	(160,208)
-	-	-	-	-	-	-	(168,507)	(168,507)
-	1,310	-	-	-	1,310	(89,951)	-	(88,641)
-	-	-	-	(89,843)	(89,843)	89,843	-	-
-	(68,243)	2,499	2	(440,888)	(491,735)	(108)	(316,280)	(808,123)
408	(3,777,228)	55,590	1,556,893	4,254,736	21,739,819	2,158,061	3,137,489	27,035,369

# Statements of Changes in Equity

for the year ended 31 December 2020 (continued)

Company	Note	Attributable to owners of the Company				
		Non-distributable			Distributable	
		Share capital RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2019</b>		19,427,586	61,379	(172)	729,004	20,217,797
Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year		–	–	29	–	29
Profit for the year		–	–	–	35,288	35,288
<b>Total comprehensive income for the year</b>		–	–	29	35,288	35,317
<i>Contributions by and distributions to owners of the Company</i>						
Share-based payment transactions		–	49,972	–	–	49,972
Dividends to owners of the Company	34	–	–	–	(263,220)	(263,220)
Transfer to share capital on share options exercised		27,552	(27,552)	–	–	–
Cancellation of vested share options		–	(299)	–	299	–
<b>Total transactions with owners of the Company</b>		27,552	22,121	–	(262,921)	(213,248)
<b>At 31 December 2019</b>		19,455,138	83,500	(143)	501,371	20,039,866

Company	Note	Attributable to owners of the Company				
		Non-distributable			Distributable	
		Share capital RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2020</b>		19,455,138	83,500	(143)	501,371	20,039,866
Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year		–	–	28	–	28
Profit for the year		–	–	–	306,667	306,667
<b>Total comprehensive income for the year</b>		–	–	28	306,667	306,695
<i>Contributions by and distributions to owners of the Company</i>						
Share-based payment transactions		–	23,721	–	–	23,721
Dividends to owners of the Company	34	–	–	–	(350,960)	(350,960)
Transfer to share capital on share options exercised		18,226	(18,226)	–	–	–
Cancellation of vested share options		–	(8,827)	–	8,827	–
<b>Total transactions with owners of the Company</b>		18,226	(3,332)	–	(342,133)	(327,239)
<b>At 31 December 2020</b>		19,473,364	80,168	(115)	465,905	20,019,322

The notes on pages 170 to 308 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		567,507	1,042,724	308,050	36,297
<i>Adjustments for:</i>					
Dividend income	26	(4,853)	(4,065)	(391,238)	(115,562)
Finance income	28	(242,855)	(131,325)	(789)	(13,903)
Finance costs	28	947,586	903,600	2,030	2,682
Depreciation and impairment of property, plant and equipment	3	960,323	954,505	289	631
Depreciation and impairment of right-of-use assets	4	379,091	335,357	990	990
Amortisation and impairment of intangible assets	6	57,899	65,629	–	–
Impairment loss on:					
– Goodwill	29	396,513	214,780	–	–
– Investment in a subsidiary	29	–	–	–	31
– Trade and other receivables	29	107,433	62,689	–	–
– Inventories	29	557	1,048	–	–
Write-off:					
– Property, plant and equipment	29	2,921	3,697	–	–
– Intangible assets	29	–	5,377	–	–
– Trade and other receivables	29	10,166	14,092	243	66
– Inventories	29	3,852	3,377	–	–
Gain on disposal of property, plant and equipment	29	(10,024)	(10,795)	–	(612)
Gain on disposal of subsidiaries	29	(5,849)	(2,299)	–	–
Gain on disposal of an associate	29	–	(167)	–	–
Loss on disposal of joint ventures	29	407	–	–	–
Change in fair value of investment properties	29	(45,471)	(10,169)	–	–
Realisation of FCTR upon substantive liquidation of a subsidiary and a joint venture	29	(132,971)	–	–	–
Provision for loan taken by a joint venture	29	(14)	2,405	–	–
Share of profits of associates (net of tax)		(7,072)	(64,244)	–	–
Share of profits of joint ventures (net of tax)		(11,316)	(9,862)	–	–
Equity-settled share-based payments	21	23,381	51,066	6,921	14,373
Net unrealised foreign exchange differences		743	119,446	(5,538)	6,021
<b>Operating profit/(loss) before changes in working capital</b>		<b>2,997,954</b>	<b>3,546,866</b>	<b>(79,042)</b>	<b>(68,986)</b>
Changes in working capital:					
Development properties		(5,870)	(3,484)	–	–
Inventories		(100,136)	(2,036)	–	–
Trade and other receivables		(132,706)	(175,286)	24,258	(11,690)
Trade and other payables		15,723	(343,120)	11,133	(2,185)
<b>Cash generated from/(used in) operations</b>		<b>2,774,965</b>	<b>3,022,940</b>	<b>(43,651)</b>	<b>(82,861)</b>
Tax paid		(330,166)	(575,449)	(707)	(1,180)
<b>Net cash from/(used in) operating activities</b>		<b>2,444,799</b>	<b>2,447,491</b>	<b>(44,358)</b>	<b>(84,041)</b>

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from investing activities</b>					
Interest received		60,873	88,995	620	14,289
Acquisitions of subsidiaries and a business, net of cash and cash equivalents acquired	40	(1,053,576)	(2,092,171)	–	–
Development and purchase of intangible assets		(29,957)	(26,395)	–	–
Purchase of property, plant and equipment		(874,241)	(1,055,564)	(174)	(45)
Purchase of investment properties		(82,239)	(162,794)	–	–
Purchase of equity investments		(28,539)	(30,343)	–	–
Net placement of fixed deposits with tenor of more than 3 months		(64,690)	(4,941)	–	–
Net cash (outflow)/inflow from disposal of subsidiaries	40	(51,977)	3,877	–	–
Proceeds from disposal of an associate	8	–	43,574	–	–
Proceeds from disposal of joint ventures	9	3,233	–	–	–
Proceeds from disposal of property, plant and equipment		23,171	30,508	–	827
Proceeds from disposal of intangible assets		11,927	3,164	–	–
Proceeds from disposal of mutual funds		–	52,235	–	–
Proceeds from disposal of equity investments		–	17,224	–	–
Dividends received from subsidiaries	26	–	–	386,385	111,497
Dividends received from associates		1,362	537,283	–	–
Dividends received from joint ventures		6,827	1,166	–	–
Subscription of shares of subsidiaries		–	–	–	(903,570)
Repayment from subsidiaries		–	–	–	1,131
<b>Net cash (used in)/from investing activities</b>		<b>(2,077,826)</b>	<b>(2,594,182)</b>	<b>386,831</b>	<b>(775,871)</b>
<b>Cash flows from financing activities</b>					
Finance costs paid		(340,054)	(391,896)	–	–
Proceeds from loans and borrowings		3,188,456	3,397,633	–	–
Repayment of loans and borrowings		(2,599,427)	(4,478,366)	–	–
Payment of lease liabilities	4d	(493,940)	(339,915)	(1,018)	(1,018)
Payment of perpetual securities distribution		(88,641)	(87,599)	–	–
Dividends paid to non-controlling interests		(168,507)	(213,360)	–	–
Dividends paid to owners of the Company		(350,960)	(263,220)	(350,960)	(263,220)
Acquisition of non-controlling interests		(31)	(636,160)	–	–
Proceeds from dilution of interest in subsidiaries		–	1,173	–	–
Issue of shares by subsidiaries to non-controlling interests		626	101,583	–	–
Changes in pledged deposits		(7,580)	(5,008)	–	–
<b>Net cash used in financing activities</b>		<b>(860,058)</b>	<b>(2,915,135)</b>	<b>(351,978)</b>	<b>(264,238)</b>
Net decrease in cash and cash equivalents		(493,085)	(3,061,826)	(9,505)	(1,124,150)
Effect of exchange rate fluctuations on cash held		115,669	(7,274)	12	17
Cash and cash equivalents at 1 January		2,641,463	5,710,563	156,169	1,280,302
<b>Cash and cash equivalents at 31 December</b>		<b>2,264,047</b>	<b>2,641,463</b>	<b>146,676</b>	<b>156,169</b>

The notes on pages 170 to 308 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 2020 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 interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2020 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 42 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 31 March 2021.

## 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, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### ***Amendments effective for annual periods beginning on or after 1 January 2021***

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

#### ***Amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

#### ***MFRSs and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

## 1. BASIS OF PREPARATION *(continued)*

### (a) Statement of compliance *(continued)*

#### *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*

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021, except for Amendments to MFRS 4, *Insurance Contracts* which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)* and Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* which is not applicable to the Group and the Company.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and Company.

The Group and Company had elected to early adopt the Amendments to MFRS 16, *Leases – COVID-19 Related Rent Concessions* and applies the practical expedient to the rent concessions granted to the Group and Company. Consequently, rent concessions received have been recognised in profit or loss.

### (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 currencies

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.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

# Notes to the Financial Statements

## 1. BASIS OF PREPARATION *(continued)*

### (d) Use of estimates and judgements *(continued)*

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 4 – extension options and incremental borrowing rate in relation to leases
- Note 5 – measurement of the fair value of investment properties
- Note 6 – measurement of the recoverable amounts of cash-generating units
- Note 21 – measurement of share-based payment
- Note 22 and 23 – measurement of retirement benefits and employment termination benefits
- Note 24 – measurement of fair value of liabilities on put options granted to non-controlling interests
- Note 36 – measurement of expected credit loss (“ECL”) allowance for trade and other receivables: key assumption in determining the weighted-average loss rate
- Note 40 – determination of fair value of assets acquired and liabilities assumed in business combinations
- Note 45 to 47 – assessment on whether the risk of loss is remote, possible or probable required significant judgement given the complexities involved

## 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.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Company. 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 recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain on bargain purchase 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 as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's 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 former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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 a financial asset depending on the level of influence retained.

# Notes to the Financial Statements

## 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 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 the 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 remeasured. 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 the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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 the 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 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)*

#### (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 the 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.

#### (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 which 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.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Financial instruments

#### (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 becomes a party to the contractual provisions of the instrument.

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.

#### (ii) Financial instrument categories and subsequent measurement

##### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group 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.

##### (b) *Fair value through profit or loss*

All financial assets not measured at amortised cost or fair value through other comprehensive income 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 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Financial instruments *(continued)*

#### (ii) Financial instrument categories and subsequent measurement *(continued)*

##### *Financial assets (continued)*

#### (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 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)).

##### *Financial liabilities*

Except for liabilities on put options granted to non-controlling interests, the 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 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, *Financial Instruments*, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Financial instruments *(continued)*

#### (ii) Financial instrument categories and subsequent measurement *(continued)*

##### *Financial liabilities (continued)*

##### (a) *Fair value through profit or loss (continued)*

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 recognises 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, liabilities on 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.

##### *Liabilities on 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.

#### (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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Financial instruments *(continued)*

#### (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.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group.

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 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 documents the risk management objective and strategy for undertaking the hedge. The Group also documents 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

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, a 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 hedge 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.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (“forward points”) and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Financial instruments *(continued)*

#### (v) Hedge accounting *(continued)*

##### (a) Cash flow hedge *(continued)*

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.

##### (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 asset 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, 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 new 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs 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 costs are 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.

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" and "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 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 from the date that they are available for use. 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.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (e) Leases

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### (i) Recognition and initial measurement

##### (a) As a lessee

The Group recognises a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities’ incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15, *Revenue from Contracts with Customers*, to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (e) Leases *(continued)*

#### (ii) Subsequent measurement

##### (a) As a lessee

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

##### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(o)(i)).

### (f) Goodwill on consolidation

Goodwill arising on business combinations 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.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (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.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, 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 any accumulated amortisation and any accumulated impairment losses.

#### (ii) Other intangible assets

Customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any 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	2–10 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (h) Investment properties

#### (i) Recognition and measurement

Investment properties are properties which are owned or ROU asset held under a lease contract 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 which are owned are measured initially at cost. 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. ROU asset held under a lease contract that meets the definition of investment property is initially measured similarly as other ROU assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a ROU asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

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 is recognised in profit or loss in the period in which the item is derecognised.

#### (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 properties

#### Properties under development

The cost of properties 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 properties under development. Borrowing costs payable on loans funding development properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development.

Development properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less cost to be incurred in selling the properties.

#### Completed properties

Completed properties comprise completed development properties held for sale. It is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less cost to be incurred in selling the properties.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (j) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their existing 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 assets/Contract liabilities

Contract assets are recognised when the Group's right to consideration is conditional on something other than the passage of time. Contract assets are subject to impairment in accordance to MFRS 9, *Financial Instruments* (see note 2(o)(i)).

Contract liabilities are stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### (l) Contract costs

#### (i) Incremental costs of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

#### (ii) Costs to fulfil a contract

The Group 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, 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (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, contract assets, contract costs, financial assets, deferred tax assets, and investment properties, 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 equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

### (o) Impairment

#### (i) Financial assets

The Group recognises 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 measures 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers 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 is exposed to credit risk.

The Group estimates 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.

At each reporting date, the Group assesses 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 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 procedures for recovery amounts due.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (o) Impairment *(continued)*

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, lease receivables, deferred tax assets, development properties, investment properties measured at fair value and non-current assets classified as held for sale) 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 a cash-generating unit or a 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 of disposal. 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 (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.

### (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 the 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 amounts of the assets distributed and the carrying amount of the liability in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (q) Perpetual securities

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, 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.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity 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 subsequent to initial recognition.

Interest, losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

### (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 profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (ii) Defined benefit plans

The Group has non-funded defined benefit plans given to employees of certain subsidiaries within the Group.

The Group's net obligation in respect of defined benefit retirement plan and termination plan are calculated separately for each plan 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.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (s) Employee benefits *(continued)*

#### (ii) Defined benefit plans *(continued)*

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) 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 benefit 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 payment transactions

The grant date fair value of share-based payment 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) Provisions

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.

### (u) Revenue and other income

#### (i) Revenue from contracts with customers

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 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 transfers control of a good or service at a point in time unless one of the following criteria is met over time:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (u) Revenue and other income *(continued)*

#### (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) Government grant income

Government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

#### (iv) Dividend income

Dividend income from investments is recognised in profit or loss on the date that the right to receive payment is established.

#### (v) Finance income

Finance income comprises interest income from bank deposits and debt securities, net fair value gain of financial instruments that are recognised in profit or loss and net exchange gain from foreign currency denominated interest-bearing borrowings and lending.

#### *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 accounted for in accordance with the accounting policy on borrowing costs.

### (v) Finance costs

Finance costs comprises interest expense on borrowings, lease liabilities and bonds, amortisation of borrowing transaction costs and discount on bonds, bank charges, net fair value losses on financial instruments that are recognised in profit or loss and net exchange losses from foreign currency denominated interest-bearing borrowings and lending.

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.

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.

# Notes to the Financial Statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (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 all 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 assets and liabilities 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 ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic earnings per share 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 period, 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.

### (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. Operating segment 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (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 the 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 is 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.

## Notes to the Financial Statements

## 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
<b>Cost</b>									
<b>At 1 January 2019</b>		804,561	3,863,713	5,960,223	8,804,885	68,481	51,984	595,643	20,149,490
Adjustment on initial application of MFRS 16, <i>Leases</i>		–	(3,863,713)	(248,928)	(166,287)	–	(927)	(10,933)	(4,290,788)
Acquisitions through business combinations	40	622,072	–	349,191	80,104	–	228	129,096	1,180,691
Disposal of a subsidiary	40	–	–	–	(4,666)	–	–	–	(4,666)
Additions		–	–	4,695	569,334	6,422	7,327	464,411	1,052,189
Disposals		–	–	–	(136,411)	–	(5,734)	(279)	(142,424)
Write off		–	–	–	(28,183)	(1,760)	(234)	(1,371)	(31,548)
Reclassification		–	–	105,112	278,605	(19)	–	(383,698)	–
Transfer to intangible assets	6	–	–	–	(920)	–	–	(883)	(1,803)
Transfer to assets classified as held for sale	16	–	–	–	(965)	–	–	–	(965)
Translation differences		(15,345)	–	(96,280)	(321,614)	–	(1,753)	(15,872)	(450,864)
<b>At 31 December 2019/ 1 January 2020</b>		1,411,288	–	6,074,013	9,073,882	73,124	50,891	776,114	17,459,312
Acquisitions through business combinations	40	–	–	717,520	462,457	–	316	2,072	1,182,365
Disposal of subsidiaries	40	–	–	–	(43,216)	–	(303)	–	(43,519)
Additions		–	–	73,835	404,543	5,328	6,275	437,168	927,149
Disposals		–	–	(2,618)	(102,390)	–	(5,575)	(174)	(110,757)
Write off		–	–	–	(31,908)	(5,481)	(145)	–	(37,534)
Reclassification		–	–	28,704	177,055	–	3,631	(209,390)	–
Transfer from ROU assets	4	–	–	236,748	–	–	–	–	236,748
Transfer to assets classified as held for sale	16	–	–	–	(2,659)	–	–	–	(2,659)
Translation differences		(38,994)	–	(33,510)	(466,855)	–	(2,863)	(4,855)	(547,077)
<b>At 31 December 2020</b>		1,372,294	–	7,094,692	9,470,909	72,971	52,227	1,000,935	19,064,028

### 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
<b>Accumulated depreciation and impairment losses</b>									
<b>At 1 January 2019</b>		–	415,205	952,254	4,579,162	42,179	35,846	1,543	6,026,189
Adjustment on initial application of MFRS 16, Leases		–	(415,205)	(27,985)	(67,141)	–	(566)	–	(510,897)
Acquisitions through business combinations	40	–	–	66,172	33,049	–	52	–	99,273
Disposal of a subsidiary	40	–	–	–	(3,061)	–	–	–	(3,061)
Depreciation charge for the year		–	–	140,052	799,711	6,711	6,529	–	953,003
Impairment loss		–	–	–	2,218	–	–	(716)	1,502
Disposals		–	–	–	(117,724)	–	(4,987)	–	(122,711)
Write off		–	–	–	(25,420)	(1,366)	(234)	(831)	(27,851)
Translation differences		–	–	(9,719)	(141,769)	–	(970)	15	(152,443)
<b>At 31 December 2019/ 1 January 2020</b>		–	–	1,120,774	5,059,025	47,524	35,670	11	6,263,004
Acquisitions through business combinations	40	–	–	279,906	385,288	–	245	–	665,439
Disposal of subsidiaries	40	–	–	–	(28,990)	–	(192)	–	(29,182)
Depreciation charge for the year		–	–	146,440	794,022	6,635	5,539	–	952,636
Impairment loss		–	–	–	6,073	–	1,602	12	7,687
Disposals		–	–	(801)	(92,862)	–	(3,947)	–	(97,610)
Write off		–	–	–	(29,008)	(5,460)	(145)	–	(34,613)
Transfer from ROU assets	4	–	–	30,543	–	–	–	–	30,543
Transfer to assets classified as held for sale	16	–	–	–	(2,066)	–	–	–	(2,066)
Translation differences		–	–	(3,333)	(260,027)	–	2,064	(11)	(261,307)
<b>At 31 December 2020</b>		–	–	1,573,529	5,831,455	48,699	40,836	12	7,494,531
<b>Net carrying amount</b>									
At 1 January 2019		804,561	3,448,508	5,007,969	4,225,723	26,302	16,138	594,100	14,123,301
At 31 December 2019		1,411,288	–	4,953,239	4,014,857	25,600	15,221	776,103	11,196,308
At 31 December 2020		1,372,294	–	5,521,163	3,639,454	24,272	11,391	1,000,923	11,569,497

## Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company	Renovations, furniture and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
<b>At 1 January 2019</b>	1,510	2,999	4,509
Additions	45	–	45
Disposals	(5)	(2,084)	(2,089)
Translation differences	–	(4)	(4)
<b>At 31 December 2019/1 January 2020</b>	1,550	911	2,461
Additions	174	–	174
Translation differences	(4)	(2)	(6)
<b>At 31 December 2020</b>	1,720	909	2,629
<b>Accumulated depreciation</b>			
<b>At 1 January 2019</b>	1,115	1,965	3,080
Depreciation charge for the year	286	345	631
Disposals	(3)	(1,871)	(1,874)
Translation differences	–	(3)	(3)
<b>At 31 December 2019/1 January 2020</b>	1,398	436	1,834
Depreciation charge for the year	107	182	289
Translation differences	(5)	(1)	(6)
<b>At 31 December 2020</b>	1,500	617	2,117
<b>Net carrying amount</b>			
At 1 January 2019	395	1,034	1,429
At 31 December 2019/1 January 2020	152	475	627
At 31 December 2020	220	292	512

**Securities**

As at 31 December 2020, property, plant and equipment of the Group with carrying amounts of RM2,551,586,000 (2019: RM2,348,442,000) are charged to licensed financial institutions for credit facilities and term loans granted to the Group.

**Borrowing costs**

In 2020, the Group capitalised borrowing costs at 3.0% to 5.3% (2019: 4.5% to 5.6%), amounting to RM20,800,000 (2019: RM13,003,000).

### 3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

#### *ROU assets depreciation*

Included in the additions of construction-in-progress of the Group is the depreciation expense of ROU assets amounting to RM3,618,000 (2019: RM3,582,000) (see note 4).

#### *Transfers*

During the year, leasehold buildings of RM206,205,000 (2019: Nil) were transferred from ROU assets to property, plant and equipment to better reflect the nature of the assets.

### 4. LEASES

The Group leases certain land and buildings, clinics, offices, equipment and vehicles. The leases are between more than 1 year and 99 years and may have options to renew after expiry. Lease payments are renegotiated at the end of lease terms or periodically to reflect market rentals.

#### (a) Right-of-use assets

Group	Note	Land and buildings RM'000	Equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>At 1 January 2019</b>		6,457,379	123,077	4,157	6,584,613
Acquisitions through business combinations	40	232,954	–	–	232,954
Disposal of a subsidiary	40	(938)	–	–	(938)
Additions		370,223	13,025	4,187	387,435
Modification/Reassessment		(37,404)	(837)	(29)	(38,270)
Expiry of leases		(273)	–	–	(273)
Depreciation charge for the year		(304,475)	(29,429)	(3,087)	(336,991)
Impairment loss		(1,948)	–	–	(1,948)
Translation differences		(81,226)	(8,851)	(489)	(90,566)
<b>At 31 December 2019/1 January 2020</b>		6,634,292	96,985	4,739	6,736,016
Acquisitions through business combinations	40	416,110	1,641	249	418,000
Disposal of a subsidiary	40	(839)	–	(112)	(951)
Additions		202,508	27,901	14,481	244,890
Modification/Reassessment		(97,173)	(651)	80	(97,744)
Transfer to property, plant and equipment	3	(206,205)	–	–	(206,205)
Depreciation charge for the year		(315,430)	(27,317)	(2,385)	(345,132)
Impairment loss		(37,528)	(49)	–	(37,577)
Translation differences		(85,284)	(11,768)	(2,113)	(99,165)
<b>At 31 December 2020</b>		6,510,451	86,742	14,939	6,612,132

Company	Land and buildings RM'000	Equipment RM'000	Total RM'000
<b>At 1 January 2019</b>	2,187	40	2,227
Depreciation charge for the year	(972)	(18)	(990)
<b>At 31 December 2019/1 January 2020</b>	1,215	22	1,237
Depreciation charge for the year	(972)	(18)	(990)
<b>At 31 December 2020</b>	243	4	247

# Notes to the Financial Statements

## 4. LEASES (continued)

### (a) Right-of-use assets (continued)

#### i. Depreciation capitalised in carrying amount of another asset

During the year, depreciation expense of ROU assets amounting to RM3,618,000 (2019: RM3,582,000) was capitalised in property, plant and equipment (see note 3).

#### ii. Extension options

Some properties, equipment and motor vehicles leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of RM88,771,000 as at 31 December 2020 (2019: RM86,481,000).

#### iii. Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement, whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

#### iv. Restriction imposed by lease

For certain leases of properties, equipment and vehicles, the Group is restricted from entering into any sub-lease arrangements.

#### v. Leases committed but not yet commenced

As at 31 December 2020, the Group has entered into new leases which will result in an increase in lease liability of RM45,391,000 (2019: RM53,979,000).

#### vi. Impairment loss

As at 31 December 2020, RGE Group continued to incur operating losses arising from the challenges faced in its business operations. The Group performed an assessment of the recoverable amount using the value in use approach and determined the recoverable amount to be lower than the carrying amount. Accordingly, an impairment loss of RM32,455,000 was recognised.

#### 4. LEASES (continued)

##### (b) Leases as lessor

###### Operating lease

The Group leases out investment properties and certain properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following are recognised in profit or loss:

	Group	
	2020 RM'000	2019 RM'000
Rental income	272,305	264,230
Variable rental income that do not depend on an index or rate	1,041	768
	<u>273,346</u>	<u>264,998</u>

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease receivables after the end of the financial year:

	Group	
	2020 RM'000	2019 RM'000
Less than one year	217,294	229,004
One to two years	172,164	188,066
Two to three years	141,516	144,299
Three to four years	121,563	124,904
Four to five years	101,973	111,421
More than five years	436,633	493,954
<b>Total</b>	<u>1,191,143</u>	<u>1,291,648</u>

##### (c) Amounts recognised in profit or loss

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(Expenses)/income arising from leases:</b>				
Expenses relating to short-term leases	(50,451)	(64,431)	(1,233)	(1,183)
Expenses relating to leases of low-value assets	(3,246)	(1,667)	(2)	(2)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(13,225)	(18,484)	–	–
Income from subleasing ROU assets	10,285	4,746	–	–

## Notes to the Financial Statements

## 4. LEASES (continued)

## (d) Cash outflows for leases as a lessee

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Included in net cash used in operating activities</b>				
Payment relating to short-term leases	(50,451)	(64,431)	(1,233)	(1,183)
Payment relating to leases of low-value assets	(3,246)	(1,667)	(2)	(2)
Payment relating to variable lease payments not included in the measurement of lease liabilities	(13,225)	(18,484)	–	–
	(66,922)	(84,582)	(1,235)	(1,185)
<b>Included in net cash used in financing activities</b>				
Payment of lease liabilities	(493,940)	(339,915)	(1,018)	(1,018)
<b>Total cash outflows for leases</b>	<b>(560,862)</b>	<b>(424,497)</b>	<b>(2,253)</b>	<b>(2,203)</b>

## 5. INVESTMENT PROPERTIES

	Note	Group	
		2020 RM'000	2019 RM'000
<b>At 1 January</b>		3,508,182	3,310,429
Additions		80,774	164,508
Recognition of ROU assets		–	6,499
Transfer to assets classified as held for sale	16	(94,028)	–
Change in fair value recognised in profit or loss		45,471	10,169
Translation differences		72,148	16,577
<b>At 31 December</b>		<b>3,612,547</b>	<b>3,508,182</b>

Investment properties include 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.

Change in fair value is recognised as a gain or loss in profit or loss and is respectively included in 'other operating income' or 'other operating expenses' in the statement of profit or loss and other comprehensive income. All gains are unrealised.

The followings are recognised in profit or loss in respect of investment properties:

	Group	
	2020 RM'000	2019 RM'000
Rental income	199,936	183,406
Direct operating expenses:		
– income generating investment properties	(19,480)	(20,169)
– non-income generating investment properties	(24)	(1,013)
	180,432	162,224

*Fair value hierarchy*

The fair values of investment properties are categorised as follows:

	Level 3	
	2020 RM'000	2019 RM'000
Land and buildings	3,612,547	3,508,182

## 5. INVESTMENT PROPERTIES *(continued)*

### *Determination of fair value*

The fair values of investment properties were determined by external, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

### *Valuation processes*

In determining the fair value, the valuers have used valuation methods which involved certain estimates. In assessing the fair value measurements, the Group reviews the valuation methodologies and evaluates the assessments made by the valuers. The Group exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards. Certain valuation reports highlighted that given the unprecedented set of circumstances due to the Coronavirus Disease (“COVID-19”) pandemic on which to base a judgement, less certainty and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

The following table shows the valuation techniques used in the determination of fair values of investment properties, as well as the significant unobservable inputs used in the valuation models.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Discounted cash flow approach: The method involves the estimation and the projection of an income stream over a period and discounting the income stream with an appropriate rate of return.	<ul style="list-style-type: none"> <li>• Risk-adjusted discount rates range from 4.60% to 7.00% (2019: 4.60% to 7.00%)</li> <li>• Terminal yield rates range from 4.9% to 6.8% (2019: 4.9% to 6.8%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• the risk-adjusted discount rates were lower/(higher); or</li> <li>• the terminal yield rates were lower/(higher).</li> </ul>
Direct comparison approach: The method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.	<ul style="list-style-type: none"> <li>• Premium made for differences in type of development (including design, use and proximity to complementary businesses) range from 0% to 25% (2019: 0% to 25%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if premium made for differences in type of development was higher/(lower).</p>
Direct capitalisation approach: The method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.	<ul style="list-style-type: none"> <li>• Capitalisation rates range from 4.8% to 6.7% (2019: 4.7% to 6.7%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).</p>

## Notes to the Financial Statements

## 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
<b>Cost</b>								
<b>At 1 January 2019</b>		1,650,841	222,119	342,297	499,807	2,715,064	11,896,542	14,611,606
Adjustment on initial application of MFRS 16, <i>Leases</i>		–	–	–	(64,168)	(64,168)	–	(64,168)
Acquisitions through business combinations	40	–	–	–	3,468	3,468	1,048,312	1,051,780
Disposal of a subsidiary	40	–	–	–	(11)	(11)	–	(11)
Additions		–	–	–	26,395	26,395	–	26,395
Disposals		–	–	–	(3,984)	(3,984)	–	(3,984)
Write off		–	–	–	(5,474)	(5,474)	–	(5,474)
Transfer from property, plant and equipment	3	–	–	–	1,803	1,803	–	1,803
Translation differences		(43,237)	(17,469)	(14,739)	(13,580)	(89,025)	(92,097)	(181,122)
<b>At 31 December 2019/ 1 January 2020</b>		1,607,604	204,650	327,558	444,256	2,584,068	12,852,757	15,436,825
Acquisitions through business combinations	40	35,500	12,310	–	6,163	53,973	127,696	181,669
Additions		–	–	–	29,957	29,957	–	29,957
Disposals		–	–	–	(13,542)	(13,542)	–	(13,542)
Write off		–	–	–	(3,039)	(3,039)	–	(3,039)
Translation differences		(68,074)	(18,852)	(19,699)	(26,589)	(133,214)	(193,690)	(326,904)
<b>At 31 December 2020</b>		1,575,030	198,108	307,859	437,206	2,518,203	12,786,763	15,304,966

\* 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
<b>Accumulated amortisation and impairment losses</b>								
<b>At 1 January 2019</b>		–	–	248,805	209,382	458,187	67,345	525,532
Adjustment on initial application of MFRS 16, <i>Leases</i>		–	–	–	(5,689)	(5,689)	–	(5,689)
Acquisitions through business combinations	40	–	–	–	3,445	3,445	–	3,445
Disposal of a subsidiary	40	–	–	–	(4)	(4)	–	(4)
Amortisation charge for the year		–	–	18,027	47,602	65,629	–	65,629
Impairment loss		–	–	–	–	–	214,780	214,780
Disposal		–	–	–	(820)	(820)	–	(820)
Write off		–	–	–	(97)	(97)	–	(97)
Translation differences		–	–	(10,602)	(7,247)	(17,849)	(4,041)	(21,890)
<b>At 31 December 2019/ 1 January 2020</b>		–	–	256,230	246,572	502,802	278,084	780,886
Acquisitions through business combinations	40	–	–	–	51	51	–	51
Amortisation charge for the year		–	–	15,892	40,487	56,379	–	56,379
Impairment loss		–	–	–	1,520	1,520	396,513	398,033
Disposal		–	–	–	(1,615)	(1,615)	–	(1,615)
Write off		–	–	–	(3,039)	(3,039)	–	(3,039)
Translation differences		–	–	(16,496)	(11,828)	(28,324)	(10,946)	(39,270)
<b>At 31 December 2020</b>		–	–	255,626	272,148	527,774	663,651	1,191,425
<b>Net carrying amount</b>								
At 1 January 2019		1,650,841	222,119	93,492	290,425	2,256,877	11,829,197	14,086,074
At 31 December 2019		1,607,604	204,650	71,328	197,684	2,081,266	12,574,673	14,655,939
At 31 December 2020		1,575,030	198,108	52,233	165,058	1,990,429	12,123,112	14,113,541

\* Other intangibles include capitalised development costs, brand use rights and favourable lease arrangements.

# Notes to the Financial Statements

## 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Group</b>						
Singapore healthcare services	5,850,626	5,831,157	1,145,173	1,145,173	–	–
Malaysia healthcare services	2,221,641	2,089,676	151,500	116,000	12,310	–
India healthcare services						
– Fortis Group	2,474,994	2,541,334	–	–	–	–
– RGE Group	–	403,073	–	–	–	–
China healthcare services	190,743	181,143	–	–	–	–
Turkey healthcare services	1,006,799	1,150,486	278,357	346,431	185,798	204,650
PLife REIT	153,333	152,828	–	–	–	–
Education services	224,976	224,976	–	–	–	–
	<u>12,123,112</u>	<u>12,574,673</u>	<u>1,575,030</u>	<u>1,607,604</u>	<u>198,108</u>	<u>204,650</u>

### Amortisation

The amortisation of customer relationships, capitalised development costs and brand use rights were recognised in amortisation and impairment of intangible assets in the statements of profit or loss and other comprehensive income.

### Impairment testing for cash-generating units containing goodwill, brand names and hospital licences

#### (a) Healthcare services and Education services CGUs

##### Key assumptions used in determining 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 PLife REIT (2019: RGE 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 2021 and 5 years business plans.

The key assumptions for the computation of value in use of goodwill, brand names and hospital licences include the following:

- (i) Anticipated annual revenue growth rates for 2021 to 2025 (2019: 2020 to 2024):

	2020 Per annum	2019 Per annum
Singapore healthcare services	5%–12%	5%–7%
Malaysia healthcare services	7%–24%	3%–9%
India healthcare services		
– Fortis Group	11%–28%	11%–15%
– RGE Group	11%–13%	–*
China healthcare services	10%–66%	15%–28%
Turkey healthcare services	6%–28%	7%–14%
Education services	1%–7%	1%

## 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 services CGUs *(continued)*

Key assumptions used in determining recoverable amount *(continued)*

#### (ii) EBITDA margins assumptions:

	<b>2020</b>	<b>2019</b>
Singapore healthcare services	32%–36%	31%–33%
Malaysia healthcare services	28%–29%	26%–28%
India healthcare services		
– Fortis Group	15%–22%	15%–22%
– RGE Group	12%–20%	–*
China healthcare services	17%–28%	13%–27%
Turkey healthcare services	24%–27%	23%–27%
Education services	29%–31%	28%–32%

The projections are in line with the proposed expansion plans for the respective CGUs.

#### (iii) Terminal value was estimated using the perpetuity growth model:

	<b>2020</b>	<b>2019</b>
Singapore healthcare services	1.0%	1.0%
Malaysia healthcare services	3.0%	3.0%
India healthcare services		
– Fortis Group	4.6%	5.5%
– RGE Group	5.0%	–*
China healthcare services	3.0%	2.5%
Turkey healthcare services	5.0%	5.0%
Education services	0%	0%

The terminal values were applied to steady-state estimated earnings at the end of the projected period.

#### (iv) Discount rates based on cost of capital plus an appropriate risk premium for the respective CGUs at date of assessment:

	<b>2020</b>	<b>2019</b>
Singapore healthcare services	7.5%	7.5%
Malaysia healthcare services	10.0%	10.0%
India healthcare services		
– Fortis Group	11.0%	11.5%
– RGE Group	14.0%	–*
China healthcare services	10.8%	9.5%
Turkey healthcare services	19.0%	19.0%
Education services	9.5%	9.5%

## Notes to the Financial Statements

### 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 services CGUs (continued)*

*Key assumptions used in determining recoverable amount (continued)*

- (v) There will be no other significant changes in government policies and regulations which will directly affect the CGUs' businesses. Inflation for operating expenses is in line with estimated gross domestic product growth rates for the respective countries based on past trends.

\* Key assumptions not applicable since recoverable value was determined based on fair value less cost to sell.

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 EBITDA margin for the years 2021 to 2025 (2019: discount rate or EBITDA margin for the years 2020 to 2024) for Fortis Group could cause the carrying amount of the CGU to exceed its recoverable amount. As at 31 December 2020, an approximate 0.1% increase in discount rate or 0.2% decrease in EBITDA margin for the years 2021 to 2025 (2019: 0.4% increase in discount rate or 0.9% decrease in EBITDA margin for the years 2020 to 2024) would have reduced the recoverable amount of Fortis Group to its carrying amount.

The Group also identified that a reasonably possible change in discount rate and revenue growth rates for the years 2021 to 2025 (2019: discount rate and EBITDA margins for the years 2020 to 2024) for China Healthcare services could cause the carrying amount of the CGU to exceed its recoverable amount. An approximate 1.2% increase in discount rate or a 6.5% decrease in the revenue growth rates for the years 2021 to 2025 (2019: 3.1% increase in discount rate or a 2.9% decrease in the EBITDA margins for the years 2020 to 2024) at the reporting date would have reduced the recoverable amount of China healthcare services to the carrying amount.

During the year, RGE Group (2019: RGE Group and Others) continued to incur operating losses arising from challenges faced in its business operations, especially in the midst of the COVID-19 pandemic. The Group performed an assessment of recoverable amount using the value in use approach for RGE Group (2019: Fair value less cost to sell approach for RGE Group and value in use approach for Others) and determined the recoverable amount of the CGU was lower than its carrying amount. Accordingly, an impairment loss of RM396,513,000 on RGE Group (2019: RM200,000,000 on RGE Group and RM14,780,000 on Others) was recognised in 'other operating expenses' in profit or loss.

Except as mentioned above, the Group believes there are no reasonably foreseeable changes in the above key assumptions that would cause the carrying values of the remaining CGUs to materially exceed their recoverable amounts, other than changes in prevailing operating environments, of which the impact is not ascertainable.

#### (b) *PLife REIT*

The recoverable amount of PLife REIT is based on fair value less cost to sell, using the open market price of PLife REIT as at the end of the financial year.

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Cost of investment		
Unquoted shares in Malaysia	22,009,669	22,009,669
Unquoted shares outside Malaysia	31	31
	<u>22,009,700</u>	<u>22,009,700</u>
Allowance for impairment loss	(2,295,952)	(2,295,952)
	<u>19,713,748</u>	<u>19,713,748</u>

The movement of cost of investment in subsidiaries are as follows:

	Company	
	2020 RM'000	2019 RM'000
At 1 January	22,009,700	18,582,565
Subscription of new ordinary shares in subsidiaries	–	3,427,135
At 31 December	<u>22,009,700</u>	<u>22,009,700</u>

In 2019, out of the RM3.4 billion subscription of new ordinary shares in subsidiaries, RM2.5 billion was settled via the capitalisation of debts due from the subsidiary.

Details of the subsidiaries are as disclosed in note 42.

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) Fortis**

The Group controls majority of Fortis' board by virtue of the share subscription agreement with Fortis.

**b) Gleneagles JPMC Sdn. Bhd. ("GJPMC")**

The Group controls the Board of GJPMC by virtue of agreement with other shareholders of GJPMC.

During the year, the Group lost its control of GJPMC following a dilution in its interest in the entity (see note 40). As a result, GJPMC ceased to be consolidated as a subsidiary but is equity accounted for as an associate of the Group.

**c) 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 there is no indication all other shareholders exercise their votes collectively.

The Group, via PLife REIT, does not hold any ownership interest in the special purpose entities ("SPEs") listed in note 42. Notwithstanding that the Group does not have any direct or indirect shareholdings in these SPEs, the Group has accounted for the SPEs as subsidiaries in accordance to MFRS 10, *Consolidated Financial Statements*, as PLife REIT 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.

## Notes to the Financial Statements

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

## Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2020	Material NCI			Other individually immaterial subsidiaries RM'000	Total RM'000
	PLife REIT RM'000	Fortis Group RM'000	GHK <sup>(i)</sup> RM'000		
<b>NCI percentage of ownership interest and voting interest</b>	64.38%	68.83%	40.00%		
Carrying amount of NCI	1,266,661	1,488,564 <sup>(ii)</sup>	(734,293)	1,116,557	3,137,489
Profit/(Loss) allocated to NCI	147,369	(79,816)	(149,362)	(1,227)	(83,036)
<b>Summarised financial information before intra-group elimination</b>					
<b>As at 31 December</b>					
Non-current assets	4,755,083	5,482,331	2,258,073		
Current assets	195,352	563,833	104,047		
Non-current liabilities	(2,266,256)	(953,713)	(3,912,849)		
Current liabilities	(563,937)	(1,506,504)	(285,003)		
Net assets/(liabilities)	2,120,242	3,585,947 <sup>(iii)</sup>	(1,835,732)		
<b>Year ended 31 December</b>					
Revenue	367,024	2,185,929	534,401		
Profit/(Loss) for the year	229,411	(95,297) <sup>(iv)</sup>	(373,405)		
Total comprehensive income	219,050	(275,364)	(377,724)		
Cash flows from/(used in) operating activities	275,065	174,535	(85,536)		
Cash flows used in investing activities	(87,031)	(135,221)	(20,062)		
Cash flows (used in)/from financing activities	(187,202)	4,666	119,295		
Net increase in cash and cash equivalents	832	43,980	13,697		
Dividends paid to NCI	160,951	–	–		

## 7. INVESTMENTS IN SUBSIDIARIES *(continued)*

### Non-controlling interests in subsidiaries *(continued)*

	Material NCI			Other individually immaterial subsidiaries RM'000	Total RM'000
	PLife REIT RM'000	Fortis Group RM'000	GHK <sup>(i)</sup> RM'000		
<b>2019</b>					
<b>NCI percentage of ownership interest and voting interest</b>	64.36%	68.83%	40.00%		
Carrying amount of NCI	1,331,218	1,696,608 <sup>(ii)</sup>	(580,708)	1,149,151	3,596,269
Profit/(Loss) allocated to NCI	142,476	(9,773)	(175,373)	6,036	(36,634)
<b>Summarised financial information before intra-group elimination</b>					
<b>As at 31 December</b>					
Non-current assets	4,709,064	5,721,314	2,378,601		
Current assets	71,469	646,077	82,371		
Non-current liabilities	(2,345,134)	(943,413)	(3,722,554)		
Current liabilities	(287,569)	(1,517,317)	(190,189)		
Net assets/(liabilities)	2,147,830	3,906,661 <sup>(iii)</sup>	(1,451,771)		
<b>Year ended 31 December</b>					
Revenue	347,913	2,728,495	430,670		
Profit/(Loss) for the year	222,640	11,565 <sup>(iv)</sup>	(438,435)		
Total comprehensive income	227,231	(52,373)	(430,033)		
Cash flows from/(used in) operating activities	270,801	9,613	(193,625)		
Cash flows used in investing activities	(185,517)	(1,506,093)	(49,735)		
Cash flows (used in)/from financing activities	(86,300)	(624,019)	220,029		
Net decrease in cash and cash equivalents	(1,016)	(2,120,499)	(23,331)		
Dividends paid to NCI	155,202	–	–		

i GHK Hospital Limited (“GHK”).

ii Does not include the NCIs of non-wholly owned subsidiaries of Fortis.

iii Includes net assets of RM369,005,000 (2019: RM359,216,000) attributable to NCIs within Fortis Group which are individually immaterial.

iv Includes total profit of RM20,545,000 (2019: RM25,750,000) attributable to NCIs within Fortis Group which are individually immaterial.

# Notes to the Financial Statements

## 7. INVESTMENTS 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 2020, the carrying amounts of PLife REIT’s assets and liabilities are RM4,950,435,000 (2019: RM4,780,533,000) and RM2,830,193,000 (2019: RM2,632,703,000) respectively.

## 8. INTERESTS IN ASSOCIATES

	Group	
	2020 RM'000	2019 RM'000
Investment in shares		
Unquoted shares	47,401	2,246
Quoted shares	405,772	416,737
Share of post-acquisition reserves	(310,304)	(326,529)
	142,869	92,454
Fair value of quoted shares		
Level 1	89,516	71,484

Details of the associates are disclosed in note 43.

In 2019, the Group disposed off its interest in C-Care Mauritius Limited for a cash consideration of RM43,574,000. Gain on disposal amounting to RM167,000 was recognised in profit or loss.

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	
	2020 RM'000	2019 RM'000
Share of profit from continuing operations	7,072	64,244
Share of other comprehensive income	–	(4)
Share of total comprehensive income	7,072	64,240

## 9. INTERESTS IN JOINT VENTURES

	Group	
	2020 RM'000	2019 RM'000
Investment in shares		
Unquoted shares	290,644	372,344
Share of post-acquisition reserves	(45,632)	(51,795)
	245,012	320,549
Allowance for impairment loss	(122,247)	(127,718)
	122,765	192,831
Amounts due from a joint venture	–	19,698
	122,765	212,529

Details of the joint ventures are disclosed in note 44.

During the year, the Group disposed off its investments in Shanghai Hui Xing Hospital Management Co., Ltd. and Shanghai Hui Xing Jinpu Co., Ltd. for a cash consideration of RMB5,512,000 (equivalent to RM3,233,000). Loss on disposal amounting to RM407,000 was recognised in profit or loss.

During the year, interests in joint venture with a carrying amount of RM65,666,000 was transferred to assets classified as held for sale (see note 16).

### *Amounts due from a joint venture*

Amounts due from a joint venture were unsecured and interest-free. The repayment of the amounts was at the discretion of the lender and was not expected to be repaid within the next 12 months from 31 December 2019.

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	
	2020 RM'000	2019 RM'000
Share of profit from continuing operations, representing share of total comprehensive income	11,316	9,862

## Notes to the Financial Statements

## 10. OTHER FINANCIAL ASSETS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>				
Investments at FVOCI				
– Unquoted shares	59,714	30,645	–	–
Investments at amortised cost				
– Fixed deposits with tenor of more than 3 months	3,770	15,711	–	–
Others				
– Club memberships	407	407	–	–
	<u>63,891</u>	<u>46,763</u>	<u>–</u>	<u>–</u>
<b>Current</b>				
Investments at fair value through profit or loss (“FVTPL”)				
– Money market funds	190,915	186,148	190,915	186,148
– Mutual funds	690	–	–	–
Investments at amortised cost				
– Fixed deposits with tenor of more than 3 months	230,988	158,135	–	–
	<u>422,593</u>	<u>344,283</u>	<u>190,915</u>	<u>186,148</u>

**Equity investments designated at FVOCI**

The Group designated its investments in unquoted shares shown below at FVOCI as the Group intends to hold these investments for long term strategic purposes.

	Fair value as at	
	31 December 2020 RM'000	31 December 2019 RM'000
Lucence Life Sciences Pte. Ltd.	30,637	30,645
Doctor Anywhere Pte. Ltd.	<u>28,985</u>	<u>–</u>

In 2019, the Group exercised its put option (see note 25) and disposed off its investment in unquoted shares of FWD Singapore Pte. Ltd..

	Fair value at derecognition RM'000	Cumulative losses on disposal RM'000
FWD Singapore Pte. Ltd.	<u>1,986</u>	<u>(9,252)</u>

## 11. DEFERRED TAX ASSETS AND LIABILITIES

The amounts included in the statements of financial position after appropriate offsetting are as follows:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Group</b>						
Unutilised tax losses	235,084	256,076	–	–	235,084	256,076
Investment tax allowances	6,348	6,481	–	–	6,348	6,481
Receivables/provisions	218,748	185,982	(39,835)	7,612	178,913	193,594
Property, plant and equipment	137,366	19,933	(704,037)	(608,499)	(566,671)	(588,566)
Investment properties	–	–	(118,582)	(103,752)	(118,582)	(103,752)
Intangible assets	–	1,312	(439,681)	(449,227)	(439,681)	(447,915)
Leases	27,654	9,960	(72,695)	(13,143)	(45,041)	(3,183)
Others	15,015	6,821	(5,892)	(1,330)	9,123	5,491
	640,215	486,565	(1,380,722)	(1,168,339)	(740,507)	(681,774)
Set off	(212,466)	(58,337)	212,466	58,337	–	–
	427,749	428,228	(1,168,256)	(1,110,002)	(740,507)	(681,774)
<b>Company</b>						
Receivables/provisions	1,288	208	–	–	1,288	208

## Notes to the Financial Statements

## 11. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Group	Note	Unutilised tax losses 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	Leases RM'000	Others RM'000	Total RM'000
<b>At 1 January 2019</b>		288,859	8,615	328,400	(568,027)	(90,189)	(500,588)	–	7,861	(525,069)
Adjustment on initial adoption of MFRS 16, Leases		–	–	–	5,980	–	18,632	(24,612)	–	–
Acquired through business combinations	40	25,307	–	697	(52,648)	–	–	–	(8,228)	(34,872)
Disposal of a subsidiary	40	–	–	(31)	(31)	–	–	–	–	(62)
Acquisition of non-controlling interests		–	–	(158,859)	–	–	–	–	–	(158,859)
Recognised in profit or loss	32	(48,835)	(2,134)	26,579	24,588	(10,787)	20,296	21,816	6,113	37,636
Recognised in other comprehensive income	30	–	–	2,669	–	(2,456)	–	–	–	213
Translation differences		(9,255)	–	(5,861)	1,572	(320)	13,745	(387)	(255)	(761)
<b>At 31 December 2019/ 1 January 2020</b>		256,076	6,481	193,594	(588,566)	(103,752)	(447,915)	(3,183)	5,491	(681,774)
Acquired through business combinations	40	–	–	–	(36,863)	–	(12,528)	–	–	(49,391)
Disposal of subsidiaries	40	–	–	(35)	1,950	–	–	–	(164)	1,751
Recognised in profit or loss	32	(8,177)	(133)	(8,472)	51,491	(11,212)	(1,525)	(38,205)	5,251	(10,982)
Recognised in other comprehensive income	30	–	–	3,171	–	–	–	–	–	3,171
Translation differences		(12,815)	–	(9,345)	5,317	(3,618)	22,287	(3,653)	(1,455)	(3,282)
<b>At 31 December 2020</b>		235,084	6,348	178,913	(566,671)	(118,582)	(439,681)	(45,041)	9,123	(740,507)
<b>Company</b>										
<b>At 1 January 2019</b>		–	–	–	–	–	–	–	–	–
Recognised in profit or loss	32	–	–	208	–	–	–	–	–	208
<b>At 31 December 2019/ 1 January 2020</b>		–	–	208	–	–	–	–	–	208
Recognised in profit or loss	32	–	–	1,073	–	–	–	–	–	1,073
Translation differences		–	–	7	–	–	–	–	–	7
<b>At 31 December 2020</b>		–	–	1,288	–	–	–	–	–	1,288

## 11. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

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.

### *Unrecognised deferred tax assets*

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2020 RM'000	2019 RM'000
Deductible temporary difference	1,179,265	553,916
Unutilised tax losses	3,548,672	2,468,299
	<u>4,727,937</u>	<u>3,022,215</u>

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 therefrom. 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 the amount of RM1,707,569,000 (2019: RM1,005,200,000) which will expire in the next 1 to 8 years.

## 12. DEVELOPMENT PROPERTIES

	Group	
	2020 RM'000	2019 RM'000
<b>At 1 January</b>	84,213	80,729
Additions	5,870	4,222
Recognised in profit or loss	–	(738)
<b>As at 31 December</b>	<u>90,083</u>	<u>84,213</u>

## 13. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Pharmaceuticals, surgical and medical supplies	<u>420,153</u>	<u>350,321</u>

At 31 December 2020, inventories with carrying amount of RM54,301,000 (2019: RM44,500,000) were pledged to licensed financial institutions as securities for credit facilities granted to certain subsidiaries.

## Notes to the Financial Statements

## 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>				
Trade receivables	142	360	–	–
Other receivables	39,792	38,864	–	–
Interest receivables	94	129	–	–
Deposits	23,404	24,298	–	–
Financial assets, at amortised cost	63,432	63,651	–	–
Prepayments	63,897	92,158	13,134	18,252
	<u>127,329</u>	<u>155,809</u>	<u>13,134</u>	<u>18,252</u>
<b>Current</b>				
Trade receivables	1,612,584	1,825,085	–	–
Trade amounts due from:				
– Associates	4,530	148	–	–
– Joint ventures	23,730	24,278	–	–
	<u>1,640,844</u>	<u>1,849,511</u>	<u>–</u>	<u>–</u>
Other receivables	106,065	86,036	544	5
Non-trade amounts due from:				
– Subsidiaries	–	–	52,524	50,451
– Associates	266	66	–	–
– Joint ventures	10,378	3,836	–	–
Interest receivables	15,101	7,042	170	–
Deposits	64,748	58,461	5	5
Financial assets, at amortised cost	1,837,402	2,004,952	53,243	50,461
Prepayments	115,740	102,945	6,303	5,928
	<u>1,953,142</u>	<u>2,107,897</u>	<u>59,546</u>	<u>56,389</u>

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

#### 14. TRADE AND OTHER RECEIVABLES (continued)

##### Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

Group	Note	Gross amount RM'000	Balances that are set off RM'000	Net carrying amount in the statement of financial position RM'000
<b>2020</b>				
Trade receivables		1,701,366	(60,380)	1,640,986
Trade payables	24	(1,309,461)	60,380	(1,249,081)
<b>2019</b>				
Trade receivables		1,917,137	(67,266)	1,849,871
Trade payables	24	(1,416,116)	67,266	(1,348,850)

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. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances		1,402,442	1,787,086	49,676	156,169
Fixed deposits with tenor of 3 months or less		2,785,364	2,927,583	97,000	—
Cash and cash equivalents in the statements of financial position		4,187,806	4,714,669	146,676	156,169
Add:					
Cash and cash equivalents included in assets classified as held for sale	16	6,907	—	—	—
Less:					
Secured bank overdrafts		(22,401)	(121,814)	—	—
Deposits placed in escrow account		(1,894,365)	(1,945,564)	—	—
Restricted cash		(13,900)	(5,828)	—	—
Cash and cash equivalents in the statements of cash flows		2,264,047	2,641,463	146,676	156,169

##### 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 197,025,660 and 4,894,308 equity shares of Fortis and Fortis Malar Hospitals Limited respectively (see note 38). These amounts can only be released in the manner prescribed in Clause 17(10) of the SEBI (SAST) Regulations.

# Notes to the Financial Statements

## 16. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	Group	
	2020 RM'000	2019 RM'000
<b>Assets classified held for sale</b>		
Property, plant and equipment	6,962	7,662
Investment property	94,584	–
Interests in a joint venture	65,666	–
Other financial assets	234	–
Trade and other receivables	42,639	11
Inventories	–	13
Tax recoverable	–	94
Cash and cash equivalents	6,907	–
	<u>216,992</u>	<u>7,780</u>
<b>Liabilities classified as held for sale</b>		
Trade and other payables	(19,024)	(145)
Tax payable	–	(40)
	<u>(19,024)</u>	<u>(185)</u>

### i. Property, plant and equipment

Included in property, plant and equipment classified as held for sale is a piece of freehold land in India amounting to RM6,198,000 (2019: RM6,365,000) that is committed for sale.

### ii. Investment property

In November 2020, PLife REIT entered into a non-binding Memorandum of Understanding to sell an industrial property located in Japan. Accordingly, the investment property was transferred to asset classified as held for sale in the statement of financial position as at 31 December 2020. The sale of the property was completed on 29 January 2021 for a total sales consideration of JPY2.9 billion (approximately RM113.1 million) and a gain of approximately RM15.5 million was recognised.

### iii. Interests in a joint venture

The Group plans to divest its investment in Apollo Gleneagles Hospital Ltd in the near term. Accordingly, investment in the joint venture was transferred to assets classified as held for sale during the year.

### iv. Investment in a subsidiary

The Group plans to divest its investment in Andaman Alliance Healthcare Limited, a 52% owned subsidiary, in the near term. Accordingly, the assets and liabilities of the subsidiary were classified as assets and liabilities held for sale in the statement of financial position as at 31 December 2020.

## 17. SHARE CAPITAL

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2020 '000	2020 RM'000	2019 '000	2019 RM'000
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
<b>Ordinary shares</b>				
<b>At 1 January</b>	8,773,990	19,455,138	8,769,296	19,427,586
Issued pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units	3,229	18,226	4,694	27,552
<b>At 31 December</b>	<b>8,777,219</b>	<b>19,473,364</b>	<b>8,773,990</b>	<b>19,455,138</b>

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.

## 18. OTHER RESERVES

The movement 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.

**(b) Fair value reserve**

Fair value reserve comprises the cumulative net change in the fair value of financial instruments designated at FVOCI until the investments are derecognised or impaired.

**(c) Revaluation reserve**

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.

**(e) Cost of hedging reserve**

Cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the time value element of interest rate cap contracts.

**(f) Capital reserve**

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;

## Notes to the Financial Statements

### 18. OTHER RESERVES *(continued)*

#### (f) Capital reserve *(continued)*

- (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; and
- (v) Realised exchange gains/losses on payment of coupons of perpetual securities.

#### (g) Legal reserve

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 Turkey-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.

#### (h) Foreign currency translation reserve

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.

### 19. 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 detailed in the terms and conditions of offering circular and pricing supplement of the perpetual securities;

## 19. PERPETUAL SECURITIES (continued)

- 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 as the payment of cumulative distribution or redemption of the securities are at the option of PPL.

During the financial year, distributions amounting to RM89,843,000 (2019: RM88,172,000) were accrued to perpetual security holders, and distributions amounting to RM88,641,000 (2019: RM87,599,000) were paid to the perpetual security holders.

## 20. LOANS AND BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
<b>Non-current</b>		
Secured		
Bank loans	1,091,363	859,875
Loans from corporates	2,296	4,735
Unsecured		
Bank loans	6,183,745	6,044,071
Fixed rate medium term notes	462,925	446,430
Loans from corporates*	924,347	910,954
	<u>8,664,676</u>	<u>8,266,065</u>
<b>Current</b>		
Secured		
Bank loans	336,204	281,153
Loans from corporates	988	1,455
Unsecured		
Bank loans	658,534	354,572
Loans from corporates	658	654
	<u>996,384</u>	<u>637,834</u>
Total loans and borrowings	<u>9,661,060</u>	<u>8,903,899</u>

\* Includes loans from non-controlling interests of RM863,921,000 (2019: RM853,537,000)

# Notes to the Financial Statements

## 20. LOANS AND BORROWINGS (continued)

The terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
<b>2020</b>				
Secured bank loans	EUR	Euribor <sup>(1)</sup> + 1.4% to 1.5%	2021–2030	175,567
Secured bank loans	INR	MCLR <sup>(2)</sup> + 0.5% to 2.85%	2021–2030	989,427
Secured bank loans	MKD	NBMRIR <sup>(3)</sup> + 2.05%	2021–2024	16,182
Secured bank loans	RMB	PBC interest rate <sup>(4)</sup>	2022–2031	246,391
Secured loans from corporates	INR	7.80%–9.27%	2021–2025	3,284
Unsecured bank loans	EUR	1.85%	2021–2024	61,398
Unsecured bank loans	EUR	Euribor <sup>(1)</sup> + 0.38% to 1.05%	2021–2028	1,007,282
Unsecured bank loans	HKD	HIBOR <sup>(5)</sup> + 0.83% to 1.07%	2024–2025	1,724,374
Unsecured bank loans	JPY	LIBOR <sup>(6)</sup> + 0.3% to 0.41%	2021–2025	1,241,026
Unsecured bank loans	JPY	COF <sup>(7)</sup>	2021	82,653
Unsecured bank loans	MYR	COF <sup>(7)</sup> + 0.70%	2023	13,677
Unsecured bank loans	SGD	SOR <sup>(8)</sup> + 0.45% to 0.89%	2021–2026	1,301,165
Unsecured bank loans	SGD	SWAP rate + 0.95%	2027	1,401,972
Unsecured bank loans	SGD	COF <sup>(7)</sup>	2021	8,732
Unsecured fixed rate medium term notes				
– Issued in 2016	JPY	0.58%	2022	129,480
– Issued in 2017	JPY	0.57%	2023	196,143
– Issued in 2018	JPY	0.65%	2024	137,302
Unsecured loans from corporates	HKD	HIBOR <sup>(5)</sup> + 1.30%	2026	859,803
Unsecured loans from corporates	RMB	PBC interest rate <sup>(4)</sup>	2022–2025	63,545
Unsecured loans from corporates	RMB	PBC loan prime rate <sup>(9)</sup>	2027	368
Unsecured loans from corporates	AED	0.00%	2022	636
Unsecured loans from corporates	USD	6.00%	2021	653
				9,661,060

1 Euro Interbank Offer Rate

2 Marginal Cost of Funds Based Lending Rate

3 National Bank of Macedonia Reference Interest Rate

4 People's Bank of China benchmark loan interest rate

5 Hong Kong Interbank Offered Rate

6 London Interbank Offered Rate

7 Bank's Cost of Funds

8 Singapore Swap Offer Rate

9 People's Bank of China loan prime rate

## 20. LOANS AND BORROWINGS (continued)

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
<b>2019</b>				
Secured bank loans	EUR	Euribor <sup>(1)</sup> + 1.5%	2020–2024	118,331
Secured bank loans	INR	MCLR <sup>(2)</sup> + 0.4% to 2.55%	2020–2030	934,522
Secured bank loans	MKD	3.94%	2020–2023	20,430
Secured bank loans	RMB	PBC interest rate <sup>(4)</sup>	2022–2031	67,745
Secured loans from corporates	INR	7.88%–11.50%	2020–2024	6,190
Unsecured bank loans	EUR	1.85%	2020–2024	68,880
Unsecured bank loans	EUR	Euribor <sup>(1)</sup> + 0.38% to 1.05%	2020–2028	1,242,396
Unsecured bank loans	HKD	HIBOR <sup>(5)</sup> + 0.8%	2021	1,554,728
Unsecured bank loans	JPY	LIBOR <sup>(6)</sup> + 0.3% to 0.41%	2021–2025	1,195,697
Unsecured bank loans	JPY	COF <sup>(7)</sup>	2020	4,314
Unsecured bank loans	SGD	SOR <sup>(8)</sup> + 0.45% to 1.00%	2021	1,278,732
Unsecured bank loans	SGD	SWAP rate + 0.92%	2021	998,854
Unsecured bank loans	SGD	COF <sup>(7)</sup>	2020	3,666
Unsecured bank loans	TL	10.75%–12.75%	2020	51,376
Unsecured fixed rate medium term notes				
– Issued in 2016	JPY	0.58%	2022	124,860
– Issued in 2017	JPY	0.57%	2023	189,151
– Issued in 2018	JPY	0.65%	2024	132,419
Unsecured loans from corporates	HKD	HIBOR <sup>(5)</sup> + 1.30%	2021	850,597
Unsecured loans from corporates	RMB	PBC interest rate <sup>(4)</sup>	2020–2025	59,725
Unsecured loans from corporates	AED	0.00%	2021	632
Unsecured loans from corporates	USD	6.00%	2020	654
				8,903,899

<sup>1</sup> Euro Interbank Offer Rate

<sup>2</sup> Marginal Cost of Funds Based Lending Rate

<sup>3</sup> National Bank of Macedonia Reference Interest Rate

<sup>4</sup> People's Bank of China benchmark loan interest rate

<sup>5</sup> Hong Kong Interbank Offered Rate

<sup>6</sup> London Interbank Offered Rate

<sup>7</sup> Bank's Cost of Funds

<sup>8</sup> Singapore Swap Offer Rate

<sup>9</sup> People's Bank of China loan prime rate

## Notes to the Financial Statements

### 20. 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 equipment of certain subsidiaries.

The secured Macedonian Denar (“MKD”) and Euro Dollars (“Euro”) denominated bank borrowings are secured over assets of certain subsidiaries.

The secured Chinese Renminbi (“RMB”) denominated bank loans are secured over hospital in construction and a ROU asset relating to prepaid lease for land.

#### ***Breach of loan covenant***

One of the subsidiaries, Continental Hospitals Private Limited (“Continental”), breached its loan covenants in respect of a bank loan amounting to RM81,707,000 (2019: RM94,131,000). There were breaches of several non-financial covenants since 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 2020, there are three series of outstanding fixed rate notes issued under the Multicurrency Debt Issuance Programme amounting to JPY11.8 billion (approximately RM462.9 million) (2019: JPY11.8 billion (approximately RM446.4 million)) with maturity dates between 2022 to 2024.

#### ***Loans from corporates***

The HKD-denominated loans from corporates are in relation to the non-controlling interest's share of financing granted to a subsidiary, GHK.

## 20. LOANS AND BORROWINGS (continued)

### Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	Bank loans RM'000	Fixed rate medium term notes RM'000	Debt component of CCDs RM'000	Loans from corporates RM'000	Finance lease liabilities RM'000	Lease liabilities RM'000	Interest payables RM'000	Total RM'000
<b>At 1 January 2019</b>	8,712,583	444,537	289,292	866,035	177,043	–	42,637	10,532,127
Adjustment on initial adoption of MFRS 16, <i>Leases</i>	–	–	–	–	(177,043)	1,946,248	–	1,769,205
Net changes from financing cash flows	(1,138,974)	–	–	58,241	–	(339,915)	(391,896)	(1,812,544)
Acquisition of subsidiaries	16,261	–	–	–	–	10,828	38,657	65,746
Disposal of a subsidiary	(1,022)	–	–	–	–	–	–	(1,022)
Acquisition of NCI	–	–	(286,690)	–	–	–	–	(286,690)
Change in leases	–	–	–	–	–	368,915	–	368,915
Foreign exchange movement	(31,241)	1,893	(2,602)	(6,478)	–	(96,970)	(344)	(135,742)
Other liability-related changes	(17,936)	–	–	–	–	184,827	330,758	497,649
<b>At 31 December 2019/1 January 2020</b>	7,539,671	446,430	–	917,798	–	2,073,933	19,812	10,997,644
Net changes from financing cash flows	562,800	–	–	993	–	(493,940)	(314,818)	(244,965)
Acquisition of subsidiaries	–	–	–	–	–	10,815	–	10,815
Disposal of subsidiaries	–	–	–	–	–	(984)	–	(984)
Change in leases	–	–	–	–	–	142,424	–	142,424
Foreign exchange movement	146,141	16,495	–	9,498	–	42,354	35,846	250,334
Other liability-related changes	21,234	–	–	–	–	170,708	329,336	521,278
<b>At 31 December 2020</b>	8,269,846	462,925	–	928,289	–	1,945,310	70,176	11,676,546

Company	Lease liabilities RM'000
Adjustment on initial adoption of MFRS 16, <i>Leases</i> , on 1 January 2019	2,227
Net changes from financing cash flows	(1,018)
Other liability-related changes	43
<b>At 31 December 2019/1 January 2020</b>	1,252
Net changes from financing cash flows	(1,018)
Other liability-related changes	19
<b>At 31 December 2020</b>	253

# Notes to the Financial Statements

## 21. EMPLOYEE BENEFITS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>					
Retirement benefits	22	83,787	76,694	–	–
Employment termination benefits	23	20,588	18,666	–	–
Provision for unconsumed leave		2,352	2,286	–	–
Deferred bonus scheme		10,951	2,175	3,836	17
		<u>117,678</u>	<u>99,821</u>	<u>3,836</u>	<u>17</u>
<b>Current</b>					
Retirement benefits	22	7,253	8,637	–	–
Employment termination benefits	23	1,188	916	–	–
PTM long term incentive plan (cash-settled)		1,553	1,292	–	–
Defined contribution plan		41,076	38,138	263	166
Provision for unconsumed leave		86,187	76,560	1,236	785
Deferred bonus scheme		9,981	19,941	3,580	517
		<u>147,238</u>	<u>145,484</u>	<u>5,079</u>	<u>1,468</u>

### *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 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.

### *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.

## 21. 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. All unvested equity-settled LTIP units shall lapse upon expiry of the LTIP on 24 March 2021.

The movement in the number of outstanding LTIP units are as follows:

	Key management personnel		Other eligible employees	
	2020 '000	2019 '000	2020 '000	2019 '000
Number of LTIP units				
Outstanding at 1 January	2,260	1,995	2,292	2,156
Transfers	(1,551)	–	1,551	–
Granted during the year	–	2,400	1,842	2,710
Forfeited during the year	–	–	(829)	(15)
Exercised during the year	(464)	(2,135)	(2,765)	(2,559)
Outstanding at 31 December	245	2,260	2,091	2,292
Exercisable at 31 December	–	–	–	–

The LTIP units outstanding as at 31 December 2020 has a weighted average contractual life of 1.45 years (2019: 2.09 years).

#### Fair value of options and assumptions

The fair value of services received in return for the LTIP units 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 1,842,000 (2019: 5,110,000) equity-settled LTIP units were granted to eligible employees.

# Notes to the Financial Statements

## 21. EMPLOYEE BENEFITS (continued)

### Share-based payment scheme (continued)

#### (a) LTIP (continued)

##### Fair value of options and assumptions (continued)

Inputs to the model used for measurement of the fair value of LTIP units granted during the year are as follows:

	Key management personnel		Other eligible employees	
	2020	2019	2020	2019
Fair values at grant date	–	RM5.55 to RM5.61	RM5.21	RM5.55 to RM5.61
Share price at grant date	–	RM5.61	RM5.21	RM5.61
Expected volatility (average volatility)	–	17.20%	15.67%	17.20%
Option life (expected average life)	–	1.75 years	0.92 years	1.92 years
Expected dividend yield	–	0.54%	0.00%	0.54%
Risk free rate	–	3.82%–3.89%	2.97%	3.82%–3.89%

#### (b) Enterprise Option Scheme (“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 outstanding EOS options are as follows:

	Key management personnel		Other eligible employees	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
<b>2020</b>				
Outstanding at 1 January	RM6.03	35,536	RM6.00	20,315
Transfers	RM6.06	(30,409)	RM6.06	30,409
Forfeited during the year	–	–	RM6.00	(9,020)
Outstanding at 31 December	RM5.89	5,127	RM6.04	41,704
Exercisable at 31 December	RM5.93	2,470	RM6.11	29,065

## 21. EMPLOYEE BENEFITS (continued)

### Share-based payment scheme (continued)

#### (b) EOS (continued)

	Key management personnel		Other eligible employees	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
<b>2019</b>				
Outstanding at 1 January	RM6.17	22,944	RM6.17	15,712
Granted during the year	RM5.79	12,592	RM5.79	4,899
Forfeited during the year	–	–	RM6.03	(296)
Outstanding at 31 December	RM6.03	35,536	RM6.00	20,315
Exercisable at 31 December	RM6.19	15,099	RM6.02	2,480

The EOS options outstanding as at 31 December has the following features:

	2020	2019
Exercise price	RM5.67 – RM6.55	RM5.67 – RM6.55
Weighted average contractual life (in years)	7.46	7.45

#### Fair value of options and assumptions

The fair value of services received in return for the EOS options granted is determined based on Trinomial Option Pricing Model, and taking into account the terms and conditions under which the options were granted.

In 2019, a total of 17,491,000 equity-settled EOS options with an exercise price of RM5.79 were granted to eligible employees. There was no equity-settled EOS options granted in 2020.

Inputs to the model used for measurement of the fair value of EOS options granted in 2019 are as follows:

	Key management personnel 2019	Other eligible employees 2019
Fair value at grant date	RM1.33	RM1.33
Share price at grant date	RM5.82	RM5.82
Expected volatility (average volatility)	15.36%	15.36%
Option life (expected average life)	6 years	6 years
Expected dividend yield	0.52%	0.52%
Risk free rate	3.50%	3.50%

#### (c) Fortis Employee Stock Option Plan (“Fortis ESOP”)

Fortis has share-based payment schemes, “Employee Stock Option Plan 2007” and “Employee Stock Option Plan 2011”, granted 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.

# Notes to the Financial Statements

## 21. EMPLOYEE BENEFITS (continued)

### Share-based payment scheme (continued)

#### (c) Fortis ESOP (continued)

The movement in the number of the outstanding Fortis ESOP options are as follows:

	2020		2019	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at 1 January	INR152.94	159	INR161.96	2,765
Forfeited during the year	INR152.94	(159)	INR162.69	(2,600)
Exercised during the year	–	–	INR83.77	(6)
Outstanding at 31 December	–	–	INR152.94	159
Exercisable at 31 December	–	–	INR152.94	159

The Fortis ESOP options outstanding as at 31 December 2019 has the following features:

	2019
Exercise price	INR152.94
Weighted average contractual life (in years)	0.73

#### (d) Malar Employee Stock Option Plan (“Malar ESOP”)

Fortis Malar Hospital Limited (“FHML”) has a share-based payment scheme, Malar Employee Stock Option Plan 2008 (“Malar ESOP”), granted 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, the options must be exercised before the end of the tenure of the plan.

The movement in the number of outstanding Malar ESOP options are as follows:

	2020		2019	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at 1 January	INR26.20	23	INR26.20	79
Forfeited during the year	INR26.20	(12)	INR26.20	(56)
Outstanding at 31 December	INR26.20	11	INR26.20	23
Exercisable at 31 December	INR26.20	11	INR26.20	23

The Malar ESOP options outstanding at 31 December has the following features:

	2020	2019
Exercise price	INR26.20	INR26.20
Weighted average contractual life (in years)	5.0	5.0

## 21. EMPLOYEE BENEFITS (continued)

### Share-based payment scheme (continued)

#### (e) SRL Employee Stock Option Plan (“SRL ESOP”)

SRL Limited (“SRL”) has provided share-based payment schemes, “Employee Stock Option Plan 2009” and “Employee Stock Option Plan 2013”, granted to the eligible employees and directors of SRL and its subsidiaries. The schemes were approved by SRL’s shareholders 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 outstanding SRL ESOP options are as follows:

	2020		2019	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at 1 January	INR289.85	1,040	INR310.99	1,254
Forfeited during the year	INR579.79	(256)	INR414.03	(214)
Outstanding at 31 December	INR194.68	784	INR289.85	1,040
Exercisable at 31 December	INR178.88	759	INR40.00	513

The SRL ESOP options outstanding as at 31 December has the following features:

	2020	2019
Exercise price	INR40–INR674	INR40–INR674
Weighted average contractual life (in years)	0.7	1.6

#### Value of employee services received for issue of share options

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Share-based payment expense included in staff costs	27	23,381	51,066	6,921	14,373

The Group’s share-based payment expense includes an amount of RM340,000 credited (2019: RM1,094,000 charged) to profit or loss on Fortis ESOP, Malar ESOP and SRL ESOP.

# Notes to the Financial Statements

## 22. RETIREMENT BENEFITS

Certain Malaysia-based and India-based subsidiaries of the Group have defined benefits plans that provide pension benefits to 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	
	2020 RM'000	2019 RM'000
Present value of unfunded obligations	91,040	85,331
<b>Movement in liability for defined benefit obligations</b>		
<b>At 1 January</b>	85,331	76,377
Included in profit or loss		
– Current service costs	9,210	13,345
– Past service credit	50	39
– Interest on obligation	4,905	5,856
	14,165	19,240
Included in other comprehensive income		
Remeasurement gain/(loss)		
Actuarial gain/(loss) arising from:		
– Demographic assumptions	278	(76)
– Financial assumptions	4,094	1,887
– Experience adjustments	(2,046)	(3,720)
30	2,326	(1,909)
Others		
– Benefits paid	(9,032)	(7,592)
– Translation differences	(1,750)	(785)
<b>At 31 December</b>	91,040	85,331

### Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group	
	2020 %	2019 %
Discount rate	4.0–7.0	4.5–8.0
Future salary growth	5.0–8.0	5.0–8.0
Future mortality	0.01–1.15	0.01–1.15

## 22. RETIREMENT BENEFITS *(continued)*

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

	Group	
	Increase RM'000	Decrease RM'000
<b>2020</b>		
Discount rate (1% movement)	(8,272)	9,858
Future salary growth (1% movement)	9,694	(8,291)
Future mortality (1% movement)	—	—
	<hr/> <hr/>	<hr/> <hr/>
<b>2019</b>		
Discount rate (1% movement)	(8,286)	7,146
Future salary growth (1% movement)	7,058	(8,347)
Future mortality (1% movement)	—	—
	<hr/> <hr/>	<hr/> <hr/>

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.

## 23. EMPLOYMENT TERMINATION BENEFITS

Certain Turkey-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 are calculated as one month gross salary for every employment year and as at 31 December 2020, the ceiling amount has been limited to TL7,117 (2019: TL6,380), equivalent to RM3,881 (2019: RM4,405). The reserve has been calculated by estimating the present value of future probable obligations of these subsidiaries arising from retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the local government.

In Bulgaria, the subsidiaries have an obligation to pay certain amounts to each employee who retires in accordance with Art. 222, 3 of the Labor Code ("LC"). According to these regulations in the LC, when a labor contract of an employee, who has acquired a pension right, is ended, the employer is obliged to pay to the employee compensations in the amount of two gross monthly salaries. In case the employee's length of service in the Company equals to or is greater than 10 or more years as at the retirement date, the compensation amounts to six gross monthly salaries.

## Notes to the Financial Statements

## 23. EMPLOYMENT TERMINATION BENEFITS (continued)

	Note	Group	
		2020 RM'000	2019 RM'000
Present value of unfunded obligations		21,776	19,582
<b>Movement in the liability for defined benefits obligations</b>			
<b>At 1 January</b>		19,582	16,883
Included in profit or loss			
– Current service costs		3,193	2,773
– Interest on obligation		1,557	1,897
		4,750	4,670
Remeasurement loss			
– Actuarial loss arising from financial assumptions	30	10,437	14,097
Others			
– Disposal of subsidiary	40	–	(219)
– Benefits paid		(9,440)	(14,594)
– Translation differences		(3,553)	(1,255)
<b>At 31 December</b>		21,776	19,582

**Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2020	2019
<b>Turkey</b>		
Annual inflation rate	9%	7%
Discount rate	13%	11%
Retirement pay ceiling amount	TL7,117	TL6,380
<b>Bulgaria</b>		
Future salary growth	0.20%	0.35%
Future income growth	3.2%	3.0%

**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.

## 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>				
Trade payables	10	303	–	–
Other payables	21,363	40,931	–	–
Accruals	8,018	4,027	–	–
Liabilities on put options granted to non-controlling interests	133,252	143,237	–	–
	162,643	188,498	–	–
Deposits	65,687	61,016	–	–
	228,330	249,514	–	–
<b>Current</b>				
Trade payables	1,249,071	1,348,547	–	–
Other payables	532,064	482,721	1,439	577
Non-trade amounts due to:				
– Subsidiaries	–	–	82,968	79,797
– Associates	–	1,162	–	–
– Joint ventures	255	984	–	–
Accruals	755,631	855,610	10,586	8,981
Interest payables	70,176	19,812	–	–
Dividends payable to a non-controlling interest	–	7,791	–	–
Provision for loan taken by a joint venture	42,021	42,104	–	–
Liabilities on put options granted to non-controlling interests	1,004,406	890,328	–	–
	3,653,624	3,649,059	94,993	89,355
Deposits and rental advance billings	162,412	139,257	–	–
Contract liabilities	75,847	69,846	–	–
	3,891,883	3,858,162	94,993	89,355

Amounts due to subsidiaries included RM81,571,000 (2019: RM79,427,000) which is unsecured, repayable on demand and bears an interest rate of 1.85% (2019: 3.25%) per annum. The remaining amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

# Notes to the Financial Statements

## 24. 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 over the course semester. The contract liabilities are recognised as revenue over a period of 30 to 270 days when the services are rendered.

Significant changes to contract liabilities balance during the year are as follows:

	Group	
	2020 RM'000	2019 RM'000
Contract liabilities at the beginning of the period recognised as revenue	69,846	70,325

### Liabilities on put options granted to non-controlling interests

- (i) Pursuant to the acquisition of RGE in 2015, the Group granted the following put options to a non-controlling interest of RGE:
- a. An option for the non-controlling interest to sell their 7.13% interest in RGE, on a fully diluted basis, to the Group at a fixed consideration of INR1,463.0 million (equivalent to RM82.6 million) (2019: RM84.8 million) less price adjustment of not more than INR110.0 million subject to the occurrence of a certain event in 2018 pursuant to an option agreement entered with the non-controlling interests. Since 31 December 2018, this put option does not have any value as the target was not met; and
  - b. Another option to sell their 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 in 2015, the Group granted a put option to a non-controlling interest to sell its existing interest in Continental 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. These put options are exercisable until 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.
- (v) Pursuant to the acquisition of Angsana Holdings Pte. Ltd. (“Angsana”) in 2017, the Group granted put options to the non-controlling interests to sell their existing interests in Angsana to the Group at the prevailing market price on the date the options are exercised. The put options can only be exercised from August 2020 onwards and do not have an expiry date.
- (vi) Pursuant to a shareholders’ agreement and exit agreement entered into by SRL, Fortis and certain non-controlling interests of SRL, Fortis granted a cash put option to certain non-controlling interests 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 in 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 March 2021. On 30 March 2021, SRL, Fortis and certain non-controlling interests of SRL signed an amendment agreement to incorporate new proposed exit rights for the certain non-controlling shareholders of SRL, and to also simultaneously terminate the existing exit agreement. Accordingly, the certain non-controlling interests of SRL have agreed not to exercise the cash put option for a further period of 36 months from 5 February 2021, being the relevant date as defined in the amendment agreement.

During the year, change in fair value of liabilities on put options granted to non-controlling interests amounting to RM160,208,000 loss (2019: RM244,486,000 gain) was recognised in equity (see note 36(vii)).

## 24. TRADE AND OTHER PAYABLES (continued)

### Provision for loan taken by a joint venture

In 2013, Khubchandani Hospitals Private Limited (“KHPL”), a 50% owned joint venture, was granted a term loan facility to fund the construction and pre-operating costs of its hospital. A wholly owned subsidiary of the Group, Parkway Holdings Limited (“PHL”), is a joint sponsor under the Sponsor Support Agreement for the term loan facility where the sponsors are required to provide for any shortfall payable by KHPL in the event of termination or non-completion of the hospital project. On 5 January 2017, the bank served a notice to KHPL that the hospital project was unlikely to be completed. In view that KHPL is unlikely to be able to repay the loan, the Group made a provision for its 50% share of the amounts that KHPL owes the licensed bank.

## 25. DERIVATIVE ASSETS AND LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
<b>Non-current assets</b>		
Held at fair value through profit or loss		
– Foreign exchange forward contracts	6,778	7,482
– Cross currency swaps	94,939	–
Held for hedging		
– Cross currency interest rate swaps	3,883	–
– Interest rate caps	2,704	1,738
	<u>108,304</u>	<u>9,220</u>
<b>Current assets</b>		
Held at fair value through profit or loss		
– Foreign exchange forward contracts	–	85
– Cross currency swaps	33,410	–
	<u>33,410</u>	<u>85</u>
<b>Non-current liabilities</b>		
Held at fair value through profit or loss		
– Cross currency swaps	–	(30,627)
Held for hedging		
– Interest rate swaps	(800)	(841)
– Cross currency interest rate swaps	–	(1,656)
	<u>(800)</u>	<u>(33,124)</u>
<b>Current liabilities</b>		
Held at fair value through profit or loss		
– Foreign exchange forward contracts	(373)	(5,402)
Held for hedging		
– Interest rate swaps	(86)	(144)
– Cross currency interest rate swaps	(6,857)	(7,418)
	<u>(7,316)</u>	<u>(12,964)</u>

# Notes to the Financial Statements

## 25. DERIVATIVE ASSETS AND LIABILITIES (continued)

	Nominal value		Fair value	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Derivatives at fair value through profit or loss				
– Foreign exchange forward contracts	264,176	324,302	6,405	2,165
– Cross currency swaps	748,566	290,678	128,349	(30,627)
– Call option granted to NCI	28,217	29,575	–	–
Derivatives used for hedging				
– Interest rate caps	925,428	444,042	2,704	1,738
– Interest rate swaps	318,602	600,687	(886)	(985)
– Cross currency interest rate swaps	404,029	382,487	(2,974)	(9,074)
	<u>2,689,018</u>	<u>2,071,771</u>	<u>133,598</u>	<u>(36,783)</u>

The Group enters into interest rate caps, interest rate swaps, cross currency interest rate swaps, cross currency swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations on certain loans, as set out in note 36(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.

In 2019, change in fair value of RM4,766,000 gain was recognised in profit or loss. There is no change in fair value in 2020.

### Put option

On disposal of the Group's controlling stake in FWD Singapore Pte. Ltd. ("FSPL") on 14 April 2016, the Group entered into an agreement with the purchaser and was 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.

In 2019, fair value gain of RM11,348,000 was recognised in profit or loss and the option has been exercised.

### 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.

## 26. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Healthcare services	12,862,164	14,327,880	–	–
Education services	256,532	267,982	–	–
Management fees	7,709	46,407	–	–
Sale of development properties	–	1,153	–	–
Revenue from contracts with customers	13,126,405	14,643,422	–	–
Rental income	273,346	264,998	–	–
Dividend income				
– from subsidiaries	–	–	386,385	111,497
– from money market funds	4,853	4,065	4,853	4,065
	13,404,604	14,912,485	391,238	115,562

### 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	Sale of development properties RM'000	Total RM'000
<b>2020</b>					
<b>Reportable segments</b>					
Singapore	3,802,434	9,596	1,344	–	3,813,374
Malaysia	2,160,333	–	–	–	2,160,333
India	2,635,414	–	2,706	–	2,638,120
Greater China	661,624	–	6	–	661,630
Central and Eastern Europe	3,462,176	–	–	–	3,462,176
IMU Health Malaysia	1,767	246,936	–	–	248,703
Others	138,416	–	3,653	–	142,069
	12,862,164	256,532	7,709	–	13,126,405
<b>2019</b>					
<b>Reportable segments</b>					
Singapore	4,199,745	10,727	1,246	–	4,211,718
Malaysia	2,306,690	–	–	1,153	2,307,843
India	3,260,318	–	37,154	–	3,297,472
Greater China	603,802	–	–	–	603,802
Central and Eastern Europe	3,764,678	–	–	–	3,764,678
IMU Health Malaysia	1,793	257,255	–	–	259,048
Others	190,854	–	8,007	–	198,861
	14,327,880	267,982	46,407	1,153	14,643,422

## Notes to the Financial Statements

### 26. 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 24) and recognised as revenue over the period when the services are rendered. There are no variable considerations. The Group maintains a tuition refund policy which provided for all, or a portion of tuition fees to be refunded if a student withdrew a semester within the stated refund periods. Refunds are recorded as a reduction of the related remaining contract liability and a reduction of revenue in the month that the student withdrawn from a semester. If a student withdrawn at the time when only a portion, or none, of the tuition fees was refundable, then the Group continues to recognise the tuition fees that was not refunded over the period of the related semester.

#### 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.

### 27. STAFF COSTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, bonuses and other costs		4,953,121	5,102,524	51,564	40,481
Contribution to defined contribution plans		224,739	217,945	1,421	978
Equity-settled share-based payments	21	23,381	51,066	6,921	14,373
		<u>5,201,241</u>	<u>5,371,535</u>	<u>59,906</u>	<u>55,832</u>

## 28. FINANCE INCOME AND COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Finance income</b>				
Interest income	69,144	100,079	789	11,466
Fair value gain on investments at FVTPL	–	3,015	–	2,437
Fair value gain on financial derivatives	173,711	28,231	–	–
	<u>242,855</u>	<u>131,325</u>	<u>789</u>	<u>13,903</u>
<b>Finance costs</b>				
Interest on loans and borrowings	(316,551)	(391,240)	–	–
Interest on lease liabilities	(170,708)	(184,827)	(19)	(43)
Interest on amounts due to a subsidiary	–	–	(1,925)	(2,624)
Exchange loss on loans and borrowings	(436,772)	(235,870)	–	–
Fair value loss on investments at FVTPL	(86)	–	(86)	–
Fair value loss on financial derivatives	(5,795)	(48,427)	–	–
Other finance costs	(38,474)	(56,239)	–	(15)
Less capitalised interest expenses in property, plant and equipment from:				
– Interest on loans and borrowings	12,126	2,927	–	–
– Interest on lease liabilities	8,674	10,076	–	–
	<u>(947,586)</u>	<u>(903,600)</u>	<u>(2,030)</u>	<u>(2,682)</u>

## 29. PROFIT BEFORE TAX

(a) Auditors' remuneration charged to profit or loss comprises:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Auditors' remuneration</b>				
Audit fees				
– KPMG PLT	(1,509)	(1,254)	(423)	(453)
– Overseas affiliates of KPMG PLT	(9,853)	(11,107)	(442)	(424)
– Other auditors	(357)	(357)	–	–
Non-audit fees				
– KPMG PLT	(499)	(503)	(499)	(503)
– Overseas affiliates of KPMG PLT	(2,051)	(2,421)	(510)	(491)
– Other auditors	(1,190)	(2,418)	–	–

## Notes to the Financial Statements

## 29. PROFIT BEFORE TAX (continued)

(b) Profit before tax is arrived at after crediting/(charging):

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Material income/(expenses)</b>					
Government grants		288,164	18,225	882	6
Exchange gains/(losses) – net		7,231	(8,873)	5,538	(6,123)
Impairment loss on:					
– Goodwill	6	(396,513)	(214,780)	–	–
– Investment in subsidiary	7	–	–	–	(31)
– Trade and other receivables		(107,433)	(62,689)	–	–
– Inventories		(557)	(1,048)	–	–
Write-off:					
– Property, plant and equipment	3	(2,921)	(3,697)	–	–
– Intangible assets	6	–	(5,377)	–	–
– Trade and other receivables		(10,166)	(14,092)	(243)	(66)
– Inventories		(3,852)	(3,377)	–	–
Gain on disposal of property, plant and equipment		10,024	10,795	–	612
Gain on disposal of subsidiaries	40	5,849	2,299	–	–
Gain on disposal of an associate	8	–	167	–	–
Loss on disposal of joint ventures	9	(407)	–	–	–
Change in fair value of investment properties	5	45,471	10,169	–	–
Realisation of FCTR upon substantive liquidation of a subsidiary and a joint venture		132,971	–	–	–
Provision for loan taken by a joint venture	24	14	(2,405)	–	–
Insurance compensation for flood		–	3,479	–	–

**Government grants**

The Group received various grants in 2020 to help deal with the impact from COVID-19, mainly:

- i. RM151.3 million and RM34.1 million related to wage subsidy programmes introduced in Singapore and Hong Kong in response to the COVID-19 coronavirus pandemic. The grants were recognised in profit or loss in 'other income' as the related wages and salaries were recognised.
- ii. RM38.4 million related to property tax rebates received from the Singapore Government, via landlords. The grant was recognised in profit or loss in 'other operating expense'.

### 30. OTHER COMPREHENSIVE INCOME

Group	2020			2019		
	Before tax RM'000	Tax benefit RM'000 (Note 11)	Net of tax RM'000	Before tax RM'000	Tax benefit RM'000 (Note 11)	Net of tax RM'000
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences from foreign operations	(246,152)	–	(246,152)	(155,909)	–	(155,909)
Realisation of FCTR upon substantive liquidation of a subsidiary and a joint venture	(132,971)	–	(132,971)	–	–	–
Hedge of net investments in foreign operations	(59,978)	–	(59,978)	1,477	–	1,477
Cash flow hedge:						
– Changes in fair value	(7,995)	–	(7,995)	(511)	–	(511)
– Reclassification adjustments for losses included in profit or loss	131	–	131	1,487	–	1,487
	(7,864)	–	(7,864)	976	–	976
Cost of hedging reserve	234	–	234	914	–	914
	(446,731)	–	(446,731)	(152,542)	–	(152,542)
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Net change in fair value of FVOCI financial instruments	–	–	–	(9,252)	–	(9,252)
Effect of change in tax rate on past revaluation of property, plant and equipment upon transfer to investment properties	–	–	–	–	(2,456)	(2,456)
Remeasurement of defined benefit liabilities (note 22 and 23)	(12,763)	3,171	(9,592)	(12,188)	2,669	(9,519)
	(12,763)	3,171	(9,592)	(21,440)	213	(21,227)
	(459,494)	3,171	(456,323)	(173,982)	213	(173,769)

Company	2020		2019	
	Before tax RM'000	Net of tax RM'000	Before tax RM'000	Net of tax RM'000
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences from foreign operations	28	28	29	29
	28	28	29	29

# Notes to the Financial Statements

## 31. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-executive Directors:				
– Fees	8,021	7,653	4,655	4,720
– Remuneration and other benefits	28	28	28	28
– Share-based payment	4,000	6,917	–	–
	12,049	14,598	4,683	4,748
Executive Directors:				
– Remuneration and other benefits	20,234	29,351	9,860	20,103
– Share-based payment	–	19,085	–	9,818
	20,234	48,436	9,860	29,921
	32,283	63,034	14,543	34,669

The estimated monetary value of Directors' benefit-in-kind is RM163,000 (2019: RM263,000).

## 32. INCOME TAX EXPENSE

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current tax expense</b>					
Current year		361,436	590,140	3,066	2,592
Over provided in prior years		(10,757)	(24,622)	(610)	(1,375)
		350,679	565,518	2,456	1,217
<b>Deferred tax expense/(credit)</b>					
Origination and reversal of temporary differences		5,423	(26,988)	(1,073)	(208)
Under/(Over) provided in prior years		5,559	(10,648)	–	–
	11	10,982	(37,636)	(1,073)	(208)
		361,661	527,882	1,383	1,009

### 32. INCOME TAX EXPENSE (continued)

#### Reconciliation of income tax expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	567,507	1,042,724	308,050	36,297
Less:				
Share of profits of associates (net of tax)	(7,072)	(64,244)	–	–
Share of profits of joint ventures (net of tax)	(11,316)	(9,862)	–	–
	<u>549,119</u>	<u>968,618</u>	<u>308,050</u>	<u>36,297</u>
Income tax calculated using Malaysia tax rate of 24% (2019: 24%)	131,789	232,468	73,932	8,711
Effect of tax rates in foreign jurisdictions	(44,228)	202,276	(350)	(567)
Effect of reduction in tax rates	–	(44,734)	–	–
Tax exempt income	(118,228)	(84,798)	(94,095)	(26,812)
Tax incentive	(73)	(507)	–	–
Non-deductible expenses	135,392	269,649	22,506	21,052
Recognition of previously unrecognised deferred tax assets	(2,127)	(81,659)	–	–
Deferred tax assets not recognised	264,334	70,457	–	–
Over provided in prior years	(5,198)	(35,270)	(610)	(1,375)
	<u>361,661</u>	<u>527,882</u>	<u>1,383</u>	<u>1,009</u>

### 33. EARNINGS PER SHARE

	Group	
	2020	2019
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)		
Profit after tax and non-controlling interests	288,882	551,476
Perpetual securities distribution	(89,843)	(88,172)
	<u>199,039</u>	<u>463,304</u>
<b>Basic earnings per share</b>		
Weighted average number of shares ('000)	<u>8,775,950</u>	<u>8,772,198</u>
Basic earnings per share (sen)	<u>2.27</u>	<u>5.28</u>

# Notes to the Financial Statements

## 33. 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	
	2020	2019
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,775,950	8,772,198
Weighted average number of unissued ordinary shares from units under LTIP ('000)	3,137	2,431
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	<u>8,779,087</u>	<u>8,774,629</u>
Diluted earnings per share (sen)	<u>2.27</u>	<u>5.28</u>

At 31 December 2020, 46,831,000 outstanding EOS options (2019: 55,851,000) 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 of the Company for the period during which the options were outstanding.

## 34. DIVIDENDS

Dividends recognised by the Company:

	Per ordinary share sen	Total amount RM'000	Date of payment
<b>2020</b>			
First and final single tier cash dividend for financial year ended 31 December 2019	4.0	<u>350,960</u>	30 April 2020
<b>2019</b>			
First and final single tier cash dividend for financial year ended 31 December 2018	3.0	<u>263,220</u>	18 July 2019

The Board of Directors have declared that a first and final single tier cash dividend of 4 sen per ordinary share for the financial year ended 31 December 2020 to be paid on 30 April 2021 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn Bhd and CDP at the close of business on 31 March 2021. The Company shall apply the RM:SGD noon middle rate as disclosed in the Bank Negara Malaysia's website on 31 March 2021 as the basis for computing the dividend quantum to be paid in SGD to the Singapore investors whose Company's shares are traded on SGX-ST.

	Per ordinary share sen	Total amount RM'000
First and final single tier cash dividend for financial year ended 31 December 2020	4.0	<u>351,089*</u>

\* Based on 8,777,219,000 ordinary shares as at 31 December 2020.

## 35. 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
- Greater China
- 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.

## Notes to the Financial Statements

## 35. SEGMENT REPORTING (continued)

2020	Parkway Pantai <sup>(1)</sup>				
	Singapore RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	PPL Others <sup>(2)</sup> RM'000
<b>Revenue and expenses</b>					
Revenue from external customers	3,886,504	2,187,134	2,655,752	662,433	142,069
Inter-segment revenue	107,778	1,000	–	–	102,592
Total segment revenue	3,994,282	2,188,134	2,655,752	662,433	244,661
EBITDA	1,433,058	555,928	200,513	(146,540)	19,767
Depreciation and impairment of property, plant and equipment	(163,318)	(192,296)	(169,968)	(179,848)	(6,657)
Depreciation and impairment of ROU assets	(280,012)	(23,269)	(72,535)	(74,500)	(11,767)
Amortisation and impairment of intangible assets	(2,429)	(709)	(32,544)	(5,341)	–
Foreign exchange differences	(313)	(174)	(3,023)	(1,216)	6,077
Finance income	589	20,215	27,620	54,356	9,829
Finance costs	(22,125)	(3,227)	(139,857)	(130,290)	(34,596)
Share of profits/(losses) of associates (net of tax)	1,639	–	1,564	–	3,941
Share of profits/(losses) of joint ventures (net of tax)	840	–	11,207	(731)	–
Others	35,961	(10,230)	(457,063)	(407)	(7,340)
Profit/(Loss) before tax	1,003,890	346,238	(634,086)	(484,517)	(20,746)
Income tax expense	(142,251)	(97,079)	(43,842)	(7,215)	(17,229)
Profit/(Loss) for the year	861,639	249,159	(677,928)	(491,732)	(37,975)
<b>Assets and liabilities</b>					
Cash and cash equivalents	252,452	674,244	1,979,604	421,345	524,135
Other assets	12,867,764	6,066,746	7,208,493	3,888,852	2,866,810
Segment assets as at 31 December 2020	13,120,216	6,740,990	9,188,097	4,310,197	3,390,945
Loans and borrowings	–	–	994,001	2,894,479	1,401,975
Other liabilities	4,178,228	752,825	2,299,941	967,531	157,015
Segment liabilities as at 31 December 2020	4,178,228	752,825	3,293,942	3,862,010	1,558,990

<sup>1</sup> Parkway Pantai Group, per the corporate structure, comprises the “Parkway Pantai” and “PLife REIT” segments.

<sup>2</sup> “PPL Others” comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai.

<sup>3</sup> “CEE” refers to Central and Eastern Europe.

<sup>4</sup> Others comprises mainly the Group's corporate office as well as other investment holding entities.

Acibadem Holdings CEE <sup>(3)</sup> RM'000	IMU Health Malaysia RM'000	PLife REIT <sup>(1)</sup> RM'000	Others <sup>(4)</sup> RM'000	Eliminations RM'000	Total RM'000
3,462,176	248,703	154,980	4,853	–	13,404,604
–	3,193	212,046	390,332	(816,941)	–
3,462,176	251,896	367,026	395,185	(816,941)	13,404,604
796,057	75,672	308,853	308,932	(675,953)	2,876,287
(212,506)	(11,973)	(23,468)	(289)	–	(960,323)
(100,717)	(4,807)	(12,640)	(18)	201,174	(379,091)
(16,232)	(644)	–	–	–	(57,899)
41	27	274	5,538	–	7,231
184,426	3,345	21	789	(58,335)	242,855
(667,284)	21	(18,457)	(2,011)	70,240	(947,586)
(72)	–	–	–	–	7,072
–	–	–	–	–	11,316
13,188	–	–	193,536	–	(232,355)
(3,099)	61,641	254,583	506,477	(462,874)	567,507
(11,737)	(15,747)	(25,171)	(1,390)	–	(361,661)
(14,836)	45,894	229,412	505,087	(462,874)	205,846
87,129	32,646	69,417	146,834	–	4,187,806
4,888,806	577,544	4,881,019	213,689	(3,113,269)	40,346,454
4,975,935	610,190	4,950,436	360,523	(3,113,269)	44,534,260
1,929,211	13,677	2,427,717	–	–	9,661,060
1,867,258	179,883	402,477	54,807	(3,022,134)	7,837,831
3,796,469	193,560	2,830,194	54,807	(3,022,134)	17,498,891

## Notes to the Financial Statements

## 35. SEGMENT REPORTING (continued)

2019	Parkway Pantai <sup>(1)</sup>				
	Singapore RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	PPL Others <sup>(2)</sup> RM'000
<b>Revenue and expenses</b>					
Revenue from external customers	4,289,778	2,331,064	3,320,868	604,647	198,861
Inter-segment revenue	104,034	1,000	–	–	1,499
Total segment revenue	4,393,812	2,332,064	3,320,868	604,647	200,360
EBITDA	1,546,887	675,215	359,965	(175,461)	35,824
Depreciation and impairment of property, plant and equipment	(159,428)	(181,430)	(167,769)	(157,487)	(6,451)
Depreciation of ROU assets	(290,622)	(21,446)	(32,932)	(72,240)	(7,142)
Amortisation and impairment of intangible assets	(3,644)	(709)	(37,541)	(5,098)	–
Foreign exchange differences	(398)	(223)	13,425	(449)	(9,046)
Finance income	680	24,813	30,492	53,237	50,869
Finance costs	(32,943)	(4,473)	(178,964)	(138,153)	(50,865)
Share of profits of associates (net of tax)	2,938	–	61,306	–	–
Share of profits/(losses) of joint ventures (net of tax)	1,166	–	9,287	(591)	–
Others	(15,993)	–	(198,760)	–	–
Profit/(Loss) before tax	1,048,643	491,747	(141,491)	(496,242)	13,189
Income tax expense	(176,824)	(121,341)	(142,718)	(13,423)	(17,097)
Profit/(Loss) for the year	871,819	370,406	(284,209)	(509,665)	(3,908)
<b>Assets and liabilities</b>					
Cash and cash equivalents	280,853	850,848	2,088,713	505,851	627,357
Other assets	13,138,971	5,008,883	8,022,268	3,826,008	2,847,956
Segment assets as at 31 December 2019	13,419,824	5,859,731	10,110,981	4,331,859	3,475,313
Loans and borrowings	–	–	942,013	2,532,782	998,854
Other liabilities	5,274,818	724,765	2,381,863	910,712	(383,476)
Segment liabilities as at 31 December 2019	5,274,818	724,765	3,323,876	3,443,494	615,378

<sup>1</sup> Parkway Pantai Group, per the corporate structure, comprises the “Parkway Pantai” and “PLife REIT” segments.

<sup>2</sup> “PPL Others” comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai.

<sup>3</sup> “CEE” refers to Central and Eastern Europe.

<sup>4</sup> Others comprises mainly the Group's corporate office as well as other investment holding entities.

Acibadem Holdings CEE <sup>(3)</sup> RM'000	IMU Health Malaysia RM'000	PLife REIT <sup>(1)</sup> RM'000	Others <sup>(4)</sup> RM'000	Eliminations RM'000	Total RM'000
3,764,678	259,048	139,476	4,065	–	14,912,485
–	3,754	208,437	172,255	(490,979)	–
3,764,678	262,802	347,913	176,320	(490,979)	14,912,485
853,497	87,173	294,387	93,591	(453,366)	3,317,712
(239,698)	(11,965)	(29,646)	(631)	–	(954,505)
(101,549)	(4,639)	(5,711)	(990)	201,914	(335,357)
(17,983)	(654)	–	–	–	(65,629)
(5,711)	(2)	(345)	(6,124)	–	(8,873)
7,677	5,069	7,421	13,903	(62,836)	131,325
(555,255)	206	(20,077)	(2,683)	79,607	(903,600)
–	–	–	–	–	64,244
–	–	–	–	–	9,862
2,298	–	–	–	–	(212,455)
(56,724)	75,188	246,029	97,066	(234,681)	1,042,724
(12,836)	(19,245)	(23,389)	(1,009)	–	(527,882)
(69,560)	55,943	222,640	96,057	(234,681)	514,842
104,448	33,492	66,821	156,286	–	4,714,669
5,384,782	539,245	4,713,712	211,203	(3,354,408)	40,338,620
5,489,230	572,737	4,780,533	367,489	(3,354,408)	45,053,289
2,169,227	–	2,261,023	–	–	8,903,899
1,926,890	161,324	371,680	41,253	(3,354,408)	8,055,421
4,096,117	161,324	2,632,703	41,253	(3,354,408)	16,959,320

# Notes to the Financial Statements

## 35. 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 RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	Japan RM'000	CEE RM'000	Other regions RM'000	Others <sup>(1)</sup> RM'000	Elimina- tions RM'000	Total RM'000
<b>2020</b>										
Revenue from external customers	3,886,504	2,435,979	2,655,752	662,433	154,838	3,462,176	142,069	4,853	–	13,404,604
Non-current assets <sup>(2)</sup>	14,274,868	5,971,093	5,705,977	3,715,290	2,362,135	3,881,901	89,040	759	(93,346)	35,907,717
<b>2019</b>										
Revenue from external customers	4,288,281	2,590,310	3,320,868	604,647	139,278	3,764,678	200,358	4,065	–	14,912,485
Non-current assets <sup>(2)</sup>	14,282,790	4,914,750	6,364,837	3,672,494	2,287,467	4,547,711	25,747	649	–	36,096,445

<sup>1</sup> Others include balances relating to corporate offices, which is unallocated.

<sup>2</sup> Non-current assets consist of property, plant and equipment, ROU assets, investment properties, goodwill and intangible assets.

## 36. FINANCIAL INSTRUMENTS

### (i) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost
- (b) Fair value through profit or loss (“FVTPL”)
  - Mandatorily required by MFRS 9
- (c) Fair value through other comprehensive income (“FVOCI”)
  - Equity instrument designated upon initial recognition (“EIDUIR”)
- (d) Derivatives used for hedging

### 36. FINANCIAL INSTRUMENTS (continued)

#### (i) Categories of financial instruments (continued)

2020	Carrying amount RM'000	Amortised Cost RM'000	Mandatorily at FVTPL RM'000	FVOCI – EIDUIR RM'000	Derivatives used for hedging RM'000
<b>Group</b>					
<b>Financial assets</b>					
Other financial assets					
– Unquoted shares	59,714	–	–	59,714	–
– Money market funds	190,915	–	190,915	–	–
– Mutual funds	690	–	690	–	–
– Fixed deposits	234,758	234,758	–	–	–
Trade and other receivables <sup>(1)</sup>	1,900,834	1,900,834	–	–	–
Derivative assets					
– Foreign exchange forward contracts	6,778	–	6,778	–	–
– Cross currency swaps	128,349	–	128,349	–	–
– Cross currency interest rate swaps	3,883	–	–	–	3,883
– Interest rate caps	2,704	–	–	–	2,704
Cash and cash equivalents	4,187,806	4,187,806	–	–	–
	<u>6,716,431</u>	<u>6,323,398</u>	<u>326,732</u>	<u>59,714</u>	<u>6,587</u>
<b>Financial liabilities</b>					
Bank overdrafts	(22,401)	(22,401)	–	–	–
Loans and borrowings	(9,661,060)	(9,661,060)	–	–	–
Trade and other payables <sup>(2)</sup>	(2,678,609)	(2,678,609)	–	–	–
Derivative liabilities					
– Foreign exchange forward contracts	(373)	–	(373)	–	–
– Interest rate swaps	(886)	–	–	–	(886)
– Cross currency interest rate swaps	(6,857)	–	–	–	(6,857)
	<u>(12,370,186)</u>	<u>(12,362,070)</u>	<u>(373)</u>	<u>–</u>	<u>(7,743)</u>
<b>Company</b>					
<b>Financial assets</b>					
Money market funds	190,915	–	190,915	–	–
Trade and other receivables <sup>(1)</sup>	53,243	53,243	–	–	–
Cash and cash equivalents	146,676	146,676	–	–	–
	<u>390,834</u>	<u>199,919</u>	<u>190,915</u>	<u>–</u>	<u>–</u>
<b>Financial liabilities</b>					
Trade and other payables <sup>(2)</sup>	<u>(94,993)</u>	<u>(94,993)</u>	<u>–</u>	<u>–</u>	<u>–</u>

<sup>1</sup> Excludes prepayments

<sup>2</sup> Excludes liabilities on put options granted to non-controlling interests, deposits, rental advance billings and contract liabilities

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (i) Categories of financial instruments (continued)

2019	Carrying amount RM'000	Amortised Cost RM'000	Mandatorily at FVTPL RM'000	FVOCI – EIDUIR RM'000	Derivatives used for hedging RM'000
<b>Group</b>					
<b>Financial assets</b>					
Other financial assets					
– Unquoted shares	30,645	–	–	30,645	–
– Money market funds	186,148	–	186,148	–	–
– Fixed deposits	173,846	173,846	–	–	–
Trade and other receivables <sup>(1)</sup>	2,068,603	2,068,603	–	–	–
Amounts due from a joint venture	19,698	19,698	–	–	–
Derivative assets					
– Foreign exchange forward contracts	7,567	–	7,567	–	–
– Interest rate caps	1,738	–	–	–	1,738
Cash and cash equivalents	4,714,669	4,714,669	–	–	–
	<u>7,202,914</u>	<u>6,976,816</u>	<u>193,715</u>	<u>30,645</u>	<u>1,738</u>
<b>Financial liabilities</b>					
Bank overdrafts	(121,814)	(121,814)	–	–	–
Loans and borrowings	(8,903,899)	(8,903,899)	–	–	–
Trade and other payables <sup>(2)</sup>	(2,803,992)	(2,803,992)	–	–	–
Derivative liabilities					
– Foreign exchange forward contracts	(5,402)	–	(5,402)	–	–
– Interest rate swaps	(985)	–	–	–	(985)
– Cross currency swaps	(30,627)	–	(30,627)	–	–
– Cross currency interest swaps	(9,074)	–	–	–	(9,074)
	<u>(11,875,793)</u>	<u>(11,829,705)</u>	<u>(36,029)</u>	<u>–</u>	<u>(10,059)</u>
<b>Company</b>					
<b>Financial assets</b>					
Money market funds	186,148	–	186,148	–	–
Trade and other receivables <sup>(1)</sup>	50,461	50,461	–	–	–
Cash and cash equivalents	156,169	156,169	–	–	–
	<u>392,778</u>	<u>206,630</u>	<u>186,148</u>	<u>–</u>	<u>–</u>
<b>Financial liabilities</b>					
Trade and other payables <sup>(2)</sup>	<u>(89,355)</u>	<u>(89,355)</u>	<u>–</u>	<u>–</u>	<u>–</u>

<sup>1</sup> Excludes prepayments

<sup>2</sup> Excludes liabilities on put options granted to non-controlling interests, deposits, rental advance billings and contract liabilities

### 36. FINANCIAL INSTRUMENTS *(continued)*

#### (i) Categories of financial instruments *(continued)*

##### Net gains/(losses) arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at amortised cost				
– Recognised in profit or loss	(48,455)	23,298	546	11,400
Financial liabilities at amortised cost				
– Recognised in profit or loss	(779,657)	(682,827)	(1,925)	(2,639)
Financial instruments mandatorily at FVTPL				
– Recognised in profit or loss	174,449	(12,955)	4,767	6,502
Financial assets at FVOCI				
– Recognised in other comprehensive income	–	(9,252)	–	–
Derivatives used for hedging				
– Recognised in profit or loss	(1,766)	(161)	–	–
– Recognised in other comprehensive income	(13,959)	3,340	–	–
	(15,725)	3,179	–	–
	(669,388)	(678,557)	3,388	15,263

#### (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 banks for banking facilities and cross currency swaps granted to subsidiaries.

##### 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 ongoing basis. Credit evaluations are performed on major customers requiring credit over a certain amount. Self-pay customer may be requested to place an initial deposit or obtain a letter of guarantee 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.

There are no significant changes as compared to previous year.

# Notes to the Financial Statements

## 36. 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 exposure to credit risk are represented by the carrying amounts of financial assets in the statements of financial position.

#### *Credit risk concentration profile*

The exposure of credit risk for trade receivables as at the end of the reporting period (by geographical distribution) were as follows:

	Note	Group	
		2020 RM'000	2019 RM'000
Malaysia		309,703	315,173
Singapore		570,559	489,206
India		517,777	559,627
North Asia		53,324	50,339
Middle East		17,497	42,945
South East Asia		27,516	121,570
CEE		515,704	567,595
Others		7,219	17,727
		<u>2,019,299</u>	<u>2,164,182</u>
Impairment losses		(378,313)	(314,311)
	14	<u>1,640,986</u>	<u>1,849,871</u>

At 31 December 2020 and 31 December 2019, the Group has no outstanding trade receivables from significant customers.

#### *Recognition and measurement of impairment losses*

The Group uses a provision matrix to measure the lifetime expected credit loss ("ECL") allowance for trade receivables. In measuring the ECL, 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 and government bodies.

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 ECL 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.

### 36. 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.

Group	Gross carrying amount RM'000	Impairment loss RM'000	Net balance RM'000
<b>2020</b>			
<b>Not credit impaired</b>			
Not past due	867,105	(3,249)	863,856
Past due 1–30 days	335,676	(2,432)	333,244
Past due 31–180 days	293,663	(15,284)	278,379
Past due 181 days – 1 year	63,889	(31,547)	32,342
Past due more than 1 year	347,950	(226,385)	121,565
	<u>1,908,283</u>	<u>(278,897)</u>	<u>1,629,386</u>
<b>Credit impaired</b>			
Individually impaired	111,016	(99,416)	11,600
	<u>2,019,299</u>	<u>(378,313)</u>	<u>1,640,986</u>
<b>2019</b>			
<b>Not credit impaired</b>			
Not past due	781,847	(4,989)	776,858
Past due 1–30 days	334,550	(5,234)	329,316
Past due 31–180 days	437,235	(17,538)	419,697
Past due 181 days – 1 year	172,187	(47,913)	124,274
Past due more than 1 year	265,580	(173,406)	92,174
	<u>1,991,399</u>	<u>(249,080)</u>	<u>1,742,319</u>
<b>Credit impaired</b>			
Individually impaired	172,783	(65,231)	107,552
	<u>2,164,182</u>	<u>(314,311)</u>	<u>1,849,871</u>

The movement in the allowance for impairment in respect of trade receivables during the year are shown below:

	Group RM'000
<b>At 1 January 2019</b>	386,380
Impairment loss	76,044
Written off	(141,632)
Translation differences	(6,481)
<b>Balance at 31 December 2019/1 January 2020</b>	<u>314,311</u>
Acquisitions through business combinations	1,604
Disposal of subsidiaries	(191)
Impairment loss	95,407
Written off	(25,735)
Translation differences	(7,083)
<b>At 31 December 2020</b>	<u><u>378,313</u></u>

# Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS *(continued)*

### (iii) Credit risk *(continued)*

#### 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 their 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.

#### Amounts due from subsidiaries

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to subsidiaries. The Company regularly monitors the ability of the subsidiaries to repay the advances on an individual basis.

##### *Exposure to credit risk, credit quality and collateral*

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.

##### *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 the end of the reporting period, the ECL allowance on these low-credit-risk balances is insignificant.

#### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

The Company provided unsecured financial guarantees to banks in respect of banking facilities and cross currency swaps ("CCS") arrangements granted to certain subsidiaries.

The Company monitors on an ongoing basis the abilities of the borrowing entities to service their loans and CCS obligations on an individual basis.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure of the Company in respect of financial guarantees at 31 December 2020 amounted to RM1,342,214,000 (2019: RM1,570,102,000) representing the outstanding bank loans and CCS obligations of its subsidiaries.

At the end of the reporting period, the Company does not consider it probable that claims will be made against the Company under the financial guarantees. The financial guarantees are not recognised since the fair value on initial recognition was not material.

#### Provision for loan taken by a joint venture

##### *Risk management objectives, policies and processes for managing the risk*

A wholly owned subsidiary, PHL, is a joint sponsor under the Sponsor Support Agreement for the term loan facility granted to KHPL whereby the sponsors are required to provide for any shortfall payable by KHPL in respect of the term loan facility in the event of termination or non-completion of hospital project.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure of the Group in respect of the loan at the reporting date amounted to RM42,021,000 (2019: RM42,104,000) representing the Group's 50% share of bank loans drawn down and interest payable by KHPL (see note 24).

On 5 January 2017, the bank served a notice to KHPL that the hospital project was unlikely to be completed. In view that KHPL is unlikely to be able to repay the loan, the Group made a provision for its 50% share of the amounts KHPL owed the bank.

### 36. FINANCIAL INSTRUMENTS (continued)

#### (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 various payables and loans and borrowings.

#### Maturity analysis

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and bank facilities 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The following table provides the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period. The amounts are gross and undiscounted, 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
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Bank overdrafts	22,401	22,401	22,401	–	–
Loans and borrowings	9,661,060	10,431,109	1,171,158	6,422,507	2,837,444
Lease liabilities	1,945,310	3,351,160	400,319	1,226,959	1,723,882
Trade and other payables*	3,816,267	3,816,267	3,653,624	2,256	160,387
	<u>15,445,038</u>	<u>17,620,937</u>	<u>5,247,502</u>	<u>7,651,722</u>	<u>4,721,713</u>
<b>Derivative financial instruments</b>					
Foreign exchange forward contracts (gross-settled)	(6,405)				
– inflows		(259,501)	(99,663)	(159,838)	–
– outflows		252,108	96,961	155,147	–
Cross currency interest rate swaps (gross-settled)	2,974				
– inflows		(406,679)	(153,946)	(252,733)	–
– outflows		409,724	154,819	254,905	–
Cross currency swaps (gross-settled)	(128,349)				
– inflows		(1,183,004)	(246,908)	(936,096)	–
– outflows		1,311,353	333,208	978,145	–
Interest rate swaps (net-settled)	886	907	346	561	–
Interest rate caps (net-settled)	(2,704)	–	–	–	–
	<u>(133,598)</u>	<u>124,908</u>	<u>84,817</u>	<u>40,091</u>	<u>–</u>
	<u>15,311,440</u>	<u>17,745,845</u>	<u>5,332,319</u>	<u>7,691,813</u>	<u>4,721,713</u>

\* Excludes deposits, rental advance billings and contract liabilities

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (iv) Liquidity risk (continued)

## Maturity analysis (continued)

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
<b>2019</b>					
<b>Non-derivative financial liabilities</b>					
Bank overdrafts	121,814	121,814	121,814	–	–
Loans and borrowings	8,903,899	9,677,164	919,740	7,879,318	878,106
Lease liabilities	2,073,933	3,684,471	385,758	1,193,572	2,105,141
Trade and other payables*	3,837,557	3,837,557	3,649,059	27,684	160,814
	<u>14,937,203</u>	<u>17,321,006</u>	<u>5,076,371</u>	<u>9,100,574</u>	<u>3,144,061</u>
<b>Derivative financial instruments</b>					
Foreign exchange forward contracts (gross-settled)	(2,165)				
– inflows		(327,542)	(145,825)	(181,717)	–
– outflows		362,194	186,041	176,153	–
Cross currency interest rate swaps (gross-settled)	9,074				
– inflows		(596)	(504)	(92)	–
– outflows		9,920	8,411	1,509	–
Cross currency swaps (gross-settled)	30,627				
– inflows		(309,528)	–	(309,528)	–
– outflows		396,087	–	396,087	–
Interest rate swaps (net-settled)	985	1,012	376	636	–
Interest rate caps (net-settled)	(1,738)	–	–	–	–
	<u>36,783</u>	<u>131,547</u>	<u>48,499</u>	<u>83,048</u>	<u>–</u>
	<u>14,973,986</u>	<u>17,452,553</u>	<u>5,124,870</u>	<u>9,183,622</u>	<u>3,144,061</u>

\* Excludes deposits, rental advance billings and contract liabilities

### 36. 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
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	253	254	254	–	–
Trade and other payables <sup>#</sup>	94,993	94,993	94,993	–	–
	<u>95,246</u>	<u>95,247</u>	<u>95,247</u>	<u>–</u>	<u>–</u>
<b>2019</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	1,252	1,272	1,018	254	–
Trade and other payables <sup>#</sup>	89,355	89,355	89,355	–	–
	<u>90,607</u>	<u>90,627</u>	<u>90,373</u>	<u>254</u>	<u>–</u>

<sup>#</sup> 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

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, India Rupee and Chinese Renminbi.

##### *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 investments 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 and cross currency swaps to realign borrowings to the same currency of the Group's foreign investments to achieve a natural hedge (see note 36(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, cross currency swaps and cross currency interest rate swaps are disclosed in note 25.

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (v) Market risk (continued)

## (a) Foreign currency risk (continued)

## Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period 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
<b>2020</b>							
<b>Carrying value</b>							
Trade and other receivables	–	20,631	925	–	23,220	–	283
Intra-group receivables	50,477	3,966	–	–	6,751	1,024	136
Cash and cash equivalents	35,873	24,470	3,311	1,864	–	7,366	397
Loans and borrowings	–	(653)	(1,244,247)	–	–	–	(631)
Trade and other payables	(102)	(83,524)	(6,169)	(1,170)	–	(6,229)	(1,812)
Intra-group payables	(91,017)	(390)	–	–	–	(1,531)	(31,618)
Liabilities on put options granted to non-controlling interests	–	–	(170,969)	–	(175,487)	–	–
	(4,769)	(35,500)	(1,417,149)	694	(145,516)	630	(33,245)
<b>Off balance sheet net derivative assets/liabilities</b>							
Foreign exchange forward contracts	–	3,235	3,531	(247,408)	–	–	–
Cross currency swaps	–	–	885,606	–	–	–	–
	(4,769)	(32,265)	(528,012)	(246,714)	(145,516)	630	(33,245)
<b>2019</b>							
<b>Carrying value</b>							
Trade and other receivables	–	4,437	2,061	–	22,243	–	307
Intra-group receivables	44,428	1,473	–	–	8,961	296	34
Cash and cash equivalents	12,471	40,432	17,616	587	–	215,885	102,185
Loans and borrowings	–	(654)	(1,323,621)	–	–	–	(632)
Trade and other payables	(4,714)	(96,992)	(5,092)	(1,797)	(109)	(5,915)	(1,610)
Intra-group payables	(79,519)	(2,020)	–	–	(6)	(1,228)	(38,978)
Liabilities on put options granted to non-controlling interests	–	–	(150,072)	–	(199,576)	–	–
	(27,334)	(53,324)	(1,459,108)	(1,210)	(168,487)	209,038	61,306
<b>Off balance sheet net derivative assets/liabilities</b>							
Foreign exchange forward contracts	–	2,666	42,201	(257,415)	–	–	–
Cross currency swaps	–	–	303,074	–	–	–	–
	(27,334)	(50,658)	(1,113,833)	(258,625)	(168,487)	209,038	61,306

\* Others include mainly British Pound, Hong Kong Dollar, Malaysian Ringgit, Swiss Franc, Australian Dollar and Bangladeshi Taka.

### 36. 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	Australian Dollar RM'000
<b>2020</b>				
Trade and other receivables	35,989	–	3	–
Cash and cash equivalents	29,782	–	14,172	–
Trade and other payables	–	(3,012)	(276)	(95)
	<u>65,771</u>	<u>(3,012)</u>	<u>13,899</u>	<u>(95)</u>
<b>2019</b>				
Trade and other receivables	29,955	–	226	–
Cash and cash equivalents	25	–	9,743	–
Trade and other payables	(50)	(17,330)	–	–
	<u>29,930</u>	<u>(17,330)</u>	<u>9,969</u>	<u>–</u>

###### Sensitivity analysis

A 10% (2019: 10%) strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the reporting period 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.

Group	2020		2019	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Singapore Dollar	–	(477)	–	(2,733)
United States Dollar	–	(3,227)	–	(5,066)
Euro	(17,097)	(35,704)	(15,007)	(96,376)
Japanese Yen	–	(24,671)	–	(25,863)
India Rupee	(17,549)	2,997	(19,958)	3,109
Chinese Renminbi	–	63	–	20,904
Others*	–	(3,324)	–	6,131
	<u>(34,646)</u>	<u>(64,343)</u>	<u>(34,965)</u>	<u>(99,894)</u>

\* Others include mainly British Pound, Malaysian Ringgit, Swiss Franc, Australian Dollar, and Bangladeshi Taka.

# Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS *(continued)*

### (v) Market risk *(continued)*

#### (a) Foreign currency risk *(continued)*

##### *Sensitivity analysis (continued)*

Company	2020		2019	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Singapore Dollar	–	6,577	–	2,993
Malaysian Ringgit	–	(301)	–	(1,733)
United States Dollar	–	1,390	–	997
Australian Dollar	–	(10)	–	–
	–	7,656	–	2,257

A 10% (2019: 10%) weakening of the above currencies against the respective functional currencies of the Group entities at the end of the reporting period 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 values while the variable-rate financial assets and loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. 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, cross currency interest rate swaps and interest rate caps 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, cross currency interest rate swaps and interest rate caps are disclosed in note 25.

### 36. 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 reporting period are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Fixed rate instruments</b>				
Fixed deposits	3,020,122	3,101,429	97,000	–
Amounts due to a subsidiary	–	–	(81,571)	(79,427)
Bank loans	(61,398)	(120,256)	–	–
Fixed rate medium term notes	(462,925)	(446,430)	–	–
Loans from corporates	(4,573)	(6,846)	–	–
<b>Variable rate instruments</b>				
Bank overdrafts	(22,401)	(121,814)	–	–
Bank loans	(8,208,448)	(7,420,045)	–	–
Loans from corporates	(923,716)	(910,322)	–	–
Provision for loan taken by a joint venture	(42,021)	(42,104)	–	–
Interest rate caps	2,704	1,738	–	–
Interest rate swaps	(886)	(985)	–	–
Cross currency interest rate swaps	(2,974)	(9,074)	–	–

###### *Sensitivity analysis*

###### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## Notes to the Financial Statements

**36. FINANCIAL INSTRUMENTS** (continued)

## (v) Market risk (continued)

## (b) Interest rate risk (continued)

*Sensitivity analysis (continued)**Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would increase/(decrease) amounts charged or credited to profit or loss and 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
<b>Group</b>				
<b>2020</b>				
Interest rate caps	26,394	(308)	4,968	–
Interest rate swaps	4,322	(1,026)	3,168	(3,168)
Cross currency interest rate swaps	12,509	(13,118)	4,017	(4,017)
Other variable rate instruments	–	–	(92,179)	92,179
	<u>43,225</u>	<u>(14,452)</u>	<u>(80,026)</u>	<u>84,994</u>
<b>2019</b>				
Interest rate caps	16,288	(828)	2,848	–
Interest rate swaps	7,638	(1,821)	6,007	(6,007)
Cross currency interest rate swaps	3,935	(4,009)	3,825	(3,825)
Other variable rate instruments	–	–	(83,875)	83,875
	<u>27,861</u>	<u>(6,658)</u>	<u>(71,195)</u>	<u>74,043</u>

## (vi) Hedging activities

*Interest rate caps*

As part of the Group's effort in managing its exposure to interest rate movement on its floating rate loans, the Group also entered into interest rate caps during the year. As at 31 December 2020, the Group had interest rate caps with a notional principal of RM925,428,000 (2019: RM444,042,000).

These instruments are designated as hedging instruments. As at 31 December 2020, the change of time value of the interest rate caps of RM234,000 gain (2019: RM914,000 gain) was recognised in the cost of hedging reserve. There was no intrinsic value recognised in the hedge reserve during the year.

*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 2020, the Group has interest rate swaps with a total notional amount of RM318,602,000 (2019: RM600,687,000) to provide fixed rate funding up to 2024 (2019: up to 2024) at a weighted average effective interest rate of 0.13% (2019: 0.20%) per annum.

### 36. FINANCIAL INSTRUMENTS (continued)

#### (vi) Hedging activities (continued)

##### Cash flow hedge (continued)

Also, the Group has cross currency interest rate swaps (“CCIRS”) with notional amount of RM404,029,000 (2019: RM382,487,000) as at 31 December 2020 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 2020, 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 of RM7,995,000 loss (2019: RM511,000 loss) and RM6,329,000 loss (2019: RM1,450,000 gain) were recognised in the hedge reserve and FCTR respectively.

During the year, where hedge accounting was discontinued, not practised or ineffective, the changes in fair value of interest rate swaps amounting to RM144,000 gain (2019: RM1,326,000 gain) 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 RM131,000 loss (2019: RM1,487,000 loss) were reclassified to profit or loss. Changes in fair value of CCIRS of RM1,779,000 loss (2019: Nil) were also recognised in profit or loss.

At 31 December 2020, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Maturity			
	2020 Within 1 year	2020 More than 1 year	2019 Within 1 year	2019 More than 1 year
<b>Interest rate risk</b>				
<b>Cross currency interest rate swaps</b>				
Net exposure (RM'000)	153,186	250,843	229,722	152,765
Average fixed interest rate	0.54%	0.36%	0.89%	0.54%
<b>Interest rate swaps</b>				
Net exposure (RM'000)	145,919	172,683	293,379	307,308
Average fixed interest rate	0.10%	0.16%	0.27%	0.13%
<b>Interest rate caps</b>				
Net exposure (RM'000)	–	925,428	–	444,042
Average fixed interest rate	–	0.25%	–	0.25%

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (vi) Hedging activities (continued)

## Cash flow hedge (continued)

The amounts at 31 December relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness RM'000	Hedge reserve RM'000	Cost of hedging reserve RM'000	Balances remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
<b>Interest rate risk</b>				
<b>2020</b>				
Variable-rate instruments	–	(3,857)	408	–
<b>2019</b>				
Variable-rate instruments	–	(1,059)	325	(46)

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income (“OCI”) items resulting from cash flow hedge accounting:

	2020 Cost of hedging reserve RM'000	2020 Hedge reserve RM'000	2019 Cost of hedging reserve RM'000	2019 Hedge reserve RM'000
<b>Cash flow hedge</b>				
<b>At 1 January</b>	325	15,251	–	16,715
Changes in fair value	234	(7,995)	914	(511)
Hedge ineffectiveness recognised in profit or loss	–	131	–	1,487
	234	(7,864)	914	976
OCI attributed to NCI	(151)	5,066	(589)	(629)
Changes in ownership interest in subsidiaries with no change in control	–	1	–	1
Transfer from hedge reserves to revenue reserves	–	–	–	(1,812)
<b>At 31 December</b>	<b>408</b>	<b>12,454</b>	<b>325</b>	<b>15,251</b>

### 36. FINANCIAL INSTRUMENTS (continued)

#### (vi) Hedging activities (continued)

##### Cash flow hedge (continued)

The amounts relating to items designated as hedging instruments were as follows:

Interest rate risk	Nominal amount RM'000	Carrying amount		Line item in the statement of financial position where		Changes in the value of the hedging instrument recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Cost of hedging recognised in OCI RM'000	Line item in profit or loss that includes hedge ineffectiveness
		Assets RM'000	Liabilities RM'000	the hedging instrument is included	the hedged item is included				
<b>2020</b>									
Cross currency interest rate swaps	404,029	3,883	(6,857)	Financial derivatives	Loans and borrowings	(7,951)	(1,779)	–	Finance cost
Interest rate swaps	318,602	–	(886)	Financial derivatives	Loans and borrowings	(44)	(131)	–	Finance cost
Interest rate caps	925,428	2,704	–	Financial derivatives	Loans and borrowings	–	–	234	Not applicable
						<u>(7,995)</u>	<u>(1,910)</u>	<u>234</u>	
<b>2019</b>									
Cross currency interest rate swaps	382,487	–	(9,074)	Financial derivatives	Loans and borrowings	(1,293)	–	–	Not applicable
Interest rate swaps	600,687	–	(985)	Financial derivatives	Loans and borrowings	782	(1,487)	–	Finance income
Interest rate caps	444,042	1,738	–	Financial derivatives	Loans and borrowings	–	–	914	Not applicable
						<u>(511)</u>	<u>(1,487)</u>	<u>914</u>	

##### Hedge of net investments in foreign operations

The Group's Japanese Yen ("JPY") denominated unsecured bank loans were designated as a natural hedge of the Group's net investments in Japan. In 2014, the Group refinanced a JPY denominated loan with a Singapore Dollar ("SGD") denominated loan which was overlaid with a cross currency interest rate swaps to realign this SGD borrowing into an effective JPY loan to maintain a natural hedge for its net investments in Japan.

The amounts related to items designated as hedging instruments were as follows:

Foreign currency risk	Nominal amount RM'000	Carrying amount		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 RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Line item in profit or loss that includes hedge ineffectiveness
		Assets RM'000	Liabilities RM'000				
<b>2020</b>							
Foreign currency denominated loans and borrowings	2,193,817	–	(2,186,912)	Loans and borrowings	(59,976)	–	Not applicable
<b>2019</b>							
Foreign currency denominated loans and borrowings	2,033,425	–	(2,024,198)	Loans and borrowings	1,477	–	Not applicable

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (vi) Hedging activities (continued)

## Hedge of net investments in foreign operations (continued)

The amounts related to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness RM'000	Foreign currency translation reserve RM'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied RM'000
<b>2020</b>			
Net investment in SPEs with JPY functional currency	60,062	(12,274)	–
<b>2019</b>			
Net investment in SPEs with JPY functional currency	(5,122)	(16,221)	–

## (vii) Fair value information

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						
Group	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
<b>2020</b>						
<b>Financial assets</b>						
Unquoted shares at FVOCI	10	–	–	59,714	59,714	59,714
Money market funds at FVTPL	10	–	190,915	–	190,915	190,915
Mutual funds at FVTPL	10	–	690	–	690	690
Foreign exchange forward contracts	25	–	6,778	–	6,778	6,778
Cross currency swaps	25	–	128,349	–	128,349	128,349
Cross currency interest rate swaps	25	–	3,883	–	3,883	3,883
Interest rate caps	25	–	2,704	–	2,704	2,704
		–	333,319	59,714	393,033	393,033
<b>Financial liabilities</b>						
Liabilities on put options granted to NCI	24	–	–	(1,137,658)	(1,137,658)	(1,137,658)
Foreign exchange forward contracts	25	–	(373)	–	(373)	(373)
Interest rate swaps	25	–	(886)	–	(886)	(886)
Cross currency interest rate swaps	25	–	(6,857)	–	(6,857)	(6,857)
		–	(8,116)	(1,137,658)	(1,145,774)	(1,145,774)

### 36. FINANCIAL INSTRUMENTS (continued)

#### (vii) Fair value information (continued)

Group	Note	Fair value of financial instruments carried at fair value				Carrying amount
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
<b>2019</b>						
<b>Financial assets</b>						
Unquoted shares at FVOCI	10	–	–	30,645	30,645	30,645
Money market funds at FVTPL	10	–	186,148	–	186,148	186,148
Foreign exchange forward contracts	25	–	7,567	–	7,567	7,567
Interest rate caps	25	–	1,738	–	1,738	1,738
		–	195,453	30,645	226,098	226,098
<b>Financial liabilities</b>						
Liabilities on put options granted to NCI	24	–	–	(1,033,565)	(1,033,565)	(1,033,565)
Interest rate swaps	25	–	(985)	–	(985)	(985)
Foreign exchange forward contracts	25	–	(5,402)	–	(5,402)	(5,402)
Cross currency interest rate swaps	25	–	(9,074)	–	(9,074)	(9,074)
Cross currency swaps	25	–	(30,627)	–	(30,627)	(30,627)
		–	(46,088)	(1,033,565)	(1,079,653)	(1,079,653)
<b>Company</b>						
<b>2020</b>						
<b>Financial assets</b>						
Money market funds at FVTPL	10	–	190,915	–	190,915	190,915
<b>2019</b>						
<b>Financial assets</b>						
Money market funds at FVTPL	10	–	186,148	–	186,148	186,148

# Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

### (vii) Fair value information (continued)

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices 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 swaps, cross currency interest rate swaps, interest rate swaps, interest rate caps, money market funds and mutual funds are based on banker quotes.

#### Transfer between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year (2019: 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	Unquoted shares at FVOCI RM'000	Liabilities on put options granted to NCI RM'000
<b>At 1 January 2019</b>	(4,861)	3,756	11,334	(1,309,445)
Purchase of equity investments	–	–	30,343	–
Change in fair value to equity	–	–	(9,252)	244,486
Change in fair value to profit and loss	4,766	11,348	–	–
Disposal	–	(15,104)	(1,969)	–
Translation differences	95	–	189	31,394
<b>At 31 December 2019/1 January 2020</b>	–	–	30,645	(1,033,565)
Purchase of equity investments	–	–	28,539	–
Change in fair value to equity	–	–	–	(160,208)
Translation differences	–	–	530	56,115
<b>At 31 December 2020</b>	–	–	59,714	(1,137,658)

### 36. 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
<b>Group</b>			
Interest rate swaps, foreign exchange forward contracts, cross currency swaps, cross currency interest rate swaps and interest rate caps	<i>Market comparison technique:</i> 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	<i>Black Scholes model</i>	<ul style="list-style-type: none"> <li>Risk-adjusted discount rate at 3.2% to 3.9% (2019: 5.2%)</li> <li>Dividend yield at nil% (2019: nil%)</li> <li>Volatility at 46.5% to 47.6% (2019: 36.0%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if the risk-adjusted discount rates were lower/(higher).</p> <p>The estimated fair value would increase/(decrease) if the dividend yield were lower/(higher).</p> <p>The estimated fair value would increase/(decrease) if volatility were higher/(lower).</p>
Liabilities on put options granted to non-controlling interests	<i>Discounted cash flows:</i> 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 liabilities on put options granted to non-controlling interests, the expected payment is then discounted using a risk-adjusted discount rate.	Risk-adjusted discount rates at 8.3% to 15.0% (2019: 8.3% to 15.5%)	The estimated fair value would increase/(decrease) if the risk-adjusted discount rates were lower/(higher).

# Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

### (vii) Fair value information (continued)

#### Valuation techniques and significant unobservable inputs (continued)

##### (a) Financial instruments measured at fair value (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Group</b>			
Equity investments – at FVOCI	<i>Market approach:</i> The fair values are computed by taking into consideration comparable companies of the equity investments, market multiples, financial information of the equity investments, enterprise to equity value and a discount/premium applied in the valuation.	Not applicable	Not applicable

##### (b) Financial instruments not carried at fair value

Type	Valuation technique
<b>Group</b>	
Unsecured fixed rate medium term notes	<i>Market comparison:</i> The fair value is estimated considering recent quoted prices in markets that are not active.
Loans and borrowings	<i>Discounted cash flows:</i> Based on the current market rate of borrowing of the respective Group entities at the reporting date.

## 37. 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.

	Note	Group	
		2020 RM'000	2019 RM'000
Loans and borrowings	20	9,661,060	8,903,899
Bank overdrafts		22,401	121,814
Lease liabilities		1,945,310	2,073,933
Less: Cash and cash equivalents	15	(4,187,806)	(4,714,669)
Net debt		<u>7,440,965</u>	<u>6,384,977</u>
Total equity		<u>27,035,369</u>	<u>28,093,969</u>
Debt-to-equity ratio		<u>0.28</u>	<u>0.23</u>

There were no changes in the Group's approach to capital management during the financial year.

Except as disclosed in note 20, the Group complies with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

### 38. CAPITAL AND OTHER COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
<b>(a) Capital expenditure commitments</b>		
<i>Property, plant and equipment and investment properties</i>		
– Contracted but not provided for	631,682	710,362
<b>(b) Joint venture</b>		
Share of capital commitment of joint venture	184	5,228
<b>(c) Other commitments</b>		
Maximum amount committed for Fortis Open Offer <sup>1</sup>	1,890,215	1,941,302
Maximum amount committed for Malar Open Offer <sup>1</sup>	16,020	16,453
	<u>1,906,235</u>	<u>1,957,755</u>

<sup>1</sup> The actual number of Fortis shares and the actual number of Fortis Malar Hospitals Limited shares that Northern TK Venture Pte. Ltd. (“NTK”) will be acquiring can only be determined at the end of the Fortis Open Offer and Malar Open Offer respectively.

On 13 November 2018, IHH acquired 31.17% equity interest in Fortis through a preferential allotment by Fortis to an indirect wholly owned subsidiary of the Company, NTK. As a consequence of the preferential allotment by Fortis, NTK is required to carry out the following:

- (i) a mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of INR10 each in Fortis, representing additional 26% of the Expanded Voting Share Capital of Fortis, at a price of not less than INR170 per share (“Fortis Open Offer”) or such higher price as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (ii) in light of the acquisition of the controlling stake of Fortis, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each in Malar, representing 26% of the paid-up equity shares of Malar at a price of INR58 per share (“Malar Open Offer”). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

In light of the 14 December 2018 status quo Order, and the 15 November 2019 Judgment mentioned in note 47, the Fortis Open Offer as well as the Malar Open Offer (which is subject to the completion of the Fortis Open Offer) will not proceed for the time being.

# Notes to the Financial Statements

## 39. RELATED PARTIES

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Company.

The Group has related party relationships with its substantial shareholders, associates, joint ventures and key management personnel. The Company also has related party relationships with its subsidiaries.

### Related party transactions

Related party transactions are entered into in the normal course of business and have been established under negotiated terms. From time to time, 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.

Other than disclosed elsewhere in the financial statements, transactions carried out on terms agreed with related parties are as follows:

	Group	
	2020 RM'000	2019 RM'000
<i>With substantial shareholders and their related parties</i>		
Sales and provision of services	415	688
Purchases and consumption of services	(32)	-
Acquisition of 100% equity interest in Prince Court Medical Centre Sdn Bhd	1,020,000	-
<i>With associates and joint ventures</i>		
Sales and provision of services	7,974	14,467
Rental income	3,340	1,620
Purchases and consumption of services	(10,538)	(17,617)
<i>With key management personnel and their related parties</i>		
Sales and provision of services	7,715	4,564
Purchases and consumption of services	(51,372)	(63,081)
<i>Company</i>		
	2020 RM'000	2019 RM'000
<i>With subsidiaries</i>		
Share-based payment transactions	16,800	35,599
Rental expense	(2,252)	(2,201)

### 39. RELATED PARTIES (continued)

#### Related party transactions (continued)

Except as disclosed in notes 14 and 24, significant related party balances related to the above transactions are as follows:

	Group	
	2020 RM'000	2019 RM'000
<b>Trade and other receivables</b>		
Substantial shareholders and their related parties	35	74
Key management personnel and their related parties	337	1,957
	<u>372</u>	<u>2,031</u>
<b>Trade and other payables</b>		
Substantial shareholders and their related parties	–	(4,079)
Key management personnel and their related parties	(2,627)	(4,076)
	<u>(2,627)</u>	<u>(8,155)</u>

### 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS

#### Acquisitions of subsidiaries and business in 2020

- (a) On 1 April 2020, SRL Limited acquired the business of Dr. S.P. Singh's Path Lab ("Path Lab"), a proprietorship firm, for a total consideration of INR10.5 million (equivalent to RM594,000).
- (b) On 1 September 2020, Pantai Holdings Sdn Bhd completed the acquisition of the entire issued share capital of Prince Court Medical Centre Sdn Bhd ("PCMC") comprising 100,000,000 ordinary shares and 35,176 redeemable preference shares in PCMC, representing a 100% equity interest therein, for a cash consideration of RM1,020.0 million.
- (c) On 27 October 2020, Acibadem City Clinic EAD acquired 100% equity interest in Acibadem City Clinic Mladost EOOD ("Mladost") for a total consideration of EUR20.0 million (equivalent to RM97.9 million).
- (d) On 30 December 2020, Acibadem Teknoloji A.S. ("Acibadem Teknoloji") acquired 100% equity interest in Tenay Yazılım A.Ş. ("Tenay") pursuant to a merger and acquisition agreement for a total consideration of USD850,000 and TL178,000 (equivalent to RM3,498,000). All assets and liabilities of Tenay were transferred to Acibadem Teknoloji as a result of the merger and Tenay was subsequently dissolved.

# Notes to the Financial Statements

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

### Acquisitions of subsidiaries and business in 2020 (continued)

#### Fair value of consideration transferred

The following summarises fair value of each major class of consideration transferred or payable at the acquisition date:

	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Cash and cash equivalents	594	1,020,000	97,949	3,498	1,122,041

#### 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	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Property, plant and equipment	3	56	418,579	97,949	342	516,926
ROU assets	4	–	418,000	–	–	418,000
Intangible assets	6	–	52,200	–	1,722	53,922
Other financial assets		–	–	–	680	680
Inventories		–	10,783	–	–	10,783
Trade and other receivables		–	31,734	–	497	32,231
Cash and cash equivalents		–	68,089	–	376	68,465
Lease liabilities		–	(10,815)	–	–	(10,815)
Trade and other payables		–	(46,236)	–	(119)	(46,355)
Deferred tax liabilities	11	–	(49,391)	–	–	(49,391)
Tax payable		–	(101)	–	–	(101)
Net identifiable assets acquired		56	892,842	97,949	3,498	994,345

#### Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired in relation to the acquisition of PCMC were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> 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.
Intangible assets	<i>Cost technique, relief-from-royalty method and multi period excess earnings method:</i> The cost technique considers the opportunity cost in the process of obtaining final approval of the hospital license. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. The multi period excess earnings method considers the forecasted revenues of the intangibles after taking into consideration the impact of the lifespan and competition of the intangibles on the revenue generated.

#### 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

##### Acquisitions of subsidiaries and business in 2020 (continued)

##### Net cash outflow arising from acquisitions of subsidiaries

	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Purchase consideration settled in cash and cash equivalents	594	1,020,000	97,949	3,498	1,122,041
Less: Cash and cash equivalents acquired	–	(68,089)	–	(376)	(68,465)
	<u>594</u>	<u>951,911</u>	<u>97,949</u>	<u>3,122</u>	<u>1,053,576</u>

##### Goodwill

	Note	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Fair value of consideration transferred		594	1,020,000	97,949	3,498	1,122,041
Fair value of net identified assets acquired		(56)	(892,842)	(97,949)	(3,498)	(994,345)
Goodwill	6	<u>538</u>	<u>127,158</u>	<u>–</u>	<u>–</u>	<u>127,696</u>

Goodwill on PCMC is mainly attributed to its earning capacity with 277 beds. The hospital is expected to complement the Group's cluster strategy of having specialised tertiary hospitals in Kuala Lumpur, Malaysia. PCMC offers a wide range of medical, surgical and hospital services including burns management, oncology, gastroenterology, interventional cardiology, nephrology, orthopaedics, rehabilitation medicine, in vitro fertilisation and occupational health. The Group can effectively leverage on the combined clinical excellence and expertise to deliver optimised, comprehensive care to both local and foreign patients.

##### Acquisition-related costs

The Group incurred acquisition-related costs of RM6,323,000 and RM2,751,000 during the year and in the prior year respectively for PCMC. The acquisition-related cost pertains to external legal fees, due diligence costs, valuation cost, stamp duty costs and other professional and accounting fees. The acquisition-related costs have been included in other operating expenses in the statement of profit or loss and other comprehensive income.

##### Post-acquisition contributions to the Group

For the four months ended 31 December 2020, PCMC contributed revenue of RM83,824,000 and profit of RM1,900,000 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue would have been RM13,557,936,000 and consolidated profit for the year would have been RM202,944,000.

# Notes to the Financial Statements

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS *(continued)*

### *Disposal of subsidiaries in 2020*

- (a) On 19 March 2020, Acibadem Sağlık Hizmetleri ve Ticaret A.S. (“ASH”) disposed 70% equity interest in Famicord Acibadem Kordon Kani Sağlık Hizmetleri Anonim Şirketi (“Famicord”) at a total consideration of EUR2.8 million (equivalent to RM13.4 million). Consequential thereto, ASH’s interest in Famicord decreased from 100.0% to 30.0% and Famicord ceased to be a subsidiary but remains an associate of the Group.
- (b) On 5 June 2020, M&P Investments Pte Ltd disposed its 60% equity interest in ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited. Post the disposal, ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited ceased to be a subsidiary of the Group. There is no financial effect on the disposal.
- (c) On 31 October 2020, PHL disposed 9% equity interest in Gleneagles JPMC Sdn Bhd (“GJPMC”) at a total consideration of BND3.3 million (equivalent to RM10.1 million). Consequential thereto, PHL’s equity interest in GJPMC decreased from 49% to 40% and GJPMC ceased to be a subsidiary but remains an associate of the Group.

The effects of the above disposals are as follows:

	Note	Famicord RM'000	GJPMC RM'000	Total RM'000
Property, plant and equipment	3	–	14,337	14,337
ROU assets	4	–	951	951
Deferred tax assets	11	–	199	199
Inventories		–	2,288	2,288
Trade and other receivables		–	78,719	78,719
Cash and cash equivalents		–	75,489	75,489
Assets classified as held for sale		1,456	–	1,456
Lease liabilities		–	(984)	(984)
Trade and other payables		–	(33,265)	(33,265)
Deferred tax liabilities	11	–	(1,950)	(1,950)
Tax payable		–	(8,098)	(8,098)
Liabilities classified as held for sale		(1,194)	–	(1,194)
Non-controlling interests		–	(65,120)	(65,120)
Net identifiable assets disposed		262	62,566	62,828
Remaining interests measured at fair value		(82)	(45,083)	(45,165)
Gain/(Loss) on disposal of subsidiaries	29	13,188	(7,339)	5,849
Cash consideration		13,368	10,144	23,512
Less: cash and cash equivalents disposed		–	(75,489)	(75,489)
Net cash inflow/(outflow) from disposal of subsidiaries		13,368	(65,345)	(51,977)

### *Acquisitions of subsidiaries in 2019*

On 15 January 2019, Fortis acquired 100% equity interest and other securities of the following entities (collectively known as “Subs of FGHI”) from Fortis Global Healthcare Infrastructure Pte Ltd (“FGHI”), a wholly owned subsidiary of RHT Healthcare Trust (“RHT”), for a total cash consideration of INR36,033.0 million (equivalent to RM2,097.7 million). The following are the subsidiaries of FGHI:

- (i) International Hospital Limited (“IHL”);
- (ii) Fortis Health Management Limited;
- (iii) Escorts Heart and Super Speciality Hospital Limited; and
- (iv) Hospitalia Eastern Private Limited.

#### 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

##### Acquisitions of subsidiaries in 2019 (continued)

Post completion of the acquisition, these entities became direct or indirect wholly owned subsidiaries of Fortis and thus became indirect subsidiaries of the Group.

The Subs of FGHI provide medical and clinical establishment services to Fortis. As such, the acquisition is expected to save significant clinical establishment fees that Fortis pays and provide Fortis full control over all the hospitals, enabling direct and more focused management of the business.

##### Fair value of consideration transferred

The following summarises fair value of each major class of consideration transferred or payable at the acquisition date:

	Subs of FGHI RM'000
Cash and cash equivalents	<u>2,097,711</u>

##### 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	Subs of FGHI RM'000
Property, plant and equipment	3	1,081,418
ROU assets	4	232,954
Intangible assets	6	23
Inventories		319
Tax recoverable		76,904
Trade and other receivables		251,458
Other financial assets		47,385
Cash and cash equivalents		5,540
Trade and other payables		(310,696)
Employee benefits		(1,975)
Lease liabilities		(10,828)
Loans and borrowings		(288,231)
Deferred tax liabilities	11	(34,872)
Net identifiable assets acquired		<u>1,049,399</u>

##### Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired in relation to the acquisitions of Subs from FGHI were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> 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.

# Notes to the Financial Statements

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS *(continued)*

### *Acquisitions of subsidiaries in 2019 (continued)*

#### Net cash outflow arising from acquisitions of subsidiaries

	Subs of FGHI RM'000
Purchase consideration settled in cash and cash equivalents	2,097,711
Less: Cash and cash equivalents acquired	<u>(5,540)</u>
	<u>2,092,171</u>

#### Goodwill

	Note	Subs of FGHI RM'000
Fair value of consideration transferred		2,097,711
Fair value of net identified assets acquired		<u>(1,049,399)</u>
Goodwill	6	<u>1,048,312</u>

Goodwill comprises of expected synergies from integrating the operations of Fortis and the acquiree. Goodwill also includes value for assets that are not separately identifiable.

#### Acquisition-related costs

The Group incurred acquisition-related costs of approximately RM20,747,000 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 statement of profit or loss and other comprehensive income.

#### Post-acquisition contributions to the Group

For the eleven and half months ended 31 December 2019, the Subs of FGHI contributed revenue of RM44,151,000 and profit of RM158,487,000 to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been RM14,912,981,000 and consolidated profit for the year would have been RM539,305,000.

#### 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS *(continued)*

##### *Disposal of subsidiaries in 2019*

- (a) On 2 August 2019, Pantai Hospital Sdn. Bhd. (“PHSB”) and Pantai Group Resources Sdn Bhd (“PGRSB”) completed the disposal of 1,000 ordinary shares, representing the entire issued share capital in P.T. Pantai Healthcare Consulting (“PTPHC”), for a cash consideration of USD1.00 (equivalent to RM4.00) only. Prior to the disposal, PTPHC was a dormant company held equally by PHSB and PGRSB.
- (b) On 19 December 2019, an 89.8% owned subsidiary, Acıbadem Poliklinikleri A.Ş. (“POL”) disposed of its entire interest in Gemtip Özel Sağlık Hizmetleri Sanayi Ve Ticaret Anonim Şirketi (“Gemtip”) for a total consideration of TL5,463,000 (equivalent to RM3,983,000). Following the disposal, Gemtip ceased to be a subsidiary of POL.

The effects of the disposal of Gemtip are as follows:

	Note	2019 RM'000
Property, plant and equipment	3	1,605
ROU assets	4	938
Intangible assets	6	7
Deferred tax assets	11	62
Inventories		15
Trade and other receivables		176
Tax recoverable		435
Cash and cash equivalents		106
Loans and borrowings		(1,022)
Employee benefits	23	(219)
Trade and other payables		(543)
Non-controlling interest		124
Net identifiable assets disposed		<u>1,684</u>
Legal reserve transferred to profit or loss	29	(31)
Capital reserve transferred to profit or loss	29	1,249
Gain on disposal of a subsidiary	29	1,081
Cash consideration		3,983
Less: Cash and cash equivalents disposed		<u>(106)</u>
Net cash inflow from disposal of a subsidiary		<u><u>3,877</u></u>

#### 41. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

##### *Changes in ownership interests in subsidiaries in 2020*

- (a) In April 2020, Parkway Trust Management Limited (“PTM”) transferred 128,400 PLife REIT units that it owned to its eligible employees in accordance to LTI plan. Consequential thereto, IHH Group’s effective interest in PLife REIT was diluted from 35.64% to 35.62%.
- (b) In September and November 2020, Gleneagles Development Pte Ltd (“GDPL”) subscribed for a total of 5,214,091 equity shares in Ravindranath GE Medical Associates Private Limited (“RGMA”) for a consideration of INR647.1 million (equivalent to RM36.1 million) pursuant to a rights issue. Consequential thereto, the Group’s equity interest in RGMA increased from 73.87% to 75.62% (on a fully diluted basis).

# Notes to the Financial Statements

## 41. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES *(continued)*

### *Changes in ownership interests in subsidiaries in 2020 (continued)*

- (c) In November 2020, Medical Resources International Pte Ltd (“MRI”) increased its interest in Chengdu Shenton Health Clinic Co., Ltd (“Chengdu Shenton Clinic”) following MRI’s cash contribution of RMB1.41 million (equivalent to RM0.9 million) to the registered capital of Chengdu Shenton Clinic. Consequential thereto, MRI’s interest in Chengdu Shenton Clinic increased from 60% to 60.95%.
- (d) In December 2020, Acibadem City Clinic EAD acquired the remaining 49.5% equity interest in Healthcare Consulting EOOD *(formerly known as Healthcare Consulting OOD)* for a total cash consideration of BGN13,000 (equivalent to RM31,000). Consequential thereto, Acibadem City Clinic EAD’s equity interest in Healthcare Consulting EOOD increased from 50.5% to 100%.

The effects of the above transactions are as follows:

	Hedge reserve RM’000	Capital reserve RM’000	Foreign currency translation reserve RM’000	Non- controlling interests RM’000
(a) Decrease of 0.02% interest in PLife REIT	1	943	2	391
(b) Increase of 1.75% interest in RGMA	–	(9,501)	–	9,501
(c) Increase of 0.95% interest in Chengdu Shenton Clinic	–	(156)	–	156
(d) Increase of 49.5% interest in Healthcare Consulting EOOD	–	(80)	–	49
	1	(8,794)	2	10,097

### *Changes in ownership interests in subsidiaries in 2019*

- (a) In January 2019, Fortis acquired the remaining 49% equity interest and other securities of FHTL for cash consideration of INR8,434,381,000 (equivalent to RM491,022,000) and INR2,195,795,000 (equivalent to RM127,832,000) respectively. Consequential thereto, the Group’s effective interest in FHTL increased from 15.90% to 31.17%.
- (b) In April 2019, Parkway Trust Management Limited (“PTM”) transferred 138,500 PLife REIT units that it owned to its eligible employees in accordance to PTM’s LTI plan. Consequential thereto, the Group’s effective interest in PLife REIT was diluted from 35.66% to 35.64%.
- (c) In April 2019, ASH acquired an additional 3.5% equity interest in Clinical Hospital Acibadem Sistina Skopje (“Sistina”) for a total cash consideration of EUR3,000,000 (equivalent to RM13,671,000). Consequential thereto, the Group’s effective interest in Sistina increased from 45.18% to 48.33%.
- (d) In September 2019, ASH acquired an additional 0.74% equity interest in ACC for a total cash consideration of EUR778,000 (equivalent to RM3,603,000). Consequential thereto, the Group’s effective interest in ACC increased from 50.16% to 51.29%.
- (e) In September 2019, Acibadem City Clinic EAD acquired the remaining 30% equity interest in Acibadem City Clinic Burgas EOOD *(formerly known as Acibadem City Clinic Cardiac Surgery Hospital Burgas OOD)* (“ACC Burgas”) for a total cash consideration of BGN1,120 (equivalent to RM3,000). Consequential thereto, the Group’s effective interest in ACC Burgas increased from 35.11% to 51.29%.
- (f) In November 2019, POL acquired an additional 16% equity interest in Gemtip for a total consideration of TL40,000 (equivalent to RM29,000). Consequential thereto, the Group’s effective interest in Gemtip increased from 61.1% to 75.4%. On 19 December 2019, POL disposed off its entire interest in Gemtip (see note 40).

#### 41. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES *(continued)*

##### *Changes in ownership interests in subsidiaries in 2019 (continued)*

The effects of the above transactions are as follows:

	Hedge reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Non- controlling interests RM'000
(a) Increase of 49% interest in FHTL	–	(84,397)	–	(406,625)
(b) Decrease of 0.02% interest in PLife REIT	1	650	(5)	527
(c) Increase of 3.5% interest in Sistina	–	(8,935)	–	(4,736)
(d) Decrease of 0.74% interest in ACC	–	1,540	–	(5,143)
(e) Increase of 30% interest in ACC Burgas	–	(4,339)	–	4,336
(f) Increase of 16% interest in Gemtip	–	(1,249)	–	1,220
	1	(96,730)	(5)	(410,421)

#### 42. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Direct subsidiaries</b>				
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 <sup>+</sup>	Mauritius	In the process of striking off	100	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries</b>				
<b>Held through IMU Health Sdn. Bhd.:</b>				
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
<b>Held through Integrated Healthcare Holdings Limited:</b>				
Parkway Pantai Limited <sup>#</sup>	Singapore	Investment holding	100	100
<b>Held through IMU Healthcare Sdn. Bhd.:</b>				
IMU Dialysis Sdn. Bhd.	Malaysia	Establishing, operating and managing dialysis centre(s) for the provision of haemodialysis services	60	60
<b>Held through Integrated Healthcare Turkey Yatirimlari Limited:</b>				
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	100	100
<b>Held through Parkway Pantai Limited:</b>				
Parkway HK Holdings Limited <sup>#(1)</sup>	Hong Kong	Investment holding	100	100
Parkway Holdings Limited <sup>#</sup>	Singapore	Investment holding	100	100
Pantai Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Parkway Group Healthcare Pte Ltd <sup>#(2)</sup>	Singapore	Investment holding and provision of management and consultancy services	100	100
Gleneagles Development Pte Ltd <sup>#(3)</sup>	Singapore	Investment holding	100	100
Parkway Healthcare Indo-China Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
Northern TK Venture Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
Angsana Holdings Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	55	55

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:</b>				
Acibadem Sağlık Yatırımları Holding A.Ş. <sup>#</sup>	Turkey	Investment holding	90	90
<b>Held through Acibadem Sağlık Yatırımları Holding A.Ş.:</b>				
APlus Hastane Otelcilik Hizmetleri A.Ş. <sup>#</sup>	Turkey	Provision of catering, laundry and cleaning services for hospitals	89.99	89.99
Acibadem Proje Yönetimi A.Ş. <sup>#</sup>	Turkey	Supervise and manage the construction of healthcare facilities	89.99	89.99
Acibadem Sağlık Hizmetleri ve Ticaret A.Ş. <sup>#</sup>	Turkey	Provision of medical, surgical and hospital services	89.79	89.79
<b>Held through Acibadem Sağlık Hizmetleri ve Ticaret A.Ş.:</b>				
Acibadem Poliklinikleri A.Ş. <sup>#</sup>	Turkey	Provision of outpatient and surgical (in certain clinics only) services	89.78	89.78
Acibadem Labmed Sağlık Hizmetleri A.Ş. <sup>#</sup>	Turkey	Provision of laboratory services	89.78	89.78
International Hospital İstanbul A.Ş. <sup>#</sup>	Turkey	Provision of medical, surgical and hospital services	80.81	80.81
Acibadem Mobil Sağlık Hizmetleri A.Ş. <sup>#</sup>	Turkey	Provision of emergency, home and ambulatory care services	89.79	89.79
Clinical Hospital Acibadem Sistina Skopje <sup>#</sup>	Macedonia	Provision of medical, surgical and hospital services	48.33	48.33
Acibadem Sistina Medikal Kompani Doo Skopje <sup>#</sup>	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	44.90	44.90
Acibadem International Medical Center B.V. <sup>#</sup>	Netherlands	Provision of outpatient services	89.79	89.79
Acibadem Teknoloji A.Ş. <sup>#</sup>	Turkey	Conduct research, develop and commercially market healthcare information systems, web-based applications and other technology solutions nationally and internationally	89.79	89.79
Acibadem City Clinic B.V. <sup>#(4)</sup>	Netherlands	Investment holding	51.29	51.29

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.:</b> (continued)				
Famicord Acıbadem Kordon Kani Sağlık Hizmetleri A.S. # <sup>(15)</sup>	Turkey	Provision of cord blood banking services	–	89.79
Acıbadem International Healthcare GmbH <sup>+</sup>	Germany	Operation of hospitals, clinics and other medical facilities and provision of services in the healthcare sector	89.79	–
<b>Held through Acıbadem Poliklinikleri A.Ş.:</b>				
Bodrum Medikal Sağlık Hizmetleri A.Ş. #	Turkey	Provision of outpatient services	53.87	53.87
<b>Held through Acıbadem City Clinic B.V.:</b>				
Acıbadem City Clinic EAD #	Bulgaria	Investment holding	51.29	51.29
<b>Held through Acıbadem City Clinic EAD:</b>				
Acıbadem City Clinic University Hospital EOOD #	Bulgaria	University multi-profile hospital for acute care	51.29	51.29
Acıbadem City Clinic Diagnostic and Consultation Centre EOOD #	Bulgaria	Outpatient diagnostic and consultative centre	51.29	51.29
Acıbadem City Clinic Medical Center Varna EOOD #	Bulgaria	Outpatient medical centre	51.29	51.29
Acıbadem City Clinic Pharmacies EOOD #	Bulgaria	Pharmacy	51.29	51.29
Healthcare Consulting EOOD # (formerly known as Healthcare Consulting OOD)	Bulgaria	Clinical research	51.29	25.90
Tokuda Clinical Research Center AD #	Bulgaria	Clinical research	43.60	43.60
Acıbadem City Clinic Services EOOD #	Bulgaria	Facility management and building maintenance	51.29	51.29
Tokuda Pharmacy EOOD #	Bulgaria	Pharmacy	51.29	51.29
Acıbadem City Clinic Diagnostic and Consultation Center Tokuda EAD #	Bulgaria	Outpatient diagnostic and consultative centre	51.29	51.29
Acıbadem City Clinic Tokuda Hospital EAD #	Bulgaria	Multi-profile hospital for acute care	51.29	51.29
Acıbadem City Clinic Mladost EOOD #	Bulgaria	Ownership of hospital and healthcare facilities	51.29	–

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Pantai Holdings Sdn. Bhd.:</b>				
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
Prince Court Medical Centre Sdn Bhd	Malaysia	Provision of medical, surgical and hospital services	100	–
<b>Held through Pantai Group Resources Sdn. Bhd.:</b>				
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
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
<b>Held through Pantai Hospitals Sdn. Bhd.:</b>				
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

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Pantai Hospitals Sdn. Bhd.: (continued)</b>				
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.60	95.60
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.	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
Amanjaya Specialist Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
<b>Held through Pantai Medical Centre Sdn. Bhd.:</b>				
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment	100	100
<b>Held through Pantai Premier Pathology Sdn. Bhd.:</b>				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	100
<b>Held through Gleneagles (Malaysia) Sdn. Bhd.:</b>				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Provision of hospital services	71.88	71.88
GEH Management Services (M) Sdn. Bhd.	Malaysia	Dormant	100	100
<b>Held through Parkway Healthcare Indo-China Pte. Ltd.:</b>				
Andaman Alliance Healthcare Limited <sup>#^</sup>	Myanmar	Provision of medical and health related facilities and services	52	52

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway HK Holdings Limited:</b>				
Parkway Healthcare (Hong Kong) Limited <sup>#</sup>	Hong Kong	Provision of medical and healthcare outpatient services	100	100
GHK Hospital Limited <sup>#</sup>	Hong Kong	Private hospital ownership, development and management	60	60
<b>Held through Parkway Holdings Limited:</b>				
Parkway Hospitals Singapore Pte. Ltd. <sup>#</sup>	Singapore	Private hospitals ownership and management	100	100
Parkway Trust Management Limited <sup>#</sup>	Singapore	Provision of management services to PLife REIT	100	100
Parkway Investments Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
Parkway Novena Pte. Ltd. <sup>#</sup>	Singapore	Development, ownership and management of private hospital premises	100	100
Parkway Irrawaddy Pte. Ltd. <sup>#</sup>	Singapore	Development, ownership and management of a medical centre	100	100
Parkway Shenton Pte Ltd <sup>#</sup>	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 <sup>#</sup>	Singapore	Operation of radiology clinics	100	100
Parkway Laboratory Services Ltd. <sup>#</sup>	Singapore	Provision of comprehensive diagnostic laboratory services	100	100
Gleneagles Medical Holdings Limited <sup>#</sup>	Singapore	Investment holding	100	100
Parkway College of Nursing and Allied Health Pte. Ltd. <sup>#</sup>	Singapore	Provision of courses in nursing and allied health	100	100
iXchange Pte. Ltd. <sup>#</sup>	Singapore	Agent and administrator for managed care and related services	100	100
Gleneagles JPMC Sdn. Bhd. <sup>#(15)</sup>	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	-	49
Gleneagles Management Services Pte Ltd <sup>#</sup>	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Hospitals Singapore Pte. Ltd.:</b>				
Parkway Promotions Pte Ltd <sup>#</sup>	Singapore	Dormant	100	100
<b>Held through Parkway Group Healthcare Pte Ltd:</b>				
Parkway-Healthcare (Mauritius) Ltd <sup>##</sup>	Mauritius	Investment holding	100	100
Gleneagles International Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
PCH Holding Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	70.10	70.10
Shanghai Gleneagles Hospital Management Co., Ltd <sup>#</sup>	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
<b>Held through PCH Holding Pte. Ltd.:</b>				
Medical Resources International Pte Ltd <sup>#</sup>	Singapore	Investment holding	70.10	70.10
M & P Investments Pte Ltd <sup>#</sup>	Singapore	Investment holding	70.10	70.10
Parkway (Shanghai) Hospital Management Ltd. <sup>#</sup>	People's Republic of China	Provision of management and consultancy services to healthcare facilities	70.10	70.10
<b>Held through M &amp; P Investments Pte Ltd:</b>				
ParkwayHealth Shanghai Hospital Company Limited <sup>#</sup>	People's Republic of China	Provision of medical and health related facilities and services	49.07	49.07
Gleneagles Chengdu Hospital Company Limited <sup>#</sup>	People's Republic of China	Provision of specialised care and services	49.07	49.07
ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited <sup>#</sup>	People's Republic of China	Provision of medical and health related facilities and services	-	42.06
<b>Held through Medi-Rad Associates Ltd:</b>				
Radiology Consultants Pte Ltd <sup>#</sup>	Singapore	Provision of radiology consultancy and interpretative services	100	100
<b>Held through Gleneagles Development Pte Ltd:</b>				
Continental Hospitals Private Limited <sup>#^</sup>	India	Private hospital ownership and management	62.23	62.23
Ravindranath GE Medical Associates Private Limited <sup>#(5)</sup>	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	75.62	73.87

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Gleneagles Development Pte Ltd: (continued)</b>				
Parkway Healthcare India Private Limited <sup>##(6)</sup>	India	Provision of management and consultancy services	100	100
<b>Held through Continental Hospitals Private Limited:</b>				
C3 Health Community Corporation Private Limited <sup>##^</sup>	India	Operation of clinics	60.99	60.99
Continental Community Clinics Private Limited <sup>##^</sup>	India	Dormant	60.99	60.99
<b>Held through Ravindranath GE Medical Associates Private Limited:</b>				
Centre for Digestive and Kidney Diseases (India) Private Limited <sup>##^</sup>	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	49.14	48.00
Global Clinical Research Services Private Limited <sup>##^</sup>	India	Provision of clinical research services	75.38	73.63
<b>Held through Parkway Shenton Pte Ltd:</b>				
Nippon Medical Care Pte Ltd <sup>#</sup>	Singapore	Operation of clinics	70	70
Parkway Shenton International Holdings Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
Shenton Family Medical Clinics Pte Ltd <sup>#</sup>	Singapore	To provide, establish and carry on the business of clinics	100	100
<b>Held through Parkway Shenton International Holdings Pte. Ltd.:</b>				
Parkway Shenton Vietnam Limited <sup>+</sup>	Vietnam	Dissolved during the year	–	100
<b>Held through Medical Resources International Pte Ltd:</b>				
Shanghai Rui Xin Healthcare Co., Ltd. <sup>##(7)</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Hong Clinic Co., Ltd. <sup>##(8)</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Xin Rui Healthcare Co., Ltd. <sup>##(9)</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Chengdu Shenton Health Clinic Co., Ltd. <sup>#</sup>	People's Republic of China	Management and operation of medical and health related facilities and services	42.73	42.06

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway (Shanghai) Hospital Management Ltd.:</b>				
Shanghai Shu Kang Hospital Investment Management Co., Ltd.#	People's Republic of China	Investment holding	70.10	70.10
Suzhou Industrial Park Yuan Hui Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
<b>Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.:</b>				
Shanghai Mai Kang Hospital Investment Management Co., Ltd.#	People's Republic of China	Investment holding	70.10	70.10
<b>Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:</b>				
Chengdu Rui Rong Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Pu Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Xiang Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Ying Clinic Co., Ltd.#	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
<b>Held through Northern TK Venture Pte. Ltd.:</b>				
Fortis Healthcare Limited#^	India	Operates multi-specialty hospitals	31.17	31.17
<b>Held through Fortis Healthcare Limited:</b>				
Hiranandani Healthcare Private Limited#^	India	Operates a multi-specialty hospital	31.17	31.17
Fortis Hospotel Limited##^(10)	India	Operates clinical establishment	31.17	31.17
Fortis La Femme Limited#^	India	Investment holding	31.17	31.17
Fortis Healthcare International Limited##^	Mauritius	Investment holding	31.17	31.17
SRL Limited#^	India	Operates a network of diagnostics centres	17.98	17.98
Escorts Heart Institute and Research Centre Limited#^	India	Operates a multi-specialty hospital	31.17	31.17
Fortis Hospitals Limited#^	India	Operates a network of multi-specialty hospitals	31.17	31.17

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Fortis Healthcare Limited: (continued)</b>				
Fortis CSR Foundation <sup>##^</sup>	India	Non-profit Company for carrying out Corporate Social Responsibilities	31.17	31.17
International Hospital Limited <sup>##^(11)</sup>	India	Provision of medical and Clinical Establishment services	31.17	31.17
Fortis Health Management Limited <sup>##^(12)</sup>	India	Provision of medical and Clinical Establishment services	31.17	31.17
Escorts Heart and Super Speciality Hospital Limited <sup>##^(13)</sup>	India	Provision of medical and Clinical Establishment services	31.17	31.17
<b>Held through Fortis Health Management Limited:</b>				
Hospitalia Eastern Private Limited <sup>##^</sup>	India	Provision of medical and Clinical Establishment services	31.17	31.17
<b>Held through SRL Limited:</b>				
SRL Diagnostics Private Limited <sup>#^</sup>	India	Operates a network of diagnostics centres	17.98	17.98
SRL Reach Limited <sup>#^</sup>	India	Operates a network of diagnostics centres	17.98	17.98
SRL Diagnostics FZ-LLC <sup>##^</sup>	United Arab Emirates	Operates a network of diagnostics centres	17.98	17.98
<b>Held through Fortis Hospitals Limited:</b>				
Fortis Emergency Services Limited <sup>##^</sup>	India	Operates ambulance services	31.17	31.17
Fortis Cancer Care Limited <sup>#^</sup>	India	Investment holding	31.17	31.17
Fortis Malar Hospitals Limited <sup>#^</sup>	India	Operates a multi-specialty hospital	19.55	19.55
Fortis Health Management (East) Limited <sup>#^</sup>	India	Dormant	31.17	31.17
Birdie & Birdie Realtors Private Limited <sup>##^</sup>	India	Renting of immovable property	31.17	31.17
Stellant Capital Advisory Services Private Limited <sup>##^</sup>	India	Merchant banker	31.17	31.17
Fortis Global Healthcare (Mauritius) Limited <sup>##^</sup>	Mauritius	Investment holding	31.17	31.17

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Escorts Heart Institute and Research Centre Limited:</b>				
Fortis Asia Healthcare Pte Limited <sup>#^</sup>	Singapore	Investment holding	31.17	31.17
Fortis HealthStaff Limited <sup>##^</sup>	India	Operates a network of Heart Command centres	31.17	31.17
<b>Held through Fortis Asia Healthcare Pte Limited:</b>				
Fortis Healthcare International Pte Limited <sup>#^</sup>	Singapore	Investment holding	31.17	31.17
<b>Held through Fortis Healthcare International Pte Limited:</b>				
MENA Healthcare Investment Company Limited <sup>##^</sup>	British Virgin Islands	Investment holding	25.73	25.73
<b>Held through MENA Healthcare Investment Company Limited:</b>				
Medical Management Company Limited <sup>##^</sup>	British Virgin Islands	Investment holding	25.73	25.73
<b>Held through Fortis Malar Hospitals Limited:</b>				
Malar Stars Medicare Limited <sup>#^</sup>	India	Investment holding	19.55	19.55
<b>Held through Stellant Capital Advisory Services Private Limited:</b>				
RHT Health Trust Manager Pte Limited <sup>##^</sup>	Singapore	Trustee-manager of a Business Trust	31.17	31.17
<b>Held through Parkway Investments Pte. Ltd.:</b>				
Gleneagles Medical Centre Ltd. <sup>#</sup>	Singapore	Dormant	100	100
Gleneagles Pharmacy Pte Ltd <sup>#</sup>	Singapore	Dormant	100	100
Mount Elizabeth Medical Holdings Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
Parkway Life Real Estate Investment Trust <sup>##(14)</sup>	Singapore	Real estate investment trust	35.62	35.64
<b>Held through Parkway Life Real Estate Investment Trust:</b>				
Matsudo Investment Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	35.62	35.64
Parkway Life Japan2 Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	35.62	35.64
Parkway Life Japan3 Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	35.62	35.64
Parkway Life Japan4 Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	35.62	35.64

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Life Real Estate Investment Trust: (continued)</b>				
Parkway Life MTN Pte. Ltd. <sup>#</sup>	Singapore	Provision of financial and treasury services	35.62	35.64
Parkway Life Malaysia Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	35.62	35.64
<b>Held through Matsudo Investment Pte. Ltd.:</b>				
Godo Kaisha Phoebe <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
<b>Held through Parkway Life Japan2 Pte. Ltd.:</b>				
Godo Kaisha Del Monte <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Tenshi 1 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Tenshi 2 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
G.K. Nest <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
<b>Held through Parkway Life Japan3 Pte. Ltd.:</b>				
Godo Kaisha Healthcare 1 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Healthcare 2 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Healthcare 3 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Healthcare 4 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Healthcare 5 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
<b>Held through Parkway Life Japan4 Pte. Ltd.:</b>				
Godo Kaisha Samurai <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 2 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Life Japan4 Pte. Ltd.: (continued)</b>				
Godo Kaisha Samurai 3 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 4 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 5 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 6 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 7 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 8 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 9 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 10 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 11 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 12 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 13 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	35.64
Godo Kaisha Samurai 14 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.62	–
<b>Held through Parkway Life Malaysia Pte. Ltd.:</b>				
Parkway Life Malaysia Sdn. Bhd. <sup>#</sup>	Malaysia	Special purpose entity – Investment in real estate	35.62	35.64

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Angsana Holdings Pte. Ltd.:</b>				
Angsana Molecular & Diagnostics Laboratory Pte. Ltd. <sup>#</sup>	Singapore	Provision of medical laboratories including biochemistry, chemistry, haematology and molecular blood analysis and testing	55	55
Angsana Molecular & Diagnostics Laboratory (HK) Limited <sup>#</sup>	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

- <sup>1</sup> PPL and PHL hold 99.99% and 0.01% shares in Parkway HK Holdings Limited respectively.
- <sup>2</sup> PPL and PHL hold 78.52% and 21.48% shares in Parkway Group Healthcare Pte Ltd (“PGH”) respectively.
- <sup>3</sup> PPL holds more than 99.99% shares in Gleneagles Development Pte Ltd. The remaining are held by Gleneagles International Pte Ltd.
- <sup>4</sup> ASH and Clinical Hospital Acibadem Sistina Skopje hold 49.05% (2019: 49.05%) and 15.0% (2019: 15.0%) shares in ACC respectively.
- <sup>5</sup> Gleneagles Development Pte Ltd (“GDPL”) and Parkway-Healthcare (Mauritius) Ltd. hold 74.12% (2019: 72.26%) and 1.50% (2019: 1.61%) share in RGE respectively. The Group consolidated 75.62% (2019: 73.87%) 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 75.62% (2019: 73.87%) on a fully diluted basis.
- <sup>6</sup> GDPL and Parkway Group Healthcare Pte Ltd hold 99.999% and 0.001% in Parkway Healthcare India Private Limited respectively.
- <sup>7</sup> Medical Resources International Pte Ltd (“MRI”) and Shanghai Mai Kang Hospital Investment Management Co., Ltd. (“Shanghai Mai Kang”) hold 70% and 30% shares in Shanghai Rui Xin Healthcare Co., Ltd. respectively.
- <sup>8</sup> MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Rui Hong Clinic Co., Ltd. respectively.
- <sup>9</sup> MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Xin Rui Healthcare Co., Ltd. respectively.
- <sup>10</sup> Fortis and Fortis Health Management Limited (“FHML”) hold 74.35% and 25.65% shares in Fortis Hospotel Limited respectively.
- <sup>11</sup> Fortis and FHML hold 78.40% and 21.60% shares in IHL respectively.
- <sup>12</sup> Fortis and IHL hold 52% and 48% share in FHML respectively.
- <sup>13</sup> Fortis, IHL and FHML hold 48.58%, 38.29% and 13.13% shares in Escorts Heart and Super Speciality Hospital Limited respectively.
- <sup>14</sup> Parkway Investments Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2019: 35.25%), 0.33% (2019: 0.35%) and 0.04% (2019: 0.04%) of the units in PLife REIT respectively.
- <sup>15</sup> During the year, the Group lost its control of both Famicord and GJPMC following the dilution of its interests in these entities. As a result, Famicord and GJPMC ceased to be subsidiaries but remain as associates of the Group (see note 40).
- <sup>#</sup> Audited by other member firms of KPMG International.
- <sup>##</sup> Audited by firms other than member firms of KPMG International.
- <sup>+</sup> Audit is not required.
- <sup>++</sup> 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.
- <sup>^</sup> The entity was granted approval by Companies Commission of Malaysia to have a financial year which does not coincide with the Company.

## Notes to the Financial Statements

## 43. ASSOCIATES

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect associates</b>				
<b>Held through Gleneagles Medical Holdings Limited:</b>				
PT Tritunggal Sentra Utama Surabaya <sup>##</sup>	Indonesia	Provision of medical diagnostic services	30	30
Asia Renal Care Mt Elizabeth Pte Ltd <sup>##</sup>	Singapore	Provision of dialysis services and medical consultancy services	20	20
Asia Renal Care (Katong) Pte Ltd <sup>##</sup>	Singapore	Provision of dialysis services and medical consultancy services	20	20
<b>Held through Medi-Rad Associates Ltd:</b>				
Positron Tracers Pte. Ltd. <sup>#</sup>	Singapore	Ownership and operation of a cyclotron for production of radioactive tracers	33	33
<b>Held through Fortis Healthcare Limited:</b>				
Sunrise Medicare Private Limited <sup>##</sup>	India	Liquidation in process	9.74	9.74
<b>Held through Fortis Healthcare International Limited:</b>				
RHT Health Trust <sup>##(1)</sup>	Singapore	Investment holding company	8.67	8.67
<b>Held through Fortis Healthcare International Pte Limited:</b>				
Lanka Hospitals Corporation Plc <sup>#</sup>	Sri Lanka	Operates a multi-specialty hospital	8.93	8.93
<b>Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.:</b>				
Famicord Acıbadem Kordon Kani Sağlık Hizmetleri A.S. <sup>##(2)</sup>	Turkey	Provision of cord blood banking services	26.9	–
<b>Held through Parkway Holdings Limited:</b>				
Gleneagles JPMC Sdn. Bhd. <sup>##(2)</sup>	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	40	–

<sup>1</sup> Fortis Healthcare International Limited holds 25.14% shares in RHT Health Trust. The other 2.68% is held by RHT Health Trust Manager Pte Limited.

<sup>2</sup> During the year, the Group lost its control of both Famicord and GJPMC following the dilution of its interests in these entities. As a result, Famicord and GJPMC ceased to be subsidiaries but remain as associates of the Group (see note 40).

<sup>#</sup> Audited by other member firms of KPMG International.

<sup>##</sup> Audited by firms other than member firms of KPMG International.

#### 44. JOINT VENTURES

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect joint ventures</b>				
<b>Held through Gleneagles Development Pte Ltd:</b>				
Apollo Gleneagles Hospital Ltd <sup>##</sup>	India	Private hospital ownership and management	50	50
<b>Held through Parkway-Healthcare (Mauritius) Ltd:</b>				
Apollo Gleneagles PET-CT Private Limited <sup>##</sup>	India	Operation of PET-CT radio imaging centre	50	50
<b>Held through Shenton Family Medical Clinics Pte Ltd:</b>				
Shenton Family Medical Clinic (Ang Mo Kio) <sup>+</sup>	Singapore	Operation of medical clinic	60	60
Shenton Family Medical Clinic (Bedok Reservoir) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Duxton) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Jurong East) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Tampines) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Yishun) <sup>+††</sup>	Singapore	Operation of medical clinic	-	50
Shenton Family Medical Clinic (Towner) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
<b>Held through Parkway Group Healthcare Pte Ltd:</b>				
Khubchandani Hospitals Private Limited <sup>##</sup>	India	Dormant	50	50
<b>Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:</b>				
Shanghai Hui Xing Hospital Management Co., Ltd. <sup>#</sup>	People's Republic of China	Investment holding	-	42.06
<b>Held through Shanghai Hui Xing Hospital Management Co., Ltd.:</b>				
Shanghai Hui Xing Jinpu Clinic Co., Ltd. <sup>#</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	-	42.06

# Notes to the Financial Statements

## 44. JOINT VENTURES *(continued)*

Name of joint venture	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
<b>Indirect joint ventures <i>(continued)</i></b>				
<b>Held through SRL Limited:</b>				
SRL Diagnostics (Nepal) Private Limited <sup>##</sup>	Nepal	Operates a network of diagnostics centers	8.99	8.99
<b>Held through SRL Diagnostics Private Limited:</b>				
DDRC SRL Diagnostics Private Limited <sup>##</sup>	India	Operates a network of diagnostics centers	8.99	8.99
<b>Held through Fortis Hospitals Limited:</b>				
Fortis C-Doc Healthcare Limited <sup>*(2)</sup>	India	Operates a hospital	18.70	18.70
<b>Held through Fortis Cancer Care Limited:</b>				
Fortis Cauvery (Partnership Firm) <sup>##</sup>	India	Under members voluntary liquidation	15.90	15.90

<sup>1</sup> Change of business owner from Shenton Family Medical Clinics Pte Ltd to Parkway Shenton Pte Ltd with effective 1 June 2020 for Shenton Family Medical Clinic (Yishun). Parkway Shenton Pte Ltd further acquired 50% and Shenton Family Medical Clinic (Yishun) is 100% owned.

<sup>2</sup> 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.

<sup>#</sup> Audited by other member firms of KPMG International.

<sup>##</sup> Audited by firms other than member firms of KPMG International.

<sup>+</sup> Audit is not required.

## 45. CONTINGENT LIABILITIES

The following are the material litigations and investigations of Fortis which occurred prior to the Group's acquisition of its 31.17% 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, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These terminations, show cause notices and eviction proceedings have been challenged by EHIRCL before the High Court of Delhi, Supreme Court of India and Estate Officer of DDA. The Supreme Court of India, vide its order dated 14 November 2019, has quashed the show cause notice for eviction proceedings. Based on external legal counsel advice, Fortis is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required.
  - ii. Further EHIRCL also has open tax demands of INR720.9million (equivalent to RM40.7million) 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"). ITAT has decided the appeal in favour of EHIRCL on 11 June 2019. The Income Tax Department has contested the decision of ITAT before the Hon'ble High Court of Delhi.

#### 45. CONTINGENT LIABILITIES *(continued)*

- a) In respect of 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 RM283.9 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 RM2.8 million) before the DoHS. In compliance of the above direction, EHIRCL had deposited the stipulated amount on 20 June 2018. Matter is sub judice before the Delhi High Court. Based on its internal assessment and advice from its counsels, on the basis of the documents available, EHIRCL believes that it is in compliance of the conditions of free treatment and free beds to patients of economic weaker sections 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 18 January 2017, Navi Mumbai Municipal Corporation ("NMMC") 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 RM10.2 million) as per notices dated 30 May 2018, and 1 June 2018, (ii) INR2,158 million (equivalent to RM121.8 million) as per notice dated 4 June 2018, and (iii) INR196 million (equivalent to RM11.1 million) as per notice dated 4 June 2018. All these notices have been responded by Fortis denying any liability whatsoever.

The Claimant has also filed an application against Fortis before the High Court of Delhi for seeking certain reliefs under the Indian Arbitration and Conciliation Act which is being contested by Fortis. The Claimant has also filed a claim for damages and injunctive reliefs against Fortis before International Chamber of Commerce ("ICC"). Documents from ICC have been received by Fortis on 2 November 2019. On 23 February 2020, proceedings before the High Court of Delhi and ICC have been withdrawn by the Claimant. On 28 February 2020, the arbitration sought to be commenced before the ICC has also been withdrawn by the ICC pursuant to a request by the Claimant.

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.

## Notes to the Financial Statements

### 45. 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 RM11.3 million).

The erstwhile Executive Chairman has claimed an amount of INR461.0 million (equivalent to RM26.0 million) from Fortis towards his terms of employment. Fortis Board has responded denying any liability whatsoever in this regards.

In August 2018, Fortis filed a complaint against the erstwhile Executive Chairman before the Economic Offence Wing, New Delhi in the above matter. In November 2020, Fortis filed an addendum to the above-mentioned complaint to include certain other findings from additional procedures/enquiries by independent experts in relation to the remuneration and claims of the erstwhile Executive Chairman of Fortis, aggregating to INR153.9 million (equivalent to RM8.7 million).

In addition to the above, the following are contingent liabilities of the Group:

- a) Centre for Digestive and Kidney Diseases (India) Private Limited is defending an ongoing dispute with a service provider for the difference in the amounts claimed for the laboratory diagnostic and other services being rendered. On 12 July 2019, the arbitrator allowed the amended claim of INR474.9 million (equivalent to RM26.8 million). The service provider has subsequently filed an amendment application seeking an enhancement of their claim by INR75.4 million (equivalent to RM4.3 million) for the alleged dues pertaining to the period of December 2018 to June 2020. This application was heard by the arbitrator on 5 January 2021. However, the order allowing this enhancement of the claim is still awaited. The ultimate financial impact cannot be determined till final arbitration.
- b) In 2019, Continental Hospitals Private Limited received letters from the Reserve Bank of India (“RBI”) pointing out certain non-compliances with Foreign Exchange Management Act 1999 (“FEMA”). RBI sought clarifications on the status of this matter before the Singapore Arbitral Tribunal. During the year, RBI has directed that the compounding application be re-submitted upon receipt of the final orders from the Singapore Arbitral Tribunal, where the dispute continues to remain pending. Arbitration has been deferred at the mutual request of the parties until 31 March 2021.

The financial implication of such non-compliances is currently unascertainable and will be known upon the acceptance and disposal of the compounding application by the RBI.

### 46. 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 RM251.1 million) which were impaired in full in the financial statements for the year ended 31 March 2018 of Fortis Group. 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.

## 46. MATTERS ARISING FROM INVESTIGATIONS *(continued)*

### a) Independent investigation by external legal firm (prior to the acquisition of Fortis by IHH Group) *(continued)*

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 45 – 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 RM143.0 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 Healthstaff”) 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 RM1,000). Loans of INR79.45 million (equivalent to RM4.5 million) 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. Further the said loan advanced by EHIRCL to Fortis Healthstaff was impaired in the books of accounts at EHIRCL due to anticipated chances of non-recovery.

Pursuant to the investigation by the external legal firm, Fortis Board appointed an independent accounting firm, to conduct additional procedures and enquiries of certain entities and transactions in Fortis Group to ascertain, amongst other things, the extent of diversion of funds from Fortis Group. The independent accounting firm submitted their report to the Fortis Board, and the Fortis Board deliberated the findings at its meeting held on 16 September 2020. There were no additional findings arising from the report that requires further adjustments to the financial statements.

In November 2020, pursuant to additional procedures/enquiries by independent experts, Fortis and its subsidiaries filed a complaint before the Economic Offence Wing, New Delhi, against the erstwhile promoters and certain other entities with regard to the above-mentioned acquisition of Fortis Healthstaff, acquisition of Fortis Emergency Services and investments in ICDs. The complaint also included certain other findings from additional procedures/enquiries by independent experts in relation to Fortis Group’s acquisition of Birdie and Birdie Realtors Private Limited and a lease agreement with Dignity Buildcon Private Limited.

### b) Regulatory investigations (prior to the acquisition of Fortis by IHH Group)

#### SEBI Investigation

On 17 October 2018, 21 December 2018 and 19 March 2019, SEBI issued interim orders (“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 RM227.4 million), along with due interest, from former controlling shareholders of Fortis and various other entities identified in the orders. Vide an order dated 12 November 2020, SEBI revoked the aforementioned Interim Orders qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and substituted the ongoing investigation with Adjudication Proceedings. This order further clarified that Fortis and Fortis Hospitals Limited (“FHsL”) can pursue legal remedies against these entities with respect to their role in the diversion of funds by the erstwhile promoters.

On 20 November 2020, a Show-Cause Notice (SCN) was issued by SEBI to various entities including Fortis and FHsL. In the SCN, it has *inter alia* been alleged that the consolidated financials of Fortis at the relevant period were untrue and misleading for the shareholders of Fortis and Fortis has circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by Fortis and FHsL on 28 December 2020 praying for quashing of the SCN. Fortis and FHsL have taken legal actions against the erstwhile promoters and taken steps to recover the diverted amounts.

# Notes to the Financial Statements

## 46. MATTERS ARISING FROM INVESTIGATIONS *(continued)*

### b) Regulatory investigations (prior to the acquisition of Fortis by IHH Group) *(continued)*

On 21 January 2021, oral submissions in response to the SCN were made in a personal hearing before SEBI and a written synopsis of the same has been filed. No orders have yet been passed.

Regarding the SEBI investigations, management as well as external legal counsels are of the opinion that while no outcome can be predicted with certainty, the likelihood of any potential remedial measures being directed against Fortis and FHSL is low and any potential financial impact of such measures is not expected to be material.

#### SFIO Investigation

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.

Regarding the SFIO proceedings, the outcome of the investigation cannot be predicted at this juncture and the financial impact to the Group, if any, will be recognised in the period that the outcome is known.

### 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 improvement of financial reporting processes, more robust secretarial documentation in regard 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 had also appointed an independent accounting firm, to conduct enquiries of certain entities and transactions in Fortis Group to ascertain, amongst other things, the extent of diversion of funds from Fortis Group. The independent accounting firm submitted their report to the Fortis Board, and the Fortis Board deliberated the findings at its meeting held on 16 September 2020. Pursuant to additional procedures/enquiries by independent experts, Fortis and its subsidiaries have filed a complaint before the Economic Offence Wing, New Delhi, against the erstwhile promoters and certain other entities.

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. Fortis is fully co-operating with the regulators in relation to the ongoing investigations to enable the regulators to conclude on their investigations. 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. In connection with the potentially improper transactions, Fortis has undertaken a detailed review of each case to assess its legal rights and has initiated necessary action.

## 47. OTHER MATTERS

On 13 July 2018, NTK, as subscriber, entered into a share subscription agreement (“Fortis SSA”) with Fortis, as issuer, where NTK has agreed to subscribe 235,294,117 new equity shares of Fortis with a face value of INR10 each (“Subscription Shares”), constituting approximately 31.17% of the total voting equity share capital of Fortis on a fully diluted basis (“Expanded Voting Share Capital”) for a total consideration of INR4,000 crore (equivalent to RM2,257.4 million) and Fortis has agreed to issue and allot the Subscription Shares by way of preferential allotment in accordance with the terms of the Fortis SSA (“Proposed Subscription”).

On 13 November 2018, the Proposed Subscription was completed in accordance with the terms of the Fortis SSA. The Group acquired 31.17% equity interest in Fortis through a preferential allotment by Fortis to NTK, and NTK became the controlling shareholder of Fortis.

As a consequence of the Proposed Subscription, NTK was required to carry out the following:

- a) pursuant to the board resolution dated 13 July 2018 passed by the Board of Directors of Fortis approving the Proposed Subscription and execution of the Fortis SSA (“Fortis Board Resolution”), a mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of INR10 each in Fortis, representing additional 26% of the Expanded Voting Share Capital of Fortis, at a price of not less than INR170 per share (“Fortis Open Offer”) or such higher price as required under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SEBI (SAST) Regulations”).
- b) in light of the acquisition of the controlling stake of Fortis, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each in Malar, representing 26% of the paid-up equity shares of Malar at a price of INR58 per share (“Malar Open Offer”). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

On 14 December 2018, the Supreme Court of India passed an order in the matter of “Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors.”, directing “status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained” (“Order”). Pursuant thereto, decision was taken not to proceed with Fortis Open Offer and Malar Open Offer.

Vide its judgment dated 15 November 2019 (“Judgment”), the Hon’ble Supreme Court of India issued suo-moto contempt notice to, among others, Fortis and in pursuance thereof, its Registry has registered a fresh contempt petition in regard to alleged violation of the Order (“Suo-Moto Contempt”). In this respect, the Hon’ble Supreme Court sought an enquiry into:

- i. Whether the subscription by NTK for the Shares of Fortis was undertaken in violation of the Order; and
- ii. Whether the consummation of the acquisition of healthcare assets from RHT Health Trust by Fortis was undertaken in violation of the Order.

On 5 March 2020, Fortis has filed a detailed reply to the Suo-Moto Contempt, praying *inter alia*, that the Suo-Moto Contempt proceedings be dropped and Order be modified/vacated such that the open offers may proceed.

Since the issuance of the Judgement, several parties have filed applications before the Supreme Court, in attempts to seek remedies for themselves, as summarised below (where relevant to IHH or Fortis):

- a) Anshuman Khanna, a minority shareholder of Fortis (“Minority Shareholder”) has sought resumption of the Fortis Open Offer but has asked that IHH to pay interest at 10% (ten percent) to the public shareholders of Fortis who are eligible to tender shares in the Fortis Open Offer due to the delay since IHH is earning interest on the 100% of the consideration payable under the Fortis Open Offer that has deposited in the escrow account.
- b) Daiichi Sankyo Co. Ltd (“Daiichi”) has sought permission to implead itself in and present its case as its rights are impacted by orders that may be passed in the Fortis Contempt Petition.
- c) The Securities and Exchange Board of India (“SEBI”) has sought resumption of the Fortis Open Offer citing larger public interest at stake.

## Notes to the Financial Statements

### 47. OTHER MATTERS *(continued)*

On 5 March 2020, NTK through its legal counsel, filed the necessary applications to intervene in the aforementioned Supreme Court Proceedings, as follows:

- i. intervention applications in the Original Contempt Petition and the Fortis Contempt Petition, respectively, and to enable NTK to be heard in the Supreme Court Proceedings before any further orders are passed by the Supreme Court; and
- ii. an application to vacate the Order that continues to stay the Fortis Open Offer so as to be able to consummate the Fortis Open Offer; and support SEBI's ask of resuming the same.

On 14 August 2020 Fortis has submitted an application to the Supreme Court of India seeking approval to undertake a change in the company name, brand and logo for Fortis and its subsidiaries ("Fortis Rebranding Application").

The Fortis Contempt Petition, the Order, the Original Contempt Petition, the applications filed by the Minority Shareholder, Daiichi and SEBI, and the Fortis Rebranding Application, respectively, are collectively referred to as "Supreme Court Proceedings".

Fortis has filed an additional affidavit responding to the queries put forth by Supreme Court.

Arguments are being heard by Hon'ble Supreme Court of India for adjudication of the matters pending before it.

In light of the Judgement, the Fortis Open Offer as well the Malar Open Offer (which is subject to the completion of the Fortis Open Offer) will not proceed for the time being.

Based on opinions from external legal counsels, the Group believes that it has a strong case on merits. Fortis had, at all times, conducted these transactions in a fair and transparent manner after obtaining all regulatory and shareholders approval and only after making all due disclosures to public shareholders of Fortis and to the regulatory authorities, in a timely manner.

Based on the opinions from NTK's and Fortis' external legal counsels, the outcome of the proceedings in the Supreme Court cannot be predicted at this juncture and the financial impact, if any to the Group will be recognised in the period the outcome is known. NTK has filed requisite applications before the Hon'ble Supreme Court of India and has pleaded in the said applications that the preferential allotment of shares was done in a fair and transparent manner after obtaining all regulatory approvals.

### 48. SUBSEQUENT EVENT

On 29 March 2021, PLife REIT issued a JPY3.3 billion (equivalent to RM131.0 million) 0.51% senior unsecured notes due 2027 ("Series 005 Notes") under the \$500 million Multicurrency Debt Issuance Programme established by Parkway Life MTN Pte. Ltd.. The proceeds from the issue of Series 005 Notes have been applied towards repurchasing the JPY3.3 billion (equivalent to RM131.0 million) 0.58% senior unsecured notes due 2022 issued on 29 March 2016 ("Series 002 Notes") at a repurchase price of 100% of their principal amount (without penalty). The Series 002 Notes have been cancelled in accordance with the terms and conditions of the Series 002 Notes following their repurchase.

# Analysis of Shareholdings

As at 31 March 2021

Class of securities : Ordinary shares

Issued share capital : 8,779,073,463 ordinary shares

Voting right : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
Less than 100	201	2.66	1,774	0.00
100–1,000	2,413	31.88	1,788,582	0.02
1,001–10,000	3,363	44.44	14,512,686	0.17
10,001–100,000	936	12.37	30,626,963	0.35
100,001–438,953,672*	651	8.60	2,261,769,205	25.76
438,953,673 and above**	4	0.05	6,470,374,253	73.70
<b>Total</b>	<b>7,568</b>	<b>100.00</b>	<b>8,779,073,463</b>	<b>100.00</b>

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	5,499	72.66	27,944,343	0.32
Banks/Finance Companies	54	0.71	911,460,100	10.38
Investments Trusts/Foundations/Charities	2	0.03	104,000	0.00
Other Types of Companies	104	1.38	5,160,738,878	58.79
Government Agencies/Institutions	1	0.01	1,114,400	0.01
Nominees	1,908	25.21	2,677,711,742	30.50
Trustee	0	0.00	0	0.00
Others	0	0.00	0	0.00
<b>Total</b>	<b>7,568</b>	<b>100.00</b>	<b>8,779,073,463</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
1.	MBK Healthcare Management Pte Ltd	2,888,487,400	32.90	0	0.00
2.	Mitsui & Co., Ltd	0	0.00	2,888,487,400 <sup>i</sup>	32.90
3.	Pulau Memutik Ventures Sdn Bhd	2,284,536,356	26.02	0	0.00
4.	Khazanah Nasional Berhad	0	0.00	2,284,536,356 <sup>ii</sup>	26.02
5.	Employees Provident Fund Board	869,668,900 <sup>iii</sup>	9.91	0	0.00
6.	Mehmet Ali Aydinlar	421,644,132	4.80	98,287,041 <sup>iv</sup>	1.12

Notes:

<sup>i</sup> Deemed interest by virtue of its shareholding in MBK Healthcare Management Pte Ltd pursuant to Section 8 of the Companies Act 2016.<sup>ii</sup> Deemed interest by virtue of its shareholding in Pulau Memutik Ventures Sdn Bhd pursuant to Section 8 of the Companies Act 2016.<sup>iii</sup> The shares are held through various nominees companies.<sup>iv</sup> Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatirim 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 31 March 2021

## 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		Indirect Interest	
		No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
1.	Mehmet Ali Aydinlar	421,644,132	4.80	98,287,041 <sup>i</sup>	1.12
2.	Ong Ai Lin	10,000	0.00	0	0.00

Note:

<sup>i</sup> Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatirim 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.

Mehmet Ali Aydinlar's direct and/or indirect interest in the subsidiaries are as follows:

Interest in subsidiaries	Number of ordinary shares of TL1.00 each			
	Direct Interest		Indirect Interest	
	No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
Acibadem Saglik Yatirimlari Holding A.S.	274,809,547	9.28	21,290,454	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	0	0.00
Aplus Hastane Otelcilik Hizmetleri A.S.	1	0.00	2	0.00

International Hospital Istanbul A.S.	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
	1	0.00	1	0.00

Dr Kelvin Loh Chi-Keon's direct interest in the subsidiary is as follows:

Interest in subsidiary	Number of units			
	Direct Interest		Indirect Interest	
	No. of Units held	% of Issued Units	No. of Units held	% of Issued Units
Parkway Life Real Estate Investment Trust	120,000	0.02	0	0.00

Shirish Moreshwar Apte's direct interest in the subsidiary is as follows:

Interest in subsidiary	Number of units			
	Direct Interest		Indirect Interest	
	No. of Units held	% of Issued Units	No. of Units held	% of Issued Units
Parkway Life Real Estate Investment Trust	150,000	0.02	0	0.00

**DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS**  
(As per Register of Directors' Shareholdings) *(continued)*

**Enterprise Option Scheme**

<b>No.</b>	<b>Interest in the Company</b>	<b>Number of options convertible into ordinary shares</b>	
		<b>Direct Interest</b>	<b>No. of Options held</b>
1.	Mehmet Ali Aydinlar		5,127,000

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 31 March 2021

No.	Name	No. of Shares held	% of Issued Shares
1.	MBK Healthcare Management Pte Ltd	2,888,487,400	32.90
2.	Pulau Memutik Ventures Sdn Bhd	2,266,086,176	25.81
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	728,690,100	8.30
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for the Central Depository (Pte) Limited	587,110,577	6.69
5.	Kumpulan Wang Persaraan (Diperbadankan)	286,687,700	3.27
6.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	264,096,200	3.01
7.	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for Kuwait Investment Authority	149,978,400	1.71
8.	Amanahraya Trustees Berhad Amanah Saham Malaysia	58,384,000	0.67
9.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	53,349,900	0.61
10.	Permodalan Nasional Berhad	52,348,700	0.60
11.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	45,358,900	0.52
12.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	45,000,000	0.51
13.	HSBC Nominees (Asing) Sdn Bhd JPMBL SA for Stichting Depository APG Emerging Markets Equity Pool	42,023,600	0.48
14.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	41,875,055	0.48
15.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	38,254,736	0.44

No.	Name	No. of Shares held	% of Issued Shares
16.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	38,173,300	0.43
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	37,229,800	0.42
18.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	30,000,000	0.34
19.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	29,640,000	0.34
20.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	28,778,500	0.33
21.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	26,671,800	0.30
22.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	25,393,600	0.29
23.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	25,305,500	0.29
24.	Citigroup Nominees (Asing) Sdn Bhd UBS Switzerland AG For SZA Gayrimenkul Yatirim Insaat ve Ticaret Anonim Sirketi	23,100,761	0.26
25.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	21,705,000	0.25
26.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	21,550,300	0.25
27.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	19,915,000	0.23
28.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	19,850,735	0.23
29.	Pertubuhan Keselamatan Sosial	19,801,200	0.23
30.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	18,550,800	0.21
<b>Total</b>		<b>7,933,397,740</b>	<b>90.40</b>

# List of Top 10 Properties

for the Financial Year Ended 31 December 2020

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area  Sq m	Built-up /Strata Area  Sq m	Existing Use	Approximate Age of Buildings  Years	Net Book Value @ 31 December 2020  RM'000
<b>SINGAPORE</b>								
1.	<b>Mount Elizabeth Novena Hospital and Medical Centre Units</b> 38 Irrawaddy Road Singapore 329563	Leasehold land and building	2108	N/A	Strata area: 56,361	Hospital building and medical centre	7	3,961,442 <sup>a</sup>
2.	<b>Mount Elizabeth Hospital and Medical Centre Units</b> 3 Mount Elizabeth Singapore 228510	Leasehold land and building	2075	N/A	Strata area: 58,290	Hospital building and medical centre	41	1,422,263 <sup>a,b</sup>
3.	<b>Gleneagles Hospital and Medical Centre Units</b> 6 Napier Road, Singapore 258499; 6A Napier Road, Singapore 258500	Freehold land and building	–	N/A	Strata area: 49,003	Hospital building and medical centre	29	690,619 <sup>a,b</sup>
<b>MALAYSIA</b>								
4.	<b>Gleneagles Medini Hospital</b> 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	5	369,870 <sup>a</sup>
5.	<b>Pantai Hospital Kuala Lumpur</b> 8 Jalan Bukit Pantai 59100 Kuala Lumpur	Leasehold land and building	2111	22,533	Built-up area: 132,711	Hospital building	16 years for original block; 6 years and 5 years for extension blocks	307,693 <sup>b</sup>
6.	<b>Prince Court Medical Centre Sdn Bhd</b> 39 Jalan Kia Peng 50450 Kuala Lumpur	Leasehold land and building	2103	29,108	Built-up area: 100,802	Hospital building	13	752,363 <sup>c</sup>

## Notes:

- <sup>a</sup> Carrying value includes fair value of investment properties, which were revalued in 2020 in accordance with the Group's accounting policies.
- <sup>b</sup> Properties were revalued in 2010 pursuant to a purchase price allocation performed upon acquisition of Parkway and Pantai Group.
- <sup>c</sup> Properties were revalued in 2020 pursuant to a purchase price allocation performed upon acquisition of Price Court Medical Centre.

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area  Sq m	Built-up /Strata Area  Sq m	Existing Use	Approximate Age of Buildings  Years	Net Book Value @ 31 December 2020  RM'000
<b>HONG KONG</b>								
7.	<b>Gleneagles Hong Kong Hospital</b> 1 Nam Fung Path Wong Chu Hang Hong Kong	Leasehold building	2063	27,500	Built-up area: 46,750	Hospital building	3	1,958,229
<b>INDIA</b>								
8.	<b>Fortis Memorial Research Institute, Gurgaon</b> Sector 44, Opposite HUDA City Centre Metro Station, Gurugram, Haryana – 122002	Freehold land and building	–	43,300	Built-up area: 64,296	Hospital building	9	267,596 <sup>d</sup>
9.	<b>Fortis Hospital, Mulund</b> Mulund Goregaon Link Rd, Nahur West Industrial Area, Mulund West, Mumbai, Maharashtra 400078	Freehold land and building	–	32,982	Built-up area: 27,618	Hospital building	17 years for original block; 11 years and 9 years for extension blocks	255,223 <sup>d</sup>
<b>CENTRAL EASTERN EUROPE</b>								
10.	<b>Acibadem City Clinic Tokuda Hospital</b> 51B “Nikola I. Vaptsarov” blvd., “Hladilnitsa” distr., 1407 “Lozenets”, Sofya, Bulgaria	Freehold land and building	–	27,000	Built-up area: 51,138	Hospital building	14	258,302

Note:

<sup>d</sup> Properties were revalued in 2018 pursuant to a purchase price allocation performed upon acquisition of Fortis Group.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eleventh Annual General Meeting of **IHH HEALTHCARE BERHAD** (IHH or the Company) will be held at Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 28 May 2021 at 3.00 p.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Clause 113(1) of the Constitution of the Company and who being eligible, offer themselves for re-election:

- (i) Jill Margaret Watts
- (ii) Takeshi Saito

**Ordinary Resolution 1**

**Ordinary Resolution 2**

Shirish Moreshwar Apte who also retires pursuant to Clause 113(1) of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the close of this Eleventh AGM.

3. To re-elect the following Directors who retire pursuant to Clause 120 of the Constitution of the Company and who being eligible, offer themselves for re-election:

- (i) Tunku Alizakri bin Raja Muhammad Alias
- (ii) Dato' Muthanna bin Abdullah
- (iii) Ong Ai Lin
- (iv) Satoshi Tanaka

**Ordinary Resolution 3**

**Ordinary Resolution 4**

**Ordinary Resolution 5**

**Ordinary Resolution 6**

4. To approve the payment of the following fees and other benefits payable to the Directors of the Company by the Company:

**Ordinary Resolution 7**

- (i) Directors' fees to the Non-Executive Directors in respect of their directorship and committee membership in the Company with effect from 1 July 2021 until 30 June 2022 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 2021 until 30 June 2022, subject to a maximum amount equivalent to RM1,000,000.

**Ordinary Resolution 8**

5. 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:

- (i) Fortis Healthcare Limited for the period with effect from 1 July 2021 to 30 June 2022 as per below:

Structure	Chairman/Member (INR per meeting attended)
Board of Directors	100,000
Audit Committee	100,000
Risk Management Committee	100,000
Nomination and Remuneration Committee	100,000
Corporate Social Responsibility Committee	100,000
Stakeholders Relationship Committee	100,000
Independent Directors	100,000

- (ii) Parkway Trust Management Limited for the period with effect from 1 January 2021 to 30 June 2022 as per below:

Structure	Chairman (SGD per annum)	Member (SGD per annum)
Board of Directors	108,000	54,000
Audit Committee	35,500	12,000
Nominating and Remuneration Committee	28,000	10,000

- (iii) (a) Acibadem Saglik Yatirimlari Holding A.S. (ASYH) Group for the period with effect from 1 July 2021 to 30 June 2022 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 July 2021 to 30 June 2022, 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 Company's subsidiaries with effect from 1 July 2021 to 30 June 2022, subject to a maximum amount equivalent to RM300,000.

6. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 9**

## Notice of Annual General Meeting

### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

**7. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016** Ordinary Resolution 10

“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.”

**8. 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 11

“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.”

9. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

**IDA SURYATI BINTI AB RAHIM** (SSM Practicing Certification no.: 202008000221) (LS0009477)

**SEOW CHING VOON** (SSM Practicing Certification no.: 202008001213) (MAICSA 7045152)

Company Secretaries

Kuala Lumpur  
28 April 2021

## Notice of Annual General Meeting

### NOTES:

#### PROXY AND/OR AUTHORISED REPRESENTATIVES

1. In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (COVID-19) and the Government's advice of physical distancing, the Company would like to leverage on the use of technology available by conducting the Eleventh Annual General Meeting of the Company (the Meeting or AGM) on a fully virtual basis entirely via Remote Participation and Electronic Voting (RPEV) facilities, pursuant to Section 327(2) of the Companies Act 2016 (Act) and Clause 78 of the Company's Constitution. The Company will be using the meeting platform of Boardroom Share Registrars Sdn Bhd which is available on the designated link at <https://web.lumiagm.com/>. Please follow the procedures as stipulated in the Administrative Details for the Meeting in order to register, participate and vote virtually via the RPEV facilities.
2. The main and only venue of the virtual Meeting is strictly to serve as the broadcast venue where the chairperson of the Meeting is physically present and no shareholders/proxies/corporate representatives shall be physically present at the broadcast venue. The Meeting will be in compliance with Section 327(2) of the Act which provides that the main venue of the AGM shall be in Malaysia and the chairperson must be present at the main venue of the AGM. The electronic means of conducting the AGM on fully virtual basis will facilitate and enable all shareholders to participate in the proceedings by audio and/or video capabilities without the need to be physically present at the Meeting venue. It is also appropriate given the current circumstances relating to COVID-19 which may continue to pose health and safety risks and is in line with the revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.
3. A member entitled to virtually attend and vote at the Meeting is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to virtually attend, participate, speak and vote in his/her stead, in accordance with the Administrative Details.
4. 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.
5. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to virtually attend and vote at the Meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Act) 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.
6. 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 form of proxy.

7. 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.
8. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://www.boardroomlimited.my/> (please refer to Section E of the Administrative Details for details) not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof.
9. Shareholders/proxies/corporate representatives would need to register as a member of Boardroom Smart Investor Portal first before they can request for the Remote Participation User identification number and password to virtually attend, participate, speak and vote at the Meeting via RPEV, in accordance with the Administrative Details.
10. **Personal data privacy**  
By submitting an instrument appointing a proxy(ies) and/or representative(s) to virtually attend, speak and vote at the Meeting and/or any adjournment thereof, in accordance with the Administrative Details, 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.
11. **Members entitled to attend**  
Only members whose names appear in the General Meeting Record of Depositors on 21 May 2021 shall be entitled to virtually attend, speak and vote at this Eleventh AGM of the Company or appoint a proxy(ies) on his/her behalf, in accordance with the Administrative Details.

#### EXPLANATORY NOTES ON ORDINARY BUSINESS:

1. Re-election of Director

Clause 113(1) of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office.

Clause 120 of the Company's Constitution provides that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next following AGM of the Company 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.

In line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Board had assessed each of the Directors seeking re-election at the Eleventh AGM and agreed that they are eligible to stand for re-election. The profiles of Directors seeking re-election are set out in the profile of the Board of Directors as laid out on pages 92 to 99 of the Company's Annual Report 2020 as well as in the Company's website at <https://www.ihhhealthcare.com/board-of-directors.html>.

#### EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution pursuant to Section 75 of the Companies Act 2016

The proposed Ordinary Resolution 10 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 AGM of the Company.

The Company had, during its Tenth AGM held on 23 June 2020, 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. 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 11, 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 Statement to shareholders dated 28 April 2021, which is attached together with the Company's Annual Report 2020.

This page is intentionally left blank

# Form of Proxy

## Eleventh Annual General Meeting



IHH Healthcare

\*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 virtually for \*me/\*us on \*my/\*our behalf at the virtual Eleventh Annual General Meeting of the Company to be held at Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 28 May 2021 at 3.00 p.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 virtually:

No.	Ordinary Resolutions	For	Against
1	Re-election of Jill Margaret Watts		
2	Re-election of Takeshi Saito		
3	Re-election of Tunku Alizakri bin Raja Muhammad Alias		
4	Re-election of Dato' Muthanna bin Abdullah		
5	Re-election of Ong Ai Lin		
6	Re-election of Satoshi Tanaka		
7	Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company		
8	Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company's subsidiaries		
9	Re-appointment of KPMG PLT as Auditors of the Company and authority to the Directors to fix their remuneration		
10	Authority to allot shares pursuant to Section 75 of the Companies Act 2016		
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 IHH		

Subject to the abovestated voting instructions, \*my/\*our \*proxy/\*proxies may vote virtually or abstain from voting on any resolutions as \*he/\*she/\*they may think fit.

\* Delete whichever is not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature of member/Common Seal of member

Total no. of Shares held	
Securities Account No.	

3<sup>rd</sup> fold here

**IMPORTANT: PLEASE READ THE NOTES BELOW**

**Notes:**

1. In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (COVID-19) and the Government's advice of physical distancing, the Company would like to leverage on the use of technology available by conducting the Eleventh Annual General Meeting of the Company (the Meeting or AGM) on a fully virtual basis entirely via Remote Participation and Electronic Voting (RPEV) facilities, pursuant to Section 327(2) of the Companies Act 2016 (Act) and Clause 78 of the Company's Constitution. The Company will be using the meeting platform of Boardroom Share Registrars Sdn Bhd which is available on the designated link at <https://web.lumiagm.com/>. Please follow the procedures as stipulated in the Administrative Details for the Meeting in order to register, participate and vote virtually via the RPEV facilities.
2. The main and only venue of the virtual Meeting is strictly to serve as the broadcast venue where the chairperson of the Meeting is physically present and no shareholders/proxies/corporate representatives shall be physically present at the broadcast venue. The Meeting will be in compliance with Section 327(2) of the Act which provides that the main venue of the AGM shall be in Malaysia and the chairperson must be present at the main venue of the AGM. The electronic means of conducting the AGM on fully virtual basis will facilitate and enable all shareholders to participate in the proceedings by audio and/or video capabilities without the need to be physically present at the Meeting venue. It is also appropriate given the current circumstances relating to COVID-19 which may continue to pose health and safety risks and is in line with the revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.
3. A member entitled to virtually attend and vote at the Meeting is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to virtually attend, participate, speak and vote in his/her stead, in accordance with the Administrative Details.
4. 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.
5. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to virtually attend and vote at the Meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Act) 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.
6. 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 form of proxy.

7. 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.
8. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://www.boardroomlimited.my/> (please refer to Section E of the Administrative Details for details) not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof.
9. Shareholders/proxies/corporate representatives would need to register as a member of Boardroom Smart Investor Portal first before they can request for the Remote Participation User identification number and password to virtually attend, participate, speak and vote at the Meeting via RPEV, in accordance with the Administrative Details.
10. By submitting an instrument appointing a proxy(ies) and/or representative(s) to virtually attend, speak and vote at the Meeting and/or any adjournment thereof, in accordance with the Administrative Details, 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.
11. Only members whose names appear in the General Meeting Record of Depositors on 21 May 2021 shall be entitled to virtually attend, speak and vote at this Eleventh AGM of the Company or appoint a proxy(ies) on his/her behalf, in accordance with the Administrative Details.

2<sup>nd</sup> fold here

Affix Stamp  
Here

**IHH HEALTHCARE BERHAD 201001018208 (901914-V)**

c/o Boardroom Share Registrars Sdn Bhd  
Ground Floor or 11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia

1<sup>st</sup> fold here

# Corporate Information

As at 31 March 2021

## BOARD OF DIRECTORS

### Dato' Mohammed Azlan bin Hashim

Chairman, Independent, Non-Executive

### Dr Kelvin Loh Chi-Keon

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

### Masato Sugahara

Non-Independent, Non-Executive

### Takeshi Saito

Non-Independent, Non-Executive

### Dr Farid bin Mohamed Sani

Non-Independent, Non-Executive

### Mehmet Ali Aydinlar

Non-Independent, Non-Executive

### Tunku Alizakri bin Raja Muhammad Alias

Non-Independent, Non-Executive

### Rossana Annizah binti Ahmad Rashid

Independent, Non-Executive

### Shirish Moreshwar Apte

Independent, Non-Executive

### Jill Margaret Watts

Independent, Non-Executive

### Dato' Muthanna bin Abdullah

Independent, Non-Executive

### Ong Ai Lin

Independent, Non-Executive

### Satoshi Tanaka

Independent, Non-Executive

### Tomo Nagahiro

Non-Independent, Non-Executive  
(Alternate Director to Masato Sugahara)

### Wong Eugene

Non-Independent, Non-Executive  
(Alternate Director to Dr Farid bin Mohamed Sani)

## COMPANY SECRETARIES

### Ida Suryati binti Ab Rahim (LS 0009477)

(SSM Practicing Certificate No.: 202008000221)

### Seow Ching Voon (MAICSA 7045152)

(SSM Practicing Certificate No.: 202008001213)

## COMMITTEES

### Audit Committee

Chairman : Rossana Annizah binti Ahmad Rashid

Members : Shirish Moreshwar Apte  
: Jill Margaret Watts

### Risk Management Committee

Chairman : Rossana Annizah binti Ahmad Rashid

Members : Shirish Moreshwar Apte  
: Jill Margaret Watts

### Nomination Committee

Chairman : Shirish Moreshwar Apte

Members : Dr Farid bin Mohamed Sani  
: Rossana Annizah binti Ahmad Rashid

### Remuneration Committee

Chairman : Shirish Moreshwar Apte

Members : Dr Farid bin Mohamed Sani  
: Rossana Annizah binti Ahmad Rashid

### Steering Committee

Chairman : Dato' Mohammed Azlan bin Hashim

Members : Dr Kelvin Loh Chi-Keon  
: Takeshi Saito  
: Dr Farid bin Mohamed Sani  
: Mehmet Ali Aydinlar  
: Wong Eugene  
(Alternate to Dr Farid bin Mohamed Sani)

## 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](http://www.ihhhealthcare.com)

## SHARE REGISTRARS

### Malaysia

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel : +603-7890 4700 (helpdesk)  
Fax : +603-7890 4670  
Email : [BSR.Helpdesk@boardroomlimited.com](mailto: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

- Axis Bank
- Bank of China
- BNP Paribas
- CIMB Bank
- Citibank NA
- DBS Bank
- Deutsche Bank
- ING Bank
- Malayan Banking Berhad
- MUFG Bank
- Oversea-Chinese Banking Corporation
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation
- The Hongkong and Shanghai Banking Corporation
- Türkiye Garanti Bankasi
- United Overseas Bank

## 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

201001018208 (901914-V)

Level 11 Block A, Pantai Hospital Kuala Lumpur,  
8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia  
Tel: 603-2298 9898

All rights reserved. No information contained in this report should be reproduced without the express written permission of IHH Healthcare Berhad. 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.