



IHH Healthcare

# Care. For good.

Build | Innovate | Transform

Annual Report 2022



# Content

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Chairman's Statement



Governance Section

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Financial Statements

## About This Report

The Company’s Annual Report 2022 has been prepared in accordance with the International <IR> Framework set by the Value Reporting Foundation and with reference to the Global Reporting Initiative (GRI), including the Sector Specific Sustainability Topics for Healthcare Providers and Services and Healthcare Technology – 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 (2<sup>nd</sup> edition) of Bursa Malaysia Securities Berhad, the Companies Act 2016, the Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS). 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.

# Care. For good.

A shared aspiration, these three words sum up what IHH Healthcare stands for:

- Our vision to be the world’s most trusted healthcare services network;
- Our purpose to touch lives and transform care;
- Our commitment to provide greater good to our patients, our people, the public and our planet.

**Care** – As a world-leading integrated healthcare provider, we aim to make healthcare not just about health, but care, with a pulse of empathy.

**For Good** – Because we believe in building a better world, not just for us but for generations to come.

Build | Innovate | Transform

At IHH, we power sustainable growth through foresight and dynamism while staying anchored to our commitment to ‘Care. For Good.’ With unwavering trust placed in us by all stakeholders, we continually challenge the status quo of the healthcare model to do better by patients. This is how we bring to life our purpose of ‘Touching Lives. Transforming Care.’

## 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

- P**atients First  
We put patients’ needs first
- I**ntegrity  
We do the right thing
- E**mpathy  
We listen with our hearts
- T**eamwork  
We are better together
- E**xcellence  
We champion continuous improvement and innovation

# Navigating This Report

## Navigation Icons

Refer to this guide while traversing the report.

### Principal Risk

Geopolitical

Pandemic

Climate Change

Cybersecurity and Data Privacy

Foreign Exchange

### Build, Innovate and Transform

Build

Innovate

Transform

### Trust, Synergy, Growth and Sustainability

Trust

Synergy

Growth

Sustainability

### Stakeholder Engagement

Senior Management

Doctors, Nurses and Employees

Academia

Students

Accreditation Bodies

Regulators

Intermediaries

Suppliers and Service Providers

Investors and Shareholders

Patients

Local Communities

## Our Reporting Suite

IHH Annual Report for the financial year ended 31 December 2022 is supplemented by our standalone Sustainability Report 2022. Our reporting suite can be accessed online.

| Reporting Suite      | Annual Report 2022  | Sustainability Report 2022   |
|----------------------|---|--|
| Disclosure           | <ul style="list-style-type: none"><li>Chairman’s Statement</li><li>Management Discussion and Analysis</li><li>Operations Review by Group Chief Operating Officer</li><li>Financial Review by Group Chief Financial Officer</li><li>Corporate Governance Overview Statement</li><li>Audit Committee Report</li><li>Statement on Risk Management and Internal Control</li><li>Director’s Report</li><li>Independent Auditor’s Report</li><li>Financial Statements</li></ul> | <ul style="list-style-type: none"><li>Global Reporting Initiative (GRI)</li><li>Sustainable Development Goals Disclosure (SDGD)</li></ul>  |
| Reporting Frameworks | <ul style="list-style-type: none"><li>Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR)</li><li>Value Reporting Foundation’s &lt;IR&gt; Framework</li><li>Malaysian Code on Corporate Governance 2021</li><li>Companies Act 2016 (CA 2016)</li><li>Malaysian Financial Reporting Standards (MFRS)</li><li>International Financial Reporting Standards (IFRS)</li></ul>  | <ul style="list-style-type: none"><li>Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR)</li><li>SGX Listing Rule 711 (A) and (B)</li><li>Global Reporting Index Standards 2021</li></ul> |



Please scan the QR code to refer to our Sustainability Report.

# Investment Case

IHH Healthcare consistently performs in the top echelons of the healthcare industry. Our leading edge lies in these key competitive advantages.

## 8 Trusted Brands

Our leading brands are award-winning household names in their respective home markets. Our brands including Acibadem, Mount Elizabeth, Prince Court, Gleneagles, Fortis, Pantai, Parkway and IMU\* are widely recognised and celebrated. For instance, Acibadem Healthcare Group in Türkiye has won the title of Healthcare Services Export Champion (awarded by the Services Exporters’ Association) for six consecutive years. We also took home five accolades in the Institutional Investor’s 2022 All-Asia (excluding Japan) Executive rankings, placing third overall for our sector.

## Global Scale and Influence

Our international network of 83 hospitals in 10 countries allows us to raise the bar of excellence and make healthcare more convenient, efficient and affordable. We have many opportunities to share best practices between countries and streamline operating models to bring better outcomes more efficiently. Certain synergies reaped include the creation of a centralised IT shared service centre for our global network, and establishing global procurement capabilities to optimise processes.

## Deep Operating Capabilities

IHH’s network of hospitals have seen firm rebound in inpatient admissions with strength and finesse. Our operational excellence is affirmed with accolades such as the Global Health Asia-Pacific Awards 2022 won by our hospitals in Malaysia and Singapore.

## At the Forefront of Change

IHH takes the lead on innovation. We are always on the lookout to form strategic partnerships and drive investments to stay ahead of the curve in the fast-changing industry. IHH is one of the first healthcare groups in the world to use Artificial Intelligence (AI) to estimate hospital bills and make telemedicine accessible to the public during the pandemic.

## Commitment to Sustainability

Our steadfastness in sustainable growth is a top-down commitment and core value within the Group. ‘Care. For Good.’ is much more than a corporate strategy; it represents our commitment to make a positive impact at every touchpoint with our patients, our people, the public and our planet.

\* Completed divestment of IMU on 31 March 2023



# Care For Good

**Care** – As a world-leading integrated healthcare provider, we aim to make healthcare not just about health, but care, with a pulse of empathy.

**For Good** – Because we believe in building a better world, not just for us but for generations to come.



## Care for Our Patients

### New lease of Life

Our team at Fortis Escorts Hospital Okhla gave a 74-year-old patient suffering from congenital heart anomaly a new lease of life.

Led by Dr Atul Mathur, Executive Director, Interventional Cardiology & Chief of Cath Lab, our team of doctors successfully performed a transcatheter aortic valve replacement (TAVR) for the patient. The surgery was an extremely challenging one as the elderly patient was suffering from various ailments including dextrocardia, where his heart is located on the right side of the chest. We're glad to have the patient discharged from the hospital in a stable condition just a day shy of his birthday.

## Care for Our People

### Best Employer Brand Award

Our people are the heartbeat of our operations. Clinching Asia's Best Employer Brand Awards 2022 is a testament to our hard work and dedication to cultivate and foster an amazing work culture.

We will continue our efforts to be a trusted employer of choice. We believe that caring for our people's wellness will keep them motivated, happy and healthy as they engage in work they enjoy.



## Antimicrobial Resistance

The Pandemic  
No One Talks About



## Care for the Public

### Fighting a Silent Pandemic

Antimicrobial resistance (AMR) is the third leading cause of death, trailing just behind heart attack and stroke. As a healthcare leader, IHH is leading the charge to combat this silent pandemic through outreach and education programmes to inform the public of this threat.

All IHH hospitals will implement AMR interventions in line with the Centers for Disease Control and Prevention (CDC), World Health Organization (WHO) and national guidelines by 2025.

## Care for Our Planet

### Malaysia First Green Hospital

Pantai Hospital Laguna Merbok is the first hospital in Malaysia to incorporate green technology and design in its construction and operations, while focusing on providing patient comfort.

The hospital boasts many sustainability features that reduce carbon emissions. They include a 40kW Solar Photovoltaic (PV) system on the rooftop, water recycling system for hemodialysis, central garden courtyard and charging stations for electric and hybrid vehicles.



# Build a Stronger Core



**We have engineered growth through organic and inorganic means in the past year – and in the process, brought value not just to key stakeholders but the communities in which we operate.**

## **Boosting Capacities and Reallocating Capital**

The first and most intuitive avenue for growth is via organic expansion to meet increasing demand for private healthcare services.

IHH successfully opened two hospitals; a 200-bed multi-speciality hospital by Fortis Healthcare in India and a 300-bed capacity Acibadem Ataşehir Hospital in Türkiye.

We also ramped up capacity and broadened capabilities within our network. For instance, Mount Elizabeth in Singapore launched its Neurological Rehabilitation centre (NRC) to provide patients a full spectrum of neurological and neurosurgical services.

Concurrently, we reviewed our existing portfolio, seeking merger and acquisition opportunities in existing markets and reallocated capital towards growth. This resulted in the acquisition of the 52-bed Ortopedia Hospital in Adana and the 340-bed Kent Hospital in İzmir in Türkiye, as well as the divestment of IMU, our education arm in Malaysia.

## **Stronger Public-Private Partnerships**

Deepening collaborations with governments and other private healthcare organisations is an important way in which IHH is able to make a positive impact within communities.

IHH will be providing free radiotherapy and radiosurgery for cancer patients referred from Malaysian public hospitals. As such, we will be able to extend care towards more cancer patients in the country through our network comprising Pantai hospitals, Gleneagles hospitals and Prince Court Medical Centre.

In April 2022, we also launched a tripartite partnership between Pantai Premier Pathology, Astra Zeneca and Prudential Malaysia to provide precision medicine as an emerging cancer treatment.

## **Capturing Rebound in Medical Travel**

With the easing of COVID-19 restrictions, medical tourism have made a tremendous rebound. With highly-regarded multi-specialty hospitals located in Malaysia, Singapore, India and Türkiye, IHH hospitals are well-placed to attract foreign patients seeking elective or high-acuity treatments.

We are also continually reviewing our clinical facilities to better meet the needs of medical travellers. For instance, Pantai Hospital Penang is expanding to offer an increased range of medical services, and broke ground to construct a new medical block and revamp its existing building. The construction is to be completed in adherence to the Green Building Index by the end of 2024.

Our core operations, comprising acute and surgical treatments, have also experienced strong recovery with the return of patients (local and foreign), resulting in significant revenue improvement.



**2**

new hospitals launched

**>2,000**

new beds to be added in Malaysia, India and Türkiye through organic expansion



# Innovate for Value-based Care



As a leading global healthcare group, innovation is pertinent to our ability to deliver cutting-edge, evidence-based therapeutics and procedures. Thinking outside the box is also key to how we provide Value-Driven Outcomes (VDO) for our patients.

## Pushing the Limits of Oncology Treatments

Gleneagles Hong Kong Hospital's Peritoneal Malignancy Treatment Centre launched novel intraperitoneal chemotherapy procedures, including the Hyperthermic Intraperitoneal Chemotherapy (HIPEC) and Pressurised IntraPeritoneal Aerosol Chemotherapy (PIPAC). These new treatments promote better outcomes and give new hope to patients with the rare and aggressive disease.

In 2023, a Proton Therapy Centre will open at Mount Elizabeth Novena Hospital (MNH) in Singapore, reinforcing MNH's position as a one-stop oncology treatment centre in the region. The proton beam therapy, a highly precise treatment method that targets cancer cells, reduces damage to healthy tissues and organs and treatment-related side effects.

## Innovating to Drive Value, Shaping the Future of Care

As a trusted multinational healthcare provider, delivering VDO and care is our top priority. By identifying and predicting the outcomes and cost of care, IHH aims to provide accountability and transparency so patients are confident that they are receiving excellent value-for-money services. Against the challenging backdrop of medical inflation, antimicrobial resistance (AMR) and disease burden especially among underserved communities, IHH is working hard to improve health outcomes while keeping cost manageable for patients. By 2025, IHH hospitals in all markets will participate in the VDO programme.

Within our hospitals, we are committed to optimising quality and service. We have a clear mandate to avoid overtreatment and over-prescription to fight AMR and deliver care that patients truly need.

Technology has also aided us in value creation. With Artificial Intelligence (AI), our bill estimates are dynamic based on different treatment plans, providing cost transparency, thereby empowering patients to make informed decisions and place greater trust in IHH. More importantly, our patients get a peace of mind over their healthcare expenditure prior to admission so that they can focus on getting well.

In addition, our patients are able to enjoy better care – from consultation to surgery and post-surgical care – at lower costs. For instance, the introduction of surgical robot Versius gives patients greater affordability with the same or better outcome.



The VDO programme will be implemented in all our markets by

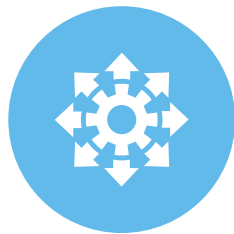
**2025**

A Proton Therapy Centre will open in Mount Elizabeth Novena Hospital in Singapore

**2023**



# Transform Care for All



Through digital transformation, we have been able to evolve and improve patients' healthcare experience, making it more accessible, convenient, customised and assuring. Wellness management becomes instinctive and easy at every life stage as patients walk their journey with IHH.

## High-tech Meets High-touch

Patients of IHH hospitals in Singapore can now seamlessly manage their healthcare journey through the MyHealth360 mobile application. From making specialist appointments and retrieving medical certificates to tele-consultations and accessing laboratory test results, the thoughtful features of MyHealth360 are a virtual extension of IHH's service excellence and reliability.



## Growing the Laboratories Segment

IHH Laboratories is committed to delivering better healthcare solutions and aims to be among the largest, most trusted and digitally and data-driven laboratory services groups globally. Our entities Pantai Premier Pathology (Malaysia), Parkway Laboratories (Singapore), Acibadem Labmed (Türkiye) and SRL Diagnostics (India) are already leaders in their respective markets, delivering millions of tests per year. With a focus on organic growth through expansion of test menus, focus on higher-end tests, transformation of operations and digitalisation of core platforms, our laboratories segment is set to deliver a strong growth going forward.

As leaders in the business with more than 30 years of history, we adapt swiftly to the needs on the ground. IHH laboratories were one of the earliest private providers to conduct polymerase chain reaction (PCR) tests for COVID-19 in the markets we operate. As more healthcare consumers gravitate towards preventive healthcare and diagnostics, our laboratories are also well-placed to attend to the well-being of future generations.

Our laboratory business is focused on delivering excellence, and is validated with several quality assurance certifications awarded by international and local accreditation bodies. For example, Pantai Premier Pathology – in particular, its cytogenetics and molecular diagnostics laboratory – is one of only two laboratories in Malaysia to receive an accreditation from the College of American Pathologists (CAP).



**About 92m** **US\$100m**

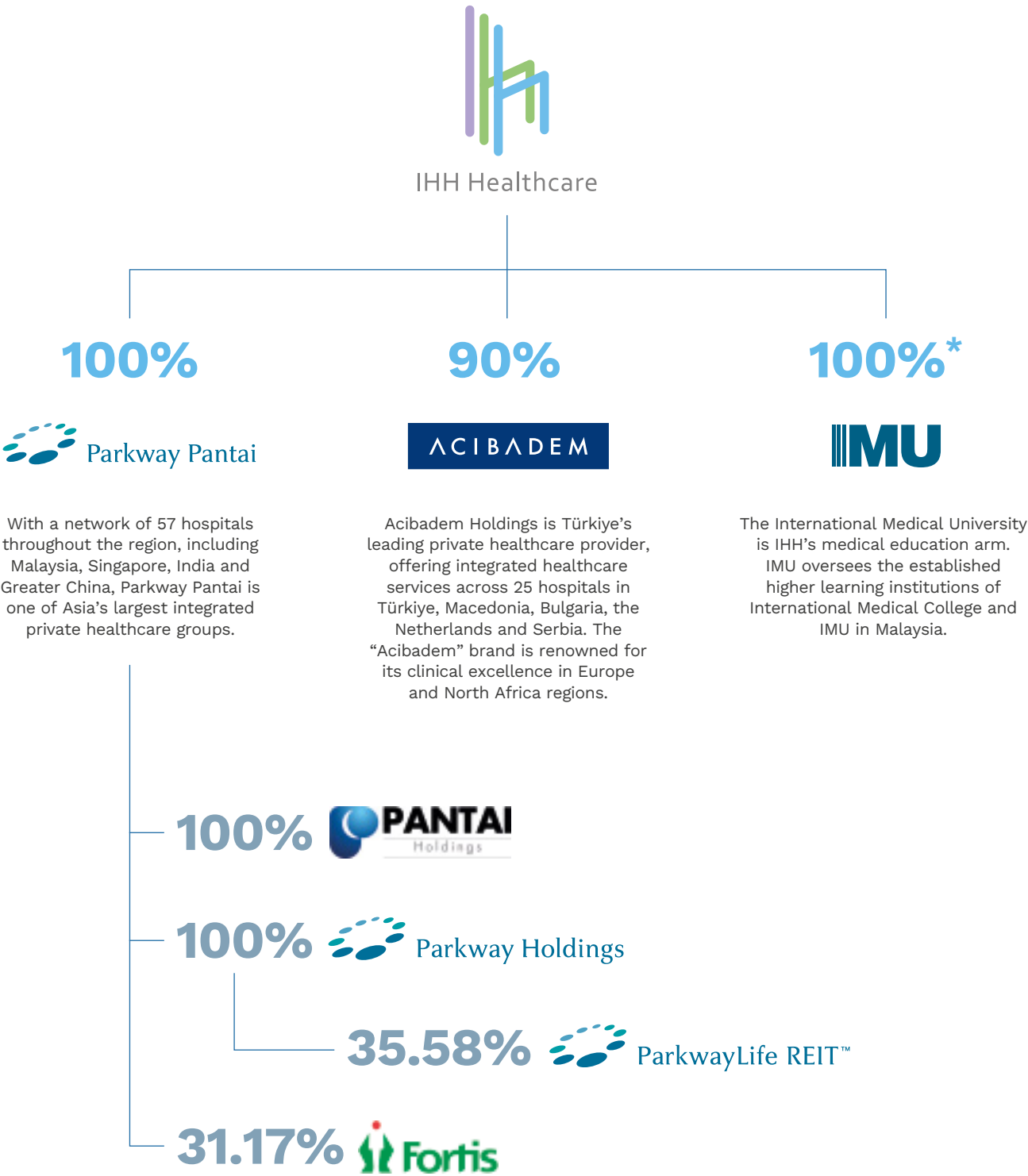
laboratory tests done across Singapore, Malaysia, India and Türkiye in FY2022

allocated to drive digital transformation and innovation initiatives



# IHH at a Glance

As at 31 March 2023



\* Completed divestment of IMU on 31 March 2023

## Acibadem



Setting the healthcare benchmarks in Türkiye 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.

## Pantai



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

## 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.

## 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.

### 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.

## 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.

## 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.

## Parkway



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

## 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.

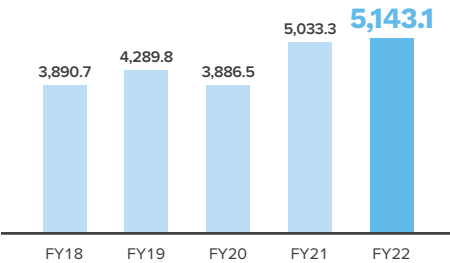


# Financial Highlights

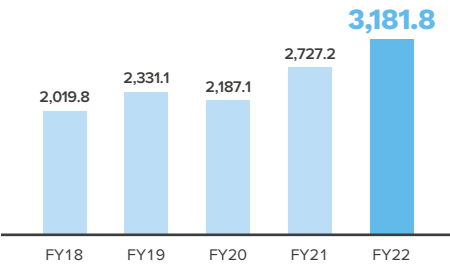
## Revenue by Strategic Business Units

(RM million)

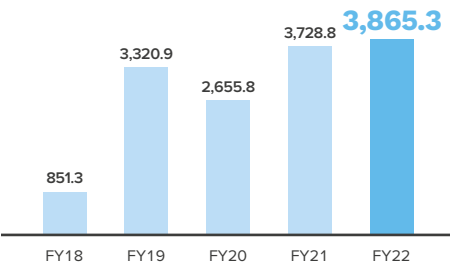
### Singapore



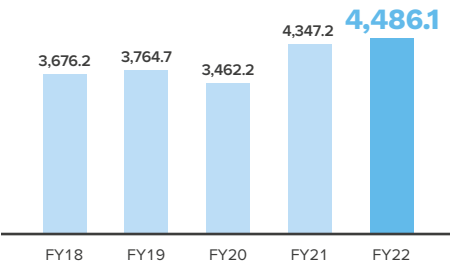
### Malaysia



### India



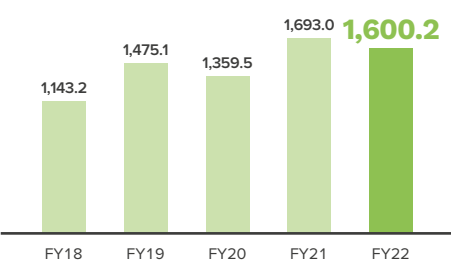
### Türkiye and Europe



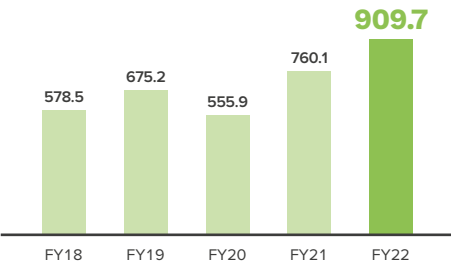
## EBITDA by Strategic Business Units

(RM million)

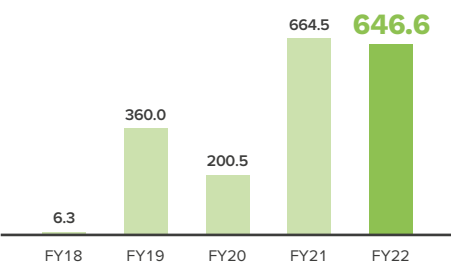
### Singapore



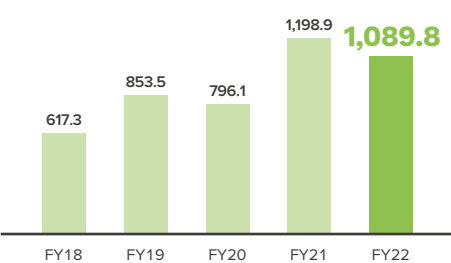
### Malaysia



### India

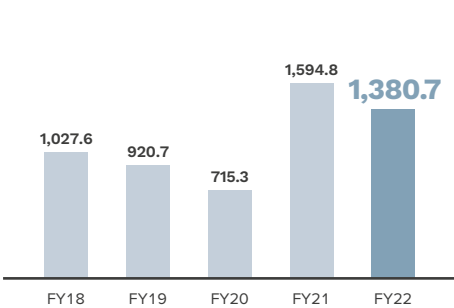


### Türkiye and Europe



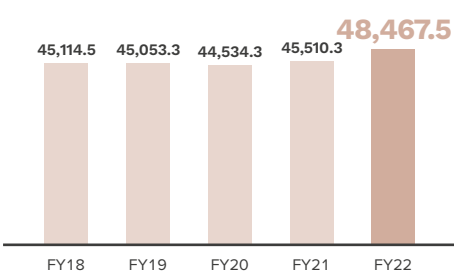
## Profit After Tax and Minority Interest (PATMI)

excluding exceptional items (RM million)



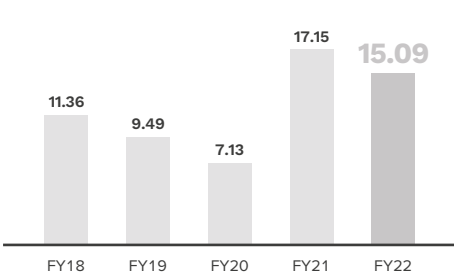
## Total Assets

(RM million)



## Basic Earnings per Share

excluding exceptional items (sen)



See pages 60 to 62 on Financial Review for more information.

The above charts are not drawn to scale.

|   | FY2018          | FY2019          | FY2020          | FY2021          | FY2022          |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>A. Income Statement (RM Million)</b>                 |                 |                 |                 |                 |                 |
| <b>Revenue by Strategic Business Units</b>              |                 |                 |                 |                 |                 |
| Singapore   | 3,890.7         | 4,289.8         | 3,886.5         | 5,033.3         | 5,143.1         |
| Malaysia  | 2,019.8         | 2,331.1         | 2,187.1         | 2,727.2         | 3,181.8         |
| India   | 851.3           | 3,320.9         | 2,655.8         | 3,728.8         | 3,865.3         |
| Greater China   | 499.6           | 604.6           | 662.4           | 876.9           | 998.4           |
| Türkiye and Europe                                      | 3,676.2         | 3,764.7         | 3,462.2         | 4,347.2         | 4,486.1         |
| Southeast Asia  | 182.3           | 190.8           | 138.4           | –               | –               |
| Hospital and Healthcare                                 | 11,119.9        | 14,501.9        | 12,992.4        | 16,713.4        | 17,674.7        |
| IMU Health  | 257.5           | 259.0           | 248.7           | 257.6           | 260.8           |
| Others <sup>1</sup>                                     | 10.3            | 12.1            | 8.5             | 7.6             | 5.0             |
|   | 11,387.7        | 14,773.0        | 13,249.6        | 16,978.6        | 17,940.5        |
| PLife REIT total revenue                                | 335.7           | 347.9           | 367.0           | 370.7           | 376.2           |
| PLife REIT inter-segment revenue                        | (202.5)         | (208.4)         | (212.0)         | (217.5)         | (226.7)         |
|   | 11,520.9        | 14,912.5        | 13,404.6        | 17,131.8        | 18,090.0        |
| Hyperinflationary adjustment <sup>2</sup>               | –               | –               | –               | –               | (101.3)         |
| <b>Total</b>  | <b>11,520.9</b> | <b>14,912.5</b> | <b>13,404.6</b> | <b>17,131.8</b> | <b>17,988.7</b> |
| <b>EBITDA<sup>3</sup> by Strategic Business Units</b>   |                 |                 |                 |                 |                 |
| Singapore   | 1,143.2         | 1,475.1         | 1,359.5         | 1,693.0         | 1,600.2         |
| Malaysia  | 578.5           | 675.2           | 555.9           | 760.1           | 909.7           |
| India   | 6.3             | 360.0           | 200.5           | 664.5           | 646.6           |
| Greater China   | (208.7)         | (175.5)         | (146.5)         | (69.6)          | (60.3)          |
| Türkiye and Europe                                      | 617.3           | 853.5           | 796.1           | 1,198.9         | 1,089.8         |
| Southeast Asia  | 66.4            | 69.1            | 45.6            | (0.3)           | (0.3)           |
| Hospital and Healthcare                                 | 2,203.0         | 3,257.4         | 2,811.1         | 4,246.6         | 4,185.7         |
| IMU Health  | 84.9            | 87.2            | 75.7            | 86.7            | 84.8            |
| Others <sup>1</sup>                                     | (131.9)         | (112.0)         | (107.4)         | (185.6)         | (170.7)         |
|   | 2,156.0         | 3,232.6         | 2,779.4         | 4,147.7         | 4,099.8         |
| PLife REIT  | 321.7           | 294.4           | 308.9           | 349.9           | 278.4           |
| Eliminations  | –               | (209.3)         | (212.0)         | (218.2)         | (220.9)         |
|   | 2,477.7         | 3,317.7         | 2,876.3         | 4,279.4         | 4,157.3         |
| Hyperinflationary adjustment <sup>2</sup>               | –               | –               | –               | –               | (106.2)         |
| <b>Total</b>  | <b>2,477.7</b>  | <b>3,317.7</b>  | <b>2,876.3</b>  | <b>4,279.4</b>  | <b>4,051.1</b>  |
| <b>Profit After Tax and Minority Interest (“PATMI”)</b> |                 |                 |                 |                 |                 |
| Including Exceptional Items                             | 627.7           | 551.5           | 288.9           | 1,862.5         | 1,548.4         |
| Excluding Exceptional Items                             | 1,027.6         | 920.7           | 715.3           | 1,594.8         | 1,380.7         |
| <b>B. Financial Position (RM Million)</b>               |                 |                 |                 |                 |                 |
| Total Assets  | 45,114.5        | 45,053.3        | 44,534.3        | 45,510.3        | 48,467.5        |
| Net Borrowings  | 2,807.3         | 6,385.0         | 7,441.0         | 5,856.0         | 7,170.4         |
| Equity attributable to Owners of the Company            | 21,994.0        | 22,339.5        | 21,739.8        | 22,424.9        | 26,192.0        |
| <b>C. Financial Ratios</b>                              |                 |                 |                 |                 |                 |
| <b>Basic Earnings per Share (sen)</b>                   |                 |                 |                 |                 |                 |
| Including Exceptional Items                             | 6.54            | 5.28            | 2.27            | 20.20           | 17.00           |
| Excluding Exceptional Items                             | 11.36           | 9.49            | 7.13            | 17.15           | 15.09           |
| <b>Net Assets<sup>4</sup> per Share (RM)</b>            |                 |                 |                 |                 |                 |
|   | 2.51            | 2.55            | 2.48            | 2.55            | 2.97            |
| <b>Net Tangible Assets<sup>5</sup> per Share (RM)</b>   |                 |                 |                 |                 |                 |
|   | 0.90            | 0.88            | 0.87            | 0.94            | 1.16            |
| <b>Return on Equity<sup>6</sup> (%)</b>                 |                 |                 |                 |                 |                 |
| Including Exceptional Items                             | 2.86%           | 2.49%           | 1.31%           | 8.43%           | 6.37%           |
| Excluding Exceptional Items                             | 4.68%           | 4.15%           | 3.25%           | 7.22%           | 5.68%           |
| <b>Return on Total Assets (%)</b>                       |                 |                 |                 |                 |                 |
| Including Exceptional Items                             | 1.39%           | 1.22%           | 0.65%           | 4.09%           | 3.19%           |
| Excluding Exceptional Items                             | 2.28%           | 2.04%           | 1.61%           | 3.50%           | 2.85%           |
| <b>Net Debt Equity Ratio<sup>7</sup> (times)</b>        |                 |                 |                 |                 |                 |
|   | 0.10            | 0.23            | 0.28            | 0.21            | 0.25            |

### Notes

The above 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*.

- Others comprise mainly corporate offices as well as other investment holding entities.
- Arises from the application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* for component entities whose functional currency is the Turkish Lira.
- Being earnings before interest, tax, depreciation, amortisation, exchange differences, share of results of associates and joint ventures and other non-operational items.

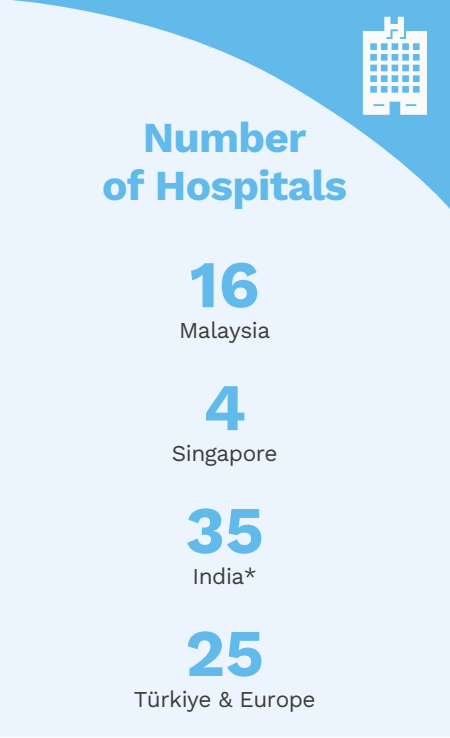
- Being net assets attributable to ordinary shareholders (excluding non-controlling interests).
- Being net assets attributable to ordinary shareholders (excluding non-controlling interests) less goodwill and intangible assets.
- Being PATMI for the year over average of equity attributable to owners of the Company as at year-end and beginning of the year.
- Debt includes loans and borrowings as well as lease liabilities and bank overdrafts.



# Operational Highlights

|  | FY2018  | FY2019  | FY2020  | FY2021  | FY2022  |
|--|---------|---------|---------|---------|---------|
| <strong>Malaysia</strong>                            |         |         |         |         |         |
| No. of hospitals at end of year                      | 15      | 15      | 16      | 16      | 16      |
| No. of licensed beds¹ at end of year                 | 2,503   | 2,537   | 2,908   | 2,961   | 3,000   |
| No. of operational beds¹ at end of year              | 2,327   | 2,372   | 2,696   | 2,676   | 2,731   |
| Inpatient admissions²                                | 203,419 | 218,051 | 158,944 | 151,944 | 205,459 |
| Average length of stay³ (days)                       | 2.7     | 2.7     | 2.9     | 3.1     | 3.0     |
| Occupancy rate⁴                                      | 67%     | 70%     | 49%     | 48%     | 63%     |
| Average revenue per inpatient admission (in RM)      | 6,615   | 7,054   | 8,428   | 10,346  | 9,587   |
| <strong>Singapore</strong>                           |         |         |         |         |         |
| No. of hospitals at end of year                      | 4       | 4       | 4       | 4       | 4       |
| No. of licensed beds¹ at end of year                 | 967     | 998     | 998     | 1,039   | 1,017   |
| No. of operational beds¹ at end of year              | 942     | 960     | 991     | 989     | 907     |
| Inpatient admissions²                                | 76,917  | 78,541  | 64,071  | 64,227  | 61,951  |
| Average length of stay³ (days)                       | 2.8     | 2.9     | 3.1     | 3.0     | 3.1     |
| Occupancy rate⁴                                      | 63%     | 65%     | 55%     | 54%     | 56%     |
| Average revenue per inpatient admission (in RM⁵)     | 33,330  | 34,837  | 36,638  | 38,836  | 48,965  |
| <strong>India</strong>                               |         |         |         |         |         |
| No. of hospitals at end of year                      | 33      | 29      | 31      | 31      | 31      |
| No. of licensed beds¹ at end of year                 | 5,954   | 5,887   | 6,154   | 6,011   | 5,952   |
| No. of operational beds¹ at end of year              | 4,845   | 4,770   | 5,004   | 4,756   | 4,880   |
| Inpatient admissions²                                | 88,793  | 363,126 | 270,581 | 320,543 | 332,661 |
| Average length of stay³ (days)                       | 3.7     | 3.3     | 3.7     | 3.8     | 3.6     |
| Occupancy rate⁴                                      | 59%     | 69%     | 54%     | 66%     | 69%     |
| Average revenue per inpatient admission (in RM⁵)     | 6,946   | 6,011   | 6,803   | 7,832   | 8,103   |
| <strong>Türkiye and Europe</strong>                  |         |         |         |         |         |
| No. of hospitals at end of year                      | 21      | 21      | 21      | 22      | 24      |
| No. of licensed and operational beds⁶ at end of year | 4,099   | 4,157   | 4,189   | 4,202   | 4,780   |
| No. of overnight beds⁶ at end of year                | 2,781   | 2,863   | 2,893   | 2,997   | 3,211   |
| Inpatient admissions²                                | 229,433 | 221,493 | 186,662 | 219,582 | 234,831 |
| Average length of stay³ (days)                       | 3.4     | 3.5     | 3.8     | 3.8     | 3.5     |
| Occupancy rate⁴                                      | 78%     | 75%     | 67%     | 77%     | 74%     |
| Average revenue per inpatient admission (in RM⁵)     | 2,300   | 2,711   | 4,580   | 6,944   | 9,090   |

|  |  |  |   |
|--|--|--|---|
| <strong>Notes</strong><br>The above information comprise operational data relating to hospitals owned by subsidiaries in the Group's home markets only.<br><br>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.<br><br>Hospitals in Türkiye and Europe do not compile certain operational data, including number of operational beds, the average length of stay and occupancy rate, on the same basis as the rest of the regions and therefore, these numbers may not be comparable.<br><br>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. |  |  | 1. Licensed beds are approved number of beds by the Ministry of Health that the hospital regularly maintains and staffs.<br><br>Operational beds is an internal measure which includes licensed beds utilised for patients.   |
|  |  |  | 2. Represents the total number of overnight inpatients admitted.  |
|  |  |  | 3. Represents the average number of days an overnight inpatient stays.  |
|  |  |  | 4. Represents the percentage of hospital operational/overnight beds occupied by inpatients.<br><br>Occupancy rate may be lower due to new hospitals that are in the ramp up stage.  |
|  |  |  | 5. Prior years' average revenue per inpatient admission had been translated using the exchange rates as at 31 December 2022, so as to be comparable across periods.   |
|  |  |  | 6. 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, beds for examination, minor treatments and relaxation, from which Acibadem derives revenue and does not require licensing.<br><br>“Overnight beds” comprise beds used for observation and treatment of at least 24 hours. |



\* India – includes four hospitals managed for third parties.  
\*\* Number of lives touched includes cumulative number of patients utilising IHH Healthcare services targeted at reducing antimicrobial use and disease burden, number of beneficiaries reached through our corporate responsibility programmes, as well as those reached via IHH Healthcare digital platforms and educational outreach programmes.

See pages 51 to 59 on Operations Review and pages 63 to 72 on Sustainability for more information.



**We're**



**years**



Please scan to view  
IHH 10<sup>th</sup> anniversary video.







# Corporate Milestones 2022



## Jan

- Progressive roll-out of Cerebral Plus (Hospital Information System) across 15 hospitals in Malaysia
- Acibadem awarded the Healthcare Services Export Champion for six consecutive years

## Feb

- IHH unveils ‘Care. For Good.’ strategy to provide sustainable growth for all stakeholders

Care.  
For good.

## Mar

- Gleneagles Hong Kong Hospital launches free teleconsultation and medication delivery services to support the country’s fight against the pandemic.



- Launch of Precision Medicine Tripartite Collaboration between Pantai Premier Pathology, Astra Zeneca, and Prudential Malaysia

## Apr



## May

- Launch of Pantai Hospital Cheras Health Screening Centre
- IHH 12<sup>th</sup> Annual General Meeting held fully virtual at Le Meridien, Kuala Lumpur



## Jun

- Entered into a definitive agreement to divest IMU, its medical education arm



- Gleneagles Hong Kong Hospital collaborated with The University of Hong Kong and SINOVAC on Omicron COVID-19 vaccine clinical trial

## Jul

## Aug

- Pantai Hospital Penang breaks ground to increase service capacity and cater to medical tourism
- Launch of Gleneagles Hong Kong Hospital Pro-HEART Cardiac Centre



- IHH celebrates 10<sup>th</sup> anniversary of listing on Bursa Malaysia and Singapore Exchange
- IHH commits to achieve carbon net-zero by 2050, unveils sustainability goals
- IHH signs MoU with Ministry of Health Malaysia to provide free radiotherapy and radiosurgery for cancer patients from government hospitals
- Opening of Acibadem Ataşehir Hospital in Türkiye

## Sep



## Oct



- Mount Elizabeth Novena Hospital celebrates 10<sup>th</sup> anniversary
- IHH Healthcare Singapore and Autism Resource Centre signs MoU to expand existing collaboration to develop a more inclusive healthcare workforce and empower individuals on the autism spectrum to gain employment in healthcare
- Parkway East Hospital turns 80
- Fortis expands footprint In Delhi with launch of Fortis Greater Noida Hospital

## Nov

- Twin Towers Medical Centre celebrates 24<sup>th</sup> anniversary



## Dec

- Pantai Premier Pathology celebrates 25<sup>th</sup> anniversary



# Awards and Accreditations

## Awards

### IHH Healthcare

**IR Magazine South East Asia Awards 2022**

- Best in Sector – Healthcare
- Best Annual Report 2021 (large cap)

**2021 ASEAN Corporate Governance Scorecard (ACGS) Award**

- ASEAN Asset Class PLCs

**MSWG-ASEAN Corporate Governance Award 2021**

- Industry Excellence award for CG disclosure

**Forbes “World’s Best Employers 2022”**

- Ranked 259

**The Edge Billion Ringgit Club Corporate Awards 2022**

- Companies With More Than RM40 Billion Market Capitalisation – Highest Growth in Profit After Tax Over Three Years

**Asia’s Outstanding Companies Poll 2022 by Asiamoney**

- Most Outstanding Company in Malaysia – Healthcare Sector

**Corporate Treasurer Awards 2022**

- Marquee Awards – Best CFO

**Institutional Investor’s 2022 All-Asia Executive rankings**

- Voted top 3 across all five categories for the Healthcare & Pharmaceutical sector in Asia (ex-Mainland): “CEO”, “CFO”, “ESG”, “IR Program” and “IR Professional”
- CEO and CFO ranked #2 by buy-side and #3 overall; Group climbs two spots to #3 overall

### Malaysia

**2022 Global Health Asia-Pacific Awards**

**Gleneagles Hospital Kuala Lumpur**

- Hospital of the Year in Malaysia
- Value Based Hospital of the Year in Asia Pacific
- Bariatric Service Provider of the Year in Asia Pacific
- Endocrinology Service Provider of the Year in Asia Pacific

**Pantai Hospital Kuala Lumpur**

- Digestive Health Service Provider of the Year in Asia Pacific
- Oncology Surgical Service Provider of the Year in Asia Pacific
- Health Screening Provider of the Year in Asia Pacific

**Prince Court Medical Centre**

- Breast Endocrine Service Provider of the Year in Asia Pacific
- Paediatric Service Provider of the Year in Asia Pacific
- ENT Service Provider of The Year in Asia Pacific
- Nephrology Service Provider of the Year in Asia Pacific

### Singapore

**IHH Singapore**

- Asia’s Best Employer Brand Awards 2022

**2022 Global Health Asia-Pacific Awards**

**Gleneagles Hospital, Singapore**

- Spine Care Service Provider of the Year in Asia Pacific
- Respiratory Service Provider of the Year in Asia Pacific
- Complex Paediatric Service Provider of the Year in Asia Pacific
- Endocrine Service Provider of the Year in Asia Pacific

**Mount Elizabeth Hospital**

- Hospital of the Year in Asia Pacific
- Hospital of the Year in Singapore
- Transplant Service Provider of the Year in Asia Pacific
- Stroke Centre of the Year in Asia Pacific
- Multi Disciplinary Oncology Service Provider of the Year in Asia Pacific
- Neurology Service Provider of the Year in Asia Pacific
- Advanced Cardiology Service Provider of the Year in Asia Pacific
- Patient Experience Satisfaction Hospital of the Year in Asia Pacific

### Türkiye & Europe

**Acibadem Healthcare Group Capital 500**

- 89<sup>th</sup> among Türkiye’s 500 largest companies
- 4<sup>th</sup> in “Women- Friendly Companies”
- 13<sup>th</sup> among the top 25 companies with the highest number of employees
- 56<sup>th</sup> among 236 companies in Istanbul based on province

**Tech Brands Türkiye**

- Most Technological Healthcare Brand 2022

**International Business Awards – 2022**

- Bronze award – “Influencer Marketing Campaign of the Year” with “Travelling Pink Ribbon” campaign

**Felis Global 17<sup>th</sup> Mediat Awards**

- Achievement award for Breast Cancer Awareness Campaign -Healthcare & Wellness

### India

**Fortis Mohali**

- National Award for Excellence in Energy Management 2022

**BGS Gleneagles Global Hospital, Kengeri**

- Time Health Excellence Awards 2021-22
  - i. Kidney Transplant
  - ii. Radiation Oncology
  - iii. Advanced Endoscopy
  - iv. Cardiology
  - v. Colorectal Surgery

**Gleneagles Global Health City, Chennai**

- CII TN MedClave second edition 2022 – Excellence in the field of Neurology
- News 18, Tamilnadu – Best hospital in Chennai region for Neuro Sciences, Liver Sciences & Gastroenterology

**Global Hospitals, Parel**

- World Stroke Organization – Diamond and Platinum Award
- Midday Healthcare Awards – Best multi-organ Transplant centre in Western India
- Navbharat Times Health Awards – Best Liver Transplant (Adult & Pediatric) Hospital in India

### Greater China

**Gleneagles Hong Kong Hospital**

- Ming Pao Living Smart Award 2022 – Living Smart Award, Smart Design (My Gleneagles SmartHealth app)
- Hong Kong Parents’ Choice Awards 2021 – Best Private Maternity Package
- HKB Management Excellence Awards 2022 – Healthcare award (COVID Management Initiative of the Year)

## Accreditations

| Joint Commission International (JCI)                                       |   |
|--|---|
| Malaysia   | Pantai Hospital Kuala Lumpur<br>Gleneagles Hospital Kuala Lumpur<br>Gleneagles Hospital Penang  |
| Türkiye  | Acibadem Adana Hospital<br>Acibadem Altunizade Hospital<br>Acibadem City Clinic UMBAL<br>Acibadem Maslak Hospital<br>Acibadem Atakent Hospital  |
| Singapore  | Gleneagles Hospital<br>Mount Elizabeth Hospital<br>Mount Elizabeth Novena Hospital<br>Parkway East Hospital   |
| India  | Fortis Hospital Mohali  |
| National Accreditation Board for Hospitals and Healthcare Providers (NABH) |   |
| India  | Gleneagles Global Hospital BGS Bangalore<br>Gleneagles Global Health City Chennai<br>Gleneagles Global Hospital Lakdi-Ka-Pul<br>Aware Gleneagles Global Hospital LB Nagar<br>Centre for Digestive and Kidney Diseases Mumbai<br>Fortis La Femme Bengaluru<br>Fortis Escorts Hospital Faridabad<br>Hiranandani Hospital Vashi<br>Fortis Rajajinagar Bengaluru  |
| Malaysian Society for Quality Health (MSQH)                                |   |
| Malaysia   | 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, Pantai Hospital Laguna Merbok, Gleneagles Hospital Kuala Lumpur, Gleneagles Hospital Penang, Gleneagles Hospital Medini Johor, Gleneagles Hospital Kota Kinabalu and Prince Court Medical Centre |



Building trust among our stakeholders is a critical foundation of our strategy. Doing greater good by our patients, our people, the public and our planet, we build strong and sustainable growth.

## Strategic Report

|                        |    |
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# Chairman’s Statement



The lessons learnt in the past 10 years are invaluable in propelling us towards creating a sustainable future – for our patients, our people, the public and our planet. Sustainability is how we put into action our philosophy of touching lives and transforming care.

**Tan Sri Mohd Azlan Hashim**  
Non-Executive Chairman

**Dear Stakeholders,**

For better or worse, 2022 has been a year of inflection points.

Around the world, countries have adapted to living with COVID-19. Consequently, the biggest and most welcome change has been the reopening of borders and easing of pandemic-related restrictions.

The gradual return to a pre-pandemic way of life has made a direct impact on IHH. Our hospitals have seen an uptick in demand for elective procedures among both local and foreign patients. The recovery of our core business of hospital and healthcare services runs in tandem with the tapering off COVID-19-related services.

The second inflection point – one of concern to all – is global inflation and rising interest rates. This has driven up business costs, including salaries and energy costs, across our operations. The global economic slowdown is compounded by looming risks of economic recessions in the US and Europe, tightening financial conditions, further straining of US-China relations and the Russia-Ukraine conflict, among others.

Even in the face of volatility and lull of recent years, we have remained undeterred, building momentum and strengthening our core operations behind the scenes. IHH has a balanced focus on improving financial returns as well as driving sustainable growth led by a well-rounded strategy. Our vision is fortified by our strong financial position, robust cash flow, operational resilience – and most importantly, a motivated and dedicated workforce.

In short, we have every reason to strive forward with confidence.

**Sustainability at The Heart of All We Do**

Aligned with the IHH aspiration to ‘Care. For Good.’, we unveiled the Group’s 2025 Sustainability Goals in September 2022. Sustainability is integral to our business and our purpose of touching lives and transforming care.

We have laid out clear, measurable and time-bound goals to drive positive change for our Patients, our People, the Public and our Planet. These are aligned to the United Nations Sustainable Development Goals.

The setting of these goals reflects the evolution of the global sustainability landscape. Bursa Malaysia has also

enhanced sustainability reporting requirements, with emphasis on climate change.

To that point, one of our key goals is to cap carbon emissions by 2025 at the baseline levels of 2022 while continuing to grow our business. More ambitiously, we target to achieve Net-Zero by 2050. These aspirations are bold in our industry. However, we are determined to stay the course and set the standard for counterparts who share similar hopes. This is the right way forward.

To meet our 2025 goal, we are exploring decarbonisation initiatives such as reducing energy consumption, switching to renewable energy and reducing plastic use. We are also preparing our climate-related disclosures to meet recommendations set by the Task Force on Climate-Related Financial Disclosures, and working towards charting a science-based pathway towards Net-Zero by 2050.

Our sustainability goals were derived with the input of IHH’s stakeholders. We hold your needs and views in high regard in our decision-making process.

Across 2022, we conducted a group-wide materiality assessment exercise to identify top-of-mind issues for key stakeholders. In the process, we refined existing issues, uncovered new ones and highlighted our priorities. More detailed information is outlined in Our Material Matters page 42.

It is crucial to recognise that sustainability is a journey. We are taking progressive, measurable steps towards achieving long-term goals by identifying (and fulfilling) interim targets. We are thankful to have you along on this paramount endeavour.

We have laid out clear, measurable and time-bound goals to drive positive change for our Patients, our People, the Public and our Planet. These are aligned to the United Nations Sustainable Development Goals.



Chairman’s Statement

We have intensified efforts to create the necessary support mechanisms to encourage total well-being, particularly for frontline clinical professionals. These mechanisms include 24/7 counselling across the group and programmes designed to improve employee health and wellness.



Putting People First

The integral role played by healthcare teams in the management of COVID-19 and in delivering other equally important core patient services can never be overstated. However, the last two years have taken a toll.

There is currently a global shortage of nurses. Pandemic burnout, compassion fatigue and early retirement are among the reasons behind high turnover rates.

More than ever, we need to ask, “How do we shape a culture that defines our purpose and core values? How do we create a corresponding environment that will be embraced by our people?” Only by putting our values into daily action can we ensure that IHH continues to groom and retain exceptional talent.

As a trusted healthcare provider, we have always put patients first. While this has not changed, the pandemic has unveiled the long unspoken. To reliably provide patients the best outcomes and experience, healthcare institutions must first ensure the safety and physical and mental well-being of its staff so they can in turn deliver their best at work.

At IHH, we have intensified efforts to create the necessary support mechanisms to encourage total well-being, particularly for frontline clinical professionals. These mechanisms include 24/7 counselling across the group and programmes designed to improve employee health and wellness.

Exceptional Governance Fosters Trust

Since its formation, the IHH Board has been committed to the highest standards of corporate governance. We recognise the fundamental role that our practices and processes play in ensuring the organisation creates sustainable growth and delivers value to stakeholders.

We have a comprehensive set of policies and systems – ranging from boardroom diversity and anti-corruption measures to code of conduct and investor relations policies – and continually look at ways to uphold the integrity of the organisation.

One such example is the Group’s Whistleblowing Policy, which is designed to empower individuals to raise concerns and disclose information about malpractice or other wrongdoings. Now, whistleblowers can access a third-party portal or hotline to make their report anonymously and is fully

confidential. The use of an independent portal lends greater peace of mind and confidence in reporting.

Delivering Results

IHH will continue to follow the dividend policy, whereby not less than 20% of the Group’s profit after tax and minority interests, excluding exceptional items, shall be distributed to shareholders.

Despite challenges in the past year, the board declared a first and final dividend of 7 sen per share for Bursa shareholders, a 17% increase compared to a year ago. The dividend payment will be made to shareholders on 28 April 2023. IHH payouts are in Malaysian Ringgit to shareholders trading on Bursa Malaysia and in Singapore dollars to shareholders trading on the Singapore Exchange.

Lending a Hand to the Türkiye Community

I would be remiss to neglect mentioning the recent earthquake that has devastated the southeastern part of Türkiye. The Group has since donated USD2.0 million towards rescue efforts. Our operations there, namely the Acibadem hospitals, are also extending medical care and support in the affected region.

As a Group, we are doing our best to support our Acibadem colleagues, ensuring their safety as they render humanitarian and healthcare assistance. We had a staff donation drive in our key markets that will go towards supporting the needs of those affected, including medical care, emergency shelter, first aid and food via Acibadem Healthcare.

Board and Management Changes

On the back of a successful year, I’d like to express gratitude to all members of the Board for their support and direction. As with every growing organisation, changes within the Board and senior management are inevitable.

This year, we bade farewell to Takeshi Saito, Dr Farid bin Mohamad Sani and Tunku Alizakri bin Raja Muhammad Alias who resigned as non-independent, non-executive Board members. We also welcomed Tomo Nagahiro, Bryan Lim and Mohd Shahazwan bin Mohd Harris to our Board of Directors.

After more than three years at the helm, Dr Kelvin Loh has resigned as IHH Healthcare’s Managing Director and CEO, and relinquished his position on the Board. Kelvin has steered IHH through the massive challenges posed by COVID-19. We wish him all the best for his future endeavours.

In the interim, we established a Board Committee known as the Transition Committee (TC) on 30 March 2023. The TC shall serve as a temporary Board Committee until the new Group Chief Executive Officer is appointed.

The Next Decade

2022 was momentous for IHH. We rang in our 10<sup>th</sup> year as a listed company and took stock of the milestones we have achieved.

It is evident that our strong fundamentals and sound strategy have spurred the growth and evolution of IHH over the last decade. The lessons learnt provide the wisdom for us to chart our future.

The road ahead will undoubtedly bring forth new challenges along with opportunities. We are sowing the seeds every day to seize the growth to come, meet uncertainties with strength and confidence – and most importantly, deliver sustainable value to all our stakeholders.

Whether you are a patient, clinical partner, employee, shareholder, member of the management team or fellow Board member, I sincerely thank you for your invaluable contributions. Your unwavering support and trust keep all of us going.

















Tan Sri Mohd Azlan Hashim

Non-Executive Chairman

It is evident that our strong fundamentals and sound strategy have spurred the growth and evolution of IHH over the last decade. The lessons learnt provide the wisdom for us to chart our future.























# Market Outlook

The easing of COVID-19 restrictions and steady growth of patient volume are counterbalanced by challenges in the larger operating environment such as inflation and nursing shortages. However, we expect headwinds to be short-term and remain committed to delivering on our promise to grow sustainably and ‘Care. For Good.’

| Trend                   | Impact to Group   | Our Response   | Link to Strategy  | Link to Principal Risk  |
|-------------------------|---|--|---|---|
| Current Trends          |   |  |   |   |
| Economic landscape      | <p>The global economic slowdown has continued and is expected to persist through 2023. Short-term headwinds, such as elevated inflation, higher energy prices and rising interest rates, have contributed to higher operating costs across all markets.</p> <p>However, the underlying demand for private healthcare underpinned by long-term megatrends is intact. The growth trajectory remains strong following the reopening of international borders and easing of restrictions, putting IHH back in firm recovery.</p>        | <p>Medical inflation is a global challenge faced by all healthcare providers, and one which we are tackling quickly.</p> <p>We will do so through delivering Value-Driven Outcomes (VDO), which provides better or similar medical clinical outcomes at a lower cost. This is done through measuring activities, consumables and time spent on each procedure and eliminating any superfluous elements to reduce bill size for patients.</p> <p>In addition to managing the effects of rising operating costs, the Group has applied MFRS 129, <i>Financial Reporting in Hyperinflationary Economies</i> for its component entities whose functional currency is the Turkish Lira. Türkiye is considered a hyperinflationary economy under MFRS 129 starting from April 2022.</p>  |      |    |
| Nursing talent shortage | <p>With the long-drawn pandemic a push factor, many healthcare professionals around the world experienced burnout and consequently left the industry. There is now a tight labour supply, particularly in nursing. This has resulted in rising cost of recruitment and retention of healthcare staff.</p>   | <p>IHH's operations have stayed resilient despite the tight labour market. Our operations and all-round performance have continued to meet the highest standards.</p> <p>Most notably, five IHH nurses in Singapore won the prestigious Ministry of Health Nurses' Merit Award 2022, demonstrating noble dedication to their vocation amidst challenges.</p> <p>Financially, the Group is also in a position of strength. At the end of 2022, net operating income excluding MFRS 129 and exceptional items grew 4% to RM1.7 billion.</p> <p>True to our aspiration to 'Care. For Good.', we have worked hard to make IHH a joyful and fulfilling place for our people to build their careers. We were named by Forbes as one of the World's Best Employers in 2022. At the same time, we were heartened to have celebrated our employees' long-standing efforts at the annual Long Service and Golden Years' Service Awards. A total of 714 recipients met service milestones, including 38 who have rendered over 30 years of service.</p> |      |     |
| COVID-19 normalisation  | <p>As the first touchpoints in disease outbreaks, epidemics and pandemics, healthcare providers must be nimble and act swiftly in the best interest of public health and safety.</p> <p>As COVID-19 becomes endemic, there has been a sharp drop in demand for pandemic-related services.</p> <p>There has also been a fast-growing and prevailing demand for the core services in the hospital and healthcare segment. Inpatient occupancy rates and foreign patient volumes have steadily increased in this post-COVID world.</p> | <p>IHH's growth cluster strategy in home markets like Malaysia and Türkiye has been timely in meeting the increased demand in the core hospital services.</p> <p>Our Group's operational resilience and strong financial position are also key to the seamless transition in evolving our services across markets.</p> <p>In China in particular, we have continued to provide heightened COVID-19 support in light of recent surges in COVID-19 cases. Volunteers are also on standby to serve where they are needed.</p>   |     |    |



Market Outlook

| Trend  | Impact to Group  | Our Response   | Link to Strategy  | Link to Principal Risk  |
|--|--|--|---|---|
| Long-Term Trends   |  |  |   |   |
| Shifting preference to digitally enabled, convenient and seamless clinician-patient interactions | <p>With the proliferation of wearables and importance of preventive healthcare, consumers have increasingly tapped on technology to track their wellness and fitness. Also, the emerging generation of adult digital natives need no introduction and assimilation to telemedicine.</p> <p>At the same time, the digital age has enabled healthcare providers to streamline and consolidate operations to maximise economies of scale.</p> | <p>In our ongoing digital transformation, IHH has spearheaded several initiatives:</p> <ul style="list-style-type: none"><li>IHH has launched a consumer-centric mobile application called MyHealth360 in Singapore. The one-stop platform is designed to streamline patients’ healthcare journey and will allow patients to make appointments, estimate bill size, obtain their laboratory results and more.</li><li>In Hong Kong, the My Gleneagles SmartHealth application has integrated functions of PanopticAI for users to measure vital signs such as heart rate, blood pressure and respiratory rate. This comes on the back of Gleneagles Hospital Hong Kong’s free online consultation service and medication delivery during the pandemic.</li><li>Mount Elizabeth Novena Hospital in Singapore recently upgraded its robotics surgical system to enhance patient safety.</li><li>IHH co-led a funding round with Us2.ai that uses machine learning to provide complete and accurate cardiac measurements in under two minutes.</li><li>We have invested in Series B and C funding for Asian Digi health platform Doctor Anywhere.</li><li>IHH has launched an internal Innovation Portal to facilitate sharing of innovation projects and provide staff with access to digital health companies and relevant research and market reports.</li></ul> |          |       |
| Greater demand for transparency  | <p>Transparency of care plan and costs continue to be of importance to patients who are increasingly proactive in managing their health.</p>   | <p>We have been steadfast in driving our Value-Driven Outcomes (VDO) over the last few years, which have allowed us to deliver better or similar clinical outcomes for patients with more efficient use of resources and hence lower cost. The VDO programme will be expanded to all our markets by 2025 and will cover more procedures.</p> <p>We have also launched the customised in-house Cerebral Plus (C+) Hospital Information System across all Gleneagles and Pantai hospitals in Malaysia. Doctors and patients will be connected on a single integrated platform to access medical records through C+.</p> <p>Our AI-powered billing estimation tool is also key in trust establishment between IHH and our patients. Now integrated within the MyHealth360 app, the bill estimation has an accuracy of over 80 percent and will continue to improve with time.</p>   |     |       |
| Geopolitical tensions  | <p>As a multinational organisation, IHH’s business risk is heightened with geopolitical tensions. Ongoing conflicts in Europe and some parts of Asia have resulted in disruption of supply chains and rising commodity and energy prices.</p>  | <p>We hedge our risks by focusing on geographical cluster growth. With economies of scale in the same cluster and/or region, IHH reaps efficiencies in costs.</p> <p>Refer to Financial Review page 60 for more information.</p> <p>We are also cognisant of the importance of growing all markets, rather than overemphasising on specific regions, and sharing best practices between countries. This helps us refine business and operating models.</p>   |     |    |
| Public-private partnership   | <p>COVID-19 has cemented the importance of public-private partnerships in caring for public health. There is room for these partnerships to grow as we jointly work to improve population health.</p>  | <p>In April 2022, IHH called for continued public-private partnerships in Malaysia healthcare system so that the country can better navigate future uncertainties.</p> <p>Later in the year, IHH Malaysia signed an MoU with the Ministry of Health Malaysia to provide free radiotherapy and radiosurgery to cancer patients in government hospitals.</p> <p>We will continue to seek and drive collaborations that will create a lasting and positive impact on the community.</p>   |    |   |
| Sustainable healthcare practices   | <p>At IHH, sustainability is an important cornerstone of our future and commitment to care for good.</p> <p>With a contribution of about 5% of the world’s emission rates, healthcare providers urgently need to start incorporating sustainable practices that benefit stakeholders of the world and create long-term value for all.</p>  | <p>We have listed clear, measurable goals and launched or participated in related initiatives:</p> <ul style="list-style-type: none"><li>IHH has committed to capping carbon growth and achieving net-zero emissions by 2050.</li><li>We are turning IHH hospitals into green hospitals. In Türkiye, Acibadem Atasehir Hospital is now a LEED Gold Certified green building. The hospital has implemented a host of green features including storage and treatment of drainage and rain water and energy-saving lighting.</li><li>We have supported national-level sustainability initiatives such as a collaboration with Zero Waste Malaysia at the Zero Waste Festival 2022.</li><li>We organise events to raise awareness of environmental sustainability among employees and other stakeholders.</li><li>We use public-facing platforms such as our IHH Healthcareinsider webinars to generate constructive conversations on various topics related to our business.</li></ul>  |    |   |

Please refer to our Operations Review starting on Page 54 to see how these trends have impacted each of our home and key markets.

# Business Model

With 83 hospitals in 10 countries, IHH is a global healthcare network with extensive reach and influence. Our modus operandi lies in the fervent push for new heights of excellence and innovative frontiers that elevate the healthcare delivery model; we can do so at scale and with optimal efficiencies due to our presence in multiple geographies.

We continually build on our strengths and share our best practices across markets so that healthcare becomes better, faster, convenient and more affordable for patients and communities at large. We have an exceptional track record of delivering positive clinical outcomes and long-term value for our stakeholders.

 Value generated    Value preserved    Value eroded

| Our Assets   |  | How We Create Value   | Delivering Value to Our Stakeholders | Value Generated, Preserved or Eroded |
|--|--|---|--------------------------------------|--------------------------------------|
| <b>Financial Capital</b><br>IHH enjoys a robust financial profile in all markets and is well-positioned for long-term growth. Our strong cash flow, most recently supported by the recovery of “brick-and-mortar” hospital services, allows us to access ready capital and make investments that are earnings accretive, prudent and strategic.  | <b>Our Business</b><br><b>Primary Care</b><br>Day-to-day outpatient services including treatment of common illnesses, routine check-ups, vaccinations, preventive care and patient education.<br><b>Secondary and Tertiary Care</b><br>Specialist consultations, local surgeries, emergency care, laboratory services, diagnostics and acute treatments.<br><b>Quaternary Care</b><br>Advanced medical care involving high-intensity complex surgeries (like organ transplants) requiring highly trained surgeons and best-in-class intensive care units and facilities.<br><b>Complementary Ancillary Services</b><br>Comprehensive diagnostics, analytical laboratory testing, therapeutic radiology, physiotherapy, integrated rehabilitation and advanced molecular diagnostics.<br><b>Our Strategy</b><br><div><b>Trust</b><br/>The belief and confidence of our stakeholders in IHH is the cornerstone of sustained growth.</div> <div><b>Synergy</b><br/>Our network of 83 hospitals in 10 countries allows the Group to reap efficiencies, scale up best practices and build deep operating capabilities.</div> <div><b>Growth</b><br/>We are powered by five growth engines (see page 36) to generate higher returns for all stakeholders.</div> <div><b>Sustainability</b><br/>We are focused on doing right by our patients, our people, the public and our planet – in short, ‘Care. For Good.’.</div> | <ul style="list-style-type: none"><li>• Group revenue</li><li>• Net income</li><li>• Declared dividends</li><li>• Share price</li><li>• Return on Equity</li></ul>  | +                                    |                                      |
| <b>Manufactured Capital</b><br>Our network of hospitals, clinics and ancillary service centres in 10 countries provide highly regarded integrated healthcare services to patients far and wide. We are known purveyors of excellent care and are supported by medically advanced technologies and equipment.   |  | <ul style="list-style-type: none"><li>• Number of hospitals, medical centres and medical clinics</li><li>• Capital expenditures on medical equipment</li><li>• Financial investments into upgrading works</li></ul>   | =                                    |                                      |
| <b>Human Capital</b><br>IHH brims with high-performing contributors. Our Board and members of senior management are equipped with extensive industry knowledge and expertise to establish a comprehensive clinical framework, ensuring patients are optimally cared for.<br><br>Our staff in both clinical and non-clinical settings possess the necessary skills and competencies to deliver value.<br><br>We have a multi-prong talent retention strategy that includes competitive remuneration and training and development opportunities.   |  | <ul style="list-style-type: none"><li>• IHH CEO and CFO were voted top three for the Healthcare and Pharmaceutical sector in Asia (ex-Mainland China) at the Institutional Investor’s 2022 All-Asia Executive Rankings</li><li>• Five nurses in Singapore won the prestigious Ministry of Health Nurses’ Merit Award 2022</li><li>• 714 long service awardees in 2022</li></ul> | +                                    |                                      |
| <b>Intellectual Capital</b><br>Our clinical know-how, expertise in healthcare operations and growing suite of innovative solutions and digital assets form the core of our intellectual capital. They also jointly support optimal health outcomes and the care experience.<br><br>Our proprietary bill estimation solution FeeAdvisor.ai has been deployed in our hospitals in Malaysia and Singapore and Gleneagles Hong Kong Hospital. It is also integrated with our healthcare app MyHealth360.<br><br>Across all markets, our healthcare brands are renowned for excellence and prestige. These brands include Gleneagles, Mount Elizabeth, Pantai, Parkway, Fortis Healthcare, Acibadem and Prince Court. |  | <ul style="list-style-type: none"><li>• More affordable care</li><li>• Improvement in clinical quality indicators</li></ul>   | =                                    |                                      |
| <b>Social and Relational Capital</b><br>We proactively establish and maintain positive relationships with our key stakeholders that include patients, employees, physicians, business partners and various governments and communities.  |  | <ul style="list-style-type: none"><li>• Patient satisfaction scores</li><li>• Engagement activities for our clinical teams</li><li>• Safeguards in place to protect patients’ data and privacy</li></ul>  | =                                    |                                      |
| <b>Natural Capital</b><br>We are highly committed to environmental sustainability, prioritising the efficient consumption of resources and appropriate management of waste generated.  | <ul style="list-style-type: none"><li>• Waste minimisation efforts</li><li>• Appropriate hazardous waste management</li><li>• Energy efficiency efforts</li></ul>  | =   |                                      |                                      |



# Business Strategy

Our core pillars of Trust, Synergy, Growth and Sustainability jointly support our vision to be the world’s most trusted healthcare services network. They are the foundation of our action plans to stay resilient and responsive in an ever-evolving healthcare landscape.



Five Growth Engines

Recover from COVID-19

Patient volume and bed occupancy are expected to continue increasing, reaching or surpassing pre-pandemic levels. We have made plans to increase the number of beds in Malaysia, India, Hong Kong and Türkiye to boost operations capacity and continue investing in building capabilities to better serve returning healthcare consumers.

Achieve Organic Growth

We will continue our path of capital-efficient growth through boosting bed occupancy and continually optimise utilisation of existing resources.

Acquire Strategic Assets

With a healthy balance sheet and strong cash flows, we look to opportune acquisitions based on our cluster strategy in existing and/or adjacent markets.

Develop Our Laboratory Business

IHH aims to be the world’s top medical laboratory services provider. Our brands are well recognised in markets like Malaysia, Singapore, India and Türkiye, and we will leverage our leading position to further grow this segment in the coming years.

Drive Digital Transformation and Innovation

We are in the depths of digital transformation to develop an ecosystem that connects patients seamlessly between online and in-person health management.

Strategy in Action

As pandemic restrictions eased and borders reopened around the world, we tapered off COVID-19 medical services in 2022, which made up 4% of the fiscal year’s revenue.

In this rebound period, occupancy rates and patient volumes have exceeded pre-pandemic levels in some of the markets we operate.

We commenced construction of a new seven-storey medical block for Pantai Hospital Penang in August 2022. Also, IHH celebrated the opening of the 300-bed Acibadem Atasehir Hospital in Türkiye in September 2022.

Several capital reallocations took place in FY2022.

- **Malaysia:** IHH entered into an agreement to divest IMU for RM1.35 billion. The divestment was completed on 31 March 2023.
- **Türkiye:** The Group acquired Ortopedia Hospital in Adana and Kent Hospital in Izmir, Türkiye to strengthen Acibadem’s cluster and service offerings for patients.
- **Greater China:** On 27 February 2023, the Group completed the divestment of its effective 49% stake in Gleneagles Hospital Chengdu with Perennial Health.

Our laboratories in four markets (Malaysia, Singapore, India and Türkiye) conducted a total of 92.0 million tests in this fiscal year, with further growth on the horizon.

As part of our digital transformation, IHH launched MyHealth360 in Singapore. The mobile application makes our patients’ healthcare journey from offline to online seamless, convenient and transparent.

To enhance cardiovascular care, IHH co-led the Series A funding round for Us2.ai, the developer for an AI echocardiography software.

We also participated in the Series C1 round for the digital health platform Doctor Anywhere.

# Stakeholder Engagement

IHH is a world-leading healthcare provider. This is a position we would not have reached without the input of all our key stakeholders – senior management, patients, doctors, nurses and employees, investors and shareholders, accreditation bodies, regulators, local communities, intermediaries, suppliers and service providers, academia and students.

The voices of stakeholders lead our decision-making process and are mapped against the backdrop of IHH’s business objectives. Through numerous engagements across the year, we collaboratively cultivate the long-term growth and success of the Group.

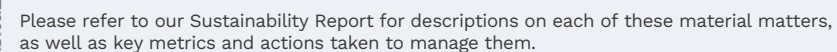
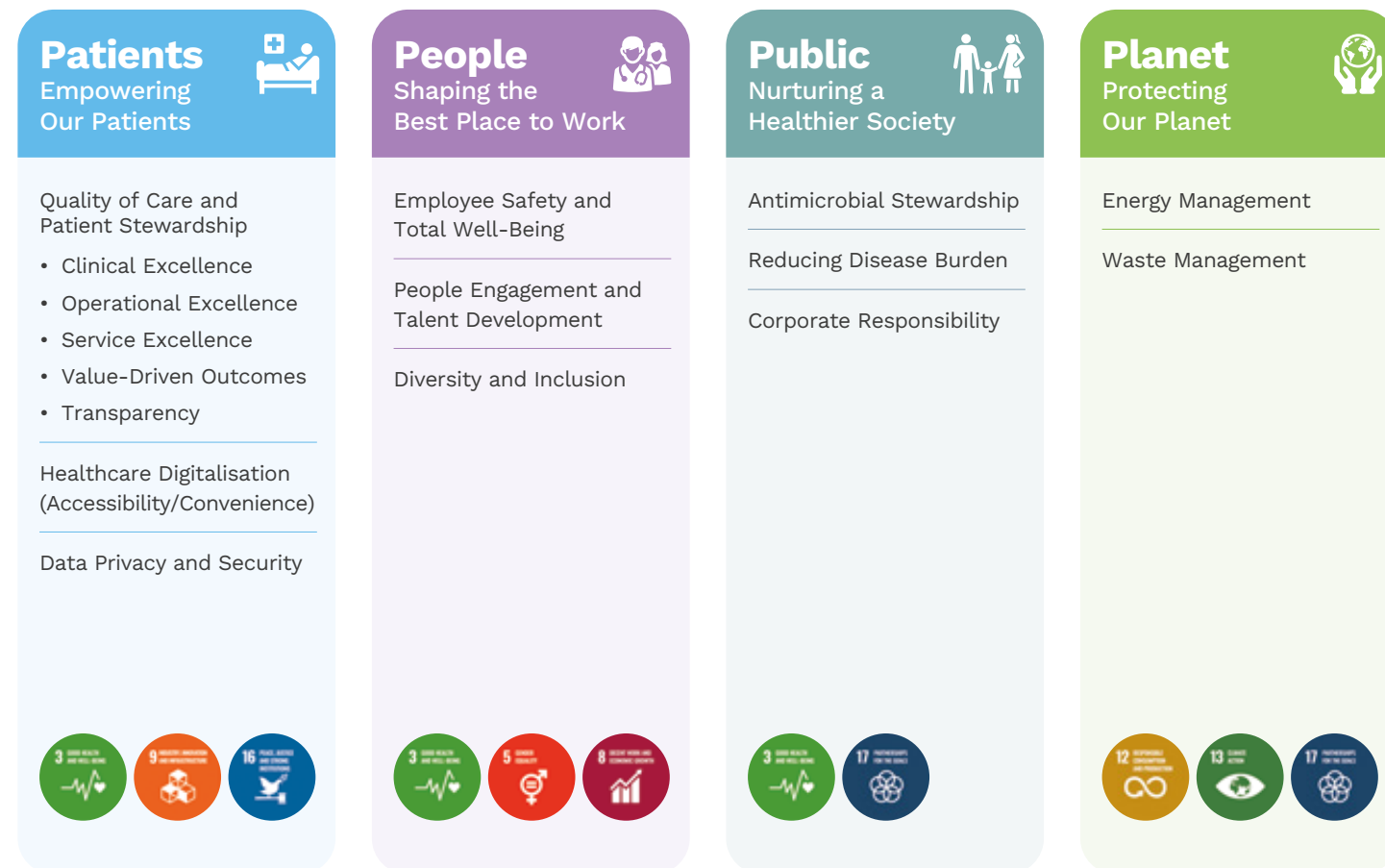
| Stakeholder Group   | Stakeholder Profiles   | Key Expectations  | IHH’s Response   | Methods and Frequency of Engagement  |
|---|--|---|--|--|
| <div>Senior Management</div> <div></div>               | Our governance structure places Senior Management just below the Board of Directors. Members of Senior Management are strategic decision makers in economic, environmental and social matters.   | <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>  | Resources and support systems are in place so Senior Management can lead teams to the best of their abilities. This has a direct impact on enhancing IHH reputation and performance.   | <ul style="list-style-type: none"><li>Monthly IHH operations meeting</li><li>Quarterly Board meetings</li><li>Quarterly Board Audit Committee meeting</li><li>Quarterly Board Risk Management Committee meeting</li><li>Monthly Board Steering Committee meeting</li><li>Board Nomination Committee meetings as required</li></ul>                                   |
| <div>Patients</div> <div></div>                        | Patients are among our most valued stakeholder groups and their clinical outcomes is our greatest priority. We seek to build trust and loyalty among patients by giving them the most exemplary healthcare experience.   | <ul style="list-style-type: none"><li>Top-quality care and patient experience</li><li>Improved health awareness and knowledge</li><li>Cost-effectiveness</li><li>Patient privacy and data protection</li><li>Convenience and accessibility</li></ul>  | On top of delivering excellent patient care services, we conducted satisfaction surveys to better understand and enhance our performance.  | <ul style="list-style-type: none"><li>Consultations as required</li><li>Patient satisfaction surveys conducted throughout the year</li><li>Admission and discharge processes</li><li>Patient education and family conferences as required</li></ul>  |
| <div>Doctors, Nurses and Employees</div> <div></div> | This group forms the frontline of service delivery and is critical to daily operations both in clinical and non-clinical environments. We are committed to creating a conducive and safe workplace that prioritises our people’s total well-being, and empowers them to perform optimally. | <ul style="list-style-type: none"><li>Staff and doctor engagement/ feedback sessions</li><li>Positive workplace culture and conducive work environment</li><li>Career development and training</li><li>Quality improvement sharing and celebration across the Group</li><li>Embarking on innovative approaches to inspire idea generation at work</li></ul> | We engage in open dialogue with employees via town hall meetings to address their concerns and feedback. Employees have access to training and development programmes to improve skills and knowledge and support career growth. | <ul style="list-style-type: none"><li>Annual Town Hall meeting</li><li>Annual focus group sessions</li><li>Annual/Bi-annual employee engagement survey</li><li>Weekly physician’s meetings</li><li>Annual Quality Summit</li><li>IHH DEIB (Diversity, Equity, Inclusion &amp; Belonging) Global Summit 2022</li><li>IHH TRUST Nursing Leadership Symposium</li></ul> |
| <div>Investors and Shareholders</div> <div></div>    | As providers of capital funding, our investors and shareholders fuel the development of IHH operations in all regions. The IHH Group performance and reputation translate into value for this stakeholder group.   | <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>   | We proactively foster trust between IHH and our investors and shareholders. Their investment decisions and interest in the Group are dependent on the financial and non-financial performance of IHH.                            | <ul style="list-style-type: none"><li>Annual General Meeting (AGM)</li><li>Extraordinary General Meeting (EGM) as 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 announcements</li></ul>         |
| <div>Accreditation Bodies</div> <div></div>          | Accreditation bodies like the Malaysia Society for Quality in Health (MSQH) and Joint Commission International (JCI) assess and ensure that IHH’s healthcare services and education meet rigorous accreditation requirements and standards.  | <ul style="list-style-type: none"><li>Regular audits and verifications</li><li>Meeting international benchmarks</li></ul>   | Regular audits and inspections are conducted to evaluate IHH’s performance and identify improvement areas.   | <ul style="list-style-type: none"><li>Triennial JCI audit and inspection</li><li>Annual MSQH surveillance audit</li><li>MSQH certification inspection conducted every four years</li><li>Triennial NABH certification audit</li><li>MQA audit as required</li><li>Biennial SETARA assessment</li><li>Annual Malaysia Research Assessment (MyRA)</li></ul>            |
| <div>Regulators</div> <div></div>                    | Regulators assess IHH operations and ensure compliance with relevant laws and regulations. We communicate frequently with this stakeholder group to keep up to date with the latest regulatory requirements.   | <ul style="list-style-type: none"><li>Compliance</li><li>Regulatory reform relating to hospital planning</li><li>Employee and patient safety</li></ul>  | Regular inspections and audits are conducted to ensure compliance with the relevant laws and requirements.   | <ul style="list-style-type: none"><li>Formal correspondence and meetings as required</li><li>Hospital visits as required</li><li>Biennial audit and inspection by the Ministry of Health</li></ul>   |



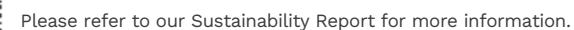
Stakeholder Engagement

| Stakeholder Group   | Stakeholder Profiles  | Key Expectations  | IHH’s Response  | Methods and Frequency of Engagement   |
|---|---|---|---|---|
| <div>Local Communities</div> <div></div>               | Local communities are the main beneficiaries of our Corporate Responsibility (CR) initiatives, which include improving public health awareness.   | <ul style="list-style-type: none"><li>Improved accessibility to healthcare services</li><li>Increased public awareness of healthcare</li><li>Education opportunities for disadvantaged, aspiring healthcare professionals</li><li>Funding for community projects</li></ul>  | We conduct health and education programmes to promote the well-being of local communities.  | <ul style="list-style-type: none"><li>Ongoing programmes for free medical treatment</li><li>Health awareness initiatives</li><li>Scholarships and professorships are endowed and carried out in perpetuity</li><li>Sponsorships and donations</li></ul>   |
| <div>Intermediaries</div> <div></div>                  | Intermediaries are third-party representatives that assist IHH in providing healthcare or related services across our hospitals and clinics. They include insurance companies, corporate customers and third-party administrators.                      | <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>   | We strengthen relationships with intermediaries through frequent engagement such as via referral letters and talks. This ensures the smooth operations of our healthcare functions.             | <ul style="list-style-type: none"><li>Daily Guarantee Letter/Referrals</li><li>Health talks, forums and Continuing Medical Education (CME) carried out monthly or every two months</li><li>Process and service improvements carried out monthly, quarterly or when required</li><li>Hospital empanelment/renewal as required</li><li>Claim and charges review meeting as required</li></ul> |
| <div>Suppliers and Service Providers</div> <div></div> | Suppliers and service provides support our operations by providing the essential quality provisions. Ethics and professionalism are top-of-mind in our relationship with this stakeholder group to maintain a transparent and sustainable supply chain. | <ul style="list-style-type: none"><li>Cost-effectiveness</li><li>Fair and transparent negotiations</li><li>Value proposition, price and quality</li></ul>   | We are fair and transparent in our tender processes and in evaluating providers’ service performance.   | <ul style="list-style-type: none"><li>Vendor presentations and product demonstrations</li><li>Knowledge updates on product information conducted at least twice a year</li><li>Tender briefings</li><li>Tender clarification sessions</li><li>Regular price negotiations with vendors for new and existing purchases</li></ul>  |
| <div>Academia</div> <div></div>                      | Our medical educators are tasked with nurturing the next generation of healthcare professionals. The Group strives to provide the optimum environment and resources for academia, so they can deliver top-quality education.                            | <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> | The IHH environment allows academia to exchange ideas and information on the latest clinical developments and research. We also provide a platform for community engagements.                   | <ul style="list-style-type: none"><li>Biannual Town Hall meeting</li><li>Faculty meeting every two months</li><li>Quarterly dean meeting</li><li>Biennial Staff Barometer Survey</li></ul>  |
| <div>Students</div> <div></div>                      | IMU students are the future of healthcare. We help them develop into highly skilled professionals by providing a high-quality environment and curriculum and other learning opportunities.  | <ul style="list-style-type: none"><li>Top-notch education with affordable fees</li><li>Acquisition of the highest knowledge, skills and competency upon graduation and throughout career</li></ul>  | To provide our IMU students with world-class education and support, we continually ensure the conduciveness of their learning environment and keep abreast of the latest industry developments. | <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 student satisfaction</li><li>Mentor-mentee system</li><li>Programme Director briefing to all classes every semester</li></ul>  |

## Our Sustainability Pillars and Material Matters



We integrated findings from steps 2 and 3 to derive the materiality matrix. The matrix will evolve based on continual strategy assessments against emerging trends and new insights from stakeholders.





Materiality Matrix



Four of our top five material matters – clinical excellence, operational excellence, service excellence and data privacy and security – fall under the Patient Pillar. This signifies IHH’s unwavering focus on ensuring that the organisation’s work towards sustainability goals will not in any way compromise the top-notch care that IHH hospitals have come to be known for.

Employee Safety & Total Well-being also placed high on the list. Meeting the well-being needs of our people is of paramount importance not just for optimal patient care, but also cultivating a healthy workplace that everyone is proud to be part of. We are committed to stay engaged with employees and support them as we steadily return to pre-pandemic levels of clinical workloads.



Please refer to our Sustainability Report for more information.

Risk Management

Managing risk is an integral part of our business strategy and drives stronger, more sustainable strategies to achieve long-term growth and profitability. A collaborative risk culture with clearly defined ownership and accountability for risk management at all levels serves as the foundation for IHH Healthcare’s robust risk management framework.

Risk Management Framework

The Board has overall responsibility for risk governance and provides oversight of risk management systems and internal controls implemented by Group management within all business units and functions.

The Audit Committee (AC) and Risk Management Committee (RMC) oversee the design and effectiveness of the Risk Management framework and policies.

The AC and RMC examine and recommend the Group’s degree of risk appetite and tolerance to the Board while actively highlighting, evaluating, and monitoring the Group’s key business risks.

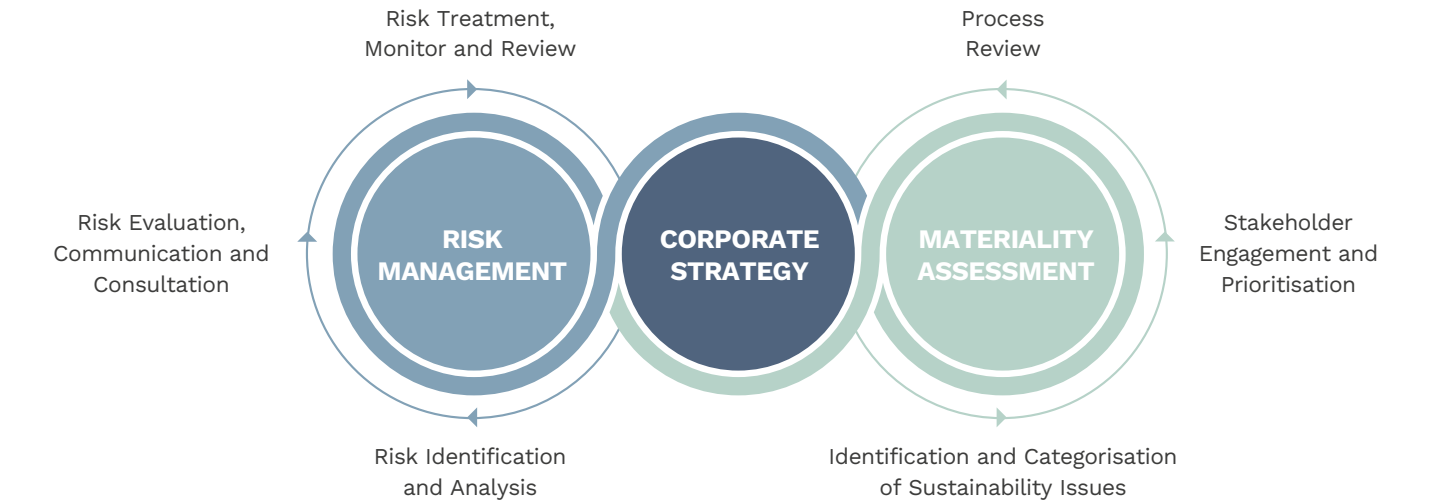
The AC also assists the Board in fulfilling its statutory and fiduciary responsibilities by ensuring a sound and robust internal control framework is implemented throughout the Group.

The AC further ensures that the framework is implemented effectively to improve the Group’s ability to meet our strategic goals.

An Enterprise Risk Management (ERM) framework is deployed at the Group level and strategic business units. This framework provides a systematic process for the Group and our business units to identify, assess and mitigate key business risks in a proactive and timely manner, with 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 86 to 112.

Integration of Risk Management and Material Matters



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

Through stakeholder engagement and materiality assessments, the Group regularly reviews and assesses our ESG risks – including the risk dimension of missed opportunities – that exist or may be emerging in our business environment. Sustainability has been integrated into our ERM framework, where matters that are critical to the Group are assessed and managed based on defined risk rating criteria

of likelihood and impact. This approach allows us to compare sustainability issues with other business risks, and prioritise resources to manage risks. For more information on material sustainability matters, refer to page 42.

Furthermore, the Group acknowledges that climate change increasingly poses significant financial risk to our business. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world. We are aiming to align with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures by






2025 to enable us to effectively evaluate climate-related risks, make better-informed decisions on capital allocation and improve our short-, medium- and long-term strategic planning capabilities.

Across our business units, we manage key risks through responses needed to counter threats and take advantage of opportunities. To ensure our Risk Management framework and processes are sound and effective, and that the risk implication of any change in strategy is identified, assessed and documented, annual risk reviews and risk attestations are carried out with independent assurance. Refer to page 113 for more on our risk management strategy.



# Principal Risks

With a well-designed risk management system, the Group is able to identify, track, and mitigate the principal risks associated with our operations. This system enables the Group to make well-informed decisions and ensures that all risks are managed in a way that is consistent with expectations and returns.

| Key Area                                    | Principal Risk Factor   | Description  | Mitigation Measures  | Material Matters  | Trend |
|---|---|--|--|---|-------|
| Strategic                                   |    | In the countries where we operate, we are subject to political, economic, and social developments, conditions, and adverse global economic conditions induced by heightened geopolitical conflicts.  | <p>The Group’s key mitigating strategy involves diversifying our business model and geographic focus. In doing so, we can spread out exposure to different markets, reducing overall risk.</p> <p>By being present in multiple countries, the Group is able to better mitigate the effects of political instability and market volatility in each of those countries. Our monitoring efforts continue for countries facing political uncertainty to ensure any adverse effects are understood and mitigated where possible.</p> <p>In order to mitigate some of the global inflationary pressures arising from geopolitical situations, we seek to improve volumes further and implement appropriate price adjustments and cost optimisation.</p>                                    | <ul style="list-style-type: none"><li>• Quality of Care and Patient Stewardship</li><li>• Employee Safety and Total Well-being</li></ul>  | ↑     |
| Cyber and Technology                        |    | <p>Information Technology (IT) systems are used to support the Group’s business in each market, including the handling and storage of personal and confidential information. Cyber-attacks and security breaches may result in disruptions to business activities and may also subject the respective markets to penalties and legal action should such breaches result in violating any regulations.</p> <p>Even as the Group strives to build a trust culture, leakage of personal and confidential data would cause reputational damage and adversely affect revenue.</p>     | <p>We have established a central Cybersecurity Centre of Excellence (COE) to oversee all units’ handling of cyber risks. It also provides as an internal shared service to support countries in monitoring networks and systems, conduct vulnerability assessments and penetration tests and respond to cybersecurity incidents.</p> <p>To drive the culture of upholding Data Privacy, we have developed and implemented the Group Personal Data Protection governance framework to guide Data Protection regulatory compliance and Data Protection best practices.</p> <p>As an added measure, the Group maintains insurance coverage to mitigate against the various cybersecurity risks. However, there can be no guarantee that all costs and losses will be fully covered.</p> | <ul style="list-style-type: none"><li>• Data Privacy and Security</li></ul>   | ↔     |
| Environmental, social, and governance (ESG) |  | <p>The ESG landscape especially concerning regulations and investors’ expectations is evolving at a rapid pace.</p> <p>As such, there could be new changes or requirements that emerge in the near future which may pose a challenge to the Group.</p>   | <p>The Group is highly committed towards ESG and have taken actionable measures to amplify good practices which help us drive towards achieving our sustainability goals.</p> <p>The Group has set concrete, short-term, and medium-term sustainability goals of which the implementation progress is tracked and closely monitored by the Board.</p> <p>The Sustainability Committee chaired by MD &amp; CEO has also been established to ensure better alignment and sustainability implementation across markets.</p>   | All identified Material Matters as indicated on page 42 in the Annual Report  | ↑     |
| Financial                                   |  | <p>The Group has experienced an increase in the inflation trend globally. Türkiye’s hyperinflation can pose a challenge to the Group’s financial performance, as it can create uncertainty and make it difficult to accurately forecast costs and revenues.</p> <p>The healthcare supply chain is experiencing a rise in input costs due to inflation at the global level. If this trend continues, the Group may have to choose between passing on the increased costs to patients or maintaining affordability of healthcare and ensuring adequate access to patient care.</p> | <p>The Group continues to monitor market and pricing trends, while working on minimising costs through efficiency and productivity improvements in affected countries.</p> <p>We purchase most drugs on agreed-rate contracts and actively negotiate with suppliers to maintain the prices or obtain additional discounts from distributors through consolidation of purchases at the Group level.</p> <p>However, despite an increase in the input prices, most markets were able to make appropriate price adjustments.</p>  | <ul style="list-style-type: none"><li>• Quality of Care and Patient Stewardship</li><li>• Energy Management</li><li>• Waste Management</li><li>• Employee Safety and Total Well-being</li></ul> | ↑     |
| People and Culture                          |  | <p>With reopening of economies and borders around the world, the Group faces challenges in nursing retention and recruitment to meet the surge in patient volume arising from the return of local patients as well as foreign patients from medical tourism.</p> <p>Prolonged nursing shortage may have severe implications on the quality of care delivered to patients in which patient experience and safety could be compromised.</p>  | <p>We have designed a holistic Talent and Human Resource strategy 2023-2025 to address acute nursing shortages. Among the key initiatives in 2022 included salary review and adjustment, enhanced medical benefits, new development programmes and introduction of flexible working arrangements.</p> <p>Operationally, mitigating strategies such as job redesign and digitalisation are deployed to improve patient care and experience.</p>   | <ul style="list-style-type: none"><li>• Quality of Care and Patient Stewardship</li><li>• People Engagement and Talent Development</li><li>• Employee Safety and Total Well-being</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

# Growing with Purpose

We aim to touch lives and transform care by providing exemplary service to our patients, anchored on a continuous focus on clinical, operational, and service excellence.

## Performance Review

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# Management Discussion and Analysis

2022 has been a year of steady recovery and growth. With strong cash flows, operational resilience and continued focus on our ‘Care. For Good.’ strategy, we are well-placed to deliver better care and value to our patients.

## Dear Stakeholders,

After two years of managing the challenges as well as riding on the opportunities from the COVID-19 pandemic, 2022 has been a springboard year launching us back into the bustle of our core business.

The return of local and foreign patients to IHH hospitals have put us on an accelerated path of operational recovery while COVID-related businesses gradually eased back. Inpatient admission and bed occupancy continue to be on the rise; revenue per inpatient admission has also grown across most markets and long-term megatrends remain positive for the healthcare sector.

For the full year of 2022, the Group’s revenue increased by 5% to RM18.0 billion. However, EBITDA declined 5% to RM4.1 billion. Profit after tax and minority interest (“PATMI”) excluding exceptional items decreased 13% to RM1.4 billion mainly due to higher net finance costs and debit adjustments relating to the application of MFRS 129, *Financial Reporting in Hyperinflationary Economies*. The Group’s profitability decreased as compared to 2021, as the prior year had significant COVID-19 related revenues with higher margins. Although EBITDA and PATMI excluding exceptional items were lower than FY2021, it has increased by 22% and 50% respectively as compared to FY2019. Return on Equity (“ROE”) was 6.4% as at end-December 2022 (7.6% excluding impairment recognised on the Group’s assets in China).

For 2023, we are surging ahead with good momentum through our growth engines – achieving organic growth by improving bed occupancy and adding new beds in existing facilities, acquiring strategic assets, developing the laboratories business into a new core business for the Group and driving innovation and digital transformation

initiatives. We move and adapt ceaselessly in a shapeshifting world to deliver care at the highest level possible.

Even as our strategy and growth plans evolve across the years, we have held on to the most important constant: trust. The belief that our patients and stakeholders have in our institutions has been a guiding light in the ways in which we create sustainable value.

We follow through with our actions with meaningful intent and stride, allowing us to meet the aspirations we have set for our strategy to ‘Care. For Good.’

## Build a Stronger Tomorrow

A key focus was pivoting back to a new normal with reopening of borders and medical tourism returning to our flagship hospitals and strengthening our core business. After all, a stable and healthy core is essential to our ability to grow and scale sustainably.

Our pace was fuelled by a combination of organic expansion and strategic acquisitions. The former includes the opening of Acibadem Atasehir Hospital in Türkiye in September 2022 and the building of a new medical block at Pantai Hospital Penang in Malaysia which allows us to enhance our healthcare offerings and meet the needs of the markets. The latter – Acibadem acquired Ortopedia Hospital in Adana and the Kent Health Group in Izmir, Türkiye – accelerates our growth and reinforces the Group’s cluster strategy.

At the same time, by ramping up capacities and capabilities, we are able to swiftly capitalise on the rebound in medical tourism, which is expected to grow beyond

## RM18.0b

Revenue

## RM1.5b

Net Income

## 15.09

Earnings per share excluding exceptional items (sen)



## IHH Excellence

- Asia’s Outstanding Companies Poll 2022 by Asiamoney – Most Outstanding Company in Malaysia (Healthcare Sector)
- MSWG ASEAN Corporate Governance Award 2021
- Forbes’ World’s Best Employers 2022

Read more of our Awards and Accreditation on page 22.



## Management Discussion and Analysis

pre-pandemic levels. Our hospitals and medical centres, which provide a comprehensive range of medical specialties and allied health services, are well-equipped to serve the needs of our patients far and wide.

As a leading global healthcare provider, we also have a duty to strengthen ties and actively collaborate with our stakeholders within the wider healthcare network. As an example, public-private partnerships have been critical for public health throughout the COVID-19 pandemic. Private hospitals, such as those of IHH, supported government-led vaccination programmes globally.

Collaborations within our healthcare networks have also helped us broaden patient access to quality and affordable care. In April 2022, we launched a tripartite partnership between Pantai Premier Pathology, Prudential Malaysia and Astra Zeneca to provide genomic testing for cancer patients.

In addition, IHH Malaysia inked a Memorandum of Understanding (MoU) with the Ministry of Health Malaysia to fully sponsor radiotherapy and radiosurgery treatment for 500 patients at government hospitals. This initiative is an extension of IHH's longstanding 'Life Renewed' programme that has helped more than 2,000 underserved patients in Malaysia with free or subsidised medical treatment since 2012.

### Innovate for Better Outcomes

At IHH, our drive to innovate stems from constantly asking "How can we do better by our patients?". To that end, we stay on top of new medical technologies and processes to push our organisation and the healthcare industry forward as a whole.

Some ground-breaking solutions we introduced this fiscal year included CAR T-cell therapy in Singapore, a targeted cancer treatment with better results than chemotherapy. Also, our team of

doctors at Gleneagles Global Hospitals Parel, a leading transplant centre in Mumbai and Western India, performed Asia's first bilateral total arm transplant.

Singapore's Mount Elizabeth Novena Hospital will be the first private hospital in Southeast Asia to offer proton therapy treatment, a highly precise cancer treatment, when construction of the treatment centre is completed in 2023.

### Transform to Thrive

Being nimble in an increasingly volatile and uncertain world is pertinent to the survival of businesses everywhere. The ability to adapt and respond to a changing healthcare environment is a key success factor for us going forward.

In our next phase of growth, we will zero in on new opportunities that allow us to lead the industry and set new bars of excellence. This includes working towards scaling new peaks through digital transformation initiatives and growing our laboratories business to meet the emerging needs of the healthcare consumers.

### Teamwork Makes the Dream Work

Each year, IHH is affirmed by a myriad of professional bodies for excellence in many areas ranging from healthcare operations and management to corporate governance. 2022 was no exception.

We were named "Most Outstanding Company in Malaysia – Healthcare Sector" in the Asiamoney 2022 "Asia's Most Outstanding Companies Poll". IHH also picked up the MSWG ASEAN Corporate Governance Award 2021 (awarded in December 2022) and was included in Forbes' listing of World's Best Employers 2022. These are just a handful of examples.

It is not possible to perform at such exceptional levels without the dedication and passion of our people. The recent pandemic-ridden years have posed tremendous challenges; we have utmost

respect and gratitude for members of our clinical and non-clinical teams who have worked tirelessly every day to put patients first.

More than simply recognising their efforts, we are now even more driven than before to make the safety and well-being of our staff a top priority.

### Looking Forward

2022 was the year we celebrated our 10<sup>th</sup> anniversary as a dual-listed company in Malaysia and Singapore and unveiled our clear, time-bound and measurable sustainability goals to build a lasting future for generations to come. We will continue to execute our corporate strategy, underpinned by our pillars of Trust, Synergy, Growth and Sustainability. At the same time, in a capital-intensive business, IHH will continue to work towards achieving a higher Return on Equity (ROE) to create long-term value for all stakeholders by improving our portfolio mix, reducing underperforming businesses and focusing on driving capital-efficient growth.

Most importantly, in our next 10 years, we will no longer be just a hospital operator; IHH will transform into a healthcare platform that takes care of patients at every life stage.

We are putting CARE back into healthcare by making the IHH experience better, faster and more convenient for patients and their families. Episodic care will make way for a fully integrated healthcare journey in the IHH network. The relationships that we foster with patients and all our stakeholders will shape the way we cultivate sustainability in all its facets.

We are excited about what lies ahead and look forward to writing the next chapter with each and every one of you.

Thank you.

#### Joe Sim

Group Chief Operating Officer  
Covering Duties of Managing Director & CEO

# Operations Review

by Group Chief Operating Officer



**We are committed to making a positive impact in all our touch points with our patients, our people, the public and our planet – this is the right way we know to 'Care. For Good.'**

#### Joe Sim Heng Joo

Group Chief Operating Officer

### Overview

What a hectic and fulfilling year it has been.

Across the IHH network of hospitals, we have been steadily welcoming patients, both local and foreign, who have returned for our well-trusted core services. We have tapered off COVID-19-related services, gradually leaving the pandemic behind us albeit with learnings that will stay with us permanently.

Operationally, we are experiencing a compelling rate of recovery and growth. Across our 83 hospitals in 10 countries, average occupancy in 2022 stood at 70% and total admissions were at 848,437.

We also ran a total of 92.0 million laboratory tests in our state-of-the-art facilities and are happy to see that our laboratories' non-COVID-19 revenue is growing year on year. This segment for IHH is set to grow even further in the days ahead.

Across our markets, we celebrated multiple milestones that have not just positively transformed our organisation, but also the patient experience.

### Delivering World-Class Clinical Outcomes

At IHH, our patients are the reason we exist. Across our global network, we strive to provide quality, safe and empathetic care to all our patients. To achieve this, we continuously focus on improving quality of care and patient safety standards and hold ourselves to the highest standards in quality and safety by benchmarking ourselves to other leading healthcare organisations in the world.

We have derived a set of clinical quality indicators which we hold all our hospitals to. These indicators cover the areas of clinical effectiveness, patient safety and timeliness of care and are tracked monthly. We review the indicators and the benchmarks annually to ensure they are appropriate and accurate.

# Operations Review

by Group Chief Operating Officer

In the last year, we raised the benchmarks for 35% of the indicators in line with published clinical standards and medical papers as well as adding two new clinical indicators to ensure our patients get care of the highest standard. In 2022, across all our hospitals, 94% of our clinical quality indicators met or bettered these international benchmarks.

## Processes in Place to Ensure Care is Always Delivered at the Highest Standard

At IHH, we ensure that our clinical quality and patient safety processes are always maintained through complying with each country's government healthcare licensing regulations as well as national and international quality board standards, which are audited every two to three years. In IHH, we aim to do one step better and in 2022, we have implemented our own IHH clinical quality standard which is uniform across all our hospitals internationally. We perform quarterly clinical audits on these standards to ensure that our staff are always providing the best care for our patients.

Combining our efforts of monitoring outcomes and auditing processes, allows our patients, regardless of which IHH hospital and in which country they seek care, to be assured of receiving world-class standard of care.

## Delivering Value to Our Patients

One of our key programs at IHH is the Value Driven Outcomes (VDO) initiative. Defined as achieving the best possible outcome relative to cost, VDO is important to our patients because it leads to improved outcomes and care for patients while ensuring cost effectiveness through eliminating waste and unnecessary practices such as unneeded medical tests.

Started three years ago with four high-cost and high-volume medical conditions, through a joint effort with our doctors, healthcare staff and hospital administrators, we worked to improve

clinical outcomes while ensuring that our care remains cost effective. The four conditions have achieved over 95% of the clinical outcomes that were as good or better than the outcomes published in international guidelines and medical literature. We have since expanded from four medical conditions to eight medical conditions and have implemented VDO in all our markets to ensure more patients receive value in their care.

## Healthcare Digitalisation

IHH is also pushing forth with its digital transformation initiatives, deepening our capabilities to enhance performance and reshape the healthcare experience for patients.

We were proud to have successfully extended our in-house proprietary Hospital Information System, Cerebral Plus (C+), which was first adopted by Türkiye's Acibadem hospitals, to Malaysia. This integrated system enables our doctors, nurses and administrators of our hospitals to provide a better patient experience from arrival through to discharge via shared data across departments in the hospital and where relevant across other IHH hospitals in the country. With electronic order entry, doctors would prescribe medication and pharmacy would be able to start preparing the drugs to be ready for patient pickup by the time they journey from the clinic to the pharmacy.

We are also improving C+ to match capabilities of more mature electronic medical record (EMR) for implementation in Singapore and Fortis hospitals in India. Malaysia and Türkiye would also benefit from these upgrades in the near future. The efficiency, quality and safety of care delivered by our doctors and nurses will improve through features such as specialty order sets, clinical decision support, bedside drug administration verification and remote orders via mobile devices for doctors.

In Singapore, we empower the healthcare consumers with a newly launched mobile app, MyHealth360. This consumer-centric app allows consumers and/or our patients to manage their wellness journey online, including setting appointments, checking their bills, seeing a doctor remotely, accessing their laboratory test results, viewing their x-ray images and much more, and to have the continuity of care as they move across different providers. Our technology platform is a seamless complement to IHH's offline services, which continue to be marked by clinical excellence and world-class service.

In addition, we have launched an internal Innovation Portal to recognise and facilitate sharing of innovation projects, connect IHH employees to harness technologies from like-minded collaborators to enhance clinical, operational and service capabilities to deliver even better patient care. We are in the early stages of digital transformation and will continue to invest time and resources to develop and broaden our spectrum of offerings.

## Making Innovation Investments

Transformation cannot happen in silo, nor are we able to build all solutions from ground-up. As such, we have made several minority investments in early stage and potentially disruptive digital healthcare start-ups, learning on the strengths of these highly promising developers to future-proof IHH. This will allow us to provide cutting-edge capabilities, ranging from Artificial Intelligence (AI) diagnostics to less invasive treatments, for better patient care.

For example, one of our portfolio companies which IHH has a minority stake in since 2019, Lucence Diagnostics ("Lucence") has developed a blood test called LiquidHALLMARK® assay that can help doctors identify genetic mutations and changes in cancer cells in patients with

advanced lung cancer. It's an innovative and less invasive way to diagnose and treat cancer. In February 2023, Lucence secured approval for its cancer tests from Medicare, a US government-funded healthcare insurance programme. This is a significant milestone for Lucence as it proves the quality, safety and effectiveness of the test will impact more individuals and save lives.

In 2022, we co-led the Series A investment for Us2.ai, the medtech developer behind an AI echocardiography software. Us2.ai has developed an AI software that automatically processes the analysis and reporting of echocardiography (heart ultrasound), the standard imaging modality for the detection of heart disease. Using the FDA-approved software, patients are able to receive complete and accurate cardiac measurements in under two minutes anywhere including on their mobile devices.

## Developing the Laboratories Business

There is huge growth potential in this business segment as patients move beyond treating illness to managing wellness. Testing becomes a core component for consumers who proactively seek to understand and work on optimising their health.

This demand runs in tandem with our vision to become the world's most trusted medical laboratory services provider. Our laboratories are well-recognised leaders in their respective markets, having delivered many millions of tests in their decades of operation.

In terms of recognition, Parkway Laboratory Services ("PLS") in Singapore received Advanced Remanufacturing and Technology Centre ("ARTC") 10<sup>th</sup> Anniversary Fight COVID Award from A\*Star for collaboration to adopt A\*Star's automation machines which contributes to high accuracy, speed, and enhanced safety in 2022.

In Malaysia, Pantai Premier Pathology ("PPP") celebrated its 25<sup>th</sup> anniversary in December 2022. PPP has grown from a small laboratory in Brickfields since its inception in 1997 to an internationally recognised diagnostic service provider over these 25 years. We have been able to make a swift recovery of our core services due to our nimble operations and resilient teams. With our ongoing digital transformation initiatives, global synergies and continual deepening of capabilities, the future is bright for IHH.

## Emerging from Pandemic

Throughout the course of the COVID-19 pandemic, our operations teams have been nimble and responsive, with protocols and processes swiftly established and with absolute discipline in implementing infection control and safety measures.

We have also been hugely adaptable in transiting out of the pandemic. Our return to core services have been matched by rising patient volumes and revenues (now exceeding pre-pandemic levels) in markets such as Malaysia, Türkiye and India.

To our staff, your resilience and indomitable spirit and contributions made to our communities and patients are a point of pride and inspiration.

Our efforts were recognised when the IHH Healthcare Singapore and Malaysia hospitals picked up the GlobalHealth Asia-Pacific Awards 2022. Kudos to all of our colleagues at Gleneagles Hospital Kuala Lumpur, Pantai Hospital Kuala Lumpur, Prince Court Medical Centre, Gleneagles Hospital Singapore, Mount Elizabeth Hospital and Mount Elizabeth Novena Hospital.

The ability of a global organisation like IHH to pivot, adapt and evolve cannot

be overstated because of the external challenges that we contend with in all markets. From higher operating costs and tight labour supply to Türkiye's hyperinflationary economy, IHH continues to march on with our strategy and aspiration to 'Care. For Good.' and to deliver long-term sustainable value to all stakeholders.

## Being a Healthcare Trailblazer for Sustainability

Sustainability has been another key item on the IHH agenda in 2022. Our stakeholders have been aligned with our vision and strategy for environmental sustainability. The time-bound goals that we have laid out are ambitious, but we are committed to being a vanguard for the healthcare sector in this space – it is what we are uniquely positioned to do and which speaks to IHH's mission and values.

We are in the midst of evolving our operations to meet our target of achieving net zero by 2050. The Group is exploring ways to reduce energy use, minimise single use plastics and turn our brick-and-mortar spaces into green facilities – we are embarking on this without compromising the value that we deliver to patients and all other stakeholders.

As we celebrated our 10th year of listing in 2022, I look forward to brighter days ahead for IHH. As one of the biggest healthcare groups in the world, we are committed to making a positive impact in all our touch points with our patients, our people, the public and our planet – this is the right way we know to 'Care. For Good.'.

Thank you.

## Joe Sim

Group Chief Operating Officer



# Operations Review

## IHH Malaysia

We are one of the largest private healthcare providers in Malaysia, offering clinical services and ancillary care via our hospitals, laboratories and more.

Our network includes four Gleneagles hospitals, 11 Pantai hospitals, Prince Court Medical Centre, Pantai Integrated Rehab, Pantai Premier Pathology and primary care clinic Twin Towers Medical Centre.

All 16 hospitals are accredited by the Malaysian Society for Quality in Health (MSQH); of these, three are also accredited by the Joint Commission International (JCI).

## Performance Highlights

We have experienced strong growth in revenue – an increase in 17% from 2021 – due to the return of patients seeking our core services. Inpatient admissions from local and foreign patients have also increased. Revenue increased by 17% to RM3.2 billion. EBITDA increased by 20% to RM909.7 million. For FY2022, average occupancy was at 63% and inpatient admission increased 35% to 205,459. However, a down effect on revenue intensity was observed due to more patients with less acute illnesses returning to our hospitals as compared to FY2021 when the movement control order was in place that delayed treatment, making patients needing higher-acuity treatment when they came.

To meet increasing post-pandemic demand for healthcare services and keep our operations resilient, we continually seek to boost our capacities and capabilities. To this end, we broke ground at Pantai Hospital Penang for a new medical block to be constructed by the end of 2024. The completion of this facility will help us enhance the delivery and range of healthcare services to our patients.

## Performance Indicators

| Financial Indicators                    | FY2021           | FY2022           |
|---|------------------|------------------|
| Revenue                                 | RM 2.7 billion   | RM 3.2 billion   |
| EBITDA                                  | RM 760.1 million | RM 909.7 million |
| Operational Indicators                  |                  |                  |
| Average occupancy                       | 48%              | 63%              |
| Inpatient admissions                    | 151,944          | 205,459          |
| Average revenue per inpatient admission | RM 10,346        | RM 9,587         |

In April 2022, Pantai Premier Pathology entered a tripartite collaboration with Astra Zeneca and Prudential Malaysia to provide precision medicine as an emerging treatment for cancer patients. In addition, the launch of a new health screening centre by Pantai Hospital Cheras will help patients better manage their health by promoting early detection of medical conditions through comprehensive diagnostics.

This year, we also made strides in further elevating the patient experience at our hospitals. Our propriety in-house Hospital Information System, Cerebral plus (C+) was rolled out across our hospitals in Malaysia, allowing patients and their clinical teams to plug into the digital healthcare ecosystem easily and securely.

Our hospitals in Malaysia were also prominently featured at the GlobalHealth Asia-Pacific Awards 2022. In particular, Gleneagles Hospital Kuala Lumpur won four accolades: Hospital of the Year in Malaysia; Value Based hospital of the Year in Asia Pacific; Bariatric Service provider of the Year in Asia Pacific and Endocrinology Service Provider of the Year in Asia Pacific. Pantai Hospital Kuala Lumpur and Prince Court Medical Centre also picked up numerous awards at this esteemed event.

## Outlook

Elevated Inflation, higher energy prices and rising interest rates, will likely persist in 2023. A growing concern, particularly as medical inflation in Malaysia has been outpacing GDP growth. We will continue to measure the costs and resources consumed, implement disciplined cost measures and derive greater efficiencies without compromising care and quality. Thus, our focus on delivering Value-Driven Outcomes (VDO), providing the same or better clinical outcomes to patients at a lower cost.

We will continue with our cluster strategy for organic growth in Malaysia with plans to add on another 600 beds over the next three years. To further accelerate growth, we will need to be more active in pursuing merger and acquisition (M&A) activities, thus leading to delivering higher ROE for our stakeholders. We also plan to further extend our reach to a growing middle-income segment who are looking for high quality private healthcare to meet their medical needs.

With growing awareness and desire for proactive health management, IHH is also embarking on its digital transformation initiatives such as the introduction of a patient-centric mobile app so that IHH Malaysia remains well-poised to serve the needs of the Malaysia population at every life stage.

## IHH Singapore

We are the largest private healthcare operator in Singapore, with reputable brands that are trusted by both locals and healthcare consumers in the region.

Our JCI-accredited hospitals – Gleneagles Hospital Singapore, Mount Elizabeth Hospital, Mount Elizabeth Novena Hospital and Parkway East Hospital – house more than 1,000 beds and over 1,500 world-class clinical specialists across all specialties. IHH in Singapore also reaches international patients via 35 patient assistance centres located in various parts of the world.

IHH Singapore also operates Parkway Shenton network of 30 primary care clinics; iXchange, which provides employee benefits plans; and numerous centres delivering specialty and ancillary care services including Parkway Cancer Centre, Parkway Radiology, Parkway Laboratories (including Angsana Molecular & Diagnostics), Parkway Rehab and Parkway Emergency Services.

## Performance Highlights

Singapore has consistently been a top choice for local and foreign patients seeking world-class and medically advanced therapies. Our brand of hospitals are well recognised and trusted in the region, for medical excellence and superior service.

In 2022, we saw the return of medical travel and domestic demand for elective procedures. This has resulted in strong revenues and compelling year-on-year growth. This is despite the sharp step-down in COVID-19 testing and other pandemic related services, demonstrating that patients continue to place unwavering trust in our hospitals and clinics in Singapore. Revenue increased 2% to RM5.1 billion, EBITDA declined 5% to RM1.6 billion mainly due to a higher base of COVID-related services and inpatient admission in FY2021.

## Performance Indicators

| Financial Indicators                    | FY2021         | FY2022         |
|---|----------------|----------------|
| Revenue                                 | RM 5.0 billion | RM 5.1 billion |
| EBITDA                                  | RM 1.7 billion | RM 1.6 billion |
| Operational Indicators                  |                |                |
| Average occupancy                       | 54%            | 56%            |
| Inpatient admissions                    | 64,227         | 61,951         |
| Average revenue per inpatient admission | RM 38,836      | RM 48,965      |

For FY2022, average occupancy was at 56%. Inpatient admission declined 4% to 61,951 as a result of a high base of COVID-19 inpatient admission in 2021. Revenue intensity increased 26% to RM48,965 with a case-mix of more acute patients seeking treatments at the Singapore hospitals.

A big highlight for IHH Singapore in 2022 was the roll-out of MyHealth360, a consumer-centric mobile-first platform that helps patients transit seamlessly between online and offline care. The app allows users to receive teleconsultations, make appointments including maternity tours, access medical records, estimate their bills, build their health profile, call for emergency care and more.

In tandem with our digital transformation is our continual work in deepening capabilities within our hospitals and other facilities. Mount Elizabeth Hospital began a major refurbishment in January 2023 to cater to strong local and international demand for quality healthcare. This will be phased over three years to minimise disruptions and patients will be decanted seamlessly to the Group’s three other hospitals should the need arise. Parkway East Hospital, Singapore’s oldest private hospital, turned 80 in October 2022. To better serve its patients, it is embarking on a refurbishment plan, including renovating and refurbishing its operating theatres and adding two endoscopy rooms that can also be used as day surgery operating theatres.

Along with its refurbishment, Mount Elizabeth Hospital will be the first hospital in Southeast Asia to acquire Naeotom Alpha, the world’s first photon-counting CT with the aim to optimise diagnostic and treatment pathways for patients in Singapore. Mount Elizabeth Novena Hospital also installed a new Cyclotron S2C2 machine that speeds up protons in proton beam therapy for cancer treatment.

Last but not least, IHH Singapore Hospitals were recognised at the GlobalHealth Asia-Pacific 2022 Awards. In particular, Mount Elizabeth Hospital was named Hospital of the Year both in Asia Pacific and in Singapore.

## Outlook

Moving forward, we expect demand from both local and foreign patients to continue growing. We will focus on building capacities and delivering value-based care to ensure efficiencies of services and cost despite tight supply of nurses. In the meantime, we are proactively recruiting and retaining nurses and expect to ease the shortage by the end of the year.

As the government shifts its national strategy to focus on population health and preventive care, there are opportunities for our primary care and ambulatory segment to grow and play an even bigger role in managing the wellness of local healthcare consumers.

Operations Review

IHH Türkiye and Europe

Renowned for its clinical excellence, our Acibadem brand in Türkiye, Macedonia, Bulgaria, Serbia and the Netherlands offers high-quality medical treatments and diagnostic services for local and foreign patients. Five of a total of 22 Acibadem hospitals are accredited by Joint Commission International (JCI), the international gold standard for quality and patient safety.

Acibadem hospitals are well-equipped with over 4,700 beds, state-of-the-art medical technologies, such as smart radiotherapy, robotic surgery, intraoperative radiotherapy, and digital tomosynthesis mammography.

Performance Highlights

Operationally, the performance of IHH Türkiye and Europe mirrors that of the rest of our markets, with bed occupancy and patient volume growing steadily. However, this is partially offset by the translational effects of weaker Turkish Lira against the Malaysian Ringgit, and the classification of Türkiye as a hyperinflationary economy. In response to hyperinflation, we have made blended price adjustments of close to 80%, which has partially led to an increased revenue intensity.

Our non-Lira revenue from other European markets continue to be strong, and we expect this trend to continue. IHH is also focused on its cluster growth strategy, marked by new openings and acquisitions in the region.

Revenue increased by 3% to RM4.5 billion on strong underlying demand for Acibadem’s services, EBITDA decreased 9% to RM1.1 billion. Inpatient admission increased 7% to 234,831, revenue

Performance Indicators

| Financial Indicators                    | FY2021         | FY2022         |
|---|----------------|----------------|
| Revenue                                 | RM 4.3 billion | RM 4.5 billion |
| EBITDA                                  | RM 1.2 billion | RM 1.1 billion |
| Operational Indicators                  |                |                |
| Average occupancy                       | 77%            | 74%            |
| Inpatient admissions                    | 219,582        | 234,831        |
| Average revenue per inpatient admission | RM 6,944       | RM 9,090       |

intensity per inpatient admission grew 31% to RM9,090, following price adjustments to counter inflation. For FY2022 average occupancy was at 74%.

In September 2022, we opened Acibadem Atasehir Hospital, the brand’s 18<sup>th</sup> hospital in Türkiye and 24<sup>th</sup> globally, with a focus on serving children, women and oncology patients. True to our sustainability goals, this 300-bed 15-storey institution is LEED Gold Certified, with numerous energy-savings measures.

IHH, via Acibadem, also acquired the 52-bed Ortopedia Hospital. Located in the major city of Adana in Southern Türkiye next to Acibadem Adana Hospital, Ortopedia Hospital will contribute to improved operating synergies such as increased capacity and strengthening of orthopaedic services. In February 2023, Acibadem acquired the 340-bed Kent Hospital in Izmir. Acibadem expanded into the third largest city in Türkiye as part of its growth strategy.

We have also enhanced our clinical offerings in this region. This includes the addition of metabolic therapy with Lutetium (a chemical element) for prostate cancer at Acibadem City Clinic Tokuda Hospital in Bulgaria; and procuring the latest computed

tomography scanner that reduces up to 80% radiation at Acibadem Sistina Hospital in Macedonia.

We are proud to have been recognised for not just our clinical excellence, but also our progressive people policies. Acibadem was ranked first among healthcare companies providing women with strong employment opportunities.

IHH, via Acibadem in Türkiye, also celebrated other milestones such as being named first in the private healthcare organisations category by ONE Awards Integrated Marketing Awards 2021. Additionally, at Acibadem City Clinic Tokuda Hospital, we celebrated the completion of 1,000 operations with the Da Vinci Robotic System.

Outlook

We will continue to control and streamline costs for our Turkish and European operations amid a hyperinflationary environment.

IHH, via Acibadem will look into further expansion of footprint in Türkiye and Europe via synergistic clusters to take advantage of the strong growth and opportunities in the region.

IHH India

IHH boasts one of the most extensive healthcare networks in India with 28 Fortis Hospitals, seven Gleneagles Global Hospitals and over 400 SRL Diagnostics laboratories under Fortis Healthcare.

Our network of hospitals in India offer a full spectrum of intergrated healthcare services ranging from clinics to quarternary care facilities and a wide range of ancillary services such as diagnostics. Our hospitals have a strong reputation for clinical excellence. For example, Gleneagles Global Hospitals is renowned for world class multi-organ transplant procedures, while Fortis Escort Heart Institute is well-known for cardiac sciences.

Performance Highlights

In India, patients have continued to return in strength, with a steady, decisive uptick in inpatient admissions and revenue year-on-year. The growth was in spite of the completion of our divestment of Continental Hospitals in December 2021. Revenue increased 4% to RM3.9 billion, and EBITDA decreased 3% to RM646.6 million. Inpatient admission increased 4% to 332,661, while revenue per inpatient admission increased 3% to RM8,103 with more acute and surgical cases undertaken.

Not unlike IHH hospitals in other parts of the world, our hospitals in India are equipped with some of the most advanced technologies and staffed with highly qualified medical teams.

Performance Indicators

| Financial Indicators                    | FY2021           | FY2022           |
|---|------------------|------------------|
| Revenue                                 | RM 3.7 billion   | RM 3.9 billion   |
| EBITDA                                  | RM 666.5 million | RM 646.6 million |
| Operational Indicators                  |                  |                  |
| Average occupancy                       | 66%              | 69%              |
| Inpatient admissions                    | 320,543          | 332,661          |
| Average revenue per inpatient admission | RM 7,832         | RM 8,103         |

Gleneagles Global Hospitals is part of IHH in India and is one of India’s most reowned multi-organ transplant and tertiary care multi-specialty hospitals. We are very proud to see the good work that our IHH India team is doing in the realm of organ transplants and its related programmes. A big shoutout to Gleneagles Global Hospitals, Mumbai team for celebrating 125 successful transplants in 2022 and establishing itself as Western India’s most successful liver transplant programme. The 125 transplants include the full spectrum of liver transplants, adult and pediatric, with both living and deceased donor transplants.

In 2022, Fortis opened the state-of-the-art hospital in Greater Noida. The facility houses 200 beds and is helmed by over 50 expert clinicians in various specialties.

At Fortis Hospital, Shalimar Bagh in New Delhi, we launched a dedicated joint replacement centre under its Fortis Bone & Joint Institute; and opened an Advanced Heart Failure Clinic to serve patients needing more complex care.

In the same year, we officiated the opening of a Fortis Cancer Institute, a 12-bed day-care centre at Defence Colony in New Delhi.

Meanwhile at Fortis Memorial Gurugram, we launched a state-of-the-art CT Simulator Machine to better manage cancer patients.

To ramp up capacity, we added over 1,000 beds across Fortis hospitals, including 42 beds in Mulund.

Outlook

We expect growth in domestic elective procedures to continue, along with opportunities presented by the recovery of medical travel and emerging telehealth trend.

We are also focused on Group-wide effort to deliver value-based outcomes for our patients. Within India, we are working towards enhancing value for our stakeholders by driving cost discipline and optimising productivity in our operations.



Operations Review

IHH Greater China

IHH network in Greater China includes Gleneagles Hong Kong (GHK), Parkway Health Central Hong Kong Medical Centre, Parkway Hospital People's Square and the newly opened Parkway Shanghai Hospital.

When fully ramped up, Parkway Shanghai Hospital offers a comprehensive range of specialties and healthcare services, with a focus on seven key specialties: cardiology, cardiac surgery, gastroenterology, urology, minimally invasive surgery, general surgery and internal medicine.

Performance Highlights

Even amid strict COVID-19 management measures in Hong Kong, GHK was able to achieve positive EBIDTA and strong growth across 2022.

Operationally, GHK has also continually set new bars of excellence, with several noteworthy developments in 2022. Its mobile app My Gleneagles SmartHealth was recently integrated with start-up PanopticAI’s contactless camera to help patients better monitor vital signs such as heart rate, blood pressure, respiratory rate among others.

GHK also tapped on technology to provide greater support to the public during the pandemic, being the first private hospital in Hong Kong to offer free virtual

Performance Indicators

| Financial Indicators | FY2021            | FY2022            |
|----------------------|-------------------|-------------------|
| Revenue              | RM 876.9 million  | RM 998.4 million  |
| EBITDA               | RM (69.6) million | RM (60.3) million |

consultation and medication delivery services in March and April.

The hospital has also enhanced its offerings by opening the Gleneagles Pro-HEART Cardiac Centre and partnered with private organisation Humansa to offer integrated preventive health and wellness services including medical imaging.

Other new offerings at GHK include an automated drug dispensing machine to improve efficiencies and accuracy, a Maternal and Fetal Medicine Centre and free online medical counselling to provide support to patients in home isolation due to COVID-19.

In Mainland China, the Group completed the divestment of its effective 49% stake in Gleneagles Hospital Chengdu in February 2023. The sale is in line with IHH’s strategy to continually review its asset portfolio in China to minimise losses.

While closely monitoring the pandemic management measures in China,

IHH has continued to provide COVID-19 related support for the public. In particular, our medical teams in Shanghai were on standby for residents to complete their nucleic acid tests in a timely manner during lockdowns.

Outlook

We will continue to drive patient admissions and occupancy at GHK and are confident of further growth, particularly with pandemic restrictions tapering off in the Greater China region.

The Group is cognizant of operating losses incurred in the Greater China market over the last few years, owing to the government’s zero-COVID policy. We will be monitoring the market closely, while operating with prudence and adaptability. We expect continued challenges with our operations and investments in China.

We are cautiously optimistic that the market will improve come 2023, during which we will review our capital assets and growth ambitions there.

IMU Health

IMU Health is IHH’s medical and health sciences education arm, consisting of the International Medical University (IMU) and International Medical College (IMC) in Malaysia. These institutions offer diploma, undergraduate and postgraduate studies, with programmes such as medicine, dentistry, pharmacy, nursing health sciences and complementary and alternative medicine.

IMU, a two-time awardee of the SETARA six-star (outstanding) also offers micro-credential learning and continuous professional courses.

IMU was founded in 1992 to provide medical education to students who could subsequently complete their degrees at partner universities abroad. The institution, granted university status in 1999, has since offered its own degree programmes. Students can complete their programmes in Malaysia or at one of IMU’s 36 partner universities across

Parkway Life REIT

IHH holds a 35.6% equity stake 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 related assets used primarily for healthcare and healthcare-related purposes. PLife REIT owns a diversified portfolio of 61 properties worth about RM 7.1 billion as at 31 December 2022.

Performance Highlights

PLife REIT’s FY2022 total revenue increased 1%. The increase was due to contribution from the Japan nursing homes acquired in 2021 and 2022, higher rent from the Singapore properties under the new master lease agreements<sup>1</sup> which commenced in August 2022 and partially offset by the loss of income from the 2021 divestment of a non-core property and the depreciation of Japanese Yen. Its FY2022 EBITDA decreased 20% mainly due to a higher base in FY 2021 with a RM16.3 million

Performance Indicators

| Financial Indicators | FY2021           | FY2022          |
|----------------------|------------------|-----------------|
| Revenue              | RM 257.6 million | RM260.8 million |
| EBITDA               | RM 86.7 million  | RM84.8 million  |

Australasia, the United Kingdom, Ireland, North America and China.

Performance Highlights

Revenue increased 1% to RM260.8 million, EBITDA decreased 2% to RM84.8 million as expenses increased since there were more campus activities with students returning to campus for physical classes post pandemic lockdown.

In June, IHH Healthcare entered into an agreement to divest 100% of IMU to a consortium led by The Rise Fund, TPG’s multi-sector global impact investing platform and Hong Leong Group. The transaction was completed on 31 March 2023.

Performance Indicators

| Financial Indicators | FY2021           | FY2022           |
|----------------------|------------------|------------------|
| Total revenue        | RM 370.7 million | RM 376.2 million |
| EBITDA               | RM 349.9 million | RM 278.4 million |
| Gearing              | 35.4%            | 36.4%            |

gain on divestment of P-Life Matsudo and valuation gains on investment properties of RM40.6 million recorded, compared to valuation loss of RM19.5 million in FY2022.

In FY2022, PLife REIT was declared winner of The Edge Singapore Billion Dollar Club 2022 — Highest Returns to Shareholders Over Three (3) Years. It also expanded its Japan portfolio with five nursing homes and collectively roll-out the jointly funded transformational major refurbishment of Mount Elizabeth Orchard Hospital named “Project Renaissance” with IHH Singapore.

As at 31 December 2022, PLife REIT continues to offer strong earnings visibility with

Outlook

The divestment of IMU is part of IHH’s strategy to drive capital-efficient growth. This includes ongoing review of our portfolio and capital deployment to prioritise returns on focus on long-term core assets. The proceeds received will be utilised towards general corporate purposes (including debt repayment, capital expenditure as well as mergers and acquisitions, investments and working capital).

With Malaysia’s health expenditure estimated to increase to RM 91.1 billion by 2025, the sale is a timely move that will enable IHH to focus efforts and capital on ramping up capacity and capabilities to meet healthcare demand.

diversified funding sources at a low all-in effective cost of debt of 1.04% and no long-term debt refinancing needs till February 2024. Its interest cover stood at 18.3 times and gearing remained healthy at 36.4%.

Outlook

The healthcare industry remains critically essential in a time of rapidly aging population and heightened demand for better quality healthcare and global aged care services. PLife REIT, ingrained with strong fundamentals, remains well positioned to navigate the growth opportunities with prudence to create greater value for unitholders.

<sup>1</sup> Higher rent from the Singapore hospitals arising from the guaranteed step-up rent and the straight-lining of rental income over the lease term i.e. effective rent. There is no distribution impact arising from effective rent treatment.

# Financial Review

by Group Chief Financial Officer



**It has been a good year for IHH despite external macroeconomic challenges. Our revenue and earnings have exceeded pre-pandemic levels and our growth trajectory is now stronger than ever.**

**Joerg Ayrlle**

Group Chief Financial Officer

## Overview

We have managed through yet another full year affected by COVID-19 uncertainties and a challenging macroeconomic and geopolitical environment. Despite hurdles beyond any individual organisation's control, our financial performance and especially cash generation for 2022 was strong.

This is a firm validation of the IHH business strategy and aspiration to 'Care. For Good.'. We are now much stronger than pre-pandemic – revenue, earnings and cash flow levels in 2022 have exceeded that of 2019.

Local and foreign patients alike have continued to place their trust in IHH's network of hospitals, clinics, laboratories, radiology centres and other healthcare units. Their return has allowed our core business to recover steadily. Our growth engines have continued to yield compelling results, with structural improvements to profitability and Returns on Equity (ROE) for the Group.

One new task that we had to embrace in 2022 was that the Group had to apply the MFRS 129, *Financial Reporting in Hyperinflationary Economies* on entities within the Group whose functional currency is the Turkish Lira. The cumulative three-year inflation rate in Türkiye has risen to above 100% as of March 2022. Hence Türkiye is considered a hyperinflationary economy under MFRS 129 starting from April 2022.

Though the Turkish Lira may have come in weaker over the reporting periods, the demand for private healthcare in Türkiye outstrips supply. This clearly puts IHH in a strong EBITDA position and the business's performance remains robust. (More information on the impact of MFRS 129 can be found on the following page).

The strong cash flow and operating synergies across our global network have given us optimal room and confidence to build upon this year's achievements. We continually finetune growth initiatives and strategically seize earnings accretive opportunities to improve returns for our stakeholders.

We have also succeeded in driving capital-efficient growth by diligently reviewing and

adjusting our portfolio of assets. Valuations, acquisitions and divestments are reviewed with prudence, caution and strategic foresight with a clear view to Earnings Per Share (EPS) and ROE accretion.

This year, we made the decision to divest our medical education arm, International Medical University (IMU) for RM1.35 billion. At the same time, the Group's divestment strategy in China included the sale of our effective stakes in Gleneagles Hospital Chengdu. We expect continued challenges with our operations and investments in China and are actively trying to de-risk our asset portfolio to minimise ongoing losses.

Headwinds such as elevated inflation, high interest rates and energy prices may still persist in 2023 but we remain confident in our ability to grow long-term value for our stakeholders.

## Our Performance

In 2022, the rapid return to our core services in the hospital segment has catapulted the Group's performance to yet again new highs. Our revenue increased 5% to RM18.0 billion, owing to the unwavering trust that local and foreign patients have in our hospital brands and for delivering excellent clinical outcomes.

Our EBITDA stands at a reassuring RM4.1 billion, despite a decrease of 5% as compared with last year. This was due to a high base of COVID-19 related services in 2021, the translational effects of a weaker Turkish Lira against Malaysian Ringgit affecting contributions from Türkiye operations and MFRS 129-related adjustments.

Consequently, our Net Operating Income excluding exceptional items declined 13% to RM1.4 billion due to lower EBITDA, higher finance costs and higher depreciation and amortisation from MFRS 129-related adjustments. Net Income fell 17% to RM1.5 billion due to gains from exceptional items such as increase in deferred tax assets, impairment losses relating to the Group's assets and goodwill in China, coupled with MFRS 129 adjustments and foreign exchange losses.

## Impact of MFRS 129

The application of MFRS 129 requires that the financial statements of entities whose functional currency is the Turkish Lira (collectively referred to as "Turkish Entities") be restated for changes in the general purchasing power of the Turkish Lira at each period end.

### 1. Balance sheet re-indexing

There was a one-time uplift in the net asset value of the Turkish entities of RM1.8 billion as at 1 January 2022. With the application of MFRS 129, the balance sheet of the Turkish entities will have to be re-indexed to each period-end's inflation index.

### 2. Profit and loss re-indexing

EBITDA impact for FY2022 was RM106.2 million. With the application of MFRS 129, the Turkish entities' profit and loss for each period will have to be re-indexed to the period-end's inflation rate. In addition, the profit and loss of the Turkish entities will have to be translated to Malaysian Ringgit based on the period-end's exchange rate for consolidation into IHH Group results.

### 3. Depreciation and amortisation from property, plant and equipment, right-of-use assets and intangible assets

As a result of an uplift in non-monetary assets upon the application of MFRS 129, depreciation and amortisation of these non-monetary assets would increase permanently (unless there is a subsequent impairment or write off). Depreciation and amortisation impact from the uplift of non-monetary assets was RM209.0 million for FY2022.

### 4. Net monetary gain or loss

This refers to the increase or decrease in purchasing power of our net monetary asset or liabilities in Türkiye. For FY2022, the net monetary gain was RM462.5 million.

### 5. Impairment assessment on the higher restarted amounts of non-monetary asset

Despite the higher carrying value of non-monetary assets arising from the uplift in asset value upon application

**We will focus on business growth that stems from several areas. These include global operational synergies reaped through centralised procurement process, IT platforms and sharing of best practices as well as organic growth through increased capacities at existing hospitals.**



Financial Review

by Group Chief Financial Officer

of MFRS 129, no impairment was required for FY2022. We will assess for impairment periodically.

Capital Management and Liquidity

As a global healthcare organisation, maintaining a solid capital base and ensuring financial sustainability are of utmost importance. Our prudence and strategic spending have allowed us to maintain a healthy debt-to-equity ratio over the years.

We take great care in managing payments, receipts and financial risks and reviewing our funding strategy to upkeep liquidity for meeting obligations.

In 2022, our net debt-to-equity ratio was 0.25 times, compared to 0.21 times from the year before. Our net cash generated from operations was RM3.7 billion, with a total cash balance of RM3.7 billion. This keeps us in a strong cash position to meet the working capital and capital expenditure needs in the immediate term.

Return on Equity

IHH is committed to increasing Return on Equity (ROE) for our shareholders. We are taking concrete steps to achieve that through our five growth engines including recovering from COVID-19, achieving organic growth, acquiring strategic assets,

developing our laboratory business, and driving innovation and digital transformation.

Including the MFRS 129 application, our full-year ROE for December 2022 stands at 6.4% due to a lower reported net income. However, excluding the MFRS 129 effects, our ROE stands at 6.6%. Excluding impairment recognised on the Group’s assets in China, ROE stands at 7.6%.

Dividends

The Board of Directors has announced a first and final dividend of 7 sen per share for Bursa shareholders and 2.16 cents per share for SGX shareholders (based on an indicative rate of SGD/RM = 3.2468 as at 31 December 2022) to be paid on 28 April 2023 to shareholders, a 17% increase compared to a year ago. This comes on the heels of a fiscal year marked by strong recovery of our core services. This is a sustainable dividend that will contribute greatly to the long-term success to IHH, our shareholders and all other valued stakeholders.

Our Accolades

The challenges of the past years have been felt by all in the medical industry. Despite them, IHH has been able to show sequential growth year on year. For this, I am immensely grateful for the hard work of the entire IHH family.

Our outstanding efforts in financial management have been recognised by the investment community. IHH was named Best in Sector – Healthcare at the IR Magazine South East Asia Awards 2022; and Most Outstanding Company in Malaysia – Healthcare Sector at Asia’s Outstanding Companies Poll 2022 by Asiamoney just to name a couple. We also picked up the “Best CFO” accolade at the Corporate Treasurer Awards 2022. These wins have been a team effort and are a great recognition for the passion and commitment of the whole team.

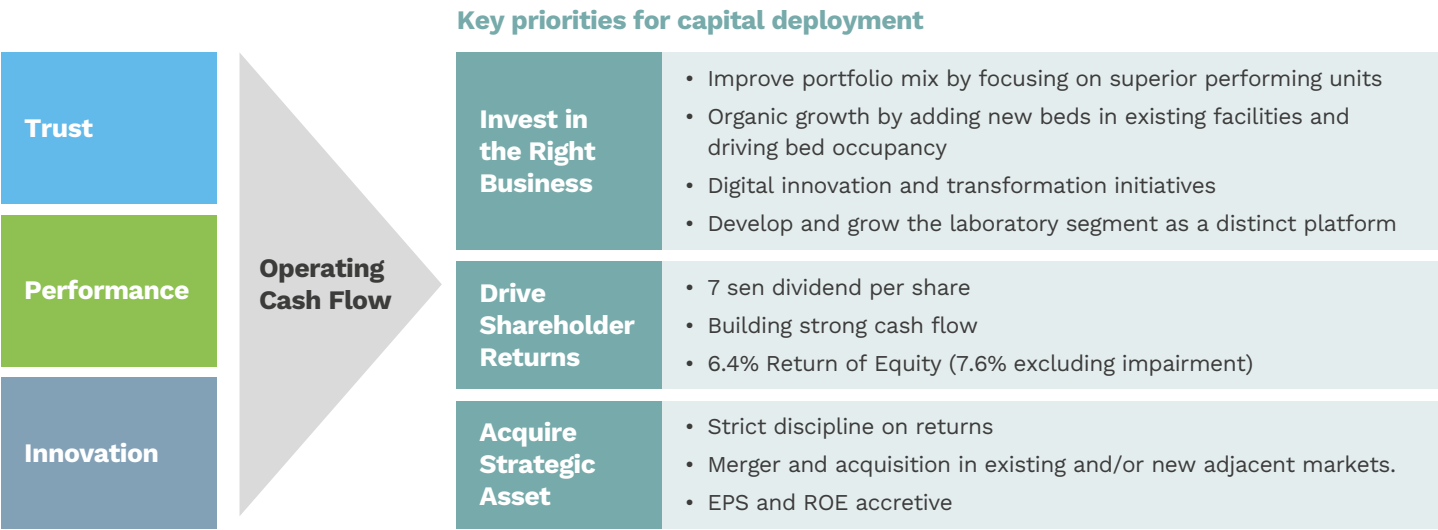
Energized by this, we will continue to focus on business growth that will stem from several areas including global operational synergies reaped through centralised procurement process and IT platforms and sharing of best practices and organic growth through increased capacities at existing hospitals.

We are also working towards reaching new peaks through digital transformation and deepening the capabilities of our laboratories business to meet the emerging needs of healthcare consumers. I am excited to watch our plans unfold and look forward to another year of continued success.

Thank you.

Joerg Ayrlé  
Group Chief Financial Officer

Capital Allocation Framework



Sustainable through Care

We believe that sustainable practices are inextricably connected to our ability to deliver continuous value for our stakeholders and grow as a business. Our sustainability agenda is centred on Care – Care for Patients, People, Public and Planet.

Sustainability

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Our Inaugural Sustainability Report 2022



# Sustainability Opening Statement

As a global healthcare provider with immense scale and reach, our actions have an impact on the world. We fully intend to meet the bar of excellence in sustainability, while concurrently raising the bar of excellence in clinical care.

At IHH, challenging the status quo of healthcare is a long-held practice. Operating against the backdrop of ageing populations, medical inflation, antimicrobial resistance and the climate crisis, we need to go above and beyond just “do no harm”.

It is our imperative to “Care. For Good.”, underpinned by our vision to be the world’s most trusted healthcare services network and our purpose to touch lives and transform care. To realise our aspirations, we are leading the healthcare industry to be a truly sustainable business for our patients, people, public and planet.

To truly achieve sustainability beyond business growth, we have to answer these pressing questions:

These inquiries have been an intensive, thought-provoking exercise among IHH stakeholders in all our markets, and for good reason. As a global healthcare provider with immense scale and reach, our actions have an impact on the world. We fully intend to meet the bar of excellence in sustainability, while concurrently raising the bar of excellence in clinical care.

## Our Work in Progress

We unveiled our sustainability goals in September 2022. Aligned with the UN’s Sustainable Development Goals, our targets are measurable, time-bound and ambitious.

As a Group, we have been deliberate in crafting our journey in ways that

are relevant to the organisation and our stakeholders.

Our efforts have included:

- Updating our sustainability policy in May 2022, outlining IHH’s commitment to uphold sustainable practices
- Conducting a comprehensive materiality assessment with our key stakeholders to identify and refine a list of material matters
- Unveiling our sustainability goals, encapsulated in our goal to care for our Patients, People, Public and Planet
- Working towards publishing our first standalone Sustainability Report\*
- Adding sustainability to the Group’s Balanced Scorecard, linking it to managerial and executive performance

## The Best is Yet to Unfold

We are only just getting started. At IHH, sustainability is here to stay and it is going to play a pivotal role in the way we approach the drawing board and conduct our operations.

The journey will be filled with opportunities and challenges in equal measure, and we are ready to meet them at every turn. This is our commitment to “Care. For Good.”, to do our very best for our patients, people, public and planet.

There is no time to waste. It is only by taking action today that we secure a healthier tomorrow for future generations.

# Sustainability Approach

As one of the largest healthcare groups in the world, what we do can make an impact on our Patients, People, Public and Planet.

Our approach to sustainability is anchored in our purpose of touching lives and transforming care. With our vision to be the world’s most trusted healthcare services network, we take great pride in always striving to raise the bar in all that we do.

We put all of our highest aspirations together through our strategy to “Care. For Good.”. This means going above and beyond the Hippocratic oath principle of doing no harm. We are committed to making a positive impact on the well-being of all stakeholders of IHH – our patients, people, public and planet – and we are doing so through our bold efforts to evolve the face of healthcare.

Today, sustainability considerations form part of every business decision at IHH. At the same time, our continual drive to improve patient care, cultivate healthy workplaces and communities and reduce carbon footprint run in tandem with the Group’s continuous growth and world-class patient care that is expected of IHH establishments.

## Our Purpose

At IHH, we are united in our purpose to touch lives and transform care.

Our people work every day to make a positive difference in the lives of our patients and their loved ones. We are able to do so with our unique capabilities to create change and raise the bar in healthcare at every touch point.

The same purpose applies in our sustainability efforts as we make quality healthcare easily accessible to patients, protect the well-being of our people so they can continue

to deliver the best care, leverage our expertise and partnerships to create a healthy world, and advance our environmental stewardship to protect our planet.

## Our Vision and Mission



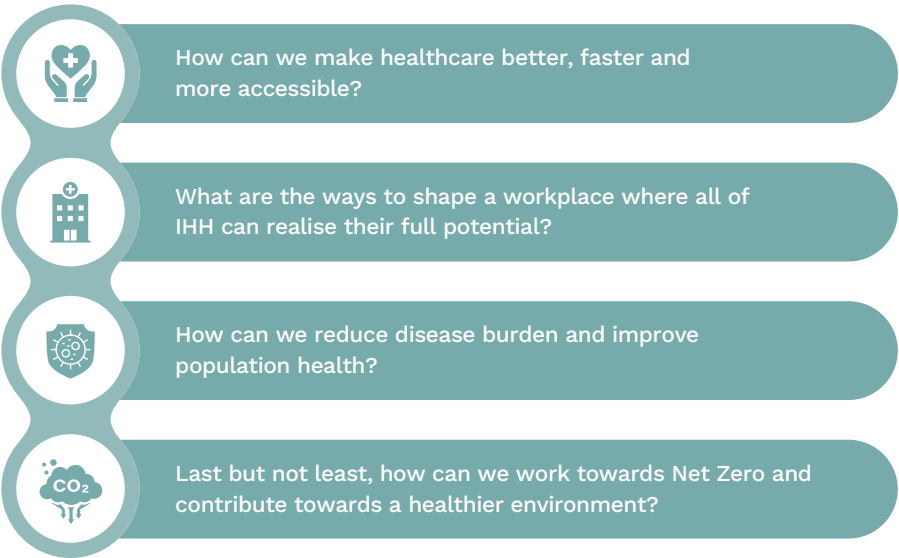
### Vision

To be the most trusted healthcare services network



### 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



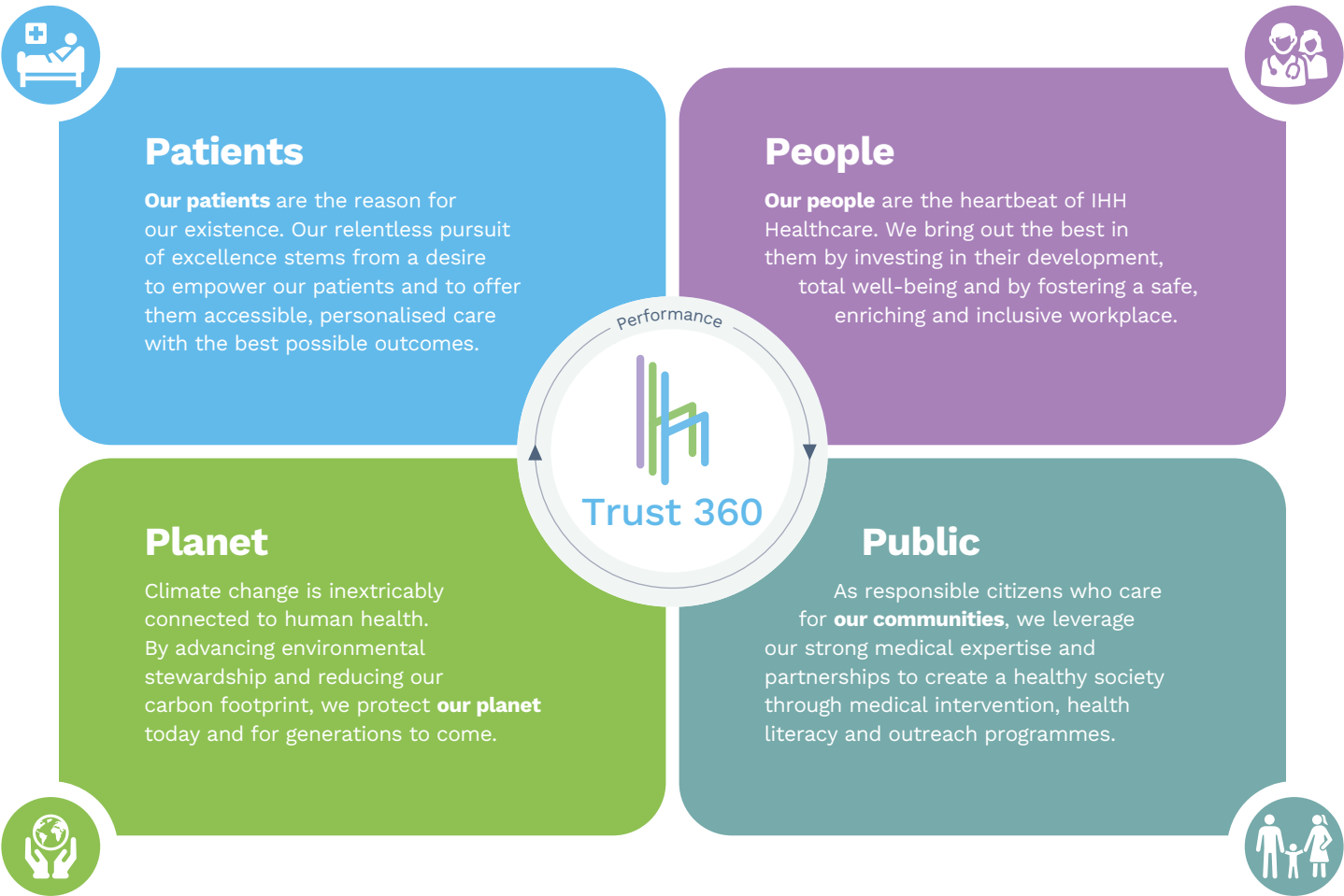
\* Please refer to our Sustainability Report for more information.





Our Sustainability Framework

The Trust 360 model is the anchor of our sustainability aspirations, tied to the expectations of our key stakeholders – our Patients, People, Public and Planet. Additionally, a robust governance structure is in place to keep the Group on track in our sustainability journey while ensuring we meet all legal and regulatory requirements.



Refer to Sustainability Report page 8 for Our Approach to Sustainability.

Sustainability Highlights

In 2022, we enhanced our sustainability framework and laid a strong foundation by setting clear goals and baseline metrics. The baselines we have set allow us to track and measure our sustainability progress and will serve as a barometer in our sustainability journey.

Below are highlights of the strides we made in 2022 and our vision for driving positive change through our four pillars.

### Patients

Empowering Our Patients



Launched the **Optimal Care Index** and applied **value-driven care** to 8 conditions, up from 4 conditions

**17 clinical quality indicators** were set and tracked against international benchmarks based on published medical literature

Launched **FeeAdvisor.ai**, an AI-powered bill estimation tool that provides patients with greater transparency, in Malaysia to begin with, plans to roll out to other markets

Launched **MyHealth360 patient-centric app** in Singapore and Malaysia to help patients better manage their health, with plans to roll out to other markets

**100%** of our employees completed a **Personal Data Protection Basics course**



### People

Shaping the Best Place to Work



Overall Employee Engagement Survey score in 2022 **increased by 3%** since 2020

All our markets developed **diversity and inclusion** strategy and action plans

Announced target of **50% women in leadership roles**

Launched **flagship Group-wide Nursing Leadership programme**

**100 Patient Care Associates** were hired to support nursing teams in Singapore

Named as one of **Forbes' World's Best Employers**



### Public

Nurturing a Healthier Society



Began to **enhance our Antimicrobial Stewardship Programme across all IHH Healthcare hospitals**, in line with the US Centers for Disease Control and Prevention (CDC), World Health Organization (WHO) and national guidelines

Extended our **flagship Life Renewed programme** to include radiotherapy and radiosurgery treatments for 500 cancer patients from underserved communities in Malaysia. Plans are underway to expand this programme to other markets

Facilitated **737,057 cancer screenings<sup>1</sup>**

Facilitated **460,615 health screenings**



### Planet

Protecting Our Planet



Became the **first healthcare provider** to join WWF's Plastic ACTION (WWF PACT) initiative

Achieved **42% reduction of single-use virgin plastic in non-clinical areas** in Singapore and 100% reduction of single-use plastic water bottles in Malaysia

Recorded the **Group's carbon emissions** for the first time, and established 2022 as our baseline year for Scope 1 and 2 carbon emissions

Committed to achieve **Net-Zero emissions** by 2050

Committed to **reduce year-on-year Scope 1 and Scope 2 carbon intensity** per patient bed-day



<sup>1</sup> MMG, Pap smear and FOBT tests

# Our Sustainability Commitments

Another key milestone has been the unveiling of our sustainability goals, which are encapsulated in the four pillars of Patients, People, Public and Planet. These goals are aligned to the United Nations Sustainable Development Goals. For each pillar, we have laid down clear, trackable targets.



## Patients

Empowering Our Patients



**To be the most trusted private healthcare provider in all our markets by 2025**

Achieve 90% of **value-driven outcomes (VDO)** at or above international benchmarks by 2025

**Billing estimates** to be 90% accurate in our core markets<sup>i</sup> by 2025

**Admission for A&E** cases to be within 1 hour of doctors' instructions in our core markets<sup>i</sup> by 2025

To be in top quartile in **Net Promoter Score (NPS)**<sup>ii</sup> in our core markets<sup>i</sup> by 2025



## People

Shaping the Best Place to Work



**To be the employer of choice in private healthcare in all our markets by 2025**

Achieve 50:50 **male to female ratio in leadership**<sup>iii</sup> roles by 2025

Increase **global nursing talent** pool by 10% by 2025

Reduce lost time injuries and have zero **workplace fatalities**

Be above country and world healthcare norms in **Employee Engagement Survey (EES)** for all of our markets by 2025



## Public

Nurturing a Healthier Society



**To touch five million lives**<sup>iv</sup> for healthier communities by 2025

Have 100% of hospitals implement **antimicrobial resistance** interventions in line with CDC, WHO and national guidelines by 2025

Reduce **disease burden on cancer and cardiovascular diseases** through screenings, health literacy and disease management programmes

Establish public corporate responsibility programmes in at least two of our core markets<sup>i</sup> to make available **quality healthcare to the underserved** by 2023



## Planet

Protecting Our Planet



**To cap carbon growth by 2025 and achieve Net-Zero by 2050**

Cap **Scope 1 and 2 emissions** at 2022 baseline (inclusive of our growth) by 2025 and reduce year-on-year carbon intensity per patient bed-day

Strategise **Scope 3** carbon accounting by 2023

Be **SBTi** (Science Based Target Initiative) **ready** by 2025

Reduce **single-use virgin plastic** by 90% in non-clinical areas in Malaysia and Singapore by 2023

<sup>i</sup> Our core markets refer to India, Malaysia, Singapore and Türkiye.  
<sup>ii</sup> Net Promoter Score is a key metric that measures customer loyalty and satisfaction.  
<sup>iii</sup> Leadership is defined as business critical roles which are pivotal to our business; having a high impact on the business outcomes and/or market-scarce skills. These include roles like country CEO, key functional and department heads as well as roles overseeing large spans of control.  
<sup>iv</sup> Number of lives touched includes cumulative number of patient interactions through IHH Healthcare services targeted at reducing antimicrobial use and disease burden, number of beneficiaries reached through our corporate responsibility programmes, as well as those reached via IHH Healthcare digital platforms and educational outreach programmes.

# Sustainability Snapshots


With our size and reach, IHH Healthcare is committed to doing good beyond being a healthcare provider. To give back to the communities we operate in, we are intensifying efforts to “Care. For Good.”, delivering sustainable value to our patients, people, public and planet. Working as one IHH family, we can drive positive change at scale worldwide.

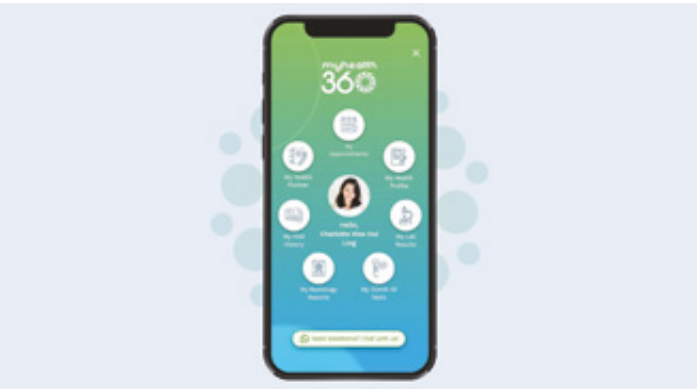
## Patients



### Patients: Acibadem Medical Team Break World Record by Separating Conjoined Twins in Nine Hours

A medical team at Acibadem Atakent Hospital successfully separated five-month-old, conjoined twins Safaa and Chifaa using a range of innovative techniques, including 3D modelling. Completed successfully in nine hours, the procedure set a new world record for the fastest operation of its kind. The Algerian twins, who were conjoined at the breastbone but had two hearts, can now survive independently.

 Refer to Sustainability Report page 36 for more information.



### MyHealth360: Empowering Our Patients to Own Their Healthcare Journey

Launched in Singapore in September 2022, the MyHealth360 mobile app is a global healthcare ecosystem that bridges online and offline care on a single platform, offering convenience and personalised services securely. As of December 2022, over 120,000 patients in Singapore are managing their healthcare journey via MyHealth360. We have also introduced the app in Malaysia and have plans for expansion in 2023.


 Refer to Sustainability Report page 46 for more information.

## People



### People: Nurturing Clinical Talent with the Nursing I-LEAD Programme

Developed in partnership with the IHH Nursing core team and the Group Learning and Development team, the IHH Nursing I-LEAD programme is an important avenue for grooming nursing leaders within the Group. The virtual workshops employ realistic simulation and provides real-time feedback in its training to improve people management practices and increase nursing engagement and performance. Over 90% of participants rated I-LEAD 9.5 out of 10 and would recommend it to their peers.

 Refer to Sustainability Report page 73 for more information.



### Women-centred Healthcare in India Hits New Milestones

The Women's Cancer Centre at BGS Gleneagles Global Hospital crossed the milestone of providing over 10,000 cancer surgeries and over 100,000 radiotherapy sessions in 2022. Launched in November 2021, the inclusive female-led facility provides women with a safe and comfortable space to get screened and treated for all types of cancer, particularly breast and gynaecologic cancers. Medical teams are sensitive in patient management and keep an eye on patients' holistic well-being.

 Refer to Sustainability Report page 64 for more information.



Public



**Public: Fighting Antimicrobial Resistance (AMR) Globally**

With an estimated 10 million AMR-associated deaths yearly by 2050, we developed a Group-wide antimicrobial stewardship (AMS) framework in 2022 to govern and ensure appropriate use of antimicrobial drugs. In addition, IHH deployed a coordinated social media campaign across all hospital brands to raise awareness of AMR, sharing useful tips that patients could adopt. Local-level initiatives were also rolled out in across IHH markets during World Antimicrobial Awareness Week in November.

Refer to Sustainability Report page 79 for more information.



**Widening Access to Cancer Care in Malaysia**

Through a Memorandum of Understanding (MOU) with the MOH, IHH Malaysia will extend the care and treatment of cancer patients in Malaysia through our network comprising Pantai Hospitals, Gleneagles Hospitals and Prince Court Medical Centre. Under the terms of the MOU, IHH Malaysia will sponsor radiotherapy and radiosurgery, including advanced therapies like the Gamma Knife and Linear Accelerator (LINAC), for 500 cancer patients from underserved communities who are undergoing treatments at government hospitals.

Refer to Sustainability Report page 87 for more information.

Planet



**Planet: Acibadem Atasehir Hospital: Our Newest LEED Certified Green Hospital**

Opened on 9 September 2022, Acibadem Atasehir Hospital is the third hospital in Türkiye to be LEED Gold Certified for its energy-efficient green building designs. The property’s environmentally-friendly features include a dynamic lighting system using motion sensors to optimise energy use, lifts that capture up to 60% of generated heat for conversion into electricity and a continuous monitoring system for energy consumption among many others. Plus, the hospital is planning a 13 MWp solar plant investment in 2023 to meet its annual power consumption.

Refer to Sustainability Report page 98 for more information.



**Gleneagles Hospital Hong Kong Launches Waste Management Initiatives**

Within the first three months of participating in a programme on Source Separation of Commercial and industrial Waste organised by the Hong Kong Environmental Protection Department, Gleneagles Hospital Hong Kong recycled 3,904 kg of paper boxes, 43 kg of plastics and 9,581 kg of other reusable or recyclable materials on average each month. In addition, for their commitment to and efforts in environmental protection, the hospital received the “Good Level” Wastewi\$e Certificate, awarded by The Hong Kong Green Organisation Certification.

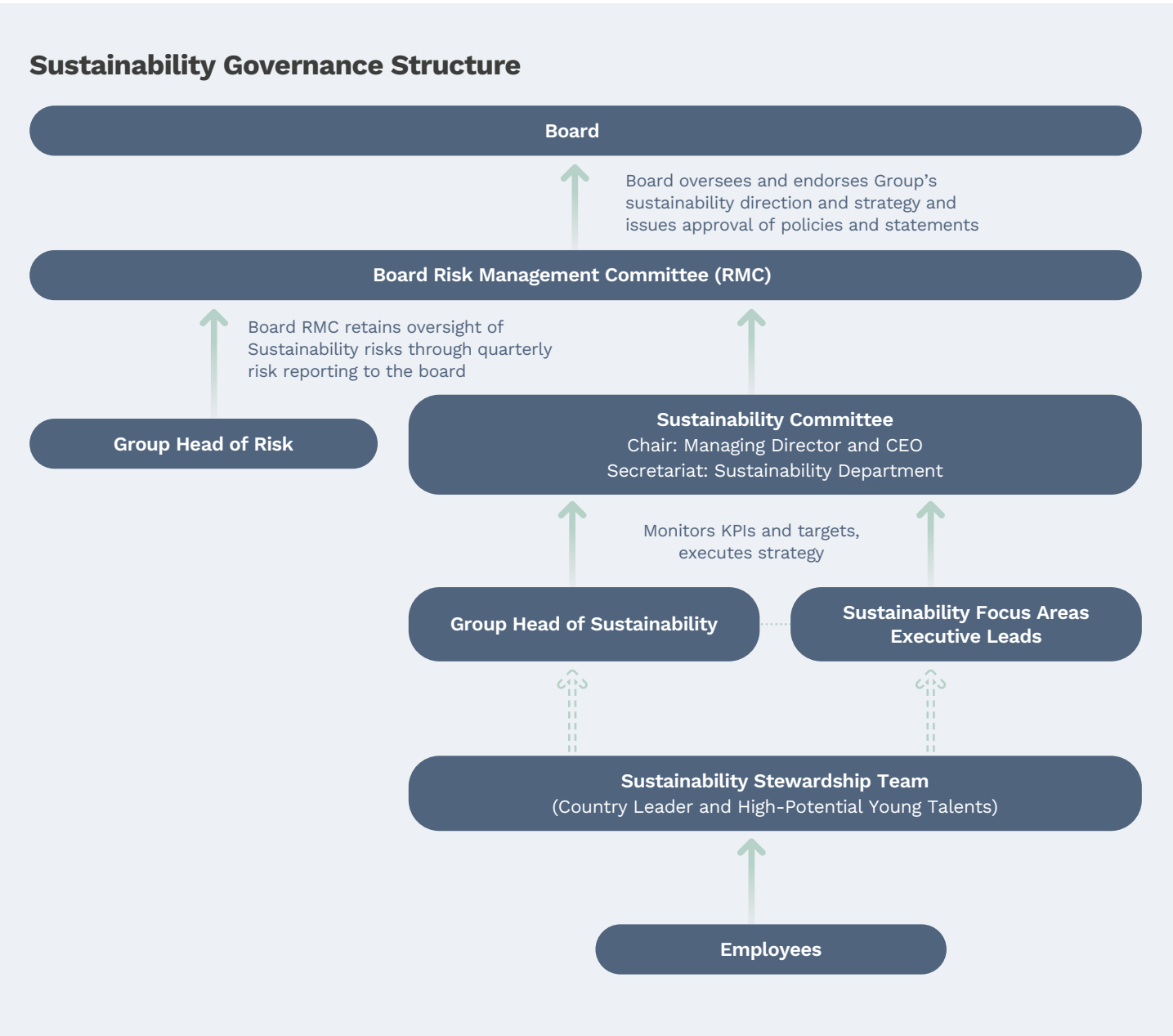
Refer to Sustainability Report page 105 for more information.

Sustainability Governance

Having a robust governance structure is integral to driving our sustainability agenda. There is top-down commitment in ensuring sustainability related matters are considered before making strategic business decisions.

The structure prescribes how sustainability-related matters are directed, implemented and executed, consequently assigning accountability across all levels.

In addition to the Board which bears oversight of IHH’s sustainability strategy, the Sustainability Committee monitors regulatory requirements, related trends and KPIs and ensures sustainability initiatives are implemented across the organisation.



Ethics and Integrity

In line with long-standing practices of IHH Healthcare, we take pride in upholding the highest levels ethical standards and integrity in sustainability governance.

The Group is committed to deepening trust placed in us by key stakeholders and creating long-term value for all

through ongoing review and implementation of relevant policies.

We train and update all employees on Group-wide policies and the Code of Conduct. This strengthens their awareness of expectations of standards to uphold; it also empowers them by providing channels of incident reporting without fear of repercussions.



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

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# 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.



### Tan Sri Mohammed Azlan bin Hashim

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

|   |
|---|
| Nationality: Malaysian                            |
| Gender: Male                                      |
| Age: 66   |
| Date of Appointment: 30 March 2011                |
| Length of Service: 12 years (As at 31 March 2023) |
| Date of Last Re-election: 31 May 2022             |

#### Work Experience

Tan Sri 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, Tan Sri 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.

Tan Sri Azlan also serves as a Director and Chairman, Investment Panel of Employees Provident Fund, a role he held since 1 September 2020.

Tan Sri 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 Bumiputera 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 (Hon), The Malaysian Institute of Chartered Secretaries and Administrators

#### Present Directorship(s)

- D&O Green Technologies Berhad
- Marine & General Berhad
- Khazanah Nasional Berhad
- Telekom 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 86 to 102 of this Annual Report



### Takeshi Akutsu

Non-Independent, Non-Executive  
Member of the Nomination and Remuneration Committee

|   |
|---|
| Nationality: Japanese                           |
| Gender: Male                                    |
| Age: 56   |
| Date of Appointment: 1 April 2022               |
| Length of Service: 1 year (As at 31 March 2023) |
| Date of Last Re-election: 31 May 2022           |

#### Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in April 2022, Mr Takeshi Akutsu is the Managing Officer & Chief Operating Officer of Wellness Business Unit at Mitsui & Co., Ltd (Mitsui) in its Tokyo Headquarters.

Mr Akutsu has over 30 years of working experience in Mitsui mainly engaged in consumer related business such as fashion industry and service business sector. Between April 2020 to March 2022, he served as the Managing Officer, General Manager of Corporate Planning and Strategy Division of Mitsui responsible for the conglomerate’s strategic and business planning. Prior to that, he served as General Manager in the Planning & Administrative Division for Innovation & Corporate Development unit and Consumer & Healthcare unit. In the Planning & Administrative Division, he managed various administrative functions to new projects (initial screening, due diligence, project formation, post-merger integration, etc.) and reinforcement of earning power/productivity improvement to existing projects.

Between 2007 to 2009, he was seconded to Recruit Co., Ltd., a Japanese listed Media and Human Capital service company, and served as a Director in its Business Development office.

#### Academic/Professional Qualification(s)

- Bachelor of Engineering, Waseda University, Faculty of Science and Engineering

#### Present Directorship(s)

- Nil

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



Lim Tsin-Lin

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

|   |
|---|
| Nationality: Malaysian                              |
| Gender: Male  |
| Age: 44   |
| Date of Appointment: 16 February 2023               |
| Length of Service: 1.5 months (As at 31 March 2023) |
| Date of Last Re-election: –                         |

Work Experience

Appointed to the Board of IHH Healthcare Berhad in February 2023, Mr Lim Tsin-Lin is currently the Head of Healthcare and Head of Dana Impak of Khazanah Nasional Berhad (Khazanah). He was a key member of the team that set up Khazanah’s first foreign office in Beijing in 2008 and was subsequently appointed Head of China in 2017. After serving 13 years overseas, he returned to Malaysia in 2021 to assume his current role in Khazanah. Prior to Khazanah, he was with Ernst & Young, Rating Agency Malaysia Bhd and ECM Libra Securities Sdn Bhd.

Academic/Professional Qualification(s)

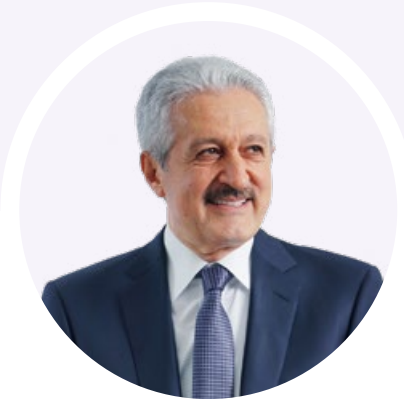
- Chartered Financial Analyst (CFA)
- Master in Business Administration from the MIT Sloan Fellows Programme, The Massachusetts Institute of Technology, United States
- Bachelor of Commerce and Management, Lincoln University, New Zealand

Present Directorship(s)

- Nil

Notes

- Does not have any family relationships with any directors and/or any major shareholders of the Company
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Mehmet Ali Aydinlar

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

|  |
|--|
| Nationality: Turkish                                       |
| Gender: Male   |
| Age: 66  |
| Date of Appointment: 24 January 2012                       |
| Length of Service: 11 years 2 months (As at 31 March 2023) |
| Date of Last Re-election: 31 May 2022                      |

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, Turkiye” 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 Turkiye through education and research.

Academic/Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College

Present Directorship(s)

- Nil



Mohd Shahazwan bin Mohd Harris

Non-Independent, Non-Executive

|  |
|--|
| Nationality: Malaysian                     |
| Gender: Male                               |
| Age: 51                                    |
| Date of Appointment: 29 March 2023         |
| Length of Service: – (As at 31 March 2023) |
| Date of Last Re-election: –                |

Work Experience

Appointed to the Board of IHH Healthcare Berhad in March 2023, Mr Mohd Shahazwan bin Mohd Harris is the Head, Strategic Investments of Employees Provident Fund (EPF).

He has more than 25 years of experience in investments, mergers and acquisitions, portfolio and asset management, corporate strategy and restructuring. Prior to joining EPF, he was the Chief International Officer at Tenaga Nasional Berhad (TNB), where he led all of TNB’s International business and helped TNB to pivot its international business to focus on renewables and new energy opportunities.

Mr Shahazwan began his career at TNB, before joining PA Consulting Group in Kuala Lumpur and Jakarta, and then Boston Consulting Group. He then worked at Khazanah Nasional Berhad (Khazanah) from 2005 to 2016, where he covered investments across Asia and Europe. After Khazanah, he assumed senior advisory roles at Bain & Co (Kuala Lumpur/Southeast Asia) and Temasek International Advisory (Singapore) and remains on the Advisory Board of Stashaway.

Academic/Professional Qualification(s)

- Sloan Fellows Master of Business Administration in Leadership and Innovation, Massachusetts Institute of Technology (MIT), Cambridge MA, United States of America
- Master of Science in Advanced Mechanical Engineering, Imperial College of Science, Technology and Medicine, London, United Kingdom
- Bachelor of Engineering Degree in Mechanical Engineering, University of Warwick, Coventry, United Kingdom

Present Directorship(s)

- UMW Holdings 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
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Jill Margaret Watts

Independent, Non-Executive  
Chairman of the Risk Management Committee  
Member of the Audit Committee  
Member of the Nomination and Remuneration Committee

|  |
|--|
| Nationality: Australian                          |
| Gender: Female                                   |
| Age: 64  |
| Date of Appointment: 4 April 2018                |
| Length of Service: 5 years (As at 31 March 2023) |
| Date of Last Re-election: 28 May 2021            |

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, including St Vincent’s Health Australia Ltd, Icon Group and Lendlease Retirement Living Trust. 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



Board of Directors



Dato’ Muthanna bin Abdullah

Independent, Non-Executive  
Chairman of the Nomination and Remuneration Committee  
Member of the Audit Committee  
Member of the Risk Management Committee

|  |
|--|
| Nationality: Malaysian                                   |
| Gender: Male   |
| Age: 63  |
| Date of Appointment: 1 January 2021                      |
| Length of Service: 2 year 3 months (As at 31 March 2023) |
| Date of Last Re-election: 28 May 2021                    |

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
- MSM Malaysia Holdings 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
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Ong Ai Lin

Independent, Non-Executive  
Chairman of the Audit Committee  
Member of the Risk Management Committee  
Member of the Nomination and Remuneration Committee

|  |
|--|
| Nationality: Malaysian                                   |
| Gender: Female   |
| Age: 67  |
| Date of Appointment: 1 January 2021                      |
| Length of Service: 2 year 3 months (As at 31 March 2023) |
| Date of Last Re-election: 28 May 2021                    |

Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in January 2021, Ms Ong Ai Lin is a retired partner of PricewaterhouseCoopers (PwC) Malaysia where she was involved in financial audits and provided Governance Risk and Compliance, Technology Risk, Cyber Security, Data Privacy and Business Continuity Management services in the United Kingdom, Sri Lanka and South East Asia. She was also the past president of ISACA (Information Systems Audit and Control Association) Malaysia Chapter.

Since her retirement from PwC Malaysia, Ms Ong has been sitting in the Boards of several public listed companies as an independent director.

She was awarded the “Cybersecurity Lifetime Achievement Award” by CyberSecurity Malaysia in 2018 and “Best Certified Business Continuity Professional in Malaysia” award from Disaster Recovery Institute International in 2012.

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



Satoshi Tanaka

Independent, Non-Executive  
Member of the Audit Committee  
Member of the Nomination and Remuneration Committee

|  |
|--|
| Nationality: Japanese                                    |
| Gender: Male   |
| Age: 65  |
| Date of Appointment: 1 January 2021                      |
| Length of Service: 2 year 3 months (As at 31 March 2023) |
| Date of Last Re-election: 28 May 2021                    |

Work Experience

Appointed to the Board of IHH Healthcare Berhad (IHH) in January 2021. Mr Tanaka currently serves as Representative Director, Executive Vice President of Sekisui House, Ltd., one of the largest homebuilders in Japan, a role he held since April 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. He is also a director of Kuraray Co., 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
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Mok Jia Mei

Non-Independent, Non-Executive  
(Alternate Director to Lim Tsin-Lin)  
Alternate Member to Lim Tsin-Lin of the Steering Committee

|   |
|---|
| Nationality: Malaysia                               |
| Gender: Female                                      |
| Age: 37   |
| Date of Appointment: 16 February 2023               |
| Length of Service: 1.5 months (As at 31 March 2023) |
| Date of Last Re-election: –                         |

Work Experience

Ms Mok Jia Mei is an alternate director to Mr Lim Tsin-Lin on the Board of IHH Healthcare Berhad (IHH), a role she assumed in February 2023. Prior to her current position in IHH, she was appointed alternate director to Dr Farid bin Mohamed Sani in March 2022 and resigned as Dr Farid’s alternate in February 2023.

Ms Mok Jia Mei joined Khazanah Nasional Berhad (Khazanah) in April 2021 and is currently covering the healthcare sector within the Investments Division. Prior to joining Khazanah, she was part of the investment team of Ikhlas Capital, a Southeast Asia-focused private equity fund, from 2019 to 2020. From 2008 to 2019, she was with the Group Strategy division of CIMB Group, where she was responsible for evaluating and executing mergers and acquisitions and various corporate exercises.

Academic/Professional Qualification(s)

- Bachelor of Commerce (Hons) in Actuarial Studies, University of Melbourne, Australia

Present Directorship(s)

- Nil

# Group Management



1

## Joe Sim Heng Joo

Group Chief Operating Officer

Nationality: Singaporean

Gender: Male

Age: 51 (As at 31 March 2023)

Date of Appointment: 1 January 2020

### Work Experience

Mr 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 21 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

2

## Joerg Ayrle

Group Chief Financial Officer

Nationality: German

Gender: Male

Age: 54 (As at 31 March 2023)

Date of Appointment: 1 February 2021

### Work Experience

Mr Joerg Ayrle was appointed the Group Chief Financial Officer of 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 Ayrle 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 and recently in 2022.

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
- Advisory Professor, Tongji University, Shanghai/China
- Certified Fellow at the Institute of Directors, Thailand

### Notes

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



Group Management

3

Ashok Pandit

Group Chief Strategy &  
Business Development Officer

|                                    |
|------------------------------------|
| Nationality: Indian                |
| Gender: Male                       |
| Age: 57 (As at 31 March 2023)      |
| Date of Appointment: 1 August 2021 |

Work Experience

Mr Ashok Pandit was appointed Group Chief Strategy and Business Development Officer of IHH with effect from 1 August 2021. He is responsible for group strategy, business development, mergers and acquisitions, corporate structuring, investments, and divestments. He also leads the transformation and integration of IHH laboratories. Ashok joined IHH on May 2021 as Group Chief Special Project Officer. He has over 28 years of investment banking experience in Asia Pacific.

Prior to joining IHH, he was Managing Director, Global Co-Head of Sovereign Wealth and Pension Funds and Head of Financial Sponsor Coverage (Asia Pacific) at Deutsche Bank AG, Singapore. During his 15-year tenure at Deutsche Bank, Mr Pandit held senior investment banking positions, advising leading global institutions and corporations on capital raising, mergers and acquisitions, and advisory and capital restructuring. He led deals that raised over US\$100 billion in the capital markets and was a key player in IHH’s US\$2 billion IPO in 2012, which was ranked the world’s third largest IPO of the year.

Academic/Professional Qualification(s)

- Post Graduate Diploma in Management, Indian Institute of Management, Bangalore, India
- Bachelor of Engineering (Mechanical), Delhi College of Engineering, India

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

4

Angela Ryan

Group Chief Human Resources Officer

|  |
|--|
| Nationality: British                   |
| Gender: Female                         |
| Age: 50 (As at 31 March 2023)          |
| Date of Appointment: 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

5

Ida Suryati Ab. Rahim

Group General Counsel and  
Company Secretary

|                                   |
|-----------------------------------|
| Nationality: Malaysian            |
| Gender: Female                    |
| Age: 50 (As at 31 March 2023)     |
| Date of Appointment: 27 June 2019 |

Work Experience

Ms Ida Suryati brings with her more than 26 years of experience in various legal and company secretarial roles in agribusiness, oil and gas and fast moving consumer goods companies. Ida has been admitted to the High Court of Malaya as an advocate and solicitor in 1997. She leads the IHH Group’s legal and secretarial functions and acts as the Company Secretary of IHH Healthcare Berhad.

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). Immediately prior to joining IHH in June 2019, Ida served in FGV Holdings Berhad (FGV), a Malaysian-based global agribusiness public listed company, between 2011 and 2019.

Her last position in FGV was as Chief Counsel and she had 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 for the period between 2011 and 2013.

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

6

Stephen Byrne

Group Head, Internal Audit

|                                     |
|-------------------------------------|
| Nationality: Australian             |
| Gender: Male                        |
| Age: 50 (As at 31 March 2023)       |
| Date of Appointment: 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 26 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

Group Management

7

Nili Shayrina binti Saat

Group Head, Risk Management & Compliance

|                                       |
|---------------------------------------|
| Nationality: Malaysian                |
| Gender: Female                        |
| Age: 48 (As at 31 March 2023)         |
| Date of Appointment: 19 November 2018 |

Work Experience

Ms Nili Shayrina binti Saat has more than 22 years of experience in Risk Management with broad industry experiences and market exposure in Southeast 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
- Certified Integrity Officer (CeIO) of Malaysia Anti-Corruption Academy

8

Prof Abdul Aziz Baba

President, IMU Health Sdn Bhd

|                                  |
|----------------------------------|
| Nationality: Malaysian           |
| Gender: Male                     |
| Age: 67 (As at 31 March 2023)    |
| Date of Appointment: 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 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 is the Secretary-General of the Vice Chancellors’ Council for Private University (VCCPU) and serves as a member of the Joint Technical Committee of the Malaysian Medical Council and the Executive Committee of the National Cancer Council Malaysia (MAKNA).

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

9

Jean-François Naa

Chief Executive Officer,  
IHH Healthcare Malaysia

|                                   |
|-----------------------------------|
| Nationality: Belgian              |
| Gender: Male                      |
| Age: 56 (as of 31 March 2023)     |
| Date of Appointment: 1 March 2020 |

Work Experience

Mr. Jean-François Naa was appointed the Chief Executive Officer (CEO) of IHH Healthcare Malaysia on 1 March 2020. He provides the strategic direction and maintains high standards of operational and clinical excellence for IHH’s integrated healthcare businesses in Malaysia, which includes a network of 16 hospitals encompassing Gleneagles Hospitals, Pantai Hospitals and Prince Court Medical Centre, as well as ancillary services such as Pantai Integrated Rehab and Pantai Premier Pathology, and a chain of primary care clinics under Twin Towers Medical Centre.

Mr. Jean-François has more than 25 years’ experience in the healthcare industry and has held the role of Chief Executive Officer of several IHH Healthcare entities since 2012. He has been the Chief Executive Officer of Gleneagles Hospital Medini Johor and Gleneagles Hospital Kota Kinabalu in Malaysia, Regional Chief Executive Officer of South and East Malaysia and interim Chief Executive Officer of IHH Healthcare India. In Singapore, he was the covering Chief Executive Officer for Gleneagles Hospital Singapore, Deputy Chief Executive Officer for Mount Elizabeth Novena Hospital and Chief Executive Officer of Gleneagles Clinical Research Centre.

Mr. Jean-François spent the early part of his career in sales and marketing for the pharmaceutical industry in Europe. He joined Novartis in 2002 as the Oncology Medical Advisor/Clinical Research Manager before being appointed as Programme Coordinator, Asia Pacific for Novartis Oncology. In 2006, he became the General Manager of Novartis Pharmaceuticals to oversee the business in Indochina. In 2009, Jean-François took on the role of Vice President of Primary Care at Astra Zeneca in Thailand.

Academic/Professional Qualification(s)

- Master of Sciences, Engineer in Biochemistry and Biotechnology, HEPL, Liege, Belgium
- Genetic engineering specialisation, EU scholarship program, Comett, France
- Oncology preceptorship, Baylor College of Medicine, USA

Notes

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- Does not have any convictions for offences within the past five years other than for traffic offences, if any

10

Dr Prem Kumar Nair

Chief Executive Officer,  
IHH Healthcare Singapore

|                                   |
|-----------------------------------|
| Nationality: Singaporean          |
| Gender: Male                      |
| Age: 62 (As at 31 March 2023)     |
| Date of Appointment: 1 April 2020 |

Work Experience

Dr Prem Kumar Nair oversees the operations and management of IHH’s business units in Singapore, which includes Mount Elizabeth, Mount Elizabeth Novena, Gleneagles and Parkway East hospitals, primary healthcare group Parkway Shenton, as well as ancillary and education entities such as Parkway Radiology, Parkway Rehab, Parkway Cancer Centre and Parkway College. As the Country CEO for Singapore, he also plays a decisive role in IHH Singapore’s strategic growth and outreach efforts in overseas markets, ensuring that Singapore remains an attractive and trusted option for patients in the region.

Dr Nair is a physician and healthcare executive with over three and a half decades of experience in both public and private healthcare sectors. He was with Raffles Medical Group for 27 years, where he held concurrent roles as Chief Corporate Officer, and Managing Director for Singapore Healthcare. He is an Adjunct Associate Professor at the National University of Singapore’s Saw Swee Hock School of Public Health.

An active community citizen, Dr Nair was a recipient of the Public Service Medal (Pingat Bakti Masyarakat) and the Public Service Star (Bintang Bakti Masyarakat) at the 2010 and 2022 National Day Awards respectively, for his contributions to the Singapore Prison Service. He is also a Justice of the Peace.

Academic/Professional Qualification(s)

- Bachelor of Medicine & Surgery, National University of Singapore
- Master of Business Administration (Distinction), Manchester Business School, United Kingdom

11

Tahsin Güney

Chief Executive Officer,  
Acibadem Saglik Yatirimlari Holding A.S

|                                   |
|-----------------------------------|
| Nationality: Turkish              |
| Gender: Male                      |
| Age: 56 (As at 31 March 2023)     |
| Date of Appointment: 1 March 2019 |

Work Experience

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

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

He was one of the top leading bureaucrats during the social security and general health insurance reform studies in Türkiye between 2003-2008.

Academic/Professional Qualification(s)

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



# 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
- Bursa Securities Corporate Governance Guide.

The Board is pleased to present this statement, pursuant to Paragraph 15.25 of the MMLR, for the financial year ended 31 December 2022 (CG Overview Statement) in respect of the following principles:

- 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 2022, which is available on the Company’s website at <https://www.ihhhealthcare.com/investors/corporate-governance/corporate-governance-reports>.

## 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, ensures that the necessary resources are in place for the Company to meet its objectives and oversees the Management’s execution of strategy and financial performance. Together with Management, the Board sets the tone from the top by providing thought leadership, championing good corporate governance culture within the Company and formalising and committing to ethical values.

The Board is also mindful of their wider obligations and considers the impact their decisions will have on the Group’s

various stakeholders such as its patients, employees, shareholders, the community and the environment as a whole. Sustainability considerations have been integrated in corporate strategy, governance and decision-making to create sustainable value to its stakeholders.

### Board Charter

The Board Charter describes the roles and responsibilities of the Board, Board Committees, individual Directors and Management. The Board Charter contains, among others, 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 <https://www.ihhhealthcare.com/investors/corporate-governance>.

The Board reviews the Board Charter as and when it deems fit to ensure its applicability to the Company’s operating environment and to align with the applicable rules and regulations. The Board Charter was last reviewed and approved for adoption 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 are vested in 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.

### Corporate Integrity

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board has, since 2013, established a Code

of Conduct (the Code) which has been implemented throughout the Group. The Code provides for the ethics and standard of conduct expected of all employees when performing their roles for the Group. The Code was last reviewed and approved by the Board in November 2020 for adoption on 1 January 2021.

The Group has also established a Third Party Code of Conduct which outlines the minimum standards for compliance by third parties in all business dealings with the Group. The Group expects all third parties with business dealings with the Group to comply with all applicable laws, regulations and standards as well as the Third Party Code of Conduct.

The Board has also put in place a Board of Directors Conflict of Interest Policy since 2018 which provides a framework for all Directors of IHH and its subsidiaries in relation to disclosure of actual or potential conflicts of interest and the protocol in managing the conflicts.

In August 2019, the Group established the Anti-Bribery and Corruption Policy (ABC Policy) which spells out the steps required in managing, escalating, assessing, preventing and reporting any potential or actual bribery and corruption during the course of business. IHH Group is committed to conducting its business with integrity and has a zero-tolerance policy against all forms of bribery and corruption. The ABC Policy was last revised in August 2022.

The ABC Policy is aligned with the Whistleblowing Policy (further details as elaborated below) and the Code, aims to further enhance the Group’s existing processes in combating bribery and corruption consistent with the corporate liability provisions under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

Read about the Code, Third Party Code of Conduct and ABC Policy at <https://www.ihhhealthcare.com/investors/corporate-governance>.

### 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 since 2013 and it ensures that whistleblowers are protected from reprisals or victimisation as a result of making the information known in good faith.

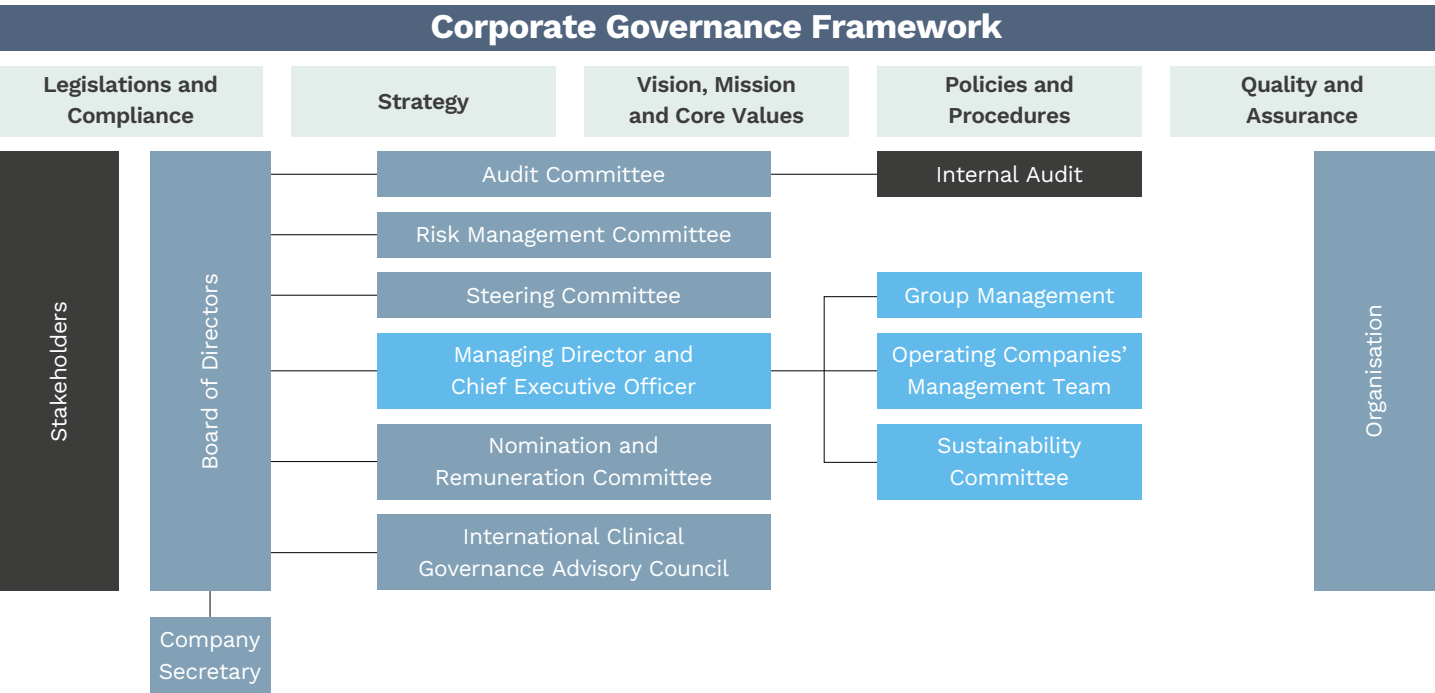
Read about our Whistleblowing Policy at <https://www.ihhhealthcare.com/investors/corporate-governance>.

### 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 separation of the positions of the Chairman and MD & CEO promotes accountability and facilitates the division of responsibilities between them so that no one individual can influence the Board’s discussion and decision-making.

The Chairman is responsible for the leadership of the Board in its collective oversight of Management and is instrumental in creating the necessary conditions inside and outside the boardroom. The Chairman promotes and oversees the highest standards in the adoption and implementation of good corporate governance practices within the Board and Company. The Chairman also sets the Board agenda, leads board meetings and discussions, encourages active participation and allows dissenting views to be freely expressed as well as ensures proper governance of the board proceedings.

The MD & CEO focuses on the business and the day-to-day management of the Company, in line with the strategy and objectives approved by the Board.



Corporate Governance Overview Statement

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 Chairman of each Board Committee reports to the Board on salient matters discussed at the respective Board Committee meetings.

The Board has to date established the following Board Committees:

- Audit Committee (AC)
- Risk Management Committee (RMC)
- Nomination and Remuneration Committee (NRC)
- Steering Committee (SC)

The Board Chairman is not a chairman or member of the AC, RMC and NRC of the Company. Board committee meetings are conducted separately from the board meetings to enable objective and independent discussion during the meetings.

The TOR of the relevant Board Committees are available on the Company’s website at <https://www.ihhhealthcare.com/investors/corporate-governance>.

Audit Committee

The AC’s primary role is to assist the Board in fulfilling its statutory and fiduciary responsibilities for oversight of the quality and integrity of the accounting, auditing and financial reporting of the Group and monitoring the effectiveness of the systems of internal control. 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 108 to 110 of this Annual Report.

Risk Management Committee

The RMC assists the Board in overseeing the establishment and implementation of the risk management framework of the Group by Management so that the Group has in place a sound, effective and robust risk management and internal control framework. The RMC also assists the Board in fulfilling its key risk oversight responsibilities in an integrated and strategic manner and provides oversight, direction and guidance to Management on the Group’s risk management matters.

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 111 to 112 of this Annual Report.

Nomination and Remuneration Committee

In relation to the nomination responsibilities, the NRC plays a key role in the oversight of the nomination and selection process of the Board members (including fit and proper assessments) 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.

In relation to the remuneration responsibilities, the NRC 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 NRC members, as well as the activities carried out by the NRC, are set out separately in the

NRC Report as laid out on pages 103 to 107 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:**  
Tan Sri Mohammed Azlan bin Hashim

**Members:**  
Tomo Nagahiro  
*(Appointed on 16 February 2023)*

Lim Tsin-Lin  
*(Appointed on 16 February 2023)*

Mehmet Ali Aydinlar

Mok Jia Mei  
*(As an Alternate Member of the Steering Committee to Lim Tsin-Lin since 1 March 2023) (Previously an Alternate Member to Dr. Farid bin Mohamed Sani until her resignation as Alternate Director to Dr. Farid bin Mohamed Sani on 10 February 2023)*

Dr Kelvin Loh Chi-Keon  
*(Ceased on 22 February 2023)*

Takeshi Saito  
*(Ceased on 27 January 2023)*

Dr Farid bin Mohamed Sani  
*(Ceased on 10 February 2023)*

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 2022

Pursuant to the Board Charter, the Board, among others, performed the following roles and responsibilities during the financial year 2022:

| 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><li>• Conducting regular and formal board strategy review on the achievement of the performance against the balanced scorecard (BSC), a strategy execution tool.</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>• Ensuring that there is a sound framework for internal controls and risk management.</li><li>• Understanding the principal risks of the Group’s business.</li><li>• 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 the Company’s 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> |
| Sustainability                         | <ul style="list-style-type: none"><li>• Setting the Group’s sustainability strategies, priorities and targets and taking into account sustainability considerations when exercising its duties including among others the development and implementation of the Group’s strategies, business plans, major plans of action and risk management.</li><li>• Ensuring that the Group’s sustainability strategies, priorities, targets and achievements are communicated by Management to its internal and external stakeholders.</li><li>• Taking appropriate action to ensure the Directors stay abreast with the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.</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 to enable effective communication with stakeholders.</li></ul>   |



Corporate Governance Overview Statement

The Board held its Board Growth Forum (Growth Forum) in October 2022 to review the Group’s performance and set the Group’s strategic directions and aspirations. The Growth Forum was attended by the Directors, Senior Management and the relevant Heads of Department of the Group. At the Growth Forum, the Board and Management discussed the Group’s strategic directions and priorities and established common understanding of the Group’s strategic goals, objectives and actions moving forward for a sustainable business.

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.

Board Commitment

The Board commitment can be observed from the attendance of Directors at the

Board meetings as depicted below and the attendance of Directors at the Board Committee meetings as disclosed in the respective Board Committee reports in this Annual Report.

During the financial year under review, the Board met eleven times for its meetings, of which five meetings were pre-scheduled and the remaining six 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 |
|---|--|-------------------------|
| Tan Sri Mohammed Azlan bin Hashim                                     | Chairman,<br>Independent Non-Executive Director                                      | 11/11                   |
| Dr Kelvin Loh Chi-Keon<br>(Resigned on 22 February 2023)              | Managing Director and Chief Executive Officer,<br>Non-Independent Executive Director | 9/11*                   |
| Takeshi Akutsu<br>(Appointed on 1 April 2022)                         | Non-Independent Non-Executive Director   | 5/8*                    |
| Takeshi Saito<br>(Resigned on 27 January 2023)                        | Non-Independent Non-Executive Director   | 7/11**                  |
| Dr Farid bin Mohamed Sani<br>(Resigned on 10 February 2023)           | Non-Independent Non-Executive Director   | 11/11                   |
| Mehmet Ali Aydinlar   | Non-Independent Non-Executive Director   | 11/11                   |
| Tunku Alizakri bin Raja Muhammad Alias<br>(Resigned on 16 March 2023) | Non-Independent Non-Executive Director   | 11/11                   |
| Jill Margaret Watts   | Independent Non-Executive Director   | 11/11                   |
| Dato’ Muthanna bin Abdullah   | Independent Non-Executive Director   | 11/11                   |
| Ong Ai Lin  | Independent Non-Executive Director   | 11/11                   |
| Satoshi Tanaka  | Independent Non-Executive Director   | 11/11                   |
| Masato Sugahara<br>(Resigned on 31 March 2022)                        | Non-Independent Non-Executive Director   | 3/3                     |

Notes:  
\* Did not participate in the meetings held during the financial year due to conflict as per IHH’s Conflict of Interest Policy  
\*\* Did not participate in three meetings held during the financial year due to conflict as per IHH’s Conflict of Interest Policy

During the financial year under review, the Non-Executive Directors met among themselves without the presence of the MD & CEO and other Management.

**Embedding Sustainability into Business Strategy and Operations**  
IHH recognises that it has a responsibility to the global community in contributing towards a healthy and sustainable future. To do this, we focus on areas where opportunities for our business intersect with positive social and environmental impact.

The Board ensures that there are adequate processes and frameworks in place for the ongoing sustainability of the business and to maximise value for shareholders and other key stakeholders. The Board, assisted by the Board Committee and Sustainability Committee which is chaired by the MD & CEO, ensures that the Company has in place a sound and robust risk management and internal control framework and ensures that such framework has been effectively implemented to enhance the Company’s

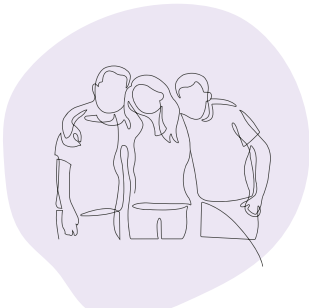
ability to achieve its strategic objectives for purposes of building trust and brand value of the Group for long term sustainability of the organisation.

- IHH’s shared aspiration is as follows:
- Our vision to be the world’s most trusted healthcare services network;
  - Our purpose to touch lives and transform care;
  - Our commitment to provide greater good to our patients, our people, the public and our planet.



**Patients**

Our patients are the reason for our existence. Our relentless pursuit of excellence stems from an innate desire to empower our patients and to offer them accessible, personalised care with the best possible outcomes.



**People**

Our employees are the heartbeat of our organisation who make our purpose to touch lives and transform care possible. We bring out the best in them by investing in their development and total well-being, as well as by fostering a safe, enriching and inclusive workplace.



**Public**

Beyond being a trusted partner to governments during healthcare crises, we leverage on our medical expertise and partnerships to create a healthier society through medical intervention, health literacy and outreach programmes.



**Planet**

Slowing climate change is the need of the hour. We are charting our sustainability roadmap with the aim to first reduce our carbon footprint and waste.

We anchor our sustainability approach to make a positive impact on our patients, our people, the public and our planet. We strive to provide excellent care and outcomes to our patients; champion total well-being, development and inclusiveness for our people; give back to the communities in which we operate; while protecting our only home – our planet.

The Group has established a Sustainability Policy which provides guiding principles on how the culture of sustainability should be promoted across the Group. The Sustainability Policy complements the Group’s approach to sustainability by expanding on the key focus areas of IHH’s sustainability strategy.

The Sustainability Policy is available on the Company’s website at <https://www.ihhhealthcare.com/investors/corporate-governance>.

The details of the Company’s approach to sustainability are set out separately in the Sustainability Section as laid out

on pages 42 to 44 and pages 64 to 72 of this Annual Report, the Sustainability Report and the Corporate Governance Report which are available on the Company’s website at <https://www.ihhhealthcare.com/investors/reports-presentation/reports-and-presentations>.

2. Board Composition and Effectiveness

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.

As at the end of the financial year under review, there were thirteen members on the Board comprising five INEDs, five NINEDs, one Non-Independent Executive Director and two Alternate Directors. Therefore, the INEDs made up 45% of the Board Composition (excluding two Alternate Directors). As at the date of the statement, the Board comprised of eleven members, namely five INEDs, five NINEDs and one Alternate Director, of which the INEDs made up 50% of the Board Composition (excluding Alternate Director).

Corporate Governance Overview Statement

IHH’s Policy on Nomination and Assessment process of Board Members (Policy) provides that an INED which reaches 9 years of cumulative tenure shall be subject to an annual assessment by the Board and the Board will provide justifications if it intends to seek annual shareholders’ approval at annual general meeting in the event that it wishes to retain the INED beyond his/her 9-year tenure. The Company shall apply the two-tier voting process consistent with the provisions of the MCCG when seeking such shareholders’ approval. The Policy provides that an INED must not remain as an independent director for a period of more than 12 years.

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 NRC and Board in discharging their responsibilities in terms of nomination, assessment and re-election of the Board members are set out in the Policy. 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.

The Group has implemented a Workforce Diversity Policy which is applicable to employees of the Group across all the regions within which IHH operates. In 2022, each market has set their own Diversity, Equity, Inclusion and Belonging strategies for workforce in their respective balanced scorecard (BSC) which were being rolled up to the Group’s BSC.

The Group aims to achieve a gender diversity target of 50:50 in leadership by the end of the financial year 2025 as part of the Group’s sustainability agenda.

Read about our Boardroom Diversity Policy and Workforce Diversity Policy at <https://www.ihhhealthcare.com/investors/corporate-governance>.

Directors’ Fit and Proper Policy

During the financial year, the Company has also adopted the Directors’ Fit and Proper Policy which set out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of the Company and its subsidiaries. This Policy serves as a guide for the NRC and the Board in their assessments of the existing Directors seeking for re-election or re-appointment and candidates identified to be appointed as Directors. The Directors’ Fit and Proper Policy is available on the Company’s website at <https://www.ihhhealthcare.com/investors/corporate-governance>.

Board Composition, Dynamics and Effectiveness

As at 31 December 2022, the details of the Board diversity (excluding two Alternate Directors) are as follows:

a. Tenure

| Tenure            | Number of Directors |
|-------------------|---------------------|
| 0 – 3 years       | 5                   |
| 3 – 6 years       | 4                   |
| 6 – 9 years       | –                   |
| 9 years and above | 2                   |

b. Independence

| Independence              | Number of Directors |
|---------------------------|---------------------|
| Independent Directors     | 5                   |
| Non-independent Directors | 6                   |

c. Gender Diversity

| Gender | Number of Directors |
|--------|---------------------|
| Male   | 9                   |
| Female | 2                   |

d. Age Diversity

| Age           | Number of Directors |
|---------------|---------------------|
| 40 – 49 years | 2                   |
| 50 – 59 years | 3                   |
| 60 – 69 years | 6                   |

The Board and NRC have assessed and reviewed the Board size at the end of financial year 2021 and were of the view that it is appropriate.

Annual Evaluation

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

In the financial year under review, the Board had carried out the annual Board and Director Effectiveness evaluation (BDEE) on the effectiveness of the Board, Board Committees, individual Directors, individual AC members, INEDs, MD & CEO, and external and internal auditors. This was conducted internally and facilitated by the NRC/AC and Company Secretaries.

The BDEE was carried out through questionnaires and discussions were held at the NRC and Board meetings in relation to the outcomes and improvement plans. During the BDEE exercise, in addition to the areas of assessment, Board members had provided feedback on the areas of improvement.

The assessment of the Board and Board Committees covered, among others, the following areas:

| Board   | Board Committees   | Individual AC members   |
|---|--|---|
| <ul style="list-style-type: none"><li>Board composition, development and structure</li><li>Board leadership</li><li>Board governance oversight and processes</li><li>Sustainability governance</li><li>Board agenda, meetings and information</li><li>Board dynamics and culture</li><li>Board and management relationship</li><li>Board and stakeholder engagement</li></ul> | <ul style="list-style-type: none"><li>Composition and experience of members</li><li>Fulfilment of objectives in line with their respective TORs</li><li>Effectiveness and efficiency of decision-making process</li><li>Quality of information communicated to the Board</li><li>Effectiveness of the Board Committees’ Chairmen</li></ul> | <ul style="list-style-type: none"><li>Execution of responsibilities, financial literacy and the understanding of business/industry</li><li>Understanding of significant accounting policies, accounting estimates and financial reporting practices</li><li>Understanding of significant financial and non-financial risks</li><li>Internal control systems and risk management practices</li></ul> |

Based on the BDEE exercise carried out for financial year 2022, the NRC and Board opined that the Board and Board Committees have consistently performed well during the financial year, have discharged their duties and responsibilities satisfactorily and each of the Director possesses the required character, experience, integrity, competence and time to effectively discharge his or her respective roles; and the Independent Directors have continuously brought independent and objective judgement to the Board deliberations.

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 have demonstrated a high level of commitment to their fiduciary duties and 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 assessed each of the Directors seeking re-election at the Thirteenth Annual General Meeting (AGM) and upon assessing the Directors’ performance, commitment, ability to discharge their fiduciary duties to the Company, fitness and propriety, the Board agreed that they are eligible to stand for re-election and supported their re-election as Directors of the Company. Please refer to the explanatory notes of the Notice of Thirteenth AGM for further details on this matter.

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 of

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 attend trainings on a consistent basis to keep abreast of the latest trends and developments. A few facilities visits were arranged for the Directors during the financial year under review.

Takeshi Akutsu and Mok Jia Mei, who were appointed as Director of the Company and Alternate Director of Dr. Farid bin Mohamed Sani respectively during the financial year 2022, attended the Mandatory Accreditation Programme.



Corporate Governance Overview Statement

The training programmes attended by the Directors during the financial year 2022 are as follows:

| Director   | Training, Conferences, Seminars, Workshops Attended   |
|--|---|
| Tan Sri Mohammed Azlan bin Hashim                                  | <div><div>i. Public Listed Companies – Transformation Programme Launch &amp; Guidebook</div><div>ii. Board Continuous Development Programme Series #5: Taskforce for Climate-related Financial Disclosures</div><div>iii. Visit to Singapore Hospital and Laboratory Facilities</div><div>iv. MSWG Webinar – Cyber Security: “What’s Directors Need to Know”</div><div>v. Thought Leadership (TLS #3): Board and Leadership Talk – Wellness Leadership</div><div>vi. Visit to Acibadem Hospital and Laboratory Facilities</div><div>vii. KNB Board Continuous Development Programme 7</div><div>viii. Forbes Global CEO Conference</div><div>ix. Visit to Proton Beam Therapy Centre</div><div>x. KNB Megatrend Forum 2022</div></div>  |
| Dr Kelvin Loh Chi-Keon<br><i>(Resigned on 22 February 2023)</i>    | <div><div>i. 40<sup>th</sup> Annual J.P. Morgan Healthcare Conference</div><div>ii. 18<sup>th</sup> Annual CITIC CLSA ASEAN Forum 2022</div><div>iii. SGX-DBS Healthcare Conference “Reshaping Healthcare post COVID-19: Permanent vs Transient”</div><div>iv. 25<sup>th</sup> Credit Suisse Asian Investment Conference 2022</div><div>v. Winning on Purpose Bain Senior Executive Conversations</div><div>vi. Orientation briefing for new Director</div><div>vii. Bursa + Maybank Malaysia Healthcare Day</div><div>viii. New Economy Health Council</div><div>ix. Visit to Proton Beam Therapy Centre</div><div>x. IHH Quality Summit 2022</div><div>xi. LED – Environmental, Social and Governance Essentials (Core)</div><div>xii. Visit to Acibadem Hospital and Laboratory Facilities</div></div> |
| Takeshi Akutsu<br><i>(Appointed on 1 April 2022)</i>               | <div><div>i. Bursa Malaysia Mandatory Accreditation Programme (MAP)</div><div>ii. IHH Board Orientation Programme</div><div>iii. Visit to Singapore Hospital and Laboratory Facilities</div><div>iv. Strategy for the effective Public Relations and Branding</div><div>v. Visit to Acibadem Hospital and Laboratory Facilities</div><div>vi. Facility Visit to Gleneagles Hospital Kuala Lumpur</div><div>vii. Strategic Research Institute Customization Seminar</div><div>viii. Strategic Research Institute Seminar</div><div>ix. Seminar for Business Environment Analysis Report 2023</div></div>   |
| Takeshi Saito<br><i>(Resigned on 27 January 2023)</i>              | <div><div>i. Visit to Singapore Hospital and Laboratory Facilities</div><div>ii. Visit to Acibadem Hospital and Laboratory Facilities</div><div>iii. Facility Visit to Gleneagles Hospital Kuala Lumpur</div><div>iv. Visit to Proton Beam Therapy Centre</div></div>   |
| Dr Farid bin Mohamed Sani<br><i>(Resigned on 10 February 2023)</i> | <div><div>i. Visit to Singapore Hospital and Laboratory Facilities</div><div>ii. Visit to Proton Beam Therapy Centre</div><div>iii. Visit to Acibadem Hospital and Laboratory Facilities</div><div>iv. Industry Expert Talk Series – IR 4.0: Preparing and Adapting to a New World</div><div>v. Digital Explorer Pathway</div></div>  |

| Director   | Training, Conferences, Seminars, Workshops Attended   |
|--|---|
| Mehmet Ali Aydinlar  | <div><div>i. Visit to Singapore Hospital and Laboratory Facilities</div><div>ii. Visit to Acibadem Hospital and Laboratory Facilities</div></div>   |
| Tunku Alizakri bin Raja Muhammad Alias<br><i>(Resigned on 16 March 2023)</i> | <div><div>i. Steward Leadership: The 21<sup>st</sup> Century Model for Profitable Growth</div><div>ii. SC Engagement, Internal Training for Board of Directors and Shariah Committee</div><div>iii. Visit to Singapore Hospital and Laboratory Facilities</div><div>iv. SIDC’s Sustainable and Responsible Investment (SRI) Virtual Conference 2022: Preserving The Climate Through Sustainable Business and Living</div><div>v. Onboarding Sessions with PDB Business Heads</div><div>vi. Malaysia Aviation Group Berhad Board Onboarding Session</div><div>vii. Visit to Acibadem Hospital and Laboratory Facilities</div><div>viii. PETRONAS Dagangan Requirement Under Bank Negara Malaysia Guidelines Applicable to PDB</div><div>ix. PETRONAS Board Conversation Series: A session with Dr. Fiona Wild, VP Sustainability &amp; Climate Change at BHP</div></div> |
| Jill Margaret Watts  | <div><div>i. Innovation Roadmap</div><div>ii. Environmental and Sustainability Forum</div><div>iii. Visit to Singapore Hospital and Laboratory Facilities</div><div>iv. Visit to Acibadem Hospital and Laboratory Facilities</div><div>v. Human Rights Risk Management for Malaysian companies</div><div>vi. Emerging Giants in Asia Pacific</div><div>vii. Asia Pacific Board leadership Forum</div><div>viii. Competition, Culture &amp; Success</div></div>  |
| Dato’ Muthanna bin Abdullah  | <div><div>i. Securities Commission of Malaysia’s Audit Oversight Board Conversation with Audit Committees/ Audit, Governance of Risk Committee</div><div>ii. Visit to Singapore Hospital and Laboratory Facilities</div><div>iii. Net Zero Emissions – The Pathway to Business Resilience</div><div>iv. Visit to Acibadem Hospital and Laboratory Facilities</div><div>v. Beyond Box-Ticking: Essentials for Effective Remuneration Committees</div><div>vi. The Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System</div></div>  |
| Ong Ai Lin   | <div><div>i. BNM-FIDE FORUM MyFintech Week Masterclasses</div><div>ii. BNM-FIDE FORUM Dialogue: Climate Risk Management and Scenario Analysis</div><div>iii. Overview on Corruption Risk Management (CRM) &amp; Organisational Anti-Corruption Plan (OACP)</div><div>iv. The Golden Key to Zero Trust Security</div><div>v. Visit to Singapore Hospital and Laboratory Facilities</div><div>vi. Malaysian Institute of Accountants’ International Accountants Conference 2022</div><div>vii. Visit to Acibadem Hospital and Laboratory Facilities</div></div>   |
| Satoshi Tanaka   | <div><div>i. Visit to Singapore Hospital and Laboratory Facilities</div><div>ii. The Latest Trends in Human Capital Management and Initiatives to Enhance Corporate Value</div><div>iii. Responsibilities of Directors (Focusing on legal compliance and subsidiary management)</div><div>iv. Digital from a Management Perspective</div></div>   |

Corporate Governance Overview Statement

| Director  | Training, Conferences, Seminars, Workshops Attended   |
|---|---|
| Tomo Nagahiro<br>(Appointed on 3 February 2023. Previously an Alternate Director to Takeshi Akutsu until his resignation as Alternate Director to Takeshi Akutsu on 27 January 2023)  | i. Visit to Singapore Hospital and Laboratory Facilities<br>ii. Strategy for the effective Public Relations and Branding<br>iii. Visit to Acibadem Hospital and Laboratory Facilities<br>iv. Facility Visit to Gleneagles Hospital Kuala Lumpur<br>v. Strategic Research Institute Customization Seminar<br>vi. Strategic Research Institute Seminar<br>vii. Seminar for Business Environment Analysis Report 2023  |
| Mok Jia Mei<br>(Alternate Director to Lim Tsin-Lin) (Appointed on 16 February 2023 as Alternate Director to Lim Tsin-Lin. Previously an Alternate Director to Dr. Farid bin Mohamed Sani until her resignation as Alternate Director to Dr. Farid bin Mohamed Sani on 10 February 2023) | i. Visit to Malaysia Hospitals<br>ii. Bursa Malaysia Mandatory Accreditation Programme (MAP)<br>iii. IHH Board Orientation Programme<br>iv. Visit to Singapore Hospital and Laboratory Facilities<br>v. AMCHAM Healthcare Forum 2022: Charting the Future of Healthcare in Malaysia<br>vi. Visit to Acibadem Hospital and Laboratory Facilities<br>vii. Introduction to Corporate Directorship<br>viii. Information Barrier and Insider Trading<br>ix. Digital Explorer Pathway<br>x. Visit to Proton Beam Therapy Centre |

The Board satisfied that the trainings attended by the Directors in year 2022 were sufficient, appropriate and aided the Directors in the discharge of their duties.

During the financial year under review and as part of the BDEE, the Directors completed the assessment of their individual areas for development. The findings of this technical competency assessment would be used to determine the training and development needs of the Directors. The Directors were encouraged to attend relevant training programmes to enhance their ability in discharging their duties and responsibilities as Directors.

3. Remuneration

As the Company grows, we believe in providing 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 NRC is responsible for reviewing and recommending to the Board the policy and framework of the Directors’ remuneration and the remuneration package for our Executive Director.

In the process, the NRC 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 the Executive Director and the Executive Director does not participate in discussions and decisions on his own remuneration.

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 2022 are as follows:

| No    |   |  | Company (RM’000) |            |        |       |                  |                  |        |
|-------|---|--|------------------|------------|--------|-------|------------------|------------------|--------|
|       |   |  | Fee              | Allowance  | Salary | Bonus | Benefits-in-kind | Other emoluments | Total  |
| 1     | Tan Sri Mohammed Azlan bin Hashim   | Independent Director                   | 950              | -          | -      | -     | 28               | -                | 978    |
| 2     | Dr. Kelvin Loh Chi-Keon<br>(Resigned on 22 February 2023)   | Executive Director                     | -                | Negligible | 1,396  | 5,429 | 21               | 1,830            | 8,676  |
| 3     | Takeshi Akutsu <sup>1</sup><br>(Appointed on 1 April 2022)  | Non-Executive Non-Independent Director | 215              | -          | -      | -     | -                | -                | 215    |
| 4     | Takeshi Saito <sup>1</sup><br>(Resigned on 27 January 2023)   | Non-Executive Non-Independent Director | 485              | -          | -      | -     | -                | -                | 485    |
| 5     | Dr. Farid bin Mohamed Sani <sup>2</sup><br>(Resigned on 10 February 2023)   | Non-Executive Non-Independent Director | -                | -          | -      | -     | -                | -                | -      |
| 6     | Mehmet Ali Aydinlar   | Non-Executive Non-Independent Director | 385              | -          | -      | -     | -                | -                | 385    |
| 7     | Tunku Alizakri bin Raja Muhammad Alias<br>(Resigned on 16 March 2023)   | Non-Executive Non-Independent Director | 485              | -          | -      | -     | -                | -                | 485    |
| 8     | Jill Margaret Watts   | Independent Director                   | 660              | -          | -      | -     | -                | -                | 660    |
| 9     | Dato’ Muthanna bin Abdullah   | Independent Director                   | 660              | -          | -      | -     | -                | -                | 660    |
| 10    | Ong Ai Lin  | Independent Director                   | 660              | -          | -      | -     | -                | -                | 660    |
| 11    | Satoshi Tanaka  | Independent Director                   | 485              | -          | -      | -     | -                | -                | 485    |
| 12    | Tomo Nagahiro<br>(Appointed on 3 February 2023. Previously an Alternate Director to Takeshi Akutsu until his resignation as Alternate Director to Takeshi Akutsu on 27 January 2023)  | Non-Executive Non-Independent Director | -                | -          | -      | -     | -                | -                | -      |
| 13    | Mok Jia Mei<br>(Alternate Director to Lim Tsin-Lin) (Appointed on 16 February 2023 as Alternate Director to Lim Tsin-Lin. Previously an Alternate Director to Dr. Farid bin Mohamed Sani until her resignation as Alternate Director to Dr. Farid bin Mohamed Sani on 10 February 2023) | Non-Executive Non-Independent Director | -                | -          | -      | -     | -                | -                | -      |
| 14    | Masato Sugahara <sup>1</sup><br>(Resigned on 31 March 2022)   | Non-Executive Non-Independent Director | 70               | -          | -      | -     | -                | -                | 70     |
| 15    | Wong Eugene<br>(Alternate Director to Dr. Farid bin Mohamed Sani) (Resigned on 21 February 2022)  | Non-Executive Non-Independent Director | -                | -          | -      | -     | -                | -                | -      |
| Total |   |  | 5,055            | Negligible | 1,396  | 5,429 | 49               | 1,830            | 13,759 |

Notes

1. Fees for representatives of MBK Healthcare Management Pte Ltd on the Board are paid directly to Mitsui & Co., Ltd.  
2. Pulau Memutik Ventures Sdn Bhd had waived the fees payable for its representative on the Board of the Company.



Corporate Governance Overview Statement

| No    | Name  | Directorate                            | Group (RM'000) |            |        |       |                  |                  |        |
|-------|---|--|----------------|------------|--------|-------|------------------|------------------|--------|
|       |   |  | Fee            | Allowance  | Salary | Bonus | Benefits-in-kind | Other emoluments | Total  |
| 1     | Tan Sri Mohammed Azlan bin Hashim   | Independent Director                   | 950            | -          | -      | -     | 28               | -                | 978    |
| 2     | Dr. Kelvin Loh Chi-Keon<br>(Resigned on 22 February 2023)   | Executive Director                     | -              | Negligible | 4,846  | 5,429 | 140              | 6,473            | 16,888 |
| 3     | Takeshi Akutsu <sup>1</sup><br>(Appointed on 1 April 2022)  | Non-Executive Non-Independent Director | 215            | -          | -      | -     | -                | -                | 215    |
| 4     | Takeshi Saito <sup>1</sup><br>(Resigned on 27 January 2023)   | Non-Executive Non-Independent Director | 910            | -          | -      | -     | -                | -                | 910    |
| 5     | Dr. Farid bin Mohamed Sani <sup>2</sup><br>(Resigned on 10 February 2023)   | Non-Executive Non-Independent Director | -              | -          | -      | -     | -                | -                | -      |
| 6     | Mehmet Ali Aydinlar   | Non-Executive Non-Independent Director | 2,639          | -          | -      | -     | -                | 1,132            | 3,771  |
| 7     | Tunku Alizakri bin Raja Muhammad Alias<br>(Resigned on 16 March 2023)   | Non-Executive Non-Independent Director | 485            | -          | -      | -     | -                | -                | 485    |
| 8     | Jill Margaret Watts   | Independent Director                   | 660            | -          | -      | -     | -                | -                | 660    |
| 9     | Dato' Muthanna bin Abdullah   | Independent Director                   | 660            | -          | -      | -     | -                | -                | 660    |
| 10    | Ong Ai Lin  | Independent Director                   | 660            | -          | -      | -     | -                | -                | 660    |
| 11    | Satoshi Tanaka  | Independent Director                   | 485            | -          | -      | -     | -                | -                | 485    |
| 12    | Tomo Nagahiro<br>(Appointed on 3 February 2023. Previously an Alternate Director to Takeshi Akutsu until his resignation as Alternate Director to Takeshi Akutsu on 27 January 2023)  | Non-Executive Non-Independent Director | -              | -          | -      | -     | -                | -                | -      |
| 13    | Mok Jia Mei<br>(Alternate Director to Lim Tsin-Lin) (Appointed on 16 February 2023 as Alternate Director to Lim Tsin-Lin. Previously an Alternate Director to Dr. Farid bin Mohamed Sani until her resignation as Alternate Director to Dr. Farid bin Mohamed Sani on 10 February 2023) | Non-Executive Non-Independent Director | -              | -          | -      | -     | -                | -                | -      |
| 14    | Masato Sugahara <sup>1</sup><br>(Resigned on 31 March 2022)   | Non-Executive Non-Independent Director | 70             | -          | -      | -     | -                | -                | 70     |
| 15    | Wong Eugene<br>(Alternate Director to Dr. Farid bin Mohamed Sani) (Resigned on 21 February 2022)  | Non-Executive Non-Independent Director | -              | -          | -      | -     | -                | -                | -      |
| Total |   |  | 7,734          | Negligible | 4,846  | 5,429 | 168              | 7,605            | 25,782 |

Notes  
1. Fees for representatives of MBK Healthcare Management Pte Ltd on the Board are paid directly to Mitsui & Co., Ltd.  
2. Pulau Memutik Ventures Sdn Bhd had waived the fees payable for its representative on the Board of the Company.

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, where applicable, at the recommendation of the NRC. 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, 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 four INEDs from diverse backgrounds with extensive experience in healthcare, banking, business strategy, risk management, legal, cybersecurity and corporate governance. All the AC members are financially literate, competent and are able to understand matters under the purview of the AC including the financial reporting process.

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 industry expertise and experiences, technical competencies, Group coordination and approach to the Group audit process, audit quality, transparency and professional conduct, track records, fees, quality of audit findings, other non-services provided and audit firm’s independence and subsequently recommends their appointment or reappointment to the AC for consideration.

As per the Policy in the Independence of Auditors and the Efficiency of Audits, which was revised and approved by the Board in May 2022, the permitted non-audit services for the external auditors are confined to those services that will not undermine the independence of the auditors. There is a prescribed limit for the total remuneration for non-audit services against the total fees of the external auditors in each year to avoid creating a condition of financial dependency and self-interest which will threaten the independence of auditors.

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.

The annual evaluation of the external auditors is also carried out via evaluation forms by the MD & CEO, Group Chief Financial Officer, Group Head, Internal Audit 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. The AC and Management also took into consideration the information presented in the external auditors’ Annual Transparency Report when evaluating the external auditors.

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 124;
- Company and the Group financial statements for financial year ended 31 December 2022 on pages 126 to 266; and
- AC Report on pages 108 to 110.

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 across the Group while Internal Control helps mitigate threats and take advantage of opportunities. The RMC assists the Board 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).

Corporate Governance Overview Statement

The RMC comprises three INEDs from diverse backgrounds, namely healthcare, banking, business strategy, risk management, legal, cybersecurity 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 2022 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 108 and 110, pages 111 to 112 and pages 113 to 118 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. Apart from the IMU Group, Gleneagles Hong Kong and Parkway Life Real Estate Investment Trust, the Group’s Internal Audit function is undertaken in-house supported by co-sourcing with independent external subject matter experts, where necessary, 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 periodically. The Group’s Internal Audit is guided by international standards and professional best practices of Internal Audit. 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 at least annually.

The internal audit function is further disclosed in the AC Report and Statement on Risk Management and Internal Control on pages 108 to 110 and pages 113 to 118 respectively of this Annual Report.

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

1. Engagement 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 and trust 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:

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 119 to 121 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 business strategy, operational and financial performance of the Group during the year under review and an overview of the growth strategies of the Group moving forward would be presented to the shareholders. This accords our shareholders with a better understanding of the growth trajectory of the business and returns on 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 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 Board members and 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.

The Chairman of the Board ensures that the AGM supports meaningful interactive engagement and robust discussions between the Board, Senior Management and shareholders. 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.

The minutes of the general meetings will be published on IHH’s corporate website no later than 30 business days after the conclusion of the general meeting.

The shareholders also can channel feedback and pose questions to the Company via [info@ihhhealthcare.com](mailto:info@ihhhealthcare.com).

In support of the Government of Malaysia’s ongoing efforts to contain the spread of the Coronavirus (COVID-19) and the Government’s advice of physical distancing, the Company held its Twelfth AGM on 31 May 2022 on a virtual basis entirely via Remote Participation and Electronic Voting (RPEV) facilities, pursuant to Section 327(2) of the Companies Act 2016 and Clause 78 of the Company’s Constitution.

Key Focus Areas and Future Priorities

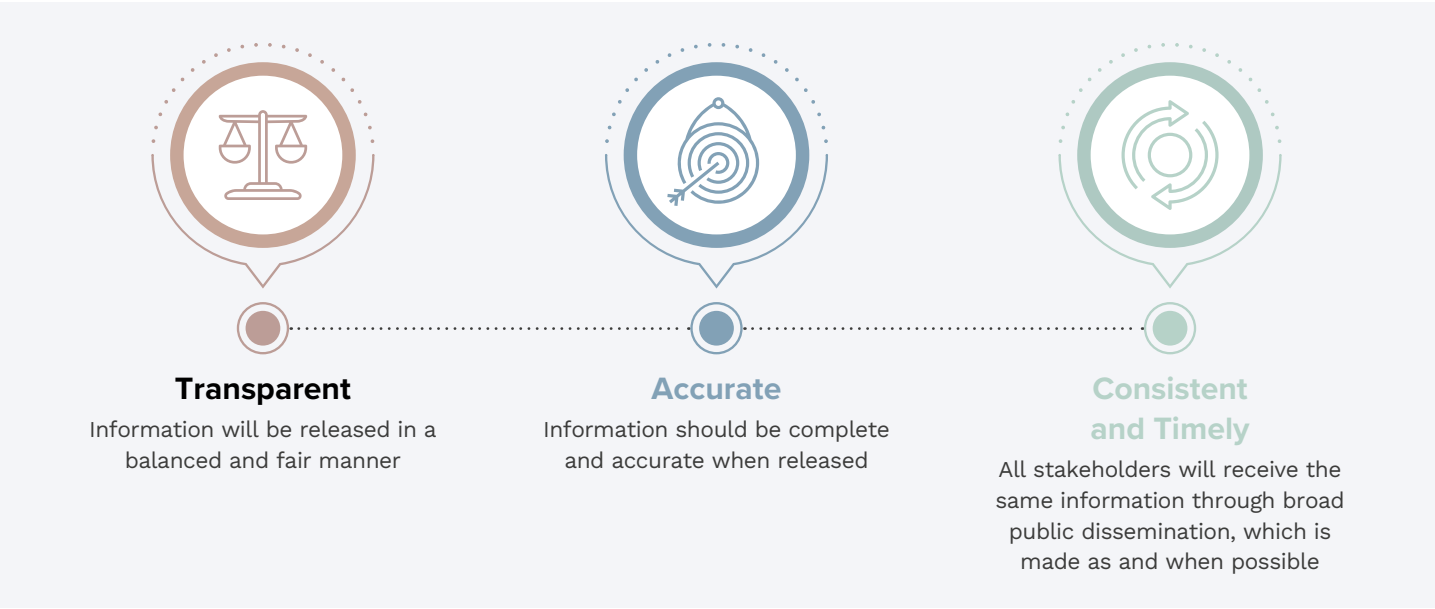
Moving forward, the Company will continue working towards achieving higher standards of corporate governance. To achieve this objective, the Board has identified the following key focus areas and future priorities in relation to the corporate governance practices.

1. Board Independence

At the end of the financial year, the INEDs made up 45% of the Board comprising eleven 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 a proper check and balance provided by the INEDs and by the representatives of different shareholders. Additionally, there is no single largest shareholder who is controlling the Company through 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.





Corporate Governance Overview Statement

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 (excluding Alternate Directors). Notwithstanding that there are less than 30% women Directors, the Board is comprised of Directors with diverse backgrounds, international expertise, experience and culture, all of whom contribute to the diverse perspectives and insights to the Board decisions.

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.

3. Sustainability

The Board and the Board Committees will oversee the effective delivery of strategies, priorities and targets identified under our Sustainability Goals in an integrated and strategic manner to support the Group’s long-term strategy and success. Led by the MD &

CEO, the Sustainability Committee comprised of country CEOs, Group Head of Sustainability, the Executive Leads assigned to each material matter, and the Sustainability Stewardship team (assigned by respective country CEOs). The Sustainability Committee monitors regulatory obligations, sustainability trends, sustainability key performance indicators and strategy execution, ensuring the implementation of sustainability initiatives accross the Group’s operations.

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 and the Group’s aspiration to Care. For Good.

The Board has reviewed, deliberated upon and approved this CG Overview Statement and the Corporate Governance Report 2022 in line with the practices and guidance of the MCCG and in accordance with the resolution of the Board, dated 29 March 2023.

Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee was first established on 18 April 2012 prior to its division into the Nomination Committee (NC) and Remuneration Committee (RC) on 1 July 2018. On 28 May 2021, functions of the NC and RC have been combined into the Board Committee known as the Nomination and Remuneration Committee (NRC).

Roles of the NRC

The NRC’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, evaluation of the training and development needs of the Board members as well as 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 NRC 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 NRC 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 NRC is governed by a clearly defined and documented Terms of Reference (TOR). The NRC’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 NRC was last reviewed and approved for adoption by the Board in May 2021.

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

Composition and Meetings

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

| Director  | Designation                            | Total Meetings Attended |
|---|--|-------------------------|
| Dato’ Muthanna Bin Abdullah<br>(Chairman)                                       | Independent Non-Executive Director     | 6/6                     |
| Jill Margaret Watts<br>(Member)   | Independent Non-Executive Director     | 6/6                     |
| Ong Ai Lin<br>(Member)  | Independent Non-Executive Director     | 6/6                     |
| Satoshi Tanaka<br>(Member)  | Independent Non-Executive Director     | 5/6                     |
| Takeshi Akutsu<br>(Member)<br>(Appointed on 16 February 2023)                   | Non-Independent Non-Executive Director | Not Applicable          |
| Lim Tsin-Lin<br>(Member)<br>(Appointed on 16 February 2023)                     | Non-Independent Non-Executive Director | Not Applicable          |
| Takeshi Saito<br>(Member)<br>(Ceased on 27 January 2023)                        | Non-Independent Non-Executive Director | 6/6                     |
| Dr Farid bin Mohamed Sani<br>(Member)<br>(Ceased on 10 February 2023)           | Non-Independent Non-Executive Director | 4/6                     |
| Tunku Alizakri Bin Raja Muhammad Alias<br>(Member)<br>(Ceased on 16 March 2023) | Non-Independent Non-Executive Director | 6/6                     |

Nomination and Remuneration Committee Report

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

Minutes of the NRC meetings would be circulated to all members for comments and the decisions made by the NRC would be communicated to the relevant process owners for action. The Chairman of the NRC would provide a report highlighting significant points of the decisions and recommendations made by the NRC to the Board and significant matters reserved for the Board’s approval, if any.

Summary of Activities

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

- 1. Assessed and recommended to the Board, the composition of the Board of Directors of the subsidiaries;
- 2. Recommended the re-election of Directors at the Twelfth Annual General Meeting (AGM) to the Board for consideration;
- 3. Assessed the Board and Board Committees’ composition, performance, quality, skills, competencies and effectiveness for the year 2021;

- 4. Assessed the performance and achievement of the key performance indicators of the Group for 2021 against the approved balanced scorecard (BSC);
- 5. Conducted performance evaluation of the MD & CEO;
- 6. Deliberated and recommended to the Board for approval, the BSC framework of the Group for the year 2022 and 2023, taking into account the Company’s sustainability strategies, priorities and targets;
- 7. Deliberated on IHH Talent Review and Succession Planning;
- 8. Reviewed the Non-Executive Directors fees from 1 July 2022 until 30 June 2023;
- 9. Discussed and recommended to the Board for approval, the bonus and salary increment (where applicable) for the Group and long term incentive grant for the eligible employees of the Group upon assessing the performance of the Group for year 2021 and 2022;
- 10. Discussed and recommended to the Board for approval, the retention plans for selected roles in key markets;
- 11. Discussed the potential enhancements to the long term incentive strategy of IHH;
- 12. Discussed and recommended to the Board for approval, the refreshed Remuneration Philosophy for BCR

roles to ensure IHH’s executive remuneration policy supports IHH’s strategy and business objectives, as measured by the BSC and individual key performance indicators;

- 13. Reviewed and recommended to the Board for approval, the NRC Report for inclusion in the Annual Report 2021;
- 14. Reviewed and recommended to the Board for approval, the adoption of the Director’s Fit and Proper Policy;
- 15. Discussed and recommended to the Board for approval, the Enterprise Option Scheme grant;
- 16. Engaged a third-party consultant to undertake the global benchmarking on the Non–Executive Directors’ fees and benefits of IHH;
- 17. Reviewed the Board’s annual evaluation forms and agreed on the necessary action arising therefrom;
- 18. Reviewed and recommended to the Board for approval, the salary revision and contract renewal of certain Senior Management members;
- 19. Discussed the management activities undertaken in relation to “Employee Voice and Advocacy” which offer employees with opportunities to provide feedback and measurement of the advocacy levels; and
- 20. Reviewed and recommended to the Board for approval, the alignment of medical benefits for an identified category of staff.

Selection and Appointment of Directors

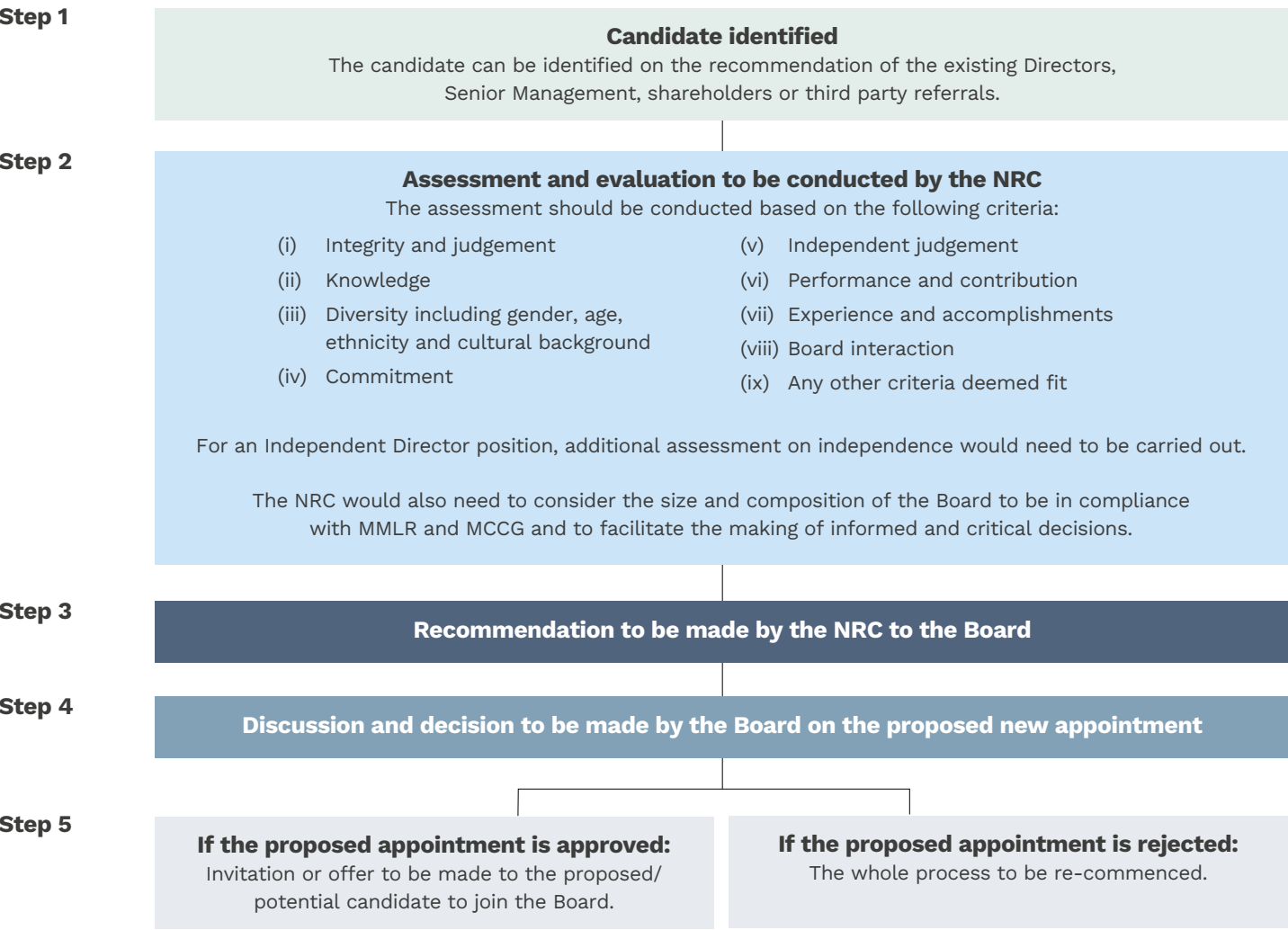
The Group has adopted the Policy on the Nomination and Assessment Process of Board Members (Policy on Nomination and Assessment) that sets out the process and requirements to be undertaken by the NRC and Board in discharging their responsibilities

in terms of the nomination, assessment and re-election of Board members in compliance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG). The Policy on Nomination and Assessment is administered by the NRC.

The Group had on 28 November 2022 adopted the Directors’ Fit and Proper Policy (F&P Policy) which sets out the

criteria for the appointment and re-appointment of Directors on the Board of the Company and its subsidiaries in compliance with the MMLR of Bursa Malaysia Securities Berhad. The F&P Policy is administered by the NRC and Board and shall be read together with the Policy on Nomination and Assessment.

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





Nomination and Remuneration Committee Report

Re-Election of Directors

The NRC 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 NRC in accordance with the Policy on Nomination and Assessment and they are required to give their consent on their re-election as well as undergo the fit and proper assessment in accordance with the F&P Policy. In assessing the candidates, the NRC takes into consideration, among others, 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 NRC’s recommendations are 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.

The NRC was satisfied that the Directors standing for re-election, after having undergone the fit and proper assessment, are competent, have contributed effectively to the Board’s deliberations, diligent, committed and have effectively discharged their role as Directors. At the recommendation of the NRC, the Board had at its meeting held on 29 March 2023 agreed to recommend to the shareholders for approval the re-election of the retiring Directors at the Thirteenth AGM.

Tenure of Independent Directors

The NRC acknowledges the role played by the INEDs in bringing independent and objective judgement to Board’s discussions.

Upon reaching nine years of cumulative tenure and beyond, an INED shall be subject to the annual assessment pursuant to the Policy on Nomination and Assessment. Pursuant to the said assessment and subject to the Policy on Nomination and Assessment, 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 on Nomination and Assessment, an INED must not remain as an INED in such capacity for a period of more than twelve years.

During the financial year under review, none of the INEDs have reached the nine-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 carried out the annual BDEE exercise conducted internally and facilitated by the Company Secretary.

The BDEE exercise was carried out through questionnaires and discussions were held at the NRC and Board meetings in relation to the outcomes and improvement plans. During the BDEE exercise, in addition to the areas of assessment, Board members had provided feedback on the areas of improvement moving forward.

Based on the BDEE exercise carried out for financial year 2022, the Board concurred with the NRC that the Board and Board Committees have consistently performed well during the financial year, have discharged their duties and responsibilities satisfactorily and possess the required character, experience, integrity, competence and time to effectively discharge his or her respective roles; and the INEDs have continuously brought independent and objective judgement to the Board deliberations.

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 details of the process and the findings of the annual performance evaluation are disclosed in the Corporate Governance Report for the financial year ended 31 December 2022 which can be downloaded from corporate website at <https://www.ihhhealthcare.com/investors/corporate-governance>.

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 MCGG to have at least 30% women participation on the board of Large Companies. Large Companies are defined in the MCGG 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 two women Directors (excluding an Alternate Director) representing 20% women representation on the Board.

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 37 to 67, 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 NRC 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/investors/corporate-governance>.

# 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 for oversight of the quality and integrity of the accounting, auditing and financial reporting of the Group and monitoring the effectiveness of the systems of internal control.

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 (TOR), have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Group and the Management whereby all employees

of the Group are required to comply with the requests made by the AC;

- Have direct communication channels to engage with the external auditors and internal auditors and also 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 established TOR. The AC 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 laws, regulations and the Group’s policies. The TOR of the AC was last reviewed and approved by the Board in August 2022.

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

## 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 healthcare, banking, business strategy, risk management, legal, cybersecurity and corporate governance. The composition of the AC is in compliance with Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (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 seven 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 |
|---|------------------------------------|-------------------------|
| Ong Ai Lin<br>(Chairman)                | Independent Non-Executive Director | 7/7                     |
| Jill Margaret Watts<br>(Member)         | Independent Non-Executive Director | 7/7                     |
| Dato’ Muthanna bin Abdullah<br>(Member) | Independent Non-Executive Director | 6/7                     |
| Satoshi Tanaka<br>(Member)              | Independent Non-Executive Director | 7/7                     |

The AC meetings were attended by the Senior Management of the Group and Group Head, Internal Audit to brief the AC on agenda items of 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 and recommended to the Board for approval the unaudited quarterly financial results of the Group and the draft announcements pertaining thereto;
2. Deliberated on the report of the external auditors on the audit focus areas and key findings arising from their review of the unaudited quarterly financial results of the Group;
3. Deliberated on the issues arising from the annual statutory audit performed by the external auditors, Management’s responses to the audit findings and any changes in or implementation of major accounting policy changes for the financial year ended 31 December 2021;
4. Reviewed and recommended to the Board for approval the Annual Audited

Financial Statements of the Company and the Group for the financial year ended 31 December 2021;

5. Reviewed and recommended to the Board for approval the Condensed Consolidated Interim Financial Statements for each quarter end;
6. Reviewed and approved the external auditors’ audit plan and strategy for the financial year ended 31 December 2022;
7. Reviewed and recommended to the Board for approval 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*;

### External Auditors

8. Recommended to the Board for approval the re-appointment of KPMG PLT as external auditors for the financial year ended 31 December 2022 upon assessing their independence, suitability and performance;
9. Reviewed and recommended to the Board for approval the proposed fees for the annual and one-time audit and non-audit related services rendered by the external auditors for the financial year ended 31 December 2021;
10. Reviewed the effectiveness and suitability of continuing with the existing external audit firm of the Group;
11. Noted KPMG PLT’s 2021 Transparency Report;
12. Met with the external auditors twice without the presence of the Executive Director and Management during the year under review 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;

### Internal Audit

13. Reviewed and approved the internal audit work plan for the financial year ending 31 December 2023 and discussed Internal Audit’s focus areas for improvement for the financial year ending 31 December 2023 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;
14. Deliberated on the internal audit reports issued by the internal audit function of the respective operating divisions during the year;
15. Reviewed and approved enhancements to Internal Audit process including greater collaboration across the entire IHH Group and sharing insights cross countries. Additionally, reviewed Internal Audit reports including clinical internal audit areas;
16. Deliberated on 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;
17. Met with the Group Head, Internal Audit, twice, without the presence of the Executive Director and Management during the year under review to obtain feedback on the internal audit activities, audit findings and any other related matters;
18. Reviewed and approved the Internal Audit Charter for the financial year ending 31 December 2023;
19. Deliberated on the whistleblowing cases received by the Group through the whistleblowing communication channel and implementation plan to resolve the issue;



Audit Committee Report

- 20. Enhanced the Whistleblowing process by approving amendments for raising awareness across the whole group and engaging an external party to administer a new hot line, making it easier for people to report concerns. Consolidated reporting process to enhance discussion and resolution. Recommended to the Board for approval the revision to the Whistleblowing policy reflecting these enhancements;
- 21. Reviewed integrity and misconduct cases;
- 22. Deliberated on the development of the IT and cyber risk universe within the broader enterprise risk management framework as a basis to identify areas for audit focus;

Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs)

- 23. Noted the summary report of the RPTs and RRPTs monitoring and tracking by Management to ensure compliance with the MMLR;
- 24. Discussed the RPTs and RRPTs to be undertaken by the Group and report of the internal auditors in respect of their verifications of the RPTs and RRPTs;

Verification of the Allocation of Long Term Incentive Plan (LTIP) units and Enterprise Option Scheme (EOS) options

- 25. Verified the allocation and movement of LTIP units and EOS options respectively for the year 2021 to ensure that it had been carried out in accordance with the approved criteria and matrix as stipulated in the Bye Laws of LTIP and EOS;

Other Activities

- 26. Deliberated on the ancillary governance, control and reputational risk reports as highlighted by the ACs of the relevant operating subsidiaries of the Group;
- 27. 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 2021;

- 28. Reviewed and recommended to the Board for approval the updated policy on the independence of auditors; and
- 29. Noted the annual statement by Management in relation to the compliance framework that is implemented in line with the Code of Conduct to Regulate, Monitor and Report Trading in Securities of Specific Indian Companies pursuant to the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

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. 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 the IMU Group, Gleneagles Hong Kong and Parkway Life Real Estate Investment Trust, the Group’s internal audit function is undertaken in-house and supported by co-sourcing with independent external subject matter experts, where necessary. 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 the 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 113 to 118 of this Annual Report for the summary of the work of the internal audit function undertaken during the year ended 31 December 2022.

The total costs incurred to maintain the internal audit function of the Group in 2022 was RM14.8 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 assists the Board in overseeing the establishment and implementation of the risk management framework of IHH group of companies (the Group) by Management so that the Group has in place a sound, effective and robust risk management and internal control framework. The RMC also assists the Board in fulfilling its key risk oversight responsibilities in an integrated and strategic manner and provides oversight, direction, and guidance to Management on the Group’s risk management matters.

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 Terms of Reference (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 established TOR. The RMC 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 laws, regulations and the Group’s policies. The TOR of the RMC was last reviewed and approved by the Board in February 2022.

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

Composition and Meetings

The RMC is comprised exclusively of Non-Executive Directors, a majority of whom are independent. The RMC members come from diverse backgrounds with extensive experience in healthcare, banking, business strategy, risk management, legal, cybersecurity, 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 |
|---|--|-------------------------|
| Jill Margaret Watts<br>(Chairman)   | Independent Non-Executive Director     | 4/4                     |
| Dato’ Muthanna bin Abdullah<br>(Member)   | Independent Non-Executive Director     | 4/4                     |
| Ong Ai Lin<br>(Member)  | Independent Non-Executive Director     | 4/4                     |
| Tunku Alizakri bin Raja Muhammad Alias<br>(Member)<br>(Ceased on 16 March 2023) | Non-Independent Non-Executive Director | 4/4                     |

Risk Management Committee Report

The RMC meetings were attended by among others, the Senior Management of the Group; Group Head, Risk Management & Compliance; Group Head, Internal Audit; Group Head, Medical & Quality and Group Head of Branding Strategy & Environmental Social Governance to brief the RMC on agenda items of 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.

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 progress of the ERM transformation, the ERM reports of the respective operating divisions, which covered the ERM reporting status, risk profile, risk priorities and risk mitigation plans to ensure the key risks that arise with the developments in the operating environment are effectively managed;
- 2. Discussed the internal audit review of the risk management conducted by the internal audit team with support from co-sourced external consultant;

Cybersecurity Risk Management

- 3. Reviewed the reports pertaining to cyber risk, which covered, among others, the cybersecurity risk universe and residual risk profile, cybersecurity threat report, cybersecurity strengthening plan and cybersecurity roadmap assessment and planning, aiming to identify and mitigate any potential cyber threat which may impact the IT systems in the respective units in the Group;

Bribery and Corruption Risk Management

- 4. Reviewed the Group’s anti-bribery and corruption risk reports, including the risk profile, key controls and mitigation action plans against possible bribery and corruption, and incident reporting in line with the Group’s Anti-Bribery and Corruption Policy;

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, Türkiye and Brunei 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;

Sustainability

- 6. Discussed the sustainability roadmap and progress;
- 7. Reviewed and recommended to the Board the approval of the material matters and sustainability governance structure;
- 8. Reviewed and recommended to the Board the approval of the revised sustainability policy for the Group;
- 9. Reviewed and recommended to the Board the approval of the Group sustainability goals;
- 10. Discussed the approach and content of the Sustainability Report for the financial year 2022;

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 2021;
- 12. Reviewed the proposed revisions to the TOR of the RMC to align with the Malaysian Code on Corporate Governance (MCCG) and Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Berhad; and
- 13. Reviewed and recommended to the Board for approval the setting up of a treasury vehicle and the treasury policy for the Group.

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 wholly committed to upholding a sound system of risk management and internal control, as well as to regularly review its adequacy, integrity and effectiveness to safeguard shareholders’ investment and the Group’s assets.

By nature, the risk management and internal control system is designed to manage key risks that could prevent the Group from achieving its business objectives while maintaining an acceptable risk profile. The systems put in place can only manage risks within tolerable and known levels, rather than completely eliminating the risk of failing to achieve business objectives, due to the limitations inherent in any system of risk management and internal control.

Control Structure

The Board is assisted by the Audit Committee (AC) which consists of four Independent Non-Executive members of the Board, and the Risk Management Committee (RMC) which consists of three Independent Non-Executive members and one Non-Independent Non-Executive member 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) Transparent/appropriate disclosure;
- (iii) Compliance with relevant regulations, policies, procedures and laws;
- (iv) Safeguarding of assets;
- (v) Effective and efficient utilisation of resources; and
- (vi) Ensuring the Group’s long-term sustainability

The Board believes that the current internal control system is adequate and adhered to the best of its ability for the year ended 2022. 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, Treasury, Human Capital Management, Corporate Transactions, Legal Obligations and Documentation; and Donations. It defines

the authority limit for each level of management in the business units and the Group as a whole. Major capital investment, change of business purpose, acquisition and disposal of assets are approved by the Board of the business units and the Board of the Group.

Recommendations by Internal Auditors

The Group has an Internal Audit function to review the effectiveness of the material internal controls of the business units, based on the approved annual audit plan. Unannounced visits are sometimes conducted to provide greater assurance.

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 of the business units are consolidated into the IHH Group Budget for approval by the IHH Board.

The IHH Board discusses and monitors the performance of the Group, together with that of the business units, at the quarterly IHH Board Meetings.

Procurement and Project Management

There is a Centralised Procurement function in each business unit 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.



Statement on Risk Management and Internal Control

Major expenditures are subject to Tender procedures and evaluated by the Management Tender Committee or IHH Board Steering Committee as appropriate.

There is also a Centralised Project Management office in each business unit to handle and manage major renovation and expansion projects undertaken by the respective business units.

Legal and Regulatory

The business units 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 applicable in the jurisdictions in which the Group operates. Clinical audits are also conducted by the Medical Affairs and Quality Division 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 seventh 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.

The Council comprises the following members:

- 1. **Tan Sri Dato’ Abu Bakar Suleiman, Chairman,** International Medical University Malaysia (IMU) Group

- 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, Türkiye
- 4. **Professor Yeoh Eng Kiong, Director** at the JC School of Public Health and Primary Care of The Chinese University of Hong Kong (CUHK)

For the year ended 31 December 2022, Management continues to make significant progress on the implementation of the following actions based on the recommendations by the ICGAC:

- 1. Strengthening the overall Clinical Governance framework, through defining the roles and responsibilities of key committees and personnel with regards to clinical governance;
- 2. 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;
- 3. 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;
- 4. Further enhancing doctor engagement through greater participation in physician-led peer review committees, value based healthcare and clinical pathway initiatives.

IHH Clinical Audit

To ensure that correct processes are followed in all IHH Hospitals and reduce the risk of harm to patients, IHH has designed an internal clinical audit framework. IHH MAQ identified 10 high risk and high patient volume areas in hospitals and for each 2-3

audit standards have been defined. These standards were based on international and national clinical audit standards in the countries that IHH operates. Results of the audit are determined by the percentage of time the standards are met. Over the space of a year, all 10 risk areas are covered with 2-3 areas audited each quarter. Trained clinical staff conduct these audits in each country and the results are submitted to IHH group. Gaps are identified and countries submit action plans with timelines with regards to when the gaps will be closed. Unlike other national and international level audits which are conducted once every 3 years, the IHH clinical audit which is conducted yearly ensures continuous compliance with IHH clinical standards. In addition, as the audit standards are common across IHH, this allows inter country and hospital comparison of the standard of care and patient safety in IHH. This clinical audit process, performed by management, is supplemented by clinical internal audits performed by Group Internal Audit.

Control Environment

In terms of the management of business units, the operating structure includes a clearly defined delegation of responsibilities. The Group’s policies clearly define and outline the limit of authority.

These policies and procedures are reviewed regularly and, if required, updated.

A Whistleblowing Policy is in place within the Group’s business units. 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.

During the year, we revised the Whistleblowing process to enhance it and increased the awareness. We have engaged with an external party to administer a new hot line, making it easier for people to report concerns. We communicated to all IHH employees about the revised Whistleblowing process. Posters are displayed across IHH facilities to help employees better understand how to access the whistleblowing platform.

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 risks arising from failure to comply with policies and deviating from goals and objectives.

Such systems provide reasonable, rather than absolute, assurance against material incidents or loss.

Risk Management

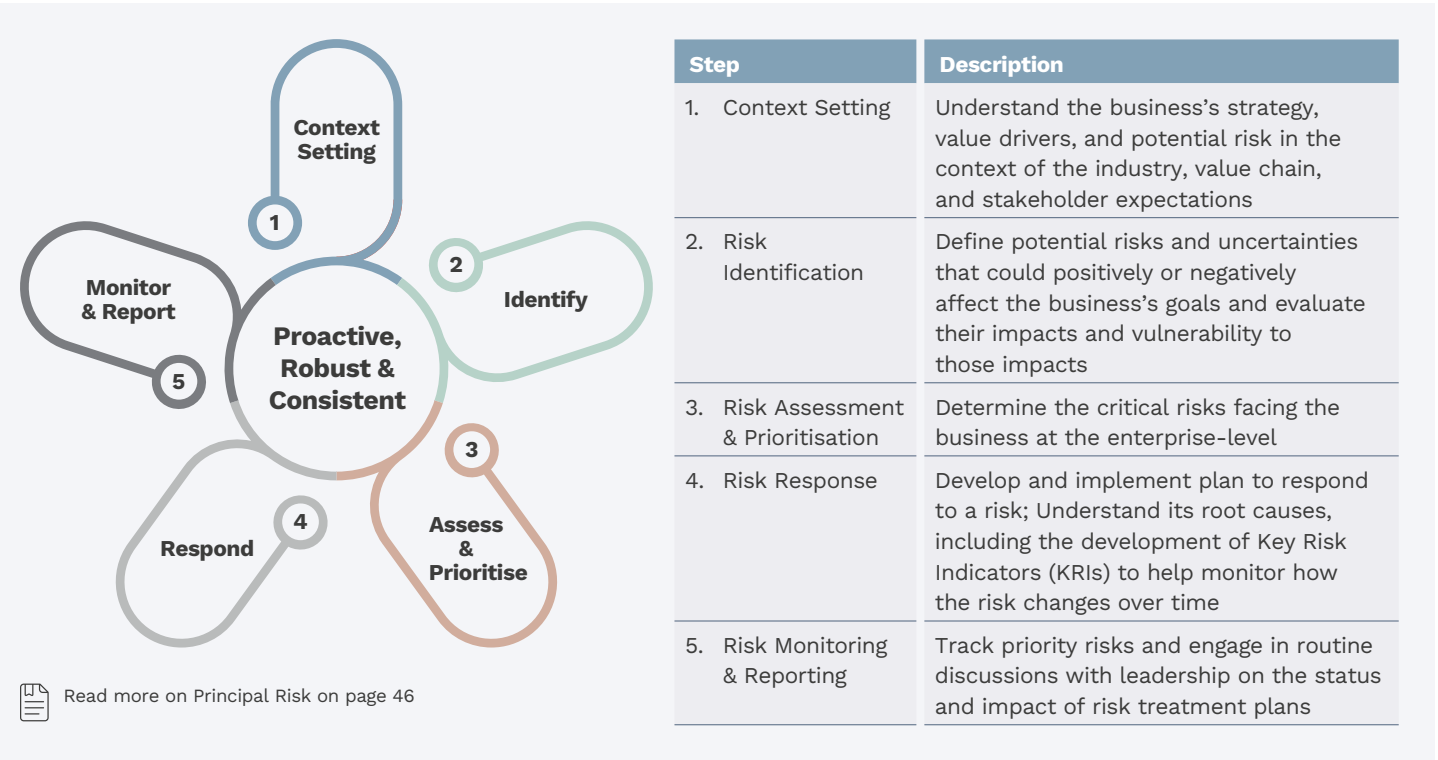
Risk Management and Compliance Department (RMCD) assists the Board and RMC in discharging their risk oversight responsibilities.

Group management and business units have a primary responsibility for managing risk exposures. The way RMCD is structured allows IHH business units all over the world to receive adequate risk and compliance advisory support. RMCD serves as the central resource for managing the portfolio of risks that the Group as a whole has taken on and

collaborates 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. Environmental, Social & Governance (ESG) risks are managed with the same care and discipline as any other business risks. ESG is further governed by a newly formed Sustainability Committee chaired by MD & CEO. ESG risks are assessed, and metrics tracked in Group’s quarterly risk report. Sustainability has been integrated into our ERM framework, where matters that are critical to the Group are assessed and managed based on defined risk rating criteria of likelihood

and impact. This approach allows us to compare sustainability issues with other business risks and prioritise resources to manage risks. In 2022, we enhanced our sustainability framework, anchoring it to the expectations of our four key stakeholders – Patient, People, Public and Planet. We believe that if we meet their expectations with a solid governance structure, our company performance will naturally follow. Therefore, our sustainability strategy is fully embedded into our business strategy and sustainability considerations are part of every business decision we make. We conducted a materiality assessment exercise through engagement with different stakeholders upon which 11 material matters were prioritized. Executive leads were assigned to each material matter and workshops were conducted to come up with our sustainability goals as well as short and long term initiatives to achieve the goals. Ensuring the implementation of these sustainability initiatives across our operations to meet our goals are the Sustainability Committee’s responsibility.



Statement on Risk Management and Internal Control

For more information on our ESG initiatives, refer to our inaugural standalone Sustainability Report.

The Group has in place a Risk Management Framework aligned to Standard ISO 31000:2018 Risk Management – Guidelines and adopting good practices from the Committee of Sponsoring Organisations of the Treadway Commission’s (COSO) Enterprise Risk Management (ERM) Framework. We undertake ongoing reviews to ensure the effectiveness, adequacy and integrity of the Group’s risk management and internal control systems.

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. This framework is continuously enhanced to remain relevant and resilient in ensuring effective management of risk.

Evaluate-Response-Monitor (E-R-M) Process

For the year ended 31 December 2022, the major risk management activities undertaken during the year were as follows:

- 1. Conducted annual risk review through workshop and/or questionnaire in line with the business planning cycle;
- 2. Assessed emerging risks and developed risk action plans with internal stakeholders;
- 3. Established Group Key Risk Indicators to monitor risk performance across the Group;
- 4. Partnered Group Internal Audit to review the adequacy and effectiveness of the risk control processes and risk reporting systems;
- 5. Continued implementation of key initiatives under ERM transformation roadmap;
- 6. Administered Data Protection and Compliance training initiatives;

- 7. Reconceptualised Group anti-corruption governance through development of new frameworks with commitment to substantially implement in 2023;
- 8. Continued implementation of the IHH Personal Data Protection Policy through augmentation of Group data protection risk management and incident response management practices;
- 9. Enhanced the IHH Indian Insider Trading Compliance Framework through augmentation of standard operating procedure for management of non-compliance, and digitalisation/ automation of compliance processes;
- 10. Commenced Group review of risk exposure in relation to sanctions compliance;
- 11. Reviewed our IT risk universe in consultation with external risk consultant;
- 12. Enhanced our business resilience through a pilot project with Business Continuity Management (BCM) consultants at Gleneagles Hospital Singapore;
- 13. Undertook placements and renewals of the Group 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; and
- 15. Carried out ad-hoc assignments requested by Senior Management.

For 2022, the consolidated risk report includes those of Fortis Healthcare Limited and PLife REIT risk profiles. The consolidated risk report and updates are analysed and reported to the Board RMC on a quarterly basis.

The compliance culture is driven with a strong tone from the top, complemented by the tone from the middle, to embed the expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of business and activities across the Group.

Group Internal Audit

The group has an independent internal audit function which provides an independent, objective assurance and consulting function designed to add value and improve the organisation’s operations. This is done by not only highlighting the observations but sharing insights, good practices and improvement opportunities. Common audit themes are leveraged across countries to benchmark and improve.

Group Internal Audit (GIA) function helps the organisation to accomplish its goals by bringing an objective and disciplined approach consistent with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework to evaluate and improve the effectiveness of risk management, internal control, anti-corruption and governance processes. GIA also drives the whistle blowing refresh initiative.

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. 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, the majority of the Group’s internal audit function is undertaken in-house and supported by co-sourcing with independent external subject matter experts, where necessary. 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.



Audits are performed on all major business units and areas based on the risk assessment performed during the preparation of Annual Internal Audit Plan which is reviewed and approved by the AC annually. The recommendations developed during the audits are based on the root cause analysis performed. Further, the GIA function performs ad-hoc reviews and investigations requested by the AC and/or Senior Management and follow up on the implementation of agreed management actions on quarterly basis to ensure all the key risks are addressed. The GIA function has also introduced new initiatives such as the guest auditor programme by inviting subject matter experts from different functions and business units; and co-source partnership when there is a need for specialised skills in certain audit areas. Representatives from the GIA function completed the Lean Six Sigma Certification to help focus on process improvement, understanding of root cause and greater analysis skills.

GIA carried out the following major activities for the year ended 31 December 2022 to broaden

key business risks coverage not limited to financial risk:

- 1. Clinical internal audit focusing on medication management, credentialing of medical practitioners and legionella infection control within IHH Malaysia and review of IVF department covering the follow up of embryo storage years, payment collections and destruction processes in Acibadem.
- 2. Financial and operational audit on key balance sheet reconciliation, credit control, fire & safety, visiting physician process, hospitals operations, laboratories operations, and inventory management within the Group.
- 3. Conducted asset management audit by reviewing the preventive maintenance of fixed asset and fixed asset movement within IHH Malaysia.
- 4. Performed a gap analysis on business continuity management for IHH Malaysia.
- 5. Reviewed the medication management with the focus on governance, monitoring and assurance within IHH Healthcare Berhad.
- 6. Witnessed the tendering process for procurement of services or assets to

ensure the activities in the tendering process were conducted in a reasonably fair and transparent manner.

- 7. Performed ad-hoc review such as review of new/renewal of Related Party Transactions that were going for AC and Board approval.
- 8. Conducted information technology (IT) audits, IT risk and control assessments, cybersecurity and control reviews across the entities of the Group.
- 9. Greater use of data analytics during audits to provide enhance audit coverage and provide better assurance.

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 business units of the Group.

Each business unit 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, legal, 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, Business Unit Heads and Corporate Heads report on business operations issues to the Senior Management on a monthly basis. Matters such as nursing issues, clinical incidents with lapses, adverse outcomes, potential legal issues and media exposure, are reported and addressed at the hospitals’ Quality Assurance meetings and attended by the Hospitals’ CEOs, supported by the relevant Country functions;



Statement on Risk Management and Internal Control

3. The Medical Affairs and Quality Division 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;
4. The respective Quality Assurance committees of the business units ensure that the quality of clinical care delivered within the hospitals complied with the government regulations;
5. On a quarterly/monthly basis, the operations divisions are to submit to the Group CEO updates pertaining to 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. This information will form the body of the Executive Report by MD & CEO to IHH Board;
6. Senior management tracks the development of 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 processes 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 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 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 Group Chief Operating Officer, as well as Group Chief Financial Officer, that the Group’s system of operating is adequate and effective 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 failures or adverse consequences that have directly resulted in any material losses to the Group. For matters that occurred prior to IHH’s acquisition of Fortis, the investigations on Fortis Group by the Securities and Exchange Board of India have concluded but are now pending appeal. The investigations by the Serious Fraud Investigation Office are still ongoing. Additional control procedures were initiated and various enquiries were conducted by the Board of Fortis on the aforementioned investigations and certain historical transactions with assistance from external experts. All amounts identified in these enquiries had been previously provided for or expensed in the financial statements of the Fortis Group. There are no other improper transactions identified by the enquiries which have not been expensed or provided for. The Group expects challenges with its operations and investments in China and will review its asset portfolio to minimise ongoing losses.

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 2022, 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 problem.

Investor Relations Report

There is no substitute for constant effective communication to foster trust and confidence between IHH, our shareholders and the public. Each year, we engage in active dialogue with stakeholders via multiple avenues to ensure the timely and accurate dissemination of news and announcements.



As a publicly listed healthcare group managing the care of patients in many parts of the world, the performance of IHH is highly watched by the investment community and other stakeholders both domestically and beyond.

To foster understanding of and confidence in our business, our Investor Relations (IR) and Corporate Communications departments facilitate communication with our shareholders and other stakeholders using strategic platforms across the year. These platforms include our Annual Report, Annual General Meeting, quarterly financial results briefings, announcements via Bursa Malaysia and the Singapore Exchange (SGX), on which we proactively share timely, accurate and comprehensive information about the Group’s corporate developments, financial performance and material operations.

Noteworthy Initiatives

Regular engagements with the stock exchanges in Malaysia and Singapore form a significant part of IHH’s IR efforts. We are a champion for the Bursa Malaysia Public Listed Companies Transformation (PLCT) programme, which aims to steer public companies towards accelerating their growth strategies and improving performance, as well as increasing the attractiveness of public listed companies in Malaysia. IHH’s aspiration to ‘Care. For Good.’ for the betterment of our patients, our people, the public and our planet was featured in the programme’s first guidebook.

In June 2022, we also participated in the Malaysia Healthcare Day organised by Bursa Malaysia and Maybank. IHH’s MD and CEO Dr Kelvin Loh was a panel speaker for a discussion

on pushing digital healthcare in the post-pandemic era.

In Singapore, we celebrated our 10<sup>th</sup> year of listing with fanfare at the SGX Trading Pit in September. IHH also participated in the Corporate Connect Webinar organised by the Securities Investors Association (Singapore) in April 2022 – the event was supported by SGX. Key decision makers within IHH have also been featured editorially on the SGX Research website.

Our Flagship IR Programme and More

Following its successful debut in 2021, we held our sophomore session of our flagship programme, the IHH Healthcareinsider webinar this year. Webinar host Joerg Ayrlle, IHH’s Group CFO led an esteemed panel in a discussion on developing a global diagnostics platform. Invitations to the webinar were extended to shareholders, staff, business partners, members of the public and the media.

On top of the Group’s quarterly financial results briefings and updates on our website and social media, the IR team would regularly update the Board on shareholding position, IR activities, analysts’ recommendations, investors’ feedback and share price movements. We also keep financial analysts, institutional shareholders and fund managers around the world abreast of IHH developments with:

- Physical and virtual investor conferences
- Non-deal roadshows (NDRs)
- In-house meetings and hospital visits
- Conference calls
- Push notifications via Telegram

Investor Relations Report

Board members endorse our IR policy, which is designed to ensure comprehensive communication processes with stakeholders.

As COVID-19 restrictions continue to ease off and with exciting growth plans ahead, we look forward to further deepening dialogue with all of our stakeholders in physical and virtual settings.

Group Corporate Website and Social Media

IHH’s corporate website is a one-stop platform to access all essential information about the organisation. This includes IHH’s corporate profile, profiles of Board Members and Senior Management, share prices, financial results, dividend policy, annual reports, media releases, investor presentations, and information about the Annual General Meeting.

We regularly update the IR section of the website and provide the latest disclosures. Regulatory announcements made by IHH to Bursa Malaysia and SGX are also available on our Investor Relations

webpage at <https://www.ihhhealthcare.com/investors/investor-relations>. Investor inquiries or concerns regarding the Group can be directed to the IR Department.

In addition, the Group actively publishes interesting highlights pertaining to IHH on the IHH Healthcare LinkedIn, Twitter pages and Telegram.

Quarterly Analyst Briefings

In 2022, IHH’s Senior Management conducted four analyst briefings and one media briefing to discuss and communicate the Group’s quarterly and annual financial results. A recording of these conference calls and materials related to the results announcements were uploaded to IR’s website.

Analyst Coverage

Domestic and international equity research houses continued to show high interest in IHH. As of 31 March 2023, the Group received coverage from 24 analysts. In addition, IHH was regularly featured in widely circulated

and esteemed mainstream media in Malaysia, Singapore and beyond.

Dividend Distribution

IHH will continue to follow the dividend policy, whereby not less than 20% of the Group’s profit after tax and minority interests, excluding exceptional items, is distributed to its shareholders in respect of any financial year. The Board of Directors declared a first and final dividend of 7 sen per share for Bursa shareholders and 2.16 cents per share for SGX shareholders (based on an indicative rate of SGD/RM = 3.2468 as at 31 December 2022), an increase of 17% from a year ago. IHH has been paying Malaysian Ringgit to IHH’s shareholders listed on Bursa Malaysia and Singapore Dollar to IHH’s shareholders listed on SGX.

A number of factors guided the Board of Directors in considering dividend payments, including:

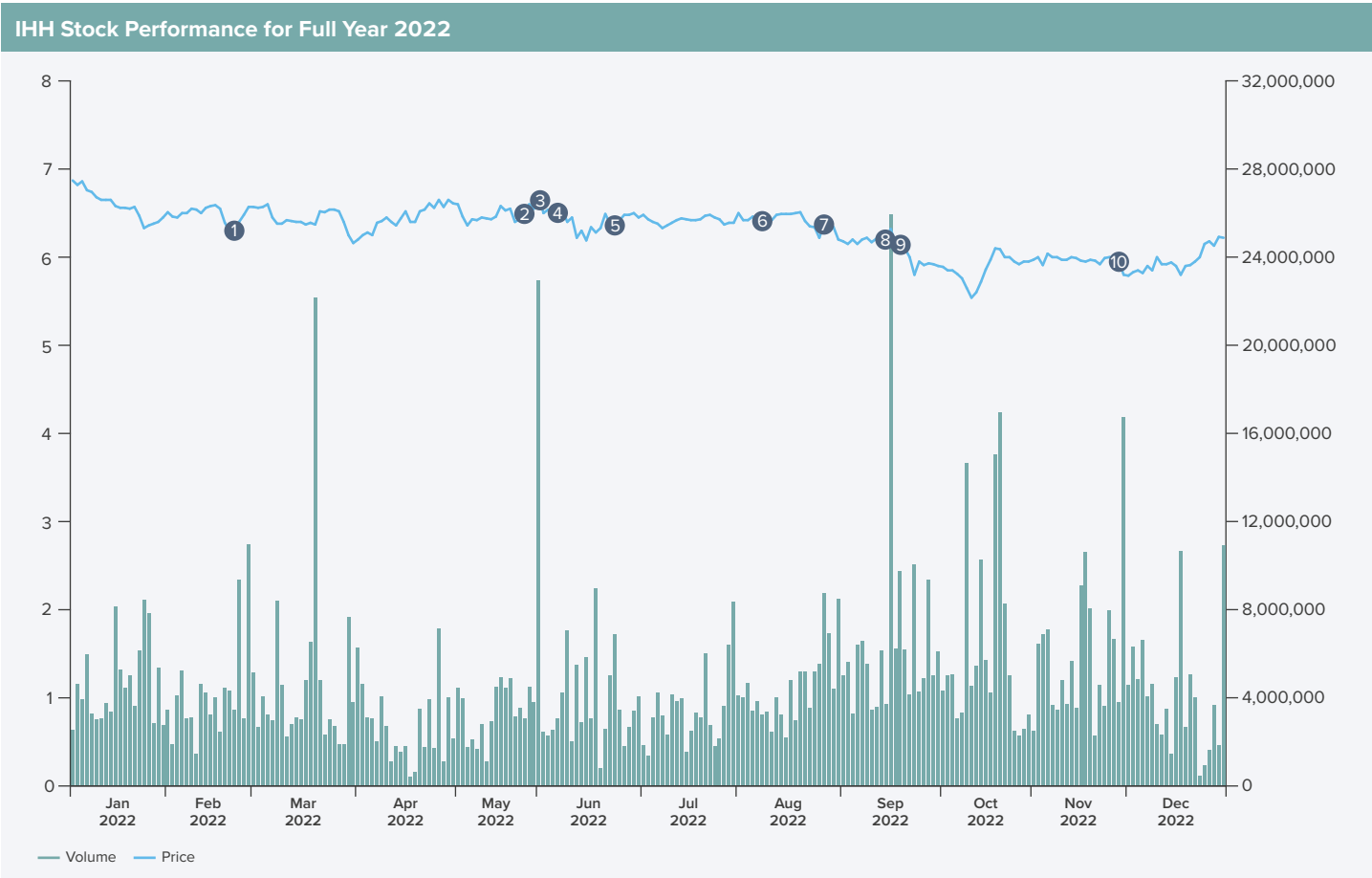
- (i) the amount of cash and cash equivalents the Group has available;
- (ii) its return on equity and retained earnings; and
- (iii) the projected levels of capital expenditure and other investment plans.

These materials are included for each quarter:

- A press release highlighting key operational and financial highlights;
- A consolidated quarterly financial report;

- A set of presentation slides with operational and financial data;
- On-demand access to a recording of the briefing.

We also live-streamed our analyst briefings via webcast for the benefit of stakeholders who were unable join the sessions in person.



| No. | Equity Research Firms Covering IHH in 2022    |
|-----|---|
| 1   | Affin Securities Sdn Bhd                      |
| 2   | AmInvestment Bank Berhad                      |
| 3   | Bank of America Merrill Lynch Global Research |
| 4   | BIMB Securities Sdn Bhd                       |
| 5   | CIMB Securities Pte Ltd                       |
| 6   | Citigroup Global Markets Asia                 |
| 7   | CLSA Limited                                  |
| 8   | Credit Suisse Holdings USA Inc                |
| 9   | DBS Vickers Securities                        |
| 10  | Goldman Sachs India Sec Pte Ltd               |
| 11  | Hong Leong Investment Bank Bhd                |
| 12  | J.P. Morgan Securities (Malaysia) Sdn Bhd     |

| No. | Equity Research Firms Covering IHH in 2022 |
|-----|--|
| 13  | KAF Seagroatt & Campbell Sec Sdn Bhd       |
| 14  | K&N Kenanga Holdings Bhd                   |
| 15  | Macquarie Securities Ltd                   |
| 16  | Maybank Kim Eng Securities                 |
| 17  | MIDF Amanah Investment Bank Bhd            |
| 18  | Morgan Stanley                             |
| 19  | Nomura Securities Co Ltd/Tokyo             |
| 20  | Public Investment Bank                     |
| 21  | RHB Research Institute Sdn Bhd             |
| 22  | TA Securities Holdings Bhd                 |
| 23  | UBS Securities Malaysia Sdn Bhd            |
| 24  | UOB Kay Hian Pte Ltd                       |

| No. | Event  | Date   | RM   |
|-----|--|--------|------|
| 1   | IHH Healthcare more than Doubles Net Operating Income for Full Year 2021; Unveils ‘Care. For Good.’ Strategy As It Celebrates 10 <sup>th</sup> Anniversary | 23 Feb | 6.30 |
| 2   | IHH Healthcare Reports 31% Y-O-Y Rise in Net Income in Q1 2022; to Develop IHH Laboratories as a Core Business for the Group                               | 26 May | 6.49 |
| 3   | All Resolutions Passed at IHH Healthcare’s 12 <sup>th</sup> Annual General Meeting: Celebrating 10 Years as One IHH Family                                 | 31 May | 6.70 |
| 4   | IHH Healthcare to Divest Medical Education Arm, International Medical University, to a Consortium Led by TPG’s The Rise Fund and the Hong Leong Group      | 7 Jun  | 6.50 |
| 5   | IHH Takes Home Five Accolades at Institutional Investor’s 2022 All-Asia Executive Rankings, Places Third Overall for its Sector                            | 23 Jun | 6.36 |
| 6   | Pantai Hospital Penang Breaks Ground to Increase Service Capacity and Cater to Medical Tourism   | 8 Aug  | 6.41 |
| 7   | IHH Healthcare Reports Higher Net Income in Q2 2022 on Resilient Core Operations, Amid Headwinds and Tapering of COVID-19 Related Services                 | 25 Aug | 6.37 |
| 8   | IHH Healthcare Signs MOU with Ministry of Health Malaysia to Provide Free Radiotherapy and Radiosurgery for Cancer Patients from Government Hospitals      | 14 Sep | 6.20 |
| 9   | IHH Marks 10 <sup>th</sup> Anniversary with Commitment to Net Zero; Leading Industry by Setting Comprehensive Sustainability Goals                         | 20 Sep | 6.14 |
| 10  | IHH Healthcare Core Operating Performance Improves, Reports Lower Net Income of RM251.8 Million due to Exceptional Items                                   | 29 Nov | 5.95 |



# 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 2022 (FY2022).

### Employee Share Schemes

The employee share scheme established by our Group and still in existence during FY2022 is Enterprise Option Scheme (EOS) which is for a duration of 10 years from 22 June 2015 and expiring on 21 June 2025.

Brief details on the numbers of EOS options granted, exercised and outstanding since the commencement of the EOS until FY2022 are as follows:

|  | EOS        |
|--|------------|
| Total number of EOS options granted                    | 78,101,000 |
| Total number of EOS options exercised                  | 28,003,000 |
| Total number of EOS options lapsed/cancelled/opted out | 22,314,000 |
| Total number of EOS options outstanding                | 27,784,000 |

### Granted to Directors and Chief Executive

|  | EOS        |
|--|------------|
| Aggregate number of EOS options granted                | 35,786,000 |
| Aggregate number of EOS options exercised              | 25,982,000 |
| Total number of EOS options lapsed/cancelled/opted out | 6,105,000  |
| Aggregate number of EOS options outstanding            | 3,699,000  |

Note: Includes the EOS options granted to Directors and Chief Executive who have left our Company/our Group.

In accordance with the Bye Laws for the EOS, the total number of shares which may be issued under the 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 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 EOS. 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 FY2022, the actual percentage of EOS options granted to Senior Management of the Company was 31.79% of the total number of EOS options granted in 2022. No EOS options were granted to the Directors.

Since the commencement of the EOS, the actual percentage of EOS options granted in aggregate to Executive Directors and Senior Management of the Company are 54.09% of the total number of EOS options granted.

There were no EOS options granted to the Non-Executive Directors since the commencement dates of the EOS until FY2022.

Details of the 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 FY2022 are as follows:

|                        | Audit fees   |                | Non-Audit fees |                |
|------------------------|--------------|----------------|----------------|----------------|
|                        | Group RM’000 | Company RM’000 | Group* RM’000  | Company RM’000 |
| KPMG PLT               | 2,024        | 487            | 1,401          | 1,240          |
| Affiliates of KPMG PLT | 8,956        | 585            | 4,431          | 2,123          |
| <b>Total</b>           | 10,980       | 1,072          | 5,832          | 3,363          |

\* Approximately 80% and 15% of the non-audit fees are in relation to interim financial statements reviews and tax services respectively.

Services rendered by KPMG PLT are not prohibited by regulatory and other professional requirements and are based on globally practised guidelines on auditors’ independence.

involving Directors’, Chief Executive’s and Major Shareholders’ interests subsisting as at 31 December 2022 or entered into since the end of the previous financial year:

- 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.

### Recurrent Related Party Transactions

The recurrent related party transactions of a revenue nature incurred by the Group for FY2022 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

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# Directors’ Report

for the year ended 31 December 2022

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 2022.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in note 41 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 41 to the financial statements.

## RESULTS

|                                      | Group<br>RM’000  | Company<br>RM’000 |
|--------------------------------------|------------------|-------------------|
| Profit for the year attributable to: |                  |                   |
| Owners of the Company                | 1,548,398        | 278,927           |
| Non-controlling interests            | 96,744           | –                 |
|                                      | <u>1,645,142</u> | <u>278,927</u>    |

## 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 6 sen per ordinary share amounting to RM528,162,000 for the financial year ended 31 December 2021 on 29 April 2022.

The Board of Directors have declared that a first and final single tier cash dividend of 7 sen per ordinary share for the financial year ended 31 December 2022 to be paid on 28 April 2023 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 2023. The Company shall apply the RM:SGD noon middle rate as disclosed in the Bank Negara Malaysia’s website on 31 March 2023 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:

|  |   |
|--|---|
| Tan Sri Mohammed Azlan Bin Hashim                              |   |
| Takeshi Akutsu   | Appointed on 1 April 2022                                   |
| Tomo Nagahiro  | Appointed on 3 February 2023                                |
| Lim Tsin-Lin   | Appointed on 16 February 2023                               |
| Mehmet Ali Aydinlar  |   |
| Tunku Alizakri Bin Raja Muhammad Alias                         |   |
| Jill Margaret Watts  |   |
| Dato' Muthanna Bin Abdullah                                    |   |
| Ong Ai Lin   |   |
| Satoshi Tanaka   |   |
| Masato Sugahara  | Resigned on 31 March 2022                                   |
| Takeshi Saito  | Resigned on 27 January 2023                                 |
| Dr. Farid Bin Mohamed Sani                                     | Resigned on 10 February 2023                                |
| Dr. Kelvin Loh Chi-Keon  | Resigned on 22 February 2023                                |
| Mok Jia Mei (Alternate Director to Dr. Farid Bin Mohamed Sani) | Appointed on 21 March 2022 and resigned on 10 February 2023 |
| Mok Jia Mei (Alternate Director to Lim Tsin-Lin)               | Appointed on 16 February 2023                               |
| Tomo Nagahiro (Alternate Director to Masato Sugahara)          | Ceased on 31 March 2022                                     |
| Tomo Nagahiro (Alternate Director to Takeshi Akutsu)           | Appointed on 1 April 2022 and resigned on 27 January 2023   |
| Wong Eugene (Alternate Director to Dr. Farid Bin Mohamed Sani) | Resigned on 21 February 2022                                |

## DIRECTORS OF THE COMPANY *(continued)*

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<br>1 January<br>2022 | Number of ordinary shares |             |             | At<br>31 December<br>2022 |
|---------------------------------|-------------------------|---------------------------|-------------|-------------|---------------------------|
|                                 |                         | Options<br>exercised      | Bought      | Sold        |                           |
| <b>Interests in the Company</b> |                         |                           |             |             |                           |
| Mehmet Ali Aydinlar             |                         |                           |             |             |                           |
| – Direct                        | 421,644,132             | 4,179,000                 | –           | 14,500,000* | 411,323,132               |
| – Deemed                        | 98,287,041              | –                         | 14,500,000* | –           | 112,787,041               |

|            |        |   |   |   |        |
|------------|--------|---|---|---|--------|
| Ong Ai Lin |        |   |   |   |        |
| – Direct   | 10,000 | – | – | – | 10,000 |

\* Change of interest due to transfer of 14,500,000 shares in IHH Healthcare Berhad from Raffles Nominees (Pte) Limited (direct) to Raffles Nominees (Pte) Limited for SZA Gayrimenkul Yatirim Insaat ve Ticaret Anonim Sirketi (indirect).

|  | At<br>1 January<br>2022 | Number of ordinary shares of TL1.00 each |        |      | At<br>31 December<br>2022 |
|--|-------------------------|--|--------|------|---------------------------|
|  |                         | Options<br>exercised                     | Bought | Sold |                           |
| <b>Interests in subsidiaries</b>                         |                         |  |        |      |                           |
| <b>Acibadem Saglik Yatirimlari Holding A.S. (“ASYH”)</b> |                         |  |        |      |                           |
| Mehmet Ali Aydinlar                                      |                         |  |        |      |                           |
| – Direct   | 217,211,842             | –  | –      | –    | 217,211,842               |
| – Deemed   | 16,828,159              | –  | –      | –    | 16,828,159                |

### Acibadem Saglik Hizmetleri ve Ticaret A.S. (“ASH”)

|                     |   |   |   |   |   |
|---------------------|---|---|---|---|---|
| Mehmet Ali Aydinlar |   |   |   |   |   |
| – Direct            | 1 | – | – | – | 1 |
| – Deemed            | 1 | – | – | – | 1 |

### Acibadem Proje Yonetimi A.S.

|                     |   |   |   |   |   |
|---------------------|---|---|---|---|---|
| Mehmet Ali Aydinlar |   |   |   |   |   |
| – Direct            | 1 | – | – | – | 1 |

### Aplus Hastane Otelcilik Hizmetleri A.S.

|                     |   |   |   |   |   |
|---------------------|---|---|---|---|---|
| Mehmet Ali Aydinlar |   |   |   |   |   |
| – Direct            | 1 | – | – | – | 1 |
| – Deemed            | 2 | – | – | – | 2 |

Directors’ Report

for the year ended 31 December 2022

DIRECTORS’ INTERESTS (continued)

|   | Number of ordinary shares of TL2.00 each |                      |        |      |
|---|--|----------------------|--------|------|
|   | At<br>1 January<br>2022                  | Options<br>exercised | Bought | Sold |
| At<br>31 December<br>2022                   |  |                      |        |      |
| <b>Interests in a subsidiary</b>            |  |                      |        |      |
| <b>International Hospital Istanbul A.S.</b> |  |                      |        |      |
| Mehmet Ali Aydinlar                         |  |                      |        |      |
| – Direct                                    | 1  | –                    | –      | –    |
| – Deemed                                    | 1  | –                    | –      | –    |

|   | Number of options over ordinary shares |         |           |                      |
|---|--|---------|-----------|----------------------|
|   | At<br>1 January<br>2022                | Granted | Exercised | Lapsed/<br>cancelled |
| At<br>31 December<br>2022               |  |         |           |                      |
| <b>Interests in the Company</b>         |  |         |           |                      |
| <b>Enterprise Option Scheme (“EOS”)</b> |  |         |           |                      |
| Mehmet Ali Aydinlar                     | 5,127,000                              | –       | 4,179,000 | –                    |

|   | Number of units         |                      |        |      |
|---|-------------------------|----------------------|--------|------|
|   | At<br>1 January<br>2022 | Options<br>exercised | Bought | Sold |
| At<br>31 December<br>2022                                       |                         |                      |        |      |
| <b>Interests in a subsidiary</b>                                |                         |                      |        |      |
| <b>Parkway Life Real Estate Investment Trust (“PLife REIT”)</b> |                         |                      |        |      |
| Dr. Kelvin Loh Chi-Keon   |                         |                      |        |      |
| – Direct  | 120,000                 | –                    | –      | –    |

Except as disclosed above, none of the other Directors holding office as at 31 December 2022 had any interest in the ordinary shares, units convertible into ordinary shares and options over 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 shown below) 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 38 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 EOS as disclosed in note 21 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 9,326,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme (“EOS”) units.

Upon completion of the above, the issued and fully paid number of shares of the Company increased from 8,796,717,463 to 8,806,043,463 as at 31 December 2022.

There were no other changes in the issued and paid-up capital of the Company, and no other debenture were issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options pursuant to the following scheme:

EOS

At an extraordinary general meeting held on 15 June 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.
- (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.

The options granted during the financial year is disclosed in note 21 to the financial statements.



Directors’ Report  
for the year ended 31 December 2022

INDEMNITY AND INSURANCE COSTS

During the financial year, the Company maintained a Directors’ and Officers’ Liability Insurance for the Group’s directors and officers. The insurance premium incurred by the Company was RM877,000.

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 2022 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.

SIGNIFICANT EVENTS

Significant events during the financial year are as disclosed in notes 39 and 40 to the financial statements.

SUBSEQUENT EVENT

Significant event subsequent to the end of the reporting period is as disclosed in note 46 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 2022:

- Parkway Healthcare India Private Limited
- Andaman Alliance Healthcare Limited
- Ravindranath GE Medical Associates Private Limited (“RGE”) and its subsidiaries (“RGE Group”)
- Fortis Healthcare Limited (“Fortis”) and its subsidiaries (“Fortis Group”)

The details of the subsidiaries of RGE and Fortis are disclosed in note 41 to the financial statements.

AUDITORS

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors’ remuneration is disclosed in note 28 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

Tan Sri Mohammed Azlan Bin Hashim  
Director

.....

Ong Ai Lin  
Director

Date: 28 Feb 2023

# 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 139 to 266 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 2022 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:

.....

**Tan Sri Mohammed Azlan Bin Hashim**  
Director

.....

**Ong Ai Lin**  
Director

Date: 28 Feb 2023

# 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 139 to 266 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Joerg Ayrle, Passport No.: C4KLC5TX4 at Kuala Lumpur in the Federal Territory on 28 February 2023.

.....

**Joerg Ayrle**

Before me:

Commissioner for Oaths



# 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 2022 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 139 to 266.

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 2022, 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.

### 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.

### 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.

#### a. Valuation of assets – Group

Refer to notes 2(d) to 2(g) – Significant accounting policies: Property, plant and equipment, Leases, Goodwill on consolidation and Intangible assets and notes 3, 4 and 6 – Property, plant and equipment, Leases and Goodwill on consolidation and intangible assets.

##### The key audit matter

As at 31 December 2022, the Group’s property, plant and equipment, right-of-use assets, goodwill and intangible assets of RM34.5 billion represented 71.2% of the Group’s total assets.

In view of the financial significance of the balances, the inherent uncertainties and the level of judgement required by us in evaluating the Group’s impairment assessments, valuation of assets is a key audit matter.

##### How the matter was addressed in our audit

We performed, amongst others, the following audit procedures:

- We benchmarked the impairment test data and financial information of cash generating units (“CGUs”) of the Group against industry data to identify CGUs with higher risk of impairment for further assessment.
- We challenged the recoverable amounts of the CGUs by performing retrospective assessment, comparing key assumptions to the latest internal board approved budget and plan, external and internal information, and benchmarked discount rates to economic and industry data.
- We also assessed the adequacy of the disclosures on the impairment assessment in the Group’s financial statements.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

### Key Audit Matters *(continued)*

#### b. Application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* in Türkiye – Group

Refer to notes 1(b) – Basis of measurement.

##### The key audit matter

MFRS 129, *Financial Reporting in Hyperinflationary Economies* requires the financial statements of entities with functional currency of a hyperinflationary economy to be restated for the changes in the general purchasing power.

During the financial year ended 31 December 2022, the cumulative three-year inflation rate in Türkiye has risen to above 100%, based on the Turkish nation-wide consumer price indices announced by the Turkish Statistical Institute (“TSI”). Accordingly, Türkiye is considered a hyperinflationary economy. The Group has significant operations where their functional currency is the Turkish Lira. The initial application of MFRS 129 is complex and hence, the audit of this application required us to involve our more experienced engagement team members and specialists. Consequently, this is a key audit matter.

##### How the matter was addressed in our audit

We performed, amongst others, the following audit procedures:

- We obtained an understanding of the Group’s approach in applying the requirements of MFRS 129.
- We compared the general price index used in the application of MFRS 129 against the price index published by the TSI.
- We recomputed the restatement of the financial statements of the entities whose functional currency is the Turkish Lira and compared the restatements with the requirements of the accounting standards.
- We assessed the adequacy of the disclosures on the application of MFRS 129 in the Group’s financial statements.

#### c. Impairment of investment in a subsidiary – Company

Refer to note 2(a)(i) – Significant accounting policies: “Subsidiaries” and note 7 – Investments in subsidiaries.

##### The key audit matter

As at 31 December 2022, the Company’s carrying value of cost of investments in subsidiaries of RM20.7 billion represented 99.1% of the Company’s total assets.

We identified the impairment assessment of the cost of investment in subsidiaries as a key audit matter as it required us to exercise judgement in evaluating the assessments performed by the Company.

##### How the matter was addressed in our audit

We performed, amongst others, the following audit procedures:

- We challenged the Company’s assessments of indicators of impairment by determining whether external and internal factors were appropriately considered.
- We evaluated the performance of the subsidiaries and benchmarked the financial information of the subsidiaries against industry data to identify subsidiaries with higher risk of impairment for further assessment.

## 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)*

#### 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. The annual report is expected to be made available to us after the date of this auditors’ report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

#### 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.

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.



Independent Auditors’ Report

To the members of IHH Healthcare Berhad  
(Registration No. 201001018208 (901914-V))  
(Incorporated in Malaysia)

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 41 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  
28 February 2023

Thong Foo Vung

Approval Number: 02867/08/2024 J  
Chartered Accountant

Statements of Financial Position

as at 31 December 2022

|                                    | Note | Group          |                | Company        |                |
|------------------------------------|------|----------------|----------------|----------------|----------------|
|                                    |      | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| Assets                             |      |                |                |                |                |
| Property, plant and equipment      | 3    | 11,882,760     | 10,840,572     | 195            | 330            |
| Right-of-use assets                | 4    | 6,685,030      | 6,529,336      | 1,293          | 2,293          |
| Investment properties              | 5    | 3,938,335      | 3,875,123      | –              | –              |
| Goodwill on consolidation          | 6    | 13,209,372     | 12,170,705     | –              | –              |
| Intangible assets                  | 6    | 2,737,840      | 2,022,627      | –              | –              |
| Investments in subsidiaries        | 7    | –              | –              | 20,743,073     | 19,713,748     |
| Interests in associates            | 8    | 133,076        | 157,613        | –              | –              |
| Interests in joint ventures        | 9    | 6,751          | 6,307          | –              | –              |
| Other financial assets             | 10   | 127,620        | 76,345         | –              | –              |
| Trade and other receivables        | 14   | 196,563        | 131,425        | 2,771          | 8,371          |
| Tax recoverables                   |      | 374,905        | 302,224        | –              | –              |
| Derivative assets                  | 24   | 258,970        | 297,208        | –              | –              |
| Deferred tax assets                | 11   | 633,943        | 567,731        | 1,433          | 1,311          |
| Total non-current assets           |      | 40,185,165     | 36,977,216     | 20,748,765     | 19,726,053     |
|                                    |      |                |                |                |                |
| Development properties             | 12   | 76,471         | 73,862         | –              | –              |
| Inventories                        | 13   | 519,431        | 455,065        | –              | –              |
| Trade and other receivables        | 14   | 2,625,424      | 2,497,529      | 30,534         | 76,505         |
| Tax recoverables                   |      | 73,641         | 18,373         | –              | 117            |
| Other financial assets             | 10   | 249,717        | 340,733        | –              | 111,394        |
| Derivative assets                  | 24   | 149,816        | 127,967        | –              | –              |
| Cash and cash equivalents          | 15   | 3,663,511      | 5,017,680      | 154,512        | 1,214,880      |
|                                    |      | 7,358,011      | 8,531,209      | 185,046        | 1,402,896      |
| Assets classified as held for sale | 16   | 924,311        | 1,844          | –              | –              |
| Total current assets               |      | 8,282,322      | 8,533,053      | 185,046        | 1,402,896      |
| Total assets                       |      | 48,467,487     | 45,510,269     | 20,933,811     | 21,128,949     |

Statements of Financial Position  
as at 31 December 2022 *(continued)*

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| <b>Equity</b>   |      |                |                |                |                |
| Share capital   | 17   | 19,684,881     | 19,614,918     | 19,684,881     | 19,614,918     |
| Other reserves  | 18   | (158,140)      | (2,846,392)    | 23,294         | 33,799         |
| Retained earnings   |      | 6,665,236      | 5,656,406      | 1,184,127      | 1,433,173      |
| <b>Total equity attributable to owners of the Company</b>               |      | 26,191,977     | 22,424,932     | 20,892,302     | 21,081,890     |
| Perpetual securities  | 19   | –              | 2,158,358      | –              | –              |
| Non-controlling interests   | 7    | 2,967,080      | 2,693,541      | –              | –              |
| <b>Total equity</b>   |      | 29,159,057     | 27,276,831     | 20,892,302     | 21,081,890     |
|   |      |                |                |                |                |
| <b>Liabilities</b>  |      |                |                |                |                |
| Loans and borrowings  | 20   | 7,565,989      | 7,609,491      | –              | –              |
| Lease liabilities   |      | 1,407,923      | 1,783,904      | 298            | 1,307          |
| Employee benefits   | 21   | 172,261        | 135,225        | 9,730          | 5,711          |
| Trade and other payables  | 23   | 1,255,005      | 1,420,424      | –              | –              |
| Derivative liabilities  | 24   | –              | 471            | –              | –              |
| Deferred tax liabilities  | 11   | 1,648,525      | 1,234,665      | –              | –              |
| <b>Total non-current liabilities</b>                                    |      | 12,049,703     | 12,184,180     | 10,028         | 7,018          |
|   |      |                |                |                |                |
| Bank overdrafts   | 15   | 44,135         | 24,229         | –              | –              |
| Loans and borrowings  | 20   | 1,592,791      | 1,237,427      | –              | –              |
| Lease liabilities   |      | 223,118        | 218,630        | 1,008          | 996            |
| Employee benefits   | 21   | 148,470        | 165,127        | 4,032          | 5,668          |
| Trade and other payables  | 23   | 4,208,470      | 4,052,574      | 24,761         | 31,905         |
| Derivative liabilities  | 24   | 4,379          | –              | –              | –              |
| Tax payable   |      | 378,637        | 351,271        | 1,680          | 1,472          |
|   |      | 6,600,000      | 6,049,258      | 31,481         | 40,041         |
| Liabilities directly associated with assets classified as held for sale | 16   | 658,727        | –              | –              | –              |
| <b>Total current liabilities</b>  |      | 7,258,727      | 6,049,258      | 31,481         | 40,041         |
| <b>Total liabilities</b>  |      | 19,308,430     | 18,233,438     | 41,509         | 47,059         |
| <b>Total equity and liabilities</b>                                     |      | 48,467,487     | 45,510,269     | 20,933,811     | 21,128,949     |

The notes on pages 150 to 266 are an integral part of these financial statements.

Statements of Profit or Loss  
and Other Comprehensive Income

for the year ended 31 December 2022

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| <b>Revenue</b>  | 25   | 17,988,687     | 17,131,763     | 340,436        | 1,393,542      |
| Other operating income  |      | 497,786        | 722,449        | 31,471         | 1,826          |
| Inventories and consumables   |      | (3,796,895)    | (3,604,102)    | –              | –              |
| Purchases and contracted services   |      | (1,700,658)    | (1,533,014)    | –              | –              |
| Development cost of properties sold   |      | –              | (2,540)        | –              | –              |
| Staff costs   | 26   | (6,319,461)    | (6,079,462)    | (54,689)       | (74,883)       |
| Depreciation and impairment of property, plant and equipment                                  | 3    | (1,374,475)    | (1,116,081)    | (233)          | (245)          |
| Depreciation and impairment of right-of-use assets  | 4    | (357,893)      | (320,859)      | (1,000)        | (988)          |
| Amortisation and impairment of intangible assets  | 6    | (58,452)       | (47,251)       | –              | –              |
| Operating lease expenses  | 4c   | (87,955)       | (80,649)       | (709)          | (1,052)        |
| Net loss on impairment of financial instruments   |      | (44,686)       | (80,605)       | –              | –              |
| Other operating expenses  |      | (2,486,260)    | (1,929,742)    | (46,802)       | (13,285)       |
| Finance income  | 27   | 113,383        | 543,601        | 13,968         | 2,450          |
| Finance costs   | 27   | (657,413)      | (1,087,627)    | (317)          | (1,491)        |
| Net monetary gain arising from hyperinflationary economy                                      |      | 462,512        | –              | –              | –              |
| Share of profits of associates (net of tax)   | 8    | 36,836         | 31,034         | –              | –              |
| Share of profits of joint ventures (net of tax)   | 9    | 2,035          | 8,822          | –              | –              |
| <b>Profit before tax</b>  | 28   | 2,217,091      | 2,555,737      | 282,125        | 1,305,874      |
| Income tax expense  | 31   | (571,949)      | (379,152)      | (3,198)        | (1,303)        |
| <b>Profit for the year</b>  |      | 1,645,142      | 2,176,585      | 278,927        | 1,304,571      |
|   |      |                |                |                |                |
| <b>Other comprehensive income, net of tax</b>   |      |                |                |                |                |
| <b><i>Items that are or may be reclassified subsequently to profit or loss</i></b>            |      |                |                |                |                |
| Foreign currency translation differences from foreign operations                              |      | 224,633        | (397,621)      | 586            | 40             |
| Realisation of foreign currency translation reserve (“FCTR”) upon disposal of a joint venture |      | –              | 47,723         | –              | –              |
| Hyperinflationary adjustments   |      | 669,372        | –              | –              | –              |
| Hedge of net investments in foreign operations  |      | 313,681        | 151,274        | –              | –              |
| Cash flow hedge   |      | 22,137         | 11,617         | –              | –              |
| Cost of hedging   |      | 1,292          | (213)          | –              | –              |
|   | 29   | 1,231,115      | (187,220)      | 586            | 40             |
|   |      |                |                |                |                |
| <b><i>Items that will not be reclassified subsequently to profit or loss</i></b>              |      |                |                |                |                |
| Remeasurement of defined benefit liabilities  | 29   | (15,297)       | (8,512)        | –              | –              |
| <b>Total other comprehensive income for the year, net of tax</b>                              |      | 1,215,818      | (195,732)      | 586            | 40             |
| <b>Total comprehensive income for the year</b>  |      | 2,860,960      | 1,980,853      | 279,513        | 1,304,611      |
|   |      |                |                |                |                |
| <b>Profit attributable to:</b>  |      |                |                |                |                |
| Owners of the Company   |      | 1,548,398      | 1,862,525      | 278,927        | 1,304,571      |
| Non-controlling interests   | 7    | 96,744         | 314,060        | –              | –              |
| <b>Profit for the year</b>  |      | 1,645,142      | 2,176,585      | 278,927        | 1,304,571      |
|   |      |                |                |                |                |
| <b>Total comprehensive income attributable to:</b>  |      |                |                |                |                |
| Owners of the Company   |      | 2,835,443      | 1,714,730      | 279,513        | 1,304,611      |
| Non-controlling interests   |      | 25,517         | 266,123        | –              | –              |
| <b>Total comprehensive income for the year</b>  |      | 2,860,960      | 1,980,853      | 279,513        | 1,304,611      |
|   |      |                |                |                |                |
| <b>Earnings per ordinary share (sen):</b>   |      |                |                |                |                |
| Basic   | 32   | 17.00          | 20.20          |                |                |
| Diluted   | 32   | 16.99          | 20.20          |                |                |

The notes on pages 150 to 266 are an integral part of these financial statements.



# Statements of Changes in Equity

for the year ended 31 December 2022

| Attributable to owners of the Company  |      |                         |                                |                               |                         |                                   |                           |                         |  |                             |                 |                                |                                     |                        |
|--|------|-------------------------|--------------------------------|-------------------------------|-------------------------|-----------------------------------|---------------------------|-------------------------|--|-----------------------------|-----------------|--------------------------------|-------------------------------------|------------------------|
| Non-distributable  |      |                         |                                |                               |                         |                                   |                           |                         |  | Distributable               |                 |                                |                                     |                        |
| Group  | Note | Share capital<br>RM'000 | Share option reserve<br>RM'000 | Revaluation reserve<br>RM'000 | Hedge reserve<br>RM'000 | Cost of hedging reserve<br>RM'000 | Capital reserve<br>RM'000 | Legal reserve<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 | Perpetual securities<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
| At 1 January 2021  |      | 19,473,364              | 80,168                         | 83,434                        | 12,454                  | 408                               | (3,777,228)               | 55,590                  | 1,556,893                                      | 4,254,736                   | 21,739,819      | 2,158,061                      | 3,137,489                           | 27,035,369             |
| Foreign currency translation differences from foreign operations                                     |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | (245,378)                                      | –                           | (245,378)       | –                              | (152,243)                           | (397,621)              |
| Realisation of FCTR upon disposal of subsidiaries and a joint venture                                |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | 47,723   | –                           | 47,723          | –                              | –                                   | 47,723                 |
| Hedge of net investments in foreign operations   |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | 53,802   | –                           | 53,802          | –                              | 97,472                              | 151,274                |
| Cash flow hedge  |      | –                       | –                              | –                             | 4,132                   | –                                 | –                         | –                       | –  | –                           | 4,132           | –                              | 7,485                               | 11,617                 |
| Costs of hedging   |      | –                       | –                              | –                             | –                       | (76)                              | –                         | –                       | –  | –                           | (76)            | –                              | (137)                               | (213)                  |
| Remeasurement of defined benefit liabilities   |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | (7,998)                     | (7,998)         | –                              | (514)                               | (8,512)                |
| Total other comprehensive income for the year  | 29   | –                       | –                              | –                             | 4,132                   | (76)                              | –                         | –                       | (143,853)                                      | (7,998)                     | (147,795)       | –                              | (47,937)                            | (195,732)              |
| Profit for the year  |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | 1,862,525                   | 1,862,525       | –                              | 314,060                             | 2,176,585              |
| Total comprehensive income for the year  |      | –                       | –                              | –                             | 4,132                   | (76)                              | –                         | –                       | (143,853)                                      | 1,854,527                   | 1,714,730       | –                              | 266,123                             | 1,980,853              |
| Contributions by and distributions to owners   |      |                         |                                |                               |                         |                                   |                           |                         |  |                             |                 |                                |                                     |                        |
| Share-based payment transactions   | 21   | –                       | 5,930                          | –                             | –                       | –                                 | 4                         | –                       | –  | –                           | 5,934           | –                              | 8                                   | 5,942                  |
| Transfer to share capital on share options exercised   |      | 141,554                 | (38,364)                       | –                             | –                       | –                                 | –                         | –                       | –  | –                           | 103,190         | –                              | –                                   | 103,190                |
| Cancellation of vested share options   |      | –                       | (13,860)                       | –                             | –                       | –                                 | –                         | –                       | –  | 13,860                      | –               | –                              | –                                   | –                      |
| Dividends to owners of the Company   | 33   | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | (351,163)                   | (351,163)       | –                              | –                                   | (351,163)              |
| Dividends to non-controlling interests   |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | –                           | –               | –                              | (242,744)                           | (242,744)              |
| Payment of coupon on perpetual securities  | 19   | –                       | –                              | –                             | –                       | –                                 | 344                       | –                       | –  | –                           | 344             | (88,003)                       | –                                   | (87,659)               |
| Accrued perpetual securities distribution  | 19   | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | (88,300)                    | (88,300)        | 88,300                         | –                                   | –                      |
| Issue of shares by a subsidiary to non-controlling interests   |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | –                           | –               | –                              | 477                                 | 477                    |
| Changes in ownership interests in subsidiaries   | 40   | –                       | –                              | –                             | 1                       | –                                 | (6,276)                   | –                       | (6)  | –                           | (6,281)         | –                              | (45,316)                            | (51,597)               |
| Acquisition of subsidiaries  | 39   | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | –                           | –               | –                              | 20,439                              | 20,439                 |
| Disposal of subsidiaries   | 39   | –                       | –                              | –                             | –                       | –                                 | 86,823                    | –                       | –  | (25,030)                    | 61,793          | –                              | (70,176)                            | (8,383)                |
| Changes in fair value/recognition of liabilities on put options granted to non-controlling interests |      | –                       | –                              | –                             | –                       | –                                 | (755,134)                 | –                       | –  | –                           | (755,134)       | –                              | (372,759)                           | (1,127,893)            |
| Transfer per statutory requirements  |      | –                       | –                              | –                             | –                       | –                                 | –                         | 2,224                   | –  | (2,224)                     | –               | –                              | –                                   | –                      |
| Total transactions with owners   |      | 141,554                 | (46,294)                       | –                             | 1                       | –                                 | (674,239)                 | 2,224                   | (6)  | (452,857)                   | (1,029,617)     | 297                            | (710,071)                           | (1,739,391)            |
| At 31 December 2021  |      | 19,614,918              | 33,874                         | 83,434                        | 16,587                  | 332                               | (4,451,467)               | 57,814                  | 1,413,034                                      | 5,656,406                   | 22,424,932      | 2,158,358                      | 2,693,541                           | 27,276,831             |

Statements of Changes in Equity  
for the year ended 31 December 2022 (continued)

| Attributable to owners of the Company  |      |                         |                                |                               |                         |                                   |                           |                         |  |                             |                 |                                |                                     |                        |
|--|------|-------------------------|--------------------------------|-------------------------------|-------------------------|-----------------------------------|---------------------------|-------------------------|--|-----------------------------|-----------------|--------------------------------|-------------------------------------|------------------------|
| Non-distributable  |      |                         |                                |                               |                         |                                   |                           |                         |  | Distributable               |                 |                                |                                     |                        |
| Group  | Note | Share capital<br>RM'000 | Share option reserve<br>RM'000 | Revaluation reserve<br>RM'000 | Hedge reserve<br>RM'000 | Cost of hedging reserve<br>RM'000 | Capital reserve<br>RM'000 | Legal reserve<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 | Perpetual securities<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
| At 1 January 2022  |      | 19,614,918              | 33,874                         | 83,434                        | 16,587                  | 332                               | (4,451,467)               | 57,814                  | 1,413,034                                      | 5,656,406                   | 22,424,932      | 2,158,358                      | 2,693,541                           | 27,276,831             |
| Hyperinflationary restatement to 1 January 2022  |      | –                       | –                              | –                             | –                       | –                                 | 421,267                   | (26,450)                | 1,064,261                                      | 59,161                      | 1,518,239       | –                              | 259,758                             | 1,777,997              |
| At 1 January 2022, restated  |      | 19,614,918              | 33,874                         | 83,434                        | 16,587                  | 332                               | (4,030,200)               | 31,364                  | 2,477,295                                      | 5,715,567                   | 23,943,171      | 2,158,358                      | 2,953,299                           | 29,054,828             |
| Foreign currency translation differences from foreign operations                         |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | 489,854  | –                           | 489,854         | –                              | (265,221)                           | 224,633                |
| Hyperinflationary adjustments  |      | –                       | –                              | –                             | –                       | –                                 | 96,694                    | 2,238                   | 610,368  | (20,308)                    | 688,992         | –                              | (19,620)                            | 669,372                |
| Hedge of net investments in foreign operations   |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | 111,509  | –                           | 111,509         | –                              | 202,172                             | 313,681                |
| Cash flow hedge  |      | –                       | –                              | –                             | 7,869                   | –                                 | –                         | –                       | –  | –                           | 7,869           | –                              | 14,268                              | 22,137                 |
| Costs of hedging   |      | –                       | –                              | –                             | –                       | 459                               | –                         | –                       | –  | –                           | 459             | –                              | 833                                 | 1,292                  |
| Remeasurement of defined benefit liabilities   |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | (11,638)                    | (11,638)        | –                              | (3,659)                             | (15,297)               |
| Total other comprehensive income for the year  | 29   | –                       | –                              | –                             | 7,869                   | 459                               | 96,694                    | 2,238                   | 1,211,731                                      | (31,946)                    | 1,287,045       | –                              | (71,227)                            | 1,215,818              |
| Profit for the year  |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | 1,548,398                   | 1,548,398       | –                              | 96,744                              | 1,645,142              |
| Total comprehensive income for the year  |      | –                       | –                              | –                             | 7,869                   | 459                               | 96,694                    | 2,238                   | 1,211,731                                      | 1,516,452                   | 2,835,443       | –                              | 25,517                              | 2,860,960              |
| Contributions by and distributions to owners   |      |                         |                                |                               |                         |                                   |                           |                         |  |                             |                 |                                |                                     |                        |
| Share-based payment transactions   | 21   | –                       | 3,319                          | –                             | –                       | –                                 | –                         | –                       | –  | –                           | 3,319           | –                              | –                                   | 3,319                  |
| Transfer to share capital on share options exercised                                     |      | 69,963                  | (14,221)                       | –                             | –                       | –                                 | –                         | –                       | –  | –                           | 55,742          | –                              | –                                   | 55,742                 |
| Cancellation of vested share options   |      | –                       | (189)                          | –                             | –                       | –                                 | –                         | –                       | –  | 189                         | –               | –                              | –                                   | –                      |
| Dividends to owners of the Company   | 33   | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | (528,162)                   | (528,162)       | –                              | –                                   | (528,162)              |
| Dividends to non-controlling interests   |      | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | –                           | –               | –                              | (184,854)                           | (184,854)              |
| Redemption and payment of coupon on perpetual securities                                 | 19   | –                       | –                              | –                             | –                       | –                                 | (47,158)                  | –                       | –  | –                           | (47,158)        | (2,210,570)                    | –                                   | (2,257,728)            |
| Accrued perpetual securities distribution  | 19   | –                       | –                              | –                             | –                       | –                                 | –                         | –                       | –  | (52,212)                    | (52,212)        | 52,212                         | –                                   | –                      |
| Changes in ownership interests in subsidiaries   | 40   | –                       | –                              | –                             | (2)                     | –                                 | (15,853)                  | –                       | (5)  | –                           | (15,860)        | –                              | (39,037)                            | (54,897)               |
| Changes in fair value of liabilities on put options granted to non-controlling interests |      | –                       | –                              | –                             | –                       | –                                 | (2,306)                   | –                       | –  | –                           | (2,306)         | –                              | 212,155                             | 209,849                |
| Transfer per statutory requirements  |      | –                       | –                              | –                             | –                       | –                                 | –                         | 2,778                   | –  | (2,778)                     | –               | –                              | –                                   | –                      |
| Others   |      | –                       | –                              | –                             | (16,180)                | –                                 | –                         | –                       | –  | 16,180                      | –               | –                              | –                                   | –                      |
| Total transactions with owners   |      | 69,963                  | (11,091)                       | –                             | (16,182)                | –                                 | (65,317)                  | 2,778                   | (5)  | (566,783)                   | (586,637)       | (2,158,358)                    | (11,736)                            | (2,756,731)            |
| At 31 December 2022  |      | 19,684,881              | 22,783                         | 83,434                        | 8,274                   | 791                               | (3,998,823)               | 36,380                  | 3,689,021                                      | 6,665,236                   | 26,191,977      | –                              | 2,967,080                           | 29,159,057             |



Statements of Changes in Equity  
for the year ended 31 December 2022 *(continued)*

| Company  | Note | Attributable to owners of the Company |                                |  |                             |                        |
|--|------|---------------------------------------|--------------------------------|--|-----------------------------|------------------------|
|  |      | Non-distributable                     |                                |  | Distributable               |                        |
|  |      | Share capital<br>RM'000               | Share option reserve<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Retained earnings<br>RM'000 | Total equity<br>RM'000 |
| <b>At 1 January 2021</b>   |      | 19,473,364                            | 80,168                         | (115)  | 465,905                     | 20,019,322             |
| Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year |      | –                                     | –                              | 40   | –                           | 40                     |
| Profit for the year  |      | –                                     | –                              | –  | 1,304,571                   | 1,304,571              |
| <b>Total comprehensive income for the year</b>   |      | –                                     | –                              | 40   | 1,304,571                   | 1,304,611              |
| <i>Contributions by and distributions to owners of the Company</i>   |      |                                       |                                |  |                             |                        |
| Share-based payment transactions   |      | –                                     | 5,930                          | –  | –                           | 5,930                  |
| Transfer to share capital on share options exercised   |      | 141,554                               | (38,364)                       | –  | –                           | 103,190                |
| Cancellation of vested share options   |      | –                                     | (13,860)                       | –  | 13,860                      | –                      |
| Dividends to owners of the Company   | 33   | –                                     | –                              | –  | (351,163)                   | (351,163)              |
| <b>Total transactions with owners of the Company</b>   |      | 141,554                               | (46,294)                       | –  | (337,303)                   | (242,043)              |
| <b>At 31 December 2021</b>   |      | 19,614,918                            | 33,874                         | (75)   | 1,433,173                   | 21,081,890             |

| Company  | Note | Attributable to owners of the Company |                                |  |                             |                        |
|--|------|---------------------------------------|--------------------------------|--|-----------------------------|------------------------|
|  |      | Non-distributable                     |                                |  | Distributable               |                        |
|  |      | Share capital<br>RM'000               | Share option reserve<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Retained earnings<br>RM'000 | Total equity<br>RM'000 |
| <b>At 1 January 2022</b>   |      | 19,614,918                            | 33,874                         | (75)   | 1,433,173                   | 21,081,890             |
| Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year |      | –                                     | –                              | 586  | –                           | 586                    |
| Profit for the year  |      | –                                     | –                              | –  | 278,927                     | 278,927                |
| <b>Total comprehensive income for the year</b>   |      | –                                     | –                              | 586  | 278,927                     | 279,513                |
| <i>Contributions by and distributions to owners of the Company</i>   |      |                                       |                                |  |                             |                        |
| Share-based payment transactions   |      | –                                     | 3,319                          | –  | –                           | 3,319                  |
| Transfer to share capital on share options exercised   |      | 69,963                                | (14,221)                       | –  | –                           | 55,742                 |
| Cancellation of vested share options   |      | –                                     | (189)                          | –  | 189                         | –                      |
| Dividends to owners of the Company   | 33   | –                                     | –                              | –  | (528,162)                   | (528,162)              |
| <b>Total transactions with owners of the Company</b>   |      | 69,963                                | (11,091)                       | –  | (527,973)                   | (469,101)              |
| <b>At 31 December 2022</b>   |      | 19,684,881                            | 22,783                         | 511  | 1,184,127                   | 20,892,302             |

The notes on pages 150 to 266 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2022

|  |      | Group          |                            | Company        |                |
|--|------|----------------|----------------------------|----------------|----------------|
|  | Note | 2022<br>RM'000 | 2021<br>RM'000<br>Restated | 2022<br>RM'000 | 2021<br>RM'000 |
| <b>Cash flows from operating activities</b>                      |      |                |                            |                |                |
| Profit before tax  |      | 2,217,091      | 2,555,737                  | 282,125        | 1,305,874      |
| <i>Adjustments for:</i>  |      |                |                            |                |                |
| Dividend income  | 25   | (63)           | (2,585)                    | (340,436)      | (1,393,542)    |
| Finance income   | 27   | (113,383)      | (543,601)                  | (13,968)       | (2,450)        |
| Finance costs  | 27   | 657,413        | 1,087,627                  | 317            | 1,491          |
| Depreciation and impairment of property, plant and equipment     | 3    | 1,374,475      | 1,116,081                  | 233            | 245            |
| Depreciation and impairment of right-of-use assets               | 4    | 357,893        | 320,859                    | 1,000          | 988            |
| Amortisation and impairment of intangible assets                 | 6    | 58,452         | 47,251                     | –              | –              |
| Impairment loss made:  |      |                |                            |                |                |
| – Goodwill   | 28   | 150,066        | 6,090                      | –              | –              |
| – Trade and other receivables                                    | 28   | 44,686         | 80,605                     | 8,567          | –              |
| Write-off:   |      |                |                            |                |                |
| – Property, plant and equipment                                  | 28   | 1,087          | 1,863                      | –              | –              |
| – Trade and other receivables                                    | 28   | 10,048         | 20,749                     | –              | –              |
| – Inventories  | 28   | 4,296          | 3,601                      | –              | –              |
| Gain on disposal of property, plant and equipment                | 28   | (11,864)       | (14,975)                   | –              | –              |
| Gain on disposal of an investment property                       | 28   | –              | (16,335)                   | –              | –              |
| Gain on disposal of subsidiaries                                 | 28   | –              | (53,032)                   | –              | –              |
| Gain on disposal of a joint venture                              | 28   | –              | (139,053)                  | –              | –              |
| Change in fair value of investment properties                    | 28   | (23,750)       | (87,107)                   | –              | –              |
| Remeasurement to fair value of interest in a joint venture       | 28   | –              | (86,061)                   | –              | –              |
| Provision for loan taken by a joint venture                      | 28   | –              | 2,563                      | –              | –              |
| Share of profits of associates (net of tax)                      |      | (36,836)       | (31,034)                   | –              | –              |
| Share of profits of joint ventures (net of tax)                  |      | (2,035)        | (8,822)                    | –              | –              |
| Equity-settled share-based payments                              | 21   | 3,319          | 5,942                      | 1,353          | 2,750          |
| Net monetary gain arising from hyperinflationary economy         |      | (462,512)      | –                          | –              | –              |
| <b>Operating profit/(loss) before changes in working capital</b> |      | 4,228,383      | 4,266,363                  | (60,809)       | (84,644)       |
| Changes in working capital:                                      |      |                |                            |                |                |
| Development properties   |      | (2,609)        | (1,185)                    | –              | –              |
| Inventories  |      | (108,513)      | (138,254)                  | –              | –              |
| Trade and other receivables                                      |      | (579,931)      | (1,034,778)                | 77,506         | (8,647)        |
| Trade and other payables   |      | 746,445        | 930,047                    | (799,733)      | 20,559         |
| <b>Cash generated from/(used in) operations</b>                  |      | 4,283,775      | 4,022,193                  | (783,036)      | (72,732)       |
| Tax paid   |      | (616,132)      | (490,316)                  | (3,001)        | (2,566)        |
| <b>Net cash from/(used in) operating activities</b>              |      | 3,667,643      | 3,531,877                  | (786,037)      | (75,298)       |

|  |      | Group          |                            | Company        |                |
|--|------|----------------|----------------------------|----------------|----------------|
|  | Note | 2022<br>RM'000 | 2021<br>RM'000<br>Restated | 2022<br>RM'000 | 2021<br>RM'000 |
| <b>Cash flows from investing activities</b>  |      |                |                            |                |                |
| Interest received  |      | 85,597         | 52,017                     | 13,340         | 1,597          |
| Acquisitions of subsidiaries and a business, net of cash and cash equivalents acquired | 39   | (50,125)       | (221,761)                  | –              | –              |
| Investment in subsidiaries   |      | –              | –                          | (268,582)      | –              |
| Purchase of other financial assets   |      | (77,668)       | (12,722)                   | –              | –              |
| Net placement of fixed deposits with tenor of more than 3 months                       |      | (85,012)       | (2,129)                    | –              | –              |
| Purchase of property, plant and equipment  |      | (1,668,399)    | (1,027,402)                | (97)           | (63)           |
| Purchase of investment properties  |      | (206,941)      | (312,868)                  | –              | –              |
| Development and purchase of intangible assets  |      | (47,848)       | (43,381)                   | –              | –              |
| Net cash inflow from disposal of subsidiaries  | 39   | –              | 192,561                    | –              | –              |
| Proceeds from disposal of joint ventures   | 9    | –              | 225,080                    | –              | –              |
| Proceeds from disposal of other financial assets                                       |      | 136,608        | 83,039                     | 112,099        | 83,039         |
| Proceeds from disposal of property, plant and equipment                                |      | 35,017         | 76,777                     | –              | –              |
| Proceeds from disposal of an investment property                                       |      | –              | 111,299                    | –              | –              |
| Proceeds from disposal of intangible assets  |      | –              | 16,026                     | –              | –              |
| Dividends received from subsidiaries   | 25   | –              | –                          | 340,372        | 1,390,957      |
| Dividends received from associates   |      | 23,457         | 15,212                     | –              | –              |
| Dividends received from joint ventures   |      | 1,420          | 16,891                     | –              | –              |
| Repayment of advances by a joint venture   |      | –              | 9,671                      | –              | –              |
| <b>Net cash (used in)/from investing activities</b>                                    |      | (1,853,894)    | (821,690)                  | 197,132        | 1,475,530      |
| <b>Cash flows from financing activities</b>  |      |                |                            |                |                |
| Finance costs paid   |      | (293,706)      | (303,118)                  | –              | –              |
| Proceeds from loans and borrowings   |      | 4,061,286      | 2,833,956                  | –              | –              |
| Repayment of loans and borrowings  |      | (3,632,316)    | (3,374,149)                | –              | –              |
| Payment of lease liabilities   | 4d   | (337,144)      | (383,142)                  | (1,019)        | (1,007)        |
| Payment of perpetual securities distribution and redemption                            |      | (2,257,728)    | (87,659)                   | –              | –              |
| Dividends paid to owners of the Company  |      | (528,162)      | (351,163)                  | (528,162)      | (351,163)      |
| Dividends paid to non-controlling interests  |      | (184,854)      | (242,744)                  | –              | –              |
| Proceeds from exercise of share options  |      | 55,742         | 103,190                    | 55,742         | 103,190        |
| Repurchase of shares from non-controlling interests                                    |      | (56,795)       | –                          | –              | –              |
| Proceeds from issue of shares by subsidiaries to non-controlling interests             |      | –              | 846                        | –              | –              |
| Proceeds from issuance of fixed rate notes   |      | 348,535        | –                          | –              | –              |
| Redemption of fixed rate notes   |      | (94,711)       | –                          | –              | –              |
| Repayment of advances from a subsidiary  |      | –              | –                          | –              | (83,039)       |
| <b>Net cash used in financing activities</b>   |      | (2,919,853)    | (1,803,983)                | (473,439)      | (332,019)      |
| Net (decrease)/increase in cash and cash equivalents                                   |      | (1,106,104)    | 906,204                    | (1,062,344)    | 1,068,213      |
| Effect of exchange rate fluctuations on cash held                                      |      | (371,069)      | (85,065)                   | 1,976          | (9)            |
| Hyperinflationary restatement of cash and cash equivalents at beginning of the period  |      | 146,074        | –                          | –              | –              |
| Cash and cash equivalents at 1 January   |      | 4,993,451      | 4,172,312                  | 1,214,880      | 146,676        |
| <b>Cash and cash equivalents at 31 December</b>  |      | 3,662,352      | 4,993,451                  | 154,512        | 1,214,880      |

The notes on pages 150 to 266 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 2022 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 2022 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 41 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 28 February 2023.

## 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:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements –Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- 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* and Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information* which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2024 for the amendment that is effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

## 1. BASIS OF PREPARATION *(continued)*

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in note 2 and the following application of MFRS 129.

Application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* for component entities whose functional currency is the Turkish Lira

The cumulative three-year inflation rate in Türkiye has risen to above 100% as of March 2022, based on the Turkish nation-wide consumer price indices announced by the Turkish Statistical Institute (“TSI”). Hence Türkiye is considered a hyperinflationary economy under MFRS 129 starting from April 2022. Consequently, the financial statements of the entities whose functional currency is the Turkish Lira are restated for the changes in the general purchasing power of the Turkish Lira as at 31 December 2022 based on MFRS 129. The restatement is calculated by means of conversion factors derived from the Turkish nation-wide consumer price index published by the TSI. The price index and conversion factors used to restate the financial statements of component entities whose functional currency is the Turkish Lira are as follows:

| Date             | Index    | Conversion factor |
|------------------|----------|-------------------|
| 31 December 2022 | 1,128.45 | 1.00              |
| 31 December 2021 | 686.95   | 1.64              |

MFRSs require the financial statements of an entity with a functional currency that is hyperinflationary to be restated in accordance with MFRS 129 requirements whether they are based on a historical cost or a current cost approach and to be applied retrospectively, as of 1 January 2022, as if the currency had always been hyperinflationary. The basic principle in MFRS 129 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Comparative figures for prior period are not restated as these financial statements are presented in Ringgit Malaysia, which is a non-hyperinflationary currency. Any difference between the adjusted balances of opening equity for the effects of applying MFRS 129 and the closing equity of the previous year are recognised in other comprehensive income as part of the foreign currency translation reserve.

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date, and components of shareholders’ equity are restated by applying the monthly conversion factors that reflect the change in consumer price index from the month of the transaction or, if applicable, from the month of their most recent revaluation to the reporting date.
- Property, plant and equipment, intangible assets and right-of-use assets are restated by applying the monthly conversion factors that reflect the change in consumer price index from the month of the transaction or, if applicable, from the month of their most recent revaluation to the reporting date. Depreciation and amortisation is based on the restated costs.
- All items in the statement of profit or loss and other comprehensive income, except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors that reflect the change in consumer price index as at the month of the transaction to the reporting date.
- The effects of inflation on the net monetary positions of the entities, are included in the statement of profit or loss as “Net monetary gain arising from hyperinflationary economy”.
- All items in the statement of cash flows are restated by applying the monthly conversion factors that reflect the change in consumer price index from the month on which the transaction originated to the reporting date.

### (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.

## Notes to the Financial Statements

### 1. BASIS OF PREPARATION *(continued)*

#### (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.

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 3 – measurement of the recoverable amounts of property, plant and equipment
- Note 5 – measurement of the fair value of investment properties
- Note 6 – measurement of the recoverable amounts of cash-generating units
- Note 22 – measurement of retirement benefits
- Note 23 – measurement of fair value of liabilities on put options granted to non-controlling interests
- Note 44 – 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, adjusted for hyperinflationary effects as described in note 1(b), where applicable. 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group’s interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

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, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

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, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at exchange rates at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on changes in the relevant price indices in the period from initial recognition to the end of the reporting period.

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)

(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 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 and liabilities on put options granted to non-controlling interests 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.

(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:

- the recognition of an asset to be received and the liability to pay for it on the trade date, and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets (continued)

Settlement date accounting refers to:

- the recognition of an asset on the day it is received by the Group, and
- 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.

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecasted transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

*Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform (continued)*

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in other comprehensive income for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

*Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform (continued)*

(a) Cash flow hedge (continued)

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.

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.



Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(viii) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(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, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset, adjusted for hyperinflationary effects as described in note 1(b), where applicable, 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:

|   |            |
|---|------------|
| • Buildings   | 5–60 years |
| • Hospital and medical equipment, renovations, furniture and fittings and equipment | 3–25 years |
| • Laboratory and teaching equipment   | 2–10 years |
| • Motor vehicles  | 4–8 years  |

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(i) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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.

(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, adjusted for hyperinflationary effects as described in note 1(b), where applicable. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(ii) Subsequent measurement (continued)

(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 arises on business combinations is measured at cost less any accumulated impairment losses, adjusted for hyperinflationary effects as described in note 1(b), where applicable. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

(g) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

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, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

(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, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

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, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

(iv) Amortisation

Amortisation is calculated based on the cost of an asset less its residual value, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

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 |
| • 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

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.



Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Contract costs (continued)

(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, adjusted for hyperinflationary effects as described in note 1(b), where applicable, 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group 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.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment (continued)

(ii) Other assets

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.

(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 principal 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Compound financial instruments (continued)

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.

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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits (continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue and other income (continued)

(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.

(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.



Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Income tax (continued)

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 earnings per share 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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<br>RM'000 | Buildings<br>RM'000 | Hospital and medical equipment, renovations, furniture and fittings and equipment<br>RM'000 | Laboratory and other teaching equipment<br>RM'000 | Motor vehicles<br>RM'000 | Construction-in-progress<br>RM'000 | Total<br>RM'000 |
|---|------|-------------------------|---------------------|---|---|--------------------------|------------------------------------|-----------------|
| <b>Cost</b>                                     |      |                         |                     |   |   |                          |                                    |                 |
| At 1 January 2021                               |      | 1,372,294               | 7,094,692           | 9,470,909   | 72,971  | 52,227                   | 1,000,935                          | 19,064,028      |
| Acquisitions through business combinations      | 39   | –                       | –                   | 105,537   | –   | 2,235                    | 54                                 | 107,826         |
| Disposal of subsidiaries                        | 39   | (37,756)                | (235,105)           | (88,635)  | –   | (67)                     | (4,952)                            | (366,515)       |
| Additions                                       |      | 4,520                   | 20,410              | 397,962   | 6,715   | 7,688                    | 664,234                            | 1,101,529       |
| Disposals                                       |      | (49,020)                | (2,510)             | (128,537)   | –   | (4,046)                  | (2,889)                            | (187,002)       |
| Write off                                       |      | –                       | (41)                | (56,187)  | (515)   | (282)                    | –                                  | (57,025)        |
| Reclassification                                |      | 2,432                   | 50,432              | 223,471   | (914)   | 2,652                    | (278,073)                          | –               |
| Transfer from development properties            | 12   | –                       | 17,405              | –   | –   | –                        | –                                  | 17,405          |
| Transfer to assets classified as held for sale  | 16   | –                       | (2,083)             | –   | –   | –                        | –                                  | (2,083)         |
| Translation differences                         |      | (19,555)                | (69,060)            | (812,762)   | –   | (6,282)                  | (35,210)                           | (942,869)       |
| At 31 December 2021                             |      | 1,272,915               | 6,874,140           | 9,111,758   | 78,257  | 54,125                   | 1,344,099                          | 18,735,294      |
| <b>At 1 January 2022</b>                        |      |                         |                     |   |   |                          |                                    |                 |
| Hyperinflationary restatement to 1 January 2022 |      | 34,828                  | 143,467             | 907,346   | –   | 4,361                    | 23,640                             | 1,113,642       |
| At 1 January 2022, restated                     |      | 1,307,743               | 7,017,607           | 10,019,104  | 78,257  | 58,486                   | 1,367,739                          | 19,848,936      |
| Acquisitions through business combinations      |      | –                       | 1,014               | 845   | –   | –                        | –                                  | 1,859           |
| Additions                                       |      | –                       | 50,566              | 663,367   | 9,188   | 6,078                    | 945,784                            | 1,674,983       |
| Disposals                                       |      | –                       | (5,524)             | (149,407)   | –   | (4,418)                  | (10,049)                           | (169,398)       |
| Write off                                       |      | –                       | –                   | (18,323)  | (1,375)   | –                        | –                                  | (19,698)        |
| Reclassification                                |      | –                       | 49,101              | 620,047   | 1,744   | 3,310                    | (674,202)                          | –               |
| Transfer to intangible assets                   | 6    | –                       | –                   | –   | –   | –                        | (41,188)                           | (41,188)        |
| Transfer to assets classified as held for sale  | 16   | (28,267)                | (103,218)           | (268,601)   | (88,019)  | (2,344)                  | (140,773)                          | (631,222)       |
| Hyperinflationary adjustments                   |      | 24,040                  | 11,543              | 877,834   | –   | 4,735                    | (50,665)                           | 867,487         |
| Translation differences                         |      | (21,082)                | 214,837             | 239,430   | 205   | 750                      | (26,008)                           | 408,132         |
| At 31 December 2022                             |      | 1,282,434               | 7,235,926           | 11,984,296  | –   | 66,597                   | 1,370,638                          | 21,939,891      |

3. PROPERTY, PLANT AND EQUIPMENT (continued)

| Group   | Note | Freehold land<br>RM'000 | Buildings<br>RM'000 | Hospital and medical equipment, renovations, furniture and fittings and equipment<br>RM'000 | Laboratory and other teaching equipment<br>RM'000 | Motor vehicles<br>RM'000 | Construction-in-progress<br>RM'000 | Total<br>RM'000 |
|---|------|-------------------------|---------------------|---|---|--------------------------|------------------------------------|-----------------|
| <b>Accumulated depreciation and impairment losses</b> |      |                         |                     |   |   |                          |                                    |                 |
| At 1 January 2021                                     |      | –                       | 1,573,529           | 5,831,455   | 48,699  | 40,836                   | 12                                 | 7,494,531       |
| Acquisitions through business combinations            | 39   | –                       | –                   | 53,219  | –   | 1,559                    | –                                  | 54,778          |
| Disposal of subsidiaries                              | 39   | –                       | (41,034)            | (71,536)  | –   | (67)                     | –                                  | (112,637)       |
| Depreciation charge for the year                      |      | –                       | 155,881             | 780,930   | 7,152   | 4,710                    | –                                  | 948,673         |
| Impairment loss                                       |      | –                       | –                   | 165,843   | –   | 55                       | 1,510                              | 167,408         |
| Disposals   |      | –                       | (896)               | (121,904)   | –   | (3,067)                  | –                                  | (125,867)       |
| Write off   |      | –                       | (41)                | (54,324)  | (515)   | (282)                    | –                                  | (55,162)        |
| Transfer to assets classified as held for sale        | 16   | –                       | (345)               | –   | –   | –                        | –                                  | (345)           |
| Translation differences                               |      | –                       | (20,112)            | (453,535)   | –   | (3,044)                  | 34                                 | (476,657)       |
| At 31 December 2021                                   |      | –                       | 1,666,982           | 6,130,148   | 55,336  | 40,700                   | 1,556                              | 7,894,722       |
| <b>At 1 January 2022</b>                              |      |                         |                     |   |   |                          |                                    |                 |
| Hyperinflationary restatement to 1 January 2022       |      | –                       | 34,959              | 576,009   | –   | 5,864                    | –                                  | 616,832         |
| At 1 January 2022, restated                           |      | –                       | 1,701,941           | 6,706,157   | 55,336  | 46,564                   | 1,556                              | 8,511,554       |
| Depreciation charge for the year                      |      | –                       | 154,662             | 826,122   | 3,108   | 6,281                    | –                                  | 990,173         |
| Impairment loss                                       |      | –                       | 18                  | 31,290  | –   | –                        | 352,994                            | 384,302         |
| Disposals   |      | –                       | (2,197)             | (141,258)   | –   | (4,046)                  | –                                  | (147,501)       |
| Write off   |      | –                       | –                   | (17,257)  | (1,354)   | –                        | –                                  | (18,611)        |
| Reclassification                                      |      | –                       | 357                 | (1,193)   | 836   | –                        | –                                  | –               |
| Transfer to assets classified as held for sale        | 16   | –                       | (41,688)            | (237,538)   | (57,922)  | (2,062)                  | (1,466)                            | (340,676)       |
| Hyperinflationary adjustments                         |      | –                       | 18,113              | 442,285   | –   | 2,211                    | –                                  | 462,609         |
| Translation differences                               |      | –                       | 33,106              | 174,376   | (4)   | 546                      | 7,257                              | 215,281         |
| At 31 December 2022                                   |      | –                       | 1,864,312           | 7,782,984   | –   | 49,494                   | 360,341                            | 10,057,131      |
| <b>Net carrying amount</b>                            |      |                         |                     |   |   |                          |                                    |                 |
| At 1 January 2021                                     |      | 1,372,294               | 5,521,163           | 3,639,454   | 24,272  | 11,391                   | 1,000,923                          | 11,569,497      |
| At 31 December 2021                                   |      | 1,272,915               | 5,207,158           | 2,981,610   | 22,921  | 13,425                   | 1,342,543                          | 10,840,572      |
| At 1 January 2022, restated                           |      | 1,307,743               | 5,315,666           | 3,312,947   | 22,921  | 11,922                   | 1,366,183                          | 11,337,382      |
| At 31 December 2022                                   |      | 1,282,434               | 5,371,614           | 4,201,312   | –   | 17,103                   | 1,010,297                          | 11,882,760      |

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Securities

As at 31 December 2022, property, plant and equipment of the Group with carrying amounts of RM2,085,246,000 (2021: of RM2,645,020,000) were charged to licensed financial institutions for credit facilities and term loans granted to the Group.

Borrowing costs

In 2022, the Group capitalised borrowing costs at 4.6% to 5.5% (2021: 3.0% to 5.3%), amounting to RM26,131,000 (2021: RM27,079,000).

ROU assets depreciation

Included in the additions of construction-in-progress of the Group is the depreciation expense of ROU assets amounting to RM3,589,000 (2021: RM3,822,000) (see note 4).

Impairment loss

The Group recognised the following material impairment loss:

2022

Parkway Shanghai Hospital (“PSH”), a part of the China healthcare services operating segment, was planned to be operational in 2022. However, its construction and preparation for opening was longer than expected and was hampered by the COVID-19 pandemic. The Group performed an assessment of the recoverable amount of PSH’s property, plant and equipment, using the value in use approach, and determined it to be lower than the carrying amount. The value in use calculations apply a discounted cash flow model using cash flow projections based on the approved financial budgets for 2023 and 10 years business plans with a perpetual terminal value. PSH’s operations was assumed to ramp up to reach a steady-state revenue growth of 20% year-on-year and EBITDA margins of about 20%. A pre-tax discount rate of 14.7% and perpetual growth rate of 3% was used to estimate the terminal value. Accordingly, in 2022, an impairment loss of RM353,000,000 was recognised in ‘depreciation and impairment of property, plant and equipment’ in the statement of profit or loss.

2021

Gleneagles Chengdu Hospital (“GCD”), a part of the China healthcare services operating segment, was operational in late 2019. However, its ramp up was longer than expected and was hampered by the COVID-19 pandemic. The Group performed an assessment of the recoverable amount of the property, plant and equipment of GCD and determined it to be lower than the carrying amount. The recoverable amount was estimated, using a market-comparison approach, based on its fair value less costs of disposal, where majority of the property, plant and equipment (except for certain medical equipment) were written down to nil. Accordingly, in 2021, an impairment loss of RM166,074,000 was recognised in ‘depreciation and impairment of property, plant and equipment’ in the statement of profit or loss. The fair value measurement was categorised as a Level 3 fair value.

4. LEASES

The Group leases certain land and buildings, building space, 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<br>RM’000 | Equipment<br>RM’000 | Motor vehicles<br>RM’000 | Total<br>RM’000 |
|---|------|------------------------------|---------------------|--------------------------|-----------------|
| At 1 January 2021                               |      | 6,510,451                    | 86,742              | 14,939                   | 6,612,132       |
| Acquisitions through business combinations      |      | 34,694                       | –                   | –                        | 34,694          |
| Additions                                       |      | 429,929                      | 21,308              | –                        | 451,237         |
| Modification/reassessment                       |      | 56,924                       | (1,057)             | 2,796                    | 58,663          |
| Depreciation charge for the year                |      | (293,842)                    | (26,597)            | (2,354)                  | (322,793)       |
| Impairment loss                                 |      | (1,888)                      | –                   | –                        | (1,888)         |
| Translation differences                         |      | (278,744)                    | (16,713)            | (7,252)                  | (302,709)       |
| At 31 December 2021                             |      | 6,457,524                    | 63,683              | 8,129                    | 6,529,336       |
| At 1 January 2022                               |      | 6,457,524                    | 63,683              | 8,129                    | 6,529,336       |
| Hyperinflationary restatement to 1 January 2022 |      | 151,178                      | 1,141               | 1,358                    | 153,677         |
| At 1 January 2022, restated                     |      | 6,608,702                    | 64,824              | 9,487                    | 6,683,013       |
| Acquisitions through business combinations      |      | –                            | –                   | 64                       | 64              |
| Additions                                       |      | 213,885                      | 25,068              | –                        | 238,953         |
| Modification/reassessment                       |      | 100,156                      | (355)               | 104                      | 99,905          |
| Depreciation charge for the year                |      | (333,445)                    | (24,459)            | (5,512)                  | (363,416)       |
| Reversal of impairment loss                     |      | 1,934                        | –                   | –                        | 1,934           |
| Transfer to assets classified as held for sale  | 16   | (264,314)                    | (769)               | –                        | (265,083)       |
| Hyperinflationary adjustments                   |      | 6,607                        | 99,904              | (3,907)                  | 102,604         |
| Translation differences                         |      | 184,443                      | 2,613               | –                        | 187,056         |
| At 31 December 2022                             |      | 6,517,968                    | 166,826             | 236                      | 6,685,030       |

Depreciation capitalised in carrying amount of another asset

During the year, depreciation expense of ROU assets amounting to RM3,589,000 (2021: RM3,822,000) was capitalised in property, plant and equipment (see note 3).

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 RM90,706,000 as at 31 December 2022 (2021: RM88,506,000).



Notes to the Financial Statements

4. LEASES (continued)

(a) Right-of-use assets (continued)

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.

Restriction imposed by lease

For certain leases of properties, equipment and vehicles, the Group is restricted from entering into any sub-lease arrangements.

Leases committed but not yet commenced

As at 31 December 2022, the Group has entered into new leases which will result in an increase in lease liability of RM17,021,000 (2021: RM53,611,000).

(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 were recognised in profit or loss:

|   | Group   |         |
|---|---------|---------|
|   | 2022    | 2021    |
|   | RM'000  | RM'000  |
| Rental income   | 269,349 | 272,339 |
| Variable rental income that do not depend on an index or rate | 1,352   | 1,515   |
|   | 270,701 | 273,854 |

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease receivables after the end of the financial year:

|                      | Group     |           |
|----------------------|-----------|-----------|
|                      | 2022      | 2021      |
|                      | RM'000    | RM'000    |
| Less than one year   | 214,353   | 198,300   |
| One to two years     | 183,245   | 168,771   |
| Two to three years   | 131,897   | 140,717   |
| Three to four years  | 109,341   | 110,072   |
| Four to five years   | 94,306    | 101,522   |
| More than five years | 504,662   | 542,945   |
| Total                | 1,237,804 | 1,262,327 |

4. LEASES (continued)

(c) Amounts recognised in profit or loss

|   | Group    |          | Company |         |
|---|----------|----------|---------|---------|
|   | 2022     | 2021     | 2022    | 2021    |
|   | RM'000   | RM'000   | RM'000  | RM'000  |
| (Expenses)/income arising from leases:  |          |          |         |         |
| Expenses relating to short-term leases  | (68,219) | (65,152) | (709)   | (1,050) |
| Expenses relating to leases of low-value assets   | (6,003)  | (3,231)  | –       | (2)     |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | (13,733) | (12,266) | –       | –       |
| Income from subleasing ROU assets   | 15,365   | 10,958   | –       | –       |

(d) Cash outflows for leases as lessee

|  | Group     |           | Company |         |
|--|-----------|-----------|---------|---------|
|  | 2022      | 2021      | 2022    | 2021    |
|  | RM'000    | RM'000    | RM'000  | RM'000  |
| Included in net cash used in operating activities  |           |           |         |         |
| Payment relating to short-term leases  | (68,219)  | (65,152)  | (709)   | (1,050) |
| Payment relating to leases of low-value assets   | (6,003)   | (3,231)   | –       | (2)     |
| Payment relating to variable lease payments not included in the measurement of lease liabilities | (13,733)  | (12,266)  | –       | –       |
|  | (87,955)  | (80,649)  | (709)   | (1,052) |
| Included in net cash used in financing activities  |           |           |         |         |
| Payment of lease liabilities   | (337,144) | (383,142) | (1,019) | (1,007) |
| Total cash outflows for leases   | (425,099) | (463,791) | (1,728) | (2,059) |

Notes to the Financial Statements

5. INVESTMENT PROPERTIES

|   | Group     |           |
|---|-----------|-----------|
|   | 2022      | 2021      |
|   | RM'000    | RM'000    |
| At 1 January                                      | 3,875,123 | 3,612,547 |
| Additions   | 204,229   | 315,587   |
| Change in fair value recognised in profit or loss | 23,750    | 87,107    |
| Translation differences                           | (164,767) | (140,118) |
| At 31 December                                    | 3,938,335 | 3,875,123 |

Investment properties include land, retail units and medical suites within hospitals and nursing homes with care services 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 or losses are unrealised.

The followings are recognised in profit or loss in respect of investment properties:

|   | Group    |          |
|---|----------|----------|
|   | 2022     | 2021     |
|   | RM'000   | RM'000   |
| Rental income                                 | 195,803  | 199,387  |
| Direct operating expenses:                    |          |          |
| – income generating investment properties     | (25,138) | (28,544) |
| – non-income generating investment properties | (1,201)  | (1,195)  |
|   | 169,464  | 169,648  |

Fair value hierarchy

The fair values of investment properties are categorised as follows:

|                    | Level 3   |           |
|--------------------|-----------|-----------|
|                    | 2022      | 2021      |
|                    | RM'000    | RM'000    |
| Land and buildings | 3,938,335 | 3,875,123 |

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.

5. INVESTMENT PROPERTIES (continued)

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 reviewed the valuation methodologies and evaluated the assessments made by the valuers. The Group exercised its judgement and was satisfied that the valuation methods and estimates were reflective of the current market conditions. The valuation reports were prepared in accordance with recognised appraisal and valuation standards.

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.

| Valuation technique   | Significant unobservable inputs  | Inter-relationship between significant unobservable inputs and fair value measurement   |
|---|--|---|
| Discounted cash flow approach:<br>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 4.2% to 7.0% (2021: 4.5% to 7.0%)</li><li>Terminal yield rates range from 4.5% to 6.6% (2021: 4.8% to 6.8%)</li></ul>          | The estimated fair value would increase/(decrease) if: <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:<br>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 30% (2021: 0% to 30%)</li></ul> | The estimated fair value would increase/(decrease) if premium made for differences in type of development was higher/ (lower).  |
| Direct capitalisation approach:<br>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 4.4% to 6.5% (2021: 4.5% to 6.7%)</li></ul>  | The estimated fair value would increase/(decrease) if the capitalisation rates were lower/ (higher).  |

Notes to the Financial Statements

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

| Group   | Note | Brand names<br>RM'000 | Hospital<br>licences<br>RM'000 | Customer<br>relationships<br>RM'000 | Other<br>intangibles*<br>RM'000 | Total<br>intangible<br>assets<br>RM'000 | Goodwill on<br>consolidation<br>RM'000 | Total<br>intangible<br>assets and<br>goodwill<br>RM'000 |
|---|------|-----------------------|--------------------------------|-------------------------------------|---------------------------------|---|--|---|
| <b>Cost</b>                                     |      |                       |                                |                                     |                                 |   |  |   |
| At 1 January 2021                               |      | 1,575,030             | 198,108                        | 307,859                             | 437,206                         | 2,518,203                               | 12,786,763                             | 15,304,966  |
| Acquisitions through business combinations      | 39   | –                     | 71,761                         | 32,791                              | 130,312                         | 234,864                                 | 238,414                                | 473,278   |
| Disposal of subsidiaries                        | 39   | –                     | –                              | –                                   | –                               | –                                       | (64,578)                               | (64,578)  |
| Additions                                       |      | –                     | –                              | –                                   | 43,381                          | 43,381                                  | –                                      | 43,381  |
| Disposals                                       |      | –                     | –                              | –                                   | (16,512)                        | (16,512)                                | –                                      | (16,512)  |
| Write off                                       |      | –                     | –                              | –                                   | (49,340)                        | (49,340)                                | –                                      | (49,340)  |
| Translation differences                         |      | (62,962)              | (102,296)                      | (31,625)                            | (31,704)                        | (228,587)                               | (182,737)                              | (411,324)   |
| At 31 December 2021                             |      | 1,512,068             | 167,573                        | 309,025                             | 513,343                         | 2,502,009                               | 12,777,862                             | 15,279,871  |
|   |      |                       |                                |                                     |                                 |   |  |   |
| At 1 January 2022                               |      | 1,512,068             | 167,573                        | 309,025                             | 513,343                         | 2,502,009                               | 12,777,862                             | 15,279,871  |
| Hyperinflationary restatement to 1 January 2022 |      | 266,276               | 95,605                         | 82,221                              | 45,613                          | 489,715                                 | 482,164                                | 971,879   |
| At 1 January 2022, restated                     |      | 1,778,344             | 263,178                        | 391,246                             | 558,956                         | 2,991,724                               | 13,260,026                             | 16,251,750  |
| Acquisitions through business combinations      |      | –                     | –                              | –                                   | 4,865                           | 4,865                                   | 50,332                                 | 55,197  |
| Additions                                       |      | –                     | –                              | –                                   | 81,670                          | 81,670                                  | –                                      | 81,670  |
| Disposals                                       |      | –                     | –                              | –                                   | (4,646)                         | (4,646)                                 | –                                      | (4,646)   |
| Transfer from property, plant and equipment     | 3    | –                     | –                              | –                                   | 41,188                          | 41,188                                  | –                                      | 41,188  |
| Transfer to assets classified as held for sale  | 16   | –                     | –                              | –                                   | (6,715)                         | (6,715)                                 | (224,976)                              | (231,691)   |
| Hyperinflationary adjustments                   |      | 187,413               | 47,393                         | 63,111                              | 40,617                          | 338,534                                 | 458,895                                | 797,429   |
| Translation differences                         |      | 4,183                 | 21,202                         | (5,178)                             | 721                             | 20,928                                  | 394,460                                | 415,388   |
| At 31 December 2022                             |      | 1,969,940             | 331,773                        | 449,179                             | 716,656                         | 3,467,548                               | 13,938,737                             | 17,406,285  |

\* Other intangibles include capitalised development costs and brand use rights.

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS *(continued)*

| Group   | Note | Brand names<br>RM'000 | Hospital<br>licences<br>RM'000 | Customer<br>relationships<br>RM'000 | Other<br>intangibles*<br>RM'000 | Total<br>intangible<br>assets<br>RM'000 | Goodwill on<br>consolidation<br>RM'000 | Total<br>intangible<br>assets and<br>goodwill<br>RM'000 |
|---|------|-----------------------|--------------------------------|-------------------------------------|---------------------------------|---|--|---|
| <b>Accumulated amortisation and impairment losses</b> |      |                       |                                |                                     |                                 |   |  |   |
| At 1 January 2021                                     |      | –                     | –                              | 255,626                             | 272,148                         | 527,774                                 | 663,651                                | 1,191,425   |
| Acquisitions through business combinations            | 39   | –                     | –                              | –                                   | 2,230                           | 2,230                                   | –                                      | 2,230   |
| Disposal of subsidiaries                              | 39   | –                     | –                              | –                                   | –                               | –                                       | (64,578)                               | (64,578)  |
| Amortisation charge for the year                      |      | –                     | –                              | 13,915                              | 33,336                          | 47,251                                  | –                                      | 47,251  |
| Impairment loss                                       |      | –                     | –                              | –                                   | –                               | –                                       | 6,090                                  | 6,090   |
| Disposal  |      | –                     | –                              | –                                   | (485)                           | (485)                                   | –                                      | (485)   |
| Write off   |      | –                     | –                              | –                                   | (49,340)                        | (49,340)                                | –                                      | (49,340)  |
| Translation differences                               |      | –                     | –                              | (30,944)                            | (17,104)                        | (48,048)                                | 1,994                                  | (46,054)  |
| At 31 December 2021                                   |      | –                     | –                              | 238,597                             | 240,785                         | 479,382                                 | 607,157                                | 1,086,539   |
|   |      |                       |                                |                                     |                                 |   |  |   |
| At 1 January 2022                                     |      | –                     | –                              | 238,597                             | 240,785                         | 479,382                                 | 607,157                                | 1,086,539   |
| Hyperinflationary restatement to 1 January 2022       |      | –                     | –                              | 81,548                              | 38,591                          | 120,139                                 | –                                      | 120,139   |
| At 1 January 2022, restated                           |      | –                     | –                              | 320,145                             | 279,376                         | 599,521                                 | 607,157                                | 1,206,678   |
| Amortisation charge for the year                      |      | –                     | –                              | 8,091                               | 41,418                          | 49,509                                  | –                                      | 49,509  |
| Impairment loss                                       |      | –                     | –                              | 8,943                               | –                               | 8,943                                   | 150,066                                | 159,009   |
| Disposal  |      | –                     | –                              | –                                   | (4,514)                         | (4,514)                                 | –                                      | (4,514)   |
| Transfer to assets classified as held for sale        | 16   | –                     | –                              | –                                   | (5,323)                         | (5,323)                                 | –                                      | (5,323)   |
| Hyperinflationary adjustments                         |      | –                     | –                              | 62,594                              | 23,840                          | 86,434                                  | –                                      | 86,434  |
| Translation differences                               |      | –                     | –                              | (3,202)                             | (1,660)                         | (4,862)                                 | (27,858)                               | (32,720)  |
| At 31 December 2022                                   |      | –                     | –                              | 396,571                             | 333,137                         | 729,708                                 | 729,365                                | 1,459,073   |

**Net carrying amount**

|                             |           |         |        |         |           |            |            |
|-----------------------------|-----------|---------|--------|---------|-----------|------------|------------|
| At 1 January 2021           | 1,575,030 | 198,108 | 52,233 | 165,058 | 1,990,429 | 12,123,112 | 14,113,541 |
|                             |           |         |        |         |           |            |            |
| At 31 December 2021         | 1,512,068 | 167,573 | 70,428 | 272,558 | 2,022,627 | 12,170,705 | 14,193,332 |
|                             |           |         |        |         |           |            |            |
| At 1 January 2022, restated | 1,778,344 | 263,178 | 71,101 | 279,580 | 2,392,203 | 12,652,869 | 15,045,072 |
|                             |           |         |        |         |           |            |            |
| At 31 December 2022         | 1,969,940 | 331,773 | 52,608 | 383,519 | 2,737,840 | 13,209,372 | 15,947,212 |

\* Other intangibles include capitalised development costs and brand use rights.



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.

Brand names and hospital licences were acquired as part of business combinations and the economic benefits from utilising them is expected to continue indefinitely without significant costs.

The aggregate carrying amounts of goodwill, brand names and hospital licences allocated to each operating unit were as follows:

|                               | Goodwill       |                | Brand names    |                | Hospital licences |                |
|-------------------------------|----------------|----------------|----------------|----------------|-------------------|----------------|
|                               | 2022<br>RM’000 | 2021<br>RM’000 | 2022<br>RM’000 | 2021<br>RM’000 | 2022<br>RM’000    | 2021<br>RM’000 |
| Group                         |                |                |                |                |                   |                |
| Singapore healthcare services | 6,274,846      | 5,892,205      | 1,145,173      | 1,145,173      | –                 | –              |
| Malaysia healthcare services  | 2,324,601      | 2,231,673      | 151,500        | 151,500        | 12,310            | 12,310         |
| India healthcare services     |                |                |                |                |                   |                |
| – Fortis Group                | 2,627,833      | 2,716,985      | –              | –              | –                 | –              |
| China healthcare services     | 42,338         | 195,871        | –              | –              | –                 | –              |
| Türkiye healthcare services   | 1,775,456      | 754,587        | 673,267        | 215,395        | 319,463           | 155,263        |
| PLife REIT*                   | 164,298        | 154,408        | –              | –              | –                 | –              |
| Education services            | –^             | 224,976        | –              | –              | –                 | –              |
|                               | 13,209,372     | 12,170,705     | 1,969,940      | 1,512,068      | 331,773           | 167,573        |

# Parkway Life Real Estate Investment Trust (“PLife REIT”).  
^ Goodwill for education services was transferred to assets classified as held for sale.

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 (continued)

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, 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 2023 and 5 years business plans with a perpetual terminal value.

The key assumptions for the computation of value in use of goodwill, brand names and hospital licences included the following:

- (i) Anticipated annual revenue growth rates for 2023 to 2027 (2021: 2022 to 2026):

|                               | 2022<br>Per annum | 2021<br>Per annum |
|-------------------------------|-------------------|-------------------|
| Singapore healthcare services | 2%–9%             | 0%–13%            |
| Malaysia healthcare services  | 8%–9%             | 5%–10%            |
| India healthcare services     |                   |                   |
| – Fortis Group                | 9%–12%            | 7%–12%            |
| China healthcare services     | 14%–91%           | 16%–23%           |
| Türkiye healthcare services   | 25%–54%           | 9%–13%            |
| Education services            | –^                | 4%–6%             |

^ Goodwill for education services was transferred to assets classified as held for sale.

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:

|                               | 2022    | 2021    |
|-------------------------------|---------|---------|
| Singapore healthcare services | 26%–30% | 29%–31% |
| Malaysia healthcare services  | 26%–28% | 27%–29% |
| India healthcare services     |         |         |
| – Fortis Group                | 20%–24% | 17%–25% |
| China healthcare services     | 1%–20%  | 0%–33%  |
| Türkiye healthcare services   | 24%–26% | 25%–27% |
| Education services            | –^      | 32%–38% |

The projections were in line with the proposed expansion plans for the respective CGUs.

- (iii) Terminal value was estimated using the perpetuity growth model:

|                               | 2022 | 2021 |
|-------------------------------|------|------|
| Singapore healthcare services | 1.0% | 1.0% |
| Malaysia healthcare services  | 3.0% | 3.0% |
| India healthcare services     |      |      |
| – Fortis Group                | 4.6% | 4.6% |
| China healthcare services     | 3.0% | 3.0% |
| Türkiye healthcare services   | 7.0% | 5.0% |
| Education services            | –^   | 0%   |

The terminal values were applied to steady-state estimated earnings at the end of the projected period.

- (iv) Pre-tax discount rates for the respective CGUs at date of assessment:

|                               | 2022  | 2021  |
|-------------------------------|-------|-------|
| Singapore healthcare services | 6.0%  | 6.2%  |
| Malaysia healthcare services  | 7.9%  | 7.3%  |
| India healthcare services     |       |       |
| – Fortis Group                | 11.5% | 12.3% |
| China healthcare services     | 14.7% | 9.8%  |
| Türkiye healthcare services   | 39.5% | 19.1% |
| Education services            | –^    | 12.5% |

- (v) There will be no other significant changes in government policies and regulations which will directly affect the CGUs’ businesses. With the exception of Türkiye healthcare services, inflation for operating expenses is in line with estimated gross domestic product growth rates for the respective countries based on past trends.

^ Goodwill for education services was transferred to assets classified as held for sale.

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)

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).

During the year, the China healthcare services CGU 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 and determined the recoverable amount of the CGU was lower than its carrying amount. Accordingly, an impairment loss of RM150,066,000 on goodwill over China healthcare services CGU was recognised in ‘other operating expenses’ in the statement of 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        |                |
|----------------------------------|----------------|----------------|
|                                  | 2022<br>RM’000 | 2021<br>RM’000 |
| Cost of investment               |                |                |
| Unquoted shares in Malaysia      | 23,035,788     | 22,009,669     |
| Unquoted shares outside Malaysia | 3,206          | –              |
|                                  | 23,038,994     | 22,009,669     |
| Allowance for impairment loss    | (2,295,921)    | (2,295,921)    |
|                                  | 20,743,073     | 19,713,748     |

During the year, the Company capitalised intercompany balances due from Integrated Healthcare Turkey Yatirimlari Limited of RM760,746,000.

Details of the subsidiaries are as disclosed in note 41.

Although the Group owns less than half of the ownership interest in the following entities, the Group consolidated them as subsidiaries in accordance with 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) 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 41. 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 with 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.

7. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interests in subsidiaries

The Group’s subsidiaries that have material non-controlling interests (“NCI”) are as follows:

|  | Material NCI         |                           |                              | Other individually immaterial subsidiaries<br>RM’000 | Total<br>RM’000 |
|--|----------------------|---------------------------|------------------------------|--|-----------------|
|  | PLife REIT<br>RM’000 | Fortis Group<br>RM’000    | GHK <sup>(i)</sup><br>RM’000 |  |                 |
| 2022   |                      |                           |                              |  |                 |
| NCI percentage of ownership interest and voting interest | 64.42%               | 68.83%                    | 40.00%                       |  |                 |
| Carrying amount of NCI                                   | 1,354,170            | 2,147,775 <sup>(ii)</sup> | (974,868)                    | 449,003  | 2,976,080       |
| Profit/(loss) allocated to NCI                           | 147,914              | 213,344 <sup>(iii)</sup>  | (84,723)                     | (179,791)  | 96,744          |

Summarised financial information before intra-group elimination

As at 31 December

|                          |             |                           |             |
|--------------------------|-------------|---------------------------|-------------|
| Non-current assets       | 5,196,157   | 5,707,481                 | 2,166,890   |
| Current assets           | 242,109     | 673,250                   | 164,409     |
| Non-current liabilities  | (2,903,491) | (1,729,721)               | (4,581,935) |
| Current liabilities      | (263,538)   | (730,698)                 | (186,231)   |
| Net assets/(liabilities) | 2,271,237   | 3,920,312 <sup>(ii)</sup> | (2,436,867) |

Year ended 31 December

|                                      |         |                          |           |
|--------------------------------------|---------|--------------------------|-----------|
| Revenue                              | 376,199 | 3,374,257                | 868,697   |
| Profit/(loss) for the year           | 230,308 | 294,494 <sup>(iii)</sup> | (211,809) |
| Total comprehensive income/(expense) | 227,418 | (83,636)                 | (214,874) |

|  |           |           |          |
|--|-----------|-----------|----------|
| Cash flows from/(used in) operating activities       | 300,983   | 384,391   | (10,235) |
| Cash flows used in investing activities              | (398,155) | (213,955) | (49,458) |
| Cash flows from/(used in) financing activities       | 151,881   | (204,176) | 34,166   |
| Net increase/(decrease) in cash and cash equivalents | 54,709    | (33,740)  | (25,527) |

|                       |         |   |   |
|-----------------------|---------|---|---|
| Dividends paid to NCI | 131,841 | – | – |
|-----------------------|---------|---|---|

- i. GHK Hospital Limited (“GHK”).
- ii. Includes net assets of RM472,197,000 attributable to NCIs within Fortis Group which are individually immaterial.
- iii. Includes total profit of RM33,562,000 attributable to NCIs within Fortis Group which are individually immaterial.

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interests in subsidiaries (continued)

| 2021  | Material NCI         |                            |                              | Other individually immaterial subsidiaries | Total     |
|---|----------------------|----------------------------|------------------------------|--|-----------|
|   | PLife REIT<br>RM'000 | Fortis Group<br>RM'000     | GHK <sup>(i)</sup><br>RM'000 |  |           |
| NCI percentage of ownership interest and voting interest        | 64.40%               | 68.83%                     | 40.00%                       |  |           |
| Carrying amount of NCI  | 1,298,175            | 1,831,025 <sup>(ii)</sup>  | (841,946)                    | 406,287                                    | 2,693,541 |
| Profit/(loss) allocated to NCI                                  | 186,832              | 262,096 <sup>(iii)</sup>   | (101,292)                    | (33,576)                                   | 314,060   |
| Summarised financial information before intra-group elimination |                      |                            |                              |  |           |
| As at 31 December   |                      |                            |                              |  |           |
| Non-current assets  | 4,999,740            | 5,728,832                  | 2,122,089                    |  |           |
| Current assets  | 120,333              | 634,200                    | 149,319                      |  |           |
| Non-current liabilities   | (2,588,197)          | (2,130,844)                | (4,198,459)                  |  |           |
| Current liabilities   | (362,417)            | (731,680)                  | (177,713)                    |  |           |
| Net assets/(liabilities)  | 2,169,459            | 3,500,508 <sup>(iii)</sup> | (2,104,764)                  |  |           |
| Year ended 31 December  |                      |                            |                              |  |           |
| Revenue   | 370,694              | 3,113,435                  | 712,072                      |  |           |
| Profit/(loss) for the year                                      | 293,257              | 330,583 <sup>(iii)</sup>   | (253,230)                    |  |           |
| Total comprehensive income/(expense)                            | 306,849              | 317,441                    | (258,434)                    |  |           |
|   |                      |                            |                              |  |           |
| Cash flows from/(used in) operating activities                  | 277,087              | 497,994                    | (16,093)                     |  |           |
| Cash flows used in investing activities                         | (231,223)            | (198,991)                  | (21,227)                     |  |           |
| Cash flows (used in)/from financing activities                  | (30,776)             | (288,223)                  | 57,556                       |  |           |
| Net increase in cash and cash equivalents                       | 15,088               | 10,780                     | 20,236                       |  |           |
|   |                      |                            |                              |  |           |
| Dividends paid to NCI   | 167,094              | –                          | –                            |  |           |

i. GHK Hospital Limited (“GHK”).  
ii. Includes net assets of RM331,069,000 attributable to NCIs within Fortis Group which are individually immaterial.  
iii. Includes total profit of RM94,808,000 attributable to NCIs within Fortis Group which are individually immaterial.

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.

8. INTERESTS IN ASSOCIATES

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2022<br>RM'000 | 2021<br>RM'000 |
| Investment in shares               |                |                |
| Unquoted shares                    | 50,260         | 47,742         |
| Quoted shares                      | 392,895        | 407,040        |
| Share of post-acquisition reserves | (310,079)      | (297,169)      |
|                                    | 133,076        | 157,613        |
|                                    |                |                |
| Fair value of quoted shares        |                |                |
| Level 1                            | 90,532         | 86,578         |

The Group does not have any material associates.

Details of the associates are disclosed in note 42.

9. INTERESTS IN JOINT VENTURES

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2022<br>RM'000 | 2021<br>RM'000 |
| Investment in unquoted shares      | 202,519        | 203,412        |
| Share of post-acquisition reserves | (76,129)       | (74,523)       |
|                                    | 126,390        | 128,889        |
| Allowance for impairment loss      | (119,639)      | (122,582)      |
|                                    | 6,751          | 6,307          |

The Group does not have any material joint ventures.

Details of the joint ventures are disclosed in note 43.



Notes to the Financial Statements

10. OTHER FINANCIAL ASSETS

|  | Group   |         | Company |         |
|--|---------|---------|---------|---------|
|  | 2022    | 2021    | 2022    | 2021    |
|  | RM'000  | RM'000  | RM'000  | RM'000  |
| <b>Non-current</b>   |         |         |         |         |
| Investments at fair value through other comprehensive income (“FVOCI”) |         |         |         |         |
| – Unquoted shares  | 114,573 | 72,581  | –       | –       |
| Investments at amortised cost  |         |         |         |         |
| – Fixed deposits with tenor of more than 12 months                     | 12,688  | 3,354   | –       | –       |
| Others   | 359     | 410     | –       | –       |
|  | 127,620 | 76,345  | –       | –       |
| <b>Current</b>   |         |         |         |         |
| Investments at fair value through profit or loss (“FVTPL”)             |         |         |         |         |
| – Money market funds   | –       | 111,394 | –       | 111,394 |
| Investments at amortised cost  |         |         |         |         |
| – Fixed deposits with tenor of more than 3 months                      | 232,972 | 229,339 | –       | –       |
| – Others   | 16,745  | –       | –       | –       |
|  | 249,717 | 340,733 | –       | 111,394 |

11. DEFERRED TAX ASSETS AND LIABILITIES

The amounts included in the statements of financial position after appropriate offsetting are as follows:

|                               | Assets   |           | Liabilities |             | Net         |           |
|-------------------------------|----------|-----------|-------------|-------------|-------------|-----------|
|                               | 2022     | 2021      | 2022        | 2021        | 2022        | 2021      |
|                               | RM'000   | RM'000    | RM'000      | RM'000      | RM'000      | RM'000    |
| <b>Group</b>                  |          |           |             |             |             |           |
| Unutilised tax losses         | 169,436  | 198,231   | –           | –           | 169,436     | 198,231   |
| Investment tax allowances     | 165,969  | 161,137   | –           | –           | 165,969     | 161,137   |
| Receivables/payables          | 163,679  | 283,700   | (37,880)    | (63,546)    | 125,799     | 220,154   |
| Property, plant and equipment | 190,161  | 20,270    | (828,360)   | (582,191)   | (638,199)   | (561,921) |
| Investment properties         | –        | –         | (118,891)   | (120,891)   | (118,891)   | (120,891) |
| Intangible assets             | –        | –         | (550,741)   | (437,398)   | (550,741)   | (437,398) |
| Leases                        | 28,126   | 5,550     | (209,896)   | (142,754)   | (181,770)   | (137,204) |
| Others                        | 15,002   | 12,747    | (1,187)     | (1,789)     | 13,815      | 10,958    |
|                               | 732,373  | 681,635   | (1,746,955) | (1,348,569) | (1,014,582) | (666,934) |
| Set off                       | (98,430) | (113,904) | 98,430      | 113,904     | –           | –         |
|                               | 633,943  | 567,731   | (1,648,525) | (1,234,665) | (1,014,582) | (666,934) |

11. DEFERRED TAX ASSETS AND LIABILITIES (continued)

|  |      | Unutilised tax losses | Investment tax allowances | Receivables/payables | Property, plant and equipment | Investment properties | Intangible assets | Leases    | Others | Total       |
|--|------|-----------------------|---------------------------|----------------------|-------------------------------|-----------------------|-------------------|-----------|--------|-------------|
|  | Note | RM'000                | RM'000                    | RM'000               | RM'000                        | RM'000                | RM'000            | RM'000    | RM'000 | RM'000      |
| <b>Group</b>   |      |                       |                           |                      |                               |                       |                   |           |        |             |
| <b>At 1 January 2021</b>   |      | 235,084               | 6,348                     | 178,913              | (566,671)                     | (118,582)             | (439,681)         | (45,041)  | 9,123  | (740,507)   |
| Acquired through business combinations   | 39   | –                     | –                         | 813                  | (8,408)                       | –                     | (40,276)          | 117       | –      | (47,754)    |
| Disposal of subsidiaries   | 39   | –                     | –                         | –                    | 12,876                        | –                     | –                 | –         | –      | 12,876      |
| Recognised in profit or loss   | 31   | (34,979)              | 237,707                   | 72,669               | (5,955)                       | (10,333)              | 6,233             | (88,411)  | 2,024  | 178,955     |
| Recognised in other comprehensive income   | 29   | –                     | –                         | 3,400                | –                             | –                     | –                 | –         | –      | 3,400       |
| Translation differences  |      | (1,874)               | (82,918)                  | (35,641)             | 6,237                         | 8,024                 | 36,326            | (3,869)   | (189)  | (73,904)    |
| <b>At 31 December 2021</b>   |      | 198,231               | 161,137                   | 220,154              | (561,921)                     | (120,891)             | (437,398)         | (137,204) | 10,958 | (666,934)   |
| <b>At 1 January 2022</b>   |      |                       |                           |                      |                               |                       |                   |           |        |             |
| Hyperinflationary restatement to 1 January 2022  |      | –                     | –                         | (10,415)             | (73,180)                      | –                     | (95,412)          | (43,843)  | 10     | (222,840)   |
| <b>At 1 January 2022, restated</b>   |      | 198,231               | 161,137                   | 209,739              | (635,101)                     | (120,891)             | (532,810)         | (181,047) | 10,968 | (889,774)   |
| Recognised in profit or loss   | 31   | (137,965)             | 159,775                   | (52,602)             | (29,648)                      | (9,602)               | 46,560            | (204)     | 2,891  | (20,795)    |
| Recognised in other comprehensive income   | 29   | –                     | –                         | 2,816                | –                             | –                     | –                 | –         | –      | 2,816       |
| Transfer to assets classified as held for sale and liabilities directly associated with assets classified as held for sale | 16   | –                     | –                         | (16,085)             | 33,202                        | –                     | –                 | (229)     | (11)   | 16,877      |
| Hyperinflationary adjustments  |      | 93,171                | (132,732)                 | (16,265)             | (2,421)                       | –                     | (68,674)          | (452)     | (726)  | (128,099)   |
| Translation differences  |      | 15,999                | (22,211)                  | (1,804)              | (4,231)                       | 11,602                | 4,183             | 162       | 693    | 4,393       |
| <b>At 31 December 2022</b>   |      | 169,436               | 165,969                   | 125,799              | (638,199)                     | (118,891)             | (550,741)         | (181,770) | 13,815 | (1,014,582) |

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     |           |
|---------------------------------|-----------|-----------|
|                                 | 2022      | 2021      |
|                                 | RM'000    | RM'000    |
| Deductible temporary difference | 1,127,545 | 1,223,589 |
| Unutilised tax losses           | 3,881,375 | 3,740,951 |
|                                 | 5,008,920 | 4,964,540 |

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 RM1,487,783,000 (2021: RM1,573,572,000) which will expire in the next 1 to 8 years.

Notes to the Financial Statements

12. DEVELOPMENT PROPERTIES

|                | Group  |        |
|----------------|--------|--------|
|                | 2022   | 2021   |
|                | RM'000 | RM'000 |
| Medical suites | 76,471 | 73,862 |

13. INVENTORIES

|  | Group   |         |
|--|---------|---------|
|  | 2022    | 2021    |
|  | RM'000  | RM'000  |
| Pharmaceuticals, surgical and medical supplies | 519,431 | 455,065 |

At 31 December 2022, there was floating charge over inventories with carrying amount of RM66,167,000 (2021: RM99,821,000) made to financial institutions as securities for credit facilities granted to certain subsidiaries.

14. TRADE AND OTHER RECEIVABLES

|                                     | Group     |           | Company |        |
|-------------------------------------|-----------|-----------|---------|--------|
|                                     | 2022      | 2021      | 2022    | 2021   |
|                                     | RM'000    | RM'000    | RM'000  | RM'000 |
| <b>Non-current</b>                  |           |           |         |        |
| Other receivables                   | 14,344    | 20,188    | –       | –      |
| Interest receivables                | 59        | 60        | –       | –      |
| Deposits                            | 36,990    | 58,517    | –       | –      |
| Financial assets, at amortised cost | 51,393    | 78,765    | –       | –      |
| Prepayments                         | 145,170   | 52,660    | 2,771   | 8,371  |
|                                     | 196,563   | 131,425   | 2,771   | 8,371  |
| <b>Current</b>                      |           |           |         |        |
| Trade receivables                   | 2,197,441 | 2,146,387 | –       | –      |
| Trade amounts due from:             |           |           |         |        |
| – Associates                        | 5,052     | 4,965     | –       | –      |
| – Joint ventures                    | 4,445     | 2,596     | –       | –      |
|                                     | 2,206,938 | 2,153,948 | –       | –      |
| Other receivables                   | 131,273   | 91,688    | 151     | –      |
| Non-trade amounts due from:         |           |           |         |        |
| – Subsidiaries                      | –         | –         | 23,466  | 68,754 |
| – Associates                        | 32        | 62        | –       | –      |
| – Joint ventures                    | 1,523     | 1,599     | –       | –      |
| Interest receivables                | 5,344     | 11,150    | 77      | 90     |
| Deposits                            | 91,489    | 120,080   | 5       | 5      |
| Financial assets, at amortised cost | 2,436,599 | 2,378,527 | 23,699  | 68,849 |
| Prepayments                         | 188,825   | 119,002   | 6,835   | 7,656  |
|                                     | 2,625,424 | 2,497,529 | 30,534  | 76,505 |

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

15. CASH AND CASH EQUIVALENTS

|  | Group     |           | Company |           |
|--|-----------|-----------|---------|-----------|
|  | 2022      | 2021      | 2022    | 2021      |
| Note   | RM'000    | RM'000    | RM'000  | RM'000    |
|  |           | Restated  |         |           |
| Cash and bank balances   | 1,345,870 | 1,516,681 | 154,512 | 324,838   |
| Fixed deposits with tenor of 3 months or less                            | 482,774   | 1,597,418 | –       | 890,042   |
| Deposits placed in escrow account  | 1,834,246 | 1,900,284 | –       | –         |
| Restricted cash  | 621       | 3,297     | –       | –         |
| Cash and cash equivalents in the statements of financial position        | 3,663,511 | 5,017,680 | 154,512 | 1,214,880 |
| Add:   |           |           |         |           |
| Cash and cash equivalents included in assets classified as held for sale | 16        | 42,976    | –       | –         |
| Less:  |           |           |         |           |
| Secured bank overdrafts  | (44,135)  | (24,229)  | –       | –         |
| Cash and cash equivalents in the statements of cash flows                | 3,662,352 | 4,993,451 | 154,512 | 1,214,880 |

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 37). These amounts can only be released in the manner prescribed in Clause 17(10) of the SEBI (SAST) Regulations.

16. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

|   | Group   |        |
|---|---------|--------|
|   | 2022    | 2021   |
|   | RM'000  | RM'000 |
| <b>Assets classified as held for sale</b> |         |        |
| Property, plant and equipment             | 290,546 | 1,844  |
| Right-of-use assets                       | 265,083 | –      |
| Goodwill on consolidation                 | 224,976 | –      |
| Intangible assets                         | 1,392   | –      |
| Other financial assets                    | 66,145  | –      |
| Trade and other receivables               | 29,633  | –      |
| Tax recoverables                          | 1,489   | –      |
| Deferred tax assets                       | 38      | –      |
| Inventories                               | 2,033   | –      |
| Cash and cash equivalents                 | 42,976  | –      |
|   | 924,311 | 1,844  |

Notes to the Financial Statements

16. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

|   | Group          |                |
|---|----------------|----------------|
|   | 2022<br>RM'000 | 2021<br>RM'000 |
| Liabilities directly associated with assets classified as held for sale |                |                |
| Loan and borrowings   | 138,354        | –              |
| Lease liabilities   | 358,169        | –              |
| Employee benefits   | 3,784          | –              |
| Trade and other payables  | 141,427        | –              |
| Deferred tax liabilities  | 16,915         | –              |
| Tax payable   | 78             | –              |
|   | 658,727        | –              |

In 2022, the Group planned to divest its investments in IMU Health Sdn. Bhd. (“IMUH”, a wholly owned subsidiary), and Gleneagles Chengdu Hospital Company Limited (“GCD”, a 49.07% owned subsidiary), in the near term. Accordingly, the assets and liabilities of IMUH and its subsidiaries and GCD were transferred to assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

On 27 February 2023, the divestment of GCD was completed.

17. SHARE CAPITAL

|  | Group and Company                   |                          |                                     |                          |
|--|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
|  | Number<br>of shares<br>2022<br>'000 | Amount<br>2022<br>RM'000 | Number<br>of shares<br>2021<br>'000 | Amount<br>2021<br>RM'000 |
| Issued and fully paid shares with no par value classified as equity instruments:   |                                     |                          |                                     |                          |
| Ordinary shares  |                                     |                          |                                     |                          |
| At 1 January   | 8,796,717                           | 19,614,918               | 8,777,219                           | 19,473,364               |
| Issued pursuant to the surrender of vested Long Term Incentive Plan (“LTIP”) units | –                                   | –                        | 1,854                               | 10,127                   |
| Issued pursuant to the exercise of vested Enterprise Option Scheme (“EOS”) units   | 9,326                               | 69,963                   | 17,644                              | 131,427                  |
| At 31 December   | 8,806,043                           | 19,684,881               | 8,796,717                           | 19,614,918               |

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) **Revaluation reserve**

Revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.
- (c) **Hedge reserve**

Hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used to hedge against cash flow variability arising from interest payments on floating rate loans.
- (d) **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.
- (e) **Capital reserve**

Capital reserve comprises mainly:

(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;

(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.
- (f) **Legal reserve**

Legal reserve comprises of reserves set aside by certain local authorities, and are distributable only if certain conditions are met.
- (g) **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;

(iii) the effective portion of any foreign currency differences arising from hedges of the Group’s net investment in a foreign operation; and

(iv) the difference between the adjusted balances of opening equity for the effects of applying MFRS 129 and the closing equity of the previous year.



Notes to the Financial Statements

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 (equivalent to RM2.2 billion) were issued by PPL under the MTN programme. The perpetual securities bore 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 were 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 had 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;
- (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 were classified as equity as the payment of cumulative distribution or redemption of the securities were at the option of PPL.

During the financial year, coupon distributions amounting to RM52,212,000 (2021: RM88,300,000) were accrued to perpetual security holders, and coupon distributions amounting to RM90,582,000 (2021: to RM87,659,000) were paid to the perpetual security holders.

On 27 July 2022, PPL completed the redemption of its US\$500.0 million perpetual securities. Following the redemption, all the outstanding perpetual securities have been cancelled and delisted from the Singapore Stock Exchange.

20. LOANS AND BORROWINGS

|                              | Group     |           |
|------------------------------|-----------|-----------|
|                              | 2022      | 2021      |
|                              | RM’000    | RM’000    |
| <b>Non-current</b>           |           |           |
| Secured                      |           |           |
| Bank loans                   | 522,857   | 1,079,929 |
| Loans from corporates        | 2,792     | 2,221     |
| Unsecured                    |           |           |
| Bank loans                   | 5,534,248 | 5,162,308 |
| Fixed rate medium term notes | 588,418   | 431,713   |
| Loans from corporates*       | 917,674   | 933,320   |
|                              | 7,565,989 | 7,609,491 |
| <b>Current</b>               |           |           |
| Secured                      |           |           |
| Bank loans                   | 634,656   | 179,823   |
| Loans from corporates        | 1,533     | 1,008     |
| Unsecured                    |           |           |
| Bank loans                   | 889,896   | 1,055,928 |
| Fixed rate medium term notes | 66,022    | –         |
| Loans from corporates        | 684       | 668       |
|                              | 1,592,791 | 1,237,427 |
|                              | 9,158,780 | 8,846,918 |

\* Includes loans from non-controlling interests of RM916,992,000 (2021: RM869,305,000).

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 |
|--|----------|---|------------------|------------------------|
| 2022                                   |          |   |                  |                        |
| Secured bank loans                     | EUR      | Euribor <sup>(1)</sup> + 1.4% to 1.5%<br>Euribor <sup>(1)</sup> + 2.7%, no less than 4% | 2024–2030        | 93,612                 |
| Secured bank loans                     | INR      | MCLR <sup>(2)</sup> + 0.0% to 2.80%<br>7.75% or the rate as may be mutually agreed      | 2023–2030        | 533,304                |
| Secured bank loans                     | MKD      | NBMRIR <sup>(3)</sup> + 2.05%   | 2024             | 2,842                  |
| Secured bank loans                     | MKD      | 4.5%  | 2023             | 13,587                 |
| Secured bank loans                     | RMB      | PBC LPR <sup>(5)</sup> + 0.25%  | 2022–2031        | 514,168                |
| Secured loans from corporates          | INR      | 7.0%–8.7%   | 2023             | 4,324                  |
| Unsecured bank loans                   | EUR      | 1.9%  | 2024             | 30,121                 |
| Unsecured bank loans                   | EUR      | Euribor <sup>(1)</sup> + 1.05% to 1.4%  | 2025–2028        | 555,093                |
| Unsecured bank loans                   | HKD      | HIBOR <sup>(6)</sup> + 0.83% to 1.07%   | 2024–2025        | 2,015,310              |
| Unsecured bank loans                   | JPY      | TIBOR <sup>(9)</sup> + 0.33%  | 2024             | 145,039                |
| Unsecured bank loans                   | SGD      | COF <sup>(7)</sup>  | 2023             | 117,857                |
| Unsecured bank loans                   | JPY      | TONA <sup>(10)</sup> + 0.34% to 0.5%  | 2025–2027        | 1,284,941              |
| Unsecured bank loans                   | EUR      | 3.39%   | 2023             | 116,032                |
| Unsecured bank loans                   | SGD      | SORA <sup>(8)</sup> + 0.35% to 0.55%  | 2024–2026        | 556,779                |
| Unsecured bank loans                   | SGD      | SWAP rate + 0.87%   | 2027             | 1,214,896              |
| Unsecured bank loans                   | TRY      | 9.0%–18.4%  | 2023–2024        | 388,076                |
| Unsecured fixed rate medium term notes | JPY      | 0.51%–0.97%   | 2023–2029        | 654,440                |
| Unsecured loans from corporates        | HKD      | HIBOR <sup>(6)</sup> + 1.30%  | 2026             | 913,247                |
| Unsecured loans from corporates        | RMB      | PBC interest rate <sup>(4)</sup>  | 2023–2025        | 3,745                  |
| Unsecured loans from corporates        | AED      | 0.00%   | 2024             | 683                    |
| Unsecured loans from corporates        | USD      | 6.00%   | 2023             | 684                    |
|  |          |   |                  | 9,158,780              |

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 People's Bank of China loan prime rate  
6 Hong Kong Interbank Offered Rate  
7 Bank's Cost of Funds  
8 Singapore Overnight Rate Average  
9 Tokyo Interbank Offered Rate  
10 Tokyo Overnight Average

20. LOANS AND BORROWINGS (continued)

| Group                                  | Currency | Nominal interest rate %                 | Year of maturity | Carrying amount RM'000 |
|--|----------|---|------------------|------------------------|
| 2021                                   |          |   |                  |                        |
| Secured bank loans                     | EUR      | Euribor <sup>(1)</sup> + 1.4% to 1.9%   | 2022–2030        | 111,150                |
| Secured bank loans                     | INR      | MCLR <sup>(2)</sup> + 0.0% to 2.85%     | 2022–2030        | 685,002                |
| Secured bank loans                     | MKD      | 3.60%                                   | 2022             | 11,038                 |
| Secured bank loans                     | MKD      | NBMRIR <sup>(3)</sup> + 2.05%           | 2022–2024        | 7,219                  |
| Secured bank loans                     | RMB      | PBC interest rate <sup>(4)</sup>        | 2022–2031        | 436,625                |
| Secured bank loans                     | RMB      | PBC LPR <sup>(5)</sup> + 0.848%         | 2022             | 8,718                  |
| Secured loans from corporates          | INR      | 7.80%–9.00%                             | 2022–2025        | 3,229                  |
| Unsecured bank loans                   | EUR      | 1.85%                                   | 2022–2024        | 44,741                 |
| Unsecured bank loans                   | EUR      | Euribor <sup>(1)</sup> + 0.38% to 1.90% | 2022–2028        | 821,767                |
| Unsecured bank loans                   | HKD      | HIBOR <sup>(6)</sup> + 0.83% to 1.07%   | 2024–2025        | 1,823,869              |
| Unsecured bank loans                   | JPY      | LIBOR <sup>(7)</sup> + 0.30% to 0.50%   | 2024–2027        | 1,303,685              |
| Unsecured bank loans                   | JPY      | COF <sup>(8)</sup>                      | 2022             | 291,892                |
| Unsecured bank loans                   | MYR      | COF <sup>(8)</sup> + 0.4% to 0.7%       | 2022–2023        | 338,025                |
| Unsecured bank loans                   | SGD      | 0.72%                                   | 2022             | 143,297                |
| Unsecured bank loans                   | SGD      | SORA <sup>(9)</sup> + 0.35% to 0.5%     | 2024–2026        | 517,843                |
| Unsecured bank loans                   | SGD      | SOR <sup>(10)</sup> + 0.79%             | 2025             | 673,103                |
| Unsecured bank loans                   | SGD      | SWAP rate + 0.95%                       | 2027             | 212,515                |
| Unsecured bank loans                   | TRY      | 15.92%                                  | 2022             | 47,499                 |
| Unsecured fixed rate medium term notes | JPY      | 0.51%–0.65%                             | 2023–2027        | 431,713                |
| Unsecured loans from corporates        | HKD      | HIBOR <sup>(6)</sup> + 1.30%            | 2026             | 865,331                |
| Unsecured loans from corporates        | RMB      | PBC interest rate <sup>(4)</sup>        | 2023–2025        | 67,343                 |
| Unsecured loans from corporates        | AED      | 0.00%                                   | 2022             | 646                    |
| Unsecured loans from corporates        | USD      | 6.00%                                   | 2023             | 668                    |
|  |          |   |                  | 8,846,918              |

1 Euro Interbank Offer Rate  
2 Marginal Cost of Funds Based Lending Rate  
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4 People's Bank of China benchmark loan interest rate  
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7 London Interbank Offered Rate  
8 Bank's Cost of Funds  
9 Singapore Overnight Rate Average  
10 Singapore Swap Offer Rate  
11 Tokyo Interbank Offered Rate  
12 Tokyo Overnight Average

Notes to the Financial Statements

20. LOANS AND BORROWINGS (continued)

The secured Indian Rupee (“INR”) denominated bank loans are secured over the assets 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 (“EUR”) denominated bank borrowings are secured over assets of certain subsidiaries.

The secured Chinese Renminbi (“RMB”) denominated bank loans are secured over medical equipment, hospital in construction and a ROU asset relating to prepaid lease for land.

Breach of loan covenant

ParkwayHealth Shanghai Hospital Company Limited breached a non-financial covenant in respect of a bank loan amounting to RM514.0 million, whereby its medical licence was not obtained by 31 December 2022. Consequently, the bank loan became repayable on demand and was classified in full as a current liability. However, the bank had not called an event of default. The medical licence was obtained on 19 January 2023.

Unsecured fixed rate medium term notes

PLife REIT has through its wholly owned subsidiary, Parkway Life MTN Pte Ltd (“PLife MTN”), 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 2022, there are five series of outstanding fixed rate notes issued under the Multicurrency Debt Issuance Programme amounting to JPY19.9 billion (approximately RM654.4 million) (2021: JPY11.8 billion (approximately RM431.7 million)) with maturity dates between 2023 to 2029 (2021: 2023 to 2027).

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<br>RM’000 | Fixed rate medium term notes<br>RM’000 | Loans from corporates<br>RM’000 | Lease liabilities<br>RM’000 | Interest payables<br>RM’000 | Total<br>RM’000 |
|---|----------------------|--|---------------------------------|-----------------------------|-----------------------------|-----------------|
| At 1 January 2021   | 8,269,846            | 462,925                                | 928,289                         | 1,945,310                   | 70,176                      | 11,676,546      |
| Net changes from financing cash flows   | (543,070)            | –                                      | –                               | (383,142)                   | (300,241)                   | (1,226,453)     |
| Acquisition of subsidiaries   | 23,972               | –                                      | –                               | 35,001                      | –                           | 58,973          |
| Disposal of subsidiaries  | (55,273)             | –                                      | –                               | –                           | –                           | (55,273)        |
| Change in leases  | –                    | –                                      | –                               | 509,612                     | –                           | 509,612         |
| Foreign exchange movement   | (221,977)            | (31,212)                               | 9,315                           | (268,152)                   | 5,387                       | (506,639)       |
| Other liability-related changes   | 4,490                | –                                      | (387)                           | 163,905                     | 309,629                     | 477,637         |
| At 31 December 2021/1 January 2022  | 7,477,988            | 431,713                                | 937,217                         | 2,002,534                   | 84,951                      | 10,934,403      |
| Net changes from financing cash flows   | 425,310              | 253,824                                | –                               | (337,144)                   | (290,045)                   | 51,945          |
| Acquisition of subsidiaries   | 759                  | –                                      | –                               | –                           | –                           | 759             |
| Change in leases  | –                    | –                                      | –                               | 338,858                     | –                           | 338,858         |
| Foreign exchange movement   | (245,507)            | (31,097)                               | 37,967                          | (154,268)                   | (147)                       | (393,052)       |
| Transfer to liabilities directly associated with assets classified as held for sale | (90,113)             | –                                      | (52,501)                        | (377,266)                   | (7,815)                     | (527,695)       |
| Other liability-related changes   | 13,220               | –                                      | –                               | 158,327                     | 336,095                     | 507,642         |
| At 31 December 2022   | 7,581,657            | 654,440                                | 922,683                         | 1,631,041                   | 123,039                     | 10,912,860      |

| Company                               | Lease liabilities<br>RM’000 |
|---------------------------------------|-----------------------------|
| 1 January 2021                        | 253                         |
| Net changes from financing cash flows | (1,007)                     |
| Change in leases                      | 3,034                       |
| Other liability-related changes       | 23                          |
| At 31 December 2021/1 January 2022    | 2,303                       |
| Net changes from financing cash flows | (1,019)                     |
| Other liability-related changes       | 22                          |
| At 31 December 2022                   | 1,306                       |



Notes to the Financial Statements

21. EMPLOYEE BENEFITS

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| <b>Non-current</b>                          |      |                |                |                |                |
| Retirement benefits                         | 22   | 92,820         | 91,649         | –              | –              |
| Provision for unconsumed leave              |      | 19,243         | 8,188          | –              | –              |
| Deferred bonus scheme                       |      | 2,947          | 895            | 1,462          | 371            |
| Gratuity                                    |      | 26,556         | 17,320         | 8,268          | 5,340          |
| Others                                      |      | 30,695         | 17,173         | –              | –              |
|   |      | 172,261        | 135,225        | 9,730          | 5,711          |
| <b>Current</b>                              |      |                |                |                |                |
| Retirement benefits                         | 22   | 9,543          | 7,785          | –              | –              |
| PTM long term incentive plan (cash-settled) |      | 1,659          | 1,911          | –              | –              |
| Defined contribution plan                   |      | 52,278         | 46,307         | 221            | 96             |
| Provision for unconsumed leave              |      | 72,388         | 94,391         | 1,946          | 2,066          |
| Deferred bonus scheme                       |      | 10,179         | 11,730         | 1,865          | 1,747          |
| Gratuity                                    |      | –              | 1,759          | –              | 1,759          |
| Others                                      |      | 2,423          | 1,244          | –              | –              |
|   |      | 148,470        | 165,127        | 4,032          | 5,668          |

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 Nominating and 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 (cash-settled)

There are various deferred bonus schemes within the Group that are awarded to eligible employees when certain prescribed performance targets are met and/or the employee remains within the Group for a prescribed period. These deferred bonus schemes would vest in tranches over a prescribed period. The aim of such deferred bonus schemes is to make total employee remuneration sufficiently competitive to recruit, reward, retain and motivate outstanding employees.

21. EMPLOYEE BENEFITS (continued)

Share-based payment scheme

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>2022</b>   |                                 |                        |                                 |                        |
| Outstanding at 1 January  | RM5.89                          | 5,127                  | RM6.09                          | 16,714                 |
| Granted during the year   | –                               | –                      | RM5.92                          | 16,580                 |
| Forfeited during the year   | –                               | –                      | RM5.92                          | (1,311)                |
| Exercised during the year   | RM5.92                          | (4,179)                | RM6.03                          | (5,147)                |
| Outstanding at 31 December  | RM5.79                          | 948                    | RM6.01                          | 26,836                 |
| Exercisable at 31 December  | RM5.79                          | 948                    | RM6.12                          | 12,637                 |
| <b>2021</b>   |                                 |                        |                                 |                        |
| Outstanding at 1 January  | RM5.89                          | 5,127                  | RM6.04                          | 41,704                 |
| Forfeited during the year   | –                               | –                      | RM6.37                          | (7,346)                |
| Exercised during the year   | –                               | –                      | RM5.85                          | (17,644)               |
| Outstanding at 31 December  | RM5.89                          | 5,127                  | RM6.09                          | 16,714                 |
| Exercisable at 31 December  | RM5.92                          | 4,179                  | RM6.19                          | 12,706                 |
| The EOS options outstanding as at 31 December has the following features: |                                 |                        |                                 |                        |
|   | 2022                            |                        | 2021                            |                        |
| Exercise price  | RM5.67-RM6.55                   |                        | RM5.67–RM6.55                   |                        |
| Weighted average contractual life (in years)                              | 6.61                            |                        | 7.12                            |                        |

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    |         |
|--|----------|---------|
|  | 2022     | 2021    |
|  | RM'000   | RM'000  |
| Present value of unfunded obligations                        | 102,363  | 99,434  |
|  |          |         |
| <b>Movement in liability for defined benefit obligations</b> |          |         |
| <b>At 1 January</b>  | 99,434   | 91,040  |
| Recognised in staff costs                                    | 17,401   | 17,528  |
| Recognised in other comprehensive income                     | (408)    | (2,434) |
| Others   | (14,064) | (6,700) |
| <b>At 31 December</b>  | 102,363  | 99,434  |

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

|                      | Group     |           |
|----------------------|-----------|-----------|
|                      | 2022      | 2021      |
|                      | %         | %         |
| Discount rate        | 4.2–7.4   | 4.0–6.75  |
| Future salary growth | 5.0–8.0   | 5.0–8.0   |
| Future mortality     | 0.01–1.15 | 0.01–1.15 |

23. TRADE AND OTHER PAYABLES

|   | Group     |           | Company |        |
|---|-----------|-----------|---------|--------|
|   | 2022      | 2021      | 2022    | 2021   |
|   | RM'000    | RM'000    | RM'000  | RM'000 |
| <b>Non-current</b>  |           |           |         |        |
| Trade payables  | 173       | 276       | –       | –      |
| Other payables  | 31,573    | 17,565    | –       | –      |
| Accruals  | 3,954     | 3,643     | –       | –      |
| Interest payables   | 100,356   | 70,981    | –       | –      |
| Liabilities on put options granted to non-controlling interests | 1,057,572 | 1,263,581 | –       | –      |
|   | 1,193,628 | 1,356,046 | –       | –      |
| Deposits  | 61,377    | 64,378    | –       | –      |
|   | 1,255,005 | 1,420,424 | –       | –      |
| <b>Current</b>  |           |           |         |        |
| Trade payables  | 1,742,850 | 1,515,294 | –       | –      |
| Other payables  | 488,206   | 473,499   | 2,311   | 2,803  |
| Non-trade amounts due to:                                       |           |           |         |        |
| – Subsidiaries  | –         | –         | 1,353   | 549    |
| – Associates  | 660       | –         | –       | –      |
| – Joint ventures  | 263       | 283       | –       | –      |
| Accruals  | 1,181,526 | 1,079,028 | 21,097  | 28,553 |
| Interest payables   | 22,683    | 13,970    | –       | –      |
| Provision for loan taken by a joint venture                     | 47,688    | 45,131    | –       | –      |
| Liabilities on put options granted to non-controlling interests | 535,093   | 674,867   | –       | –      |
|   | 4,018,969 | 3,802,072 | 24,761  | 31,905 |
| Deposits and rental advance billings                            | 185,763   | 171,560   | –       | –      |
| Contract liabilities  | 3,738     | 78,942    | –       | –      |
|   | 4,208,470 | 4,052,574 | 24,761  | 31,905 |

Amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

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  |        |
|---|--------|--------|
|   | 2022   | 2021   |
|   | RM'000 | RM'000 |
| Contract liabilities at the beginning of the period recognised as revenue | 78,942 | 75,847 |

Notes to the Financial Statements

23. TRADE AND OTHER PAYABLES (continued)

Liabilities on put options granted to non-controlling interests

- (a) Pursuant to the acquisition of Ravindranath GE Medical Associates Private Limited (“RGE”) in 2015, the Group granted the following put options to a non-controlling interest of RGE:
- (i) 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 RM79.9 million) (2021: equivalent to RM82.8 million) less price adjustment of not more than INR110.0 million (equivalent to RM6.0 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
- (ii) 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. As at 31 December 2022, this put option has a carrying value of RM278,563,000 (2021: RM235,496,000).
- (b) 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 BV”), who were formerly shareholders of City Clinic, to sell their shares in ACC BV, to the Group at the higher of the prevailing market price or an amount determined by the formula prescribed in the agreement. These put options are exercisable from June 2027 to May 2032 (2021: exercisable until May 2022). As at 31 December 2022, this put option has a carrying value of RM150,761,000 (2021: RM257,275,000).
- (c) Pursuant to the disposal of 15% equity interest in ACC BV by the Group to International Finance Corporation (“IFC”), the Group granted put options to IFC to sell their shares in ACC BV to the Group at the higher of the cost of investment of IFC or an amount determined by the formula prescribed in the agreement. The put options are exercisable from June 2022 to May 2026. As at 31 December 2022, this put option has a carrying value of RM256,530,000 (2021: RM182,095,000).
- (d) 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 are exercisable from August 2020 onwards and do not have an expiry date. As at 31 December 2022 and 2021, this put option does not have any value as it is out of the money.
- (e) Pursuant to a shareholders’ agreement and exit agreement entered into by SRL Limited (“SRL”), Fortis and certain non-controlling interests of SRL (“SRL minority shareholders”), Fortis granted a cash put option to the SRL minority shareholders to sell their shares in SRL to Fortis upon the occurrence of certain trigger event as stated in the exit agreement. On 30 March 2021, SRL, Fortis and the SRL minority shareholders signed an amendment agreement to incorporate new proposed exit rights for the SRL minority shareholders, and to also simultaneously terminate the existing exit agreement. Accordingly, the SRL minority shareholders have agreed not to exercise the cash put option for a further period of 36 months from 5 February 2021. As at 31 December 2022, this put option has a carrying value of RM868,275,000 (2021: RM1,221,647,000).
- (f) Pursuant to the acquisition of General Hospital Acibadem Bel Medic (f.k.a. Opsta Bolnica Bel Medic (Bel Medic General Hospital)) (“Bel Medic”) (see note 39), the Group granted put options to non-controlling interests of Bel Medic to sell their shares in Bel Medic to the Group at an amount determined by the formula prescribed in the shareholders’ agreement. These put options are exercisable between July 2026 and July 2029, unless expedited upon the occurrence of a certain event from July 2024. If expedited, the put options can be exercised at a prescribed discount. As at 31 December 2022, this put option has a carrying value of RM38,536,000 (2021: RM41,935,000).

During the year, change in value of liabilities on put options granted to non-controlling interests amounting to RM209,849,000 gain (2021: RM1,061,542,000 loss) was recognised in equity.

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.

24. DERIVATIVE ASSETS AND LIABILITIES

|   | Group   |         |
|---|---------|---------|
|   | 2022    | 2021    |
|   | RM’000  | RM’000  |
| <b>Non-current assets</b>                 |         |         |
| Held at fair value through profit or loss |         |         |
| – Foreign exchange forward contracts      | 35,922  | 17,921  |
| – Cross currency swaps                    | 148,715 | 249,945 |
| Held for hedging                          |         |         |
| – Cross currency interest rate swaps      | 61,410  | 27,199  |
| – Interest rate swaps                     | 124     | –       |
| – Interest rate caps                      | 12,799  | 2,143   |
|   | 258,970 | 297,208 |

Current assets

|   |         |         |
|---|---------|---------|
| Held at fair value through profit or loss |         |         |
| – Foreign exchange forward contracts      | 6,553   | 3,530   |
| – Cross currency swaps                    | 143,263 | 124,437 |
|   | 149,816 | 127,967 |

Non-current liabilities

|                       |   |       |
|-----------------------|---|-------|
| Held for hedging      |   |       |
| – Interest rate swaps | – | (471) |

Current liabilities

|   |         |   |
|---|---------|---|
| Held at fair value through profit or loss |         |   |
| – Foreign exchange forward contracts      | (4,379) | – |

|  | Nominal value |           | Fair value |         |
|--|---------------|-----------|------------|---------|
|  | 2022          | 2021      | 2022       | 2021    |
|  | RM’000        | RM’000    | RM’000     | RM’000  |
| Derivatives at fair value through profit or loss |               |           |            |         |
| – Foreign exchange forward contracts             | 508,135       | 240,632   | 38,096     | 21,451  |
| – Cross currency swaps                           | 171,657       | 360,489   | 291,978    | 374,382 |
| – Call option granted to NCI                     | 27,321        | 28,305    | –          | –       |
| Derivatives used for hedging                     |               |           |            |         |
| – Interest rate caps                             | 1,145,324     | 863,268   | 12,799     | 2,143   |
| – Interest rate swaps                            | 145,286       | 161,085   | 124        | (471)   |
| – Cross currency interest rate swaps             | 265,828       | 252,311   | 61,410     | 27,199  |
|  | 2,263,551     | 1,906,090 | 404,407    | 424,704 |

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 35(vi) and (vii).



Notes to the Financial Statements

24. DERIVATIVE ASSETS AND LIABILITIES (continued)

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 RM27.3 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. There was no change in fair value of the call option during 2022 and 2021.

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.

25. REVENUE

|                                       | Group      |            | Company |           |
|---------------------------------------|------------|------------|---------|-----------|
|                                       | 2022       | 2021       | 2022    | 2021      |
|                                       | RM’000     | RM’000     | RM’000  | RM’000    |
| Healthcare services                   | 17,424,688 | 16,569,364 | –       | –         |
| Education services                    | 267,054    | 266,919    | –       | –         |
| Management fees                       | 26,181     | 15,045     | –       | –         |
| Sale of development properties        | –          | 3,996      | –       | –         |
| Revenue from contracts with customers | 17,717,923 | 16,855,324 | –       | –         |
| Rental income                         | 270,701    | 273,854    | –       | –         |
| Dividend income                       |            |            |         |           |
| – from subsidiaries                   | –          | –          | 340,373 | 1,390,957 |
| – from money market funds             | 63         | 2,585      | 63      | 2,585     |
|                                       | 17,988,687 | 17,131,763 | 340,436 | 1,393,542 |

25. REVENUE (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by reportable segments:

|                     | Healthcare services<br>RM’000 | Education services<br>RM’000 | Management fees<br>RM’000 | Sale of development properties<br>RM’000 | Total<br>RM’000 |
|---------------------|-------------------------------|------------------------------|---------------------------|--|-----------------|
| 2022                |                               |                              |                           |  |                 |
| Reportable segments |                               |                              |                           |  |                 |
| Singapore           | 5,054,825                     | 8,011                        | 1,800                     | –  | 5,064,636       |
| Malaysia            | 3,154,046                     | –                            | –                         | –  | 3,154,046       |
| India               | 3,835,197                     | –                            | 16,672                    | –  | 3,851,869       |
| Greater China       | 993,981                       | –                            | 2,831                     | –  | 996,812         |
| Türkiye and Europe  | 4,384,857                     | –                            | –                         | –  | 4,384,857       |
| IMU Health          | 1,729                         | 259,043                      | –                         | –  | 260,772         |
| Others              | 53                            | –                            | 4,878                     | –  | 4,931           |
|                     | 17,424,688                    | 267,054                      | 26,181                    | –  | 17,717,923      |

2021

Reportable segments

|                    |            |         |        |       |            |
|--------------------|------------|---------|--------|-------|------------|
| Singapore          | 4,945,877  | 10,987  | 1,605  | –     | 4,958,469  |
| Malaysia           | 2,695,331  | –       | –      | 3,996 | 2,699,327  |
| India              | 3,703,050  | –       | 8,418  | –     | 3,711,468  |
| Greater China      | 876,133    | –       | 7      | –     | 876,140    |
| Türkiye and Europe | 4,347,258  | –       | –      | –     | 4,347,258  |
| IMU Health         | 1,715      | 255,932 | –      | –     | 257,647    |
| Others             | –          | –       | 5,015  | –     | 5,015      |
|                    | 16,569,364 | 266,919 | 15,045 | 3,996 | 16,855,324 |

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 inpatient services 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 revenue

Education services revenue primarily consist of tuition fees. Tuition fee for educational services not yet provided is recorded as contract liability (see note 23) 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 withdraws from a semester. If a student withdraws 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.

Notes to the Financial Statements

25. REVENUE (continued)

Disaggregation of revenue from contracts with customers (continued)

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.

26. STAFF COSTS

|  | Group     |           | Company |        |
|--|-----------|-----------|---------|--------|
|  | 2022      | 2021      | 2022    | 2021   |
|  | RM'000    | RM'000    | RM'000  | RM'000 |
| Salaries, bonuses and other costs          | 6,042,111 | 5,826,720 | 52,054  | 70,863 |
| Contribution to defined contribution plans | 274,031   | 246,800   | 1,282   | 1,270  |
| Equity-settled share-based payments        | 3,319     | 5,942     | 1,353   | 2,750  |
|  | 6,319,461 | 6,079,462 | 54,689  | 74,883 |

Staff costs includes remuneration of the Executive Director. Refer to note 30 for details.

27. FINANCE INCOME AND COSTS

|  | Group     |             | Company |         |
|--|-----------|-------------|---------|---------|
|  | 2022      | 2021        | 2022    | 2021    |
|  | RM'000    | RM'000      | RM'000  | RM'000  |
| <b>Finance income</b>  |           |             |         |         |
| Interest income  | 77,586    | 49,084      | 13,326  | 1,517   |
| Fair value gain on investments at FVTPL                                    | 987       | 933         | 642     | 933     |
| Fair value gain on financial derivatives                                   | 34,810    | 493,584     | –       | –       |
|  | 113,383   | 543,601     | 13,968  | 2,450   |
| <b>Finance costs</b>   |           |             |         |         |
| Interest on loans and borrowings   | (339,734) | (308,311)   | –       | –       |
| Interest on lease liabilities  | (158,060) | (163,326)   | (22)    | (23)    |
| Interest on amounts due to a subsidiary                                    | –         | –           | (295)   | (1,468) |
| Exchange loss on loans and borrowings                                      | (144,194) | (604,966)   | –       | –       |
| Other finance costs  | (41,556)  | (38,103)    | –       | –       |
| Less: Capitalised interest expenses in property, plant and equipment from: |           |             |         |         |
| – Interest on loans and borrowings   | 20,934    | 21,282      | –       | –       |
| – Interest on lease liabilities  | 5,197     | 5,797       | –       | –       |
|  | (657,413) | (1,087,627) | (317)   | (1,491) |

28. PROFIT BEFORE TAX

(a) Auditors’ remuneration charged to profit or loss comprises:

|                                   | Group   |         | Company |         |
|-----------------------------------|---------|---------|---------|---------|
|                                   | 2022    | 2021    | 2022    | 2021    |
|                                   | RM'000  | RM'000  | RM'000  | RM'000  |
| <b>Auditors’ remuneration</b>     |         |         |         |         |
| Audit fees                        |         |         |         |         |
| – KPMG PLT                        | (2,024) | (1,519) | (487)   | (473)   |
| – Overseas affiliates of KPMG PLT | (8,956) | (8,426) | (585)   | (438)   |
| – Other auditors                  | (548)   | (354)   | –       | –       |
| Non-audit fees                    |         |         |         |         |
| – KPMG PLT                        | (1,401) | (926)   | (1,240) | (896)   |
| – Overseas affiliates of KPMG PLT | (4,431) | (3,855) | (2,123) | (1,167) |

(b) Profit before tax is arrived at after crediting/(charging):

|  |      | Group     |           | Company |        |
|--|------|-----------|-----------|---------|--------|
|  | Note | 2022      | 2021      | 2022    | 2021   |
|  |      | RM'000    | RM'000    | RM'000  | RM'000 |
| <b>Material income/(expenses)</b>                          |      |           |           |         |        |
| Government grants  |      | 31,023    | 71,175    | 25      | 278    |
| Exchange gains – net                                       |      | 92,526    | 10,512    | 31,043  | 331    |
| Impairment loss (made)/written back                        |      |           |           |         |        |
| – Property, plant and equipment                            | 3    | (384,302) | (167,408) | –       | –      |
| – Intangible assets  | 6    | (8,943)   | –         | –       | –      |
| – Goodwill   | 6    | (150,066) | (6,090)   | –       | –      |
| – Trade and other receivables                              |      | (44,686)  | (80,605)  | (8,567) | –      |
| Write-off:   |      |           |           |         |        |
| – Property, plant and equipment                            | 3    | (1,087)   | (1,863)   | –       | –      |
| – Trade and other receivables                              |      | (10,048)  | (20,749)  | –       | –      |
| – Inventories  |      | (4,296)   | (3,601)   | –       | –      |
| Gain on disposal of property, plant and equipment          |      | 11,864    | 14,975    | –       | –      |
| Gain on disposal of an investment property                 |      | –         | 16,335    | –       | –      |
| Gain on disposal of subsidiaries                           | 39   | –         | 53,032    | –       | –      |
| Gain on disposal of joint ventures                         |      | –         | 139,053   | –       | –      |
| Change in fair value of investment properties              | 5    | 23,750    | 87,107    | –       | –      |
| Remeasurement to fair value of interest in a joint venture |      | –         | 86,061    | –       | –      |

Notes to the Financial Statements

29. OTHER COMPREHENSIVE INCOME

| Group  | 2022                 |                                    |                      | 2021                 |                                    |                      |
|--|----------------------|------------------------------------|----------------------|----------------------|------------------------------------|----------------------|
|  | Before tax<br>RM'000 | Tax benefit<br>RM'000<br>(Note 11) | Net of tax<br>RM'000 | Before tax<br>RM'000 | Tax benefit<br>RM'000<br>(Note 11) | Net of tax<br>RM'000 |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                    |                      |                                    |                      |                      |                                    |                      |
| Foreign currency translation differences from foreign operations                               | 224,633              | –                                  | 224,633              | (397,621)            | –                                  | (397,621)            |
| Realisation of FCTR upon disposal/ substantive liquidation of subsidiaries and a joint venture | –                    | –                                  | –                    | 47,723               | –                                  | 47,723               |
| Hyperinflationary adjustments  | 669,372              | –                                  | 669,372              | –                    | –                                  | –                    |
| Hedge of net investments in foreign operations   | 313,681              | –                                  | 313,681              | 151,274              | –                                  | 151,274              |
| Cash flow hedge  | 22,137               | –                                  | 22,137               | 11,617               | –                                  | 11,617               |
| Cost of hedging  | 1,292                | –                                  | 1,292                | (213)                | –                                  | (213)                |
|  | 1,231,115            | –                                  | 1,231,115            | (187,220)            | –                                  | (187,220)            |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                      |                      |                                    |                      |                      |                                    |                      |
| Remeasurement of defined benefit liabilities   | (18,113)             | 2,816                              | (15,297)             | (11,912)             | 3,400                              | (8,512)              |
|  | 1,213,002            | 2,816                              | 1,215,818            | (199,132)            | 3,400                              | (195,732)            |
| <b>Company</b>   |                      |                                    |                      |                      |                                    |                      |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                    |                      |                                    |                      |                      |                                    |                      |
| Foreign currency translation differences from foreign operations                               | 586                  | –                                  | 586                  | 40                   | –                                  | 40                   |

30. 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        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| Non-executive directors:          |                |                |                |                |
| – Fees                            | 7,733          | 8,522          | 5,055          | 5,593          |
| – Remuneration and other benefits | 28             | 28             | 28             | 28             |
| – Share-based payment             | 1,132          | 1,065          | –              | –              |
|                                   | 8,893          | 9,615          | 5,083          | 5,621          |
| Executive director:               |                |                |                |                |
| – Remuneration and other benefits | 23,363         | 23,124         | 10,556         | 10,369         |
|                                   | 32,256         | 32,739         | 15,639         | 15,990         |

The estimated monetary value of directors’ benefit-in-kind is RM168,000 (2021: RM156,000).

31. INCOME TAX EXPENSE

| Note   | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| <b>Current tax expense</b>                                       |                |                |                |                |
| Current year   | 574,197        | 565,593        | 3,248          | 1,486          |
| Over provided in prior years                                     | (23,043)       | (7,486)        | –              | (167)          |
|  | 551,154        | 558,107        | 3,248          | 1,319          |
| <b>Deferred tax expense/(credit)</b>                             |                |                |                |                |
| Origination and reversal of temporary differences                | 14,147         | (209,389)      | (50)           | (205)          |
| Changes in tax rates   | –              | 32,579         | –              | –              |
| Under/(over) provided in prior years                             | 6,648          | (2,145)        | –              | 189            |
| 11   | 20,795         | (178,955)      | (50)           | (16)           |
|  | 571,949        | 379,152        | 3,198          | 1,303          |
| <b>Reconciliation of income tax expense</b>                      |                |                |                |                |
|  | Group          |                | Company        |                |
|  | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| Profit before tax  | 2,217,091      | 2,555,737      | 282,125        | 1,305,874      |
| Less:  |                |                |                |                |
| Share of profits of associates (net of tax)                      | (36,836)       | (31,034)       | –              | –              |
| Share of profits of joint ventures (net of tax)                  | (2,035)        | (8,822)        | –              | –              |
|  | 2,178,220      | 2,515,881      | 282,125        | 1,305,874      |
| Income tax calculated using Malaysia tax rate of 24% (2021: 24%) | 522,773        | 603,811        | 67,710         | 313,410        |
| Effect of tax rates in foreign jurisdictions                     | (41,776)       | (94,882)       | (269)          | (227)          |
| Effect of change in tax rates                                    | (28,490)       | 32,579         | –              | –              |
| Tax exempt income  | (62,350)       | (181,992)      | (81,760)       | (334,543)      |
| Tax incentive  | (64)           | (215)          | –              | –              |
| Non-deductible expenses  | 256,747        | 226,717        | 17,517         | 22,641         |
| Recognition of deferred tax assets                               | (104,477)      | (228,246)      | –              | –              |
| Deferred tax assets not recognised                               | 45,981         | 31,011         | –              | –              |
| (Over)/under provided in prior years                             | (16,395)       | (9,631)        | –              | 22             |
|  | 571,949        | 379,152        | 3,198          | 1,303          |



Notes to the Financial Statements

32. EARNINGS PER SHARE

|   | Group     |           |
|---|-----------|-----------|
|   | 2022      | 2021      |
| Basic and diluted earnings per share is based on:         |           |           |
| Net profit attributable to ordinary shareholders (RM'000) |           |           |
| Profit after tax and non-controlling interests            | 1,548,398 | 1,862,525 |
| Perpetual securities distribution accrued                 | (52,212)  | (88,300)  |
|   | 1,496,186 | 1,774,225 |
| <b>Basic earnings per share</b>                           |           |           |
| Weighted average number of shares ('000)                  | 8,803,471 | 8,782,187 |
|   |           |           |
| Basic earnings per share (sen)                            | 17.00     | 20.20     |

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     |           |
|---|-----------|-----------|
|   | 2022      | 2021      |
| Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)   | 8,803,471 | 8,782,187 |
| Weighted average number of unissued ordinary shares from units under LTIP ('000)                    | –         | 459       |
| Weighted average number of unissued ordinary shares from units under EOS ('000)                     | 834       | 85        |
| Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000) | 8,804,305 | 8,782,731 |
|   |           |           |
| Diluted earnings per share (sen)  | 16.99     | 20.20     |

At 31 December 2022, 18,759,000 outstanding EOS options (2021: 21,509,000) 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.

33. DIVIDENDS

Dividends recognised by the Company:

|   | Per ordinary share<br>sen | Total amount<br>RM'000    | Date of payment        |
|---|---------------------------|---------------------------|------------------------|
| <b>2022</b>   |                           |                           |                        |
| First and final single tier cash dividend for financial year ended 31 December 2021   | 6.0                       | 528,162                   | 29 April 2022          |
| <b>2021</b>   |                           |                           |                        |
| First and final single tier cash dividend for financial year ended 31 December 2020   | 4.0                       | 351,163                   | 30 April 2021          |
| The Board of Directors have declared that a first and final single tier cash dividend of 7 sen per ordinary share for the financial year ended 31 December 2022 to be paid on 28 April 2023 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 2023. The Company shall apply the RM: SGD noon middle rate as disclosed in the Bank Negara Malaysia’s website on 31 March 2023 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<br>sen | Total amount<br>RM'000 |
| First and final single tier cash dividend for financial year ended 31 December 2022   |                           | 7.0                       | 616,423*               |

\* Based on 8,806,043,000 ordinary shares as at 28 February 2023.

34. SEGMENT REPORTING

Operating segments

The Group has seven significant 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 significant reportable segments comprise:

- Singapore
- Malaysia
- India
- Greater China
- Türkiye and Europe
- 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

34. SEGMENT REPORTING (continued)

|   | Hospital and Healthcare |                    |                 |                            |                                 |                             |                                  |                      |                  |                        |                 |
|---|-------------------------|--------------------|-----------------|----------------------------|---------------------------------|-----------------------------|----------------------------------|----------------------|------------------|------------------------|-----------------|
| 2022  | Singapore<br>RM'000     | Malaysia<br>RM'000 | India<br>RM'000 | Greater<br>China<br>RM'000 | Türkiye and<br>Europe<br>RM'000 | Southeast<br>Asia<br>RM'000 | IMU Health<br>Malaysia<br>RM'000 | PLife REIT<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
| <i>Revenue and expenses</i>                                     |                         |                    |                 |                            |                                 |                             |                                  |                      |                  |                        |                 |
| Revenue from external customers                                 | 5,143,114               | 3,181,790          | 3,865,251       | 998,378                    | 4,384,857                       | –                           | 260,772                          | 149,531              | 4,994            | –                      | 17,988,687      |
| Inter-segment revenue   | 763                     | 1,585              | –               | 1                          | 4,868                           | –                           | 1,489                            | 226,668              | 1,539,019        | (1,774,393)            |                 |
| Total segment revenue   | 5,143,877               | 3,183,375          | 3,865,251       | 998,379                    | 4,389,725                       | –                           | 262,261                          | 376,199              | 1,544,013        | (1,774,393)            | 17,988,687      |
| EBITDA  | 1,600,156               | 909,700            | 646,624         | (60,291)                   | 983,587                         | (346)                       | 84,750                           | 278,442              | 1,249,304        | (1,640,799)            | 4,051,127       |
| Depreciation and impairment of<br>property, plant and equipment | (176,312)               | (215,290)          | (152,735)       | (506,554)                  | (291,978)                       | –                           | (5,279)                          | (24,475)             | (1,852)          | –                      | (1,374,475)     |
| Depreciation and impairment of<br>ROU assets                    | (301,564)               | (26,513)           | (38,175)        | (71,763)                   | (116,701)                       | –                           | (1,235)                          | (12,894)             | (6,178)          | 217,130                | (357,893)       |
| Amortisation and impairment of<br>intangible assets             | –                       | (1,756)            | (31,508)        | (12,962)                   | (11,202)                        | –                           | (255)                            | –                    | (9,236)          | 8,467                  | (58,452)        |
| Foreign exchange differences                                    | (360)                   | (1,484)            | 7,539           | (336)                      | (2,202)                         | (5,158)                     | (12)                             | 10,810               | 83,729           | –                      | 92,526          |
| Finance income  | 226                     | 8,050              | 14,496          | 2,916                      | 58,542                          | 47                          | 2,836                            | 16,413               | 18,289           | (8,432)                | 113,383         |
| Finance costs   | (62,238)                | (5,053)            | (90,743)        | (112,318)                  | (400,969)                       | –                           | (1,527)                          | (18,296)             | (35,071)         | 68,802                 | (657,413)       |
| Net monetary gain arising from<br>hyperinflationary economy     | –                       | –                  | –               | –                          | 462,512                         | –                           | –                                | –                    | –                | –                      | 462,512         |
| Share of profits of associates (net of tax)                     | 2,001                   | –                  | 14,849          | –                          | –                               | 19,986                      | –                                | –                    | –                | –                      | 36,836          |
| Share of profits of joint ventures<br>(net of tax)              | 1,421                   | –                  | 614             | –                          | –                               | –                           | –                                | –                    | –                | –                      | 2,035           |
| Others  | 43,224                  | (8,045)            | –               | (136,319)                  | –                               | –                           | –                                | –                    | (13,583)         | 21,628                 | (93,095)        |
| Profit/(loss) before tax  | 1,106,554               | 659,609            | 370,961         | (897,627)                  | 681,589                         | 14,529                      | 79,278                           | 250,000              | 1,285,402        | (1,333,204)            | 2,217,091       |
| Income tax expense  | (183,867)               | (183,333)          | (94,472)        | (2,518)                    | (51,656)                        | –                           | (18,833)                         | (19,692)             | (17,578)         | –                      | (571,949)       |
| Profit/(loss) for the year                                      | 922,687                 | 476,276            | 276,489         | (900,145)                  | 629,933                         | 14,529                      | 60,445                           | 230,308              | 1,267,824        | (1,333,204)            | 1,645,142       |
| <i>Assets and liabilities</i>                                   |                         |                    |                 |                            |                                 |                             |                                  |                      |                  |                        |                 |
| Cash and cash equivalents                                       | 340,604                 | 408,027            | 1,910,258       | 212,551*                   | 333,230                         | 7,551                       | –*                               | 129,903              | 321,387          | –                      | 3,663,511       |
| Other assets  | 18,885,130              | 6,422,804          | 7,557,717       | 3,233,926                  | 8,356,431                       | 60,042                      | 640,710                          | 5,308,363            | 4,066,047        | (9,727,194)            | 44,803,976      |
| Segment assets as at 31 December 2022                           | 19,225,734              | 6,830,831          | 9,467,975       | 3,446,477                  | 8,689,661                       | 67,593                      | 640,710                          | 5,438,266            | 4,387,434        | (9,727,194)            | 48,467,487      |
| Loans and borrowings  | –                       | –                  | 538,993         | 3,446,473*                 | 1,083,334                       | –                           | –*                               | 2,759,055            | 1,330,925        | –                      | 9,158,780       |
| Other liabilities   | 9,822,637               | 1,016,211          | 2,759,695       | 1,079,894                  | 2,991,417                       | 21,841                      | 210,149                          | 407,974              | 1,528,567        | (9,688,735)            | 10,149,650      |
| Segment liabilities as at 31 December 2022                      | 9,822,637               | 1,016,211          | 3,298,688       | 4,526,367                  | 4,074,751                       | 21,841                      | 210,149                          | 3,167,029            | 2,859,492        | (9,688,735)            | 19,308,430      |

\* Certain balances had been transferred to assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

Notes to the Financial Statements

34. SEGMENT REPORTING (continued)

| 2021  | Hospital and Healthcare |                    |                 |                            |                                 |                             | IMU Health<br>Malaysia<br>RM'000 | PLife REIT<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|--------------------|-----------------|----------------------------|---------------------------------|-----------------------------|----------------------------------|----------------------|------------------|------------------------|-----------------|
|   | Singapore<br>RM'000     | Malaysia<br>RM'000 | India<br>RM'000 | Greater<br>China<br>RM'000 | Türkiye and<br>Europe<br>RM'000 | Southeast<br>Asia<br>RM'000 |                                  |                      |                  |                        |                 |
| <b><i>Revenue and expenses</i></b>                              |                         |                    |                 |                            |                                 |                             |                                  |                      |                  |                        |                 |
| Revenue from external customers                                 | 5,033,275               | 2,727,152          | 3,728,706       | 876,887                    | 4,347,258                       | –                           | 257,647                          | 153,167              | 7,671            | –                      | 17,131,763      |
| Inter-segment revenue   | 962                     | 1,000              | –               | –                          | –                               | –                           | 2,411                            | 217,527              | 3,951,006        | (4,172,906)            | –               |
| Total segment revenue   | 5,034,237               | 2,728,152          | 3,728,706       | 876,887                    | 4,347,258                       | –                           | 260,058                          | 370,694              | 3,958,677        | (4,172,906)            | 17,131,763      |
| EBITDA  | 1,692,982               | 760,144            | 664,462         | (69,554)                   | 1,198,862                       | (330)                       | 86,709                           | 349,919              | 3,652,225        | (4,055,989)            | 4,279,430       |
| Depreciation and impairment of<br>property, plant and equipment | (169,538)               | (212,335)          | (155,180)       | (349,275)                  | (191,898)                       | (6)                         | (12,834)                         | (23,817)             | (1,198)          | –                      | (1,116,081)     |
| Depreciation and impairment of<br>ROU assets                    | (284,352)               | (25,847)           | (34,834)        | (78,267)                   | (83,200)                        | –                           | (4,172)                          | (12,711)             | (3,819)          | 206,343                | (320,859)       |
| Amortisation and impairment of<br>intangible assets             | –                       | (3,051)            | (26,771)        | (3,956)                    | (12,834)                        | –                           | (639)                            | –                    | (10,448)         | 10,448                 | (47,251)        |
| Foreign exchange differences                                    | (453)                   | (183)              | 1,974           | 438                        | 89                              | (87)                        | 2                                | 6,001                | 2,731            | –                      | 10,512          |
| Finance income  | 297                     | 10,645             | 14,665          | 4,936                      | 496,093                         | 1                           | 2,530                            | 12,831               | 3,070            | (1,467)                | 543,601         |
| Finance costs   | (8,772)                 | (1,029)            | (122,943)       | (66,242)                   | (864,216)                       | –                           | –                                | (14,439)             | (18,143)         | 8,157                  | (1,087,627)     |
| Share of profits of associates (net of tax)                     | 1,263                   | –                  | 10,875          | –                          | –                               | 18,896                      | –                                | –                    | –                | –                      | 31,034          |
| Share of profits of joint ventures<br>(net of tax)              | 889                     | –                  | 7,933           | –                          | –                               | –                           | –                                | –                    | –                | –                      | 8,822           |
| Others  | 50,701                  | (4,220)            | 275,583         | (29,063)                   | –                               | (38,845)                    | –                                | –                    | –                | –                      | 254,156         |
| Profit/(loss) before tax  | 1,283,017               | 524,124            | 635,764         | (590,983)                  | 542,896                         | (20,371)                    | 71,596                           | 317,784              | 3,624,418        | (3,832,508)            | 2,555,737       |
| Income tax expense  | (204,488)               | (125,535)          | (119,592)       | (6,874)                    | 146,597                         | –                           | (17,036)                         | (24,527)             | (27,697)         | –                      | (379,152)       |
| Profit/(loss) for the year                                      | 1,078,529               | 398,589            | 516,172         | (597,857)                  | 689,493                         | (20,371)                    | 54,560                           | 293,257              | 3,596,721        | (3,832,508)            | 2,176,585       |
| <b><i>Assets and liabilities</i></b>                            |                         |                    |                 |                            |                                 |                             |                                  |                      |                  |                        |                 |
| Cash and cash equivalents                                       | 204,952                 | 287,144            | 2,187,615       | 334,779                    | 279,815                         | 5,453                       | 123,119                          | 79,485               | 1,515,318        | –                      | 5,017,680       |
| Other assets  | 13,939,564              | 6,080,287          | 7,341,305       | 3,789,831                  | 4,516,816                       | 56,083                      | 536,791                          | 5,040,588            | 3,715,858        | (4,524,534)            | 40,492,589      |
| Segment assets as at 31 December 2021                           | 14,144,516              | 6,367,431          | 9,528,920       | 4,124,610                  | 4,796,631                       | 61,536                      | 659,910                          | 5,120,073            | 5,231,176        | (4,524,534)            | 45,510,269      |
| Loans and borrowings  | –                       | 300,000            | 689,545         | 3,201,887                  | 1,716,517                       | –                           | 38,025                           | 2,545,131            | 355,813          | –                      | 8,846,918       |
| Other liabilities   | 4,999,550               | 822,734            | 2,970,532       | 1,035,515                  | 2,267,330                       | 15,821                      | 178,195                          | 405,483              | 1,131,803        | (4,440,443)            | 9,386,520       |
| Segment liabilities as at 31 December 2021                      | 4,999,550               | 1,122,734          | 3,660,077       | 4,237,402                  | 3,983,847                       | 15,821                      | 216,220                          | 2,950,614            | 1,487,616        | (4,440,443)            | 18,233,438      |



Notes to the Financial Statements

34. 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<br>RM'000 | Malaysia<br>RM'000 | India<br>RM'000 | Greater<br>China<br>RM'000 | Japan<br>RM'000 | Türkiye and<br>Europe<br>RM'000 | Others <sup>(1)</sup><br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|-----------------------------------|---------------------|--------------------|-----------------|----------------------------|-----------------|---------------------------------|---------------------------------|------------------------|-----------------|
| <b>2022</b>                       |                     |                    |                 |                            |                 |                                 |                                 |                        |                 |
| Revenue from external customers   | 5,143,114           | 3,442,724          | 3,865,251       | 998,378                    | 149,369         | 4,384,857                       | 4,994                           | –                      | 17,988,687      |
| Non-current assets <sup>(2)</sup> | 15,305,218          | 5,565,936          | 5,695,916       | 2,757,195                  | 2,469,366       | 6,630,406                       | 120,203                         | (90,903)               | 38,453,337      |
| <b>2021</b>                       |                     |                    |                 |                            |                 |                                 |                                 |                        |                 |
| Revenue from external customers   | 5,033,275           | 2,984,937          | 3,728,706       | 876,887                    | 153,029         | 4,347,258                       | 7,671                           | –                      | 17,131,763      |
| Non-current assets <sup>(2)</sup> | 14,465,303          | 5,970,496          | 5,782,177       | 3,596,894                  | 2,503,205       | 3,090,961                       | 114,721                         | (85,394)               | 35,438,363      |

1 Others include balances relating to corporate offices, which are unallocated.  
2 Non-current assets consist of property, plant and equipment, ROU assets, investment properties, goodwill on consolidation and intangible assets.

35. 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

35. FINANCIAL INSTRUMENTS (continued)

(i) Categories of financial instruments (continued)

|  | Carrying<br>amount<br>RM'000 | Amortised<br>cost<br>RM'000 | Mandatorily<br>at FVTPL<br>RM'000 | FVOCI -<br>EIDUIR<br>RM'000 | Derivatives<br>used for<br>hedging<br>RM'000 |
|--|------------------------------|-----------------------------|-----------------------------------|-----------------------------|--|
| <b>2022</b>                                |                              |                             |                                   |                             |  |
| <b>Group</b>                               |                              |                             |                                   |                             |  |
| <b>Financial assets</b>                    |                              |                             |                                   |                             |  |
| Other financial assets                     |                              |                             |                                   |                             |  |
| – Unquoted shares                          | 114,573                      | –                           | –                                 | 114,573                     | –  |
| – Fixed deposits                           | 245,660                      | 245,660                     | –                                 | –                           | –  |
| – Others                                   | 16,745                       | 16,745                      | –                                 | –                           | –  |
| Trade and other receivables <sup>(1)</sup> | 2,487,992                    | 2,487,992                   | –                                 | –                           | –  |
| Derivative assets                          |                              |                             |                                   |                             |  |
| – Foreign exchange forward contracts       | 42,475                       | –                           | 42,475                            | –                           | –  |
| – Cross currency swaps                     | 291,978                      | –                           | 291,978                           | –                           | –  |
| – Cross currency interest rate swaps       | 61,410                       | –                           | –                                 | –                           | 61,410                                       |
| – Interest rate caps                       | 12,799                       | –                           | –                                 | –                           | 12,799                                       |
| – Interest rate swaps                      | 124                          | –                           | –                                 | –                           | 124  |
| Cash and cash equivalents                  | 3,663,511                    | 3,663,511                   | –                                 | –                           | –  |
|  | 6,937,267                    | 6,413,908                   | 334,453                           | 114,573                     | 74,333                                       |
| <b>Financial liabilities</b>               |                              |                             |                                   |                             |  |
| Bank overdrafts                            | (44,135)                     | (44,135)                    | –                                 | –                           | –  |
| Loans and borrowings                       | (9,158,780)                  | (9,158,780)                 | –                                 | –                           | –  |
| Trade and other payables <sup>(2)</sup>    | (3,619,932)                  | (3,619,932)                 | –                                 | –                           | –  |
| Derivative liabilities                     |                              |                             |                                   |                             |  |
| – Foreign exchange forward contracts       | (4,379)                      | –                           | (4,379)                           | –                           | –  |
|  | (12,827,226)                 | (12,822,847)                | (4,379)                           | –                           | –  |
| <b>Company</b>                             |                              |                             |                                   |                             |  |
| <b>Financial assets</b>                    |                              |                             |                                   |                             |  |
| Trade and other receivables <sup>(1)</sup> | 23,699                       | 23,699                      | –                                 | –                           | –  |
| Cash and cash equivalents                  | 154,512                      | 154,512                     | –                                 | –                           | –  |
|  | 178,211                      | 178,211                     | –                                 | –                           | –  |
| <b>Financial liabilities</b>               |                              |                             |                                   |                             |  |
| Trade and other payables <sup>(2)</sup>    | (24,761)                     | (24,761)                    | –                                 | –                           | –  |

1 Excludes prepayments.  
2 Excludes liabilities on put options granted to non-controlling interests, deposits, rental advance billings and contract liabilities.

Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(i) Categories of financial instruments (continued)

|  | Carrying<br>amount<br>RM'000 | Amortised<br>cost<br>RM'000 | Mandatorily<br>at FVTPL<br>RM'000 | FVOCI -<br>EIDUIR<br>RM'000 | Derivatives<br>used for<br>hedging<br>RM'000 |
|--|------------------------------|-----------------------------|-----------------------------------|-----------------------------|--|
| 2021                                       |                              |                             |                                   |                             |  |
| Group                                      |                              |                             |                                   |                             |  |
| Financial assets                           |                              |                             |                                   |                             |  |
| Other financial assets                     |                              |                             |                                   |                             |  |
| – Unquoted shares                          | 72,581                       | –                           | –                                 | 72,581                      | –  |
| – Money market funds                       | 111,394                      | –                           | 111,394                           | –                           | –  |
| – Fixed deposits                           | 232,693                      | 232,693                     | –                                 | –                           | –  |
| Trade and other receivables <sup>(1)</sup> | 2,457,292                    | 2,457,292                   | –                                 | –                           | –  |
| Derivative assets                          |                              |                             |                                   |                             |  |
| – Foreign exchange forward contracts       | 21,451                       | –                           | 21,451                            | –                           | –  |
| – Cross currency swaps                     | 374,382                      | –                           | 374,382                           | –                           | –  |
| – Cross currency interest rate swaps       | 27,199                       | –                           | –                                 | –                           | 27,199                                       |
| – Interest rate caps                       | 2,143                        | –                           | –                                 | –                           | 2,143  |
| Cash and cash equivalents                  | 5,017,680                    | 5,017,680                   | –                                 | –                           | –  |
|  | 8,316,815                    | 7,707,665                   | 507,227                           | 72,581                      | 29,342                                       |
| Financial liabilities                      |                              |                             |                                   |                             |  |
| Bank overdrafts                            | (24,229)                     | (24,229)                    | –                                 | –                           | –  |
| Loans and borrowings                       | (8,846,918)                  | (8,846,918)                 | –                                 | –                           | –  |
| Trade and other payables <sup>(2)</sup>    | (3,219,670)                  | (3,219,670)                 | –                                 | –                           | –  |
| Derivative liabilities                     |                              |                             |                                   |                             |  |
| – Interest rate swaps                      | (471)                        | –                           | –                                 | –                           | (471)  |
|  | (12,091,288)                 | (12,090,817)                | –                                 | –                           | (471)  |
| Company                                    |                              |                             |                                   |                             |  |
| Financial assets                           |                              |                             |                                   |                             |  |
| Money market funds                         | 111,394                      | –                           | 111,394                           | –                           | –  |
| Trade and other receivables <sup>(1)</sup> | 68,849                       | 68,849                      | –                                 | –                           | –  |
| Cash and cash equivalents                  | 1,214,880                    | 1,214,880                   | –                                 | –                           | –  |
|  | 1,395,123                    | 1,283,729                   | 111,394                           | –                           | –  |
| Financial liabilities                      |                              |                             |                                   |                             |  |
| Trade and other payables <sup>(2)</sup>    | (31,905)                     | (31,905)                    | –                                 | –                           | –  |

1 Excludes prepayments.

2 Excludes liabilities on put options granted to non-controlling interests, deposits, rental advance billings and contract liabilities.

35. FINANCIAL INSTRUMENTS (continued)

(ii) Net gains/(losses) arising from financial instruments

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| Financial assets at amortised cost         |                |                |                |                |
| – Recognised in profit or loss             | 22,852         | (52,270)       | 13,326         | 1,517          |
| Financial liabilities at amortised cost    |                |                |                |                |
| – Recognised in profit or loss             | (504,550)      | (932,661)      | (296)          | (1,468)        |
| Financial instruments mandatorily at FVTPL |                |                |                |                |
| – Recognised in profit or loss             | 35,860         | 497,102        | 705            | 3,518          |
| Derivatives used for hedging               |                |                |                |                |
| – Recognised in other comprehensive income | 41,345         | 30,417         | –              | –              |
|  | (404,493)      | (457,412)      | 13,735         | 3,567          |

(iii) Financial risk management

The Group and the Company have exposures to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(iv) 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

35. FINANCIAL INSTRUMENTS (continued)

(iv) Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

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          |                |
|--------------------|------|----------------|----------------|
|                    |      | 2022<br>RM'000 | 2021<br>RM'000 |
| Singapore          |      | 663,081        | 1,032,650      |
| Malaysia           |      | 508,387        | 389,327        |
| India              |      | 538,408        | 496,420        |
| Greater China      |      | 92,762         | 83,484         |
| Southeast Asia     |      | 127,442        | 36,861         |
| Türkiye and Europe |      | 603,613        | 440,543        |
| Others             |      | 39,377         | 21,486         |
|                    |      | 2,573,070      | 2,500,771      |
| Impairment losses  |      | (366,132)      | (346,823)      |
|                    | 14   | 2,206,938      | 2,153,948      |

At 31 December 2021, the Group has outstanding trade receivables from one significant customer amounting to RM196,727,000, which is individually 5% or more of the Group's gross trade receivables. There is no significant credit risk concentration as at 31 December 2022.

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.

35. FINANCIAL INSTRUMENTS (continued)

(iv) 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<br>amount<br>RM'000 | Impairment loss<br>RM'000 | Net balance<br>RM'000 |
|----------------------------|------------------------------------|---------------------------|-----------------------|
| 2022                       |                                    |                           |                       |
| Not credit impaired        |                                    |                           |                       |
| Not past due               | 1,102,414                          | (13,564)                  | 1,088,850             |
| Past due 1 – 30 days       | 381,697                            | (7,062)                   | 374,635               |
| Past due 31 – 180 days     | 563,269                            | (25,752)                  | 537,517               |
| Past due 181 days – 1 year | 157,811                            | (35,065)                  | 122,746               |
| Past due more than 1 year  | 207,251                            | (166,581)                 | 40,670                |
|                            | 2,412,442                          | (248,024)                 | 2,164,418             |
| Credit impaired            |                                    |                           |                       |
| Individually impaired      | 160,628                            | (118,108)                 | 42,520                |
|                            | 2,573,070                          | (366,132)                 | 2,206,938             |
| 2021                       |                                    |                           |                       |
| Not credit impaired        |                                    |                           |                       |
| Not past due               | 1,035,754                          | (3,218)                   | 1,032,536             |
| Past due 1 – 30 days       | 399,085                            | (3,449)                   | 395,636               |
| Past due 31 – 180 days     | 628,780                            | (21,848)                  | 606,932               |
| Past due 181 days – 1 year | 103,716                            | (28,722)                  | 74,994                |
| Past due more than 1 year  | 226,786                            | (204,764)                 | 22,022                |
|                            | 2,394,121                          | (262,001)                 | 2,132,120             |
| Credit impaired            |                                    |                           |                       |
| Individually impaired      | 106,650                            | (84,822)                  | 21,828                |
|                            | 2,500,771                          | (346,823)                 | 2,153,948             |



Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(iv) Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The movement in the allowance for impairment in respect of trade receivables during the year are shown below:

|  | Group<br>RM'000 |
|--|-----------------|
| At 1 January 2021                              | 378,313         |
| Disposal of subsidiaries                       | (5,477)         |
| Impairment loss                                | 26,369          |
| Written off                                    | (40,613)        |
| Others   | 2,046           |
| Translation differences                        | (13,815)        |
| At 31 December 2021/1 January 2022             | 346,823         |
| Impairment loss                                | 59,381          |
| Written off                                    | (7,765)         |
| Transfer to assets classified as held for sale | (63)            |
| Translation differences                        | (32,244)        |
| At 31 December 2022                            | 366,132         |

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.

35. FINANCIAL INSTRUMENTS (continued)

(iv) Credit risk (continued)

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 2022 amounted to RM134,720,000 (2021: RM958,051,000) 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 RM47,688,000 (2021: RM45,131,000) representing the Group's 50% share of bank loans drawn down and interest payable by KHPL (see note 23).

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.

(v) 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.

Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(v) Liquidity risk (continued)

Maturity analysis (continued)

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<br>RM’000 | Contractual cash flows<br>RM’000 | Within 1 year<br>RM’000 | After 1 year but within 5 years<br>RM’000 | After 5 years<br>RM’000 |
|--|---------------------------|----------------------------------|-------------------------|---|-------------------------|
| <b>2022</b>  |                           |                                  |                         |   |                         |
| <b>Non-derivative financial liabilities</b>        |                           |                                  |                         |   |                         |
| Bank overdrafts                                    | 44,135                    | 44,135                           | 44,135                  | –   | –                       |
| Loans and borrowings                               | 9,158,780                 | 10,556,446                       | 2,028,489               | 6,765,549                                 | 1,762,408               |
| Lease liabilities                                  | 1,631,041                 | 3,461,018                        | 379,954                 | 1,285,937                                 | 1,795,127               |
| Trade and other payables*                          | 5,212,597                 | 5,212,597                        | 4,018,969               | 1,128,226                                 | 65,402                  |
|  | 16,046,553                | 19,274,196                       | 6,471,547               | 9,179,712                                 | 3,622,937               |
| <b>Derivative financial instruments</b>            |                           |                                  |                         |   |                         |
| Foreign exchange forward contracts (gross-settled) | (38,096)                  |                                  |                         |   |                         |
| – inflows  |                           | (363,876)                        | (120,457)               | (243,419)                                 | –                       |
| – outflows   |                           | 326,214                          | 107,470                 | 218,744                                   | –                       |
| Cross currency interest rate swaps (gross-settled) | (61,410)                  |                                  |                         |   |                         |
| – inflows  |                           | (330,916)                        | (24,250)                | (306,666)                                 | –                       |
| – outflows   |                           | 267,841                          | 750                     | 267,091                                   | –                       |
| Cross currency swaps (gross-settled)               | (291,978)                 |                                  |                         |   |                         |
| – inflows  |                           | (676,389)                        | (227,237)               | (449,152)                                 | –                       |
| – outflows   |                           | 319,370                          | 119,804                 | 199,566                                   | –                       |
| Interest rate swaps (net-settled)                  | (124)                     | (127)                            | (114)                   | (13)                                      | –                       |
| Interest rate caps (net-settled)                   | (12,799)                  | (12,825)                         | (127)                   | (12,698)                                  | –                       |
|  | (404,407)                 | (470,708)                        | (144,161)               | (326,547)                                 | –                       |
|  | 15,642,146                | 18,803,488                       | 6,327,386               | 8,853,165                                 | 3,622,937               |

\* Excludes deposits, rental advance billings and contract liabilities.

35. FINANCIAL INSTRUMENTS (continued)

(v) Liquidity risk (continued)

Maturity analysis (continued)

| Group  | Carrying amount<br>RM’000 | Contractual cash flows<br>RM’000 | Within 1 year<br>RM’000 | After 1 year but within 5 years<br>RM’000 | After 5 years<br>RM’000 |
|--|---------------------------|----------------------------------|-------------------------|---|-------------------------|
| <b>2021</b>  |                           |                                  |                         |   |                         |
| <b>Non-derivative financial liabilities</b>        |                           |                                  |                         |   |                         |
| Bank overdrafts                                    | 24,229                    | 24,229                           | 24,229                  | –   | –                       |
| Loans and borrowings                               | 8,846,918                 | 9,694,086                        | 1,391,862               | 6,775,320                                 | 1,526,904               |
| Lease liabilities                                  | 2,002,534                 | 3,656,522                        | 385,632                 | 1,186,896                                 | 2,083,994               |
| Trade and other payables*                          | 5,158,118                 | 5,158,118                        | 3,456,134               | 1,639,879                                 | 62,105                  |
|  | 16,031,799                | 18,532,955                       | 5,257,857               | 9,602,095                                 | 3,673,003               |
| <b>Derivative financial instruments</b>            |                           |                                  |                         |   |                         |
| Foreign exchange forward contracts (gross-settled) | (21,451)                  |                                  |                         |   |                         |
| – inflows  |                           | (240,633)                        | (80,510)                | (160,123)                                 | –                       |
| – outflows   |                           | 222,064                          | 75,374                  | 146,690                                   | –                       |
| Cross currency interest rate swaps (gross-settled) | (27,199)                  |                                  |                         |   |                         |
| – inflows  |                           | (283,110)                        | (8,364)                 | (274,746)                                 | –                       |
| – outflows   |                           | 255,374                          | 832                     | 254,542                                   | –                       |
| Cross currency swaps (gross-settled)               | (374,382)                 |                                  |                         |   |                         |
| – inflows  |                           | (687,399)                        | (230,936)               | (456,463)                                 | –                       |
| – outflows   |                           | 428,871                          | 160,881                 | 267,990                                   | –                       |
| Interest rate swaps (net-settled)                  | 471                       | 481                              | 225                     | 256                                       | –                       |
| Interest rate caps (net-settled)                   | (2,143)                   | –                                | –                       | –   | –                       |
|  | (424,704)                 | (304,352)                        | (82,498)                | (221,854)                                 | –                       |
|  | 15,607,095                | 18,228,603                       | 5,175,359               | 9,380,241                                 | 3,673,003               |

\* Excludes deposits, rental advance billings and contract liabilities.

Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(v) Liquidity risk (continued)

Maturity analysis (continued)

| Company                                     | Carrying amount<br>RM'000 | Contractual cash flows<br>RM'000 | Within 1 year<br>RM'000 | After 1 year but within 5 years<br>RM'000 | After 5 years<br>RM'000 |
|---|---------------------------|----------------------------------|-------------------------|---|-------------------------|
| <b>2022</b>                                 |                           |                                  |                         |   |                         |
| <b>Non-derivative financial liabilities</b> |                           |                                  |                         |   |                         |
| Lease liabilities                           | 1,306                     | 1,317                            | 1,018                   | 299                                       | –                       |
| Trade and other payables#                   | 24,761                    | 24,761                           | 24,761                  | –   | –                       |
|   | 26,067                    | 26,078                           | 25,779                  | 299                                       | –                       |
| <b>2021</b>                                 |                           |                                  |                         |   |                         |
| <b>Non-derivative financial liabilities</b> |                           |                                  |                         |   |                         |
| Lease liabilities                           | 2,303                     | 2,334                            | 1,018                   | 1,316                                     | –                       |
| Trade and other payables#                   | 31,905                    | 31,905                           | 31,905                  | –   | –                       |
|   | 34,208                    | 34,239                           | 32,923                  | 1,316                                     | –                       |

# Excludes deposits and rental advance billings.

The above table has not included financial guarantees amounting to RM134,720,000 (2021: RM958,051,000) for outstanding bank loans and CCS obligations of its subsidiaries, of which the guarantee may be called by the banks anytime if the subsidiaries default.

(vi) 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 Dollar, 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 to realign borrowings to the same currency of the Group’s foreign investments to achieve a natural hedge (see note 35(vii)).

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 24.

35. FINANCIAL INSTRUMENTS (continued)

(vi) 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<br>RM'000 | United States Dollar<br>RM'000 | Euro Dollar<br>RM'000 | Japanese Yen<br>RM'000 | India Rupee<br>RM'000 | Chinese Renminbi<br>RM'000 | Others*<br>RM'000 |
|---|----------------------------|--------------------------------|-----------------------|------------------------|-----------------------|----------------------------|-------------------|
| <b>2022</b>   |                            |                                |                       |                        |                       |                            |                   |
| <b>Carrying value</b>   |                            |                                |                       |                        |                       |                            |                   |
| Trade and other receivables                                     | 235                        | 18,875                         | 57,240                | –                      | 81                    | –                          | 4,409             |
| Intra-group receivables   | 90,482                     | 224,041                        | 324,175               | –                      | 19,050                | 808                        | 386               |
| Cash and cash equivalents                                       | 15,646                     | 79,075                         | 248,173               | 41,879                 | –                     | 1,047                      | 100,417           |
| Loans and borrowings  | –                          | (684)                          | (656,574)             | –                      | –                     | –                          | (683)             |
| Trade and other payables  | (665)                      | (98,435)                       | 502,861               | (1,595)                | (51,335)              | –                          | (2,657)           |
| Intra-group payables  | (141,936)                  | (308,744)                      | (232,640)             | –                      | –                     | (137)                      | (3,351)           |
| Liabilities on put options granted to non-controlling interests | –                          | –                              | (445,826)             | –                      | (278,563)             | –                          | –                 |
| Foreign exchange forward contracts                              | –                          | 12,472                         | 139,193               | (299,289)              | –                     | –                          | –                 |
| Cross currency swaps  | –                          | –                              | 171,656               | –                      | –                     | –                          | –                 |
|   | (36,238)                   | (73,400)                       | 108,258               | (259,005)              | (310,767)             | 1,718                      | 98,521            |
| <b>2021</b>   |                            |                                |                       |                        |                       |                            |                   |
| <b>Carrying value</b>   |                            |                                |                       |                        |                       |                            |                   |
| Trade and other receivables                                     | 161                        | 17,747                         | 7,214                 | –                      | 69                    | –                          | 523               |
| Intra-group receivables   | 103,019                    | 3,242                          | –                     | –                      | 14,085                | 586                        | –                 |
| Cash and cash equivalents                                       | 205,319                    | 535,131                        | 69,775                | 803                    | –                     | 7,835                      | 7,213             |
| Loans and borrowings  | –                          | (668)                          | (803,459)             | –                      | –                     | –                          | (18,903)          |
| Trade and other payables  | (100)                      | (88,844)                       | (39,884)              | (1,613)                | (52,231)              | (5,775)                    | (1,001)           |
| Intra-group payables  | (94,461)                   | (3,304)                        | –                     | –                      | –                     | (1,275)                    | (24,309)          |
| Liabilities on put options granted to non-controlling interests | –                          | –                              | (439,371)             | –                      | (235,496)             | –                          | –                 |
| Foreign exchange forward contracts                              | –                          | 2,725                          | 3,499                 | (214,536)              | –                     | –                          | –                 |
| Cross currency swaps  | –                          | –                              | 676,233               | –                      | –                     | –                          | –                 |
|   | 213,938                    | 466,029                        | (525,993)             | (215,346)              | (273,573)             | 1,371                      | (36,477)          |

\* Others include mainly British Pound, Hong Kong Dollar, Malaysian Ringgit, United Arab Emirates Dirham, Mauritian Rupee and Sri Lankan Rupee (2021: British Pound, Hong Kong Dollar, Malaysian Ringgit, Swiss Franc, Australian Dollar and Bangladeshi Taka).



Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(vi) Market risk (continued)

(a) Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

| Company                     | Singapore<br>Dollar<br>RM'000 | Malaysian<br>Ringgit<br>RM'000 | United States<br>Dollar<br>RM'000 |
|-----------------------------|-------------------------------|--------------------------------|-----------------------------------|
| 2022                        |                               |                                |                                   |
| Trade and other receivables | 18,766                        | –                              | 709                               |
| Cash and cash equivalents   | 10,846                        | –                              | 27,559                            |
| Trade and other payables    | (710)                         | (984)                          | (1,126)                           |
|                             | 28,902                        | (984)                          | 27,142                            |
| 2021                        |                               |                                |                                   |
| Trade and other receivables | 87,137                        | –                              | –                                 |
| Cash and cash equivalents   | 201,062                       | –                              | 4,107                             |
| Trade and other payables    | –                             | (166)                          | –                                 |
|                             | 288,199                       | (166)                          | 4,107                             |

Sensitivity analysis

Any reasonable movement in foreign currencies exchange rates will not have a material impact on the performance of the Group and the Company.

(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.

The nominal value and fair value of the interest rate swaps, cross currency interest rate swaps and interest rate caps are disclosed in note 24.

35. FINANCIAL INSTRUMENTS (continued)

(vi) 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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| Fixed rate instruments                      |                |                |                |                |
| Fixed deposits                              | 729,055        | 1,833,408      | –              | 890,042        |
| Bank loans                                  | (547,816)      | (246,575)      | –              | –              |
| Fixed rate medium term notes                | (654,440)      | (431,713)      | –              | –              |
| Loans from corporates                       | (5,691)        | (4,543)        | –              | –              |
| Variable rate instruments                   |                |                |                |                |
| Bank overdrafts                             | (44,135)       | (24,229)       | –              | –              |
| Bank loans                                  | (7,033,841)    | (7,231,413)    | –              | –              |
| Loans from corporates                       | (916,992)      | (932,674)      | –              | –              |
| Provision for loan taken by a joint venture | (47,688)       | (45,131)       | –              | –              |
| Derivative instruments                      |                |                |                |                |
| Interest rate caps                          | 1,145,324      | 863,268        | –              | –              |
| Interest rate swaps                         | 145,286        | 161,085        | –              | –              |
| Cross currency interest rate swaps          | 265,828        | 252,311        | –              | –              |

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.

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 not have a material impact on the profit or loss or equity of the Group.

Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(vi) Market risk (continued)

(b) Interest rate risk (continued)

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as “interest rate benchmark reform”). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group anticipates that interest rate benchmark reform will impact its existing risk management practice and application of hedge accounting.

The Group evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

Hedge accounting

During the year, where hedge accounting is applied, the Group has completed the supplementary loan agreement for the bank loans and trade confirmation amendment for the derivatives instrument (hedged items) impacted by the interest rate benchmark reform with the respective counterparties at no increase in loan interest. The interest-bearing loans and derivatives (hedging instruments) had been transited on the same date and to the same benchmark indexes to avoid any ineffectiveness in relation to the application of the hedge accounting. Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, the Group no longer applies the amendments to MFRS 9 issued in September 2019 (Phase 1) to those hedging relationships.

(vii) Material hedging activities

Hedge of net investments in foreign operations

The Group borrows loans denominated in Japanese Yen (“JPY”) and utilised cross currency interest rate swaps to realign the Singapore dollar denominated loan back into effective JPY denominated loan to maintain a natural hedge for its JPY denominated investments.

The amounts related to items designated as hedging instruments were as follows:

|  |                          | 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<br>RM'000 |
|--|--------------------------|------------------|-----------------------|---|--|
|  | Nominal amount<br>RM'000 | Assets<br>RM'000 | Liabilities<br>RM'000 |   |  |
| Foreign currency risk  |                          |                  |                       |   |  |
| 2022   |                          |                  |                       |   |  |
| Foreign currency denominated loans and borrowings            | 2,290,792                | –                | (2,283,578)           | Loans and borrowings  | 313,681  |
| 2021   |                          |                  |                       |   |  |
| Foreign currency denominated loans and borrowings (Restated) | 2,285,982                | –                | (2,278,823)           | Loans and borrowings  | 151,274  |

35. FINANCIAL INSTRUMENTS (continued)

(vii) Material hedging activities

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<br>RM’000 | Foreign currency translation reserve<br>RM’000 | Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied<br>RM’000 |
|---|--|--|---|
| <b>2022</b>   |  |  |   |
| Net investment in SPEs with JPY functional currency | (339,837)  | (506,950)                                      | –   |
| <b>2021</b>   |  |  |   |
| Net investment in SPEs with JPY functional currency | (149,585)  | (162,012)                                      | –   |

(viii) 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.

| Group<br>2022                             | Note | Fair value        |                   |                   |                 | Carrying<br>amount<br>RM'000 |
|---|------|-------------------|-------------------|-------------------|-----------------|------------------------------|
|   |      | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |                              |
| <b>Financial assets</b>                   |      |                   |                   |                   |                 |                              |
| Unquoted shares at FVOCI                  | 10   | –                 | –                 | 114,573           | 114,573         | 114,573                      |
| Foreign exchange forward contracts        | 24   | –                 | 42,475            | –                 | 42,475          | 42,475                       |
| Cross currency swaps                      | 24   | –                 | 291,978           | –                 | 291,978         | 291,978                      |
| Cross currency interest rate swaps        | 24   | –                 | 61,410            | –                 | 61,410          | 61,410                       |
| Interest rate caps                        | 24   | –                 | 12,799            | –                 | 12,799          | 12,799                       |
| Interest rate swaps                       | 24   | –                 | 124               | –                 | 124             | 124                          |
| <b>Financial liabilities</b>              |      |                   |                   |                   |                 |                              |
| Foreign exchange forward contracts        | 24   | –                 | (4,379)           | –                 | (4,379)         | (4,379)                      |
| Fixed rate medium term notes              | 20   | –                 | (647,919)         | –                 | (647,919)       | (654,440)                    |
| Liabilities on put options granted to NCI | 23   | –                 | –                 | (1,592,665)       | (1,592,665)     | (1,592,665)                  |

Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(viii) Fair value information (continued)

| Group<br>2021                             | Note | Fair value        |                   |                   |                 | Carrying<br>amount<br>RM'000 |
|---|------|-------------------|-------------------|-------------------|-----------------|------------------------------|
|   |      | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |                              |
| Financial assets                          |      |                   |                   |                   |                 |                              |
| Unquoted shares at FVOCI                  | 10   | –                 | –                 | 72,581            | 72,581          | 72,581                       |
| Money market funds at FVTPL               | 10   | –                 | 111,394           | –                 | 111,394         | 111,394                      |
| Foreign exchange forward contracts        | 24   | –                 | 21,451            | –                 | 21,451          | 21,451                       |
| Cross currency swaps                      | 24   | –                 | 374,382           | –                 | 374,382         | 374,382                      |
| Cross currency interest rate swaps        | 24   | –                 | 27,199            | –                 | 27,199          | 27,199                       |
| Interest rate caps                        | 24   | –                 | 2,143             | –                 | 2,143           | 2,143                        |
| Financial liabilities                     |      |                   |                   |                   |                 |                              |
| Interest rate swaps                       | 24   | –                 | (471)             | –                 | (471)           | (471)                        |
| Fixed rate medium term notes              | 20   | –                 | (434,080)         | –                 | (434,080)       | (431,713)                    |
| Liabilities on put options granted to NCI | 23   | –                 | –                 | (1,938,448)       | (1,938,448)     | (1,938,448)                  |
| Company                                   |      |                   |                   |                   |                 |                              |
| 2022                                      |      |                   |                   |                   |                 |                              |
| Financial assets                          |      |                   |                   |                   |                 |                              |
| Money market funds at FVTPL               | 10   | –                 | –                 | –                 | –               | –                            |
| 2021                                      |      |                   |                   |                   |                 |                              |
| Financial assets                          |      |                   |                   |                   |                 |                              |
| Money market funds at FVTPL               | 10   | –                 | 111,394           | –                 | 111,394         | 111,394                      |

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 (2021: no transfer in either direction).

35. FINANCIAL INSTRUMENTS (continued)

(viii) Fair value information (continued)

Level 3 fair value

The following table shows a reconciliation of financial instrument measured at Level 3 fair values:

|   |  |
|---|--|
|   | Unquoted<br>shares at<br>FVOCI<br>RM'000 |
| <b>At 1 January 2021</b>                  | 59,714                                   |
| Purchase of equity investments            | 12,722                                   |
| Translation differences                   | 145                                      |
| <b>At 31 December 2021/1 January 2022</b> | 72,581                                   |
| Purchase of equity investments            | 37,515                                   |
| Translation differences                   | 4,477                                    |
| <b>At 31 December 2022</b>                | 114,573                                  |

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<br>unobservable inputs | Inter-relationship<br>between significant<br>unobservable inputs<br>and fair value<br>measurement |
|--|---|------------------------------------|---|
| <b>Group</b>   |   |                                    |   |
| Interest rate swaps, foreign exchange forward contracts, cross currency swaps, cross currency interest rate swaps and interest rate caps | Market comparison technique: The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date. | Not applicable                     | Not applicable  |



Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(viii) Fair value information (continued)

Valuation techniques and significant unobservable inputs (continued)

(b) Financial instruments not carried at fair value

| Type  | Valuation technique  |
|---|--|
| Group   |  |
| Unsecured fixed rate medium term notes                          | <i>Market comparison:</i> The fair value is estimated taking into consideration of the quoted price.   |
| 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.  |
| Liabilities on put options granted to non-controlling interests | <i>Discounted cash flows:</i> 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.<br><br><i>Market approach:</i> The fair values are computed by taking into consideration comparable companies of the underlying equity instrument, market multiples, financial information of the underlying equity instrument, enterprise to equity value and a discount/premium applied in the valuation. |

36. CAPITAL MANAGEMENT

The Group’s objectives when managing capital is to maintain a strong capital base and safeguard the Group’s ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

|                                 |      | Group          |                |
|---------------------------------|------|----------------|----------------|
|                                 | Note | 2022<br>RM’000 | 2021<br>RM’000 |
| Loans and borrowings            | 20   | 9,158,780      | 8,846,918      |
| Bank overdrafts                 |      | 44,135         | 24,229         |
| Lease liabilities               |      | 1,631,041      | 2,002,534      |
| Less: Cash and cash equivalents | 15   | (3,663,511)    | (5,017,680)    |
| Net debt                        |      | 7,170,445      | 5,856,001      |
| Total equity                    |      | 29,159,057     | 27,276,831     |
| Debt-to-equity ratio            |      | 0.25           | 0.21           |

There were no changes in the Group’s approach to capital management during the financial year.

37. CAPITAL AND OTHER COMMITMENTS

|   | Group          |                |
|---|----------------|----------------|
|   | 2022<br>RM’000 | 2021<br>RM’000 |
| (a) Capital expenditure commitments                         |                |                |
| Property, plant and equipment and investment properties     |                |                |
| – Contracted but not provided for                           | 1,152,671      | 541,431        |
| (b) Other commitments                                       |                |                |
| Maximum amount committed for Fortis Open Offer <sup>1</sup> | 1,830,228      | 1,896,122      |
| Maximum amount committed for Malar Open Offer <sup>1</sup>  | 15,511         | 16,070         |
|   | 1,845,739      | 1,912,192      |

1 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.

On 13 July 2018, NTK, together with IHH and Parkway Pantai Limited (“PPL”) had made a public announcement to all the public shareholders who are eligible to tender their shares in the Fortis Open Offer and Malar Open Offer.

Subsequently, on 14 December 2018, the Supreme Court of India passed an order in the matter of “Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors.” [Contempt Petition (Civil) No. 2120 of 2018] (“Original Contempt Petition”), directing “status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained” (“Interim Status Quo 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 Supreme Court of India issued suo-moto contempt notice to, among others, Fortis, and its Registry to register a fresh contempt petition in regard to alleged violation of the Interim Status Quo Order (“Fortis Contempt Petition”).

On 22 September 2022, the Supreme Court pronounced the final order and on 23 September 2022, the written judgment was made available. The Supreme Court held, among others, that:

- (i) The Special Leave Petition (Civil) No. 20417 of 2017, the Original Contempt Petition (in which the Interim Status Quo Order was passed) and the Fortis Contempt Petition are disposed of.
- (ii) The Delhi High Court may consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between Fortis and RHT Health Trust and other related transactions.
- (iii) It will be open to the Delhi High Court to pass such directions as the facts and circumstances presented before it may justify.

Notes to the Financial Statements

37. CAPITAL AND OTHER COMMITMENTS (continued)

Neither IHH, NTK or PPL are party to Daiichi Sankyo Co. Ltd’s (“Daiichi”) pending execution proceedings\* before the Delhi High Court. Daiichi had moved Delhi High Court requesting the Delhi High Court to pass appropriate directions (in view of the Supreme Court Judgment) in connection with the forensic audit and the execution proceedings are ongoing.

Following the decision of the Supreme Court of India, on 16 November 2022, the Securities and Exchange Board of India (“SEBI”) had advised NTK to proceed with the Fortis Open Offer and the Malar Open Offer after obtaining an appropriate order from the Delhi High Court. In view of the aforementioned, IHH is obtaining advice from legal counsel.

\* Daiichi filed execution proceedings before the Delhi High Court to enforce and execute an arbitral award issued in its favour (“Arbitral Award”). Pursuant to the Arbitral Award (which IHH Group is not a party to), Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh (“Singh Brothers”) and persons and entities related to them were directed to pay an amount of approximately INR 25.62 billion with interest to Daiichi in connection with a dispute relating to the sale of shares of Ranbaxy Laboratories Limited by the Singh Brothers to Daiichi.

38. 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.

Khazanah Nasional Berhad (“KNB”) is a wholly owned entity of MoF Incorporated, which is in turn owned by the Ministry of Finance of Malaysia. KNB and entities directly controlled or jointly controlled by the Government of Malaysia (collectively, “government-controlled entities”) are related to the Group and the Company by virtue of KNB’s substantial shareholdings of 25.94% (2021: 25.74%) equity interest in the Company. The Group and the Company enter into transactions with some of these government-controlled entities, which include but are not limited to provision of medical services, purchasing of goods, use of public utilities and amenities, and the placing of bank deposits. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group’s and of the Company’s businesses on negotiated terms or terms comparable to those with other entities that are not government-related, except otherwise disclosed elsewhere in the financial statement.

The Group has related party relationships with its substantial shareholders, associates, joint ventures and key management personnel and government-controlled entities. The Company also has related party relationships with its subsidiaries.

38. RELATED PARTIES (continued)

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, substantial shareholders and key management personnel of the Group, and parties directly/jointly-controlled by them, may receive services from or sell services to the Group.

Other than government-controlled entities and as disclosed elsewhere in the financial statements, significant transactions carried out on terms agreed with related parties are as follows:

|   | Group    |          |
|---|----------|----------|
|   | 2022     | 2021     |
|   | RM’000   | RM’000   |
| <i>With substantial shareholders*</i>     |          |          |
| Sales and provision of services           | 456      | 453      |
| Purchases and consumption of services     | (12,607) | (10,376) |
| <i>With associates and joint ventures</i> |          |          |
| Sales and provision of services           | 8,020    | 8,392    |
| Rental income                             | 3,184    | 3,137    |
| Purchases and consumption of services     | (9,569)  | (10,249) |
| <i>With key management personnel*</i>     |          |          |
| Sales and provision of services           | 4,616    | 4,240    |
| Purchases and consumption of services     | (82,165) | (65,243) |
| <i>With subsidiaries</i>                  |          |          |
| Share-based payment transactions          | 1,966    | 3,180    |
| Rental expense                            | (1,707)  | (2,040)  |

\* Including parties directly/jointly-controlled by substantial shareholders or key management personnel.

Notes to the Financial Statements

38. RELATED PARTIES (continued)

Related party transactions (continued)

Other than government-controlled entities and as disclosed elsewhere in the financial statements, significant related party balances related to the above transactions are as follows:

|                                    | Group     |           |
|------------------------------------|-----------|-----------|
|                                    | 2022      | 2021      |
|                                    | RM'000    | RM'000    |
| <b>Trade and other receivables</b> |           |           |
| Substantial shareholders*          | 49        | 50        |
| Key management personnel*          | 7,048     | 821       |
|                                    | 7,097     | 871       |
| <b>Trade and other payables</b>    |           |           |
| Substantial shareholders*          | (1,176)   | (761)     |
| Key management personnel*          | (8,018)   | (3,194)   |
|                                    | (9,194)   | (3,955)   |
| <b>Lease liabilities</b>           |           |           |
| Substantial shareholders*          | (153,488) | (259,254) |

\* Including parties directly/jointly-controlled by substantial shareholders or key management personnel.

39. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS

Acquisitions of subsidiaries and business in 2022

- (a)

On 25 May 2022, a sole proprietorship named Marija Mirkovic Sindjelic PR Laboratorija Za Mikrobiologiju SA Virusologijom Acibadem Bel Medic Beograd (“Marija Mirkovic”) has been established pursuant to the Consultancy Agreement entered into by General Hospital Acibadem Bel Medic (*formerly known as Opsta Bolnica Bel Medic (Bel Medic General Hospital)*) (“ABM”) with the sole proprietor. ABM has control power over Marija Mirkovic and has consolidated the financial statements of Marija Mirkovic into ABM's financial statements under MFRS 10, *Consolidated Financial Statements*. Accordingly, Marija Mirkovic is a direct subsidiary of ABM pursuant to MFRS10, *Consolidated Financial Statements*.
- (b)

On 1 July 2022, SRL acquired the business of RK Diagnostic Lab (“RK Diagnostic”), a proprietorship firm, for a total consideration of INR112.5 million (equivalent to RM6.1 million).
- (c)

On 9 August 2022, Acibadem Saglik Hizmetleri ve Ticaret A.S. (“ASH”), acquired 100% equity interest in Ortopedia Ozel Saglik Hizmetleri Anonim Sirketi (“Ortopedia”) for a total consideration of TL200.0 million (equivalent to RM46.5 million). Post completion of the acquisition, Ortopedia has become a direct subsidiary of ASH.

There were no material acquisitions during the year.

39. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

Acquisitions of subsidiaries in 2021

- (a)

On 5 April 2021, SRL acquired the remaining 50% equity interest in DDRC SRL Diagnostics Limited (“DDRC SRL”) not already held by its wholly owned subsidiary, SRL Diagnostics Private Limited, for a total cash consideration of INR3.5 billion (equivalent to RM199.4 million). Post the acquisition, SRL’s direct and indirect equity interest in DDRC SRL increased from 50% to 100% and DDRC SRL became an indirect subsidiary of the Group.
- (b)

On 20 July 2021, ACC BV acquired 70% equity interest in Bel Medic for a total consideration of EUR10.0 million (equivalent to RM49.4 million). Bel Medic is a private healthcare operator in Belgrade, Serbia and it currently operates a 54-bedded general hospital and five outpatient clinics. Post completion of the acquisition, the following entities have become direct/indirect subsidiaries of ACC BV:

| Entity  | Relationship with ACC BV |
|---|--------------------------|
| Bel Medic   | Direct subsidiary        |
| Health Center Acibadem Bel Medic ( <i>f.k.a. Dom Zdravlja Bel Medic (Health Center)</i> )                         | Indirect subsidiary      |
| Health Center Acibadem Bel Medic Slavija ( <i>f.k.a. Dom Zdravlja Bel Medic Slavija (Health Center Slavija)</i> ) | Indirect subsidiary      |
| Bel Food & Coffee d.o.o.  | Indirect subsidiary      |

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 | DDRC SRL<br>RM'000 | Bel Medic<br>RM'000 | Total<br>RM'000 |
|----------------------------------|------|--------------------|---------------------|-----------------|
| Property, plant and equipment    | 3    | 25,311             | 27,737              | 53,048          |
| ROU assets                       | 4    | 3,416              | 31,278              | 34,694          |
| Intangible assets                | 6    | 160,448            | 72,186              | 232,634         |
| Other financial assets           |      | 29                 | –                   | 29              |
| Trade and other receivables      |      | 14,237             | 3,348               | 17,585          |
| Tax recoverables                 |      | 1,013              | –                   | 1,013           |
| Deferred tax assets              | 11   | 930                | –                   | 930             |
| Inventories                      |      | 4,528              | 2,592               | 7,120           |
| Cash and cash equivalents        |      | 7,844              | 5,717               | 13,561          |
| Loans and borrowings             |      | –                  | (23,972)            | (23,972)        |
| Lease liabilities                |      | (3,723)            | (31,278)            | (35,001)        |
| Employee benefits                |      | (3,950)            | (53)                | (4,003)         |
| Trade and other payables         |      | (8,460)            | (9,903)             | (18,363)        |
| Deferred tax liabilities         | 11   | (39,439)           | (9,245)             | (48,684)        |
| Tax payable                      |      | –                  | (266)               | (266)           |
| Net identifiable assets acquired |      | 162,184            | 68,141              | 230,325         |



Notes to the Financial Statements

39. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

Net cash outflow arising from acquisitions of subsidiaries

|   | DDRC SRL<br>RM’000 | Bel Medic<br>RM’000 | Total<br>RM’000 |
|---|--------------------|---------------------|-----------------|
| Purchase consideration settled in cash and cash equivalents | 199,432            | 49,436              | 248,868         |
| Less: Deferred purchase consideration                       | (13,546)           | –                   | (13,546)        |
| Less: Cash and cash equivalents acquired                    | (7,844)            | (5,717)             | (13,561)        |
|   | 178,042            | 43,719              | 221,761         |

Goodwill

|   | Note | DDRC SRL<br>RM’000 | Bel Medic<br>RM’000 | Total<br>RM’000 |
|---|------|--------------------|---------------------|-----------------|
| Fair value of consideration transferred   |      | 199,432            | 49,436              | 248,868         |
| Non-controlling interests, based on their proportionate interests in the recognised amounts of assets and liabilities of acquiree |      | –                  | 20,439              | 20,439          |
| Fair value of pre-existing interest in the acquiree   |      | 199,432            | –                   | 199,432         |
| Fair value of net identified assets acquired  |      | (162,184)          | (68,141)            | (230,325)       |
| Goodwill  | 6    | 236,680            | 1,734               | 238,414         |

The remeasurement to fair value of the Group’s existing 50% interest in DDRC SRL resulted in a gain of RM86,061,000. The amount was recognised in ‘other operating income’ in profit or loss.

Goodwill on DDRC SRL was attributable mainly to the synergies expected to be achieved by integrating the entities into the Group’s existing diagnostic business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RM682,000 during the year for Bel Medic and RM592,000 for DDRC SRL. 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 were included in ‘other operating expenses’ in profit or loss.

Post-acquisition contributions to the Group

For the nine months ended 31 December 2021, DDRC SRL contributed revenue of RM133.9 million and profit of RM34.6 million. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been RM17,188.4 million and consolidated profit for the year would have been RM2,186.0 million.

For the five and half months ended 31 December 2021, Bel Medic contributed revenue of RM40.4 million and profit of RM1.8 million. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been RM17,176.7 million and consolidated profit for the year would have been RM2,176.7 million.

39. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

Disposal of subsidiaries in 2021

On 13 December 2021, Gleneagles Development Pte Ltd (“GDPL”) disposed its entire 62.23% equity interest in Continental for a total consideration of INR3,450.0 million (equivalent to RM194.2 million). Consequential thereto, Continental and its subsidiaries ceased to be subsidiaries of the Group.

The effects of the above disposal are as follows:

|  | Note | RM’000   |
|--|------|----------|
| Property, plant and equipment              | 3    | 253,878  |
| Other financial assets                     |      | 4,971    |
| Tax recoverables                           |      | 6,970    |
| Deferred tax assets                        | 11   | 3,811    |
| Inventories                                |      | 2,702    |
| Trade and other receivables                |      | 18,166   |
| Cash and cash equivalents                  |      | 1,669    |
| Loans and borrowings                       |      | (55,273) |
| Employee benefits                          |      | (2,262)  |
| Trade and other payables                   |      | (32,145) |
| Deferred tax liabilities                   | 11   | (16,687) |
| Non-controlling interests                  |      | (70,176) |
| Net identifiable assets disposed           |      | 115,624  |
| Realisation of FCTR                        |      | 25,574   |
| Gain on disposal of subsidiaries           |      | 53,032   |
| Cash consideration                         |      | 194,230  |
| Less: cash and cash equivalents disposed   |      | (1,669)  |
| Net proceeds from disposal of subsidiaries |      | 192,561  |

40. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

Changes in ownership interests in subsidiaries in 2022

- (a) On 5 April 2022, PTM transferred 123,500 PLife REIT units that it owned to its eligible employees in accordance to PTM’s LTI plan. Consequential thereto, IHH Group’s effective interest in PLife REIT was diluted from 35.60% to 35.58%.
- (b) On 23 September 2022, ACC BV, an indirect subsidiary, repurchased 41,533 of its own shares at a consideration of EUR12.6 million (equivalent to RM58.5 million). The shares were retained as treasury shares. Consequential thereto, ASH’s effective interest in ACC BV has increased from 64.05% to 66.82%.

Notes to the Financial Statements

40. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES (continued)

Changes in ownership interests in subsidiaries in 2021

- (a) On 4 February 2021, 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 RM881,000) to the registered capital of Chengdu Shenton Clinic. Post the cash contribution, MRI’s interest in Chengdu Shenton Clinic increased from 60.95% to 61.75%.
- (b) On 4 March 2021, MRI increased its interest in Chengdu Shenton Clinic following the conversion of the shareholder’s loan of RMB1.41 million (equivalent to RM894,000) to the registered capital of Chengdu Shenton Clinic. Post the conversion of the shareholder’s loan, MRI’s interest in Chengdu Shenton Clinic increased from 61.75% to 62.42%.
- (c) On 5 April 2021, PTM transferred 130,600 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 35.62% to 35.60%.
- (d) On 24 May 2021, ASH acquired the remaining 0.01% equity interest in Acibadem Poliklinikleri A.S. (“POL”) at no consideration. Post the acquisition, ASH’s equity interest in POL increased from 99.99% to 100%.
- (e) On 30 September 2021, ASH acquired additional 15% equity interest in ACC BV from its 53.82% owned subsidiary, Clinical Hospital Acibadem Sistina Skopje (“Acibadem Sistina”) for a total consideration of EUR24.0 million (equivalent to RM116.9 million). Post completion of the acquisition, ASH’s direct equity interest in ACC BV increased from 49.05% to 64.05% and Acibadem Sistina ceased to be a shareholder of ACC BV.

41. SUBSIDIARIES

Details of subsidiaries are as follows:

| Name of subsidiary   | Place of incorporation and business  | Principal activities  | Effective ownership interest and voting interest |        |
|--|--------------------------------------|---|--|--------|
|  |                                      |   | 2022 %   | 2021 % |
| Direct subsidiaries  |                                      |   |  |        |
| IMU Health Sdn. Bhd.   | Malaysia                             | Investment holding and provision of management services to its subsidiaries   | 100  | 100    |
| Integrated Healthcare Holdings Limited   | Federal Territory of Labuan Malaysia | Investment holding  | 100  | 100    |
| Integrated Healthcare Turkey Yatirimlari Limited   | Federal Territory of Labuan Malaysia | Investment holding  | 100  | 100    |
| IHH Financial Services Pte. Ltd. <sup>#</sup><br>(f.k.a IHH Treasury Services Pte. Ltd.) | Singapore                            | Treasury centre   | 100  | –      |
| IHH Laboratories Holdings Sdn. Bhd.  | Malaysia                             | Investment holding  | 100  | –      |
| Indirect subsidiaries  |                                      |   |  |        |
| Held through IMU Health Sdn. Bhd.:   |                                      |   |  |        |
| IMU Education Sdn. Bhd.  | Malaysia                             | Establishing and carrying on the business of managing educational institutions, colleges, schools and other centres of learning, research and education | 100  | 100    |
| IMU Healthcare Sdn. Bhd.   | Malaysia                             | Investment holding and provision of healthcare services   | 100  | 100    |

41. SUBSIDIARIES (continued)

| Name of subsidiary  | Place of incorporation and business | Principal activities  | Effective ownership interest and voting interest |        |
|---|-------------------------------------|---|--|--------|
|   |                                     |   | 2022 %   | 2021 % |
| <b>Indirect subsidiaries</b> <i>(continued)</i>                       |                                     |   |  |        |
| <b>Held through IMU Health Sdn. Bhd.: <i>(continued)</i></b>          |                                     |   |  |        |
| IMC Education Sdn. Bhd.   | Malaysia                            | Provision of educational programs and training courses for healthcare and related fields            | 100  | 100    |
| IMU Omega Sdn. Bhd.   | Malaysia                            | Provision of medical, surgical and hospital services  | 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 | 60.00  | 60.00  |
| <b>Held through Integrated Healthcare Turkey Yatirimlari Limited:</b> |                                     |   |  |        |
| Integrated Healthcare Hastaneler Turkey Sdn. Bhd.                     | Malaysia                            | Investment holding  | 100  | 100    |
| <b>Held through IHH Laboratories Holdings Sdn. Bhd.:</b>              |                                     |   |  |        |
| IHH Laboratories Pte Ltd <sup>#</sup>                                 | Singapore                           | Investment holding and provision of services for medical diagnostic laboratory tests                | 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  | 55.00  | 55.00  |

Notes to the Financial Statements

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities  | Effective ownership interest and voting interest |        |
|--|-------------------------------------|---|--|--------|
|  |                                     |   | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)                               |                                     |   |  |        |
| <b>Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:</b> |                                     |   |  |        |
| Acibadem Saglik Yatirimlari Holding A.S. #                             | Türkiye                             | Investment holding  | 90.00  | 90.00  |
| <b>Held through IHH Laboratories Pte Ltd:</b>                          |                                     |   |  |        |
| Parkway Laboratory Services Ltd. # <sup>(16)</sup>                     | Singapore                           | Provision of comprehensive diagnostic laboratory services                             | 100  | –      |
| Pantai Premier Pathology Sdn. Bhd. <sup>(16)</sup>                     | Malaysia                            | Provision of medical laboratory services  | 100  | –      |
| <b>Held through Acibadem Saglik Yatirimlari Holding A.S.:</b>          |                                     |   |  |        |
| APlus Hastane Otelcilik Hizmetleri A.S. #                              | Türkiye                             | Provision of catering, laundry and cleaning services for hospitals                    | 89.99  | 89.99  |
| Acibadem Proje Yonetimi A.S. #   | Türkiye                             | Supervise and manage the construction of healthcare facilities                        | 89.99  | 89.99  |
| Acibadem Saglik Hizmetleri ve Ticaret A.S. #                           | Türkiye                             | Provision of medical, surgical and hospital services                                  | 89.79  | 89.79  |
| <b>Held through Acibadem Saglik Hizmetleri ve Ticaret A.S.:</b>        |                                     |   |  |        |
| Acibadem Poliklinikleri A.S. #   | Türkiye                             | Provision of outpatient and surgical (in certain clinics only) services               | 89.79  | 89.79  |
| Acibadem Labmed Saglik Hizmetleri A.S. #                               | Türkiye                             | Provision of laboratory services  | 89.79  | 89.79  |
| International Hospital İstanbul A.S. #                                 | Türkiye                             | Provision of medical, surgical and hospital services                                  | 80.81  | 80.81  |
| Acibadem Mobil Saglik Hizmetleri A.S. #                                | Türkiye                             | Provision of emergency, home and ambulatory care services                             | 89.79  | 89.79  |
| Clinical Hospital Acibadem Sistina Skopje #                            | Macedonia                           | Provision of medical, surgical and hospital services                                  | 48.33  | 48.33  |
| Acibadem Sistina Medikal Kompani Doo Skopje #                          | Macedonia                           | Provision of medical equipment and import and wholesale of drug and medical materials | 44.90  | 44.90  |
| Acibadem International Medical Center B.V. #                           | Netherlands                         | Provision of outpatient services  | 89.79  | 89.79  |

41. SUBSIDIARIES (continued)

| Name of subsidiary  | Place of incorporation and business | Principal activities   | Effective ownership interest and voting interest |        |
|---|-------------------------------------|--|--|--------|
|   |                                     |  | 2022 %   | 2021 % |
| <b>Indirect subsidiaries</b> <i>(continued)</i>   |                                     |  |  |        |
| <b>Held through Acibadem Saglik Hizmetleri ve Ticaret A.S.:</b> <i>(continued)</i>                                    |                                     |  |  |        |
| Acibadem Teknoloji A.S. <sup>#</sup>  | Türkiye                             | 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>#</sup>  | Netherlands                         | Investment holding   | 59.90  | 57.51  |
| Acibadem International Healthcare GmbH <sup>+</sup>   | Germany                             | Operation of hospitals, clinics and other medical facilities and provision of services in the healthcare sector  | 89.79  | 89.79  |
| LifeClub Saglikli Yasam Hizmetleri A.S. <sup>#</sup>  | Türkiye                             | Provision of e-consulting activities, wellness services and marketplace activities relating to all health-related products and memberships                             | 89.79  | 89.79  |
| Ortopedia Ozel Saglik Hizmetleri Anonim Sirketi <sup>#</sup>  | Türkiye                             | Provision of orthopedics services  | 89.79  | –      |
| <b>Held through Acibadem Poliklinikleri A.S.:</b>   |                                     |  |  |        |
| Bodrum Medikal Saglik Hizmetleri A.S. <sup>#</sup>  | Türkiye                             | Provision of outpatient services   | 53.88  | 53.88  |
| <b>Held through Acibadem City Clinic B.V.:</b>  |                                     |  |  |        |
| Acibadem City Clinic EAD <sup>#</sup>   | Bulgaria                            | Investment holding   | 60.00  | 57.51  |
| General Hospital Acibadem Bel Medic <sup>##</sup>   | Serbia                              | Provision of medical, surgical and hospital services   | 42.00  | 40.26  |
| <b>Held through General Hospital Acibadem Bel Medic:</b>  |                                     |  |  |        |
| Health Center Acibadem Bel Medic <sup>##</sup>  | Serbia                              | Provision of medical and general surgical services   | 42.00  | 40.26  |
| Bel Food & Coffee d.o.o <sup>##</sup>   | Serbia                              | Provision of services of preparation and serving food  | 42.00  | 40.26  |
| Marlo Milosavljevic PR Poliklinika Bel Medic Beograd (Vracar) <sup>##</sup>   | Serbia                              | Policlinic for specialized examinations  | 42.00  | 40.26  |
| Marija Mirkovic Sindjelic PR Laboratorija Za Mikrobiologiju SA Virusologijom Acibadem Bel Medic Beograd <sup>##</sup> | Serbia                              | Policlinic for specialized examinations  | 42.00  | –      |



Notes to the Financial Statements

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities  | Effective ownership interest and voting interest |        |
|--|-------------------------------------|---|--|--------|
|  |                                     |   | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)   |                                     |   |  |        |
| <b>Held through Health Center Acibadem Bel Medic:</b>  |                                     |   |  |        |
| Health Center Acibadem Bel Medic Slavija (f.k.a. Dom Zdravlja Bel Medic Slavija (Health Center Slavija)) <sup>##</sup> | Serbia                              | Provision of medical services   | 42.00  | 40.26  |
| <b>Held through Acibadem City Clinic EAD:</b>  |                                     |   |  |        |
| Acibadem City Clinic University Hospital EOOD <sup>#</sup>   | Bulgaria                            | University multi-profile hospital for acute care  | 60.00  | 57.51  |
| Acibadem City Clinic Diagnostic and Consultation Centre EOOD <sup>#</sup>  | Bulgaria                            | Outpatient diagnostic and consultative centre   | 60.00  | 57.51  |
| Acibadem City Clinic Medical Center Varna EOOD <sup>#</sup>  | Bulgaria                            | Outpatient medical centre   | 60.00  | 57.51  |
| Acibadem City Clinic Pharmacies EOOD <sup>#</sup>  | Bulgaria                            | Pharmacy  | 60.00  | 57.51  |
| Healthcare Consulting EOOD <sup>#</sup>  | Bulgaria                            | Clinical research   | 60.00  | 57.51  |
| Tokuda Clinical Research Center AD <sup>#</sup>  | Bulgaria                            | Clinical research   | 51.00  | 48.89  |
| Acibadem City Clinic Services EOOD <sup>#</sup>  | Bulgaria                            | Facility management and building maintenance  | 60.00  | 57.51  |
| Tokuda Pharmacy EOOD <sup>#</sup>  | Bulgaria                            | Pharmacy  | 60.00  | 57.51  |
| Acibadem City Clinic Diagnostic and Consultation Center Tokuda EAD <sup>#</sup>  | Bulgaria                            | Outpatient diagnostic and consultative centre   | 60.00  | 57.51  |
| Acibadem City Clinic Tokuda University Hospital EAD (f.k.a. Acibadem City Clinic Tokuda Hospital EAD) <sup>#</sup>     | Bulgaria                            | Multi-profile hospital for acute care   | 60.00  | 57.51  |
| Acibadem City Clinic Mladost EOOD <sup>#</sup>   | Bulgaria                            | Ownership of hospital and healthcare facilities   | 60.00  | 57.51  |
| <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    |

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities   | Effective ownership interest and voting interest |        |
|--|-------------------------------------|--|--|--------|
|  |                                     |  | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> <i>(continued)</i>  |                                     |  |  |        |
| <b>Held through Pantai Holdings Sdn. Bhd.:</b> <i>(continued)</i>                                |                                     |  |  |        |
| 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  | 100    |
| <b>Held through Pantai Group Resources Sdn. Bhd.:</b>  |                                     |  |  |        |
| Pantai Premier Pathology Sdn. Bhd. <sup>(16)</sup>   | Malaysia                            | Provision of medical laboratory services   | –  | 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    |
| IHH Technology Sdn. Bhd. <i>(f.k.a POEM Corporate Health Services Sdn. Bhd.)</i> <sup>(15)</sup> | Malaysia                            | Provision of occupational and environmental health services and other industry specific medical services to corporate clients          | –  | 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    |
| 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    |

Notes to the Financial Statements

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities   | Effective ownership interest and voting interest |        |
|--|-------------------------------------|--|--|--------|
|  |                                     |  | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> <i>(continued)</i>                    |                                     |  |  |        |
| <b>Held through Pantai Hospitals Sdn. Bhd.:</b> <i>(continued)</i> |                                     |  |  |        |
| 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  | 51.00  | 51.00  |
| 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  | 52.00  | 52.00  |

41. SUBSIDIARIES (continued)

| Name of subsidiary                                       | Place of incorporation and business | Principal activities   | Effective ownership interest and voting interest |        |
|--|-------------------------------------|--|--|--------|
|  |                                     |  | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)                 |                                     |  |  |        |
| <b>Held through Parkway HK Holdings Limited:</b>         |                                     |  |  |        |
| Parkway Healthcare (Hong Kong) Limited #                 | Hong Kong                           | Provision of medical and healthcare outpatient services  | 100  | 100    |
| GHK Hospital Limited #                                   | Hong Kong                           | Private hospital ownership, development and management   | 60.00  | 60.00  |
| Parkway Medical Services (Hong Kong) Limited +           | Hong Kong                           | Provision of healthcare services   | 60.00  | –      |
| <b>Held through Parkway Holdings Limited:</b>            |                                     |  |  |        |
| Parkway Hospitals Singapore Pte Ltd. #                   | Singapore                           | Private hospitals ownership and management   | 100  | 100    |
| Parkway Trust Management Limited #                       | Singapore                           | Provision of management services to PLife REIT   | 100  | 100    |
| Parkway Investments Pte Ltd. #                           | Singapore                           | Investment holding   | 100  | 100    |
| Parkway Novena Pte Ltd. #                                | Singapore                           | Development, ownership and management of private hospital premises   | 100  | 100    |
| Parkway Irrawaddy Pte Ltd. #                             | Singapore                           | Development, ownership and management of a medical centre  | 100  | 100    |
| Parkway Shenton Pte Ltd. #                               | Singapore                           | Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services | 100  | 100    |
| Medi-Rad Associates Ltd. #                               | Singapore                           | Operation of radiology clinics   | 100  | 100    |
| Parkway Laboratory Services Ltd. # (16)                  | Singapore                           | Provision of comprehensive diagnostic laboratory services  | –  | 100    |
| Gleneagles Medical Holdings Limited #                    | Singapore                           | Investment holding   | 100  | 100    |
| Parkway College of Nursing and Allied Health Pte. Ltd. # | Singapore                           | Provision of courses in nursing and allied health  | 100  | 100    |

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41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities  | Effective ownership interest and voting interest |        |
|--|-------------------------------------|---|--|--------|
|  |                                     |   | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> <i>(continued)</i>  |                                     |   |  |        |
| <b>Held through Parkway Holdings Limited:</b> <i>(continued)</i>                                 |                                     |   |  |        |
| iXchange Pte. Ltd. <sup>#</sup>  | Singapore                           | Agent and administrator for managed care and related services                                       | 100  | 100    |
| Gleneagles Management Services Pte Ltd. <sup>#</sup>   | Singapore                           | Provision of advisory, administrative, management and consultancy services to healthcare facilities | 100  | 100    |
| <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    |
| IHH Technology Sdn. Bhd. <i>(f.k.a POEM Corporate Health Services Sdn. Bhd.)</i> <sup>(15)</sup> | Malaysia                            | Provision of software system integration and application management services                        | 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  |
| <b>Held through Medi-Rad Associates Ltd.:</b>  |                                     |   |  |        |
| Radiology Consultants Pte Ltd <sup>#</sup>   | Singapore                           | Provision of radiology consultancy and interpretative services                                      | 100  | 100    |

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities  | Effective ownership interest and voting interest |        |
|--|-------------------------------------|---|--|--------|
|  |                                     |   | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)                                       |                                     |   |  |        |
| <b>Held through Gleneagles Development Pte Ltd.:</b>                           |                                     |   |  |        |
| Ravindranath GE Medical Associates Private Limited <sup>#^(4)</sup>            | India                               | Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility | 75.62  | 75.62  |
| Parkway Healthcare India Private Limited <sup>#^(5)</sup>                      | India                               | Provision of management and consultancy services  | 100  | 100    |
| <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  | 49.14  |
| Global Clinical Research Services Private Limited <sup>#^</sup>                | India                               | Provision of clinical research services   | 75.38  | 75.38  |
| <b>Held through Parkway Shenton Pte Ltd.:</b>                                  |                                     |   |  |        |
| Nippon Medical Care Pte Ltd. <sup>#</sup>                                      | Singapore                           | Operation of clinics  | 70.00  | 70.00  |
| 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 Medical Resources International Pte Ltd.:</b>                  |                                     |   |  |        |
| Shanghai Rui Xin Healthcare Co., Ltd. <sup>#(6)</sup>                          | People's Republic of China          | Provision of medical and healthcare outpatient services   | 70.10  | 70.10  |
| Shanghai Rui Hong Clinic Co., Ltd. <sup>#(7)</sup>                             | People's Republic of China          | Provision of medical and healthcare outpatient services   | 70.10  | 70.10  |
| Shanghai Xin Rui Healthcare Co., Ltd. <sup>#(8)</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  | 43.76  | 43.76  |



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41. SUBSIDIARIES (continued)

| Name of subsidiary  | Place of incorporation and business | Principal activities                                     | Effective ownership interest and voting interest |        |
|---|-------------------------------------|--|--|--------|
|   |                                     |  | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)  |                                     |  |  |        |
| <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 ##^(9)  | India                               | Provision of medical and Clinical Establishment services | 31.17  | 31.17  |
| Fortis La Femme Limited #^  | India                               | Investment holding                                       | 31.17  | 31.17  |
| Fortis Healthcare International Pte 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  |

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities   | Effective ownership interest and voting interest |        |
|--|-------------------------------------|--|--|--------|
|  |                                     |  | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)                               |                                     |  |  |        |
| <b>Held through Fortis Healthcare Limited:</b> (continued)             |                                     |  |  |        |
| Fortis Hospitals Limited <sup>#^</sup>                                 | India                               | Operates a network of multi-specialty hospitals                                  | 31.17  | 31.17  |
| Fortis CSR Foundation <sup>##^</sup>                                   | India                               | Non-profit company for carrying out Corporate Social Responsibilities            | 31.17  | 31.17  |
| International Hospital Limited <sup>##^(10)</sup>                      | India                               | Provision of medical and Clinical Establishment services and operates a hospital | 31.17  | 31.17  |
| Fortis Health Management Limited <sup>##^(11)</sup>                    | India                               | Provision of medical and Clinical Establishment services and operates a hospital | 31.17  | 31.17  |
| Escorts Heart and Super Speciality Hospital Limited <sup>##^(12)</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  |
| DDRC SRL Diagnostics Limited <sup>##(13)</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  |

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41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities                | Effective ownership interest and voting interest |        |
|--|-------------------------------------|-------------------------------------|--|--------|
|  |                                     |                                     | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)                                 |                                     |                                     |  |        |
| <b>Held through Fortis Hospitals Limited:</b> (continued)                |                                     |                                     |  |        |
| Birdie & Birdie Realtors Private Limited <sup>##^</sup>                  | India                               | Dormant                             | 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  |
| <b>Held through Escorts Heart Institute and Research Centre Limited:</b> |                                     |                                     |  |        |
| Fortis Asia Healthcare Pte Ltd <sup>#^</sup>                             | Singapore                           | Investment holding                  | 31.17  | 31.17  |
| Fortis HealthStaff Limited <sup>##^</sup>                                | India                               | Dormant                             | 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 Limited. <sup>#</sup>                   | Singapore                           | Investment holding                  | 100  | 100    |
| Parkway Life Real Estate Investment Trust <sup># (14)</sup>              | Singapore                           | Real estate investment trust        | 35.58  | 35.60  |

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities                                  | Effective ownership interest and voting interest |        |
|--|-------------------------------------|---|--|--------|
|  |                                     |   | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)                       |                                     |   |  |        |
| <b>Held through Parkway Life Real Estate Investment Trust:</b> |                                     |   |  |        |
| Matsudo Investment Pte. Ltd. <sup>#</sup>                      | Singapore                           | Investment holding                                    | 35.58  | 35.60  |
| Parkway Life Japan2 Pte. Ltd. <sup>#</sup>                     | Singapore                           | Investment holding                                    | 35.58  | 35.60  |
| Parkway Life Japan3 Pte. Ltd. <sup>#</sup>                     | Singapore                           | Investment holding                                    | 35.58  | 35.60  |
| Parkway Life Japan4 Pte. Ltd. <sup>#</sup>                     | Singapore                           | Investment holding                                    | 35.58  | 35.60  |
| Parkway Life MTN Pte. Ltd. <sup>#</sup>                        | Singapore                           | Provision of financial and treasury services          | 35.58  | 35.60  |
| Parkway Life Malaysia Pte. Ltd. <sup>#</sup>                   | Singapore                           | Investment holding                                    | 35.58  | 35.60  |
| <b>Held through Parkway Life Japan2 Pte Ltd.:</b>              |                                     |   |  |        |
| Godo Kaisha Del Monte <sup>++</sup>                            | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Tenshi 1 <sup>++</sup>                             | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Tenshi 2 <sup>++</sup>                             | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| G.K. Nest <sup>++</sup>  | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| <b>Held through Parkway Life Japan3 Pte Ltd.:</b>              |                                     |   |  |        |
| Godo Kaisha Healthcare 1 <sup>++</sup>                         | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Healthcare 2 <sup>++</sup>                         | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Healthcare 3 <sup>++</sup>                         | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Healthcare 4 <sup>++</sup>                         | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Healthcare 5 <sup>++</sup>                         | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |

Notes to the Financial Statements

41. SUBSIDIARIES (continued)

| Name of subsidiary                                | Place of incorporation and business | Principal activities                                  | Effective ownership interest and voting interest |        |
|---|-------------------------------------|---|--|--------|
|   |                                     |   | 2022 %   | 2021 % |
| <u>Indirect subsidiaries</u> (continued)          |                                     |   |  |        |
| <b>Held through Parkway Life Japan4 Pte Ltd.:</b> |                                     |   |  |        |
| Godo Kaisha Samurai <sup>++</sup>                 | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 2 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 3 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 4 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 5 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 6 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 7 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 8 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 9 <sup>++</sup>               | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 10 <sup>++</sup>              | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 11 <sup>++</sup>              | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 12 <sup>++</sup>              | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 13 <sup>++</sup>              | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 14 <sup>++</sup>              | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 15 <sup>++</sup>              | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |
| Godo Kaisha Samurai 16 <sup>++</sup>              | Japan                               | Special purpose entity<br>– Investment in real estate | 35.58  | 35.60  |

41. SUBSIDIARIES (continued)

| Name of subsidiary   | Place of incorporation and business | Principal activities  | Effective ownership interest and voting interest |        |
|--|-------------------------------------|---|--|--------|
|  |                                     |   | 2022 %   | 2021 % |
| <b>Indirect subsidiaries</b> <i>(continued)</i>  |                                     |   |  |        |
| <b>Held through Parkway Life Japan4 Pte Ltd.:</b> <i>(continued)</i>   |                                     |   |  |        |
| Godo Kaisha Samurai 17 <sup>++</sup>   | Japan                               | Special purpose entity<br>– Investment in real estate   | 35.58  | –      |
| Godo Kaisha Samurai 18 <sup>++</sup>   | Japan                               | Special purpose entity<br>– Investment in real estate   | 35.58  | –      |
| <b>Held through Parkway Life Malaysia Pte Ltd.:</b>  |                                     |   |  |        |
| Parkway Life Malaysia Sdn. Bhd.  | Malaysia                            | Special purpose entity<br>– Investment in real estate   | 35.58  | 35.60  |
| <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 | 55.00  | 55.00  |
| Angsana Molecular & Diagnostics Laboratory (HK) Limited <sup>#</sup>   | Hong Kong                           | Provision of molecular diagnostic assays and services   | 55.00  | 55.00  |
| Angsana Molecular & Diagnostics Laboratory Sdn. Bhd.   | Malaysia                            | Research laboratories and carry on business, including taking blood samples for testing                                   | 55.00  | 55.00  |
| <br><sup>1</sup> PPL and PHL hold 99.99% and 0.01% shares in Parkway HK Holdings Limited respectively.<br><sup>2</sup> PPL and PHL hold 78.52% and 21.48% shares in Parkway Group Healthcare Pte Ltd (“PGH”) respectively.<br><sup>3</sup> PPL holds more than 99.99% shares in GDPL. The remaining shares are held by Gleneagles International Pte Ltd.<br><sup>4</sup> GDPL and Parkway-Healthcare (Mauritius) Ltd. hold 74.12% and 1.50% shares in RGE respectively. The Group consolidated 75.62% 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% on a fully diluted basis.<br><sup>5</sup> GDPL and PGH hold more than 99.99% and less than 0.01% in Parkway Healthcare India Private Limited respectively.<br><sup>6</sup> 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.<br><sup>7</sup> MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Rui Hong Clinic Co., Ltd. respectively.<br><sup>8</sup> MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Xin Rui Healthcare Co., Ltd. respectively.<br><sup>9</sup> Fortis and Fortis Health Management Limited (“FHML”) hold 74.35% and 25.65% shares in Fortis Hospotel Limited respectively.<br><sup>10</sup> Fortis and FHML hold 78.40% and 21.60% shares in International Hospital Limited (“IHL”) respectively.<br><sup>11</sup> Fortis and IHL hold 52% and 48% shares in FHML respectively.<br><sup>12</sup> Fortis, IHL and FHML hold 48.58%, 38.29% and 13.13% shares in Escorts Heart and Super Speciality Hospital Limited respectively.<br><sup>13</sup> SRL Limited and SRL Diagnostics Private Limited hold 50% shares each in DDRC SRL respectively.<br><sup>14</sup> Parkway Investments Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2021: 35.25%), 0.29% (2021: 0.31%) and 0.04% (2021: 0.04%) of the units in PLife REIT respectively.<br><sup>15</sup> In 2022, PGH acquired IHH Technology Sdn. Bhd. (f.k.a.POEM Corporate Health Services Sdn. Bhd.) from Pantai Group Resources Sdn. Bhd.<br><sup>16</sup> In 2022, IHH Laboratories Pte. Ltd. acquired Pantai Premier Pathology Sdn. Bhd. from Pantai Group Resources Sdn. Bhd. and Parkway Laboratory Services Limited from PHL.<br><sup>#</sup> Audited by other member firms of KPMG International.<br><sup>##</sup> Audited by firms other than member firms of KPMG International.<br><sup>+</sup> Audit is not required.<br><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.<br><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

42. ASSOCIATES

Details of associates are as follows:

| Name of associate   | Place of incorporation and business | Principal activities   | Effective ownership interest and voting interest |        |
|---|-------------------------------------|--|--|--------|
|   |                                     |  | 2022 %   | 2021 % |
| <u>Indirect associates</u>  |                                     |  |  |        |
| <b>Held through Gleneagles Medical Holdings Limited:</b>          |                                     |  |  |        |
| PT Tritunggal Sentra Utama Surabaya <sup>##</sup>                 | Indonesia                           | Provision of medical diagnostic services                                     | 30.00  | 30.00  |
| Asia Renal Care Mt Elizabeth Pte Ltd <sup>##</sup>                | Singapore                           | Provision of dialysis services and medical consultancy services              | 20.00  | 20.00  |
| Asia Renal Care (Katong) Pte Ltd <sup>##</sup>                    | Singapore                           | Provision of dialysis services and medical consultancy services              | 20.00  | 20.00  |
| <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 | 33.00  | 33.00  |
| <b>Held through Fortis Healthcare International Limited:</b>      |                                     |  |  |        |
| RHT Health Trust <sup>## (1)</sup>                                | Singapore                           | Investment holding/Business Trust  | 8.67   | 8.67   |
| <b>Held through Fortis Healthcare International Pte Limited:</b>  |                                     |  |  |        |
| The Lanka Hospitals Corporation Plc <sup>#</sup>                  | Sri Lanka                           | Operates a multi-specialty hospital  | 8.93   | 8.93   |
| <b>Held through Acibadem Saglik Hizmetleri ve Ticaret A.S.:</b>   |                                     |  |  |        |
| Famicord Acibadem Kordon Kani Saglik Hizmetleri A.S. <sup>#</sup> | Türkiye                             | Provision of cord blood banking services                                     | 26.94  | 26.94  |
| <b>Held through Parkway Holdings Limited:</b>                     |                                     |  |  |        |
| Gleneagles JPMC Sdn. Bhd. <sup>#</sup>                            | Brunei Darussalam                   | Management and operation of a cardiac and cardiothoracic care centre         | 40.00  | 40.00  |

1 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.

# Audited by other member firms of KPMG International.

## Audited by firms other than member firms of KPMG International.

43. 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 |        |
|--|-------------------------------------|---|--|--------|
|  |                                     |   | 2022 %   | 2021 % |
| <u>Indirect joint ventures</u>                               |                                     |   |  |        |
| <b>Held through Parkway-Healthcare (Mauritius) Ltd:</b>      |                                     |   |  |        |
| Apollo Gleneagles PET-CT Private Limited <sup>##</sup>       | India                               | Operation of PET-CT radio imaging centre  | 50.00  | 50.00  |
| <b>Held through Shenton Family Medical Clinics Pte Ltd:</b>  |                                     |   |  |        |
| Shenton Family Medical Clinic (Ang Mo Kio) <sup>+</sup>      | Singapore                           | Operation of medical clinic               | 60.00  | 60.00  |
| Shenton Family Medical Clinic (Bedok Reservoir) <sup>+</sup> | Singapore                           | Operation of medical clinic               | 50.00  | 50.00  |
| Shenton Family Medical Clinic (Duxton) <sup>+</sup>          | Singapore                           | Operation of medical clinic               | 50.00  | 50.00  |
| Shenton Family Medical Clinic (Jurong East) <sup>+</sup>     | Singapore                           | Operation of medical clinic               | 50.00  | 50.00  |
| Shenton Family Medical Clinic (Tampines) <sup>+</sup>        | Singapore                           | Operation of medical clinic               | 50.00  | 50.00  |
| Shenton Family Medical Clinic (Towner) <sup>+</sup>          | Singapore                           | Operation of medical clinic               | 50.00  | 50.00  |
| <b>Held through Parkway Group Healthcare Pte Ltd:</b>        |                                     |   |  |        |
| Khubchandani Hospitals Private Limited <sup>##</sup>         | India                               | Dormant                                   | 50.00  | 50.00  |
| <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 Fortis Hospitals Limited:</b>                |                                     |   |  |        |
| Fortis C-Doc Healthcare Limited <sup>##(1)</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  |

1 The Group has accounted for the entity as a joint venture in accordance with MFRS on the basis that the entity's operating decisions are made jointly with the joint venture partner.

# Audited by other member firms of KPMG International.

## Audited by firms other than member firms of KPMG International.

+ Audit is not required.

Notes to the Financial Statements

44. MATERIAL LITIGATIONS

The following are the material litigations of the Group:

In respect of Escorts Heart Institute and Research Centre Limited (“EHIRCL”), a subsidiary of Fortis:

- (a) 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 to the financial statements are required.
- (b) In relation to the judgement of the 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 INR5.0 billion (equivalent to RM275.1 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 INR50.0 million (equivalent to RM2.7 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 counsel, since 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.

45. COMPARATIVES

Following the issuance of IFRIC Agenda Decision during the year to clarify on the presentation of restricted cash, the Group reassessed and reclassified restricted cash and deposits placed in escrow account to be presented as cash and cash equivalents in the statement of cash flows. The impact arising from the reclassification is as follows:

|   | As previously reported<br>RM’000 | Effects of reclassification<br>RM’000 | As restated<br>RM’000 |
|---|----------------------------------|---------------------------------------|-----------------------|
| Financial period ended 31 December 2021                           |                                  |                                       |                       |
| Change in restricted cash   | 11,097                           | (11,097)                              | –                     |
| Net cash used in financing activities                             | (1,792,886)                      | (11,097)                              | (1,803,983)           |
|   |                                  |                                       |                       |
| Net decrease in cash and cash equivalents                         | 917,301                          | (11,097)                              | 906,204               |
|   |                                  |                                       |                       |
| Effect of exchange rate fluctuations on cash and cash equivalents | (91,478)                         | 6,413                                 | (85,065)              |
| Cash and cash equivalents at beginning of the period              | 2,264,047                        | 1,908,265                             | 4,172,312             |
| Cash and cash equivalents at end of the period                    | 3,089,870                        | 1,903,581                             | 4,993,451             |

46. SUBSEQUENT EVENT

On 14 February 2023, ASH acquired the entire equity stake in Ozel Kent Saglik Hizmetleri ve Malzemeleri Sanayi Ticaret A.S. (“Kent”) for a total consideration of EUR55.0 million (equivalent to RM255.3 million). Kent is a private healthcare operator in Izmir, Türkiye and it currently operates a 340-bedded Kent Hospital and 2 medical centres. Post completion of the acquisition, Kent has become a direct subsidiary of ASH, whilst Alsancak Ozel Kent Tıp Merkezi A.S. and Ozel Kent Radyoloji Goruntuleme ve Ticaret A.S. have become indirect wholly owned subsidiaries of ASH.

Analysis of Shareholdings

As at 31 March 2023

|                      |                                 |
|----------------------|---------------------------------|
| Class of securities  | : Ordinary shares               |
| Issued share capital | : 8,806,991,463 ordinary shares |
| Voting right         | : One vote per ordinary share   |

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings    | No. of Holders | %      | No. of Holdings | %      |
|--------------------------|----------------|--------|-----------------|--------|
| Less than 100            | 222            | 3.06   | 2,187           | 0.00   |
| 100 – 1,000              | 2,284          | 31.49  | 1,662,394       | 0.02   |
| 1,001 – 10,000           | 3,041          | 41.93  | 13,102,342      | 0.15   |
| 10,001 – 100,000         | 969            | 13.36  | 33,028,686      | 0.37   |
| 100,001 – 440,349,572 *  | 734            | 10.12  | 2,764,367,878   | 31.39  |
| 440,349,573 and above ** | 3              | 0.04   | 5,994,827,976   | 68.07  |
| Total                    | 7,253          | 100.00 | 8,806,991,463   | 100.00 |

Notes:

\* Less than 5% of issued share capital

\*\* 5% and above of issued share capital

CATEGORY OF SHAREHOLDERS

| Category of Shareholders                 | No. of Shareholders | % of Shareholders | No. of Shares held | % of Issued Shares |
|--|---------------------|-------------------|--------------------|--------------------|
| Individual                               | 5,125               | 70.66             | 24,761,395         | 0.28               |
| Banks/Finance Companies                  | 75                  | 1.04              | 762,080,400        | 8.65               |
| Investments Trusts/Foundations/Charities | 3                   | 0.04              | 124,000            | 0.00               |
| Other Types of Companies                 | 104                 | 1.43              | 5,162,122,376      | 58.61              |
| Government Agencies/Institutions         | 2                   | 0.03              | 2,127,800          | 0.03               |
| Nominees                                 | 1,943               | 26.79             | 2,855,775,490      | 32.43              |
| Trustee                                  | 0                   | 0.00              | 0                  | 0.00               |
| Others                                   | 1                   | 0.01              | 2                  | 0.00               |
| Total                                    | 7,253               | 100.00            | 8,806,991,463      | 100.00             |

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              | 32.80              | 0                           | 0.00               |
| 2.  | Mitsui & Co., Ltd  | 0                          | 0.00               | 2,888,487,400 <sup>i</sup>  | 32.80              |
| 3.  | Pulau Memutik Ventures Sdn Bhd                           | 2,284,536,356              | 25.94              | 0                           | 0.00               |
| 4.  | Khazanah Nasional Berhad                                 | 0                          | 0.00               | 2,284,536,356 <sup>ii</sup> | 25.94              |
| 5.  | Employees Provident Fund Board                           | 914,865,000 <sup>iii</sup> | 10.39              | 0                           | 0.00               |
| 6.  | Mehmet Ali Aydinlar                                      | 7,948,000                  | 0.09               | 517,110,173 <sup>iv</sup>   | 5.87               |
| 7.  | Hatice Seher Aydinlar                                    | 7,000,000                  | 0.08               | 510,110,173 <sup>v</sup>    | 5.79               |
| 8.  | SZA Gayrimenkul Yatırım İnşaat ve Ticaret Anonim Sirketi | 510,110,173                | 5.79               | 0                           | 0.00               |

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 Yatırım İnşaat ve Ticaret A.Ş.’s shareholding in the Company, a company wholly-owned by Mehmet Ali Aydinlar, his wife and daughter, pursuant to Section 8 of the Companies Act 2016.

<sup>v</sup> Deemed interest by virtue of SZA Gayrimenkul Yatirim Insaat ve Ticaret A.S.’s shareholding in the Company, a company wholly-owned by Hatice Seher Aydinlar, her husband and daughter, pursuant to Section 8 of the Companies Act 2016.

Analysis of Shareholdings

As at 31 March 2023

DIRECTORS’ DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS  
(As per Register of Directors’ Shareholdings)

|     |                         | Number of ordinary shares |                       |                          |                       |
|-----|-------------------------|---------------------------|-----------------------|--------------------------|-----------------------|
| No. | Interest in the Company | Direct Interest           |                       | Indirect Interest        |                       |
|     |                         | No. of<br>Shares held     | % of Issued<br>Shares | No. of<br>Shares held    | % of Issued<br>Shares |
| 1.  | Mehmet Ali Aydinlar     | 7,948,000                 | 0.09                  | 517,110,173 <sup>i</sup> | 5.87                  |
| 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 Yatırım İnşaat ve Ticaret A.Ş.’s shareholding in the Company, a company wholly-owned by Mehmet Ali Aydinlar, his wife and daughter, pursuant to Section 8 of the Companies Act 2016.

Mehmet Ali Aydinlar's direct and/or indirect interest in the subsidiaries are as follows:

|                          |  | Number of ordinary shares of TL1.00 each |                       |                       |                       |
|--------------------------|--|--|-----------------------|-----------------------|-----------------------|
| Interest in subsidiaries |  | Direct Interest                          |                       | Indirect Interest     |                       |
|                          |  | No. of<br>Shares held                    | % of Issued<br>Shares | No. of<br>Shares held | % of Issued<br>Shares |
|                          | Acibadem Saglik Yatirimlari Holding A.S.   | 217,211,842                              | 9.28                  | 16,828,159            | 0.72                  |
|                          | Acibadem Saglik Hizmetleri ve Ticaret A.S. | 1  | 0.00                  | 1                     | 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                  |

|  |                                      | Number of ordinary shares of TL2.00 each |                       |                       |                       |
|--|--------------------------------------|--|-----------------------|-----------------------|-----------------------|
|  |                                      | Direct Interest                          |                       | Indirect Interest     |                       |
|  |                                      | No. of<br>Shares held                    | % of Issued<br>Shares | No. of<br>Shares held | % of Issued<br>Shares |
|  | International Hospital Istanbul A.S. | 1  | 0.00                  | 1                     | 0.00                  |

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 2023

| No. | Name  | No. of<br>Shares held | % of Issued<br>Shares |
|-----|---|-----------------------|-----------------------|
| 1.  | MBK Healthcare Management Pte Ltd   | 2,888,487,400         | 32.80                 |
| 2.  | Pulau Memutik Ventures Sdn Bhd  | 2,266,086,176         | 25.73                 |
| 3.  | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board   | 840,254,400           | 9.54                  |
| 4.  | Citigroup Nominees (Asing) Sdn Bhd<br>UBS Switzerland AG for SZA Gayrimenkul Yatirim Insaat ve Ticaret Anonim Sirketi | 302,490,173           | 3.44                  |
| 5.  | Kumpulan Wang Persaraan (Diperbadankan)   | 300,766,200           | 3.42                  |
| 6.  | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt AN for the Central Depository (Pte) Limited                              | 264,280,465           | 3.00                  |
| 7.  | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera   | 185,000,000           | 2.10                  |
| 8.  | Cartaban Nominees (Asing) Sdn Bhd<br>The Bank of New York Mellon for Kuwait Investment Authority                      | 150,000,000           | 1.70                  |
| 9.  | Citigroup Nominees (Asing) Sdn Bhd<br>CB Spore GW for Government of Singapore (GIC C)                                 | 73,710,579            | 0.84                  |
| 10. | Cartaban Nominees (Asing) Sdn Bhd<br>Exempt AN for State Street Bank & Trust Company (West CLT OD67)                  | 58,529,700            | 0.67                  |
| 11. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt AN for AIA Bhd  | 54,152,200            | 0.61                  |
| 12. | Permodalan Nasional Berhad  | 40,480,800            | 0.46                  |
| 13. | HSBC Nominees (Asing) Sdn Bhd<br>JPMCB NA for Vanguard Emerging Markets Stock Index Fund                              | 34,014,755            | 0.39                  |
| 14. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)                       | 33,397,700            | 0.38                  |
| 15. | HSBC Nominees (Asing) Sdn Bhd<br>JPMCB NA for Vanguard Total International Stock Index Fund                           | 33,133,036            | 0.38                  |



List of Top 30 Largest Shareholders

As at 31 March 2023

| No.   | Name  | No. of<br>Shares held | % of Issued<br>Shares |
|-------|---|-----------------------|-----------------------|
| 16.   | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)   | 32,000,000            | 0.36                  |
| 17.   | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Nomura)  | 30,167,000            | 0.34                  |
| 18.   | Amanahraya Trustees Berhad<br>Public Islamic Dividend Fund  | 25,867,100            | 0.29                  |
| 19.   | Amanahraya Trustees Berhad<br>Public Ittikal Sequel Fund  | 24,615,000            | 0.28                  |
| 20.   | Cartaban Nominees (Tempatan) Sdn Bhd<br>PAMB for Prulink Equity Fund  | 23,967,300            | 0.27                  |
| 21.   | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)                                   | 21,689,000            | 0.25                  |
| 22.   | Cartaban Nominees (Tempatan) Sdn Bhd<br>PBTB for Takafulink Dana Ekuiti   | 20,656,800            | 0.23                  |
| 23.   | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera 2   | 20,477,500            | 0.23                  |
| 24.   | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 3   | 19,820,300            | 0.23                  |
| 25.   | HSBC Nominees (Asing) Sdn Bhd<br>JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock<br>Market Index Trust II | 17,522,400            | 0.20                  |
| 26.   | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)   | 16,982,600            | 0.19                  |
| 27.   | HSBC Nominees (Asing) Sdn Bhd<br>J.P. Morgan Securities PLC   | 16,932,166            | 0.19                  |
| 28.   | Amanahraya Trustees Berhad<br>Public Islamic Equity Fund  | 16,904,600            | 0.19                  |
| 29.   | Cartaban Nominees (Asing) Sdn Bhd<br>BBH CO Boston for Fidelity Salem Street Trust – Fidelity SAI Emerging Markets Low<br>Volatility Index Fund | 16,595,200            | 0.19                  |
| 30.   | Pertubuhan Keselamatan Sosial   | 16,036,200            | 0.18                  |
| Total |   | 7,845,016,750         | 89.08                 |

List of Top 10 Properties

for the Financial Year Ended 31 December 2022

| No.       | Address   | Freehold/<br>Leasehold<br>Land and/<br>or Buildings | Year of<br>Expiry of<br>Lease | Land<br>Area<br><br>Sq m | Built-up/<br>Strata<br>Area<br><br>Sq m | Existing<br>Use  | Approximate<br>Age of<br>Buildings<br><br>Years                                      | Net Book<br>Value @<br>31 December<br>2022<br><br>RM'000 |
|-----------|---|---|-------------------------------|--------------------------|---|--|--|--|
| SINGAPORE |   |   |                               |                          |   |  |  |  |
| 1.        | Mount Elizabeth Novena Hospital<br>and Medical Centre Units<br>38 Irrawaddy Road<br>Singapore 329563                                | Leasehold<br>land and<br>building                   | 2108                          | N/A                      | Strata<br>area:<br>56,361               | Hospital<br>building<br>and<br>medical<br>centre   | 9  | 4,212,594 <sup>a</sup>                                   |
| 2.        | Mount Elizabeth Hospital and<br>Medical Centre Units<br>3 Mount Elizabeth<br>Singapore 228510                                       | Leasehold<br>land and<br>building                   | 2075                          | N/A                      | Strata<br>area:<br>58,290               | Hospital<br>building<br>and<br>medical<br>centre   | 43   | 1,466,660 <sup>a,b</sup>                                 |
| 3.        | Gleneagles Hospital and<br>Medical Centre Units<br>6 Napier Road, Singapore 258499;<br>6A Napier Road, Singapore 258500             | Freehold<br>land and<br>building                    | –                             | N/A                      | Strata<br>area:<br>49,003               | Hospital<br>building<br>and<br>medical<br>centre   | 31   | 743,619 <sup>a,b</sup>                                   |
| MALAYSIA  |   |   |                               |                          |   |  |  |  |
| 4.        | Prince Court Medical Centre<br>39 Jalan Kia Peng<br>50450 Kuala Lumpur  | Leasehold<br>land and<br>building                   | 2103                          | 29,108                   | Built-up<br>area:<br>100,802            | Hospital<br>building   | 15   | 722,703 <sup>c</sup>                                     |
| 5.        | Gleneagles Hospital Medini Johor<br>No. 2, Jalan Medini Utara 4,<br>Medini Iskandar<br>79250 Iskandar Puteri,<br>Johor Darul Takzim | Leasehold<br>land and<br>building                   | 2107                          | 72,313                   | Built-up<br>area:<br>59,388             | Hospital<br>building<br>and<br>medical<br>centre;<br>Includes a<br>plot of land<br>held as<br>investment<br>property | 7  | 359,120 <sup>a</sup>                                     |
| 6.        | Pantai Hospital Kuala Lumpur<br>8 Jalan Bukit Pantai<br>59100 Kuala Lumpur  | Leasehold<br>land and<br>building                   | 2111                          | 22,533                   | Built-up<br>area:<br>132,711            | Hospital<br>building   | 18 years for<br>original block;<br>8 years and<br>7 years for<br>extension<br>blocks | 285,388 <sup>b</sup>                                     |

Notes:

<sup>a</sup> Carrying value includes fair value of investment properties, which were revalued in 2022 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 Prince Court Medical Centre.

List of Top 10 Properties  
for the Financial Year Ended 31 December 2022

| No.       | Address   | Freehold/<br>Leasehold<br>Land and/<br>or Buildings | Year of<br>Expiry of<br>Lease | Land<br>Area | Built-up/<br>Strata<br>Area | Existing<br>Use      | Approximate<br>Age of<br>Buildings   | Net Book<br>Value @<br>31 December<br>2022 |
|-----------|---|---|-------------------------------|--------------|-----------------------------|----------------------|--|--|
|           |   |   |                               | Sq m         | Sq m                        |                      | Years  | RM'000                                     |
| INDIA     |   |   |                               |              |                             |                      |  |  |
| 7.        | <b>Fortis Memorial Research Institute, Gurgaon</b><br>Sector - 44<br>(Opposite HUDA City Centre),<br>Gurugram, Haryana 122002 | Freehold<br>land and<br>building                    | –                             | 43,303       | Built-up<br>area:<br>64,296 | Hospital<br>building | 11   | 246,784 <sup>d</sup>                       |
| 8.        | <b>Fortis Hospital, Mulund</b><br>Mulund Goregaon Link Road,<br>Mulund-West, Mumbai,<br>Maharashtra 400078                    | Freehold<br>land and<br>building                    | –                             | 32,982       | Built-up<br>area:<br>27,618 | Hospital<br>building | 19 years for<br>original block;<br>13 years and<br>11 years for<br>extension<br>blocks | 243,511 <sup>d</sup>                       |
| CHINA     |   |   |                               |              |                             |                      |  |  |
| 9.        | <b>Parkway Shanghai Hospital</b><br>No.1172, JiLe Road,<br>Minhang District, Shanghai, China                                  | Leasehold<br>land and<br>building                   | 2066                          | 35,754       | Built-up<br>area:<br>82,050 | Hospital<br>building | –  | 315,057                                    |
| HONG KONG |   |   |                               |              |                             |                      |  |  |
| 10.       | <b>Gleneagles Hospital Hong Kong</b><br>1 Nam Fung Path<br>Wong Chu Hang<br>Hong Kong   | Leasehold<br>building                               | 2063                          | 27,500       | Built-up<br>area:<br>46,750 | Hospital<br>building | 5  | 1,976,745                                  |

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 Thirteenth Annual General Meeting of **IHH HEALTHCARE BERHAD** (IHH or the Company) will be held on a virtual basis and conducted entirely through live streaming and remote voting using the remote participation and voting facilities from the broadcast venue at Sentral Ballroom, Level 6, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 30 May 2023 at 10.00 a.m. for the following purposes:

AGENDA

1.

To receive the Audited Financial Statements for the financial year ended 31 December 2022 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

Ordinary Resolution 1

(ii)

Dato’ Muthanna bin Abdullah

Ordinary Resolution 2
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)

Tomo Nagahiro

Ordinary Resolution 3

(ii)

Lim Tsin-Lin

Ordinary Resolution 4

(ii)

Mohd Shahazwan bin Mohd Harris

Ordinary Resolution 5
4.

To approve the payment of the following fees and other benefits payable to the Directors of the Company by the Company:

(i)

Directors’ fees to the Non-Executive Directors (NED) in respect of their directorship and committee membership in the Company with effect from 1 July 2023 until 30 June 2024 as per the table below:

| Structure                             | Chairman<br>(RM per annum) | Member<br>(RM per annum) |
|---------------------------------------|----------------------------|--------------------------|
| Board of Directors                    | 660,000                    | 313,500                  |
| Audit Committee                       | 175,000                    | 100,000                  |
| Risk Management Committee             | 175,000                    | 100,000                  |
| Nomination and Remuneration Committee | 175,000                    | 100,000                  |
| 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 2023 until 30 June 2024, subject to a maximum amount equivalent to RM1,000,000.

Ordinary Resolution 6

Notice of Annual General Meeting

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 2023 to 30 June 2024 as per below:

| Structure                                 | Chairman/Member<br>(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 (PTML) for the period with effect from 1 January 2023 to 30 June 2024 as per below:

| Structure                             | Chairman<br>(SGD per annum) | Member<br>(SGD per annum) |
|---------------------------------------|-----------------------------|---------------------------|
| Board of Directors                    | 110,000                     | 55,000                    |
| Audit and Risk Committee              | 38,000                      | 16,000                    |
| Nominating and Remuneration Committee | 28,000                      | 12,000                    |

(iii) (a) Acibadem Saglik Yatirimlari Holding A.S. (ASYH) Group for the period with effect from 1 July 2023 to 30 June 2024 as per below:

| Structure                             | Chairman<br>(USD per annum) | Member<br>(USD per annum) |
|---------------------------------------|-----------------------------|---------------------------|
| Board of Directors                    | –                           | 40,000                    |
| Nomination and Remuneration Committee | 25,000                      | 10,000                    |

(b) ASYH for the period with effect from 1 July 2023 to 30 June 2024, 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 2023 until 30 June 2024, 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 7

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

7. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Ordinary Resolution 9

“THAT subject to the Companies Act 2016 (the Act), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 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.

AND THAT pursuant to Section 85 of the Act, read together with the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.”

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 10

“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 Company; 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.



## Notice of Annual General Meeting

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 2023

### NOTES: PROXY AND/OR AUTHORISED REPRESENTATIVES

- 1. The Company would like to leverage on the use of technology available by conducting the Thirteenth Annual General Meeting of the Company (the Meeting or AGM) on a 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://meeting.boardroomlimited.my>. 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 chairman 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 and Clause 78 of the Company’s Constitution which provides that the main venue of the AGM shall be in Malaysia and the chairman must be present at the main venue of the AGM. The electronic means of conducting the Thirteenth AGM on a 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.

- 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; and
  - (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 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://investor.boardroomlimited.com> (please refer to Section D 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 23 May 2023 shall be entitled to virtually attend, speak and vote at this Thirteenth 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 through the Nomination and Remuneration Committee had assessed the Directors standing for re-election and after having undergone the fit and proper assessment, the Board was satisfied that the Directors standing for re-election are competent, have contributed effectively to the Board’s deliberations, diligent, committed and have effectively discharged their role as Directors. The Board agreed to recommend the Directors who are standing for re-election to the shareholders for approval at the Thirteenth AGM.

The profiles of the Directors seeking re-election are set out in the profile of the Board of Directors as laid out on pages 74 to 79 of the Company’s Annual Report 2022 as well as in the Company’s website at <https://www.ihhhealthcare.com/about-us/our-leadership/board-of-directors>.

- 2. Directors’ fees and any other benefits

- (i) Section 230(1) of the Act provides among others that the fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Clause 121 of the Company’s Constitution provides that the fees of the Directors in any year and any benefits payable to directors including any compensation for loss of employment of a Director or former Director shall from time to time be determined by an ordinary resolution of the Company in general meeting.

As per the Board Charter of the Company, a formal independent review of the NEDs remuneration is to be undertaken no less frequently than once every three years. A review of NEDs remuneration was last undertaken by the Company and tabled to the shareholders for approval at the AGM in 2018. Given the Covid-19 pandemic and economic uncertainty arising therefrom, the independent review of the NEDs remuneration due in 2021 was deferred to 2022.

In 2022, Korn Ferry was appointed to conduct an independent review of the NEDs remuneration which included benchmarking the remuneration with comparable peers (Korn Ferry’s Analysis). The objective is to ensure that the remuneration and benefits of the NEDs are competitive, appropriate and in line with the prevalent market practices. Our policy on Directors’ remuneration serves to attract, retain and motivate capable Directors to manage the Company successfully. The Korn Ferry’s Analysis has recommended an increase of between 8% to 10% of the existing NEDs fees.

Notice of Annual General Meeting

Premised on the recommendation of the Nomination and Remuneration Committee, the Board has agreed to recommend Ordinary Resolutions 6 and 7 to the shareholders for approval at the Thirteenth AGM. The individual directors do not participate in decisions regarding their own remuneration package.

- (ii) The proposed Ordinary Resolution 6 is to seek the shareholders' approval for the payment of the Directors' fees to the NEDs of the Company in respect of their directorship and committee membership in the Company and any other benefits payable to the NEDs of the Company by the Company with effect from 1 July 2023 until 30 June 2024. No revision has been proposed for the fees of the Board Committees of the Company. The proposed fees for the NEDs of the Company as compared to the existing fees previously approved by the shareholders are as follows:

| Structure                             | As approved at the Twelfth AGM |                       | Approval sought at the Thirteenth AGM |                       |
|---------------------------------------|--------------------------------|-----------------------|---------------------------------------|-----------------------|
|                                       | Chairman (RM per annum)        | Member (RM per annum) | Chairman (RM per annum)               | Member (RM per annum) |
| Board of Directors                    | 600,000                        | 285,000               | 660,000                               | 313,500               |
| Audit Committee                       | 175,000                        | 100,000               | No change                             | No change             |
| Risk Management Committee             | 175,000                        | 100,000               |                                       |                       |
| Nomination and Remuneration Committee | 175,000                        | 100,000               |                                       |                       |
| Steering Committee                    | 350,000                        | 100,000               |                                       |                       |

The benefits provided to the NEDs shall be determined by the Board which presently are comprised of among others, a company car and related benefits for the Chairman, mobile devices and medical benefits. The details of the benefits provided to the NEDs for the financial year ended 31 December 2022 are provided on pages 97 to 98 of the Annual Report. No revision has been proposed in respect of the quantum of the benefits to be provided to the NEDs of the Company from 1 July 2023 until 30 June 2024 as compared to the prior year.

- (iii) The proposed Ordinary Resolution 7 is to seek the shareholders' approval for 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 NEDs of the Company in respect of their directorship and committee membership in the Company's subsidiaries and any other benefits payable to the NEDs of the Company by the Company's subsidiaries with effect from 1 July 2023 until 30 June 2024 (except for PTML which shall take retrospective effect from 1 January 2023 until 30 June 2024).

PTML has conducted Directors' fee benchmarking exercise in 2022. PTML Board has approved the change of the Directors' fees, subject to PTML shareholder's approval. The change in the Directors' fees, if approved, shall take retrospective effect from 1 January 2023.

The proposed revision to the Directors' fees in PTML as compared to the existing fees previously approved by the shareholders are as follows:

| Structure                             | PTML (SGD per annum)           |        |                                       |        |
|---------------------------------------|--------------------------------|--------|---------------------------------------|--------|
|                                       | As approved at the Twelfth AGM |        | Approval sought at the Thirteenth AGM |        |
|                                       | Chairman                       | Member | Chairman                              | Member |
| Board of Directors                    | 108,000                        | 54,000 | 110,000                               | 55,000 |
| Audit and Risk Committee              | 35,500                         | 12,000 | 38,000                                | 16,000 |
| Nominating and Remuneration Committee | 28,000                         | 10,000 | No change                             | 12,000 |

Other than PTML, there is no revision proposed for the Directors' fees of Fortis Healthcare Limited and ASYH Group.

The benefits provided to the Company's NEDs by the Company's subsidiaries shall be determined by the respective subsidiaries' boards which presently comprise of medical benefits, etc. No revision has been proposed in respect of the quantum of other benefits to be provided to the NEDs of the Company by the Company's subsidiaries from 1 July 2023 until 30 June 2024 as compared to the prior year.

- (iv) The NEDs who are shareholders of the Company will abstain from voting on Ordinary Resolutions 6 and 7 regarding the Directors' fees payable and any other benefits provided by the Company and Company's subsidiaries to the NEDs of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 9 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 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 Twelfth AGM held on 31 May 2022, 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 10, 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 2023, which is attached together with the Company's Annual Report 2022.

Form of Proxy

Thirteenth 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 Thirteenth Annual General Meeting of the Company to be held at Sentral Ballroom, Level 6, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 30 May 2023 at 10.00 a.m. and at any adjournment thereof. \*I/\*We indicate with an “√” or “X” in the spaces below how \*I/\*we wish \*my/\*our vote to be cast virtually:

| No. | Ordinary Resolutions   | For | Against |
|-----|--|-----|---------|
| 1   | Re-election of Jill Margaret Watts   |     |         |
| 2   | Re-election of Dato' Muthanna bin Abdullah   |     |         |
| 3   | Re-election of Tomo Nagahiro   |     |         |
| 4   | Re-election of Lim Tsin-Lin  |     |         |
| 5   | Re-election of Mohd Shahazwan bin Mohd Harris  |     |         |
| 6   | Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company   |     |         |
| 7   | Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company's subsidiaries                            |     |         |
| 8   | Re-appointment of KPMG PLT as Auditors of the Company and authority to the Directors to fix their remuneration                                     |     |         |
| 9   | Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016   |     |         |
| 10  | 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 above stated 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 \_\_\_\_\_ 2023.

Signature of member/Common Seal of member

|                          |  |
|--------------------------|--|
| Total no. of Shares held |  |
| Securities Account No.   |  |



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IMPORTANT: PLEASE READ THE NOTES BELOW

- Notes:**
- The Company would like to leverage on the use of technology available by conducting the Thirteenth Annual General Meeting of the Company (the Meeting or AGM) on a 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://meeting.boardroomlimited.my>. 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.
  - The main and only venue of the virtual Meeting is strictly to serve as the broadcast venue where the chairman 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 and Clause 78 of the Company's Constitution which provides that the main venue of the AGM shall be in Malaysia and the chairman must be present at the main venue of the AGM. The electronic means of conducting the Thirteenth AGM on a 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.
  - 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.
  - 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.
  - 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.
  - The instrument appointing a proxy shall:
    - in the case of an individual, be signed by the appointor or by his/her attorney; and
    - 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.
- 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.
  - 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 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://investor.boardroomlimited.com> (please refer to Section D 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.
  - 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.
  - 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.
  - Only members whose names appear in the General Meeting Record of Depositors on 23 May 2023 shall be entitled to virtually attend, speak and vote at this Thirteenth AGM of the Company or appoint a proxy(ies) on his/her behalf, in accordance with the Administrative Details.

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IHH HEALTHCARE BERHAD 201001018208 (901914-V)

c/o 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

1<sup>st</sup> fold here

# Corporate Information

As at 31 March 2023

## Board of Directors

**Tan Sri Mohammed Azlan bin Hashim**  
Chairman, Independent, Non-Executive

**Takeshi Akutsu**  
Non-Independent, Non-Executive

**Tomo Nagahiro**  
*(Appointed on 3 February 2023. Previously an Alternate Director to Takeshi Akutsu until his resignation as Alternate Director to Takeshi Akutsu on 27 January 2023)*  
Non-Independent, Non-Executive

**Lim Tsin-Lin**  
*(Appointed on 16 February 2023)*  
Non-Independent, Non-Executive

**Mehmet Ali Aydinlar**  
Non-Independent, Non-Executive

**Mohd Shahazwan bin Mohd Harris**  
*(Appointed on 29 March 2023)*  
Non-Independent, Non-Executive

## 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 : Ong Ai Lin  
Members : Jill Margaret Watts  
: Dato' Muthanna bin Abdullah  
: Satoshi Tanaka

### Risk Management Committee

Chairman : Jill Margaret Watts  
Members : Dato' Muthanna bin Abdullah  
: Ong Ai Lin  
: Tunku Alizakri bin Raja Muhammad Alias  
*(Ceased on 16 March 2023)*

### Nomination and

### Remuneration Committee

Chairman : Dato' Muthanna bin Abdullah  
Members : Jill Margaret Watts  
: Ong Ai Lin  
: Satoshi Tanaka  
: Takeshi Akutsu  
*(Appointed on 16 February 2023)*  
: Lim Tsin-Lin  
*(Appointed on 16 February 2023)*  
: Takeshi Saito  
*(Ceased on 27 January 2023)*  
: Dr Farid bin Mohamed Sani  
*(Ceased on 10 February 2023)*  
: Tunku Alizakri bin Raja Muhammad Alias  
*(Ceased on 16 March 2023)*

**Jill Margaret Watts**  
Independent, Non-Executive

**Dato' Muthanna bin Abdullah**  
Independent, Non-Executive

**Ong Ai Lin**  
Independent, Non-Executive

**Satoshi Tanaka**  
Independent, Non-Executive

**Mok Jia Mei**  
*(Appointed on 16 February 2023 as Alternate Director to Lim Tsin-Lin. Previously an Alternate Director to Dr Farid bin Mohamed Sani until her resignation as Alternate Director to Dr Farid bin Mohamed Sani on 10 February 2023)*  
Non-Independent, Non-Executive  
*(Alternate Director to Lim Tsin-Lin)*

## Steering Committee

Chairman : Tan Sri Mohammed Azlan bin Hashim  
Members : Tomo Nagahiro  
*(Appointed on 16 February 2023)*  
: Lim Tsin-Lin  
*(Appointed on 16 February 2023)*  
: Mehmet Ali Aydinlar  
: Mok Jia Mei *(As an Alternate Member of the Steering Committee to Lim Tsin-Lin since 1 March 2023)*  
*(Previously an Alternate Member to Dr Farid bin Mohamed Sani until her resignation as Alternate Director to Dr Farid bin Mohamed Sani on 10 February 2023)*  
: Takeshi Saito  
*(Ceased on 27 January 2023)*  
: Dr Kelvin Loh Chi-Keon  
*(Ceased on 22 February 2023)*  
: Dr Farid bin Mohamed Sani  
*(Ceased on 10 February 2023)*

## 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  
11th 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)

**Takeshi Saito**  
*(Resigned on 27 January 2023)*  
Non-Independent, Non-Executive

**Dr Kelvin Loh Chi-Keon**  
*(Resigned on 22 February 2023)*  
Managing Director and Chief Executive Officer,  
Non-Independent, Executive

**Dr Farid bin Mohamed Sani**  
*(Resigned on 10 February 2023)*  
Non-Independent, Non-Executive

**Tunku Alizakri bin Raja Muhammad Alias**  
*(Resigned on 16 March 2023)*  
Non-Independent, Non-Executive

## Singapore

Boardroom Corporate & Advisory Services Pte Ltd  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632  
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
- CIMB Bank
- DBS Bank
- Deutsche Bank
- Industrial and Commercial Bank of China
- ING Bank
- J.P. Morgan
- Malayan Banking Berhad
- MUFG Bank
- Oversea-Chinese Banking Corporation
- Shanghai Pudong Development Bank
- 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

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