

# 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 2021 (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 2021, 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 monitors 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 it is relevant and aligned to the Company's objectives, strategies, operating environment and the applicable rules and regulations. The Board Charter was last reviewed by the Board in June 2020.

## Limits of Authority

The Limits of Authority (LOA) is a Group policy which prescribes the authority limits for the Board, Board Committees, Managing Director & Chief Executive Officer (MD & CEO) and Senior Management personnel, to facilitate compliance with the principles of good corporate governance. Although the operations of the Group are governed by the LOA, the overall management and control of the business and affairs of the Group vests with the Board. Where necessary, the Board shall review the LOA to fit the Group's operating environment. The LOA was last updated in February 2020.

## 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 for adoption by the Board in November 2020.

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.

In August 2019, the Group adopted 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.

The ABC Policy which was developed in line with the existing Whistleblowing Policy (further details as elaborated below) and the Code, aims to further enhance the Group's existing processes in combating bribery and corruption in line with the introduction of corporate liability provisions pursuant to 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 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.

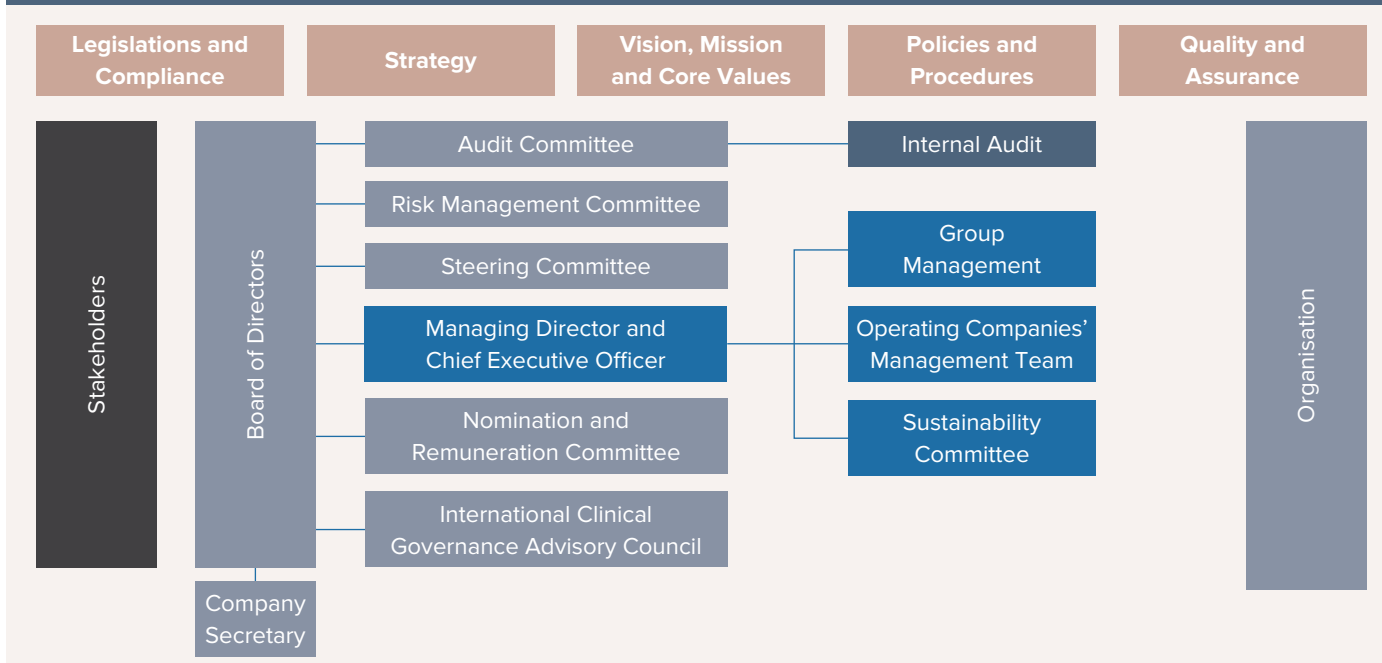
## Board Committees

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

The Board has to date established the following Board Committees:

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

## Corporate Governance Framework



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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 122 to 125 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 126 to 127 of this Annual Report.

### Nomination and Remuneration Committee

The functions of the Nomination Committee (NC) and Remuneration Committee (RC) of the Company have been combined into the NRC effective from 28 May 2021.

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 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 NC, RC and NRC members, as well as the activities carried out by the NC, RC and NRC, are set out separately in the NRC Report as laid out on pages 116 to 121 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: Dr Kelvin Loh Chi-Keon  
 Takeshi Saito  
 Dr Farid bin Mohamed Sani  
 Mehmet Ali Aydinlar

### 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 2021

Pursuant to the Board Charter, the Board, among others, performed the following roles and responsibilities during the financial year 2021:

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 the implementation by Management.</li> </ul>
Operations	<ul style="list-style-type: none"> <li>Overseeing the conduct of the Group's businesses, including supervising and assessing Management's performance to determine whether the business is being managed properly.</li> <li>Ensuring that the necessary resources are in place for the Company to meet its objectives and review Management's performance.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>Reviewing and approving financial statements and the Company's annual reports.</li> </ul>
Risk, Compliance and Internal Controls	<ul style="list-style-type: none"> <li>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 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> <li>Identifying a designated person within Management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the Group's operations.</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>



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The Board held its Board Strategy Forum (Strategy Forum) in October and November 2021 to review the Group's performance and set the Group's strategic directions and aspirations. The Strategy Forum was attended by all the Directors, Senior Management and the relevant Heads of Department of the Group. At the Strategy Forum, the Board and Management discussed the Group's strategy and established common understanding of the Group's strategic goals and execution.

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 nine times for its meetings, of which five meetings were pre-scheduled and the remaining four 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, Independent Non-Executive Director	9/9
Dr Kelvin Loh Chi-Keon	Managing Director and Chief Executive Officer, Non-Independent Executive Director	9/9
Masato Sugahara (Resigning on 31 March 2022)	Non-Independent Non-Executive Director	9/9
Takeshi Saito	Non-Independent Non-Executive Director	9/9
Dr Farid bin Mohamed Sani	Non-Independent Non-Executive Director	9/9
Mehmet Ali Aydinlar	Non-Independent Non-Executive Director	9/9
Tunku Alizakri bin Raja Muhammad Alias	Non-Independent Non-Executive Director	9/9
Jill Margaret Watts	Independent Non-Executive Director	9/9
Dato' Muthanna bin Abdullah	Independent Non-Executive Director	9/9
Ong Ai Lin	Independent Non-Executive Director	9/9
Satoshi Tanaka	Independent Non-Executive Director	9/9
Rossana Annizah binti Ahmad Rashid (Resigned on 28 May 2021)	Independent Non-Executive Director	5/5
Shirish Moreshwar Apte (Retired on 28 May 2021)	Independent Non-Executive Director	5/5

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. IHH works to create lasting value, not only for our patients and our people, but also for our community, our organisation and our environment (five Sustainability Pillars).

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 Committees 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.

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.

IHH embeds sustainability across all aspects of our business. IHH defines its approach to sustainability through Sustainability Pillars that cover key economic, governance, environmental and social aspects of our business. The illustration on the right demonstrates how IHH's business strategy, Sustainability Pillars, the Sustainability Policy and the United Nation's Sustainable Development Goals come together comprehensively.

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 Report as laid out on pages 63 to 85 of this Annual Report and the Corporate Governance Report which is available on the Company's website at [https://www.ihhhealthcare.com/investors/corporate-governance-reports](https://www.ihhhealthcare.com/investors/corporate-governance/corporate-governance-reports).

## 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).

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.

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### 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. The Group will not set any fixed targets around age, gender and ethnic diversity, but will actively work towards having the appropriate diversity.

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

### Board Composition, Dynamics and Effectiveness

As at 31 December 2021, the details of the Board diversity (excluding two Alternate Directors) are as follows:

#### a. Tenure

Tenure	Number of Directors
0 – 3 years	8
3 – 6 years	1
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

During the financial year under review, the Board and NRC have assessed and viewed that the current Board size 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 (BDEE) evaluation on the effectiveness of the Board, Board Committees, individual Directors, individual AC members, INEDs, MD & CEO, Group Chief Financial Officer (GCFO) 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
<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>

Board Committees
<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>

Individual AC members
<ul style="list-style-type: none"> <li>Execution of responsibilities, financial literacy and the understanding of business/industry</li> <li>Significant accounting policies, accounting estimates and financial reporting practices</li> <li>Significant financial and non-financial risks</li> <li>Internal control systems and risk management practices.</li> </ul>

The Board also evaluated the performance of the MD & CEO. Based on the overall results of the evaluation conducted in respect of the financial year under review, the Board was satisfied with the performance of the MD & CEO.

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 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 also assessed the independence of INEDs in respect of the financial year under review. Based on the overall assessments conducted for the financial year under review, the Board is satisfied that the INEDs of the Company are independent from the management and free from any business or other relationships which could interfere with the exercise of independent judgement.

The Board had assessed each of the Directors seeking re-election at the Twelfth Annual General Meeting (AGM) and upon assessing the Directors' performance, commitment and ability to discharge their fiduciary duties to the Company, the Board agreed that they are eligible to stand for re-election and supported their re-election as Directors of the Company.

### Directors' Training

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

an onboarding programme and orientation for new Directors.

The organisation of such programmes internally is facilitated by the Company Secretaries. The Directors have attended trainings on a consistent basis to keep abreast on the latest trends and developments. Three in-house training sessions were held and attended by a majority of the Directors during the financial year entitled "Indian Insider Trading Compliance Framework", "IHH Healthcare Quality Summit 2021 – Quality & Innovation: Reimagined" and "Sustainability – The Business of Responsibility".

Tunku Alizakri bin Raja Muhammad Alias, Dato' Muthanna bin Abdullah, Ong Ai Lin and Satoshi Tanaka, who were appointed as Directors of the Company during the financial year 2021, had attended the Mandatory Accreditation Programme.

The training programmes attended by the Directors during the financial year 2021 are as follows:

Director	List of Training, Conferences, Seminars, Workshops Attended
Tan Sri Mohammed Azlan bin Hashim	<ul style="list-style-type: none"> <li>i. EPF's inaugural Sustainability Day and the Launch of EPF Sustainable Investment Policy</li> <li>ii. Webinar Series on Ethics &amp; Integrity</li> <li>iii. Malaysian Code on Corporate Governance Updates</li> <li>iv. Board Knowledge sharing session on Behavioral Insights</li> <li>v. Board &amp; Leadership Talk Series #2: Trends In Customer Behaviours</li> <li>vi. Board Continuous Development Program Series: Asset Allocation</li> <li>vii. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>viii. Khazanah Megatrends Forum 2021 – The Invention of Tomorrow</li> <li>ix. Sustainability – The Business of Responsibility</li> <li>x. Board &amp; Leadership Talk Series #6: Managing Cyber Risk In A Rapidly Evolving Threat Landscape</li> <li>xi. Private Equity Training</li> </ul>
Dr Kelvin Loh Chi-Keon	<ul style="list-style-type: none"> <li>i. Rising Together: Post-Covid Collaborative Opportunities</li> <li>ii. Indian Insider Trading Compliance Framework</li> <li>iii. Conduct of Directors &amp; Common Pitfalls in Listing Requirements</li> <li>iv. World AI Show Virtual Connect – Malaysia 2021</li> <li>v. Executing Business Transformation for Sustainable Performance – New Perspective on Future Challenges</li> <li>vi. Disclosure Obligations and Transactions</li> <li>vii. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>viii. Khazanah Megatrends Forum 2021 – The Invention of Tomorrow</li> <li>ix. Sustainability – The Business of Responsibility</li> <li>x. BlackRock Asia Pacific C-Suite Summit – Investing for the future</li> <li>xi. Bloomberg New Economy Forum 2021, Singapore</li> </ul>

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Director	List of Training, Conferences, Seminars, Workshops Attended
Masato Sugahara (Resigning on 31 March 2022)	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. Business Networking Training – Management &amp; Leadership School</li> <li>iii. Brain Science Frontier</li> <li>iv. Spreading Gene Therapy</li> <li>v. Overview of Allm Inc.</li> <li>vi. DX initiatives in Integrated Hospitality Services</li> <li>vii. Current Status and Future of Digital Treatment in Japan and Overseas</li> <li>viii. Introduction to Corporate Branding and Digital Marketing</li> <li>ix. Sustainability – The Business of Responsibility</li> <li>x. Strategic Research Institute Customization Seminar</li> <li>xi. Health Management Lecturer</li> <li>xii. Medical devices for treatment apps and programs</li> </ul>
Takeshi Saito	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>iii. Sustainability – The Business of Responsibility</li> </ul>
Dr Farid bin Mohamed Sani	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. The Updated Malaysian Code on Corporate Governance April 2021 – Implications to Listed Corporations, Directors &amp; Management</li> <li>iii. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>iv. Khazanah Megatrends Forum 2021 – The Invention of Tomorrow</li> <li>v. Sustainability – The Business of Responsibility</li> </ul>
Mehmet Ali Aydinlar	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. Sustainability – The Business of Responsibility</li> </ul>
Tunku Alizakri bin Raja Muhammad Alias	<ul style="list-style-type: none"> <li>i. IHH Board Orientation Programme</li> <li>ii. Circular Economy and Sustainability Strategies</li> <li>iii. Mandatory Accreditation Programme for Directors of Public Listed Companies</li> <li>iv. Board's Role in the Changing World</li> <li>v. Director's Training Topic: Data</li> <li>vi. Financial Institutions Directors' Education CORE Programme</li> <li>vii. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>viii. Sustainability – The Business of Responsibility</li> </ul>
Jill Margaret Watts	<ul style="list-style-type: none"> <li>i. Thriving in the age of scale insurgent</li> <li>ii. Indian Insider Trading Compliance Framework</li> <li>iii. Reflections on 2020</li> <li>iv. Sustainable leadership</li> <li>v. Directors' obligations in Workplace Health And Safety</li> <li>vi. The New Reality of Cyber Hygiene</li> <li>vii. Leadership on boards in the new era</li> <li>viii. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>ix. Khazanah Megatrends Forum 2021 – The Invention of Tomorrow</li> <li>x. Sustainability – The Business of Responsibility</li> <li>xi. EQT APAC Investor Conference</li> </ul>

Director	List of Training, Conferences, Seminars, Workshops Attended
Dato' Muthanna bin Abdullah	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. IHH Board Orientation Programme</li> <li>iii. Understanding Board Decision-Making Process</li> <li>iv. Nominating and Remuneration Committees – Beyond Box-Ticking &amp; Enhancing Effectiveness</li> <li>v. Mandatory Accreditation Programme for Directors of Public Listed Companies</li> <li>vi. Risk Management in Technology (RMiT) &amp; Digital Transformation: What they mean for Governance and Strategy of Bank and Insurance Boards?</li> <li>vii. BNM-FIDE FORUM-MASB Dialogue on MFRS17 Insurance Contracts: What Every Director Must Know</li> <li>viii. World AI Show Virtual Connect – Malaysia 2021</li> <li>ix. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>x. Khazanah Megatrends Forum 2021 – The Invention of Tomorrow</li> <li>xi. Sustainability – The Business of Responsibility</li> <li>xii. Securities Commission Malaysia's Audit Oversight Board conversation with the Audit Committee</li> </ul>
Ong Ai Lin	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. IHH Board Orientation Programme</li> <li>iii. FIDE FORUM Webinar: Rethinking Our Approach to Cyber Defence in FIs</li> <li>iv. Briefing on MFRS17: Insurance Contract</li> <li>v. Briefing on "Data Analytic Strategy Implementation Progress Update"</li> <li>vi. FIDE FORUM Webinar: BNM-FIDE FORUM Dialogue: The Role of Independent Director in Embracing Present and Future Challenges</li> <li>vii. Briefing on Defending Your Company &amp; Keeping Up to Date with Key Cybersecurity Risks</li> <li>viii. MIA International Accountants Conference 2021</li> <li>ix. SIDC Conference Invitation: SRI 2021 Conference – Paving the Way for Profitability through Sustainability</li> <li>x. FIDE FORUM Webinar: BNM-FIDE FORUM Dialogue on Risk Management in Technology (RMiT): Insights 1 year</li> <li>xi. IHH Healthcare Quality Summit 2021 – Quality &amp; Innovation: Reimagined</li> <li>xii. Khazanah Megatrends Forum 2021 – The Invention of Tomorrow</li> <li>xiii. Sustainability – The Business of Responsibility</li> <li>xiv. Bursa-FIDE FORUM Dialogue on Sustainability</li> <li>xv. Digital Transformation in Islamic Finance Towards Shariah Compliance</li> <li>xvi. Climate Change, Reporting And Sustainability Trends: The Inter-Links Towards Addressing Sustainable Development Goals And Climate Change</li> </ul>
Satoshi Tanaka	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. IHH Board Orientation Programme</li> <li>iii. A Compliance Risk Management Seminar (Anti-bribery seminar)</li> <li>iv. Outline of CG Code Revision and Points for Response – Based on Preceding Cases</li> <li>v. Sustainability – The Business of Responsibility</li> <li>vi. Current Status of Management Compensation</li> </ul>



## Corporate Governance Overview Statement

Director	List of Training, Conferences, Seminars, Workshops Attended
Tomo Nagahiro (Alternate Director to Masato Sugahara) (Ceasing as Alternate Director on 31 March 2022)	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. Brain Science Frontier</li> <li>iii. Spreading Gene Therapy</li> <li>iv. Overview of Allm Inc.</li> <li>v. DX Initiatives in Integrated Hospitality Services</li> <li>vi. Current Status and Future of Digital Treatment in Japan and Overseas</li> <li>vii. Introduction to Corporate Branding and Digital Marketing</li> <li>viii. Sustainability – The Business of Responsibility</li> <li>ix. Strategic Research Institute Customization Seminar</li> <li>x. Health Management Lecturer</li> <li>xi. Medical devices for treatment apps and programs</li> </ul>
Wong Eugene (Alternate Director to Dr Farid bin Mohamed Sani) (Resigned on 21 February 2022)	<ul style="list-style-type: none"> <li>i. Indian Insider Trading Compliance Framework</li> <li>ii. Understanding Board Decision-Making Process</li> <li>iii. Nomination and Remuneration Committees: Beyond Box-Ticking and Enhancing Effectiveness</li> <li>iv. Khazanah Megatrends Forum 2021 - The Invention of Tomorrow</li> <li>v. Sustainability – The Business of Responsibility</li> </ul>

The Board was satisfied that the trainings attended by the Directors in year 2021 were sufficient, appropriate and had 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 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 2021 are as follows:

No	Name	Directorate	Company (RM'000)						Total
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	
1	Tan Sri Mohammed Azlan bin Hashim	Independent Director	950	–	–	–	28	–	978
2	Dr. Kelvin Loh Chi-Keon	Executive Director	–	Negligible	1,354	7,027	19	1,805	10,205
3	Masato Sugahara <sup>1</sup> (Resigning on 31 March 2022)	Non-Executive Non-Independent Director	285	–	–	–	–	–	285
4	Takeshi Saito <sup>1</sup>	Non-Executive Non-Independent Director	432	–	–	–	–	–	432
5	Dr. Farid bin Mohamed Sani <sup>1</sup>	Non-Executive Non-Independent Director	505	–	–	–	–	–	505
6	Mehmet Ali Aydinlar	Non-Executive Non-Independent Director	385	–	–	–	–	–	385
7	Tunku Alizakri bin Raja Muhammad Alias <sup>2</sup>	Non-Executive Non-Independent Director	379	–	–	–	–	–	379
8	Jill Margaret Watts	Independent Director	589	–	–	–	–	–	589
9	Dato' Muthanna bin Abdullah	Independent Director	508	–	–	–	–	–	508
10	Ong Ai Lin	Independent Director	508	–	–	–	–	–	508
11	Satoshi Tanaka	Independent Director	404	–	–	–	–	–	404
12	Tomo Nagahiro (Alternate Director to Masato Sugahara) (Ceasing as Alternate Director on 31 March 2022)	Non-Executive Non-Independent Director	–	–	–	–	–	–	–
13	Wong Eugene (Alternate Director to Dr. Farid bin Mohamed Sani) (Resigned on 21 February 2022)	Non-Executive Non-Independent Director	–	–	–	–	–	–	–
14	Rossana Annizah binti Ahmad Rashid (Resigned on 28 May 2021)	Independent Director	330	–	–	–	–	–	330
15	Shirish Moreshwar Apte (Retired on 28 May 2021)	Independent Director	318	–	–	–	–	–	318
<b>Total</b>			<b>5,593</b>	<b>Negligible</b>	<b>1,354</b>	<b>7,027</b>	<b>47</b>	<b>1,805</b>	<b>15,826</b>

#### Notes

1. Fees for representatives of Pulau Memutik Ventures Sdn Bhd and MBK Healthcare Management Pte Ltd on the Board are paid directly to Khazanah Nasional Berhad and Mitsui & Co., Ltd, respectively.
2. For the period from 1 January 2021 – 28 February 2021, fees for representative of Employees Provident Fund Board (EPF) on the Board are paid equally to EPF and the Nominee Director. From 1 March 2021 onwards, fees for representative of EPF are paid directly to the Nominee Director.

## 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	Executive Director	–	Negligible	4,696	11,445	128	6,306	22,575
3	Masato Sugahara <sup>1</sup> (Resigning on 31 March 2022)	Non-Executive Non-Independent Director	285	–	–	–	–	–	285
4	Takeshi Saito <sup>1</sup>	Non-Executive Non-Independent Director	762	–	–	–	–	–	762
5	Dr. Farid bin Mohamed Sani <sup>1</sup>	Non-Executive Non-Independent Director	556	–	–	–	–	–	556
6	Mehmet Ali Aydinlar	Non-Executive Non-Independent Director	2,611	–	–	–	–	1,065	3,676
7	Tunku Alizakri bin Raja Muhammad Alias <sup>2</sup>	Non-Executive Non-Independent Director	379	–	–	–	–	–	379
8	Jill Margaret Watts	Independent Director	589	–	–	–	–	–	589
9	Dato' Muthanna bin Abdullah	Independent Director	508	–	–	–	–	–	508
10	Ong Ai Lin	Independent Director	508	–	–	–	–	–	508
11	Satoshi Tanaka	Independent Director	404	–	–	–	–	–	404
12	Tomo Nagahiro (Alternate Director to Masato Sugahara) (Ceasing as Alternate Director on 31 March 2022)	Non-Executive Non-Independent Director	–	–	–	–	–	–	–
13	Wong Eugene (Alternate Director to Dr. Farid bin Mohamed Sani) (Resigned on 21 February 2022)	Non-Executive Non-Independent Director	–	–	–	–	–	–	–
14	Rossana Annizah binti Ahmad Rashid (Resigned on 28 May 2021)	Independent Director	517	–	–	–	–	–	517
15	Shirish Moreshwar Apte (Retired on 28 May 2021)	Independent Director	454	–	–	–	–	–	454
<b>Total</b>			<b>8,523</b>	<b>Negligible</b>	<b>4,696</b>	<b>11,445</b>	<b>156</b>	<b>7,371</b>	<b>32,191</b>

### Notes

- Fees for representatives of Pulau Memutik Ventures Sdn Bhd and MBK Healthcare Management Pte Ltd on the Board are paid directly to Khazanah Nasional Berhad and Mitsui & Co., Ltd, respectively.
- For the period from 1 January 2021 – 28 February 2021, fees for representative of Employees Provident Fund Board (EPF) on the Board are paid equally to EPF and the Nominee Director. From 1 March 2021 onwards, fees for representative of EPF are paid directly to the Nominee Director.

### 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 RC / 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 experiences, capabilities, audit approach and independence of the audit firms we engage and subsequently recommends their appointment or reappointment to the AC for approval.

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

The annual evaluation of the external auditors is also carried out via evaluation forms by the MD & CEO, Group Chief Financial Officer, 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 140;
- Company and the Group financial statements for financial year ended 31 December 2021 on pages 142 to 299; and
- AC Report on pages 122 to 125.

### 2. Risk Management and Internal Control Framework

Organisations worldwide face a wide range of uncertain internal and external factors that may affect the achievement of their objectives. Risk Management focuses on identifying 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).

The RMC comprises three INEDs and one NINED from diverse backgrounds, namely healthcare, banking, business strategy, sustainability, 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 2021 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 122 to 125, pages 126 to 127 and pages 128 to 133 respectively of this Annual Report for further details on the risk management and internal control framework of the Group.

## Corporate Governance Overview Statement

### Internal Audit

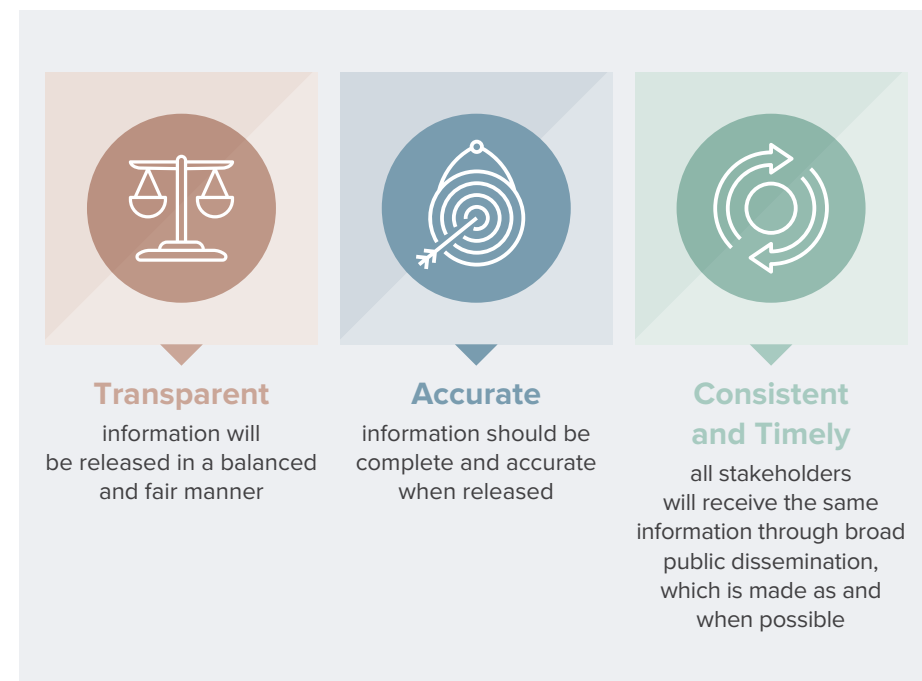
A key duty of the AC is to oversee the Company's internal controls. The independent internal audit function of the Group is an important resource to help carry out this responsibility. Apart from IMU Group and Gleneagles Hong Kong, the majority of the Group's Internal Audit function is undertaken in-house which reports directly to the AC and supported by co-sourcing with independent external subject matter experts, where necessary. The internal audit function of Fortis Healthcare Limited Group is undertaken in-house and supported by outsourced independent internal audit firms. The Group's Internal Audit is guided by international standards and professional best practices of Internal Audit. The Group Internal Audit uses structured risk-based and strategic-based approaches to develop its strategic audit plan, which is reviewed and approved by the AC annually.

The internal audit function is further disclosed in the AC Report and Statement on Risk Management and Internal Control on pages 122 to 125 and pages 128 to 133 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 40 to 43 of this Annual Report for more about how the Company engages our key stakeholders and pages 135 to 137 of this Annual Report for our Investor Relations Report section on shareholder engagement.

#### 2. Conduct of General Meetings AGM

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

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

IHH values the feedback and input from our stakeholders. Shareholders are encouraged to participate in the proceedings and in the event the AGM is held on a fully virtual basis, shareholders may pose questions in real-time whilst the meeting is in progress. We ensure sufficient time is provided for shareholders to ask questions on the Group's performance, and on any resolutions proposed, with the 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 Eleventh AGM on 28 May 2021 on a fully virtual basis entirely via Remote Participation and Electronic Voting (RPEV) facilities, pursuant to Section 327(2) of the Companies Act 2016 and the Company's Constitution.

#### Key Focus Areas and Future Priorities

Moving forward, the Company will continue working towards achieving higher standards of corporate

governance. To achieve this objective, the Board has identified the following key focus areas and future priorities in relation to the corporate governance practices.

#### 1. Board Independence

At the end of the financial year, the INEDs made up 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.

#### 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 RMC will oversee the effective delivery of strategies, priorities and targets identified under our Sustainability Pillars in an integrated and strategic manner to support the Group's long-term strategy and success. The MD & CEO chairs the Sustainability Committee whose responsibilities include:

- (a) Monitoring the key performance indicators and targets; and
- (b) Execution of IHH's sustainability strategy based on the Group's objectives and compliance with the governance framework.

#### Compliance Statement

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

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

The Board has reviewed, deliberated upon and approved this CG Overview Statement and the Corporate Governance Report 2021 in line with the practices and guidance of the MCCG and in accordance with the resolution of the Board, dated 29 March 2022.



# 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). Unless otherwise stated, references made to the NRC in this report shall also mean the NC and RC.

## 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 NC and RC met three times, respectively, before their functions were combined and the committee was known as the NRC. The NRC met four times during the year under review. The composition of the NC/RC/NRC and the attendance record of its members for the year under review are as follows:

## NRC

Director	Designation	Total Meetings Attended
Dato' Muthanna Bin Abdullah (Chairman) (Appointed on 28 May 2021)	Independent Non-Executive Director	4/4
Jill Margaret Watts (Member) (Appointed on 28 May 2021)	Independent Non-Executive Director	4/4
Ong Ai Lin (Member) (Appointed on 28 May 2021)	Independent Non-Executive Director	4/4
Satoshi Tanaka (Member) (Appointed on 28 May 2021)	Independent Non-Executive Director	4/4
Takeshi Saito (Member) (Appointed on 13 July 2021)	Non-Independent Non-Executive Director	3/3
Dr Farid bin Mohamed Sani (Member) (Appointed on 13 July 2021)	Non-Independent Non-Executive Director	3/3
Tunku Alizakri Bin Raja Muhammad Alias (Member) (Appointed on 13 July 2021)	Non-Independent Non-Executive Director	3/3

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.

## NC and RC (functions combined into NRC on 28 May 2021)

Director	Designation	Total Meetings Attended
Shirish Moreshwar Apte (Chairman) (Ceased as Chairman on 28 May 2021)	Independent Non-Executive Director	3/3
Rossana Annizah binti Ahmad Rashid (Member) (Ceased as Member on 28 May 2021)	Independent Non-Executive Director	3/3
Dr Farid bin Mohamed Sani (Member) (Ceased as Member on 28 May 2021)	Non-Independent Non-Executive Director	3/3

## Nomination and Remuneration Committee Report

### Summary of Activities

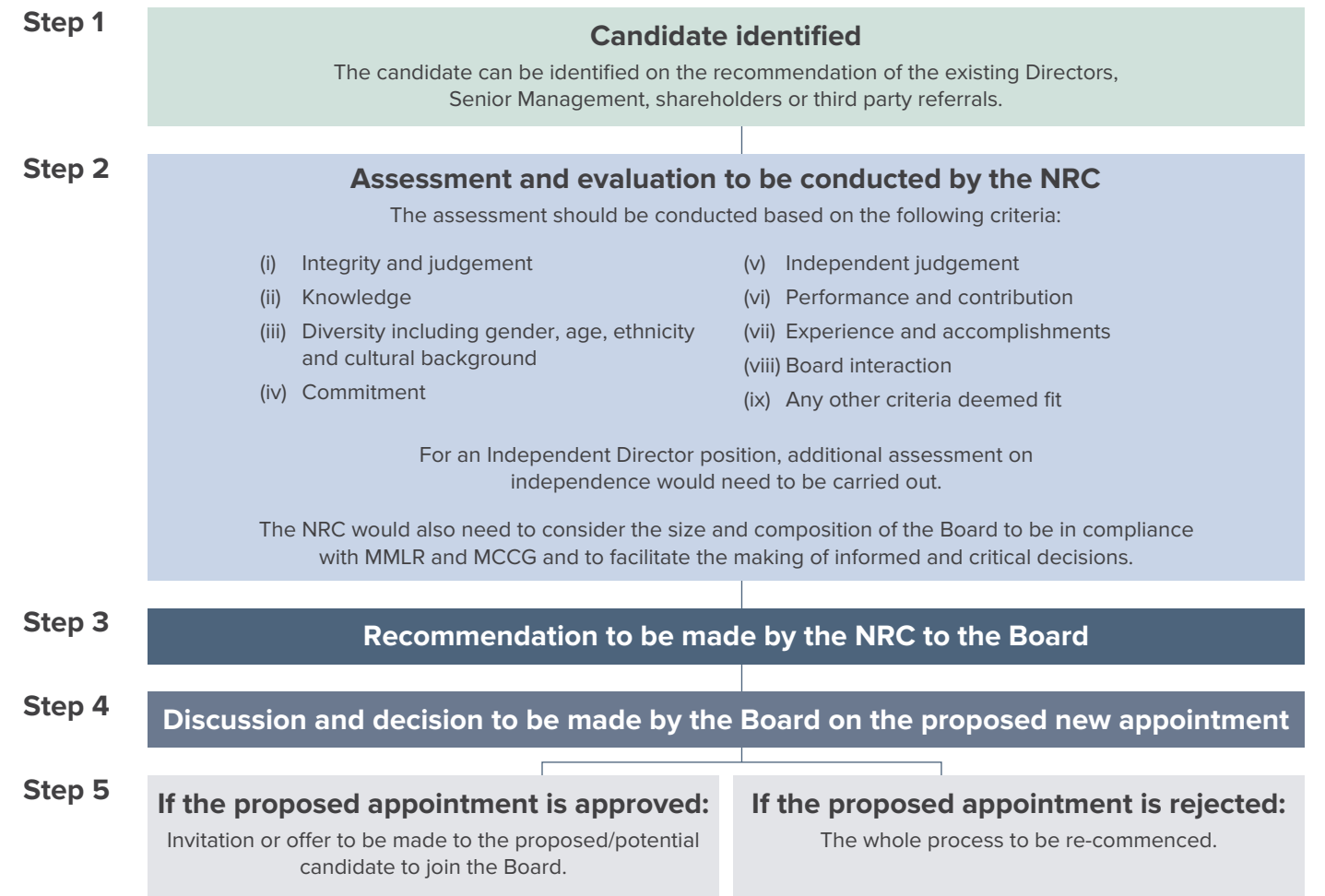
During the financial year under review, the NRC carried out the following key activities:

1. Assessed the independence of the Independent Non-Executive Directors (INED) during the year 2020 and director reaching 9-year tenure;
2. Assessed and recommended to the Board, the composition of the Board, Board Committees of the Company and Board of Directors of the subsidiaries;
3. Recommended the re-election of Directors at the Eleventh Annual General Meeting (AGM) to the Board for consideration;
4. Reviewed the final report of the Board and Directors Effectiveness Evaluation (BDEE) in respect of the financial year 2020 by the external facilitator and recommendations of action/improvement plans;
5. Assessed the Board Committees' composition, performance, quality, skills, competencies and effectiveness for the year 2020;
6. Assessed the performance and achievement of the key performance indicators of the Group for 2020 against the approved balanced scorecard (BSC);
7. Conducted performance evaluation of the MD & CEO and the Group's Business Critical Role (BCR);
8. Deliberated and recommended to the Board for approval, the BSC framework and targets of the Group for the year 2021;
9. Deliberated on matters relating to Board succession planning, IHH Talent Management Programme and BCR talent review, appointments, talent movements updates, succession planning and talent development plans;
10. Reviewed the Non-Executive Directors fees from 1 July 2021 until 30 June 2022;
11. 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 2020 and 2021;
12. Discussed the enhancements to the long term incentive scheme for the eligible employees of the Group;
13. Discussed the BCR Remuneration Philosophy to ensure IHH's remuneration policy supports IHH's strategy and business objectives;
14. Reviewed and recommended to the Board for approval, the NC Report and RC Report for inclusion in the Annual Report 2020;
15. Reviewed and recommended to the Board for approval, the adoption of the TOR of the NRC; and
16. Discussed the New Directors Familiarisation Programme and Directors' trainings in 2021.

### Selection and Appointment of Directors

The Group has adopted the Policy on the Nomination and Assessment Process of Board Members (Policy) that sets out the process and requirements to be undertaken by the 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 of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG). The Policy is administered by the NRC.

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

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

### Tenure of Independent Directors

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

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

Overall, the results of the BDEE in respect of the financial year under review demonstrated that the Board is working

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

### Boardroom Diversity

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

#### Gender Diversity

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

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

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

Presently, there are three women Directors representing 23% 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 36 to 66, 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 February 2020.

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, cyber security and corporate governance. The composition of the AC is in compliance with Paragraph 15.09(1) of the MMLR.

The Board believes that the composition of the AC provides the appropriate balance in terms of skills, experience, gender and knowledge to ensure the effective functioning of the AC.

During the financial year under review, the AC held six meetings in total. The composition of the AC and the attendance record of its members for the year under review are as follows:

Director	Designation	Total Meetings Attended
Ong Ai Lin (Chairman) (Appointed on 28 May 2021)	Independent Non-Executive Director	2/2
Jill Margaret Watts (Member)	Independent Non-Executive Director	6/6
Dato' Muthanna bin Abdullah (Member) (Appointed on 28 May 2021)	Independent Non-Executive Director	2/2
Satoshi Tanaka (Member) (Appointed on 28 May 2021)	Independent Non-Executive Director	2/2
Rossana Annizah binti Ahmad Rashid (Chairman) (Ceased as Chairman on 28 May 2021)	Independent Non-Executive Director	4/4
Shirish Moreshwar Apte (Member) (Ceased as Member on 28 May 2021)	Independent Non-Executive Director	4/4

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 years ended 31 December 2020 and 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 2020;

5. Reviewed and approved the external auditors' audit plan and strategy for the financial year ended 31 December 2021;

6. 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

7. Recommended to the Board for approval, the re-appointment of KPMG PLT as external auditors for the financial year ended 31 December 2021 upon assessing their independence, suitability and performance;
8. 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 2020;
9. Noted the KPMG PLT's Transparency Report 2020;

10. 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

11. Reviewed and approved the internal audit work plan for the financial years ended/ending 31 December 2021 and 31 December 2022 and discussed Internal Audit's focus areas for improvement for the financial year ending 31 December 2022 to ensure that there is adequate scope and comprehensive coverage over the activities of IHH Group and that all high-risk areas are audited annually, as well as the availability of adequate

resources within the internal audit team to carry out the audit work;

12. Reviewed the effectiveness of the Group's internal audit functions and improvement plans taking into consideration the review conducted by Bursa Malaysia Berhad and Institute of Internal Auditors Malaysia on the effectiveness of Internal Audit function of selected listed issuers in 2019;

13. Deliberated on the internal audit reports issued by the internal audit function of the respective operating divisions during the year;

14. 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;

15. 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;

16. Reviewed the Key Performance Indicators, competency and resources of the internal audit function to ensure that, collectively, the internal audit function is suitable and has the required expertise, resources and professionalism to discharge its duties;

17. Reviewed and approved the Internal Audit Charter for the financial years ended/ending 31 December 2021 and 31 December 2022;

18. Deliberated on the whistleblowing cases received by the Group through the whistleblowing communication channel and implementation plan to resolve the issue;

19. Deliberated on the proposed enhancements to the Whistleblowing process;

## Audit Committee Report

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

20. Noted the summary report of the RPTs and RRPTs monitoring and tracking by Management to ensure compliance with the MMLR;
21. 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

22. Verified the allocation and movement of LTIP units and EOS options respectively for the year 2020 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

23. Deliberated on the ancillary governance, control and reputational risk reports as highlighted by the ACs of the relevant operating subsidiaries of the Group;
24. 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 2020;

25. Deliberated on the Group treasury initiatives, Group debt and cash position, bank covenants and compliance, balance sheet risk management and rate risk management;
26. Reviewed and recommended to the Board for approval, the revisions to the Group's and subsidiaries' LOA;
27. Discussed the summary report of financial assistance provided to the subsidiaries and associates of the Group to ensure that it is fair and reasonable and not detrimental to the Company and its shareholders;
28. Deliberated on the findings of the independent review on the Procurement Governance Framework and processes of the Group are adequate controls in place to address procurement related governance practices; and
29. Discussed the annual statement by Management in respect of the compliance of 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 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.

Group IA provides independent, objective assurance on areas of operations reviewed and makes recommendations based on the best practices that will improve and add value to the Group. Group IA identifies, coordinates, monitors and oversees the internal audits that are to be carried out throughout the Group and also provides

standards, policies, guidelines and advice to the subsidiaries' internal audit functions to standardise the internal audit activities within the Group.

Group IA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the financial, operational and compliance processes. Structured risk-based and strategic-based approaches are adopted in identifying the internal audit activities that are aligned with the Group's strategic plans to ensure those risks faced by the Group are adequately reviewed. In addition, international standards and best practices are adopted to enhance the relevancy and effectiveness of the internal audit activities.

The internal audit reports are issued to Management for their comments and for them to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports and summary of key findings are tabled to the AC for deliberation to ensure that Management undertakes to carry out the agreed remedial actions.

Please refer to the Statement on Risk Management and Internal Control as laid out on pages 128 to 133 of this Annual Report for the summary of the work of the internal audit function undertaken during the year ended 31 December 2021.

The total costs incurred to maintain the internal audit function of the Group in 2021 was RM13.2 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, cyber security 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 (Chairman) (Redesignated as Chairman on 28 May 2021)	Independent Non-Executive Director	4/4
Dato' Muthanna bin Abdullah (Member) (Appointed on 28 May 2021)	Independent Non-Executive Director	2/2
Ong Ai Lin (Member) (Appointed on 28 May 2021)	Independent Non-Executive Director	2/2
Tunku Alizakri bin Raja Muhammad Alias (Member) (Appointed on 13 July 2021)	Non-Independent Non-Executive Director	2/2
Rossana Annizah binti Ahmad Rashid (Chairman) (Ceased as Chairman on 28 May 2021)	Independent Non-Executive Director	2/2
Shirish Moreshwar Apte (Member) (Ceased as Member on 28 May 2021)	Independent Non-Executive Director	2/2

The RMC meetings were attended by the Senior Management of the Group, Group Head, Risk Management & Compliance, Group Head, Internal Audit and Group Head, Medical & Quality 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 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 ERM strategic review undertaken by Management and the ERM transformation roadmap and timeline to further strengthen the Group's ERM framework to safeguard shareholders' investments and the Group's assets;

### Cyber Security Risk Management

3. Reviewed the reports pertaining to cyber risk, which covered, among others, the cyber security risk universe and residual risk profile, cyber security threat report, cyber security strengthening plan and cyber security roadmap assessment and planning, aiming to identify and mitigate any potential cyber threat which may impact the Group's IT system;

### Bribery and Corruption Risk Management

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;
5. Reviewed Anti-Corruption Implementation Review conducted by independent advisor as part of the Group's efforts in ensuring adequate procedures in line with the requirement of Section 17A of the Malaysian Anti Corruption Commission Act 2009 (Amendment 2018);

### Medical Quality and Clinical Quality Updates

6. 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, Turkey 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;

7. Reviewed the clinical activities undertaken by the Group's hospitals for quality assurance and improvement purposes;
8. Reviewed the IHH Clinical Governance Audit Framework and plan by the internal auditors;

9. Reviewed the Clinical Internal Audit Plan for financial year 2022;
10. Reviewed the findings of the 2020 Joint Commission International (JCI) accreditation survey reports for better understanding on the level of compliance and improvement purposes;

### Sustainability Disclosures

11. Discussed the materiality matrix and sustainability reporting approach going forward;
12. Reviewed and recommended to the Board for approval the Sustainability Statement covering the period from 1 January 2021 to 31 December 2021. The Sustainability disclosures were prepared in line with the Global Reporting Initiative (GRI) Standards and GRI's Sector Specific Sustainability Topics for Healthcare Providers and Services and Healthcare Technology for inclusion in the Annual Report 2021;

### Other Activities

13. 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 2020;
14. Reviewed the proposed revisions to the TOR of the RMC, in line with the changes in the Malaysian Code on Corporate Governance (MCCG). The TOR of the RMC has been revised to, among others, enhance the RMC's role in assisting the Board in fulfilling its key risk oversight responsibilities and ensuring that sustainable strategies, priorities and targets are aligned with the Group's business; and
15. Reviewed and recommended to the Board for approval the Personal Data Protection Policy, which among others, serves as the Group's intra-group personal data sharing protocol and organisation rules for dealing with personal data.



# Statement on Risk Management and Internal Control

The Board of Directors of IHH Healthcare Berhad (IHH or the Company), together with that of its subsidiary companies (the Group), is committed to maintaining a sound system of risk management and internal control. In accordance with Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to provide the following Statement on Risk Management and Internal Control prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

## Board Responsibility

The Board, in discharging its responsibilities, is fully committed to maintaining a sound system of risk management and internal control, as well as to review its adequacy, integrity and effectiveness to safeguard shareholders' investment and the Group's assets. The system of risk management and internal control by its nature is designed to manage key risks that may hinder the achievement of the Group's business objectives within an acceptable risk profile. In view of the limitations inherent in any system of risk management and internal control, the systems put in place can only manage risks within tolerable and knowledgeable levels, rather than eliminate the risk of failure to achieve business objectives completely.

## Control Structure

The Board is assisted by the Audit Committee (AC) 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) Compliance with relevant regulations, policies, procedures and laws;
- (iii) Safeguarding of assets;
- (iv) Effective and efficient utilisation of resources; and
- (v) Ensuring the Group's long-term sustainability

For the year ended 2021, the Board is of the view that the present system of internal control is adequate and has been adhered to, to the best of its ability. The opinion is based on the following key internal controls practised:

### Limits of Authority

The Limits of Authority established by the Group serves to govern the operations of all companies within

the Group. It encompasses authorised signatories for Procurement and Payment, Financial Treasury, Human Capital Management, Corporate Transactions, Legal Documentation and Donations. It defines the authority limit for each level of management in the business units and the Group as a whole. Major capital investment, acquisition and disposal are approved by the Board of the business units and the Group.

### Recommendations by Internal Auditors

The Group has an Internal Audit function to review the effectiveness of the material internal controls of the business units, based on the approved annual audit plan. Unannounced visits are conducted randomly to ensure compliance at all times.

Consequently, Management ensures that the recommendations made by the Internal Auditors to strengthen and improve the internal controls have been implemented.

### Performance Monitoring and Budgets

Annual budgets 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.

Major expenditure is 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 such as the Private Hospital and Medical Clinic Act, Private Hospital and Medical Clinic Regulations, Dangerous Drugs and Poison Act, Private Higher Educational Institutional Act, as well as the Occupational Safety and Health Act. Quality audits are also conducted by the Quality Assurance function within the hospital and by the Group Accreditation, Standards and Medical Affairs Departments on an ongoing basis.

### Fraud Prevention

The Board strives to have zero incidences of fraud with strong internal accounting controls, proper segregation of duties in the work processes, and regular audits carried out by the Group Internal Audit team.

The inherent system of internal controls is designed to provide a reasonable, though not absolute, assurance against the risk of fraud, material errors or losses.

## Clinical Governance

### International Clinical Governance Advisory Council (ICGAC)

In its sixth year as an independent high-level advisory committee, the Council continues to serve as an advisory in the areas of Clinical Governance which covers the management of Clinical Affairs, including Quality and Patient Safety, Clinical Risk Management, Continuing Professional Development and clinical training.

For the year ended 31 December 2021, Management continues to make significant progress on the implementation of the following plan of actions based on the recommendations by the ICGAC:

1. Strengthening the overall Clinical Governance framework
  - (a) Through defining the roles and responsibilities of key committees and personnel with regards to clinical governance;
2. 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.

The Council comprises the following members:

1. **Tan Sri Dato' Abu Bakar Suleiman, Chairman**, International Medical University Malaysia (IMU) Group
2. **Dr Joseph Sheares, Cardiothoracic surgeon**, Mt Elizabeth Hospital, Singapore
3. **Tan Sri Datuk Dr K. Ampikaipakan, Consultant respiratory physician** at Pantai Hospital, Kuala Lumpur, Malaysia
4. **Dr E.H Akalin, Independent academic consultant**, Istanbul, Turkey
5. **Professor Yeoh Eng Kiong, Director** at the JC School of Public Health and Primary Care of The Chinese University of Hong Kong (CUHK)

## Control Environment

The operating structure includes a defined delegation of responsibilities in terms of the management of business units. The limit of authority is clearly defined and set out in the Group's policies.

These policies and procedures are reviewed regularly and updated when necessary.

A Whistleblowing Policy is in place within the Group's 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.

The system of risk management and internal control, covers not only financial controls but also operational, risk and compliance controls as well. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives.

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

## Statement on Risk Management and Internal Control

### Risk Management

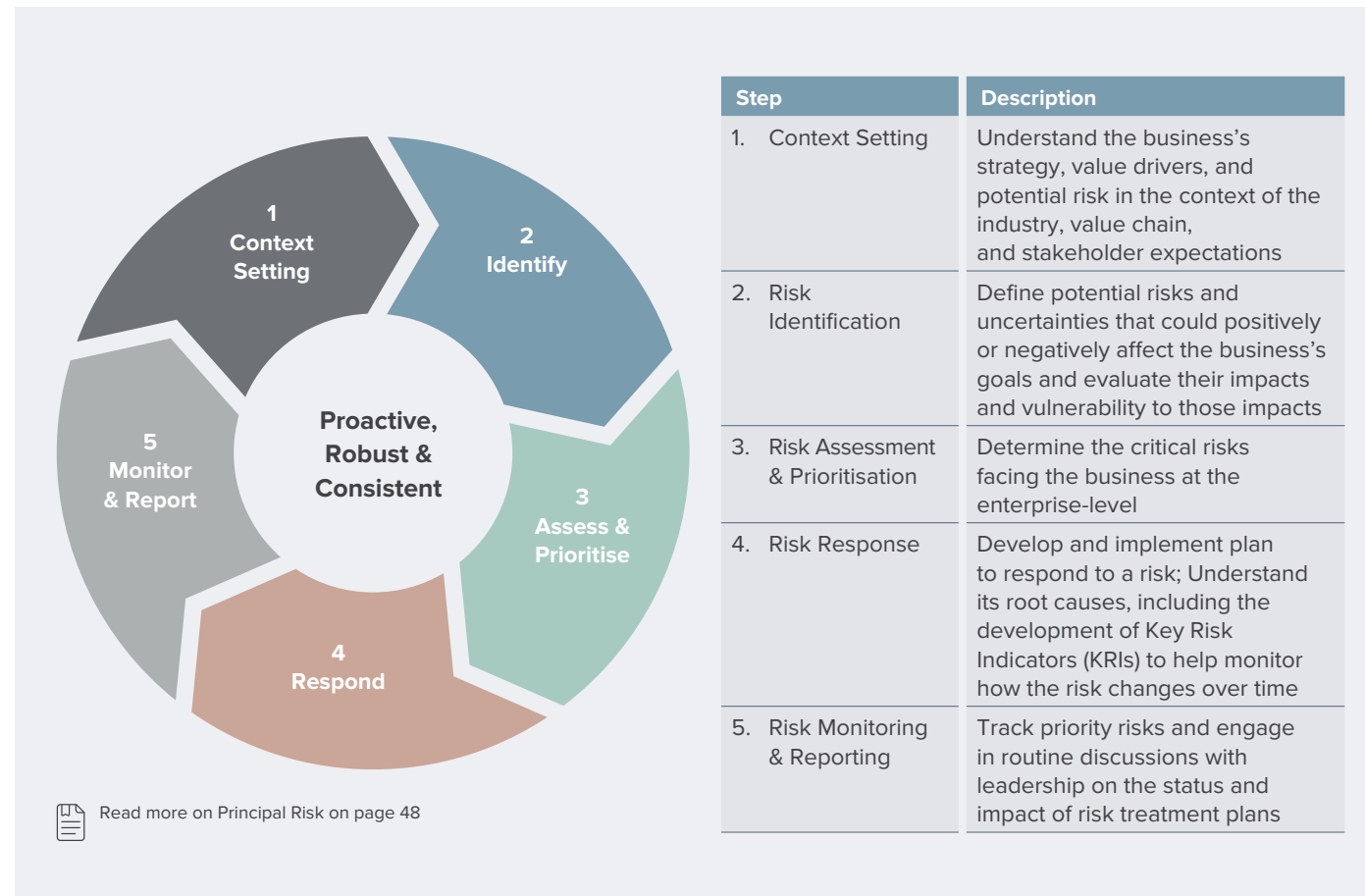
The Group recognises that risk management is an important and integral part of good management and corporate governance practice, and fundamental to driving shareholder value through quality healthcare. Although risks cannot be completely eliminated, effective risk identification and management can reduce the uncertainties associated with executing the Group's business strategies and maximising opportunities that may arise.

Risk Management and Compliance Department (RMCD) assists the Board and RMC in discharging their

risk management responsibilities. Business units have a primary responsibility for managing risk exposures. RMCD is structured to provide adequate risk and compliance advisory support to IHH business units globally. RMCD is the central resource for managing the portfolio of risks assumed by the Group as a whole, and works closely with business units to strengthen their risk management practices and capabilities as well as to guide the priorities and direction of the Group's risk management activities. Risk updates are consolidated and analysed for monitoring and reporting to the Group's RMC on a quarterly basis.

The Group recognises that Enterprise Risk Management (ERM) is a proactive management system for anticipating emerging risks and putting in place pre-emptive action plans so that the effect of uncertainties on fulfilling business goals and objectives are minimised. Environmental, social and governance risks have become much more prevalent in recent years and the Group manages these risks with the same care and discipline as any other business risk.

The Group has in place a Risk Management Framework which is consistent with the definition of an 'appropriate framework' in Standard ISO 31000:2018 Risk Management – Guidelines.



The framework encompasses practices relating to the identification, assessment and measurement, response, and action, as well as monitoring and reporting of the strategic and operational control risks pertinent to achieving our key business objectives.

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

For the year ended 31 December 2021, 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. Reviewed and enhanced risk categories to be in line with RMC's expectations;
4. Partnered Group Internal Audit to review the adequacy and effectiveness of the risk control processes and risk reporting systems;
5. Established an ERM transformation roadmap outlining key initiatives to be implemented from 2022 onwards;
6. Continued focus on Data Protection and Anti-Bribery & Corruption initiatives;
7. Undertaken an external review of the Group's anti-corruption governance with commitment to implement key recommendations in 2022;
8. Augmented key Group SOPs for Divisions' adoption to augment existing SOPs relevant to the prevention of bribery & corruption;
9. Augmented Group and Division policies relevant to Personal Data Protection;
10. Commenced implementation of the IHH Personal Data Protection Policy;
11. Publication of the IHH Data Protection Notice;
12. Institutionalised the Group Third Party Code of Conduct and the Group Personal Data Protection Framework;
13. Conducted Group-wide risk assessment of bribery and corruption vulnerable areas and existing controls to identify key gaps and improvement opportunities;
14. Appointment of Division Compliance Leads;
15. Appointment of Division Data Protection Officers;
16. Commencement of Group-wide Data Protection training initiative;

17. In collaboration with Group IT, continuously conducted a Group-wide risk assessment of Cyber Security exposures as planned and presented to the RMC on quarterly basis;
18. Undertook placements and renewals of the Group Insurance Programme, including the Group's Directors & Officers Policy;
19. Monitored cost of insurance claims and claims settlement through quarterly claims meetings with insurance service providers;
20. Commenced implementation of Insider Trading compliance framework in relation to Fortis Healthcare Limited; and
21. Carried out ad-hoc assignments requested by Senior Management.

For 2021, the consolidated risk report includes those of Fortis Healthcare Limited and PLife REIT risk profiles. The consolidated risk report and updates are analysed for monitoring and reporting to the Group's RMC on a quarterly basis.

### Group Internal Audit

The Group has an independent internal audit function, which is an integral part of the Group's assurance framework, and reports directly to the AC. Group Internal Audit's (Group IA) primary mission is to provide an independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes. The internal audit function within the Group is structured such that the internal audit function of the business units has a reporting line to Group IA and to the AC. Audits are performed on all major units or areas in the audit population to provide independent and objective reports on operational and management activities in the Group. Group IA will also perform ad hoc audits and investigations requested by the AC and/or by Senior Management and will follow up on the implementation of audit recommendations by Management to ensure that all key risks are addressed.

The Annual Internal Audit Plans of the Group are reviewed and approved by the AC annually.

Group IA highlights significant gaps identified in governance, risk management and control, makes recommendations for improvements, and tables management action plans to the AC through audit reports and during its quarterly AC meetings.

Group IA also follows up on the management action plans to address the improvements on a quarterly basis, and results of the status are presented at the quarterly AC meetings.

Group IA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the Group's governance, internal control, and risk management system, using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework.

For the year ended 31 December 2021, the major internal audit activities were as follows:

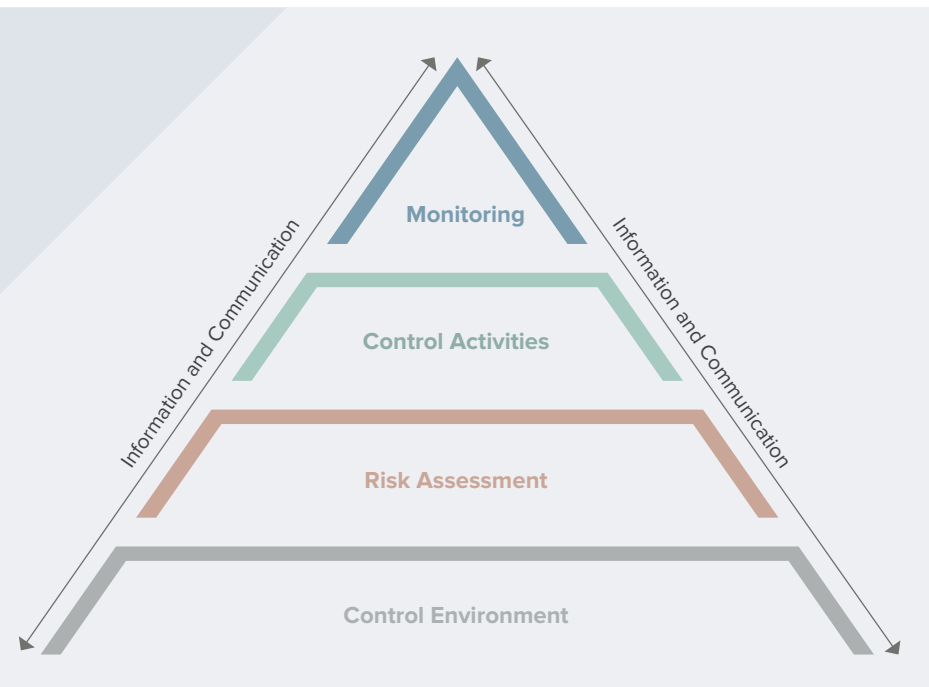
- Developed a risk-based annual audit plan;
- Performed financial and operational audits on revenue cycle management, procurement and inventory and the capital and operating expenditure of hospitals, clinics and ancillary departments within the Group;
- Reviewed the IHH Clinical Governance Audit Framework with a focus on the framework structure, oversight responsibilities, education and infrastructure;
- Conducted Information Technology (IT) audits, risk assessments, security and control reviews across the entities of the Group;
- Reviewed the level of compliance with established policies and procedures and statutory requirements to ensure that major units complied with the requirements, with any non-compliances highlighted to Management for remediation;
- Witnessed the tendering process for procurement of services or assets to ensure the activities in the tendering process were conducted in a fair, transparent and consistent manner;
- Carried out ad hoc assignments and investigations requested by the AC and/ or Senior Management; and



## Statement on Risk Management and Internal Control

### COSO Internal Control – Integrated Framework

The adequacy and effectiveness of the Group’s risk management, internal control and governance processes are assessed and reported according to the following five interrelated COSO components:



- Followed up on the implementation of the Management Action Plans to ensure that necessary actions have been taken to remedy any significant gaps identified in governance, risk management and control.

The internal audit function reviews for the adequacy and effectiveness of the internal control process and ensures that necessary actions have been taken to remedy any significant failures or weaknesses for the financial year in review and up to the date of approval of this statement for inclusion in the annual report.

In the course of performing its duties, Group IA has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group.

#### Other Risk and Control Processes

The overall governance structure, and formally defined policies and procedures play a major part in establishing the control and risk environment of the Group.

Although the Group is a networked organisation, a documented and auditable trail of accountability has been established within the 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:

- A governance and management structure is established within each hospital for functional accountability with operational/functional heads reporting financial, operational (clinical and non-clinical) risks, compliance with statutory and regulatory requirements and reputational risks to the Hospital Chief Executive Officer (CEO)/Director;
- 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/medical incidents with lapses, adverse outcomes, potential legal issues and media exposure, are reported and addressed at the hospital quality meetings chaired by the Hospital CEOs;

- The Medical Affairs department/ Medical Execution Committee oversees the accreditation, as well as the qualifications and experience of our medical practitioners, and do not hesitate to remove their privileges if they are found to be unethical or negligent. They also ensure patient safety and quality of services delivered within the hospitals, and compliance with government regulations;
- The respective quality committees or councils of the business units ensure the quality of services and the safety of patients;
- On a quarterly/monthly basis, the operations divisions are to submit to the Group CEO updates pertaining to clinical/medico-legal cases, IT, hospital development projects, business matters, HR matters, financial performance and analyses, group target savings, as well as the outlook for the business and strategic projects. This information will form the body of the Executive Report by the Group CEO to the Board of each business unit, ultimately surfacing at the Board of the Group;

- Senior management tracks the development of any potential medico-legal cases. Any significant risk exposures or trends, in terms of incident type or case categorisation, are highlighted to the Board/RMC quarterly;
- 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;
- Financial risk management systems are in place to address credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk;
- Group Internal Audit independently audit and report findings on financial, operational and compliance controls to the AC or the Board. In addition, on an annual basis, the external auditors perform statutory audit and report findings on financial controls relevant to the statutory audit to the AC; and
- Employees must abide by the Code of Conduct and avoid any dealings or conduct that could be or could appear to be in conflict with the Group’s interests, unless such business relationships are consented to by the Board.

#### Adequacy and Effectiveness of the Group’s Risk Management and Internal Control Systems

IHH’s Management is accountable to the Board for the implementation of the processes involved in identifying, evaluating and managing risk and internal control. In the financial year under review and up to the date of approval of this Statement, the Board has received assurances from the Managing Director and Chief Executive Officer, as well as Chief Financial Officer, that the Group’s system of

risk management and internal control is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group. Taking into consideration the information and assurances given, the Board is satisfied with the adequacy, integrity and effectiveness of the Group’s system of risk management and internal control. For the financial year under review, there were no material control failure or adverse consequences that have directly resulted in any material losses to the Group. The investigations on Fortis Group by the Securities and Exchange Board of India (SEBI) and the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs of India are still ongoing, for matters that occurred prior to IHH’s acquisition of Fortis. The information relating to the SEBI and SFIO investigations are available in IHH’s Audited Financial Statements and Quarterly Financial Results. Since the acquisition on 18th November 2018, the Board of Fortis has initiated additional control procedures and has appointed Ernst & Young LLP, India, to conduct enquiries of certain entities and transactions in Fortis Group (the Project) in relation to the issues raised in the investigation.

On 16 September 2020, the Board of Fortis in considering and discussing the Project results, noted the enquiries. All amounts identified in the enquiries had been previously provided for or expensed in the financial statements of Fortis Group. There are no other improper transactions identified by the enquiries or the management which had not been expensed or provided for.

The measures to protect and enhance shareholders’ value and business sustainability continue to be a focal point of the Group and, therefore, the system of risk management and internal control across the Group continues to be subject to enhancement, validation and regular review.

The Group’s system of risk management and internal controls does not cover associates and joint ventures.

#### Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA), for inclusion in the annual report of the Group for the year ended 31 December 2021, 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:

- 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
- is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system, including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

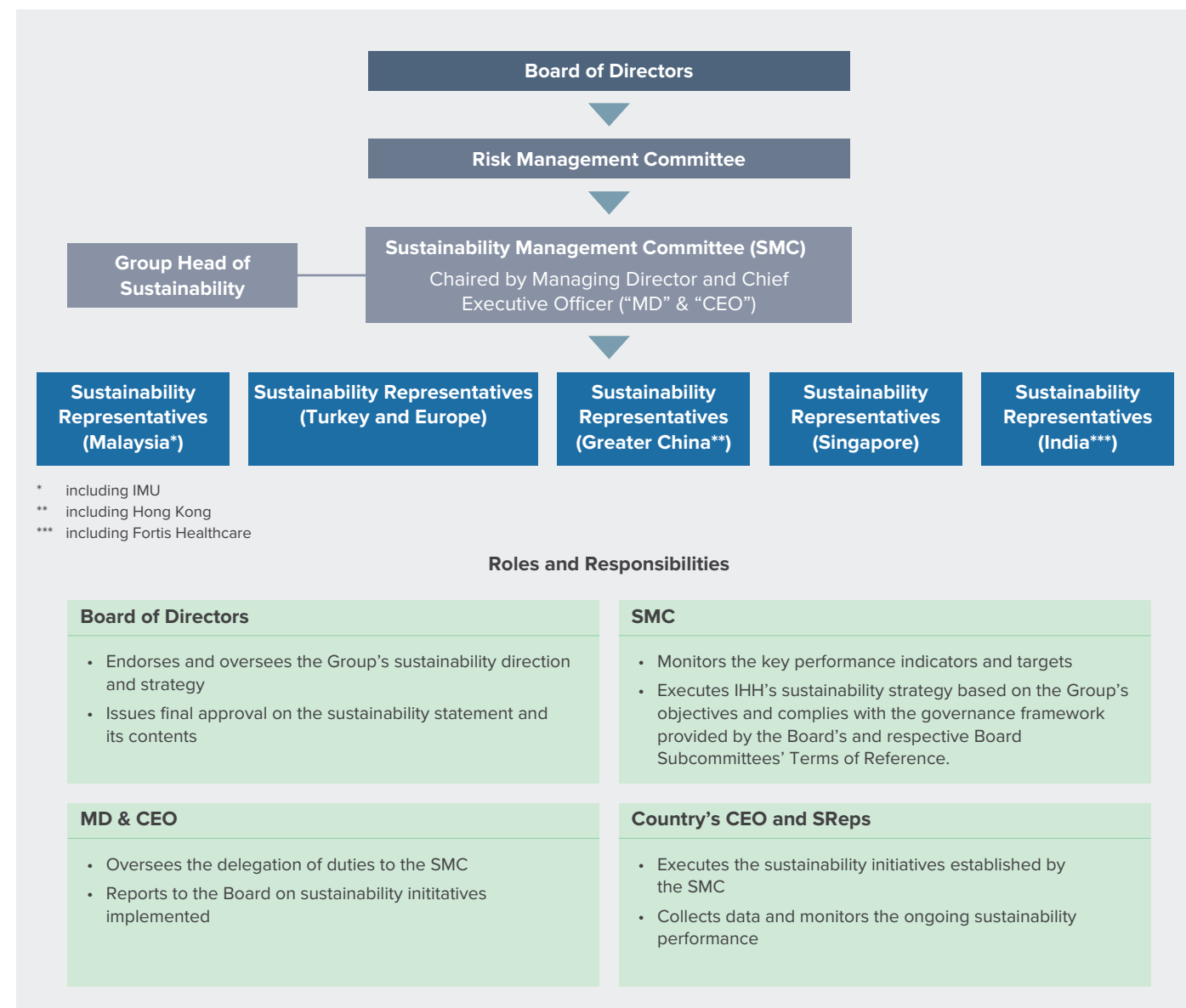


# Sustainability Governance

By developing a solid governance system, we can implement sustainability initiatives and monitor their success. At the pinnacle of our governance structure, the Board of Directors sets the tone from the top. The Board is supported by its Risk Management Committee (“RMC”), and the Sustainability Management Committee (“SMC”) which is chaired by the Managing Director and Chief Executive Officer (“MD & CEO”). The multi-tiered governance system of IHH ensures the sustainability strategy is aligned with the Group’s overall goal and per the Terms of Reference for each Committee, Sub-Committee, and the Board of Directors.

In addition, the SMC is supported by engagements with CEOs and Sustainability Representatives (“SReps”) from each of our countries of operation.

## IHH’s Sustainability Governance Structure



# Investor Relations Report

## Building Trust with Effective and Constant Communication

Effective communication between IHH Healthcare, our shareholders and the general public is essential. Good, clear and credible communication fosters confidence and a better understanding of our business.

The Investor Relations and Corporate Communications Department at IHH facilitates communication with all our stakeholders, including domestic and international investors. Through various channels in Malaysia and internationally, the Investor Relations team facilitates communications between the Group and our investment community.

Using strategic communication platforms, we engage in active dialogue with stakeholders, and share timely, accurate, and comprehensive information about the Group’s corporate developments, financial performance, and material operations. This includes the submission and discussion of our annual reports, and holding Annual General Meetings. In addition, we make timely and material corporate news announcement timely on Bursa Malaysia Securities Berhad (Bursa Malaysia) and Singapore Exchange Limited (SGX).

Our senior management plays an active role in the Group’s comprehensive Investor Relations programme. In 2021, IHH launched its inaugural IHH HealthcareInsider Webinar hosted by our Group CFO, Mr Joerg Ayrlé to share with capital markets on key topics in relation to the Group’s core business operations. These webinars recordings are available on the IHH website and the video-on-demand platform, Vimeo, to broaden our reach and engagement with our stakeholders. This is in addition to holding regular in-house meetings, physical and virtual investor conferences, and conference calls with financial analysts, institutional shareholders, and fund managers, both locally and internationally. The team has also set up push notification platforms to share relevant corporate information with stakeholders via Telegram. It is through these platforms that we

constantly keep investors up-to-date on our strategic developments and financial performance.

Against a backdrop of a global pandemic, IHH continues to engage in investor relations activities focusing on communication with shareholders and investors, with the aim of continuously enhancing the corporate brand and value. Although we have changed the format of some activities to minimise the spread of infection, the Investor Relations team strive to maintain and improve timely and appropriate information disclosure in this uncertain social and economic environment. The Investor Relations team was focused on delivering up-to-date status on various markets and operations related development. We continue to engage in investor relations activities more actively than ever, to deepen the dialogue with our stakeholders as well as to demonstrate the resiliency of the business in 2021.

The Group also conducts analyst briefings on the release of our quarterly and media briefings on the release of our full year results. Throughout the year, Investor Relations updates the Board on its shareholdings position, Investor Relations activities, recommendations by analysts, feedback from the investment community, and share price performance movements.

Board members have endorsed our Investor Relations Policy, which is designed to ensure effective and timely communication with investors and stakeholders by IHH. Our policy mandates that we keep all stakeholders informed of material developments. Our Investor Relations programme is also outlined with guidelines as to how processes and procedures can be followed to ensure its continued success.

## Group Corporate Website & Social Media

IHH Healthcare’s corporate website provides stakeholders a dedicated platform for accessing key information. The information 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.

In addition to providing the latest disclosures, our team ensures that the Investor Relations section of our website is regularly updated. 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 Investor Relations Department. At the same time, interesting highlights pertaining to IHH for the investor communities are also published on the IHH Healthcare LinkedIn, Twitter and Telegram pages.

## Analyst Briefings for Quarterly and Annual Financial Results Announcement

In 2021, IHH’s Senior Management conducted four analyst briefings and one media briefing via conference call 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.

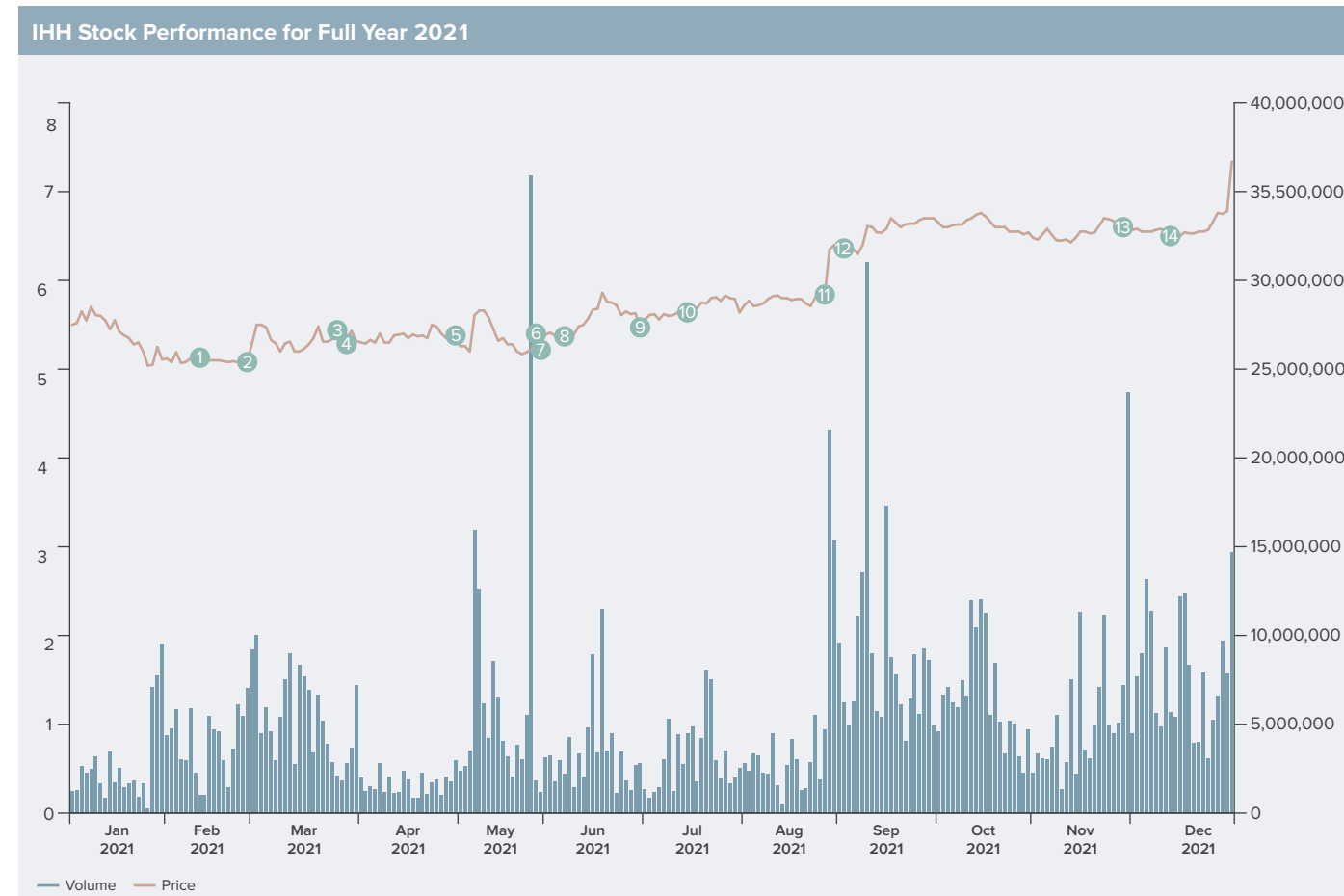
## Investor Relations Report

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.

Our analyst briefings were also broadcast live via webcast for the benefit of overseas stakeholders or those who were unable to participate in person.



No	Event	Date	RM
1	IHH Healthcare Malaysia Steps Up COVID-19 Measures; Ready to Treat COVID-19 Patients	11/02/2021	5.13
2	IHH FY2020 Financial Results Announcement; IHH Healthcare Malaysia's Pantai Hospital Kuala Lumpur Appointed as a Vaccination Centre for Frontliners of Private Hospitals and Clinics in Kuala Lumpur	26/02/2021	5.08
3	Pantai Hospital Klang Helps Administer COVID-19 Vaccine for Frontliners of Private Hospitals and Clinics in Klang	25/03/2021	5.41
4	Acibadem Enters Into Serbia As Part Of Its Growth Strategy For Eastern European Market	29/03/2021	5.34
5	IHH Healthcare Completes Divestment Of Apollo Gleneagles Hospital Kolkata Joint Venture	30/04/2021	5.38
6	IHH 11th Annual General Meeting	28/05/2021	5.34
7	IHH Q1 2021 Financial Results Announcement	31/05/2021	5.3
8	Pantai Premier Pathology Becomes More Internationally Accessible With Accreditation From College of American Pathologists	08/06/2021	5.37
9	IHH Healthcare Bags Two Accolades At Institutional Investor's 2021 All-Asia Executive Rankings, Ranks Top 5 Overall In Healthcare & Pharmaceuticals Category	30/06/2021	5.47
10	PLife REIT And IHH Healthcare Extend Strategic Collaboration For Singapore Hospitals	14/07/2021	5.64
11	IHH Q2 2021 Financial Results Announcement	26/08/2021	5.84
12	IHH Extends Digital Healthcare Ecosystem Through Further Collaboration With Doctor Anywhere	02/09/2021	6.36
13	IHH Q3 2021 Financial Results Announcement	29/11/2021	6.6
14	IHH Healthcare Complete Divestment of Continental Hospitals	14/12/2021	6.5

### Conferences and Roadshows

Despite the various travel and work restrictions in place, the IR team strived to provide timely access for our stakeholders to the Group's senior management team. Throughout the year, Investor Relations conducted local and international investor conferences and non-deal roadshows (NDRs). In the absence of physical investor conferences because of COVID-19 movement restrictions, we engaged our investors through a virtual format such as MSTeams, Webex, Zoom and teleconference facilities. Virtual events allow us to provide updates on our strategic developments, latest quarterly operational and financial performance, material operations affecting the Group and the business outlook to our shareholders and investors. This was also a good opportunity to hear directly from the investment community about their perceptions of the Group.

Among these were two HealthcareInsider webinars by our senior management on the global vaccination roll-out and on emerging healthcare trends. These webinars aim to provide valuable insights to analysts and investors into our

operations beyond the financials of the company.

Our Key Events table below shows all conferences and NDRs where we participated.

Date	Conference and Roadshows Participated
8-Jan	12th Credit Suisse ASEAN Conference
4-Mar	Malaysia Virtual Roadshow @ Maybank
10-Mar	BoAML Virtual Roadshow
30-Mar	GCFO Introduction Session with Sell Side Analysts
8-Jun	Credit Suisse Asian Healthcare Conference
17-Jun	UBS OneAsean Conference
30-Aug	CGS-CIMB's Premier Roundtable Engagement Series
8-Sep	J.P. Morgan's Asia Pacific CEO-CFO Conference
16-Sep	28th Annual CITIC CLSA Flagship Investors' Forum 2021 (AM)
13-Oct	Bursa Maybank Malaysia IHH Healthcare Investor Day
20-Oct	Nomura Virtual Malaysia Corporate Day 2021

### Analyst Coverage

Investors continue to show high interest in IHH. The Group received coverage from 23 analysts as of 31 March 2022, showing strong interest among domestic and international equity research houses.

No	Firms	No	Firms
1	Affin Securities Sdn Bhd	13	K&N Kenanga Holdings Bhd
2	AmInvestment Bank Berhad	14	Macquarie Securities Ltd
3	Bank of America Merrill Lynch Global Research	15	Maybank Kim Eng Securities
4	BIMB Securities Sdn Bhd	16	MIDF Amanah Investment Bank Bhd
5	CIMB Securities Pte Ltd	17	Morgan Stanley
6	CLSA Limited	18	Nomura Securities Co Ltd/Tokyo
7	Credit Suisse Holdings USA Inc	19	Public Investment Bank
8	DBS Vickers Securities	20	RHB Research Institute Sdn Bhd
9	Goldman Sachs India Sec Pte Ltd	21	TA Securities Holdings Bhd
10	Hong Leong Investment Bank Bhd	22	UBS Securities Malaysia Sdn
11	J.P. Morgan Securities (Malaysia) Sdn Bhd	23	UOB Kay Hian Pte Ltd
12	KAF Seagroatt & Campbell Sec Sdn Bhd		

At the same time, IHH and our senior management have been regularly profiled and featured on investment-interest portals and magazines. These included an interview with Managing Director and CEO Dr Kelvin Loh on 'kopi-C', a regular column on the SGX website and a company profile on Bursa Blitz by Bursa Malaysia.

In 2021, our Senior Management team was also profiled on periodicals such as The Edge, Future CFO, The CEOs Magazine and The Business Times Singapore.

Accordingly, the Board of Directors wishes to announce that IHH Healthcare will continue to follow the dividend policy, whereby at least 20% of the Group's profit after tax and minority interests are distributed to its shareholders

in respect of any financial year. A number of factors guided the Board of Directors in considering dividend payments, including:

- the amount of cash and cash equivalents the Group has available;
- its return on equity and retained earnings; and
- its projected levels of capital expenditure and other investments.

# 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 2021 (FY2021).

## Employee Share Schemes

The following are employee share schemes established by our Group and in existence during FY2021:

- (i) Long Term Incentive Plan (LTIP) of our Company (IHH LTIP) for a duration of 10 years from 25 March 2011 and expired on 24 March 2021;

- (ii) LTIP of Parkway Holdings Limited (Parkway LTIP) for a duration of 10 years from 21 April 2011 and expired on 24 March 2021;

- (iii) LTIP of Pantai Holdings Berhad (now known as Pantai Holdings Sdn Bhd) (Pantai LTIP) for a duration of 10 years from 24 May 2011 and expired on 24 March 2021;

- (iv) LTIP of IMU Health Sdn Bhd (IMU LTIP) for a duration of 10 years from 25 August 2011 and expired on 24 March 2021; and

- (v) Enterprise Option Scheme (EOS) of our Company for a duration of 10 years from 22 June 2015 and expiring on 21 June 2025.

(IHH LTIP, Parkway LTIP, Pantai LTIP, and IMU LTIP are collectively referred to as "LTIPs")

Brief details on the numbers of LTIP units/EOS options granted, vested and outstanding since the commencement of the LTIPs and EOS until FY2021 are as follows:

	LTIPs	EOS
Total number of LTIP units/EOS options granted	71,525,415	61,521,000
Total number of LTIP units/EOS options surrendered/exercised	62,152,045	18,677,000
Total number of LTIP units/EOS options lapsed/cancelled/opted out	9,373,370	21,003,000
Total number of LTIP units/EOS options outstanding	–	21,841,000

## Granted to Directors and Chief Executive

	LTIPs	EOS
Aggregate number of LTIP units/EOS options granted	18,804,000	35,786,000
Aggregate number of LTIP units/EOS options surrendered/exercised	18,804,000	23,156,000
Aggregate number of LTIP units/EOS options outstanding	–	12,630,000

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

The LTIPs have expired on 24 March 2021 and thus, all unvested LTIP units had lapsed upon expiry.

In accordance with the Bye Laws for the LTIPs and EOS respectively, the total number of shares which may be issued under the LTIPs and EOS to eligible participants, including Executive Directors and Senior

Management of the Company, shall not exceed the aggregate of 2% of our Company's total number of issued shares. Additionally, the total number of shares which may be issued under LTIP units and EOS options granted to a participant, who either singly or collectively with persons connected with him or her owns 20% or more of the total

number of issued shares of our Company, shall not exceed in aggregate 10% of the total number of shares to be issued under the LTIPs and EOS respectively. None of our Directors and Senior Management, either singly or collectively with persons connected with them, owns 20% or more of the total number of issued shares of our Company.

There were no LTIP units and EOS options granted during the FY2021.

Since the commencement of the LTIP and EOS, the actual percentage of LTIP units and EOS options granted in aggregate to Executive Directors

and Senior Management of the Company are 27% and 60% of the total number of LTIP units and EOS options granted respectively.

There were no LTIP units and EOS options granted to the Non-Executive

Directors since the commencement dates of the LTIPs and EOS until FY2021.

Details of the LTIP units and EOS options exercised during the financial year are disclosed in Note 21 of the financial statements.

## Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to external auditors by the Group and the Company respectively for FY2021 are as follows:

	Audit fees		Non-Audit fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
KPMG PLT	1,504	492	926	476
Affiliates of KPMG PLT	8,441	438	3,855	503
<b>Total</b>	<b>9,945</b>	<b>930</b>	<b>4,781*</b>	<b>979</b>

\* Approximately 70% and 20% 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.

## Material Contracts Involving Directors', Chief Executive's and Major Shareholders' Interests

Save as disclosed below and in the financial statements, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors', Chief Executive's

and Major Shareholders' interests subsisting as at 31 December 2021 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 FY2021 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.

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# Directors' Report

for the year ended 31 December 2021

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 2021.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in note 42 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in note 42 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	1,862,525	1,304,571
Non-controlling interests	314,060	–
	<u>2,176,585</u>	<u>1,304,571</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 4 sen per ordinary share amounting to RM351,163,000 for the financial year ended 31 December 2020 on 30 April 2021.

The Board of Directors have declared that a first and final single tier cash dividend of 6 sen per ordinary share for the financial year ended 31 December 2021 to be paid on 29 April 2022 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 2022. The Company shall apply the RM:SGD noon middle rate as disclosed in the Bank Negara Malaysia's website on 31 March 2022 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  
 Dr. Kelvin Loh Chi-Keon  
 Masato Sugahara  
 Takeshi Saito  
 Dr. Farid Bin Mohamed Sani  
 Mehmet Ali Aydinlar  
 Tunku Alizakri Bin Raja Muhammad Alias  
 Jill Margaret Watts  
 Dato' Muthanna Bin Abdullah  
 Ong Ai Lin  
 Satoshi Tanaka  
 Tomo Nagahiro (Alternate Director to Masato Sugahara)  
 Rossana Annizah Binti Ahmad Rashid  
 Shirish Moreswar Apte  
 Wong Eugene (Alternate Director to Dr. Farid Bin Mohamed Sani)

Resigned on 28 May 2021  
 Retired on 28 May 2021  
 Resigned on 21 February 2022

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:

	Number of ordinary shares				At 31 December 2021
	At 1 January 2021	Options exercised	Bought	Sold	
<b>Interests in the Company</b>					
Mehmet Ali Aydinlar					
– Direct	421,399,132	245,000	–	–	421,644,132
– Deemed	98,287,041	–	–	–	98,287,041
Ong Ai Lin					
– Direct	10,000	–	–	–	10,000
<b>Number of ordinary shares of TL1.00 each</b>					
	At 1 January 2021	Options exercised	Bought	Sold	At 31 December 2021
<b>Interests in subsidiaries</b>					
<b>Acıbadem Sağlık Yatırımları Holding A.Ş. ("ASYH")</b>					
Mehmet Ali Aydinlar					
– Direct	274,809,547	–	–	–	217,211,842*
– Deemed	21,290,454	–	–	–	16,828,159*
<b>Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("ASH")</b>					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	1	–	–	–	1
<b>Acıbadem Proje Yönetimi A.Ş.</b>					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	2	–	–	–	2
<b>Aplus Hastane Otelcilik Hizmetleri A.Ş.</b>					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	2	–	–	–	2

\* The decrease in direct and deemed interest of Mehmet Ali Aydinlar in ASYH during the financial year is a result of cancellation of shares following ASYH's capital reduction which was registered on 8 September 2021.

**Directors' Report**

for the year ended 31 December 2021

**DIRECTORS' INTERESTS** (continued)

	Number of ordinary shares of TL2.00 each				
	At 1 January 2021	Options exercised	Bought	Sold	At 31 December 2021
<b>Interests in a subsidiary</b>					
<b>International Hospital Istanbul A.Ş.</b>					
Mehmet Ali Aydinlar					
– Direct	1	–	–	–	1
– Deemed	1	–	–	–	1
<b>Number of units convertible into ordinary shares</b>					
	At 1 January 2021	Granted	Exercised	Lapsed/ cancelled	At 31 December 2021
<b>Interests in the Company</b>					
<b>Long Term Incentive Plan ("LTIP")</b>					
Mehmet Ali Aydinlar	245,000	–	(245,000)	–	–
<b>Number of options over ordinary shares</b>					
	At 1 January 2021	Granted	Exercised	Lapsed/ cancelled	At 31 December 2021
<b>Interests in the Company</b>					
<b>Enterprise Option Scheme ("EOS")</b>					
Mehmet Ali Aydinlar	5,127,000	–	–	–	5,127,000
<b>Number of units</b>					
	At 1 January 2021	Options exercised	Bought	Sold	At 31 December 2021
<b>Interests in a subsidiary</b>					
<b>Parkway Life Real Estate Investment Trust ("PLife REIT")</b>					
Dr. Kelvin Loh Chi-Keon					
– Direct	120,000	–	–	–	120,000

Except as disclosed above, none of the other Directors holding office as at 31 December 2021 had any interest in the ordinary shares, options over ordinary shares and units convertible into ordinary shares of the Company and of its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in note 39 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate apart from the issue of the LTIP and EOS as disclosed in note 21.

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company issued:

- i. 1,854,000 new ordinary shares pursuant to the surrender of vested LTIP units; and
- ii. 17,644,000 new ordinary shares pursuant to the exercise of vested EOS options.

Upon completion of the above, the issued and fully paid number of shares of the Company increased from 8,777,219,463 to 8,796,717,463 as at 31 December 2021.

There were no other changes in the issued and paid-up capital of the Company, and no other debenture were issued during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options pursuant to the following schemes:

**EOS**

At an extraordinary general meeting held on 15 June 2015, the Company's shareholders approved the establishment of the EOS for granting of non-transferrable options to eligible employees of the Group any time during the existence of the scheme.

The salient features and the other terms of the EOS are, *inter alia*, as follows:

- i. Eligible employees are executive directors and selected senior management employed by the Group who has been selected by the Board at its discretion, if as at the offer date, the employee:
  - has attained the age of 18 years;
  - is in the full time employment and payroll of the Group including contract employees or in the case of a director, is on the board of directors of the Group; and
  - falls within such other categories and criteria that the Board may from time to time at its absolute discretion determine.
- ii. The aggregate number of shares to be issued under the EOS shall not exceed 2% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.
- 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).



## Directors' Report

for the year ended 31 December 2021

### OPTIONS GRANTED OVER UNISSUED SHARES (continued)

#### EOS (continued)

- vi. Each EOS option gives a conditional right to the participant to receive 1 Share, upon exercise of the option and subject to the payment of the exercise price.
- vii. The EOS options are granted if objective performance targets or such other objective conditions of exercise that the Board may determine from time to time on a yearly basis and which are met.
- viii. The total number of EOS options which may be allocated to a participant who either singly or collectively with persons connected with him owns 20% or more of the issued and paid-up capital of the Company shall not exceed in aggregate 10% of the total number of Shares to be issued under the EOS.
- ix. Options granted but not yet vested and any unexercised options shall lapse with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation or in the case of a director, cease or disqualified to be a Director of the Group or the participant becomes a bankrupt, unless the Board determines otherwise.

#### LTIP

At an extraordinary general meeting held on 25 March 2011, the Company's shareholders approved the establishment of the LTIP scheme for the granting of non-transferrable convertible units to eligible employees of the Group at any time during the existence of the scheme.

The salient features and the other terms of the LTIP are, *inter alia*, as follows:

- i. Eligible employees are employees that are in the full time employment and in the payroll of the Group including contract employees for at least 6 months or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.
- ii. The aggregate number of shares to be issued under the LTIP shall not exceed 2% of the issued and paid-up ordinary share capital of the Company.
- iii. The LTIP shall be in force for a period of 10 years from 25 March 2011.
- iv. The LTIP units granted in each year will vest in the participants within three years in equal proportions.
- v. Each unit of LTIP is entitled to be converted to 1 ordinary share of the Company after listing of the Company.
- vi. Eligible employees who are offered LTIP units but have elected to opt out of the scheme will receive cash LTIP units instead which will be redeemed by the Company over a three year period in equal proportions each year.
- vii. Options granted but not yet vested will be cancelled with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation or in the case of an executive director, cease or disqualified to be a Director or the participant becomes a bankrupt, unless the Board determines otherwise.

The LTIP expired on 24 March 2021 and, accordingly, all unvested LTIP units lapsed upon the expiry of the LTIP.

There were no options granted by the Company during the financial year.

The Group acquired Fortis Healthcare Limited and its subsidiaries ("Fortis Group") on 13 November 2018. Fortis Group has share-based payment schemes and the salient features and terms of these schemes, as well as options granted during the financial year, are disclosed in note 21 to the financial statements.

### 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 RM816,000.

### 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 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Directors' Report

for the year ended 31 December 2021

### SIGNIFICANT EVENTS

Significant events during the financial year are as disclosed in notes 40 and 41 to the financial statements.

### SUBSEQUENT EVENTS

Significant events subsequent to the end of the reporting period is as disclosed in note 48 to the financial statements.

### CONSOLIDATION OF SUBSIDIARIES WITH DIFFERENT FINANCIAL YEAR END

Pursuant to Section 247(7) of the Companies Act 2016, the Company has applied and has been granted approval by the Companies Commission of Malaysia for the following subsidiaries of the Company to continue to have or to adopt a financial year which does not coincide with the Company in relation to the financial year ended 31 December 2021:

- 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 42 to the financial statements.

### AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in note 29 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

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**Tan Sri Mohammed Azlan Bin Hashim**  
Director

.....

**Dr. Kelvin Loh Chi-Keon**  
Director

Date: 23 February 2022

## Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 155 to 299 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 2021 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:

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**Tan Sri Mohammed Azlan Bin Hashim**  
Director

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**Dr. Kelvin Loh Chi-Keon**  
Director

Date: 23 February 2022

## 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 155 to 299 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 23 February 2022.

.....

**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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 155 to 299.

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 2021, 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.

### Emphasis of Matter

1 We draw attention to Note 46 to the financial statements on the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group"). Fortis Group has been submitting all information required by the various investigating agencies and is fully cooperating in the investigations/inquiries.

As explained in the aforesaid note, the outcome of the investigation cannot be predicted at this juncture and the financial impact to the Group, if any, will only be recognised in the period that the outcome is known.

2 We draw attention to Note 47(a) to the financial statements on the judgment dated 15 November 2019 by the Supreme Court of India ("Judgment"), relating to the issuance of a suo-moto contempt notice to, amongst others, Fortis, and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018.

Since the issuance of the Judgment, several parties have filed applications before the Supreme Court, in attempts to seek remedies for themselves. On 5 March 2020, Northern TK Venture Pte. Ltd., the immediate holding company of Fortis filed the necessary applications to intervene in the aforementioned Supreme Court proceedings.

As stated in the said aforesaid note, the Group believes that it has a strong case on merits. The ultimate outcome of the Supreme Court proceedings is unknown at this juncture and therefore the potential impact, if any, to the Group's financial statements cannot be determined.

Our opinion is not modified in respect of the aforesaid matters.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

#### a. Impairment of goodwill and intangible assets – Group

Refer to Notes 2(f) and 2(g) – Significant accounting policies: "Goodwill on consolidation" and "Intangible assets" and Note 6 – Goodwill on consolidation and intangible assets.

#### The key audit matter

As at 31 December 2021, the Group's goodwill and intangible assets of RM14.2 billion represented 31.2% of the Group's total assets.

In view of the financial significance of the balance, the inherent uncertainties and the level of judgement required by us in evaluating the Group's assumptions included within the value in use ("VIU") method and fair value less costs to sell ("FVLCTS") method, impairment of goodwill and intangible assets is a key audit matter.

The Group conducted an impairment assessment on all its cash-generating units ("CGUs") to identify if the recoverable amount is less than the carrying amount, indicating that the goodwill and intangible assets may be impaired.

The Group determined the recoverable amounts of CGUs using VIU method involving cash flow projections with a terminal value or FVLCTS method. Key assumptions within these methods include revenue growth, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") margin, long-term growth rates and discount rates.

During the year, an impairment charge of RM6.1 million was recognised in the profit or loss of the Group in respect of the cash-generating units where its recoverable amount is less than the Group's carrying amount.

#### How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the appropriateness of using VIU or FVLCTS methods as the basis for determining the CGUs' recoverable amounts.
- We evaluated the Group's cash flow projections by performing retrospective assessment of the key assumptions driving the business units' cash flow projections, in particular revenue growth and EBITDA margin, to the latest internal board approved budget and plan, external market data, the historical accuracy of the Group's estimates in the previous years and our understanding of the future prospects of the business or investments.
- We worked with our internal valuation specialists to challenge the discount rates and long-term growth rates, and comparing these assumptions to economic and industry forecasts.
- We performed our own sensitivity of the impairment calculation to changes in the key assumptions used by the Group to assess the extent of the changes that would be required for the assets to be impaired.
- We also assessed the adequacy of key assumptions disclosure in the Group's financial statements.



## Independent Auditors' Report

To the members of IHH Healthcare Berhad  
(Registration No. 201001018208 (901914-V))  
(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

#### Key Audit Matters (continued)

##### b. 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

During the year, the Company continued to face challenges in its investment in the subsidiary that held investments in subsidiaries in Central and Eastern Europe, in particular the continuing depreciation of Turkish Lira currency over the years. This increased the risk that the Company's net carrying value of its cost of investment in this subsidiary, exceeds its recoverable amount. We identified the impairment of investment in this subsidiary as a key audit matter as it required us to exercise judgement in evaluating the assumptions used in deriving the recoverable amount of investment in this subsidiary, which include revenue growth, EBITDA margin, long-term growth rate, discount rate and EBITDA multiple.

Based on the impairment assessment performed by the Company using the recoverable amount as the greater of VIU or FVLCTS methods, no impairment loss was charged to the profit or loss of the Company for the current year.

##### How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the Company's assessment on indicators of impairment in investment in this subsidiary.
- We assessed the appropriateness of using VIU or FVLCTS methods as the basis for determining the subsidiary's recoverable amount and checked the mathematical accuracy of these methods.
- We evaluated the subsidiary's VIU and FVLCTS methods by performing retrospective assessment of the key assumptions driving the subsidiary's cash flow projections, in particular revenue growth, EBITDA and EBITDA margin, to the latest internal board approved budget and plan, external market data, the historical accuracy of the subsidiary's estimates in the previous years and our understanding of the future prospects of the investment.
- We worked with our own valuation specialists to challenge the discount rate, long-term growth rate and EBITDA multiple, and comparing these assumptions to economic and industry forecasts.
- We performed our own sensitivity of the impairment calculation to changes in the key assumptions used by the Company to assess the extent of the changes that would be required for the investment to be impaired.
- We also assessed the adequacy of key assumptions disclosure in the Company's financial statements.

#### 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 annual report 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.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

#### Responsibilities of the Directors for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

**Independent Auditors' Report**

To the members of IHH Healthcare Berhad  
(Registration No. 201001018208 (901914-V))  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** (continued)**Auditors' Responsibilities for the Audit of the Financial Statements** (continued)

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 42 to the financial statements.

**OTHER MATTER**

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

**KPMG PLT**

(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya, Malaysia  
23 February 2022

**Lee Yee Keng**

Approval Number: 02880/04/2023 J  
Chartered Accountant

**Statements of Financial Position**

as at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
Property, plant and equipment	3	10,840,572	11,569,497	330	512
Right-of-use assets	4	6,529,336	6,612,132	2,293	247
Investment properties	5	3,875,123	3,612,547	–	–
Goodwill on consolidation	6	12,170,705	12,123,112	–	–
Intangible assets	6	2,022,627	1,990,429	–	–
Investments in subsidiaries	7	–	–	19,713,748	19,713,748
Interests in associates	8	157,613	142,869	–	–
Interests in joint ventures	9	6,307	122,765	–	–
Other financial assets	10	76,345	63,891	–	–
Trade and other receivables	14	131,425	127,329	8,371	13,134
Tax recoverables		302,224	287,697	–	–
Derivative assets	25	297,208	108,304	–	–
Deferred tax assets	11	567,731	427,749	1,311	1,288
<b>Total non-current assets</b>		<b>36,977,216</b>	<b>37,188,321</b>	<b>19,726,053</b>	<b>19,728,929</b>
Development properties	12	73,862	90,083	–	–
Inventories	13	455,065	420,153	–	–
Trade and other receivables	14	2,497,529	1,953,142	76,505	59,546
Tax recoverables		18,373	21,760	117	564
Other financial assets	10	340,733	422,593	111,394	190,915
Derivative assets	25	127,967	33,410	–	–
Cash and cash equivalents	15	5,017,680	4,187,806	1,214,880	146,676
		8,531,209	7,128,947	1,402,896	397,701
Assets classified as held for sale	16	1,844	216,992	–	–
<b>Total current assets</b>		<b>8,533,053</b>	<b>7,345,939</b>	<b>1,402,896</b>	<b>397,701</b>
<b>Total assets</b>		<b>45,510,269</b>	<b>44,534,260</b>	<b>21,128,949</b>	<b>20,126,630</b>

**Statements of Financial Position**

as at 31 December 2021 (continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Equity</b>					
Share capital	17	19,614,918	19,473,364	19,614,918	19,473,364
Other reserves	18	(2,846,392)	(1,988,281)	33,799	80,053
Retained earnings		5,656,406	4,254,736	1,433,173	465,905
<b>Total equity attributable to owners of the Company</b>		<b>22,424,932</b>	<b>21,739,819</b>	<b>21,081,890</b>	<b>20,019,322</b>
Perpetual securities	19	2,158,358	2,158,061	–	–
Non-controlling interests	7	2,693,541	3,137,489	–	–
<b>Total equity</b>		<b>27,276,831</b>	<b>27,035,369</b>	<b>21,081,890</b>	<b>20,019,322</b>
<b>Liabilities</b>					
Loans and borrowings	20	7,609,491	8,664,676	–	–
Lease liabilities		1,783,904	1,704,084	1,307	–
Employee benefits	21	135,225	117,678	5,711	3,836
Trade and other payables	24	1,420,424	228,330	–	–
Derivative liabilities	25	471	800	–	–
Deferred tax liabilities	11	1,234,665	1,168,256	–	–
<b>Total non-current liabilities</b>		<b>12,184,180</b>	<b>11,883,824</b>	<b>7,018</b>	<b>3,836</b>
Bank overdrafts	15	24,229	22,401	–	–
Loans and borrowings	20	1,237,427	996,384	–	–
Lease liabilities		218,630	241,226	996	253
Employee benefits	21	165,127	147,238	5,668	5,079
Trade and other payables	24	4,052,574	3,891,883	31,905	94,993
Derivative liabilities	25	–	7,316	–	–
Tax payable		351,271	289,595	1,472	3,147
		6,049,258	5,596,043	40,041	103,472
Liabilities classified as held for sale	16	–	19,024	–	–
<b>Total current liabilities</b>		<b>6,049,258</b>	<b>5,615,067</b>	<b>40,041</b>	<b>103,472</b>
<b>Total liabilities</b>		<b>18,233,438</b>	<b>17,498,891</b>	<b>47,059</b>	<b>107,308</b>
<b>Total equity and liabilities</b>		<b>45,510,269</b>	<b>44,534,260</b>	<b>21,128,949</b>	<b>20,126,630</b>

The notes on pages 166 to 299 are an integral part of these financial statements.

**Statements of Profit or Loss and Other Comprehensive Income**

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue</b>	26	17,131,763	13,404,604	1,393,542	391,238
Other operating income		722,449	738,396	1,826	6,743
Inventories and consumables		(3,604,102)	(2,798,168)	–	–
Purchases and contracted services		(1,533,014)	(1,298,180)	–	–
Development cost of properties sold	12	(2,540)	–	–	–
Staff costs	27	(6,079,462)	(5,201,241)	(74,883)	(59,906)
Depreciation and impairment of property, plant and equipment	3	(1,116,081)	(960,323)	(245)	(289)
Depreciation and impairment of right-of-use assets	4	(320,859)	(379,091)	(988)	(990)
Amortisation and impairment of intangible assets	6	(47,251)	(57,899)	–	–
Operating lease expenses	4c	(80,649)	(66,922)	(1,052)	(1,235)
Net loss on impairment of financial instruments		(80,605)	(107,433)	–	–
Other operating expenses		(1,929,742)	(2,019,893)	(13,285)	(26,270)
Finance income	28	543,601	242,855	2,450	789
Finance costs	28	(1,087,627)	(947,586)	(1,491)	(2,030)
Share of profits of associates (net of tax)	8	31,034	7,072	–	–
Share of profits of joint ventures (net of tax)	9	8,822	11,316	–	–
<b>Profit before tax</b>	29	<b>2,555,737</b>	<b>567,507</b>	<b>1,305,874</b>	<b>308,050</b>
Income tax expense	32	(379,152)	(361,661)	(1,303)	(1,383)
<b>Profit for the year</b>		<b>2,176,585</b>	<b>205,846</b>	<b>1,304,571</b>	<b>306,667</b>
<b>Other comprehensive income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences from foreign operations		(397,621)	(246,152)	40	28
Realisation of foreign currency translation reserve ("FCTR") upon disposal/substantive liquidation of subsidiaries and a joint venture		47,723	(132,971)	–	–
Hedge of net investments in foreign operations		151,274	(59,978)	–	–
Cash flow hedge		11,617	(7,864)	–	–
Cost of hedging reserve		(213)	234	–	–
	30	(187,220)	(446,731)	40	28
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit liabilities	30	(8,512)	(9,592)	–	–
<b>Total comprehensive income for the year</b>		<b>1,980,853</b>	<b>(250,477)</b>	<b>1,304,611</b>	<b>306,695</b>
<b>Profit attributable to:</b>					
Owners of the Company		1,862,525	288,882	1,304,571	306,667
Non-controlling interests	7	314,060	(83,036)	–	–
<b>Profit for the year</b>		<b>2,176,585</b>	<b>205,846</b>	<b>1,304,571</b>	<b>306,667</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		1,714,730	(107,977)	1,304,611	306,695
Non-controlling interests		266,123	(142,500)	–	–
<b>Total comprehensive income for the year</b>		<b>1,980,853</b>	<b>(250,477)</b>	<b>1,304,611</b>	<b>306,695</b>
<b>Earnings per ordinary share (sen):</b>					
Basic	33	20.20	2.27		
Diluted	33	20.20	2.27		

The notes on pages 166 to 299 are an integral part of these financial statements.



# Statements of Changes in Equity

for the year ended 31 December 2021

Group	Note	Attributable to owners of the Company											Total equity RM'000	
		Non-distributable							Distributable					
		Share capital RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Cost of hedging reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual securities RM'000		Non-controlling interests RM'000
<b>At 1 January 2020</b>		19,455,138	83,500	83,434	15,251	325	(3,708,985)	53,091	1,943,889	4,413,888	22,339,531	2,158,169	3,596,269	28,093,969
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	(232,661)	-	(232,661)	-	(13,491)	(246,152)
Realisation of FCTR upon substantive liquidation of a subsidiary and a joint venture		-	-	-	-	-	-	-	(132,971)	-	(132,971)	-	-	(132,971)
Hedge of net investments in foreign operations		-	-	-	-	-	-	-	(21,366)	-	(21,366)	-	(38,612)	(59,978)
Cash flow hedge		-	-	-	(2,798)	-	-	-	-	-	(2,798)	-	(5,066)	(7,864)
Costs of hedging reserves		-	-	-	-	83	-	-	-	-	83	-	151	234
Remeasurement of defined benefit liabilities		-	-	-	-	-	-	-	-	(7,146)	(7,146)	-	(2,446)	(9,592)
Total other comprehensive income for the year	30	-	-	-	(2,798)	83	-	-	(386,998)	(7,146)	(396,859)	-	(59,464)	(456,323)
Profit for the year		-	-	-	-	-	-	-	-	288,882	288,882	-	(83,036)	205,846
<b>Total comprehensive income for the year</b>		-	-	-	(2,798)	83	-	-	(386,998)	281,736	(107,977)	-	(142,500)	(250,477)
<i>Contributions by and distributions to owners</i>														
Share-based payment transactions	21	-	23,721	-	-	-	(106)	-	-	-	23,615	-	(234)	23,381
Transfer to share capital on share options exercised		18,226	(18,226)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options		-	(8,827)	-	-	-	-	-	-	8,827	-	-	-	-
Dividends to owners of the Company	34	-	-	-	-	-	-	-	-	(350,960)	(350,960)	-	-	(350,960)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(168,507)	(168,507)
Payment of coupon on perpetual securities	19	-	-	-	-	-	1,310	-	-	-	1,310	(89,951)	-	(88,641)
Accrued perpetual securities distribution	19	-	-	-	-	-	-	-	-	(89,843)	(89,843)	89,843	-	-
Issue of shares by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	626	626
Changes in ownership interests in subsidiaries	41	-	-	-	1	-	(8,794)	-	2	-	(8,791)	-	10,097	1,306
Disposal of a subsidiary	40	-	-	-	-	-	6,413	-	-	(6,413)	-	-	(65,120)	(65,120)
Changes in fair value of liabilities on put options granted to non-controlling interests	36(viii)	-	-	-	-	-	(67,066)	-	-	-	(67,066)	-	(93,142)	(160,208)
Transfer per statutory requirements		-	-	-	-	-	-	2,499	-	(2,499)	-	-	-	-
<b>Total transactions with owners</b>		18,226	(3,332)	-	1	-	(68,243)	2,499	2	(440,888)	(491,735)	(108)	(316,280)	(808,123)
<b>At 31 December 2020</b>		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

**Statements of Changes in Equity**

for the year ended 31 December 2021 (continued)

Group	Note	Attributable to owners of the Company											Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000
		Non-distributable							Distributable						
		Share capital RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Cost of hedging reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000				
<b>At 1 January 2021</b>		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 reserves		–	–	–	–	(76)	–	–	–	–	(76)	–	(137)	(213)	
Remeasurement of defined benefit liabilities		–	–	–	–	–	–	–	–	(7,998)	(7,998)	–	(514)	(8,512)	
Total other comprehensive income for the year	30	–	–	–	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	
<b>Total comprehensive income for the year</b>		–	–	–	4,132	(76)	–	–	(143,853)	1,854,527	1,714,730	–	266,123	1,980,853	
<i>Contributions by and distributions to owners</i>															
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	34	–	–	–	–	–	–	–	–	(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	41	–	–	–	1	–	(6,276)	–	(6)	–	(6,281)	–	(45,316)	(51,597)	
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	–	20,439	20,439	
Disposal of subsidiaries	40	–	–	–	–	–	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	36(viii)	–	–	–	–	–	(755,134)	–	–	–	(755,134)	–	(372,759)	(1,127,893)	
Transfer per statutory requirements		–	–	–	–	–	–	2,224	–	(2,224)	–	–	–	–	
<b>Total transactions with owners</b>		141,554	(46,294)	–	1	–	(674,239)	2,224	(6)	(452,857)	(1,029,617)	297	(710,071)	(1,739,391)	
<b>At 31 December 2021</b>		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 2021 (continued)

Company	Note	Attributable to owners of the Company				Total equity RM'000
		Non-distributable		Distributable		
		Share capital RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2020</b>		19,455,138	83,500	(143)	501,371	20,039,866
Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year		–	–	28	–	28
Profit for the year		–	–	–	306,667	306,667
<b>Total comprehensive income for the year</b>		–	–	28	306,667	306,695
<i>Contributions by and distributions to owners of the Company</i>						
Share-based payment transactions		–	23,721	–	–	23,721
Transfer to share capital on share options exercised		18,226	(18,226)	–	–	–
Cancellation of vested share options		–	(8,827)	–	8,827	–
Dividends to owners of the Company	34	–	–	–	(350,960)	(350,960)
<b>Total transactions with owners of the Company</b>		18,226	(3,332)	–	(342,133)	(327,239)
<b>At 31 December 2020</b>		19,473,364	80,168	(115)	465,905	20,019,322

Company	Note	Attributable to owners of the Company				Total equity RM'000
		Non-distributable		Distributable		
		Share capital RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings 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	34	–	–	–	(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

The notes on pages 166 to 299 are an integral part of these financial statements.



# Statements of Cash Flows

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		2,555,737	567,507	1,305,874	308,050
<i>Adjustments for:</i>					
Dividend income	26	(2,585)	(4,853)	(1,393,542)	(391,238)
Finance income	28	(543,601)	(242,855)	(2,450)	(789)
Finance costs	28	1,087,627	947,586	1,491	2,030
Depreciation and impairment of property, plant and equipment	3	1,116,081	960,323	245	289
Depreciation and impairment of right-of-use assets	4	320,859	379,091	988	990
Amortisation and impairment of intangible assets	6	47,251	57,899	–	–
Impairment loss made/(written back):					
– Goodwill	29	6,090	396,513	–	–
– Trade and other receivables	29	80,605	107,433	–	–
– Inventories	29	(973)	557	–	–
Write-off:					
– Property, plant and equipment	29	1,863	2,921	–	–
– Trade and other receivables	29	20,749	10,166	–	243
– Inventories	29	3,601	3,852	–	–
Gain on disposal of property, plant and equipment	29	(14,975)	(10,024)	–	–
Gain on disposal of an investment property	29	(16,335)	–	–	–
Gain on disposal of subsidiaries	29	(53,032)	(5,849)	–	–
(Gain)/Loss on disposal of joint ventures	29	(139,053)	407	–	–
Change in fair value of investment properties	29	(87,107)	(45,471)	–	–
Remeasurement to fair value of interest in a joint venture	29	(86,061)	–	–	–
Realisation of FCTR upon substantive liquidation of a subsidiary and a joint venture	29	–	(132,971)	–	–
Provision for loan taken by a joint venture	29	2,563	(14)	–	–
Share of profits of associates (net of tax)		(31,034)	(7,072)	–	–
Share of profits of joint ventures (net of tax)		(8,822)	(11,316)	–	–
Equity-settled share-based payments	21	5,942	23,381	2,750	6,921
Net unrealised foreign exchange differences		(3,682)	743	(331)	(5,538)
<b>Operating profit/(loss) before changes in working capital</b>		<b>4,261,708</b>	<b>2,997,954</b>	<b>(84,975)</b>	<b>(79,042)</b>
Changes in working capital:					
Development properties		(1,185)	(5,870)	–	–
Inventories		(137,281)	(100,136)	–	–
Trade and other receivables		(1,034,778)	(132,706)	(8,647)	24,258
Trade and other payables		933,729	15,723	20,890	11,133
<b>Cash generated from/(used in) operations</b>		<b>4,022,193</b>	<b>2,774,965</b>	<b>(72,732)</b>	<b>(43,651)</b>
Tax paid		(490,316)	(330,166)	(2,566)	(707)
<b>Net cash from/(used in) operating activities</b>		<b>3,531,877</b>	<b>2,444,799</b>	<b>(75,298)</b>	<b>(44,358)</b>

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>					
Interest received		52,017	60,873	1,597	620
Acquisitions of subsidiaries and a business, net of cash and cash equivalents acquired	40	(221,761)	(1,053,576)	–	–
Purchase of equity investments		(12,722)	(28,539)	–	–
Net placement of fixed deposits with tenor of more than 3 months		(2,129)	(64,690)	–	–
Purchase of property, plant and equipment		(1,027,402)	(874,241)	(63)	(174)
Purchase of investment properties		(312,868)	(82,239)	–	–
Development and purchase of intangible assets		(43,381)	(29,957)	–	–
Net cash inflow/(outflow) from disposal of subsidiaries	40	192,561	(51,977)	–	–
Proceeds from disposal of joint ventures	9,16	225,080	3,233	–	–
Proceeds from redemption of money market funds		83,039	–	83,039	–
Proceeds from disposal of property, plant and equipment		76,777	23,171	–	–
Proceeds from disposal of an investment property	16	111,299	–	–	–
Proceeds from disposal of intangible assets		16,026	11,927	–	–
Dividends received from subsidiaries	26	–	–	1,390,957	386,385
Dividends received from associates		15,212	1,362	–	–
Dividends received from joint ventures		16,891	6,827	–	–
Repayment of advances by a joint venture		9,671	–	–	–
<b>Net cash (used in)/from investing activities</b>		<b>(821,690)</b>	<b>(2,077,826)</b>	<b>1,475,530</b>	<b>386,831</b>
<b>Cash flows from financing activities</b>					
Finance costs paid		(303,118)	(340,054)	–	–
Proceeds from loans and borrowings		2,833,956	3,188,456	–	–
Repayment of loans and borrowings		(3,374,149)	(2,599,427)	–	–
Payment of lease liabilities	4d	(383,142)	(493,940)	(1,007)	(1,018)
Payment of perpetual securities distribution		(87,659)	(88,641)	–	–
Dividends paid to non-controlling interests		(242,744)	(168,507)	–	–
Dividends paid to owners of the Company		(351,163)	(350,960)	(351,163)	(350,960)
Proceeds from exercise of share options		103,190	–	103,190	–
Acquisition of non-controlling interests		–	(31)	–	–
Issue of shares by subsidiaries to non-controlling interests		846	626	–	–
Changes in restricted cash		11,097	(7,580)	–	–
Repayment of advances from a subsidiary		–	–	(83,039)	–
<b>Net cash used in financing activities</b>		<b>(1,792,886)</b>	<b>(860,058)</b>	<b>(332,019)</b>	<b>(351,978)</b>
Net increase/(decrease) in cash and cash equivalents		917,301	(493,085)	1,068,213	(9,505)
Effect of exchange rate fluctuations on cash held		(91,478)	115,669	(9)	12
Cash and cash equivalents at 1 January		2,264,047	2,641,463	146,676	156,169
<b>Cash and cash equivalents at 31 December</b>		<b>3,089,870</b>	<b>2,264,047</b>	<b>1,214,880</b>	<b>146,676</b>

The notes on pages 166 to 299 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 2021 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 2021 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in note 42 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 23 February 2022.

## 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 2022*

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

#### *MFRSs, 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 – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- 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 a date yet to be confirmed*

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

## 1. BASIS OF PREPARATION (continued)

### (a) Statement of compliance (continued)

The Group and the Company plans to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)* and Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* 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.

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 the Company.

The Group and Company had elected to early adopt the Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021* and applies the practical expedient to the rent concessions granted to the Group and Company. Consequently, rent concessions received have been recognised in profit or loss.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in note 2.

### (c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 4 – extension options and incremental borrowing rate in relation to leases
- Note 5 – measurement of the fair value of investment properties
- Note 6 – measurement of the recoverable amounts of cash-generating units
- Note 7 – measurement of the recoverable amounts of investments in subsidiaries
- Note 21 – measurement of share-based payment
- Note 22 and 23 – measurement of retirement benefits and employment termination benefits
- Note 24 – measurement of fair value of liabilities on put options granted to non-controlling interests
- Note 36 – measurement of expected credit loss ("ECL") allowance for trade and other receivables: key assumption in determining the weighted-average loss rate
- Note 40 – determination of fair value of assets acquired and liabilities assumed in business combinations
- Note 45 to 47 – assessment on whether the risk of loss is remote, possible or probable required significant judgement given the complexities involved

## Notes to the Financial Statements

### 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.

#### Changes in accounting policies

The Group has applied the following new MFRSs, interpretations and amendments for the first time for the annual period beginning on 1 January 2021:

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

The application of amendment relating to the interest rate benchmark reform – Phase 2 Amendments, does not have a material effect on the financial statements.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

#### Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in MFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If 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, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the 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.

If changes are 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, then 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. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Where uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

##### (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.



## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of consolidation (continued)

##### (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.

##### (vi) Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

##### (vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of consolidation (continued)

##### (viii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

##### (ii) Foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Foreign currency (continued)

##### (ii) Foreign operations (continued)

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.

#### (c) Financial instruments

##### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### (ii) Financial instrument categories and subsequent measurement

###### Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### (a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

##### (b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial instruments (continued)

##### (ii) Financial instrument categories and subsequent measurement (continued)

###### Financial assets (continued)

##### (c) Fair value through other comprehensive income

###### (i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as 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:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial instruments (continued)

##### (iv) Regular way purchase or sale of financial assets (continued)

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (v) Hedge accounting

At inception of a designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

*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 change(s) 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)

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable, willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement costs when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction (construction-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• 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.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Leases

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### (i) Recognition and initial measurement

###### (a) As a lessee

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15, *Revenue from Contracts with Customers*, to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Leases (continued)

##### (ii) Subsequent measurement

##### (a) As a lessee

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

##### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(o)(i)).

#### (f) Goodwill on consolidation

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

#### (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.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Intangible assets (continued)

##### (ii) Other intangible assets

Customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Brand names and hospital licenses that have indefinite lives and other intangible assets that are not yet available for use are stated at cost less impairment losses.

##### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

##### (iv) Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• Customer relationships	5 – 20 years
• Capitalised development costs	5 – 10 years
• Brand use rights	remaining term of the right
• 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.



## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Investment properties (continued)

##### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### (i) Development 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.

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.

### 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 and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

#### (m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

#### (n) Assets classified as held for sale

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

#### (o) Impairment

##### (i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Impairment (continued)

##### (i) Financial assets (continued)

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.

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.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Impairment (continued)

##### (ii) Other assets (continued)

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 principle repayments or distributions in respect of its perpetual securities. Distributions are treated as dividends which will be directly debited from retained earnings. Incremental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

#### (r) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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.

##### (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.

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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.

##### (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.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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.

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.

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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.

#### (aa) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
<b>Cost</b>								
<b>At 1 January 2020</b>		1,411,288	6,074,013	9,073,882	73,124	50,891	776,114	17,459,312
Acquisitions through business combinations	40	–	717,520	462,457	–	316	2,072	1,182,365
Disposal of subsidiaries	40	–	–	(43,216)	–	(303)	–	(43,519)
Additions		–	73,835	404,543	5,328	6,275	437,168	927,149
Disposals		–	(2,618)	(102,390)	–	(5,575)	(174)	(110,757)
Write off		–	–	(31,908)	(5,481)	(145)	–	(37,534)
Reclassification		–	28,704	177,055	–	3,631	(209,390)	–
Transfer from ROU assets	4	–	236,748	–	–	–	–	236,748
Transfer to assets classified as held for sale	16	–	–	(2,659)	–	–	–	(2,659)
Translation differences		(38,994)	(33,510)	(466,855)	–	(2,863)	(4,855)	(547,077)
<b>At 31 December 2020/ 1 January 2021</b>		1,372,294	7,094,692	9,470,909	72,971	52,227	1,000,935	19,064,028
Acquisitions through business combinations	40	–	–	105,537	–	2,235	54	107,826
Disposal of subsidiaries	40	(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)
<b>At 31 December 2021</b>		1,272,915	6,874,140	9,111,758	78,257	54,125	1,344,099	18,735,294

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Note	Freehold land RM'000	Buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
<b>Accumulated depreciation and impairment losses</b>								
<b>At 1 January 2020</b>		–	1,120,774	5,059,025	47,524	35,670	11	6,263,004
Acquisitions through business combinations	40	–	279,906	385,288	–	245	–	665,439
Disposal of subsidiaries	40	–	–	(28,990)	–	(192)	–	(29,182)
Depreciation charge for the year		–	146,440	794,022	6,635	5,539	–	952,636
Impairment loss		–	–	6,073	–	1,602	12	7,687
Disposals		–	(801)	(92,862)	–	(3,947)	–	(97,610)
Write off		–	–	(29,008)	(5,460)	(145)	–	(34,613)
Transfer from ROU assets	4	–	30,543	–	–	–	–	30,543
Transfer to assets classified as held for sale	16	–	–	(2,066)	–	–	–	(2,066)
Translation differences		–	(3,333)	(260,027)	–	2,064	(11)	(261,307)
<b>At 31 December 2020/ 1 January 2021</b>		–	1,573,529	5,831,455	48,699	40,836	12	7,494,531
Acquisitions through business combinations	40	–	–	53,219	–	1,559	–	54,778
Disposal of subsidiaries	40	–	(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)
<b>At 31 December 2021</b>		–	1,666,982	6,130,148	55,336	40,700	1,556	7,894,722
<b>Net carrying amount</b>								
At 1 January 2020		1,411,288	4,953,239	4,014,857	25,600	15,221	776,103	11,196,308
At 31 December 2020/ 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

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovations, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
<b>At 1 January 2020</b>	1,550	911	2,461
Additions	174	–	174
Translation differences	(4)	(2)	(6)
<b>At 31 December 2020/1 January 2021</b>	1,720	909	2,629
Additions	63	–	63
<b>At 31 December 2021</b>	1,783	909	2,692
<b>Accumulated depreciation</b>			
<b>At 1 January 2020</b>	1,398	436	1,834
Depreciation charge for the year	107	182	289
Translation differences	(5)	(1)	(6)
<b>At 31 December 2020/1 January 2021</b>	1,500	617	2,117
Depreciation charge for the year	92	153	245
<b>At 31 December 2021</b>	1,592	770	2,362
<b>Net carrying amount</b>			
At 1 January 2020	152	475	627
At 31 December 2020/1 January 2021	220	292	512
At 31 December 2021	191	139	330

**Securities**

As at 31 December 2021, property, plant and equipment of the Group with carrying amounts of RM2,645,020,000 (2020: RM2,551,586,000) were charged to licensed financial institutions for credit facilities and term loans granted to the Group.

**Borrowing costs**

In 2021, the Group capitalised borrowing costs at 3.0% to 5.3% (2020: 3.0% to 5.3%), amounting to RM27,079,000 (2020: RM20,800,000).

**ROU assets depreciation**

Included in the additions of construction-in-progress of the Group is the depreciation expense of ROU assets amounting to RM3,822,000 (2020: RM3,618,000) (see note 4).

**Transfers**

In 2020, leasehold buildings of the Group with carrying amounts of RM206,205,000 were transferred from ROU assets to property, plant and equipment to better reflect the nature of the assets.

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

**Impairment loss**

Gleneagles Chengdu Hospital (“GCD”) 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 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, an impairment loss of RM166,074,000 was recognised in profit or loss and included in ‘depreciation and impairment of property, plant and equipment’. The fair value measurement was categorised as a Level 3 fair value.

## 4. LEASES

The Group leases certain land and buildings, clinics, offices, equipment and vehicles. The leases are between more than 1 year and 99 years and may have options to renew after expiry. Lease payments are renegotiated at the end of lease terms or periodically to reflect market rentals.

## (a) Right-of-use assets

Group	Note	Land and buildings RM'000	Equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>At 1 January 2020</b>		6,634,292	96,985	4,739	6,736,016
Acquisitions through business combinations	40	416,110	1,641	249	418,000
Disposal of a subsidiary	40	(839)	–	(112)	(951)
Additions		202,508	27,901	14,481	244,890
Modification/Reassessment		(97,173)	(651)	80	(97,744)
Transfer to property, plant and equipment	3	(206,205)	–	–	(206,205)
Depreciation charge for the year		(315,430)	(27,317)	(2,385)	(345,132)
Impairment loss		(37,528)	(49)	–	(37,577)
Translation differences		(85,284)	(11,768)	(2,113)	(99,165)
<b>At 31 December 2020/1 January 2021</b>		6,510,451	86,742	14,939	6,612,132
Acquisitions through business combinations	40	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)
<b>At 31 December 2021</b>		6,457,524	63,683	8,129	6,529,336

Company	Land and buildings RM'000	Equipment RM'000	Total RM'000
<b>At 1 January 2020</b>	1,215	22	1,237
Depreciation charge for the year	(972)	(18)	(990)
<b>At 31 December 2020/1 January 2021</b>	243	4	247
Additions	–	87	87
Modification/Reassessment	2,947	–	2,947
Depreciation charge for the year	(980)	(8)	(988)
<b>At 31 December 2021</b>	2,210	83	2,293

## Notes to the Financial Statements

## 4. LEASES (continued)

## (a) Right-of-use assets (continued)

## i. Depreciation capitalised in carrying amount of another asset

During the year, depreciation expense of ROU assets amounting to RM3,822,000 (2020: RM3,618,000) was capitalised in property, plant and equipment (see note 3).

## ii. Extension options

Some properties, equipment and motor vehicles leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of RM88,506,000 as at 31 December 2021 (2020: RM88,771,000).

## iii. Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement, whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## iv. Restriction imposed by lease

For certain leases of properties, equipment and vehicles, the Group is restricted from entering into any sub-lease arrangements.

## v. Leases committed but not yet commenced

As at 31 December 2021, the Group has entered into new leases which will result in an increase in lease liability of RM53,611,000 (2020: RM45,391,000).

## vi. Impairment loss

In 2020, RGE Group continued to incur operating losses arising from the challenges faced in its business operations. The Group performed an assessment of the recoverable amount using the value in use approach and determined the recoverable amount to be lower than the carrying amount. Accordingly, an impairment loss of RM32,455,000 was recognised in profit or loss and included in 'depreciation and impairment of right-of-use assets'.

## 4. LEASES (continued)

## (b) Leases as lessor

## Operating lease

The Group leases out investment properties and certain properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following were recognised in profit or loss:

	Group	
	2021 RM'000	2020 RM'000
Rental income	272,339	272,305
Variable rental income that do not depend on an index or rate	1,515	1,041
	<u>273,854</u>	<u>273,346</u>

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease receivables after the end of the financial year:

	Group	
	2021 RM'000	2020 RM'000
Less than one year	198,300	217,294
One to two years	168,771	172,164
Two to three years	140,717	141,516
Three to four years	110,072	121,563
Four to five years	101,522	101,973
More than five years	542,945	436,633
<b>Total</b>	<u>1,262,327</u>	<u>1,191,143</u>

## (c) Amounts recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>(Expenses)/Income arising from leases:</b>				
Expenses relating to short-term leases	(65,152)	(50,451)	(1,050)	(1,233)
Expenses relating to leases of low-value assets	(3,231)	(3,246)	(2)	(2)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(12,266)	(13,225)	–	–
Income from subleasing ROU assets	<u>10,958</u>	<u>10,285</u>	–	–

## Notes to the Financial Statements

## 4. LEASES (continued)

## (d) Cash outflows for leases as lessee

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Included in net cash used in operating activities</b>				
Payment relating to short-term leases	(65,152)	(50,451)	(1,050)	(1,233)
Payment relating to leases of low-value assets	(3,231)	(3,246)	(2)	(2)
Payment relating to variable lease payments not included in the measurement of lease liabilities	(12,266)	(13,225)	–	–
	(80,649)	(66,922)	(1,052)	(1,235)
<b>Included in net cash used in financing activities</b>				
Payment of lease liabilities	(383,142)	(493,940)	(1,007)	(1,018)
<b>Total cash outflows for leases</b>	<b>(463,791)</b>	<b>(560,862)</b>	<b>(2,059)</b>	<b>(2,253)</b>

## 5. INVESTMENT PROPERTIES

	Note	Group	
		2021 RM'000	2020 RM'000
<b>At 1 January</b>		3,612,547	3,508,182
Additions		315,587	80,774
Transfer to assets classified as held for sale	16	–	(94,028)
Change in fair value recognised in profit or loss		87,107	45,471
Translation differences		(140,118)	72,148
<b>At 31 December</b>		<b>3,875,123</b>	<b>3,612,547</b>

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 are unrealised.

The followings are recognised in profit or loss in respect of investment properties:

	Group	
	2021 RM'000	2020 RM'000
Rental income	199,387	199,936
Direct operating expenses:		
– income generating investment properties	(28,544)	(19,480)
– non-income generating investment properties	(1,195)	(24)
	<b>169,648</b>	<b>180,432</b>

## 5. INVESTMENT PROPERTIES (continued)

## Fair value hierarchy

The fair values of investment properties are categorised as follows:

	Level 3	
	2021 RM'000	2020 RM'000
Land and buildings	3,875,123	3,612,547

## Determination of fair value

The fair values of investment properties were determined by external, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

## Valuation processes

In determining the fair value, the valuers have used valuation methods which involved certain estimates. In assessing the fair value measurements, the Group 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: 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 4.5% to 7.0% (2020: 4.6% to 7.0%)</li> <li>Terminal yield rates range from 4.8% to 6.8% (2020: 4.9% to 6.8%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>the risk-adjusted discount rates were lower/(higher); or</li> <li>the terminal yield rates were lower/(higher).</li> </ul>
Direct comparison approach: The method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.	<ul style="list-style-type: none"> <li>Premium made for differences in type of development (including design, use and proximity to complementary businesses) range from 0% to 30% (2020: 0% to 25%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if premium made for differences in type of development was higher/(lower).</p>
Direct capitalisation approach: The method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.	<ul style="list-style-type: none"> <li>Capitalisation rates range from 4.5% to 6.7% (2020: 4.8% to 6.7%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).</p>



## Notes to the Financial Statements

## 6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Other intangibles* RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
<b>Cost</b>								
<b>At 1 January 2020</b>		1,607,604	204,650	327,558	444,256	2,584,068	12,852,757	15,436,825
Acquisitions through business combinations	40	35,500	12,310	–	6,163	53,973	127,696	181,669
Additions		–	–	–	29,957	29,957	–	29,957
Disposals		–	–	–	(13,542)	(13,542)	–	(13,542)
Write off		–	–	–	(3,039)	(3,039)	–	(3,039)
Translation differences		(68,074)	(18,852)	(19,699)	(26,589)	(133,214)	(193,690)	(326,904)
<b>At 31 December 2020/ 1 January 2021</b>		1,575,030	198,108	307,859	437,206	2,518,203	12,786,763	15,304,966
Acquisitions through business combinations	40	–	71,761	32,791	130,312	234,864	238,414	473,278
Disposal of subsidiaries	40	–	–	–	–	–	(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)
<b>At 31 December 2021</b>		1,512,068	167,573	309,025	513,343	2,502,009	12,777,862	15,279,871

\* Other intangibles include capitalised development costs and brand use rights.

## 6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (continued)

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Other intangibles* RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
<b>Accumulated amortisation and impairment losses</b>								
<b>At 1 January 2020</b>		–	–	256,230	246,572	502,802	278,084	780,886
Acquisitions through business combinations	40	–	–	–	51	51	–	51
Amortisation charge for the year		–	–	15,892	40,487	56,379	–	56,379
Impairment loss		–	–	–	1,520	1,520	396,513	398,033
Disposal		–	–	–	(1,615)	(1,615)	–	(1,615)
Write off		–	–	–	(3,039)	(3,039)	–	(3,039)
Translation differences		–	–	(16,496)	(11,828)	(28,324)	(10,946)	(39,270)
<b>At 31 December 2020/ 1 January 2021</b>		–	–	255,626	272,148	527,774	663,651	1,191,425
Acquisitions through business combinations	40	–	–	–	2,230	2,230	–	2,230
Disposal of subsidiaries	40	–	–	–	–	–	(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)
<b>At 31 December 2021</b>		–	–	238,597	240,785	479,382	607,157	1,086,539
<b>Net carrying amount</b>								
At 1 January 2020		1,607,604	204,650	71,328	197,684	2,081,266	12,574,673	14,655,939
At 31 December 2020/ 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

\* 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.

The aggregate carrying amounts of goodwill, brand names and hospital licences allocated to each operating unit were as follows:

	Goodwill		Brand names		Hospital licences	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>						
Singapore healthcare services	5,892,205	5,850,626	1,145,173	1,145,173	–	–
Malaysia healthcare services	2,231,673	2,221,641	151,500	151,500	12,310	12,310
India healthcare services						
– Fortis Group	2,716,985	2,474,994	–	–	–	–
China healthcare services	195,871	190,743	–	–	–	–
Turkey healthcare services	754,587	1,006,799	215,395	278,357	155,263	185,798
PLife REIT	154,408	153,333	–	–	–	–
Education services	224,976	224,976	–	–	–	–
	<u>12,170,705</u>	<u>12,123,112</u>	<u>1,512,068</u>	<u>1,575,030</u>	<u>167,573</u>	<u>198,108</u>

**Amortisation**

The amortisation of customer relationships, capitalised development costs and brand use rights were recognised in 'amortisation and impairment of intangible assets' in the statements of profit or loss and other comprehensive income.

**Impairment testing for cash-generating units containing goodwill, brand names and hospital licences****(a) Healthcare services and Education services CGUs****Key assumptions used in determining recoverable amount**

For the purpose of impairment testing, the carrying amounts are allocated to the Group's operating divisions which are the cash-generating units ("CGU"). Recoverable amount of each CGU, except for PLife REIT, 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 2022 and 5 years business plans.

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 2022 to 2026 (2020: 2021 to 2025):

	2021	2020
	Per annum	Per annum
Singapore healthcare services	0%–13%	5%–12%
Malaysia healthcare services	5%–10%	7%–24%
India healthcare services		
– Fortis Group	7%–12%	11%–28%
– RGE Group	–*	11%–13%
China healthcare services	16%–23%	10%–66%
Turkey healthcare services	9%–13%	6%–28%
Education services	4%–6%	1%–7%

## 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:

	2021	2020
Singapore healthcare services	29%–31%	32%–36%
Malaysia healthcare services	27%–29%	28%–29%
India healthcare services		
– Fortis Group	17%–25%	15%–22%
– RGE Group	–*	12%–20%
China healthcare services	0%–33%	17%–28%
Turkey healthcare services	25%–27%	24%–27%
Education services	32%–38%	29%–31%

The projections were in line with the proposed expansion plans for the respective CGUs.

(iii) Terminal value was estimated using the perpetuity growth model:

	2021	2020
Singapore healthcare services	1.0%	1.0%
Malaysia healthcare services	3.0%	3.0%
India healthcare services		
– Fortis Group	4.6%	4.6%
– RGE Group	–*	5.0%
China healthcare services	3.0%	3.0%
Turkey healthcare services	5.0%	5.0%
Education services	0%	0%

The terminal values were applied to steady-state estimated earnings at the end of the projected period.

(iv) Discount rates based on cost of capital plus an appropriate risk premium for the respective CGUs at date of assessment:

	2021	2020
Singapore healthcare services	6.2%	8.8%
Malaysia healthcare services	7.3%	12.2%
India healthcare services		
– Fortis Group	12.3%	13.1%
– RGE Group	–*	17.9%
China healthcare services	9.8%	12.1%
Turkey healthcare services	19.1%	26.8%
Education services	12.5%	13.0%

(v) There will be no other significant changes in government policies and regulations which will directly affect the CGUs' businesses. Inflation for operating expenses is in line with estimated gross domestic product growth rates for the respective countries based on past trends.

\* Goodwill for RGE Group was fully impaired in 2020.

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).

## 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)

As at 31 December 2020, the Group has identified that a reasonably possible change in EBITDA margin for the years 2021 to 2025 for Fortis Group could cause the carrying amount of the CGU to exceed its recoverable amount. An approximate 0.1% increase in discount rate or 0.2% decrease in EBITDA margin for the years 2021 to 2025 would have reduced the recoverable amount of Fortis Group to its carrying amount.

As at 31 December 2020, the Group also identified that a reasonably possible change in discount rate and EBITDA margins for the years 2021 to 2025 for China Healthcare services could cause the carrying amount of the CGU to exceed its recoverable amount. An approximate 1.2% increase in discount rate or a 6.5% decrease in the revenue growth rates for the years 2021 to 2025 at the reporting date would have reduced the recoverable amount of China healthcare services to the carrying amount.

In 2020, RGE Group continued to incur operating losses arising from challenges faced in its business operations, especially in the midst of the COVID-19 pandemic. The Group performed an assessment of recoverable amount using the value in use approach for RGE Group and determined the recoverable amount of the CGU was lower than its carrying amount. Accordingly, an impairment loss of RM396,513,000 on RGE Group 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	
	2021 RM'000	2020 RM'000
Cost of investment		
Unquoted shares in Malaysia	22,009,669	22,009,669
Unquoted shares outside Malaysia	–	31
	<u>22,009,669</u>	<u>22,009,700</u>
Allowance for impairment loss	(2,295,921)	(2,295,952)
	<u>19,713,748</u>	<u>19,713,748</u>

The movement of cost of investment in subsidiaries during the year were as follows:

	Company	
	2021 RM'000	2020 RM'000
At 1 January	22,009,700	22,009,700
Write off against allowance for impairment loss	(31)	–
At 31 December	<u>22,009,669</u>	<u>22,009,700</u>

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

## Significant judgements and estimates in measurement of the recoverable amounts of investments in subsidiaries

During the year, the Company continued to face challenges in its investment in the subsidiary that held investments in subsidiaries in Central and Eastern Europe, in particular the continuing depreciation of Turkish Lira currency over the years. Hence, significant judgements and estimates were required in deriving the recoverable amount of this investment.

## Changes in investments in subsidiaries

On 12 July 2021, Integrated Healthcare Holdings (Bharat) Limited ("IHH(B)L") was struck off from the Register of Companies pursuant to Section 308 of the Mauritius Companies Act 2001. Consequential thereto, the Company wrote off its cost of investment in IHH(B)L against provision made in prior years.

Details of the subsidiaries are as disclosed in note 42.

Although the Group owns less than half of the ownership interest in the following entities, the Group consolidated them as subsidiaries in accordance with MFRS 10, *Consolidated Financial Statements*, on the following basis:

## a) Fortis

The Group controls majority of Fortis' board by virtue of the share subscription agreement with Fortis.

## b) Gleneagles JPMC Sdn. Bhd. ("GJPMC")

Prior to 31 October 2020, the Group controlled the Board of GJPMC by virtue of agreement with other shareholders of GJPMC.

On 31 October 2020, the Group lost its control of GJPMC following a dilution in its interest in the entity (see note 40). As a result, GJPMC ceased to be consolidated as a subsidiary but is equity accounted for as an associate of the Group.

## c) PLife REIT

The Group has *de facto* control over PLife REIT, on the basis that the remaining voting rights in PLife REIT are widely dispersed and there is no indication all other shareholders exercise their votes collectively.

The Group, via PLife REIT, does not hold any ownership interest in the special purpose entities ("SPEs") listed in note 42. Notwithstanding that the Group does not have any direct or indirect shareholdings in these SPEs, the Group has accounted for the SPEs as subsidiaries in accordance 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.

## Notes to the Financial Statements

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

## Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Material NCI			Other individually immaterial subsidiaries	Total
	PLife REIT	Fortis Group	GHK <sup>(i)</sup>		
2021	RM'000	RM'000	RM'000	RM'000	RM'000
<b>NCI percentage of ownership interest and voting interest</b>					
Carrying amount of NCI	1,298,175	1,499,956 <sup>(ii)</sup>	(841,946)	737,356	2,693,541
Profit/(Loss) allocated to NCI	186,832	167,288	(101,292)	61,232	314,060
<b>Summarised financial information before intra-group elimination</b>					
<b>As at 31 December</b>					
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)		
<b>Year ended 31 December</b>					
Revenue	370,694	3,113,435	712,072		
Profit/(Loss) for the year	293,257	330,583 <sup>(iv)</sup>	(253,230)		
Total comprehensive income	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	–	–		

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

## Non-controlling interests in subsidiaries (continued)

	Material NCI			Other individually immaterial subsidiaries	Total
	PLife REIT	Fortis Group	GHK <sup>(i)</sup>		
2020	RM'000	RM'000	RM'000	RM'000	RM'000
<b>NCI percentage of ownership interest and voting interest</b>					
Carrying amount of NCI	1,266,661	1,488,564 <sup>(ii)</sup>	(734,293)	1,116,557	3,137,489
Profit/(Loss) allocated to NCI	147,369	(79,816)	(149,362)	(1,227)	(83,036)
<b>Summarised financial information before intra-group elimination</b>					
<b>As at 31 December</b>					
Non-current assets	4,755,083	5,482,331	2,258,073		
Current assets	195,352	563,833	104,047		
Non-current liabilities	(2,266,256)	(953,713)	(3,912,849)		
Current liabilities	(563,937)	(1,506,504)	(285,003)		
Net assets/(liabilities)	2,120,242	3,585,947 <sup>(iii)</sup>	(1,835,732)		
<b>Year ended 31 December</b>					
Revenue	367,024	2,185,929	534,401		
Profit/(Loss) for the year	229,411	(95,297) <sup>(iv)</sup>	(373,405)		
Total comprehensive income	219,050	(275,364)	(377,724)		
Cash flows from/(used in) operating activities	275,065	174,535	(85,536)		
Cash flows used in investing activities	(87,031)	(135,221)	(20,062)		
Cash flows (used in)/from financing activities	(187,202)	4,666	119,295		
Net increase in cash and cash equivalents	832	43,980	13,697		
Dividends paid to NCI	160,951	–	–		

i. GHK Hospital Limited ("GHK").

ii. Does not include the NCIs of non-wholly owned subsidiaries of Fortis.

iii. Includes net assets of RM331,069,000 (2020: RM369,005,000) attributable to NCIs within Fortis Group which are individually immaterial.

iv. Includes total profit of RM94,808,000 (2020: RM20,545,000) attributable to NCIs within Fortis Group which are individually immaterial.



## Notes to the Financial Statements

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

## Significant restrictions

## PLife REIT

The Group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of PLife REIT other than those resulting from the regulatory framework within which the subsidiary operates. PLife REIT is regulated by the Monetary Authority of Singapore (“MAS”) and is supervised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with PLife REIT are either subject to review by PLife REIT’s Trustee or must be approved by a majority of votes by the remaining holders of Units in PLife REIT (“Unitholders”) at a meeting of Unitholders.

The assets of PLife REIT are held in trust by a Trustee for the Unitholders. As at 31 December 2021, the carrying amounts of PLife REIT’s assets and liabilities were RM5,120,073,000 (2020: RM4,950,435,000) and RM2,950,614,000 (2020: RM2,830,193,000) respectively.

## 8. INTERESTS IN ASSOCIATES

	Company	
	2021 RM'000	2020 RM'000
Investment in shares		
Unquoted shares	47,742	47,401
Quoted shares	407,040	405,772
Share of post-acquisition reserves	(297,169)	(310,304)
	<u>157,613</u>	<u>142,869</u>
Fair value of quoted shares		
Level 1	<u>86,578</u>	<u>89,516</u>

Details of the associates are disclosed in note 43.

The Group does not have any material associates. Summarised financial information of the associates are presented in aggregate representing the Group’s share, based on their respective financial statements prepared in accordance with MFRS, modified for fair value adjustments on acquisition and differences in the Group’s accounting policies, if any:

	Individually immaterial associates	
	2021 RM'000	2020 RM'000
Share of profit from continuing operations, representing share of total comprehensive income	<u>31,034</u>	<u>7,072</u>

## 9. INTERESTS IN JOINT VENTURES

	Group	
	2021 RM'000	2020 RM'000
Investment in unquoted shares	203,412	290,644
Share of post-acquisition reserves	(74,523)	(45,632)
	<u>128,889</u>	<u>245,012</u>
Allowance for impairment loss	(122,582)	(122,247)
	<u>6,307</u>	<u>122,765</u>

Details of the joint ventures are disclosed in note 44.

## 9. INTERESTS IN JOINT VENTURES (continued)

In 2020, the Group disposed off its investments in Shanghai Hui Xing Hospital Management Co., Ltd. and Shanghai Hui Xing Jinpu Co., Ltd. for a cash consideration of RMB5,512,000 (equivalent to RM3,233,000). Loss on disposal amounting to RM407,000 was recognised in profit or loss.

In 2020, interests in joint venture with a carrying amount of RM65,666,000 was transferred to assets classified as held for sale (see note 16).

The Group does not have any material joint ventures. Summarised financial information of the joint ventures are presented in aggregate representing the Group’s share, based on their respective financial statements prepared in accordance with MFRS, modified for fair value adjustments on acquisition and differences in the Group’s accounting policies, if any:

	Individually immaterial joint ventures	
	2021 RM'000	2020 RM'000
Share of profit from continuing operations, representing share of total comprehensive income	<u>8,822</u>	<u>11,316</u>

## 10. OTHER FINANCIAL ASSETS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
Investments at fair value through other comprehensive income (“FVOCI”)				
– Unquoted shares	72,581	59,714	–	–
Investments at amortised cost				
– Fixed deposits with tenor of more than 3 months	3,354	3,770	–	–
Others				
– Club memberships	410	407	–	–
	<u>76,345</u>	<u>63,891</u>	<u>–</u>	<u>–</u>
<b>Current</b>				
Investments at fair value through profit or loss (“FVTPL”)				
– Money market funds	111,394	190,915	111,394	190,915
– Mutual funds	–	690	–	–
Investments at amortised cost				
– Fixed deposits with tenor of more than 3 months	229,339	230,988	–	–
	<u>340,733</u>	<u>422,593</u>	<u>111,394</u>	<u>190,915</u>

## Equity investments designated at FVOCI

The Group designated its investments in unquoted shares shown below at FVOCI as the Group intends to hold these investments for long term strategic purposes.

	Fair value as at	
	31 December 2021 RM'000	31 December 2020 RM'000
Lucence Life Sciences Pte. Ltd.	30,817	30,637
Doctor Anywhere Pte. Ltd.	<u>41,685</u>	<u>28,985</u>

## Notes to the Financial Statements

## 11. DEFERRED TAX ASSETS AND LIABILITIES

The amounts included in the statements of financial position after appropriate offsetting are as follows:

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>						
Unutilised tax losses	198,231	235,084	–	–	198,231	235,084
Investment tax allowances	161,137	6,348	–	–	161,137	6,348
Receivables/Provisions	283,700	218,748	(63,546)	(39,835)	220,153	178,913
Property, plant and equipment	20,270	137,366	(582,191)	(704,037)	(561,921)	(566,671)
Investment properties	–	–	(120,891)	(118,582)	(120,890)	(118,582)
Intangible assets	–	–	(437,398)	(439,681)	(437,398)	(439,681)
Leases	5,550	27,654	(142,754)	(72,695)	(137,204)	(45,041)
Others	12,747	15,015	(1,789)	(5,892)	10,958	9,123
	681,635	640,215	(1,348,569)	(1,380,722)	(666,934)	(740,507)
Set off	(113,904)	(212,466)	113,904	212,466	–	–
	567,731	427,749	(1,234,665)	(1,168,256)	(666,934)	(740,507)
<b>Company</b>						
Receivables/Provisions	1,311	1,288	–	–	1,311	1,288

## 11. DEFERRED TAX ASSETS AND LIABILITIES (continued)

	Note	Unutilised tax losses	Investment tax allowances	Receivables/Provisions	Property, plant and equipment	Investment properties	Intangible assets	Leases	Others	Total
		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 2020</b>		256,076	6,481	193,594	(588,566)	(103,752)	(447,915)	(3,183)	5,491	(681,774)
Acquired through business combinations	40	–	–	–	(36,863)	–	(12,528)	–	–	(49,391)
Disposal of subsidiaries	40	–	–	(35)	1,950	–	–	–	(164)	1,751
Recognised in profit or loss	32	(8,177)	(133)	(8,472)	51,491	(11,212)	(1,525)	(38,205)	5,251	(10,982)
Recognised in other comprehensive income	30	–	–	3,171	–	–	–	–	–	3,171
Translation differences		(12,815)	–	(9,345)	5,317	(3,618)	22,287	(3,653)	(1,455)	(3,282)
<b>At 31 December 2020/ 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	40	–	–	813	(8,408)	–	(40,276)	117	–	(47,754)
Disposal of subsidiaries	40	–	–	–	12,876	–	–	–	–	12,876
Recognised in profit or loss	32	(34,979)	237,707	72,669	(5,955)	(10,333)	6,233	(88,411)	2,024	178,955
Recognised in other comprehensive income	30	–	–	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>Company</b>										
<b>At 1 January 2020</b>		–	–	208	–	–	–	–	–	208
Recognised in profit or loss	32	–	–	1,073	–	–	–	–	–	1,073
Translation differences		–	–	7	–	–	–	–	–	7
<b>At 31 December 2020/ 1 January 2021</b>		–	–	1,288	–	–	–	–	–	1,288
Recognised in profit or loss	32	–	–	16	–	–	–	–	–	16
Translation differences		–	–	7	–	–	–	–	–	7
<b>At 31 December 2021</b>		–	–	1,311	–	–	–	–	–	1,311

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	
	2021 RM'000	2020 RM'000
Deductible temporary difference	1,223,589	1,179,265
Unutilised tax losses	3,740,951	3,548,672
	4,964,540	4,727,937

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 RM1,573,572,000 (2020: RM1,707,569,000) which will expire in the next 1 to 8 years.

## Notes to the Financial Statements

## 12. DEVELOPMENT PROPERTIES

	Note	Group	
		2021 RM'000	2020 RM'000
<b>At 1 January</b>		90,083	84,213
Additions		3,724	5,870
Recognised in profit or loss		(2,540)	–
Transfer to property, plant and equipment	3	(17,405)	–
<b>As at 31 December</b>		<u>73,862</u>	<u>90,083</u>

## 13. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
Pharmaceuticals, surgical and medical supplies	<u>455,065</u>	<u>420,153</u>

At 31 December 2021, inventories with carrying amount of RM99,821,000 (2020: RM71,906,000) were pledged to licensed financial institutions as securities for credit facilities granted to certain subsidiaries.

## 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
Trade receivables	–	142	–	–
Other receivables	20,188	39,792	–	–
Interest receivables	60	94	–	–
Deposits	58,517	23,404	–	–
Financial assets, at amortised cost	78,765	63,432	–	–
Prepayments	52,660	63,897	8,371	13,134
	<u>131,425</u>	<u>127,329</u>	<u>8,371</u>	<u>13,134</u>
<b>Current</b>				
Trade receivables	2,146,387	1,612,584	–	–
Trade amounts due from:				
– Associates	4,965	4,530	–	–
– Joint ventures	2,596	23,730	–	–
	<u>2,153,948</u>	<u>1,640,844</u>	<u>–</u>	<u>–</u>
Other receivables	91,688	106,065	–	544
Non-trade amounts due from:				
– Subsidiaries	–	–	68,754	52,524
– Associates	62	266	–	–
– Joint ventures	1,599	10,378	–	–
Interest receivables	11,150	15,101	90	170
Deposits	120,080	64,748	5	5
Financial assets, at amortised cost	2,378,527	1,837,402	68,849	53,243
Prepayments	119,002	115,740	7,656	6,303
	<u>2,497,529</u>	<u>1,953,142</u>	<u>76,505</u>	<u>59,546</u>

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

## 14. TRADE AND OTHER RECEIVABLES (continued)

## Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

Group	Note	Gross amount RM'000	Balances that are set off RM'000	Net carrying amount in the statement of financial position RM'000
<b>2021</b>				
Trade receivables		2,184,821	(30,873)	2,153,948
Trade payables	24	(1,546,443)	30,873	(1,515,570)
<b>2020</b>				
Trade receivables		1,701,366	(60,380)	1,640,986
Trade payables	24	(1,309,461)	60,380	(1,249,081)

Certain trade receivables and trade payables were set off for presentation purpose as the Group has enforceable rights to set off the amounts and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 15. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances		1,516,681	1,402,442	324,838	49,676
Fixed deposits with tenor of 3 months or less		3,500,999	2,785,364	890,042	97,000
Cash and cash equivalents in the statements of financial position		<u>5,017,680</u>	<u>4,187,806</u>	<u>1,214,880</u>	<u>146,676</u>
Add:					
Cash and cash equivalents included in assets classified as held for sale	16	–	6,907	–	–
Less:					
Secured bank overdrafts		(24,229)	(22,401)	–	–
Deposits placed in escrow account		(1,900,284)	(1,894,365)	–	–
Restricted cash		(3,297)	(13,900)	–	–
Cash and cash equivalents in the statements of cash flows		<u>3,089,870</u>	<u>2,264,047</u>	<u>1,214,880</u>	<u>146,676</u>

## Deposits placed in escrow account

These are the amounts deposited in accordance with the requirements of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations) ("SEBI (SAST) Regulations") relating to the Group's Mandatory Open Offer ("Offer") to acquire up to an additional 197,025,660 and 4,894,308 equity shares of Fortis and Fortis Malar Hospitals Limited respectively (see note 38). These amounts can only be released in the manner prescribed in Clause 17(10) of the SEBI (SAST) Regulations.

## Notes to the Financial Statements

## 16. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	Group	
	2021 RM'000	2020 RM'000
<b>Assets classified as held for sale</b>		
Property, plant and equipment	1,844	6,962
Investment property	–	94,584
Interests in a joint venture	–	65,666
Other financial assets	–	234
Trade and other receivables	–	42,639
Cash and cash equivalents	–	6,907
	<u>1,844</u>	<u>216,992</u>
<b>Liabilities classified as held for sale</b>		
Trade and other payables	–	(19,024)

i. **Property, plant and equipment**

Included in property, plant and equipment classified as held for sale as at 31 December 2020 was a piece of freehold land in India amounting to RM6,198,000 that was committed for sale.

The land was sold during the year at its carrying amount.

ii. **Investment property**

In 2020, PLife REIT entered into a non-binding Memorandum of Understanding to sell an industrial property located in Japan. Accordingly, the investment property was transferred to asset classified as held for sale in the statement of financial position as at 31 December 2020.

The sale of the property was completed in January 2021 for a total sales consideration of JPY2.9 billion (approximately RM113.1 million) and a gain of approximately RM16.3 million was recognised in profit or loss.

iii. **Interests in a joint venture**

In 2020, the Group planned to divest its investment in Apollo Gleneagles Hospital Ltd. Accordingly, investment in the joint venture was transferred to assets classified as held for sale as at 31 December 2020.

In April 2021, the divestment was completed for a consideration of INR4.1 billion (equivalent to RM225.1 million) and a gain of RM139.1 million was recognised in the profit or loss.

iv. **Investment in a subsidiary**

In 2020, the Group had planned to divest its investment in Andaman Alliance Healthcare Limited (“AAHL”), a 52% owned subsidiary. Accordingly, the assets and liabilities of AAHL were classified as assets and liabilities held for sale as at 31 December 2020.

During the year, the assets and liabilities of AAHL were no longer classified as held for sale due to change in exit plans for the Group’s investments in AAHL.

## 17. SHARE CAPITAL

	Number of shares 2021 '000	Group and Company		Amount 2020 RM'000
		Amount 2021 RM'000	Number of shares 2020 '000	
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
<b>Ordinary shares</b>				
<b>At 1 January</b>	8,777,219	19,473,364	8,773,990	19,455,138
Issued pursuant to the surrender of vested Long Term Incentive Plan (“LTIP”) units	1,854	10,127	3,229	18,226
Issued pursuant to the exercise of vested Enterprise Option Scheme (“EOS”) units	17,644	131,427	–	–
<b>At 31 December</b>	<u>8,796,717</u>	<u>19,614,918</u>	<u>8,777,219</u>	<u>19,473,364</u>

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 hedges relating to hedged transactions that have not yet occurred.

(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.



## Notes to the Financial Statements

## 18. OTHER RESERVES (continued)

## (f) Legal reserve

Legal reserve comprises:

- (i) first and second legal reserves for the Group's subsidiaries in Turkey. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Group's Turkey-based subsidiaries' statutory accounts until it reaches 20 percent of the paid-up share capital of these subsidiaries. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distribution, in excess of 5 percent of paid-up share capital are to be appropriated to increase the second legal reserve; and
- (ii) statutory reserve fund ("SRF") for the Group's subsidiaries in the People's Republic of China ("PRC") who are required by the Foreign Enterprise Law to allocate 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations to the SRF annually. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

## (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; and
- (iii) the effective portion of any foreign currency differences arising from hedges of the Group's net investment in a foreign operation.

## 19. PERPETUAL SECURITIES

In July 2017, a wholly owned subsidiary, Parkway Pantai Limited ("PPL") established a US\$2.0 billion Multicurrency Term Note Programme ("MTN programme").

In the same month, senior perpetual securities ("perpetual securities") with an aggregate principal amount of US\$500.0 million (approximately RM2,130.8 million) were issued by PPL under the MTN programme. The perpetual securities bear an initial semi-annual distribution of 4.25% per annum which will be reset in July 2022 and at every 5 years thereafter.

The salient features of the perpetual securities are as follows:

- i) unrated and listed on the Singapore Stock Exchange;
- ii) direct, unconditional, unsubordinated and unsecured obligations of PPL;
- iii) no fixed redemption date but PPL has the option to redeem at the end of 5 years from date of issuance at their principal amounts and on each subsequent semi-annual periodic distribution payment date;
- iv) may also be redeemed at the option of PPL upon the occurrence of certain events as detailed in the terms and conditions of offering circular and pricing supplement of the perpetual securities;
- v) expected periodic distribution amount may be deferred by PPL and are cumulative, subject to the terms and conditions in the offering circular of the perpetual securities; and
- vi) shall at all times rank pari passu and without any preference among the perpetual securities issued and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of PPL, from time to time outstanding.

The issued perpetual securities are classified as equity as the payment of cumulative distribution or redemption of the securities are at the option of PPL.

During the financial year, distributions amounting to RM88,300,000 (2020: RM89,843,000) were accrued to perpetual security holders, and distributions amounting to RM87,659,000 (2020: RM88,641,000) were paid to the perpetual security holders.

## 20. LOANS AND BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
<b>Non-current</b>		
Secured	1,079,929	1,091,363
Bank loans	2,221	2,296
Loans from corporates		
Unsecured		
Bank loans	5,162,308	6,183,745
Fixed rate medium term notes	431,713	462,925
Loans from corporates*	933,320	924,347
	7,609,491	8,664,676
<b>Current</b>		
Secured	179,823	336,204
Bank loans	1,008	988
Loans from corporates		
Unsecured	1,055,928	658,534
Bank loans	668	658
Loans from corporates	1,237,427	996,384
	1,237,427	996,384
Total loans and borrowings	8,846,918	9,661,060

\* Includes loans from non-controlling interests of RM869,305,000 (2020: RM863,921,000)

## Notes to the Financial Statements

## 20. LOANS AND BORROWINGS (continued)

The terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
<b>2021</b>				
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	NBMIR <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 loan prime rate <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
- 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 London Interbank Offered Rate
- 8 Bank's Cost of Funds
- 9 Singapore Overnight Rate Average
- 10 Singapore Swap Offer Rate

## 20. LOANS AND BORROWINGS (continued)

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
<b>2020</b>				
Secured bank loans	EUR	Euribor <sup>(1)</sup> + 1.4% to 1.5%	2021 – 2030	175,567
Secured bank loans	INR	MCLR <sup>(2)</sup> + 0.5% to 2.85%	2021 – 2030	989,427
Secured bank loans	MKD	NBMIR <sup>(3)</sup> + 2.05%	2021 – 2024	16,182
Secured bank loans	RMB	PBC interest rate <sup>(4)</sup>	2022 – 2031	246,391
Secured loans from corporates	INR	7.80% – 9.27%	2021 – 2025	3,284
Unsecured bank loans	EUR	1.85%	2021 – 2024	61,398
Unsecured bank loans	EUR	Euribor <sup>(1)</sup> + 0.38% to 1.05%	2021 – 2028	1,007,282
Unsecured bank loans	HKD	HIBOR <sup>(6)</sup> + 0.83% to 1.07%	2024 – 2025	1,724,374
Unsecured bank loans	JPY	LIBOR <sup>(7)</sup> + 0.3% to 0.41%	2021 – 2025	1,241,026
Unsecured bank loans	JPY	COF <sup>(8)</sup>	2021	82,653
Unsecured bank loans	MYR	COF <sup>(8)</sup> + 0.70%	2023	13,677
Unsecured bank loans	SGD	SOR <sup>(10)</sup> + 0.45% to 0.89%	2021 – 2026	1,301,165
Unsecured bank loans	SGD	SWAP rate + 0.95%	2027	1,401,972
Unsecured bank loans	SGD	COF <sup>(8)</sup>	2021	8,732
Unsecured fixed rate medium term notes	JPY	0.57% to 0.65%	2022 – 2024	462,925
Unsecured loans from corporates	HKD	HIBOR <sup>(6)</sup> + 1.30%	2026	859,803
Unsecured loans from corporates	RMB	PBC interest rate <sup>(4)</sup>	2022 – 2025	63,545
Unsecured loans from corporates	RMB	PBC loan prime rate <sup>(5)</sup>	2027	368
Unsecured loans from corporates	AED	0.00%	2022	636
Unsecured loans from corporates	USD	6.00%	2021	653
				9,661,060

- 1 Euro Interbank Offer Rate
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- 5 People's Bank of China loan prime rate
- 6 Hong Kong Interbank Offered Rate
- 7 London Interbank Offered Rate
- 8 Bank's Cost of Funds
- 9 Singapore Overnight Rate Average
- 10 Singapore Swap Offer Rate

## 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 (2020: assets and shares of certain subsidiaries and associates).

The secured INR denominated loans from corporates are secured over specific equipment of certain subsidiaries.

The secured Macedonian Denar (“MKD”) and Euro Dollars (“Euro”) denominated bank borrowings are secured over assets of certain subsidiaries.

The secured Chinese Renminbi (“RMB”) denominated bank loans are secured over medical equipment, hospital in construction and a ROU asset relating to prepaid lease for land (2020: hospital in construction and a ROU asset relating to prepaid lease for land).

**Breach of loan covenant**

In 2020, one of the subsidiaries, Continental Hospitals Private Limited (“Continental”), breached its loan covenants in respect of a bank loan amounting to RM81,707,000. There were breaches of several non-financial covenants since 31 December 2018. Consequently, the bank loan became repayable on demand and was classified in full as a current liability. Continental ceased to be a subsidiary of the Group in December 2021 (see note 40).

**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 2021, there are three series of outstanding fixed rate notes issued under the Multicurrency Debt Issuance Programme amounting to JPY11.8 billion (approximately RM431.7 million) (2020: JPY11.8 billion (approximately RM462.9 million)) with maturity dates between 2023 to 2027 (2020: 2022 to 2024).

**Loans from corporates**

The HKD-denominated loans from corporates are in relation to the non-controlling interest’s share of financing granted to a subsidiary, GHK.

**20. LOANS AND BORROWINGS** (continued)**Reconciliation of movement of liabilities to cash flows arising from financing activities**

Group	Bank loans RM'000	Fixed rate medium term notes RM'000	Loans from corporates RM'000	Lease liabilities RM'000	Interest payables RM'000	Total RM'000
<b>At 1 January 2020</b>	7,539,671	446,430	917,798	2,073,933	19,812	10,997,644
Net changes from financing cash flows	562,800	–	993	(493,940)	(314,818)	(244,965)
Acquisition of subsidiaries	–	–	–	10,815	–	10,815
Disposal of a subsidiary	–	–	–	(984)	–	(984)
Change in leases	–	–	–	142,424	–	142,424
Foreign exchange movement	146,141	16,495	9,498	42,354	35,846	250,334
Other liability-related changes	21,234	–	–	170,708	329,336	521,278
<b>At 31 December 2020/1 January 2021</b>	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
<b>At 31 December 2021</b>	7,477,988	431,713	937,217	2,002,534	84,951	10,934,403

Group	Lease liabilities RM'000
<b>1 January 2020</b>	1,252
Net changes from financing cash flows	(1,018)
Other liability-related changes	19
<b>At 31 December 2020/1 January 2021</b>	253
Net changes from financing cash flows	(1,007)
Change in leases	3,034
Other liability-related changes	23
<b>At 31 December 2021</b>	2,303

## Notes to the Financial Statements

## 21. EMPLOYEE BENEFITS

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
Retirement benefits	22	91,649	83,787	–
Employment termination benefits	23	17,173	20,588	–
Provision for unconsumed leave		8,188	2,352	–
Deferred bonus scheme		895	714	371
Gratuity		17,320	10,237	5,340
		<u>135,225</u>	<u>117,678</u>	<u>5,711</u>
<b>Current</b>				
Retirement benefits	22	7,785	7,253	–
Employment termination benefits	23	1,244	1,188	–
PTM long term incentive plan (cash-settled)		1,911	1,553	–
Defined contribution plan		46,307	41,076	96
Provision for unconsumed leave		94,391	86,187	2,066
Deferred bonus scheme		11,730	6,401	1,747
Gratuity		1,759	3,580	1,759
		<u>165,127</u>	<u>147,238</u>	<u>5,668</u>

**PTM long term incentive plan (cash-settled)**

In 2009, the long term incentive (“LTI”) plan of a subsidiary, Parkway Trust Management Limited (“PTM”), was approved to award eligible employees with units in PLife REIT held by PTM when certain prescribed performance targets are met. The LTI plan is administered by the 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****(a) LTIP**

On 25 March 2011, the Group established the LTIP scheme to grant non-transferrable convertible units to eligible employees of the Group.

The LTIP units granted will vest in the participants within three years from the date of grant. All LTIP units that have been granted and vested must be surrendered to the Company for allotment of shares of the Company on the basis of one share for each LTIP unit. The LTIP units have no exercise price and the LTIP scheme was in force for a period of 10 years from 25 March 2011 and expired on 24 March 2021. LTIP units that lapsed upon expiry of the scheme were converted to a cash-settled payout which is part of the deferred bonus scheme.

The movement in the number of outstanding LTIP units are as follows:

	Key management personnel		Other eligible employees	
	2021 '000	2020 '000	2021 '000	2020 '000
Number of LTIP units				
Outstanding at 1 January	245	2,260	2,091	2,292
Transfers	–	(1,551)	–	1,551
Granted during the year	–	–	–	1,842
Forfeited during the year	–	–	–	(829)
Exercised during the year	(245)	(464)	(1,609)	(2,765)
Lapsed during the year	–	–	(482)	–
Outstanding at 31 December	<u>–</u>	<u>245</u>	<u>–</u>	<u>2,091</u>
Exercisable at 31 December	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The LTIP units outstanding as at 31 December 2020 had a weighted average contractual life of 1.45 years.

**Fair value of options and assumptions**

The fair value of services received in return for the LTIP units granted is determined based on Trinomial Option Pricing Model, and taking into account the terms and conditions under which the units were granted.

In 2020, a total of 1,842,000 equity-settled LTIP units were granted to eligible employees. There was no equity-settled LTIP units granted in 2021.

Inputs to the model used for measurement of the fair value of LTIP units granted in 2020 are as follows:

Fair values at grant date	RM5.21
Share price at grant date	RM5.21
Expected volatility (average volatility)	15.67%
Option life (expected average life)	0.92 years
Expected dividend yield	0.00%
Risk free rate	2.97%



## Notes to the Financial Statements

## 21. EMPLOYEE BENEFITS (continued)

## Share-based payment scheme (continued)

## (b) Enterprise Option Scheme (“EOS”)

On 15 June 2015, at an extraordinary general meeting, the Company’s shareholders approved the establishment of the EOS scheme to grant share options to eligible personnel.

The EOS options granted in each year will vest in the participants over a 3-year period. Each EOS option gives the participant a right to receive one share, upon exercise of the option and subject to the payment of the exercise price.

The exercise price for the EOS option granted shall be determined by the Board which shall be based on the 5-day weighted average market price of the underlying shares a day immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant regulatory from time to time (subject to the Board’s discretion to grant the discount).

The EOS shall be in force for a period of 10 years from 22 June 2015.

The movement in the number of outstanding EOS options are as follows:

	Key management personnel		Other eligible employees	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
<b>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
<b>2020</b>				
Outstanding at 1 January	RM6.03	35,536	RM6.00	20,315
Transfers	RM6.06	(30,409)	RM6.06	30,409
Forfeited during the year	–	–	RM6.00	(9,020)
Outstanding at 31 December	RM5.89	5,127	RM6.04	41,704
Exercisable at 31 December	RM5.93	2,470	RM6.11	29,065

The EOS options outstanding as at 31 December has the following features:

	2021	2020
Exercise price	RM5.67 – RM6.55	RM5.67 – RM6.55
Weighted average contractual life (in years)	7.12	7.46

## 21. EMPLOYEE BENEFITS (continued)

## Share-based payment scheme (continued)

## (c) Fortis Employee Stock Option Plan (“Fortis ESOP”)

Fortis has share-based payment schemes, “Employee Stock Option Plan 2007” and “Employee Stock Option Plan 2011”, granted to the eligible employees and directors of Fortis and its subsidiaries. The schemes were approved by the shareholders of Fortis in 2007 and 2011 respectively.

Each option under the schemes, when exercised, would be converted into one fully paid up equity share of INR10.00 each of Fortis. There are no conditions for vesting other than continued employment with Fortis and its subsidiaries.

The movement in the number of the outstanding Fortis ESOP options are as follows:

	2020	
	Weighted average exercise price	Number of options '000
Outstanding at 1 January	INR152.94	159
Forfeited during the year	INR152.94	(159)
Outstanding at 31 December	–	–

## (d) Malar Employee Stock Option Plan (“Malar ESOP”)

Fortis Malar Hospital Limited (“Malar”) has a share-based payment scheme, Malar Employee Stock Option Plan 2008 (“Malar ESOP”), granted to the eligible employees of Malar and its subsidiary.

The Malar ESOP was approved by the board of directors of Malar on 31 July 2008 /28 May 2009 and by Malar’s shareholders in the annual general meeting held on 29 September 2008/21 August 2009. The Malar ESOP was effective from 21 August 2009.

The Malar ESOP options will vest in the participants equally over a 4-year period.

There shall be no lock-in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary, the options must be exercised before the end of the tenure of the plan.

The movement in the number of outstanding Malar ESOP options are as follows:

	2021		2020	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at 1 January	INR26.20	11	INR26.20	23
Forfeited during the year	INR26.20	(11)	INR26.20	(12)
Outstanding at 31 December	–	–	INR26.20	11
Exercisable at 31 December	–	–	INR26.20	11

The Malar ESOP options outstanding at 31 December has the following features:

	2021	2020
Exercise price	–	INR26.20
Weighted average contractual life (in years)	–	5.0

## Notes to the Financial Statements

## 21. EMPLOYEE BENEFITS (continued)

## Share-based payment scheme (continued)

## (e) SRL Employee Stock Option Plan ("SRL ESOP")

SRL Limited ("SRL") has provided share-based payment schemes, "Employee Stock Option Plan 2009" and "Employee Stock Option Plan 2013", granted to the eligible employees and directors of SRL and its subsidiaries. The schemes were approved by SRL's shareholders on 17 August 2009 and 20 September 2013 respectively.

There are no conditions for vesting other than continued employment with SRL and its subsidiaries.

The movement in the number of outstanding SRL ESOP options are as follows:

	2021		2020	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at 1 January	INR194.68	784	INR289.85	1,040
Reversal of forfeiture in prior year*	INR40.00	26	–	–
Forfeited during the year	INR674.00	(25)	INR579.79	(256)
Outstanding at 31 December	INR174.24	785	INR194.68	784
Exercisable at 31 December	INR174.24	785	INR178.88	759

The SRL ESOP options outstanding as at 31 December has the following features:

	2021	2020
Exercise price	INR40 – INR428	INR40 – INR674
Weighted average contractual life (in years)	Not applicable*	0.7

\* During the year, SRL has extended the exercise period of all outstanding options till the occurrence of a future event. In addition, employees due to retire or get superannuated prospectively will be entitled to exercise the options before the future event.

## Value of employee services received for issue of share options

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Share-based payment expense included in staff costs	27	5,942	23,381	2,750	6,921

## 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:

Note	Group	
	2021 RM'000	2020 RM'000
Present value of unfunded obligations	99,434	91,040
<b>Movement in liability for defined benefit obligations</b>		
<b>At 1 January</b>	91,040	85,331
Included in profit or loss		
– Current service costs	11,891	9,210
– Past service credit	18	50
– Interest on obligation	5,018	4,905
– Transition amount	601	–
	17,528	14,165
Included in other comprehensive income		
Remeasurement gain/(loss)		
Actuarial gain/(loss) arising from:		
– Demographic assumptions	227	278
– Financial assumptions	(2,406)	4,094
– Experience adjustments	(255)	(2,046)
	30	2,326
Others		
– Additions through business combinations	3,317	–
– Disposal of subsidiaries	(1,559)	–
– Benefits paid	(8,585)	(9,032)
– Translation differences	127	(1,750)
<b>At 31 December</b>	99,434	91,040

## Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group	
	2021 %	2020 %
Discount rate	4.0 – 6.75	4.0 – 7.0
Future salary growth	5.0 – 8.0	5.0 – 8.0
Future mortality	0.01 – 1.15	0.01 – 1.15

## Notes to the Financial Statements

**22. RETIREMENT BENEFITS** (continued)**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

	Group	
	Increase RM'000	Decrease RM'000
<b>2021</b>		
Discount rate (1% movement)	(9,045)	10,767
Future salary growth (1% movement)	10,737	(9,174)
Future mortality (1% movement)	(58)	2
	<u>(8,366)</u>	<u>11,695</u>
<b>2020</b>		
Discount rate (1% movement)	(8,272)	9,858
Future salary growth (1% movement)	9,694	(8,291)
Future mortality (1% movement)	–	–
	<u>1,422</u>	<u>1,567</u>

Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

**23. EMPLOYMENT TERMINATION BENEFITS**

Certain Turkey-based subsidiaries of the Group are required by local laws to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military services, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 years for women and 60 years for men).

The termination benefits are calculated as one month gross salary for every employment year and as at 31 December 2021, the ceiling amount has been limited to TL8,285 (2020: TL7,117), equivalent to RM2,586 (2020: RM3,881). The reserve has been calculated by estimating the present value of future probable obligations of these subsidiaries arising from retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the local government.

In Bulgaria, the subsidiaries have an obligation to pay certain amounts to each employee who retires in accordance with Art. 222, 3 of the Labor Code ("LC"). According to these regulations in the LC, when a labor contract of an employee, who has acquired a pension right, is ended, the employer is obliged to pay to the employee compensations in the amount of two gross monthly salaries. In case the employee's length of service in the Company equals to or is greater than 10 or more years as at the retirement date, the compensation amounts to six gross monthly salaries.

**23. EMPLOYMENT TERMINATION BENEFITS** (continued)

Note	Group	
	2021 RM'000	2020 RM'000
Present value of unfunded obligations	18,417	21,776
<b>Movement in the liability for defined benefits obligations</b>		
<b>At 1 January</b>	21,776	19,582
Included in profit or loss		
– Current service costs	2,838	3,193
– Interest on obligation	1,962	1,557
	<u>4,800</u>	<u>4,750</u>
Remeasurement loss		
– Actuarial loss arising from financial assumptions	30	14,346
Others		
– Benefits paid	(13,028)	(9,440)
– Translation differences	(9,477)	(3,553)
	<u>18,417</u>	<u>21,776</u>
<b>At 31 December</b>		

**Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2021	2020
<b>Turkey</b>		
Annual inflation rate	17%	9%
Discount rate	21%	13%
Retirement pay ceiling amount	<u>TL8,285</u>	<u>TL7,117</u>
<b>Bulgaria</b>		
Future salary growth	0.25%	0.20%
Future income growth	<u>10.0%</u>	<u>3.2%</u>

**Sensitivity analysis**

No sensitivity analysis is presented as any reasonably possible changes in the above key assumptions are not expected to materially affect the employment termination benefits obligation.

## Notes to the Financial Statements

## 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
Trade payables	276	10	–	–
Other payables	17,565	21,363	–	–
Accruals	3,643	8,018	–	–
Interest payables	70,981	–	–	–
Liabilities on put options granted to non-controlling interests	1,263,581	133,252	–	–
	1,356,046	162,643	–	–
Deposits	64,378	65,687	–	–
	1,420,424	228,330	–	–
<b>Current</b>				
Trade payables	1,515,294	1,249,071	–	–
Other payables	473,499	532,064	2,803	1,439
Non-trade amounts due to:				
- Subsidiaries	–	–	549	82,968
- Joint ventures	283	255	–	–
Accruals	1,079,028	755,631	28,553	10,586
Interest payables	13,970	70,176	–	–
Provision for loan taken by a joint venture	45,131	42,021	–	–
Liabilities on put options granted to non-controlling interests	674,867	1,004,406	–	–
	3,802,072	3,653,624	31,905	94,993
Deposits and rental advance billings	171,560	162,412	–	–
Contract liabilities	78,942	75,847	–	–
	4,052,574	3,891,883	31,905	94,993

Amounts due to subsidiaries are unsecured, interest-free and are repayable on demand, except for an amount of RM81,571,000 at 31 December 2020 which was unsecured, repayable on demand and interest-bearing at 1.85% per annum.

**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	
	2021 RM'000	2020 RM'000
Contract liabilities at the beginning of the period recognised as revenue	75,847	69,846

## 24. TRADE AND OTHER PAYABLES (continued)

**Liabilities on put options granted to non-controlling interests**

- (i) Pursuant to the acquisition of RGE in 2015, the Group granted the following put options to a non-controlling interest of RGE:
- An option for the non-controlling interest to sell their 7.13% interest in RGE, on a fully diluted basis, to the Group at a fixed consideration of INR1,463.0 million (equivalent to RM82.8 million) (2020: RM82.6 million) less price adjustment of not more than INR110.0 million subject to the occurrence of a certain event in 2018 pursuant to an option agreement entered with the non-controlling interests. Since 31 December 2018, this put option does not have any value as the target was not met; and
  - Another option to sell their remaining interest in RGE to the Group at the prevailing market price on the date the option is exercised. This put option can only be exercised from December 2020 onwards and does not have an expiry date.
- (ii) Pursuant to the acquisition of Continental in 2015, the Group granted a put option to a non-controlling interest to sell its existing interest in Continental to the Group at the prevailing market price on the date the option is exercised. The put option can only be exercised from March 2018 onwards and does not have an expiry date. In December 2021, Continental ceased to be a subsidiary of the group (see note 40). Consequential thereto, the liability on put option granted to non-controlling interest was derecognised.
- (iii) Pursuant to the acquisition of City Hospitals and Clinics AD ("City Clinic"), the Group granted put options to non-controlling interests of Acibadem City Clinic B.V. ("ACC 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 until May 2022.
- (iv) 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 can only be exercised from June 2022 to May 2026.
- (v) Pursuant to the acquisition of Angsana Holdings Pte. Ltd. ("Angsana") in 2017, the Group granted put options to the non-controlling interests to sell their existing interests in Angsana to the Group at the prevailing market price on the date the options are exercised. The put options can only be exercised from August 2020 onwards and do not have an expiry date.
- (vi) Pursuant to a shareholders' agreement and exit agreement entered into by SRL, Fortis and certain non-controlling interests of SRL, Fortis granted a cash put option to certain non-controlling interests of SRL to sell their shares in SRL to Fortis upon the occurrence of certain trigger event (i.e. Cash Option Trigger Event) as stated in the exit agreement. The Cash Option Trigger Event occurred prior to the Group's acquisition of Fortis and the exercise period for the cash put option was extended several times, with the latest extension of the exercise period given till 31 March 2021. On 30 March 2021, SRL, Fortis and certain non-controlling interests of SRL signed an amendment agreement to incorporate new proposed exit rights for the certain non-controlling shareholders of SRL, and to also simultaneously terminate the existing exit agreement. Accordingly, the certain non-controlling interests of SRL have agreed not to exercise the cash put option for a further period of 36 months from 5 February 2021, being the relevant date as defined in the amendment agreement.
- (vii) 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 40), 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.

During the year, change in fair value of liabilities on put options granted to non-controlling interests amounting to RM1,061,542,000 loss (2020: RM160,208,000 loss) was recognised in equity (see note 36(viii)).



## Notes to the Financial Statements

## 24. TRADE AND OTHER PAYABLES (continued)

*Provision for loan taken by a joint venture*

In 2013, Khubchandani Hospitals Private Limited ("KHPL"), a 50% owned joint venture, was granted a term loan facility to fund the construction and pre-operating costs of its hospital. A wholly owned subsidiary of the Group, Parkway Holdings Limited ("PHL"), is a joint sponsor under the Sponsor Support Agreement for the term loan facility where the sponsors are required to provide for any shortfall payable by KHPL in the event of termination or non-completion of the hospital project. On 5 January 2017, the bank served a notice to KHPL that the hospital project was unlikely to be completed. In view that KHPL is unlikely to be able to repay the loan, the Group made a provision for its 50% share of the amounts that KHPL owes the licensed bank.

## 25. DERIVATIVE ASSETS AND LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
<b>Non-current assets</b>		
Held at fair value through profit or loss		
– Foreign exchange forward contracts	17,921	6,778
– Cross currency swaps	249,945	94,939
Held for hedging		
– Cross currency interest rate swaps	27,199	3,883
– Interest rate caps	2,143	2,704
	297,208	108,304
<b>Current assets</b>		
Held at fair value through profit or loss		
– Foreign exchange forward contracts	3,530	–
– Cross currency swaps	124,437	33,410
	127,967	33,410
<b>Non-current liabilities</b>		
Held for hedging		
– Interest rate swaps	(471)	(800)
<b>Current liabilities</b>		
Held at fair value through profit or loss		
– Foreign exchange forward contracts	–	(373)
Held for hedging		
– Interest rate swaps	–	(86)
– Cross currency interest rate swaps	–	(6,857)
	–	(7,316)

## 25. DERIVATIVE ASSETS AND LIABILITIES (continued)

	Nominal value		Fair value	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Derivatives at fair value through profit or loss				
– Foreign exchange forward contracts	240,632	264,176	21,451	6,405
– Cross currency swaps	360,489	748,566	374,382	128,349
– Call option granted to NCI	28,305	28,217	–	–
Derivatives used for hedging				
– Interest rate caps	863,268	925,428	2,143	2,704
– Interest rate swaps	161,085	318,602	(471)	(886)
– Cross currency interest rate swaps	252,311	404,029	27,199	(2,974)
	1,906,090	2,689,018	424,704	133,598

The Group enters into interest rate caps, interest rate swaps, cross currency interest rate swaps, cross currency swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations on certain loans, as set out in note 36(vi) and (vii).

*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 RM28.3 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 2021 and 2020.

*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.

## Notes to the Financial Statements

## 26. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Healthcare services	16,569,364	12,862,164	–	–
Education services	266,919	256,532	–	–
Management fees	15,045	7,709	–	–
Sale of development properties	3,996	–	–	–
Revenue from contracts with customers	16,855,324	13,126,405	–	–
Rental income	273,854	273,346	–	–
Dividend income				
– from subsidiaries	–	–	1,390,957	386,385
– from money market funds	2,585	4,853	2,585	4,853
	17,131,763	13,404,604	1,393,542	391,238

*Disaggregation of revenue from contracts with customers*

In the following table, revenue from contracts with customers is disaggregated by reportable segments:

	Healthcare services RM'000	Education services RM'000	Management fees RM'000	Sale of development properties RM'000	Total RM'000
<b>2021</b>					
<b>Reportable segments</b>					
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
Central and Eastern Europe	4,347,258	–	–	–	4,347,258
IMU Health Malaysia	1,715	255,932	–	–	257,647
Others	–	–	5,015	–	5,015
	16,569,364	266,919	15,045	3,996	16,855,324
<b>2020</b>					
<b>Reportable segments</b>					
Singapore	3,802,434	9,596	1,344	–	3,813,374
Malaysia	2,160,333	–	–	–	2,160,333
India	2,635,414	–	2,706	–	2,638,120
Greater China	661,624	–	6	–	661,630
Central and Eastern Europe	3,462,176	–	–	–	3,462,176
IMU Health Malaysia	1,767	246,936	–	–	248,703
Others	138,416	–	3,653	–	142,069
	12,862,164	256,532	7,709	–	13,126,405

## 26. REVENUE (continued)

*Healthcare services revenue*

Healthcare services revenue generally relates to contracts with patients in which performance obligations are to provide healthcare services. The performance obligations for inpatient services are generally satisfied over a short period, and revenue from inpatients is recorded when the healthcare services is performed. The performance obligations for outpatient and daycase services are generally satisfied over a period of less than one day, and revenue is also recorded when the healthcare services is performed. The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component. There are no variable considerations, and no obligation for returns or refunds or warranties for healthcare-related services.

*Education services revenue*

Education services revenue primarily consist of tuition fees. Tuition fee for educational services not yet provided is recorded as contract liability (see note 24) and recognised as revenue over the period when the services are rendered. There are no variable considerations. The Group maintains a tuition refund policy which provided for all, or a portion of tuition fees to be refunded if a student withdrew a semester within the stated refund periods. Refunds are recorded as a reduction of the related remaining contract liability and a reduction of revenue in the month that the student 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.

*Management fees*

Management fee is recognised over time for management and consultancy services provided. The stage of completion is assessed by reference to surveys of work performed. The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component.

## 27. STAFF COSTS

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, bonuses and other costs	5,826,720	4,953,121	70,863	51,564
Contribution to defined contribution plans	246,800	224,739	1,270	1,421
Equity-settled share-based payments	21 5,942	23,381	2,750	6,921
	6,079,462	5,201,241	74,883	59,906

## Notes to the Financial Statements

## 28. FINANCE INCOME AND COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Finance income</b>				
Interest income	49,084	69,144	1,517	789
Fair value gain on investments at FVTPL	933	–	933	–
Fair value gain on financial derivatives	493,584	173,711	–	–
	<u>543,601</u>	<u>242,855</u>	<u>2,450</u>	<u>789</u>
<b>Finance costs</b>				
Interest on loans and borrowings	(308,311)	(316,551)	–	–
Interest on lease liabilities	(163,326)	(170,708)	(23)	(19)
Interest on amounts due to a subsidiary	–	–	(1,468)	(1,925)
Exchange loss on loans and borrowings	(604,966)	(436,772)	–	–
Fair value loss on investments at FVTPL	–	(86)	–	(86)
Fair value loss on financial derivatives	–	(5,795)	–	–
Other finance costs	(38,103)	(38,474)	–	–
Less capitalised interest expenses in property, plant and equipment from:				
– Interest on loans and borrowings	21,282	12,126	–	–
– Interest on lease liabilities	5,797	8,674	–	–
	<u>(1,087,627)</u>	<u>(947,586)</u>	<u>(1,491)</u>	<u>(2,030)</u>

## 29. PROFIT BEFORE TAX

## (a) Auditors' remuneration charged to profit or loss comprises:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Auditors' remuneration</b>				
Audit fees				
– KPMG PLT	(1,504)	(1,509)	(492)	(423)
– Overseas affiliates of KPMG PLT	(8,441)	(9,853)	(438)	(442)
– Other auditors	(354)	(357)	–	–
Non-audit fees				
– KPMG PLT	(926)	(499)	(476)	(499)
– Overseas affiliates of KPMG PLT	(3,855)	(2,051)	(503)	(510)
– Other auditors	(1,708)	(1,190)	–	–

## 29. PROFIT BEFORE TAX (continued)

## (b) Profit before tax is arrived at after crediting/(charging):

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Material income/(expenses)</b>					
Government grants		71,175	288,164	278	882
Exchange gains/(losses) – net		10,512	7,231	331	5,538
Realisation of FCTR upon substantive liquidation of a subsidiary and a joint venture		–	132,971	–	–
Impairment loss (made)/written back					
– Goodwill	6	(6,090)	(396,513)	–	–
– Trade and other receivables		(80,605)	(107,433)	–	–
– Inventories		973	(557)	–	–
Write-off:					
– Property, plant and equipment	3	(1,863)	(2,921)	–	–
– Trade and other receivables		(20,749)	(10,166)	–	(243)
– Inventories		(3,601)	(3,852)	–	–
Gain on disposal of property, plant and equipment		14,975	10,024	–	–
Gain on disposal of an investment property	16	16,335	–	–	–
Gain on disposal of subsidiaries	40	53,032	5,849	–	–
Gain/(Loss) on disposal of joint ventures	9,16	139,053	(407)	–	–
Change in fair value of investment properties	5	87,107	45,471	–	–
Remeasurement to fair value of interest in a joint venture	40	86,061	–	–	–
Provision for loan taken by a joint venture	24	(2,563)	14	–	–

## Government grants

The Group received various grants to help deal with the impact from COVID-19 pandemic, including RM46.2 million in Singapore (2020: RM151.3 million and RM34.1 million in Singapore and Hong Kong respectively) related to wage subsidy programmes introduced in response to the COVID-19 pandemic. The grants were recognised in profit or loss in 'other operating income' as the related wages and salaries were recognised.

In 2020, the Group also received RM38.4 million related to property tax rebates received from the Singapore Government, via landlords. The grant was recognised in profit or loss in 'other operating expense'.

## Notes to the Financial Statements

## 30. OTHER COMPREHENSIVE INCOME

Group	2021			2020		
	Before tax RM'000	Tax benefit RM'000 (Note 11)	Net of tax RM'000	Before tax RM'000	Tax benefit RM'000 (Note 11)	Net of tax RM'000
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences from foreign operations	(397,621)	–	(397,621)	(246,152)	–	(246,152)
Realisation of FCTR upon disposal/substantive liquidation of subsidiaries and a joint venture	47,723	–	47,723	(132,971)	–	(132,971)
Hedge of net investments in foreign operations	151,274	–	151,274	(59,978)	–	(59,978)
Cash flow hedge:						
– Changes in fair value	11,617	–	11,617	(7,995)	–	(7,995)
– Reclassification adjustments for losses included in profit or loss	–	–	–	131	–	131
	11,617	–	11,617	(7,864)	–	(7,864)
Cost of hedging reserve	(213)	–	(213)	234	–	234
	(187,220)	–	(187,220)	(446,731)	–	(446,731)
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Remeasurement of defined benefit liabilities (note 22 and 23)	(11,912)	3,400	(8,512)	(12,763)	3,171	(9,592)
	(199,132)	3,400	(195,732)	(459,494)	3,171	(456,323)

Company	2021		2020	
	Before tax RM'000	Net of tax RM'000	Before tax RM'000	Net of tax RM'000
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences from foreign operations	40	40	28	28

## 31. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Directors of the Company to be key management personnel in accordance with MFRS 124, *Related Party Disclosures*.

The key management personnel compensation are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-executive Directors:				
– Fees	8,522	8,021	5,593	4,655
– Remuneration and other benefits	28	28	28	28
– Share-based payment	1,065	4,000	–	–
	9,615	12,049	5,621	4,683
Executive Director:				
– Remuneration and other benefits	23,124	20,234	10,369	9,860
	32,739	32,283	15,990	14,543

The estimated monetary value of Directors' benefit-in-kind is RM156,000 (2020: RM163,000).

## 32. INCOME TAX EXPENSE

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current tax expense</b>				
Current year	565,593	361,436	1,486	3,066
Over provided in prior years	(7,486)	(10,757)	(167)	(610)
	558,107	350,679	1,319	2,456
<b>Deferred tax (credit)/expense</b>				
Origination and reversal of temporary differences	(209,389)	5,423	(205)	(1,073)
Changes in tax rates	32,579	–	–	–
(Over)/Under provided in prior years	(2,145)	5,559	189	–
11	(178,955)	10,982	(16)	(1,073)
	379,152	361,661	1,303	1,383

## Reconciliation of income tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	2,555,737	567,507	1,305,874	308,050
Less:				
Share of profits of associates (net of tax)	(31,034)	(7,072)	–	–
Share of profits of joint ventures (net of tax)	(8,822)	(11,316)	–	–
	2,515,881	549,119	1,305,874	308,050
Income tax calculated using Malaysia tax rate of 24% (2020: 24%)	603,811	131,789	313,410	73,932
Effect of tax rates in foreign jurisdictions	(94,882)	(44,228)	(227)	(350)
Effect of change in tax rates	32,579	–	–	–
Tax exempt income	(181,992)	(118,228)	(334,543)	(94,095)
Tax incentive	(215)	(73)	–	–
Non-deductible expenses	226,717	135,392	22,641	22,506
Recognition of deferred tax assets	(228,246)	(2,127)	–	–
Deferred tax assets not recognised	31,011	264,334	–	–
(Over)/Under provided in prior years	(9,631)	(5,198)	22	(610)
	379,152	361,661	1,303	1,383



## Notes to the Financial Statements

## 33. EARNINGS PER SHARE

	Group	
	2021	2020
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)		
Profit after tax and non-controlling interests	1,862,525	288,882
Perpetual securities distribution	(88,300)	(89,843)
	1,774,225	199,039
<b>Basic earnings per share</b>		
Weighted average number of shares ('000)	8,782,187	8,775,950
Basic earnings per share (sen)	20.20	2.27

**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	
	2021	2020
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,782,187	8,775,950
Weighted average number of unissued ordinary shares from units under LTIP ('000)	459	3,137
Weighted average number of unissued ordinary shares from units under EOS ('000)	85	–
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	8,782,731	8,779,087
Diluted earnings per share (sen)	20.20	2.27

At 31 December 2021, 21,509,000 outstanding EOS options (2020: 46,831,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices of the Company for the period during which the options were outstanding.

## 34. DIVIDENDS

Dividends recognised by the Company:

	Per ordinary share sen	Total amount RM'000	Date of payment
<b>2021</b>			
First and final single tier cash dividend for financial year ended 31 December 2020	4.0	351,163	30 April 2021
<b>2020</b>			
First and final single tier cash dividend for financial year ended 31 December 2019	4.0	350,960	30 April 2020
First and final single tier cash dividend for financial year ended 31 December 2021		6.0	527,906*

\* Based on 8,798,432,000 ordinary shares as at 23 February 2022.

## 35. SEGMENT REPORTING

**Operating segments**

The Group has seven reportable segments, as described below, which are the Group's strategic business units. Except for IMU Health and PLife REIT, the strategic business units offer hospital and healthcare services in different locations, and are managed separately. IMU Health is an educational service provider while PLife REIT is a real estate investment trust. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis.

The Group's reportable segments comprise:

- Singapore
- Malaysia
- India
- Greater China
- Acibadem Holdings
- IMU Health
- PLife REIT

Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment EBITDA.

Inter-segment pricing is determined on negotiated basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## Notes to the Financial Statements

## 35. SEGMENT REPORTING (continued)

	Parkway Pantai <sup>(1)</sup>					Acibadem Holdings CEE <sup>(3)</sup>	IMU Health Malaysia	PLife REIT <sup>(1)</sup>	Others <sup>(4)</sup>	Eliminations	Total
	Singapore	Malaysia	India	Greater China	PPL Others <sup>(2)</sup>						
<b>2021</b>											
<b>Revenue and expenses</b>											
Revenue from external customers	5,033,275	2,727,152	3,728,777	876,887	5,015	4,347,258	257,647	153,167	2,585	–	17,131,763
Inter-segment revenue	118,501	1,000	95	–	2,509,507	–	2,411	217,527	1,394,306	(4,243,347)	–
Total segment revenue	5,151,776	2,728,152	3,728,872	876,887	2,514,522	4,347,258	260,058	370,694	1,396,891	(4,243,347)	17,131,763
EBITDA	1,783,209	760,144	666,473	(69,554)	2,319,398	1,198,862	86,709	349,919	1,309,104	(4,124,834)	4,279,430
Depreciation and impairment of property, plant and equipment	(169,622)	(212,335)	(155,180)	(349,275)	(875)	(191,898)	(12,834)	(23,817)	(245)	–	(1,116,081)
Depreciation and impairment of ROU assets	(285,099)	(25,847)	(34,834)	(78,267)	(2,084)	(83,200)	(4,172)	(12,711)	(988)	206,343	(320,859)
Amortisation of intangible assets	–	(3,051)	(26,771)	(3,956)	–	(12,834)	(639)	–	–	–	(47,251)
Foreign exchange differences	(453)	(183)	1,911	438	2,376	89	2	6,001	331	–	10,512
Finance income	343	10,645	14,665	4,936	5,007	496,093	2,530	12,831	2,450	(5,899)	543,601
Finance costs	(13,236)	(1,029)	(122,943)	(66,242)	(16,621)	(864,216)	–	(14,439)	(1,467)	12,566	(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 (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	1,367,995	524,124	637,712	(590,983)	2,287,252	542,896	71,596	317,784	1,309,185	(3,911,824)	2,555,737
Income tax expense	(216,815)	(125,535)	(119,383)	(6,874)	(14,269)	146,597	(17,036)	(24,527)	(1,310)	–	(379,152)
Profit/(Loss) for the year	1,151,180	398,589	518,329	(597,857)	2,272,983	689,493	54,560	293,257	1,307,875	(3,911,824)	2,176,585
<b>Assets and liabilities</b>											
Cash and cash equivalents	240,884	287,144	2,188,152	334,779	269,220	279,815	123,119	79,485	1,215,082	–	5,017,680
Other assets	13,990,313	6,080,287	7,349,787	3,789,831	3,865,249	4,516,816	536,791	5,040,588	200,327	(4,877,400)	40,492,589
Segment assets as at 31 December 2021	14,231,197	6,367,431	9,537,939	4,124,610	4,134,469	4,796,631	659,910	5,120,073	1,415,409	(4,877,400)	45,510,269
Loans and borrowings	–	300,000	689,545	3,201,887	355,813	1,716,517	38,025	2,545,131	–	–	8,846,918
Other liabilities	5,363,537	822,734	2,972,975	1,035,515	1,086,984	2,267,330	178,195	405,483	47,074	(4,793,307)	9,386,520
Segment liabilities as at 31 December 2021	5,363,537	1,122,734	3,662,520	4,237,402	1,442,797	3,983,847	216,220	2,950,614	47,074	(4,793,307)	18,233,438

## Notes to the Financial Statements

## 35. SEGMENT REPORTING (continued)

	Parkway Pantai <sup>(1)</sup>					Acibadem Holdings CEE <sup>(3)</sup>	IMU Health Malaysia	PLife REIT <sup>(1)</sup>	Others <sup>(4)</sup>	Eliminations	Total
	Singapore RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	PPL Others <sup>(2)</sup> RM'000						
<b>2020</b>											
<b>Revenue and expenses</b>											
Revenue from external customers	3,886,504	2,187,134	2,655,752	662,433	142,069	3,462,176	248,703	154,980	4,853	–	13,404,604
Inter-segment revenue	107,778	1,000	–	–	102,592	–	3,193	212,046	390,332	(816,941)	–
Total segment revenue	3,994,282	2,188,134	2,655,752	662,433	244,661	3,462,176	251,896	367,026	395,185	(816,941)	13,404,604
EBITDA	1,433,058	555,928	200,513	(146,540)	19,767	796,057	75,672	308,853	308,932	(675,953)	2,876,287
Depreciation and impairment of property, plant and equipment	(163,318)	(192,296)	(169,968)	(179,848)	(6,657)	(212,506)	(11,973)	(23,468)	(289)	–	(960,323)
Depreciation and impairment of ROU assets	(280,012)	(23,269)	(72,535)	(74,500)	(11,767)	(100,717)	(4,807)	(12,640)	(18)	201,174	(379,091)
Amortisation and impairment of intangible assets	(2,429)	(709)	(32,544)	(5,341)	–	(16,232)	(644)	–	–	–	(57,899)
Foreign exchange differences	(313)	(174)	(3,023)	(1,216)	6,077	41	27	274	5,538	–	7,231
Finance income	589	20,215	27,620	54,356	9,829	184,426	3,345	21	789	(58,335)	242,855
Finance costs	(22,125)	(3,227)	(139,857)	(130,290)	(34,596)	(667,284)	21	(18,457)	(2,011)	70,240	(947,586)
Share of profits/(losses) of associates (net of tax)	1,639	–	1,564	–	3,941	(72)	–	–	–	–	7,072
Share of profits/(losses) of joint ventures (net of tax)	840	–	11,207	(731)	–	–	–	–	–	–	11,316
Others	35,961	(10,230)	(457,063)	(407)	(7,340)	13,188	–	–	193,536	–	(232,355)
Profit/(Loss) before tax	1,003,890	346,238	(634,086)	(484,517)	(20,746)	(3,099)	61,641	254,583	506,477	(462,874)	567,507
Income tax expense	(142,251)	(97,079)	(43,842)	(7,215)	(17,229)	(11,737)	(15,747)	(25,171)	(1,390)	–	(361,661)
Profit/(Loss) for the year	861,639	249,159	(677,928)	(491,732)	(37,975)	(14,836)	45,894	229,412	505,087	(462,874)	205,846
<b>Assets and liabilities</b>											
Cash and cash equivalents	252,452	674,244	1,979,604	421,345	524,135	87,129	32,646	69,417	146,834	–	4,187,806
Other assets	12,867,764	6,066,746	7,208,493	3,888,852	2,866,810	4,888,806	577,544	4,881,019	213,689	(3,113,269)	40,346,454
Segment assets as at 31 December 2021	13,120,216	6,740,990	9,188,097	4,310,197	3,390,945	4,975,935	610,190	4,950,436	360,523	(3,113,269)	44,534,260
Loans and borrowings	–	–	994,001	2,894,479	1,401,975	1,929,211	13,677	2,427,717	–	–	9,661,060
Other liabilities	4,178,228	752,825	2,299,941	967,531	157,015	1,867,258	179,883	402,477	54,807	(3,022,134)	7,837,831
Segment liabilities as at 31 December 2021	4,178,228	752,825	3,293,942	3,862,010	1,558,990	3,796,469	193,560	2,830,194	54,807	(3,022,134)	17,498,891

1. Parkway Pantai Group, per the corporate structure, comprises the "Parkway Pantai" and "PLife REIT" segments.
2. "PPL Others" comprises mainly Parkway Pantai's associate in Brunei, corporate office as well as other investment holding entities within Parkway Pantai.
3. "CEE" refers to Central and Eastern Europe.
4. Others comprises mainly the Group's corporate office as well as other investment holding entities.

## Notes to the Financial Statements

## 35. SEGMENT REPORTING (continued)

## Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

	Singapore RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	Japan RM'000	CEE RM'000	Other regions RM'000	Others <sup>(1)</sup> RM'000	Eliminations RM'000	Total RM'000
<b>2021</b>										
Revenue from external customers	5,033,275	2,984,937	3,728,777	876,887	153,029	4,347,258	–	7,600	–	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
<b>2020</b>										
Revenue from external customers	3,886,504	2,435,979	2,655,752	662,433	154,838	3,462,176	138,416	8,506	–	13,404,604
Non-current assets <sup>(2)</sup>	14,274,868	5,971,093	5,705,977	3,715,290	2,362,135	3,881,901	–	89,799	(93,346)	35,907,717

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.

## 36. FINANCIAL INSTRUMENTS

## (i) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Amortised cost
- Fair value through profit or loss (“FVTPL”)
  - Mandatorily required by MFRS 9
- Fair value through other comprehensive income (“FVOCI”)
  - Equity instrument designated upon initial recognition (“EIDUIR”)
- Derivatives used for hedging

## 36. FINANCIAL INSTRUMENTS (continued)

## (i) Categories of financial instruments (continued)

2021 Group	Carrying amount RM'000	Amortised cost RM'000	Mandatorily at FVTPL RM'000	FVOCI - EIDUIR RM'000	Derivatives used for hedging RM'000
<b>Financial assets</b>					
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	–	–	–
	<u>8,316,815</u>	<u>7,707,665</u>	<u>507,227</u>	<u>72,581</u>	<u>29,342</u>
<b>Financial liabilities</b>					
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)
	<u>(12,091,288)</u>	<u>(12,090,817)</u>	<u>–</u>	<u>–</u>	<u>(471)</u>
<b>Company</b>					
<b>Financial assets</b>					
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	–	–	–
	<u>1,395,123</u>	<u>1,283,729</u>	<u>111,394</u>	<u>–</u>	<u>–</u>
<b>Financial liabilities</b>					
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.



## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (i) Categories of financial instruments (continued)

2020 Group	Carrying amount RM'000	Amortised cost RM'000	Mandatorily at FVTPL RM'000	FVOCI - EIDUIR RM'000	Derivatives used for hedging RM'000
<b>Financial assets</b>					
Other financial assets					
– Unquoted shares	59,714	–	–	59,714	–
– Money market funds	190,915	–	190,915	–	–
– Mutual funds	690	–	690	–	–
– Fixed deposits	234,758	234,758	–	–	–
Trade and other receivables <sup>(1)</sup>	1,900,834	1,900,834	–	–	–
Derivative assets					
– Foreign exchange forward contracts	6,778	–	6,778	–	–
– Cross currency swaps	128,349	–	128,349	–	–
– Cross currency interest rate swaps	3,883	–	–	–	3,883
– Interest rate caps	2,704	–	–	–	2,704
Cash and cash equivalents	4,187,806	4,187,806	–	–	–
	<u>6,716,431</u>	<u>6,323,398</u>	<u>326,732</u>	<u>59,714</u>	<u>6,587</u>
<b>Financial liabilities</b>					
Bank overdrafts	(22,401)	(22,401)	–	–	–
Loans and borrowings	(9,661,060)	(9,661,060)	–	–	–
Trade and other payables <sup>(2)</sup>	(2,678,609)	(2,678,609)	–	–	–
Derivative liabilities					
– Foreign exchange forward contracts	(373)	–	(373)	–	–
– Interest rate swaps	(886)	–	–	–	(886)
– Cross currency interest rate swaps	(6,857)	–	–	–	(6,857)
	<u>(12,370,186)</u>	<u>(12,362,070)</u>	<u>(373)</u>	<u>–</u>	<u>(7,743)</u>
<b>Company</b>					
<b>Financial assets</b>					
Money market funds	190,915	–	190,915	–	–
Trade and other receivables <sup>(1)</sup>	53,243	53,243	–	–	–
Cash and cash equivalents	146,676	146,676	–	–	–
	<u>390,834</u>	<u>199,919</u>	<u>190,915</u>	<u>–</u>	<u>–</u>
<b>Financial liabilities</b>					
Trade and other payables <sup>(2)</sup>	(94,993)	(94,993)	–	–	–

1 Excludes prepayments.

2 Excludes liabilities on put options granted to non-controlling interests, deposits, rental advance billings and contract liabilities.

## 36. FINANCIAL INSTRUMENTS (continued)

## (ii) Net gains/(losses) arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at amortised cost				
– Recognised in profit or loss	(52,270)	(48,455)	1,517	546
Financial liabilities at amortised cost				
– Recognised in profit or loss	(932,661)	(779,657)	(1,468)	(1,925)
Financial instruments mandatorily at FVTPL				
– Recognised in profit or loss	497,102	174,449	3,518	4,767
Derivatives used for hedging				
– Recognised in profit or loss	–	(1,766)	–	–
– Recognised in other comprehensive income	30,417	(13,959)	–	–
	<u>30,417</u>	<u>(15,725)</u>	<u>–</u>	<u>–</u>
	<u>(457,412)</u>	<u>(669,388)</u>	<u>3,567</u>	<u>3,388</u>

## (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

## 36. FINANCIAL INSTRUMENTS (continued)

## (iv) Credit risk (continued)

## Trade receivables (continued)

## Exposure to credit risk, credit quality and collateral

As the Group does not require any collateral in respect of its financial assets, the maximum exposure to credit risk are represented by the carrying amounts of financial assets in the statements of financial position.

## Credit risk concentration profile

The exposure of credit risk for trade receivables as at the end of the reporting period (by geographical distribution) were as follows:

	Note	Group	
		2021 RM'000	2020 RM'000
Malaysia		389,327	309,703
Singapore		1,032,650	570,559
India		496,420	517,777
North Asia		83,484	53,324
Middle East		7,598	17,497
South East Asia		36,861	27,516
CEE		440,543	515,704
Others		13,888	7,219
		<u>2,500,771</u>	<u>2,019,299</u>
Impairment losses		(346,823)	(378,313)
	14	<u>2,153,948</u>	<u>1,640,986</u>

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. As at 31 December 2020, there were no significant customer with outstanding trade receivables which was individually 5% or more of the Group's gross trade receivables.

## Recognition and measurement of impairment losses

The Group uses a provision matrix to measure the lifetime expected credit loss ("ECL") allowance for trade receivables. In measuring the ECL, trade receivables are grouped based on shared credit risk characteristics such as customer types, geographic region and days past due. Customer types include self-pay customers, insurers, third party administrators and government bodies.

Loss rate is calculated using a "roll-rate" method based on the probability of a receivable progressing through successive stages of delinquency to being written off.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers, based on actual credit loss experience over the past four years. This is adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The scalar factors for self-pay customers are based on actual and forecast real income growth rates of respective countries. The scalar factors for corporate and government customers are based on default probability risk rates of the customer.

## 36. FINANCIAL INSTRUMENTS (continued)

## (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 amount RM'000	Impairment loss RM'000	Net balance RM'000
<b>2021</b>			
<b>Not credit impaired</b>			
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
	<u>2,394,121</u>	<u>(262,001)</u>	<u>2,132,120</u>
<b>Credit impaired</b>			
Individually impaired	106,650	(84,822)	21,828
	<u>2,500,771</u>	<u>(346,823)</u>	<u>2,153,948</u>
<b>2020</b>			
<b>Not credit impaired</b>			
Not past due	867,105	(3,249)	863,856
Past due 1 – 30 days	335,676	(2,432)	333,244
Past due 31 – 180 days	293,663	(15,284)	278,379
Past due 181 days – 1 year	63,889	(31,547)	32,342
Past due more than 1 year	347,950	(226,385)	121,565
	<u>1,908,283</u>	<u>(278,897)</u>	<u>1,629,386</u>
<b>Credit impaired</b>			
Individually impaired	111,016	(99,416)	11,600
	<u>2,019,299</u>	<u>(378,313)</u>	<u>1,640,986</u>

The movement in the allowance for impairment in respect of trade receivables during the year are shown below:

	Group RM'000
<b>At 1 January 2020</b>	314,311
Acquisitions through business combinations	1,604
Disposal of subsidiaries	(191)
Impairment loss	95,407
Written off	(25,735)
Translation differences	(7,083)
<b>At 31 December 2020/1 January 2021</b>	<u>378,313</u>
Acquisitions through business combinations	2,046
Disposal of subsidiaries	(5,477)
Impairment loss	26,369
Written off	(40,613)
Translation differences	(13,815)
<b>At 31 December 2021</b>	<u>346,823</u>

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (iv) Credit risk (continued)

**Fixed deposits and cash and cash equivalents**

Cash and fixed deposits are placed with financial institutions which are regulated and with good credit ratings. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group and the Company consider their fixed deposits and cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on fixed deposits and cash and cash equivalents was negligible.

**Amounts due from subsidiaries****Risk management objectives, policies and processes for managing the risk**

The Company provides unsecured advances to subsidiaries. The Company regularly monitors the ability of the subsidiaries to repay the advances on an individual basis.

**Exposure to credit risk, credit quality and collateral**

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

**Impairment losses**

The Company determines the probability of default from these receivables individually using internal information available. The Company considers these receivable balances as low credit risk unless there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly or the balance is overdue for more than 365 days. As at the end of the reporting period, the ECL allowance on these low-credit-risk balances is insignificant.

**Financial guarantees****Risk management objectives, policies and processes for managing the risk**

The Company provided unsecured financial guarantees to banks in respect of banking facilities and cross currency swaps ("CCS") arrangements granted to certain subsidiaries.

The Company monitors on an ongoing basis the abilities of the borrowing entities to service their loans and CCS obligations on an individual basis.

**Exposure to credit risk, credit quality and collateral**

The maximum exposure of the Company in respect of financial guarantees at 31 December 2021 amounted to RM958,051,000 (2020: RM1,342,214,000) 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 RM45,131,000 (2020: RM42,021,000) representing the Group's 50% share of bank loans drawn down and interest payable by KHPL (see note 24).

On 5 January 2017, the bank served a notice to KHPL that the hospital project was unlikely to be completed. In view that KHPL is unlikely to be able to repay the loan, the Group made a provision for its 50% share of the amounts KHPL owed the bank.

## 36. FINANCIAL INSTRUMENTS (continued)

## (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.

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:

	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
<b>Group</b>					
<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
	<u>16,031,799</u>	<u>18,532,955</u>	<u>5,257,857</u>	<u>9,602,095</u>	<u>3,673,003</u>
<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)	–	–	–	–
	<u>(424,704)</u>	<u>(304,352)</u>	<u>(82,498)</u>	<u>(221,854)</u>	<u>–</u>
	<u>15,607,095</u>	<u>18,228,603</u>	<u>5,175,359</u>	<u>9,380,241</u>	<u>3,673,003</u>

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (v) Liquidity risk (continued)

## Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Bank overdrafts	22,401	22,401	22,401	–	–
Loans and borrowings	9,661,060	10,431,109	1,171,158	6,422,507	2,837,444
Lease liabilities	1,945,310	3,351,160	400,319	1,226,959	1,723,882
Trade and other payables*	3,816,267	3,816,267	3,653,624	2,256	160,387
	<u>15,445,038</u>	<u>17,620,937</u>	<u>5,247,502</u>	<u>7,651,722</u>	<u>4,721,713</u>
<b>Derivative financial instruments</b>					
Foreign exchange forward contracts (gross-settled)	(6,405)				
– inflows		(259,501)	(99,663)	(159,838)	–
– outflows		252,108	96,961	155,147	–
Cross currency interest rate swaps (gross-settled)	2,974				
– inflows		(406,679)	(153,946)	(252,733)	–
– outflows		409,724	154,819	254,905	–
Cross currency swaps (gross-settled)	(128,349)				
– inflows		(1,183,004)	(246,908)	(936,096)	–
– outflows		1,311,353	333,208	978,145	–
Interest rate swaps (net-settled)	886	907	346	561	–
Interest rate caps (net-settled)	(2,704)	–	–	–	–
	<u>(133,598)</u>	<u>124,908</u>	<u>84,817</u>	<u>40,091</u>	<u>–</u>
	<u>15,311,440</u>	<u>17,745,845</u>	<u>5,332,319</u>	<u>7,691,813</u>	<u>4,721,713</u>

\* Excludes deposits, rental advance billings and contract liabilities

## 36. FINANCIAL INSTRUMENTS (continued)

## (v) Liquidity risk (continued)

## Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
<b>2021</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	2,303	2,334	1,018	1,316	–
Trade and other payables <sup>#</sup>	31,905	31,905	31,905	–	–
	<u>34,208</u>	<u>34,239</u>	<u>32,923</u>	<u>1,316</u>	<u>–</u>
<b>2020</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	253	254	254	–	–
Trade and other payables <sup>#</sup>	94,993	94,993	94,993	–	–
	<u>95,246</u>	<u>95,247</u>	<u>95,247</u>	<u>–</u>	<u>–</u>

# Excludes deposits and rental advance billings

## (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, Japanese Yen, India Rupee and Chinese Renminbi.

**Risk management objectives, policies and processes for managing the risk**

The Group uses foreign exchange forward contracts to manage its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investments in Japan. Where necessary, the foreign exchange forward contracts are rolled over at maturity.

The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as the foreign investment (i.e. natural hedge of net investments).

The Group also enters in cross currency interest rate swaps and cross currency swaps to realign borrowings to the same currency of the Group's foreign investments to achieve a natural hedge (see note 36(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 25.



## Notes to the Financial Statements

## 36. 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 RM'000	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	India Rupee RM'000	Chinese Renminbi RM'000	Others*
<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)	–	–
	213,938	463,304	(1,205,725)	(810)	(273,573)	1,371	(36,477)
<b>Off balance sheet net derivative assets</b>							
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.

Group	Singapore Dollar RM'000	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	India Rupee RM'000	Chinese Renminbi RM'000	Others*
<b>2020</b>							
<b>Carrying value</b>							
Trade and other receivables	–	20,631	925	–	23,220	–	283
Intra-group receivables	50,477	3,966	–	–	6,751	1,024	136
Cash and cash equivalents	35,873	24,470	3,311	1,864	–	7,366	397
Loans and borrowings	–	(653)	(1,244,247)	–	–	–	(631)
Trade and other payables	(102)	(83,524)	(6,169)	(1,170)	–	(6,229)	(1,812)
Intra-group payables	(91,017)	(390)	–	–	–	(1,531)	(31,618)
Liabilities on put options granted to non-controlling interests	–	–	(170,969)	–	(175,487)	–	–
	(4,769)	(35,500)	(1,417,149)	694	(145,516)	630	(33,245)
<b>Off balance sheet net derivative assets/liabilities</b>							
Foreign exchange forward contracts	–	3,235	3,531	(247,408)	–	–	–
Cross currency swaps	–	–	885,606	–	–	–	–
	(4,769)	(32,265)	(528,012)	(246,714)	(145,516)	630	(33,245)

\* Others include mainly British Pound, Hong Kong Dollar, Malaysian Ringgit, Swiss Franc, Australian Dollar and Bangladeshi Taka.

## 36. FINANCIAL INSTRUMENTS (continued)

## (vi) Market risk (continued)

## (a) Foreign currency risk (continued)

## Exposure to foreign currency risk (continued)

Company	Singapore Dollar RM'000	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000
<b>2021</b>				
Trade and other receivables	87,137	–	–	–
Cash and cash equivalents	201,062	–	4,107	–
Trade and other payables	–	(166)	–	–
	288,199	(166)	4,107	–
<b>2020</b>				
Trade and other receivables	35,989	–	3	–
Cash and cash equivalents	29,782	–	14,172	–
Trade and other payables	–	(3,012)	(276)	(95)
	65,771	(3,012)	13,899	(95)

## Sensitivity analysis

A 10% (2020: 10%) strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	2021		2020	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Singapore Dollar	–	21,394	–	(477)
United States Dollar	–	46,603	–	(3,227)
Euro	(43,937)	(8,662)	(17,097)	(35,704)
Japanese Yen	–	(21,535)	–	(24,671)
India Rupee	(23,550)	(3,807)	(17,549)	2,997
Chinese Renminbi	–	137	–	63
Others*	–	(3,648)	–	(3,324)
	(67,487)	30,482	(34,646)	(64,343)

\* Others include mainly British Pound, Malaysian Ringgit, Swiss Franc, Australian Dollar, and Bangladeshi Taka.

Company	2021		2020	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Singapore Dollar	–	28,820	–	6,577
Malaysian Ringgit	–	(17)	–	(301)
United States Dollar	–	411	–	1,390
Australian Dollar	–	–	–	(10)
	–	29,214	–	7,656

A 10% (2020: 10%) weakening of the above currencies against the respective functional currencies of the Group entities at the end of the reporting period would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (vi) Market risk (continued)

## (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 the Group's fixed deposits and its obligations with banks and financial institutions.

**Risk management objectives, policies and processes for managing the risk**

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its fixed deposits and variable rate borrowings on a short-term basis. In respect of long-term borrowings, the Group may enter into interest rate derivatives to manage its exposure to adverse movements in interest rates.

Interest rate swaps, cross currency interest rate swaps and interest rate caps have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy (see note 36(vii)).

The nominal value and fair value of the interest rate swaps, cross currency interest rate swaps and interest rate caps are disclosed in note 25.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because the uncertainty about when and how replacement may occur for the relevant hedged item and hedging instrument due to the interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

**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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Fixed rate instruments</b>				
Fixed deposits	1,833,408	1,125,757	890,042	97,000
Amounts due to a subsidiary	–	–	–	(81,571)
Bank loans	(246,575)	(61,398)	–	–
Fixed rate medium term notes	(431,713)	(462,925)	–	–
Loans from corporates	(4,543)	(4,573)	–	–
<b>Variable rate instruments</b>				
Bank overdrafts	(24,229)	(22,401)	–	–
Bank loans	(7,231,413)	(8,208,448)	–	–
Loans from corporates	(932,674)	(923,716)	–	–
Provision for loan taken by a joint venture	(45,131)	(42,021)	–	–
Interest rate caps	2,143	2,704	–	–
Interest rate swaps	(471)	(886)	–	–
Cross currency interest rate swaps	27,199	(2,974)	–	–

## 36. FINANCIAL INSTRUMENTS (continued)

## (vi) Market risk (continued)

## (b) Interest rate risk (continued)

**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 increase/(decrease) amounts charged or credited to profit or loss and equity as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group	Equity		Profit or loss	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
<b>2021</b>				
Interest rate caps	20,357	(253)	4,662	–
Interest rate swaps	3,013	(86)	1,613	(1,613)
Cross currency interest rate swaps	8,335	(8,680)	2,525	(2,525)
Other variable rate instruments	–	–	(82,987)	82,987
	31,705	(9,019)	(74,187)	78,849
<b>2020</b>				
Interest rate caps	26,394	(308)	4,968	–
Interest rate swaps	4,322	(1,026)	3,168	(3,168)
Cross currency interest rate swaps	12,509	(13,118)	4,017	(4,017)
Other variable rate instruments	–	–	(92,179)	92,179
	43,225	(14,452)	(80,026)	84,994

**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.

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (vi) Market risk (continued)

## (b) Interest rate risk (continued)

## Managing interest rate benchmark reform and associated risks (continued)

## Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by interest rate benchmark reform as at 31 December 2021. As the last loan repricing took place on 15 November 2021, the Group's hedged items and hedging instruments continue to be indexed to Japanese Yen LIBOR.

As at the reporting date, the Group has completed supplementary loan agreement for certain bank loans at no increase in loan interest and finalised the key term of the derivatives instrument arising from the IBORs reform with the respective counterparties. The interest bearing loans and derivatives (hedging instruments) will be transited on the same date and to the same benchmark indexes to avoid any ineffectiveness in relation to the application of the hedge accounting. The hedging relationships were not affected arising from this transition.

The Group's exposure to Japanese Yen LIBOR or Singapore-dollar SOR designated in hedging relationships is SGD332.4 million and SGD81.9 million (equivalent to approximately RM1.02 billion and RM252.3 million) nominal amount at 31 December 2021, respectively, representing both the nominal amount of the derivative financial instruments and the principal amount of the Group's hedged JPY-denominated and SGD-denominated committed bank loan liabilities maturing in 2024 to 2027.

## (vii) Hedging activities

## Interest rate caps

As part of the Group's effort in managing its exposure to interest rate movement on its floating rate loans, the Group also entered into interest rate caps during the year. As at 31 December 2021, the Group had interest rate caps with a notional principal of RM863,268,000 (2020: RM925,428,000).

These instruments are designated as hedging instruments. As at 31 December 2021, the change of time value of the interest rate caps of RM213,000 loss (2020: RM234,000 gain) was recognised in the cost of hedging reserve. There was no intrinsic value recognised in the hedge reserve during the year.

## Cash flow hedge

The Group manages its exposure to interest rate movements on certain floating rate loans and borrowings by entering into interest rate swaps, where appropriate. As at 31 December 2021, the Group has interest rate swaps with a total notional amount of RM161,085,000 (2020: RM318,602,000) to provide fixed rate funding up to 2024 (2020: up to 2024) at a weighted average effective interest rate of 0.16% (2020: 0.13%) per annum.

Also, the Group has cross currency interest rate swaps ("CCIRS") with notional amount of RM252,311,000 (2020: RM404,029,000) as at 31 December 2021 to manage its foreign currency risk and interest rate risk arising from the financing of Japanese properties using Singapore dollar facilities. To maintain a natural hedge, the Group utilised CCIRS to realign the Singapore dollar denominated loans back into effective Japanese Yen denominated loans to match its underlying Japanese Yen denominated assets.

## 36. FINANCIAL INSTRUMENTS (continued)

## (vii) Hedging activities (continued)

## Cash flow hedge (continued)

As at 31 December 2021, where the interest rate swaps and cross currency interest rate swaps were designated as hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the swaps of RM11,617,000 gain (2020: RM7,995,000 loss) and RM19,013,000 gain (2020: RM6,329,000 loss) were recognised in the hedge reserve and FCTR respectively.

In 2020, where hedge accounting was discontinued, not practised or ineffective, change in fair value of interest rate swaps amounting to RM144,000 gain was charged to profit or loss. Accordingly, change in fair value of these interest rate swaps, previously recognised in the hedge reserve amounting to RM131,000 loss was reclassified to profit or loss. Change in fair value of CCIRS of RM1,779,000 loss was also recognised in profit or loss.

At 31 December 2021, the Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity			
	2021 Within 1 year	2021 More than 1 year	2020 Within 1 year	2020 More than 1 year
<b>Interest rate risk</b>				
<b>Cross currency interest rate swaps</b>				
Net exposure (RM'000)	–	252,311	153,186	250,843
Fixed interest rate	–	0.36%	0.54%	0.36%
<b>Interest rate swaps</b>				
Net exposure (RM'000)	–	161,085	145,919	172,683
Fixed interest rate	–	0.16%	0.10%	0.16%
<b>Interest rate caps</b>				
Net exposure (RM'000)	–	863,268	–	925,428
Fixed interest cap rate	–	0.25%	–	0.25%

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (vii) Hedging activities (continued)

## Cash flow hedge (continued)

The amounts at 31 December relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness RM'000	Hedge reserve RM'000	Cost of hedging reserve RM'000	Balances remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
<b>Interest rate risk</b>				
<b>2021</b>				
Variable-rate instruments	–	277	332	–
<b>2020</b>				
Variable-rate instruments	–	(3,857)	408	–

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income (“OCI”) items resulting from cash flow hedge accounting:

	2021 Cost of hedging reserve RM'000	2021 Hedge reserve RM'000	2020 Cost of hedging reserve RM'000	2020 Hedge reserve RM'000
<b>Cash flow hedge</b>				
<b>At 1 January</b>	408	12,454	325	15,251
Changes in fair value	(213)	11,617	234	(7,995)
Hedge ineffectiveness recognised in profit or loss	–	–	–	131
	(213)	11,617	234	(7,864)
OCI attributed to NCI	137	(7,485)	(151)	5,066
Changes in ownership interest in subsidiaries with no change in control	–	1	–	1
<b>At 31 December</b>	<b>332</b>	<b>16,587</b>	<b>408</b>	<b>12,454</b>

## 36. FINANCIAL INSTRUMENTS (continued)

## (vii) Hedging activities (continued)

## Cash flow hedge (continued)

The amounts relating to items designated as hedging instruments were as follows:

Interest rate risk	Nominal amount RM'000	Carrying amount		Line item in the statement of financial position where the hedging instrument is included		Changes in the value of the hedging instrument recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Cost of hedging recognised in OCI RM'000	Line item in profit or loss that includes hedge ineffectiveness
		Assets RM'000	Liabilities RM'000	the hedging instrument is included	the hedged item is included				
<b>2021</b>									
Cross currency interest rate swaps	252,311	27,199	–	Financial derivatives	Loans and borrowings	11,197	–	–	Not applicable
Interest rate swaps	161,085	–	(471)	Financial derivatives	Loans and borrowings	420	–	–	Not applicable
Interest rate caps	863,268	2,143	–	Financial derivatives	Loans and borrowings	–	–	(213)	Not applicable
						<u>11,617</u>	<u>–</u>	<u>(213)</u>	
<b>2020</b>									
Cross currency interest rate swaps	404,029	3,883	(6,857)	Financial derivatives	Loans and borrowings	(7,951)	(1,779)	–	Finance cost
Interest rate swaps	318,602	–	(886)	Financial derivatives	Loans and borrowings	(44)	(131)	–	Finance cost
Interest rate caps	925,428	2,704	–	Financial derivatives	Loans and borrowings	–	–	234	Not applicable
						<u>(7,995)</u>	<u>(1,910)</u>	<u>234</u>	

## Hedge of net investments in foreign operations

The Group's Japanese Yen (“JPY”) denominated unsecured bank loans were designated as a natural hedge of the Group's net investments in Japan. In 2014, the Group refinanced a JPY denominated loan with a Singapore Dollar (“SGD”) denominated loan which was overlaid with a cross currency interest rate swaps to realign this SGD borrowing into an effective JPY loan to maintain a natural hedge for its net investments in Japan.

The amounts related to items designated as hedging instruments were as follows:

Foreign currency risk	Nominal amount RM'000	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Line item in profit or loss that includes hedge ineffectiveness
		Assets RM'000	Liabilities RM'000				
<b>2021</b>							
Foreign currency denominated loans and borrowings	2,033,670	–	(2,027,288)	Loans and borrowings	151,274	–	Not applicable
<b>2020</b>							
Foreign currency denominated loans and borrowings	2,193,817	–	(2,186,912)	Loans and borrowings	(59,976)	–	Not applicable



## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (vii) Hedging activities (continued)

## Hedge of net investments in foreign operations (continued)

The amounts related to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness RM'000	Foreign currency translation reserve RM'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied RM'000
<b>2021</b>			
Net investment in SPEs with JPY functional currency	(149,585)	(162,012)	–
<b>2020</b>			
Net investment in SPEs with JPY functional currency	60,062	(12,274)	–

## (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 2021	Note	Fair value				Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>						
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	25	–	21,451	–	21,451	21,451
Cross currency swaps	25	–	374,382	–	374,382	374,382
Cross currency interest rate swaps	25	–	27,199	–	27,199	27,199
Interest rate caps	25	–	2,143	–	2,143	2,143
		–	536,569	72,581	609,150	609,150
<b>Financial liabilities</b>						
Liabilities on put options granted to NCI	24	–	–	(1,938,448)	(1,938,448)	(1,938,448)
Interest rate swaps	25	–	(471)	–	(471)	(471)
		–	(471)	(1,938,448)	(1,938,919)	(1,938,919)

## 36. FINANCIAL INSTRUMENTS (continued)

## (viii) Fair value information (continued)

Group 2020	Note	Fair value				Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>						
Unquoted shares at FVOCI	10	–	–	59,714	59,714	59,714
Money market funds at FVTPL	10	–	190,915	–	190,915	190,915
Mutual funds at FVTPL	10	–	690	–	690	690
Foreign exchange forward contracts	25	–	6,778	–	6,778	6,778
Cross currency swaps	25	–	128,349	–	128,349	128,349
Cross currency interest rate swaps	25	–	3,883	–	3,883	3,883
Interest rate caps	25	–	2,704	–	2,704	2,704
		–	333,319	59,714	393,033	393,033
<b>Financial liabilities</b>						
Liabilities on put options granted to NCI	24	–	–	(1,137,658)	(1,137,658)	(1,137,658)
Foreign exchange forward contracts	25	–	(373)	–	(373)	(373)
Interest rate swaps	25	–	(886)	–	(886)	(886)
Cross currency interest rate swaps	25	–	(6,857)	–	(6,857)	(6,857)
		–	(8,116)	(1,137,658)	(1,145,774)	(1,145,774)

## Company

## 2021

## Financial assets

Money market funds at FVTPL	10	–	111,394	–	111,394	111,394
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## 2020

## Financial assets

Money market funds at FVTPL	10	–	190,915	–	190,915	190,915
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## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (continued)

## (viii) Fair value information (continued)

## Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices that are observable for the financial assets or liabilities either directly or indirectly.

## Derivatives, money market funds and mutual funds

The fair value of foreign exchange forward contracts, cross currency swaps, cross currency interest rate swaps, interest rate swaps, interest rate caps, money market funds and mutual funds are based on banker quotes.

## Transfer between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year (2020: no transfer in either direction).

## Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Unquoted shares at FVOCI RM'000	Liabilities on put options granted to NCI RM'000
<b>At 1 January 2020</b>	30,645	(1,033,565)
Purchase of equity investments	28,539	–
Change in fair value to equity	–	(160,208)
Translation differences	530	56,115
<b>At 31 December 2020/1 January 2021</b>	59,714	(1,137,658)
Arising from business combinations	–	(66,351)
Disposal of subsidiaries	–	61,793
Purchase of equity investments	12,722	–
Change in fair value to equity	–	(1,061,542)
Translation differences	145	265,310
<b>At 31 December 2021</b>	72,581	(1,938,448)

## 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.

## 36. FINANCIAL INSTRUMENTS (continued)

## (viii) Fair value information (continued)

## Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

## (a) Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Group</b>			
Interest rate swaps, foreign exchange forward contracts, cross currency swaps, cross currency interest rate swaps and interest rate caps	<i>Market comparison technique:</i> The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.	Not applicable	Not applicable
Liabilities on put options granted to non-controlling interests	<i>Discounted cash flows:</i> The fair values are based on the subsidiary's equity value computed mainly using the discounted cash flow method based on present value of projected free cash flows of the subsidiary discounted using a risk-adjusted discount rate. For liabilities on put options granted to non-controlling interests, the expected payment is then discounted using a risk-adjusted discount rate.	Risk-adjusted discount rates at 7.7% to 16.52% (2020: 8.3% to 15.0%)	The estimated fair value would increase/ (decrease) if the risk-adjusted discount rates were lower/ (higher).
	<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.	Enterprise Value/Earnings before interest, tax, depreciation and amortization (EV/ EBITDA) multiple.	The estimated fair value would increase/ (decrease) if the weighted average EV/EBITDA multiple were higher/(lower).
Equity investments – at FVOCI	<i>Market approach:</i> The fair values are computed by taking into consideration comparable companies of the equity investments, market multiples, financial information of the equity investments, enterprise to equity value and a discount/premium applied in the valuation.	Not applicable	Not applicable

## Notes to the Financial Statements

## 36. 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
<b>Group</b>	
Unsecured fixed rate medium term notes	<i>Market comparison technique:</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.

## 37. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

	Note	Group	
		2021 RM'000	2020 RM'000
Loans and borrowings	20	8,846,918	9,661,060
Bank overdrafts		24,229	22,401
Lease liabilities		2,002,534	1,945,310
Less: Cash and cash equivalents	15	(5,017,680)	(4,187,806)
Net debt		<u>5,856,001</u>	<u>7,440,965</u>
Total equity		<u>27,276,831</u>	<u>27,035,369</u>
Debt-to-equity ratio		<u>0.21</u>	<u>0.28</u>

There were no changes in the Group's approach to capital management during the financial year.

Except as disclosed in note 20, the Group complies with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

## 38. CAPITAL AND OTHER COMMITMENTS

	Group	
	2021 RM'000	2020 RM'000
(a) Capital expenditure commitments		
Property, plant and equipment and investment properties		
– Contracted but not provided for	<u>541,431</u>	<u>631,682</u>
(b) Joint venture		
Share of capital commitment of joint venture	<u>–</u>	<u>184</u>
(c) Other commitments		
Maximum amount committed for Fortis Open Offer <sup>1</sup>	1,896,122	1,890,215
Maximum amount committed for Malar Open Offer <sup>1</sup>	<u>16,070</u>	<u>16,020</u>
	<u>1,912,192</u>	<u>1,906,235</u>

<sup>1</sup> The actual number of Fortis shares and the actual number of Fortis Malar Hospitals Limited shares that Northern TK Venture Pte. Ltd. ("NTK") will be acquiring can only be determined at the end of the Fortis Open Offer and Malar Open Offer respectively.

On 13 November 2018, IHH acquired 31.17% equity interest in Fortis through a preferential allotment by Fortis to an indirect wholly owned subsidiary of the Company, NTK. As a consequence of the preferential allotment by Fortis, NTK is required to carry out the following:

- 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.
- in light of the acquisition of the controlling stake of Fortis, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each in Malar, representing 26% of the paid-up equity shares of Malar at a price of INR58 per share ("Malar Open Offer"). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

In light of the 14 December 2018 status quo Order, and the 15 November 2019 Judgment mentioned in note 47, the Fortis Open Offer as well as the Malar Open Offer (which is subject to the completion of the Fortis Open Offer) will not proceed for the time being.

## Notes to the Financial Statements

## 39. RELATED PARTIES

## Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Company.

The Group has related party relationships with its substantial shareholders, associates, joint ventures and key management personnel. The Company also has related party relationships with its subsidiaries.

## Related party transactions

Related party transactions are entered into in the normal course of business and have been established under negotiated terms. From time to time, key management personnel of the Group, or their related parties, may receive services and purchase goods from the Group. These services and purchases are on negotiated basis.

Other than disclosed elsewhere in the financial statements, transactions carried out on terms agreed with related parties are as follows:

	Group	
	2021 RM'000	2020 RM'000
<i>With substantial shareholders and their related parties</i>		
Sales and provision of services	453	415
Purchases and consumption of services	(10,376)	(7,896)
Acquisition of 100% equity interest in Prince Court Medical Centre Sdn Bhd	–	1,020,000
<i>With associates and joint ventures</i>		
Sales and provision of services	8,392	7,974
Rental income	3,137	3,340
Purchases and consumption of services	(10,249)	(10,538)
<i>With key management personnel and their related parties</i>		
Sales and provision of services	4,240	7,715
Purchases and consumption of services	(65,243)	(51,372)
<i>Company</i>		
<i>With subsidiaries</i>		
Share-based payment transactions	3,180	16,800
Rental expense	(2,040)	(2,252)

## 39. RELATED PARTIES (continued)

## Related party transactions (continued)

Except as disclosed in notes 14 and 24, significant related party balances related to the above transactions are as follows:

	Group	
	2021 RM'000	2020 RM'000
<b>Trade and other receivables</b>		
Substantial shareholders and their related parties	50	35
Key management personnel and their related parties	821	337
	<u>871</u>	<u>372</u>
<b>Trade and other payables</b>		
Substantial shareholders and their related parties	(761)	–
Key management personnel and their related parties	(3,194)	(2,627)
	<u>(3,955)</u>	<u>(2,627)</u>

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS

## Acquisitions of subsidiaries in 2021

- (a) On 5 April 2021, SRL acquired the remaining 50% equity interest in DDRC SRL Diagnostics Private 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 (f.k.a. Dom Zdravlja Bel Medic (Health Center))	Indirect subsidiary
Health Center Acibadem Bel Medic Slavija (f.k.a. Dom Zdravlja Bel Medic Slavija (Health Center Slavija))	Indirect subsidiary
Bel Food & Coffee d.o.o.	Indirect subsidiary

## Fair value of consideration transferred

The following summarises fair value of each major class of consideration transferred or payable at the acquisition date:

	DDRC SRL RM'000	Bel Medic RM'000	Total RM'000
Cash and cash equivalents	199,432	49,436	248,868



## Notes to the Financial Statements

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

## Acquisitions of subsidiaries in 2021 (continued)

## 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 RM'000	Bel Medic RM'000	Total 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

## Net cash outflow arising from acquisitions of subsidiaries

	DDRC SRL RM'000	Bel Medic RM'000	Total 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 RM'000	Bel Medic RM'000	Total 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.

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

## Acquisitions of subsidiaries in 2021 (continued)

## 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.

## 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

## Notes to the Financial Statements

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

## Acquisitions of subsidiaries and business in 2020

- (a) On 1 April 2020, SRL acquired the business of Dr. S.P. Singh's Path Lab ("Path Lab"), a proprietorship firm, for a total consideration of INR10.5 million (equivalent to RM594,000).
- (b) On 1 September 2020, Pantai Holdings Sdn Bhd completed the acquisition of the entire issued share capital of Prince Court Medical Centre Sdn Bhd ("PCMC") comprising 100,000,000 ordinary shares and 35,176 redeemable preference shares in PCMC, representing a 100% equity interest therein, for a cash consideration of RM1,020.0 million.
- (c) On 27 October 2020, Acibadem City Clinic EAD ("ACC EAD") acquired 100% equity interest in Acibadem City Clinic Mladost EOOD ("Mladost") for a total consideration of EUR20.0 million (equivalent to RM97.9 million).
- (d) On 30 December 2020, Acibadem Teknoloji A.S. ("Acibadem Teknoloji") acquired 100% equity interest in Tenay Yazılım A.Ş. ("Tenay") pursuant to a merger and acquisition agreement for a total consideration of USD850,000 and TL178,000 (equivalent to RM3,498,000). All assets and liabilities of Tenay were transferred to Acibadem Teknoloji as a result of the merger and Tenay was subsequently dissolved.

## Fair value of consideration transferred

The following summarises fair value of each major class of consideration transferred or payable at the acquisition date:

	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Cash and cash equivalents	594	1,020,000	97,949	3,498	1,122,041

## Identifiable assets acquired and liabilities assumed

The following summarises the recognised fair value of assets acquired and liabilities assumed at the date of acquisition:

	Note	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Property, plant and equipment	3	56	418,579	97,949	342	516,926
ROU assets	4	–	418,000	–	–	418,000
Intangible assets	6	–	52,200	–	1,722	53,922
Other financial assets		–	–	–	680	680
Inventories		–	10,783	–	–	10,783
Trade and other receivables		–	31,734	–	497	32,231
Cash and cash equivalents		–	68,089	–	376	68,465
Lease liabilities		–	(10,815)	–	–	(10,815)
Trade and other payables		–	(46,236)	–	(119)	(46,355)
Deferred tax liabilities	11	–	(49,391)	–	–	(49,391)
Tax payable		–	(101)	–	–	(101)
Net identifiable assets acquired		56	892,842	97,949	3,498	994,345

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

## Acquisitions of subsidiaries and business in 2020 (continued)

## Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired in relation to the acquisition of PCMC were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	<i>Cost technique, relief-from-royalty method and multi period excess earnings method:</i> The cost technique considers the opportunity cost in the process of obtaining final approval of the hospital license. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. The multi period excess earnings method considers the forecasted revenues of the intangibles after taking into consideration the impact of the lifespan and competition of the intangibles on the revenue generated.

## Net cash outflow arising from acquisitions of subsidiaries

	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Purchase consideration settled in cash and cash equivalents	594	1,020,000	97,949	3,498	1,122,041
Less: Cash and cash equivalents acquired	–	(68,089)	–	(376)	(68,465)
	594	951,911	97,949	3,122	1,053,576

## Goodwill

	Note	Path Lab RM'000	PCMC RM'000	Mladost RM'000	Tenay RM'000	Total RM'000
Fair value of consideration transferred		594	1,020,000	97,949	3,498	1,122,041
Fair value of net identified assets acquired		(56)	(892,842)	(97,949)	(3,498)	(994,345)
Goodwill	6	538	127,158	–	–	127,696

Goodwill on PCMC is mainly attributed to its earning capacity with 277 beds. The hospital is expected to complement the Group's cluster strategy of having specialised tertiary hospitals in Kuala Lumpur, Malaysia. PCMC offers a wide range of medical, surgical and hospital services including burns management, oncology, gastroenterology, interventional cardiology, nephrology, orthopaedics, rehabilitation medicine, in vitro fertilisation and occupational health. The Group can effectively leverage on the combined clinical excellence and expertise to deliver optimised, comprehensive care to both local and foreign patients.

## Acquisition-related costs

The Group incurred acquisition-related costs of RM6,323,000 and RM2,751,000 during the year and in the prior year respectively for PCMC. The acquisition-related cost pertains to external legal fees, due diligence costs, valuation cost, stamp duty costs and other professional and accounting fees. The acquisition-related costs have been included in other operating expenses in the statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements

## 40. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS (continued)

## Acquisitions of subsidiaries and business in 2020 (continued)

## Post-acquisition contributions to the Group

For the four months ended 31 December 2020, PCMC contributed revenue of RM83,824,000 and profit of RM1,900,000 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue would have been RM13,557,936,000 and consolidated profit for the year would have been RM202,944,000.

## Disposal of subsidiaries in 2020

- (a) On 19 March 2020, Acibadem Sağlık Hizmetleri ve Ticaret A.S. ("ASH") disposed 70% equity interest in Famicord Acibadem Kordon Kani Sağlık Hizmetleri Anonim Şirketi ("Famicord") at a total consideration of EUR2.8 million (equivalent to RM13.4 million). Consequential thereto, ASH's interest in Famicord decreased from 100.0% to 30.0% and Famicord ceased to be a subsidiary but remains an associate of the Group.
- (b) On 5 June 2020, M&P Investments Pte Ltd disposed its 60% equity interest in ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited. Post the disposal, ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited ceased to be a subsidiary of the Group. There is no financial effect on the disposal.
- (c) On 31 October 2020, PHL disposed 9% equity interest in GJPMC at a total consideration of BND3.3 million (equivalent to RM10.1 million). Consequential thereto, PHL's equity interest in GJPMC decreased from 49% to 40% and GJPMC ceased to be a subsidiary but remains an associate of the Group.

The effects of the above disposals are as follows:

	Note	Famicord RM'000	GJPMC RM'000	Total RM'000
Property, plant and equipment	3	–	14,337	14,337
ROU assets	4	–	951	951
Deferred tax assets	11	–	199	199
Inventories		–	2,288	2,288
Trade and other receivables		–	78,719	78,719
Cash and cash equivalents		–	75,489	75,489
Assets classified as held for sale		1,456	–	1,456
Lease liabilities		–	(984)	(984)
Trade and other payables		–	(33,265)	(33,265)
Deferred tax liabilities	11	–	(1,950)	(1,950)
Tax payable		–	(8,098)	(8,098)
Liabilities classified as held for sale		(1,194)	–	(1,194)
Non-controlling interests		–	(65,120)	(65,120)
Net identifiable assets disposed		262	62,566	62,828
Remaining interests measured at fair value		(82)	(45,083)	(45,165)
Gain/(Loss) on disposal of subsidiaries	29	13,188	(7,339)	5,849
Cash consideration		13,368	10,144	23,512
Less: cash and cash equivalents disposed		–	(75,489)	(75,489)
Net cash inflow/(outflow) from disposal of subsidiaries		13,368	(65,345)	(51,977)

## 41. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

## 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 long term incentive 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.

The effects of the above transactions are as follows:

	Hedge reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Non-controlling interests RM'000
(a) Increase of 0.8% interest in Chengdu Shenton Clinic	–	(138)	–	507
(b) Increase of 0.67% interest in Chengdu Shenton Clinic	–	(124)	–	511
(c) Decrease of 0.02% interest in PLife REIT	1	1,216	(6)	404
(e) Increase of 15% interest in Acibadem Sistina	–	(7,230)	–	(46,738)
	1	(6,276)	(6)	(45,316)

## Changes in ownership interests in subsidiaries in 2020

- (a) In April 2020, PTM transferred 128,400 PLife REIT units that it owned to its eligible employees in accordance to LTI plan. Consequential thereto, IHH Group's effective interest in PLife REIT was diluted from 35.64% to 35.62%.
- (b) In September and November 2020, GDPL subscribed for a total of 5,214,091 equity shares in RGE for a consideration of INR647.1 million (equivalent to RM36.1 million) pursuant to a rights issue. Consequential thereto, the Group's equity interest in RGE increased from 73.87% to 75.62% (on a fully diluted basis).
- (c) In November 2020, MRI increased its interest in Chengdu Shenton Clinic following MRI's cash contribution of RMB1.41 million (equivalent to RM0.9 million) to the registered capital of Chengdu Shenton Clinic. Consequential thereto, MRI's interest in Chengdu Shenton Clinic increased from 60% to 60.95%.
- (d) In December 2020, ACC EAD acquired the remaining 49.5% equity interest in Healthcare Consulting EOOD (formerly known as Healthcare Consulting OOD) for a total cash consideration of BGN13,000 (equivalent to RM31,000). Consequential thereto, ACC EAD's equity interest in Healthcare Consulting EOOD increased from 50.5% to 100%.

The effects of the above transactions are as follows:

	Hedge reserve RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Non-controlling interests RM'000
(a) Decrease of 0.02% interest in PLife REIT	1	943	2	391
(b) Increase of 1.75% interest in RGE	–	(9,501)	–	9,501
(c) Increase of 0.95% interest in Chengdu Shenton Clinic	–	(156)	–	156
(d) Increase of 49.5% interest in Healthcare Consulting EOOD	–	(80)	–	49
	1	(8,794)	2	10,097

## Notes to the Financial Statements

## 42. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Direct subsidiaries</b>				
IMU Health Sdn. Bhd.	Malaysia	Investment holding and provision of management services to its subsidiaries	100	100
Integrated Healthcare Holdings Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Holdings (Bharat) Limited <sup>+</sup>	Mauritius	Struck off during the year	–	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
<b>Indirect subsidiaries</b>				
<b>Held through IMU Health Sdn. Bhd.:</b>				
IMU Education Sdn. Bhd.	Malaysia	Establishing and carrying on the business of managing educational institutions, colleges, schools and other centres of learning, research and education	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of healthcare services	100	100
IMC Education Sdn. Bhd.	Malaysia	Provision of educational programs and training courses for healthcare and related fields	100	100
<b>Held through Integrated Healthcare Holdings Limited:</b>				
Parkway Pantai Limited <sup>#</sup>	Singapore	Investment holding	100	100
<b>Held through IMU Healthcare Sdn. Bhd.:</b>				
IMU Dialysis Sdn. Bhd.	Malaysia	Establishing, operating and managing dialysis centre(s) for the provision of haemodialysis services	60	60
<b>Held through Integrated Healthcare Turkey Yatirimlari Limited:</b>				
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	100	100
<b>Held through Parkway Pantai Limited:</b>				
Parkway HK Holdings Limited <sup>#(1)</sup>	Hong Kong	Investment holding	100	100
Parkway Holdings Limited <sup>#</sup>	Singapore	Investment holding	100	100
Pantai Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Pantai Limited: (continued)</b>				
Parkway Group Healthcare Pte Ltd <sup>#(2)</sup>	Singapore	Investment holding and provision of management and consultancy services	100	100
Gleneagles Development Pte Ltd <sup>#(3)</sup>	Singapore	Investment holding	100	100
Parkway Healthcare Indo-China Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
Northern TK Venture Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100
Angsana Holdings Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	55	55
<b>Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:</b>				
Acibadem Sağlık Yatirimlari Holding A.Ş. <sup>#</sup>	Turkey	Investment holding	90	90
<b>Held through Acibadem Sağlık Yatirimlari Holding A.Ş.:</b>				
APlus Hastane Otelcilik Hizmetleri A.Ş. <sup>#</sup>	Turkey	Provision of catering, laundry and cleaning services for hospitals	89.99	89.99
Acibadem Proje Yönetimi A.Ş. <sup>#</sup>	Turkey	Supervise and manage the construction of healthcare facilities	89.99	89.99
Acibadem Sağlık Hizmetleri ve Ticaret A.Ş. <sup>#</sup>	Turkey	Provision of medical, surgical and hospital services	89.79	89.79
<b>Held through Acibadem Sağlık Hizmetleri ve Ticaret A.Ş.:</b>				
Acibadem Poliklinikleri A.Ş. <sup>#</sup>	Turkey	Provision of outpatient and surgical (in certain clinics only) services	89.79	89.78
Acibadem Labmed Sağlık Hizmetleri A.Ş. <sup>#</sup>	Turkey	Provision of laboratory services	89.79	89.79
International Hospital İstanbul A.Ş. <sup>#</sup>	Turkey	Provision of medical, surgical and hospital services	80.81	80.81
Acibadem Mobil Sağlık Hizmetleri A.Ş. <sup>#</sup>	Turkey	Provision of emergency, home and ambulatory care services	89.79	89.79
Clinical Hospital Acibadem Sistina Skopje <sup>#</sup>	Macedonia	Provision of medical, surgical and hospital services	48.33	48.33
Acibadem Sistina Medikal Kompani Doo Skopje <sup>#</sup>	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	44.90	44.90
Acibadem International Medical Center B.V. <sup>#</sup>	Netherlands	Provision of outpatient services	89.79	89.79



## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Acibadem Sağlık Hizmetleri ve Ticaret A.Ş.:</b> (continued)				
Acibadem Teknoloji A.Ş.#	Turkey	Conduct research, develop and commercially market healthcare information systems, web-based applications and other technology solutions nationally and internationally	89.79	89.79
Acibadem City Clinic B.V.#(4)	Netherlands	Investment holding	57.51	51.29
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 Sağlıklı Yaşam Hizmetleri A.Ş.#	Turkey	Provision of e-consulting activities, wellness services and marketplace activities relating to all health-related products and memberships	89.79	–
<b>Held through Acibadem Poliklinikleri A.Ş.:</b>				
Bodrum Medikal Sağlık Hizmetleri A.Ş.#	Turkey	Provision of outpatient services	53.88	53.87
<b>Held through Acibadem City Clinic B.V.:</b>				
Acibadem City Clinic EAD <sup>#</sup>	Bulgaria	Investment holding	57.51	51.29
General Hospital Acibadem Bel Medic (f.k.a. Opsta Bolnica Bel Medic (Bel Medic General Hospital))##	Serbia	Provision of medical, surgical and hospital services	40.26	–
<b>Held through General Hospital Acibadem Bel Medic:</b>				
Health Center Acibadem Bel Medic (f.k.a. Dom Zdravija Bel Medic (Health Center))##	Serbia	Provision of medical and general surgical services	40.26	–
Bel Food & Coffee d.o.o##	Serbia	Provision of services of preparation and serving food	40.26	–
<b>Held through Health Center Acibadem Bel Medic:</b>				
Health Center Acibadem Bel Medic Slavija (f.k.a. Dom Zdravija Bel Medic Slavija (Health Center Slavija))##	Serbia	Provision of medical services	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	57.51	51.29

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Acibadem City Clinic EAD:</b> (continued)				
Acibadem City Clinic Diagnostic and Consultation Centre EOOD <sup>#</sup>	Bulgaria	Outpatient diagnostic and consultative centre	57.51	51.29
Acibadem City Clinic Medical Center Varna EOOD <sup>#</sup>	Bulgaria	Outpatient medical centre	57.51	51.29
Acibadem City Clinic Pharmacies EOOD <sup>#</sup>	Bulgaria	Pharmacy	57.51	51.29
Healthcare Consulting EOOD <sup>#</sup>	Bulgaria	Clinical research	57.51	51.29
Tokuda Clinical Research Center AD <sup>#</sup>	Bulgaria	Clinical research	48.89	43.60
Acibadem City Clinic Services EOOD <sup>#</sup>	Bulgaria	Facility management and building maintenance	57.51	51.29
Tokuda Pharmacy EOOD <sup>#</sup>	Bulgaria	Pharmacy	57.51	51.29
Acibadem City Clinic Diagnostic and Consultation Center Tokuda EAD <sup>#</sup>	Bulgaria	Outpatient diagnostic and consultative centre	57.51	51.29
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	57.51	51.29
Acibadem City Clinic Mladost EOOD <sup>#</sup>	Bulgaria	Ownership of hospital and healthcare facilities	57.51	51.29
<b>Held through Pantai Holdings Sdn. Bhd.:</b>				
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Dormant	100	100
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100
Prince Court Medical Centre Sdn Bhd	Malaysia	Provision of medical, surgical and hospital services	100	100
<b>Held through Pantai Group Resources Sdn. Bhd.:</b>				
Pantai Premier Pathology Sdn. Bhd.	Malaysia	Provision of medical laboratory services	100	100

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Pantai Group Resources Sdn. Bhd.: (continued)</b>				
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	100	100
Pantai Wellness Sdn. Bhd.	Malaysia	Provision of health and wellness services	100	100
POEM Corporate Health Services Sdn. Bhd.	Malaysia	Provision of occupational and environmental health services and other industry specific medical services to corporate clients	100	100
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and daycare medical centre	100	100
<b>Held through Pantai Hospitals Sdn. Bhd.:</b>				
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services, as well as providing administrative support, management and consultancy services	100	100
Cheras Medical Centre Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	Dormant	100	100
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.60	95.60
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Dormant	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Screening Services Sdn. Bhd.	Malaysia	Dormant	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	100	100

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Pantai Hospitals Sdn. Bhd.: (continued)</b>				
Pantai Hospital Johor Sdn. Bhd.	Malaysia	Development, construction and leasing of medical facility buildings	100	100
Amanjaya Specialist Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
<b>Held through Pantai Medical Centre Sdn. Bhd.:</b>				
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment	100	100
<b>Held through Pantai Premier Pathology Sdn. Bhd.:</b>				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	100
<b>Held through Gleneagles (Malaysia) Sdn. Bhd.:</b>				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Provision of hospital services	71.88	71.88
GEH Management Services (M) Sdn. Bhd.	Malaysia	Dormant	100	100
<b>Held through Parkway Healthcare Indo-China Pte. Ltd.:</b>				
Andaman Alliance Healthcare Limited #^	Myanmar	Provision of medical and health related facilities and services	52	52
<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	60
<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

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Holdings Limited: (continued)</b>				
Parkway Irrawaddy Pte. Ltd.#	Singapore	Development, ownership and management of a medical centre	100	100
Parkway Shenton Pte Ltd #	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	100	100
Medi-Rad Associates Ltd #	Singapore	Operation of radiology clinics	100	100
Parkway Laboratory Services Ltd.#	Singapore	Provision of comprehensive diagnostic laboratory services	100	100
Gleneagles Medical Holdings Limited #	Singapore	Investment holding	100	100
Parkway College of Nursing and Allied Health Pte. Ltd.#	Singapore	Provision of courses in nursing and allied health	100	100
iXchange Pte. Ltd. #	Singapore	Agent and administrator for managed care and related services	100	100
Gleneagles Management Services Pte Ltd #	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 #	Singapore	Dormant	100	100
<b>Held through Parkway Group Healthcare Pte Ltd:</b>				
Parkway-Healthcare (Mauritius) Ltd ##	Mauritius	Investment holding	100	100
Gleneagles International Pte. Ltd.#	Singapore	Investment holding	100	100
PCH Holding Pte. Ltd.#	Singapore	Investment holding	70.10	70.10
Shanghai Gleneagles Hospital Management Co., Ltd #	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
<b>Held through PCH Holding Pte. Ltd.:</b>				
Medical Resources International Pte Ltd #	Singapore	Investment holding	70.10	70.10
M & P Investments Pte Ltd #	Singapore	Investment holding	70.10	70.10

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through PCH Holding Pte. Ltd.: (continued)</b>				
Parkway (Shanghai) Hospital Management Ltd.#	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 #	People's Republic of China	Provision of medical and health related facilities and services	49.07	49.07
Gleneagles Chengdu Hospital Company Limited #	People's Republic of China	Provision of specialised care and services	49.07	49.07
<b>Held through Medi-Rad Associates Ltd:</b>				
Radiology Consultants Pte Ltd #	Singapore	Provision of radiology consultancy and interpretative services	100	100
<b>Held through Gleneagles Development Pte Ltd:</b>				
Continental Hospitals Private Limited #^	India	Private hospital ownership and management	–	62.23
Ravindranath GE Medical Associates Private Limited #^(5)	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	75.62	75.62
Parkway Healthcare India Private Limited #^(6)	India	Provision of management and consultancy services	100	100
<b>Held through Continental Hospitals Private Limited:</b>				
C3 Health Community Corporation Private Limited #^#^	India	Operation of clinics	–	60.99
Continental Community Clinics Private Limited #^#^	India	Dormant	–	60.99
<b>Held through Ravindranath GE Medical Associates Private Limited:</b>				
Centre for Digestive and Kidney Diseases (India) Private Limited #^	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 #^	India	Provision of clinical research services	75.38	75.38
<b>Held through Parkway Shenton Pte Ltd:</b>				
Nippon Medical Care Pte Ltd #	Singapore	Operation of clinics	70	70

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Shenton Pte Ltd: (continued)</b>				
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>#(7)</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Hong Clinic Co., Ltd. <sup>#(8)</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Xin Rui Healthcare Co., Ltd. <sup>#(9)</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Chengdu Shenton Health Clinic Co., Ltd. <sup>#</sup>	People's Republic of China	Management and operation of medical and health related facilities and services	43.76	42.73
<b>Held through Parkway (Shanghai) Hospital Management Ltd.:</b>				
Shanghai Shu Kang Hospital Investment Management Co., Ltd. <sup>#</sup>	People's Republic of China	Investment holding	70.10	70.10
Suzhou Industrial Park Yuan Hui Clinic Co., Ltd. <sup>#</sup>	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. <sup>#</sup>	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. <sup>#</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Pu Clinic Co., Ltd. <sup>#</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Xiang Clinic Co., Ltd. <sup>#</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Ying Clinic Co., Ltd. <sup>#</sup>	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Northern TK Venture Pte. Ltd.:</b>				
Fortis Healthcare Limited <sup>#^</sup>	India	Operates multi-specialty hospitals	31.17	31.17
<b>Held through Fortis Healthcare Limited:</b>				
Hiranandani Healthcare Private Limited <sup>#^</sup>	India	Operates a multi-specialty hospital	31.17	31.17
Fortis Hospotel Limited <sup>##(10)</sup>	India	Provision of medical and Clinical Establishment services	31.17	31.17
Fortis La Femme Limited <sup>#^</sup>	India	Investment holding	31.17	31.17
Fortis Healthcare International Limited <sup>##^</sup>	Mauritius	Investment holding	31.17	31.17
SRL Limited <sup>#^</sup>	India	Operates a network of diagnostics centres	17.98	17.98
Escorts Heart Institute and Research Centre Limited <sup>#^</sup>	India	Operates a multi-specialty hospital	31.17	31.17
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>##(11)</sup>	India	Provision of medical and Clinical Establishment services and operates a hospital	31.17	31.17
Fortis Health Management Limited <sup>##(12)</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>##(13)</sup>	India	Provision of medical and Clinical Establishment services	31.17	31.17
<b>Held through Fortis Health Management Limited:</b>				
Hospitalia Eastern Private Limited <sup>##^</sup>	India	Provision of medical and Clinical Establishment services	31.17	31.17
<b>Held through SRL Limited:</b>				
SRL Diagnostics Private Limited <sup>#^</sup>	India	Operates a network of diagnostics centres	17.98	17.98
DDRC SRL Diagnostics Private Limited <sup>##(14)</sup>	India	Operates a network of diagnostic centers	17.98	–



## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through SRL Limited: (continued)</b>				
SRL Reach Limited #^	India	Operates a network of diagnostics centres	17.98	17.98
SRL Diagnostics FZ-LLC ##^	United Arab Emirates	Operates a network of diagnostics centres	17.98	17.98
<b>Held through Fortis Hospitals Limited:</b>				
Fortis Emergency Services Limited ##^	India	Operates ambulance services	31.17	31.17
Fortis Cancer Care Limited #^	India	Investment holding	31.17	31.17
Fortis Malar Hospitals Limited #^	India	Operates a multi-specialty hospital	19.55	19.55
Fortis Health Management (East) Limited #^	India	Dormant	31.17	31.17
Birdie & Birdie Realtors Private Limited ##^	India	Renting of immovable property	31.17	31.17
Stellant Capital Advisory Services Private Limited ##^	India	Merchant banker	31.17	31.17
Fortis Global Healthcare (Mauritius) Limited ##^	Mauritius	Investment holding	31.17	31.17
<b>Held through Escorts Heart Institute and Research Centre Limited:</b>				
Fortis Asia Healthcare Pte Limited #^	Singapore	Investment holding	31.17	31.17
Fortis HealthStaff Limited ##^	India	Operates a network of Heart Command centres	31.17	31.17
<b>Held through Fortis Asia Healthcare Pte Limited:</b>				
Fortis Healthcare International Pte Limited #^	Singapore	Investment holding	31.17	31.17
<b>Held through Fortis Healthcare International Pte Limited:</b>				
MENA Healthcare Investment Company Limited ##^	British Virgin Islands	Investment holding	25.73	25.73

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through MENA Healthcare Investment Company Limited:</b>				
Medical Management Company Limited ##^	British Virgin Islands	Investment holding	25.73	25.73
<b>Held through Fortis Malar Hospitals Limited:</b>				
Malar Stars Medicare Limited #^	India	Investment holding	19.55	19.55
<b>Held through Stellant Capital Advisory Services Private Limited:</b>				
RHT Health Trust Manager Pte Limited ##^	Singapore	Trustee-manager of a Business Trust	31.17	31.17
<b>Held through Parkway Investments Pte. Ltd.:</b>				
Gleneagles Medical Centre Ltd.#	Singapore	Dormant	100	100
Gleneagles Pharmacy Pte Ltd.#	Singapore	Dormant	100	100
Mount Elizabeth Medical Holdings Ltd.#	Singapore	Investment holding	100	100
Parkway Life Real Estate Investment Trust #^(15)	Singapore	Real estate investment trust	35.60	35.62
<b>Held through Parkway Life Real Estate Investment Trust:</b>				
Matsudo Investment Pte. Ltd.#	Singapore	Investment holding	35.60	35.62
Parkway Life Japan2 Pte. Ltd.#	Singapore	Investment holding	35.60	35.62
Parkway Life Japan3 Pte. Ltd.#	Singapore	Investment holding	35.60	35.62
Parkway Life Japan4 Pte. Ltd.#	Singapore	Investment holding	35.60	35.62
Parkway Life MTN Pte. Ltd.#	Singapore	Provision of financial and treasury services	35.60	35.62
Parkway Life Malaysia Pte. Ltd.#	Singapore	Investment holding	35.60	35.62
<b>Held through Matsudo Investment Pte. Ltd.:</b>				
Godo Kaisha Phoebe ++	Japan	Dissolved during the year	–	35.62
<b>Held through Parkway Life Japan2 Pte. Ltd.:</b>				
Godo Kaisha Del Monte ++	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Tenshi 1 ++	Japan	Special purpose entity – Investment in real estate	35.60	35.62

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Life Japan2 Pte. Ltd.: (continued)</b>				
Godo Kaisha Tenshi 2 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
G.K. Nest <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
<b>Held through Parkway Life Japan3 Pte. Ltd.:</b>				
Godo Kaisha Healthcare 1 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Healthcare 2 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Healthcare 3 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Healthcare 4 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Healthcare 5 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
<b>Held through Parkway Life Japan4 Pte. Ltd.:</b>				
Godo Kaisha Samurai <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 2 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 3 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 4 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 5 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 6 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 7 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Parkway Life Japan4 Pte. Ltd.: (continued)</b>				
Godo Kaisha Samurai 8 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 9 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 10 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 11 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 12 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 13 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 14 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	35.62
Godo Kaisha Samurai 15 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	–
Godo Kaisha Samurai 16 <sup>++</sup>	Japan	Special purpose entity – Investment in real estate	35.60	–
<b>Held through Parkway Life Malaysia Pte. Ltd.:</b>				
Parkway Life Malaysia Sdn. Bhd. <sup>#</sup>	Malaysia	Special purpose entity – Investment in real estate	35.60	35.62
<b>Held through Angsana Holdings Pte. Ltd.:</b>				
Angsana Molecular & Diagnostics Laboratory Pte. Ltd. <sup>#</sup>	Singapore	Provision of medical laboratories including biochemistry, chemistry, haematology and molecular blood analysis and testing	55	55

## Notes to the Financial Statements

## 42. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect subsidiaries (continued)</b>				
<b>Held through Angsana Holdings Pte. Ltd.: (continued)</b>				
Angsana Molecular & Diagnostics Laboratory (HK) Limited <sup>#</sup>	Hong Kong	Provision of molecular diagnostic assays and services	55	55
Angsana Molecular & Diagnostics Laboratory Sdn. Bhd.	Malaysia	Research laboratories and carry on business, including taking blood samples for testing	55	55

- 1 PPL and PHL hold 99.99% and 0.01% shares in Parkway HK Holdings Limited respectively.
- 2 PPL and PHL hold 78.52% and 21.48% shares in Parkway Group Healthcare Pte Ltd ("PGH") respectively.
- 3 PPL holds more than 99.99% shares in GDPL. The remaining shares are held by Gleneagles International Pte Ltd.
- 4 ASH and Acibadem Sistina hold 64.05% (2020: 49.05%) and nil% (2020: 15.0%) shares in ACC BV respectively.
- 5 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.
- 6 GDPL and PGH hold more than 99.99% and less than 0.01% in Parkway Healthcare India Private Limited respectively.
- 7 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.
- 8 MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Rui Hong Clinic Co., Ltd. respectively.
- 9 MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Xin Rui Healthcare Co., Ltd. respectively.
- 10 Fortis and Fortis Health Management Limited ("FHML") hold 74.35% and 25.65% shares in Fortis Hospotel Limited respectively.
- 11 Fortis and FHML hold 78.40% and 21.60% shares in International Hospital Limited ("IHL") respectively.
- 12 Fortis and IHL hold 52% and 48% shares in FHML respectively.
- 13 Fortis, IHL and FHML hold 48.58%, 38.29% and 13.13% shares in Escorts Heart and Super Speciality Hospital Limited respectively.
- 14 During the year, SRL acquired the remaining 50% equity interest in DDRC SRL. As a result, DDRC SRL ceased to be a joint venture and is consolidated as a subsidiary of the Group. SRL Limited and SRL Diagnostics Private Limited hold 50% shares each in DDRC SRL respectively.
- 15 Parkway Investments Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2020: 35.25%), 0.31% (2020: 0.33%) and 0.04% (2020: 0.04%) of the units in PLife REIT respectively.
- <sup>#</sup> Audited by other member firms of KPMG International.
- <sup>##</sup> Audited by firms other than member firms of KPMG International.
- <sup>+</sup> Audit is not required.
- <sup>++</sup> Not required to be audited under the laws of country of incorporation. These special purpose entities have been consolidated in the financial statements in accordance with MFRS 10, as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities.
- <sup>^</sup> The entity was granted approval by Companies Commission of Malaysia to have a financial year which does not coincide with the Company.

## 43. ASSOCIATES

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect associates</b>				
<b>Held through Gleneagles Medical Holdings Limited:</b>				
PT Tritunggal Sentra Utama <sup>##</sup>	Indonesia	Provision of medical diagnostic services	30	30
Asia Renal Care Mt Elizabeth Pte Ltd <sup>##</sup>	Singapore	Provision of dialysis services and medical consultancy services	20	20
Asia Renal Care (Katong) Pte Ltd <sup>##</sup>	Singapore	Provision of dialysis services and medical consultancy services	20	20
<b>Held through Medi-Rad Associates Ltd:</b>				
Positron Tracers Pte. Ltd. <sup>#</sup>	Singapore	Ownership and operation of a cyclotron for production of radioactive tracers	33	33
<b>Held through Fortis Healthcare Limited:</b>				
Sunrise Medicare Private Limited <sup>##</sup>	India	Struck off during the year	–	9.74
<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>				
Lanka Hospitals Corporation Plc <sup>#</sup>	Sri Lanka	Operates a multi-specialty hospital	8.93	8.93
<b>Held through Acibadem Sağlık Hizmetleri ve Ticaret A.Ş.:</b>				
Famicord Acibadem Kordon Kani Sağlık Hizmetleri A.Ş. <sup>#</sup>	Turkey	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	40

- 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.
- <sup>#</sup> Audited by other member firms of KPMG International.
- <sup>##</sup> Audited by firms other than member firms of KPMG International.

## Notes to the Financial Statements

## 44. JOINT VENTURES

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
<b>Indirect joint ventures</b>				
<b>Held through Gleneagles Development Pte Ltd:</b>				
Apollo Gleneagles Hospital Ltd <sup>##</sup>	India	Private hospital ownership and management	–	50
<b>Held through Parkway-Healthcare (Mauritius) Ltd:</b>				
Apollo Gleneagles PET-CT Private Limited <sup>##</sup>	India	Operation of PET-CT radio imaging centre	50	50
<b>Held through Shenton Family Medical Clinics Pte Ltd:</b>				
Shenton Family Medical Clinic (Ang Mo Kio) <sup>+</sup>	Singapore	Operation of medical clinic	60	60
Shenton Family Medical Clinic (Bedok Reservoir) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Duxton) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Jurong East) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Tampines) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Towner) <sup>+</sup>	Singapore	Operation of medical clinic	50	50
<b>Held through Parkway Group Healthcare Pte Ltd:</b>				
Khubchandani Hospitals Private Limited <sup>##</sup>	India	Dormant	50	50
<b>Held through SRL Limited:</b>				
SRL Diagnostics (Nepal) Private Limited <sup>##</sup>	Nepal	Operates a network of diagnostics centers	8.99	8.99
<b>Held through SRL Diagnostics Private Limited:</b>				
DDRC SRL Diagnostics Private Limited <sup>## (1)</sup>	India	Operates a network of diagnostics centers	–	8.99
<b>Held through Fortis Hospitals Limited:</b>				
Fortis C-Doc Healthcare Limited <sup>##(2)</sup>	India	Operates a hospital	18.70	18.70
<b>Held through Fortis Cancer Care Limited:</b>				
Fortis Cauvery (Partnership Firm) <sup>##</sup>	India	Under members voluntary liquidation	15.90	15.90

1 During the year, SRL acquired the remaining 50% equity interest in DDRC SRL. As a result, DDRC SRL ceased to be a joint venture and is consolidated as a subsidiary of the Group.

2 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.

## 45. CONTINGENT LIABILITIES

The following are the material litigations and investigations of Fortis which occurred prior to the Group's acquisition of its 31.17% interest in Fortis in November 2018:

- (a) In respect of Escorts Heart Institute and Research Centre Limited ("EHIRCL"), a subsidiary of Fortis:
- The Delhi Development Authority ("DDA") had terminated the lease deeds and allotment letters relating to land parcels on which the Fortis Escorts Hospital exists due to certain alleged non-compliances of such documents. Consequent to the termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These terminations, show cause notices and eviction proceedings have been challenged by EHIRCL before the High Court of Delhi, Supreme Court of India and Estate Officer of DDA. The Supreme Court of India, vide its order dated 14 November 2019, has quashed the show cause notice for eviction proceedings. Based on external legal counsel advice, Fortis is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required.
  - Further EHIRCL also has open tax demands of INR665.7 million (equivalent to RM37.7 million) for various assessment years before the Indian Income-tax authorities. While the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL in the past, the Income Tax Department has filed an appeal before Income Tax Appellate Tribunal ("ITAT"). ITAT has decided the appeal in favour of EHIRCL on 11 June 2019. The Income Tax Department has contested the decision of ITAT before the Hon'ble High Court of Delhi.
  - In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/beds to the economically weaker sections of society pursuant to such obligations set forth under certain land grant orders/allotment letters ("EWS Obligations"), the Directorate of Health Services ("DoHS"), Government of NCT of Delhi, appointed a firm to calculate "unwarranted profits" arising to EHIRCL due to alleged non-compliance of such EWS Obligations. Following various hearings and appeals between 2014 and 2018, in a hearing before the DoHS in May 2018, an order was passed imposing a penalty of INR5.03 billion (equivalent to RM283.9 million) which was challenged by EHIRCL before the Delhi High Court. Through an order dated 1 June 2018, the Delhi High Court has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of INR50 million (equivalent to RM2.8 million) before the DoHS. In compliance of the above direction, EHIRCL had deposited the stipulated amount on 20 June 2018. Matter is sub judice before the Delhi High Court. Based on its internal assessment and advice from its counsel, on the basis of the documents available, EHIRCL believes that it is in compliance of the conditions of free treatment and free beds to patients of economic weaker sections and expects the demand to be set aside.
- (b) In respect of Hiranandani Healthcare Private Limited ("HHPL"), a subsidiary of Fortis:
- Through an order dated 18 January 2017, Navi Mumbai Municipal Corporation ("NMMC") terminated the lease agreements with HHPL ("Termination Order") for certain alleged contravention of such hospital lease agreement. HHPL has filed a writ petition before the Hon'ble Supreme Court of India towards challenging the Termination Order. The writ petition has been tagged with special leave petition which has also been filed by HHPL for *inter alia* challenging the actions of State Government, City Industrial Development Corporation and the NMMC which led to the passing of the Termination Order. The Hon'ble Supreme Court of India in the hearing held on 30 January 2017 ordered that *status quo* be maintained with regard to the operation of the hospital. Further, the special leave petition has been admitted by the Hon'ble Supreme Court on 22 January 2018 and *status quo* has been continuing ever since. Based on external legal counsel's opinion, HHPL is confident that it is in compliance of conditions of the hospital lease agreements and accordingly considers that no provisions were required.
- (c) A civil suit has been filed by a third party ("Claimant") against Fortis and certain subsidiaries (together "Defendants") before the District Court, Delhi alleging, *inter alia*, implied ownership of the "Fortis", "SRL" and "La-Femme" brands in addition to certain other financial claims and seeking a decree that consequent to a term sheet with a certain party, Fortis is liable for claims due to the Claimant from that certain party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by the defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed by the District Court in the said civil suit. Additionally, the said certain party with whom the term sheet had been allegedly signed has also claimed that Fortis has not abided by the aforementioned term sheet and has therefore claimed alleged ownership over the brands apart from the alleged claim to have a right to invest in Fortis.

Fortis has filed written statements denying all allegations made against it and sought for dismissal of the said civil suit. Allegations made by the said certain party have been duly responded by Fortis denying (i) execution of any binding agreement with certain party, and (ii) liability of any kind whatsoever.



## Notes to the Financial Statements

### 45. CONTINGENT LIABILITIES (continued)

In addition to the above, Fortis has also received four notices from the Claimant claiming (i) INR180 million (equivalent to RM10.2 million) as per notices dated 30 May 2018, and 1 June 2018, (ii) INR2,158 million (equivalent to RM121.8 million) as per notice dated 4 June 2018, and (iii) INR196 million (equivalent to RM11.1 million) as per notice dated 4 June 2018. All these notices have been responded by Fortis denying any liability whatsoever.

The Claimant has also filed an application against Fortis before the High Court of Delhi for seeking certain reliefs under the Indian Arbitration and Conciliation Act which is being contested by Fortis. The Claimant has also filed a claim for damages and injunctive reliefs against Fortis before International Chamber of Commerce (“ICC”). Documents from ICC have been received by Fortis on 2 November 2019. On 23 February 2020, proceedings before the High Court of Delhi and ICC have been withdrawn by the Claimant. On 28 February 2020, the arbitration sought to be commenced before the ICC has also been withdrawn by the ICC pursuant to a request by the Claimant.

Based on opinions from external legal counsel, Fortis Board believes that the claims are without legal basis and are not tenable and accordingly, no provisions were required.

- (d) Fortis, having considered all necessary facts and taking into account external legal advice, had decided to treat as non-est the Letter of Appointment dated 27 September 2016, as amended, (“LOA”) issued to Malvinder Mohan Singh, the erstwhile Executive Chairman in relation to his appointment as “Lead: Strategic Initiatives” in the Strategy Functions. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of Section 197 of the Indian Companies Act, 2013.

In view of the above, Fortis has taken requisite action to recover the amounts paid to the erstwhile Executive Chairman during his tenure under the aforesaid LOA and certain additional amounts reimbursed in relation to expenses incurred (in excess of amounts approved by the Central Government under Section 197 of the Indian Companies Act, 2013 for remuneration & other reimbursement), aggregating to INR200.2 million (equivalent to RM11.3 million).

The erstwhile Executive Chairman has claimed an amount of INR461.0 million (equivalent to RM26.0 million) from Fortis towards his terms of employment. Fortis Board has responded denying any liability whatsoever in this regards.

In August 2018, Fortis filed a complaint against the erstwhile Executive Chairman before the Economic Offence Wing, New Delhi in the above matter. In November 2020, Fortis filed an addendum to the above-mentioned complaint to include certain other findings from additional procedures/enquiries by independent experts in relation to the remuneration and claims of the erstwhile Executive Chairman of Fortis, aggregating to INR153.9 million (equivalent to RM8.7 million).

In addition to the above, the following are contingent liabilities of the Group:

- (a) Centre for Digestive and Kidney Diseases (India) Private Limited is defending an ongoing dispute with a service provider for the difference in the amounts claimed for the laboratory diagnostic and other services being rendered. On 12 July 2019, the arbitrator allowed the amended claim of INR474.9 million (equivalent to RM26.8 million). The service provider has subsequently filed an amendment application seeking an enhancement of their claim by INR75.4 million (equivalent to RM4.3 million) for the alleged dues pertaining to the period of December 2018 to June 2020. On 30 July 2021, the arbitration has been fully and finally settled at INR 160.0 million (RM9.1 million).
- (b) In 2019, Continental Hospitals Private Limited (“Continental Hospital”) received letters from the Reserve Bank of India (“RBI”) pointing out certain non-compliances with Foreign Exchange Management Act 1999 (“FEMA”). RBI sought clarifications on the status of this matter before the Singapore Arbitral Tribunal. By way of a compounding order dated 26 October 2021, the RBI has allowed Continental Hospital to regularize these non-compliances upon payment of a compounding fee of INR 3,869,000 (approx. RM220,000). Continental Hospital has deposited this compounding fee with the RBI on 28 October 2021. The contingent liability on the Group ceased upon the disposal of its entire equity interest in Continental Hospital on 13 December 2021.

### 46. MATTERS ARISING FROM INVESTIGATIONS

The Group completed its acquisition of Fortis Healthcare Limited (“Fortis”) and its subsidiaries (“Fortis Group”) in November 2018. Prior to this acquisition, an investigation report by an independent external legal firm was submitted to the former Fortis board and there are ongoing investigations on Fortis by the Securities and Exchange Board of India (“SEBI”) and the Serious Fraud Investigation Office (“SFIO”), Ministry of Corporate Affairs of India, both further explained below.

- (a) Independent investigation by external legal firm (prior to the acquisition of Fortis by IHH Group)

The external legal firm’s significant findings revealed that the Fortis Group had made investment placements in the nature of inter-corporate deposits (“ICDs”) with three companies (“borrowing companies”) totalling INR4,450 million (equivalent to RM251.1 million) which were impaired in full in the financial statements for the year ended 31 March 2018 of Fortis Group. The report suggested that the ICDs were utilised by the borrowing companies (possible related parties of Fortis Group in substance) for granting/repayment of loans to certain entities whose former directors of Fortis are connected with the former controlling shareholders of Fortis.

Additionally, the placement of ICDs, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate of Fortis Group; and without specific authorisation by the former board of Fortis.

As disclosed in note 45 – Contingent liabilities, a third party (to whom the ICDs were previously assigned) filed a civil suit in February 2018 against various entities including Fortis and have, *inter alia*, claimed implied ownership of brands “Fortis”, “SRL” and “La-Femme”. In the suit, it claimed that consequent to a term sheet, Fortis is liable for claims due to the third party from a certain party, in addition to total claims of INR2,534 million (equivalent to RM143.0 million) and other claims by the said certain party. Based on advice from external legal counsel, Fortis believes that these claims are without legal basis and are not tenable and accordingly, no provisions were required. Whilst this legal matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

Fortis Group acquired 71% equity interest in Fortis Healthstaff Limited (“Fortis Healthstaff”) at consideration of INR346,000 (equivalent to RM20,000), and 51% equity interest in Fortis Emergency Services Limited (“Fortis Emergency Services”) at consideration of INR25,000 (equivalent to RM1,000). Loans of INR79.45 million (equivalent to RM4.5 million) and INR20.8 million (equivalent to RM1.2 million), were advanced to these newly-acquired subsidiaries to repay the outstanding unsecured loan amounts due to companies related to the former controlling shareholders of Fortis. The report suggested that the loan repayment and some other payments to companies connected to the former controlling shareholders of Fortis may have been ultimately routed through various intermediary companies and used for repayment of the ICDs/vendor advance to Fortis Group. Further the said loan advanced by EHIRCL to Fortis Healthstaff was impaired in the books of accounts at EHIRCL due to anticipated chances of non-recovery.

Pursuant to the investigation by the external legal firm, Fortis Board appointed an independent accounting firm, to conduct additional procedures and enquiries of certain entities and transactions in Fortis Group to ascertain, amongst other things, the extent of diversion of funds from Fortis Group. The independent accounting firm submitted their report to the Fortis Board, and the Fortis Board deliberated the findings at its meeting held on 16 September 2020. There were no additional findings arising from the report that requires further adjustments to the financial statements.

In November 2020, pursuant to additional procedures/enquiries by independent experts, Fortis and its subsidiaries filed a complaint before the Economic Offence Wing, New Delhi, against the erstwhile promoters and certain other entities with regard to the above-mentioned acquisition of Fortis Healthstaff, acquisition of Fortis Emergency Services and investments in ICDs. The complaint also included certain other findings from additional procedures/enquiries by independent experts in relation to Fortis Group’s acquisition of Birdie and Birdie Realtors Private Limited and a lease agreement with Dignity Buildcon Private Limited. Pursuant to the said complaint, on 3 July 2021, a First Information Report was registered by the Economic Offence Wing, New Delhi, against the erstwhile promoters. Investigation is underway.

## Notes to the Financial Statements

### 46. MATTERS ARISING FROM INVESTIGATIONS (continued)

#### (b) Regulatory investigations (prior to the acquisition of Fortis by IHH Group)

##### SEBI Investigation

On 17 October 2018, 21 December 2018 and 19 March 2019, SEBI issued interim orders (“Interim Orders”), indicating, amongst others, certain transactions were structured by some identified entities, which were *prima facie* fictitious and fraudulent in nature, resulting in, *inter alia*, diversion of funds from the Fortis Group for the ultimate benefit of former controlling shareholders of Fortis (and certain entities controlled by them) and misrepresentation in financial statements for the year ended 31 March 2018 of Fortis Group. Further, it issued certain interim directions, *inter alia*, directing Fortis shall take all necessary steps to recover INR4,030 million (equivalent to RM227.4 million), along with due interest, from former controlling shareholders of Fortis and various other entities identified in the orders. Vide an order dated 12 November 2020, SEBI revoked the aforementioned Interim Orders qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and substituted the ongoing investigation with Adjudication Proceedings. This order further clarified that Fortis and Fortis Hospitals Limited (“FHsL”) can pursue legal remedies against these entities with respect to their role in the diversion of funds by the erstwhile promoters.

On 20 November 2020, a Show-Cause Notice (SCN) was issued by SEBI to various entities including Fortis and FHsL. In the SCN, it has *inter alia* been alleged that the consolidated financials of Fortis at the relevant period were untrue and misleading for the shareholders of Fortis and Fortis has circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by Fortis and FHsL on 28 December 2020 praying for quashing of the SCN. Fortis and FHsL have taken legal actions against the erstwhile promoters and taken steps to recover the diverted amounts.

On 21 January 2021, oral submissions in response to the SCN were made in a personal hearing before SEBI and a written synopsis of the same has been filed. No orders have yet been passed.

On 9 April 2021, SEBI issued another SCN (“EHIRCL SCN”) to various noticees including Escorts Heart Institute and Research Centre Limited (“EHIRCL”), a subsidiary of Fortis in furtherance of the SEBI investigation. In response thereto, a representation was filed by EHIRCL on 11 June 2021 submitting reasons as to why the EHIRCL SCN ought to be quashed. Oral submissions were also made in a personal hearing before SEBI on 16 June 2021 and a written synopsis of the same has been filed. No orders have yet been passed.

Regarding the SEBI investigations, management as well as external legal counsels are of the opinion that while no outcome can be predicted with certainty, the likelihood of any potential remedial measures being directed against Fortis and FHsL is low and any potential financial impact of such measures is not expected to be material.

##### SFIO Investigation

Investigation by the SFIO is ongoing. Fortis Group has been submitting all the information required by the various investigating agencies and is fully cooperating in the investigations/inquiries.

Regarding the SFIO proceedings, the outcome of the investigation cannot be predicted at this juncture and the financial impact to the Group, if any, will be recognised in the period that the outcome is known.

#### (c) Actions taken by Fortis Group

With respect to the above findings by the external legal firm, the Fortis Board has implemented specific improvement projects to strengthen the process and control environment. These include review and revision of operational and financial authority levels, greater oversight by Fortis Board, review and improvement of financial reporting processes, more robust secretarial documentation in regard to compliance to regulatory requirements and improving systems design and control enhancement. Accordingly, steps have been taken in relation to enhanced authority levels for payments/transfer of funds within Fortis Group, and review of borrowings above certain levels by the Fortis Board. Fortis Group had also disengaged itself from the former controlling shareholders. Fortis Board continues to evaluate other areas to strengthen processes and build a robust governance framework. The Fortis Board has initiated an enquiry of the management of the certain entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm. To this end, Fortis Board had also appointed an independent accounting firm, to conduct enquiries of certain entities and transactions in Fortis Group to ascertain, amongst other things, the extent of diversion of funds from Fortis Group. The independent accounting firm submitted their report to the Fortis Board, and the Fortis Board deliberated the findings at its meeting held on 16 September 2020. Pursuant to additional procedures/enquiries by independent experts, Fortis and its subsidiaries have filed a complaint before the Economic Offence Wing, New Delhi, against the erstwhile promoters and certain other entities.

### 46. MATTERS ARISING FROM INVESTIGATIONS (continued)

#### (c) Actions taken by Fortis Group (continued)

As per the directions from SEBI, Fortis Group has taken steps to recover dues from the former controlling shareholders of Fortis and various other entities. These include initiating civil actions against these entities demanding recovery of the outstanding amounts together with interest and to secure repayment of the outstanding amounts on the assets of these entities.

Based on the findings of investigations to-date, all identified/required adjustments/disclosures have been recorded in the financial statements of Fortis Group prior to the Group’s acquisition in November 2018. Fortis is fully co-operating with the regulators in relation to the ongoing investigations to enable the regulators to conclude their investigations. Any further adjustments/disclosures, if required, would be made in the financial statements of Fortis Group pursuant to the above actions to be taken by the internal/regulatory investigations, as and when the outcome of the above is known. In connection with the potentially improper transactions, Fortis has undertaken a detailed review of each case to assess its legal rights and has initiated necessary action.

### 47. OTHER MATTERS

#### (a) Matter brought before the Supreme Court of India

On 13 July 2018, NTK, as subscriber, entered into a share subscription agreement (“Fortis SSA”) with Fortis, as issuer, where NTK has agreed to subscribe 235,294,117 new equity shares of Fortis with a face value of INR10 each (“Subscription Shares”), constituting approximately 31.17% of the total voting equity share capital of Fortis on a fully diluted basis (“Expanded Voting Share Capital”) for a total consideration of INR4,000 crore (equivalent to RM2,257.4 million) and Fortis has agreed to issue and allot the Subscription Shares by way of preferential allotment in accordance with the terms of the Fortis SSA (“Proposed Subscription”).

On 13 November 2018, the Proposed Subscription was completed in accordance with the terms of the Fortis SSA. The Group acquired 31.17% equity interest in Fortis through a preferential allotment by Fortis to NTK, and NTK became the controlling shareholder of Fortis.

As a consequence of the Proposed Subscription, NTK was required to carry out the following:

- (a) pursuant to the board resolution dated 13 July 2018 passed by the Board of Directors of Fortis approving the Proposed Subscription and execution of the Fortis SSA (“Fortis Board Resolution”), a mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of INR10 each in Fortis, representing additional 26% of the Expanded Voting Share Capital of Fortis, at a price of not less than INR170 per share (“Fortis Open Offer”) or such higher price as required under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SEBI (SAST) Regulations”).
- (b) in light of the acquisition of the controlling stake of Fortis, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each in Malar, representing 26% of the paid-up equity shares of Malar at a price of INR58 per share (“Malar Open Offer”). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

On 14 December 2018, the Supreme Court of India passed an order in the matter of “Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors.” 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” (“Order”). Pursuant thereto, decision was taken not to proceed with Fortis Open Offer and Malar Open Offer.

Vide its judgment dated 15 November 2019 (“Judgment”), the Hon’ble Supreme Court of India issued suo-moto contempt notice to, among others, Fortis and in pursuance thereof, its Registry has registered a fresh contempt petition in regard to alleged violation of the Order (“Suo-Moto Contempt”). In this respect, the Hon’ble Supreme Court sought an enquiry into:

- i. Whether the subscription by NTK for the Shares of Fortis was undertaken in violation of the Order; and
- ii. Whether the consummation of the acquisition of healthcare assets from RHT Health Trust by Fortis was undertaken in violation of the Order.

## Notes to the Financial Statements

### 47. OTHER MATTERS (continued)

#### (a) Matter brought before the Supreme Court of India (continued)

On 5 March 2020, Fortis has filed a detailed reply to the Suo-Moto Contempt, praying *inter alia*, that the Suo-Moto Contempt proceedings be dropped and Order be modified/vacated such that the open offers may proceed.

Since the issuance of the Judgement, several parties have filed applications before the Supreme Court, in attempts to seek remedies for themselves, as summarised below (where relevant to IHH or Fortis):

- (a) Anshuman Khanna, a minority shareholder of Fortis ("Minority Shareholder") has sought resumption of the Fortis Open Offer but has asked that IHH to pay interest at 10% (ten percent) to the public shareholders of Fortis who are eligible to tender shares in the Fortis Open Offer due to the delay since IHH is earning interest on the 100% of the consideration payable under the Fortis Open Offer that has deposited in the escrow account.
- (b) Daiichi Sankyo Co. Ltd ("Daiichi") has sought permission to implead itself in the Suo Moto Contempt and present its case as its rights are impacted by orders that may be passed in the Fortis Contempt Petition.
- (c) The Securities and Exchange Board of India ("SEBI") sought resumption of the Fortis Open Offer citing larger public interest at stake.

On 5 March 2020, NTK through its legal counsel, filed the necessary applications to intervene in the aforementioned Supreme Court Proceedings, as follows:

- i. intervention applications in the Original Contempt Petition and the Fortis Contempt Petition, respectively, and to enable NTK to be heard in the Supreme Court Proceedings before any further orders are passed by the Supreme Court; and
- ii. an application to vacate the Order that continues to stay the Fortis Open Offer so as to be able to consummate the Fortis Open Offer; and support SEBI's ask of resuming the same.

On 14 August 2020 Fortis has filed an application before the Supreme Court of India seeking approval to undertake a change in Fortis name, brand and logo for Fortis and its subsidiaries ("Fortis Rebranding Application").

The Fortis Contempt Petition, the Order, the Original Contempt Petition, the Suo-Moto Contempt, the Judgment, the applications filed by the Minority Shareholder, Daiichi and SEBI, and the Fortis Rebranding Application, respectively, are collectively referred to as the "Supreme Court Proceedings".

Fortis has filed an additional affidavit responding to the queries put forth by Supreme Court. Arguments are being heard by Hon'ble Supreme Court of India for adjudication of the matters pending before it.

In light of the Judgement, the Fortis Open Offer as well the Malar Open Offer (which is subject to the completion of the Fortis Open Offer) will not proceed for the time being.

Hearings in the Supreme Court Proceedings have concluded on 12 May 2021 and the judgement is now reserved.

Based on opinions from external legal counsel, the Group believes that it has a strong case on merits. Fortis had, at all times, conducted these transactions in a fair and transparent manner after obtaining all regulatory and shareholders approval and only after making all due disclosures to public shareholders of Fortis and to the regulatory authorities, in a timely manner.

Based on the opinions from NTK's and Fortis' external legal counsel, the outcome of the proceedings in the Supreme Court cannot be predicted at this juncture and the financial impact, if any, to the Group will be recognised in the period the outcome is known. NTK has filed requisite applications/pleadings before the Hon'ble Supreme Court of India and has pleaded in the said applications that the preferential allotment of shares was done in a fair and transparent manner after obtaining all regulatory approvals.

### 47. OTHER MATTERS (continued)

#### (b) Matter brought before the United States Federal District Court for the District of New Jersey

On 16 June 2020, Emqore Envesecure Private Capital Trust ("Emqore") filed a suit against, among others, IHH. IHH was served on 26 July 2021 with Emqore's original complaint and Emqore's Motion to Amend its original complaint ("Motion to Amend"). The Motion to Amend was pending adjudication before the United States Federal District Court for the District of New Jersey ("US District Court") until 30 November 2021 when Emqore's amended complaint was allowed at the US District Court ("Amended Complaint"). Emqore subsequently filed its Amended Complaint on 3 December 2021. The Amended Complaint is now an operative pleading.

Pursuant to the Amended Complaint, Emqore is seeking for, among others, damages in excess of USD 6.5 billion comprising compensatory damages plus treble damages and attorneys' fees pursuant to the U.S. Racketeer, Influenced and Corrupt Organizations Act, against 28 named defendants and 20 non-party defendants.

Emqore's claim against IHH essentially arises from and/or relates to allegations relating to the issuance of the shares of Fortis Healthcare Ltd. ("Fortis") to IHH's subsidiary in/or around 2018. Emqore broadly alleges that it has purportedly suffered losses as the defendants had allegedly conspired to frustrate a proposed share acquisition transaction between Fortis and Emqore's supposed predecessors.

On 28 January 2022, IHH has filed a motion to dismiss Emqore's Amended Complaint for lack of personal jurisdiction, failure to state a claim, and the *forum non conveniens* and international abstention doctrines.

Based on opinions from external legal counsel, the Group is of the view that it has strong grounds for seeking dismissal of Emqore's claims and intends to defend vigorously against the claims.

Based on the opinions from external legal counsel, the outcome of the proceedings in the US District Court cannot be predicted at this juncture and the financial impact, if any, to the Group will be recognised in the period the outcome is known.

### 48. SUBSEQUENT EVENT

Between 1 January 2022 to 23 February 2022, the Company issued 1,715,000 new ordinary shares pursuant to the exercise of vested EOS options.

# Analysis of Shareholdings

As at 31 March 2022

Class of securities : Ordinary shares

Issued share capital : 8,802,701,463 ordinary shares

Voting right : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
Less than 100	206	2.90	2,051	0.00
100 – 1,000	2,193	30.87	1,602,099	0.02
1,001 – 10,000	2,977	41.90	12,925,062	0.15
10,001 – 100,000	930	13.09	31,141,148	0.35
100,001 – 440,135,072*	794	11.18	2,295,909,650	26.08
440,135,073 and above **	4	0.06	6,461,121,453	73.40
<b>Total</b>	<b>7,104</b>	<b>100.00</b>	<b>8,802,701,463</b>	<b>100.00</b>

Notes:

\* Less than 5% of issued share capital

\*\* 5% and above of issued share capital

## CATEGORY OF SHAREHOLDERS

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Shares
Individual	4,984	70.16	24,628,189	0.28
Banks/Finance Companies	75	1.05	624,932,400	7.10
Investments Trusts/Foundations/Charities	4	0.06	127,700	0.00
Other Types of Companies	78	1.10	5,161,540,178	58.64
Government Agencies/Institutions	0	0.00	0	0.00
Nominees	1,963	27.63	2,991,472,996	33.98
Trustee	0	0.00	0	0.00
Others	0	0.00	0	0.00
<b>Total</b>	<b>7,104</b>	<b>100.00</b>	<b>8,802,701,463</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
1.	MBK Healthcare Management Pte Ltd	2,888,487,400	32.81	0	0.00
2.	Mitsui & Co., Ltd	0	0.00	2,888,487,400 <sup>i</sup>	32.81
3.	Pulau Memutik Ventures Sdn Bhd	2,284,536,356	25.95	0	0.00
4.	Khazanah Nasional Berhad	0	0.00	2,284,536,356 <sup>ii</sup>	25.95
5.	Employees Provident Fund Board	857,862,100 <sup>iii</sup>	9.75	0	0.00
6.	Mehmet Ali Aydinlar	425,823,132	4.84	98,287,041 <sup>iv</sup>	1.12

Notes:

<sup>i</sup> Deemed interest by virtue of its shareholding in MBK Healthcare Management Pte Ltd pursuant to Section 8 of the Companies Act 2016.<sup>ii</sup> Deemed interest by virtue of its shareholding in Pulau Memutik Ventures Sdn Bhd pursuant to Section 8 of the Companies Act 2016.<sup>iii</sup> The shares are held through various nominees companies.<sup>iv</sup> Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul 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.

## DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

(As per Register of Directors' Shareholdings)

No.	Interest in the Company	Number of ordinary shares			
		Direct Interest		Indirect Interest	
		No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
1.	Mehmet Ali Aydinlar	425,823,132	4.84	98,287,041 <sup>i</sup>	1.12
2.	Ong Ai Lin	10,000	0.00	0	0.00

Note:

<sup>i</sup> Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul 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:

Interest in subsidiaries	Number of ordinary shares of TL1.00 each			
	Direct Interest		Indirect Interest	
	No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
Acibadem Saglik Yatirimlari Holding A.S.	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

International Hospital Istanbul A.S.	Number of ordinary shares of TL2.00 each			
	Direct Interest		Indirect Interest	
	No. of Shares held	% of Issued Shares	No. of Shares held	% of Issued Shares
	1	0.00	1	0.00

Dr. Kelvin Loh Chi-Keon's direct interest in the subsidiary is as follows:

Interest in subsidiary	Number of units			
	Direct Interest		Indirect Interest	
	No. of Units held	% of Issued Units	No. of Units held	% of Issued Units
Parkway Life Real Estate Investment Trust	120,000	0.02	0	0.00



**Analysis of Shareholdings**

As at 31 March 2022

**DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS**

(As per Register of Directors' Shareholdings) (continued)

**Enterprise Option Scheme**

No.	Interest in the Company	Number of options convertible into ordinary shares	
		Direct Interest	No. of Options held
1.	Mehmet Ali Aydinlar		948,000

Save as disclosed above, none of the Directors of the Company has any interest, direct or indirect in the Company and its related corporations.

**List of Top 30 Largest Shareholders**

As at 31 March 2022

No.	Name	No. of Shares held	% of Issued Shares
1.	MBK Healthcare Management Pte Ltd	2,888,487,400	32.81
2.	Pulau Memutik Ventures Sdn Bhd	2,266,086,176	25.74
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	721,484,400	8.20
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for the Central Depository (Pte) Limited	585,063,477	6.65
5.	Kumpulan Wang Persaraan (Diperbadankan)	299,174,800	3.40
6.	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for Kuwait Investment Authority	150,000,000	1.70
7.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	84,000,000	0.95
8.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	52,670,500	0.60
9.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	51,435,300	0.58
10.	Permodalan Nasional Berhad	44,809,100	0.51
11.	HSBC Nominees (Asing) Sdn Bhd JPMBL SA for Stichting Depository APG Emerging Markets Equity Pool	43,918,400	0.50
12.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	43,504,300	0.49
13.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	39,950,237	0.45
14.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	38,173,300	0.43
15.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	37,000,000	0.42

**List of Top 30 Largest Shareholders**

As at 31 March 2022

No.	Name	No. of Shares held	% of Issued Shares
16.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	36,536,055	0.42
17.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	34,036,036	0.39
18.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	29,798,000	0.34
19.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	25,139,200	0.29
20.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	24,914,500	0.28
21.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	24,615,000	0.28
22.	Citigroup Nominees (Asing) Sdn Bhd UBS Switzerland AG For SZA Gayrimenkul Yatirim Insaat ve Ticaret Anonim Sirketi	23,100,761	0.26
23.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	21,705,000	0.25
24.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	20,102,699	0.23
25.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	20,000,000	0.23
26.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	19,732,600	0.22
27.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	19,488,400	0.22
28.	Cartaban Nominees (Tempatan) Sdn Bhd PBTB for Takafulink Dana Ekuiti	18,715,300	0.21
29.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	18,425,800	0.21
30.	Amanahraya Trustees Berhad Public Islamic Equity Fund	16,904,600	0.19
<b>Total</b>		<b>7,698,971,341</b>	<b>87.45</b>

**List of Top 10 Properties**

for the Financial Year Ended 31 December 2021

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area Sq m	Built-up /Strata Area Sq m	Existing Use	Approximate Age of Buildings Years	Net Book Value @ 31 December 2021 RM'000
<b>SINGAPORE</b>								
1.	<b>Mount Elizabeth Novena Hospital and Medical Centre Units</b> 38 Irrawaddy Road Singapore 329563	Leasehold land and building	2108	N/A	Strata area: 56,361	Hospital building and medical centre	8	3,996,847 <sup>a</sup>
2.	<b>Mount Elizabeth Hospital and Medical Centre Units</b> 3 Mount Elizabeth Singapore 228510	Leasehold land and building	2075	N/A	Strata area: 58,290	Hospital building and medical centre	42	1,454,205 <sup>a,b</sup>
3.	<b>Gleneagles Hospital and Medical Centre Units</b> 6 Napier Road, Singapore 258499; 6A Napier Road, Singapore 258500	Freehold land and building	–	N/A	Strata area: 49,003	Hospital building and medical centre	30	704,979 <sup>a,b</sup>
<b>MALAYSIA</b>								
4.	<b>Prince Court Medical Centre</b> 39 Jalan Kia Peng 50450 Kuala Lumpur	Leasehold land and building	2103	29,108	Built-up area: 100,802	Hospital building	14	737,560 <sup>c</sup>
5.	<b>Gleneagles Hospital Medini Johor</b> No. 2, Jalan Medini Utara 4, Medini Iskandar 79250 Iskandar Puteri, Johor Darul Takzim	Leasehold land and building	2107	72,313	Built-up area: 59,388	Hospital building and medical centre; Includes a plot of land held as investment property	6	361,787 <sup>a</sup>
6.	<b>Pantai Hospital Kuala Lumpur</b> 8 Jalan Bukit Pantai 59100 Kuala Lumpur	Leasehold land and building	2111	22,533	Built-up area: 132,711	Hospital building	17 years for original block; 7 years and 6 years for extension blocks	296,541 <sup>b</sup>

## Notes:

<sup>a</sup> Carrying value includes fair value of investment properties, which were revalued in 2021 in accordance with the Group's accounting policies.<sup>b</sup> Properties were revalued in 2010 pursuant to a purchase price allocation performed upon acquisition of Parkway and Pantai Group.<sup>c</sup> Properties were revalued in 2020 pursuant to a purchase price allocation performed upon acquisition of Price Court Medical Centre.

**List of Top 10 Properties**

for the Financial Year Ended 31 December 2021

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area Sq m	Built-up /Strata Area Sq m	Existing Use	Approximate Age of Buildings Years	Net Book Value @ 31 December 2021 RM'000
<b>HONG KONG</b>								
7.	<b>Gleneagles Hospital Hong Kong</b> 1 Nam Fung Path Wong Chu Hang Hong Kong	Leasehold building	2063	27,500	Built-up area: 46,750	Hospital building	4	1,921,162
<b>INDIA</b>								
8.	<b>Fortis Memorial Research Institute, Gurgaon</b> Sector – 44 (Opposite HUDA City Centre), Gurugram, Haryana 122002	Freehold land and building	–	43,300	Built-up area: 64,296	Hospital building	10	260,744 <sup>d</sup>
9.	<b>Fortis Hospital, Mulund</b> Mulund Goregaon Link Road, Mulund-West, Mumbai, Maharashtra 400078	Freehold land and building	–	32,982	Built-up area: 27,618	Hospital building	18 years for original block; 12 years and 10 years for extension blocks	253,789 <sup>d</sup>
<b>CENTRAL EASTERN EUROPE</b>								
10.	<b>Acibadem City Clinic Tokuda Hospital</b> 51B Nikola I. Vaptsarov Blvd., Hladilnitsa distr., 1407 Lozenets, Sofia, Bulgaria	Freehold land and building	–	27,000	Built-up area: 51,138	Hospital building	15	242,184

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 Twelfth Annual General Meeting of IHH HEALTHCARE BERHAD (IHH or the Company) will be held at Clarke Ballroom, Level 6, Le Méridien Kuala Lumpur, 2 Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 31 May 2022 at 10.00 a.m. for the following purposes:

**AGENDA**

- To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.
- 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:
  - Tan Sri Mohammed Azlan bin Hashim
  - Dr. Kelvin Loh Chi-Keon
  - Mehmet Ali Aydinlar
- To re-elect the following Director who retires pursuant to Clause 120 of the Constitution of the Company and who being eligible, offer himself for re-election:
  - Takeshi Akutsu
- To approve the payment of the following fees and other benefits payable to the Directors of the Company by the Company:
  - Directors' fees to the Non-Executive Directors in respect of their directorship and committee membership in the Company with effect from 1 July 2022 until 30 June 2023 as per the table below:

Structure	Chairman (RM per annum)	Member (RM per annum)
Board of Directors	600,000	285,000
Audit Committee	175,000	100,000
Risk Management Committee	175,000	100,000
Nomination and Remuneration Committee	175,000	100,000
Steering Committee	350,000	100,000

- Any other benefits provided to the Directors of the Company by the Company with effect from 1 July 2022 until 30 June 2023, subject to a maximum amount equivalent to RM1,000,000.

**Ordinary Resolution 1****Ordinary Resolution 2****Ordinary Resolution 3****Ordinary Resolution 4****Ordinary Resolution 5**

## 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 for the period with effect from 1 July 2022 to 30 June 2023:

- (i) Fortis Healthcare Limited

Structure	Chairman/Member (INR per meeting attended)
Board of Directors	100,000
Audit Committee	100,000
Risk Management Committee	100,000
Nomination and Remuneration Committee	100,000
Corporate Social Responsibility Committee	100,000
Stakeholders Relationship Committee	100,000
Independent Directors	100,000

- (ii) Parkway Trust Management Limited

Structure	Chairman (SGD per annum)	Member (SGD per annum)
Board of Directors	108,000	54,000
Audit Committee	35,500	12,000
Nominating and Remuneration Committee	28,000	10,000

- (iii) (a) Acibadem Saglik Yatirimlari Holding A.S. (ASYH) Group

Structure	Chairman (USD per annum)	Member (USD per annum)
Board of Directors	–	40,000
Nomination and Remuneration Committee	25,000	10,000

- (b) ASYH, 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 subject to a maximum amount equivalent to RM300,000.

### Ordinary Resolution 6

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 SECTION 75 OF THE COMPANIES ACT 2016** Ordinary Resolution 8

“THAT subject to the Companies Act 2016 (the Act), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 75 of the Act, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution in any one financial year does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

8. **PROPOSED RENEWAL OF AUTHORITY FOR IHH TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE PREVAILING TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY)** Ordinary Resolution 9

“THAT subject to the Companies Act 2016 (the Act), rules, regulations and orders made pursuant to the Act, the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Listing Requirements) and the approvals of all relevant governmental and/or relevant authorities, the Company be and is hereby authorised, to the extent permitted by law, to purchase and/or hold such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

- (i) the aggregate number of shares which may be purchased (Purchased Shares) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten percent (10%) of the prevailing total number of issued shares of the Company at the point of purchase;
- (ii) the maximum funds to be allocated for the Company to purchase its own shares pursuant to the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company;
- (iii) upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares in the following manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force:
  - (a) cancel all or part of the Purchased Shares; and/or
  - (b) retain all or part of the Purchased Shares as treasury shares (as defined in Section 127 of the Act); and/or
  - (c) resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
  - (d) distribute the treasury shares as share dividends to the shareholders of the Company; and/or
  - (e) transfer the treasury shares for the purposes of or under the employees' share scheme established by the Group; and/or
  - (f) transfer the treasury shares as purchase consideration; and/or
  - (g) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe,

or in any other manner as may be prescribed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.



## 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  
 29 April 2022

### NOTES:

#### PROXY AND/OR AUTHORISED REPRESENTATIVES

1. In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (COVID-19) and the Government's advice of physical distancing, the Company would like to leverage on the use of technology available by conducting the Twelfth 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 12<sup>th</sup> 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. It is also appropriate given the current circumstances relating to COVID-19 which may continue to pose health and safety risks and is in line with the revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.
3. A member entitled to virtually attend and vote at the Meeting is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to virtually attend, participate, speak and vote in his/her stead, in accordance with the Administrative Details.
4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to virtually attend and vote at the Meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Act) shall be entitled to appoint up to (but not more than) five (5) proxies. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
6. The instrument appointing a proxy shall:
  - (i) in the case of an individual, be signed by the appointer or by his/her attorney.
  - (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the form of proxy.

7. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with the Company's Constitution.
8. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://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 24 May 2022 shall be entitled to virtually attend, speak and vote at this Twelfth AGM of the Company or appoint a proxy(ies) on his/her behalf, in accordance with the Administrative Details.

## Notice of Annual General Meeting

### EXPLANATORY NOTES ON ORDINARY BUSINESS:

1. Re-election of Director

Clause 113(1) of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office.

Clause 120 of the Company's Constitution provides that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next following AGM of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Board had assessed each of the Directors seeking re-election at the Twelfth AGM and upon assessing the Directors' performance, commitment and ability to discharge their fiduciary duties to the Company, the Board agreed that they are eligible to stand for re-election and supported their re-election as Directors of the Company.

The profiles of Directors seeking re-election are set out in the profile of the Board of Directors as laid out on pages 88 to 94 of the Company's Annual Report 2021 as well as in the Company's website at <https://www.ihhhealthcare.com/about-us/our-leadership/board-of-directors>.

### EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution pursuant to Section 75 of the Companies Act 2016

The proposed Ordinary Resolution 8 is a renewal of the general mandate for issuance of shares by the Company under Section 75 of the Companies Act 2016 (General Mandate). The General Mandate, if passed, will empower the Directors to issue shares in the Company up to an amount of not exceeding in total ten percent (10%) of the total number of issued shares of the Company for any possible fund raising activities, funding investment project(s), working capital or such purposes as the Directors consider would be in the interest of the Company. The approval is sought to avoid any delay and cost in convening separate general meetings for such issuance of shares. This authority, unless revoked or varied at a general meeting will expire at the next AGM of the Company.

The Company had, during its Eleventh AGM held on 28 May 2021, 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 9, 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 29 April 2022, which is attached together with the Company's Annual Report 2021.

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# Form of Proxy

## Twelfth 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 Twelfth Annual General Meeting of the Company to be held at Clarke Ballroom, Level 6, Le Méridien Kuala Lumpur, 2 Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 31 May 2022 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 Tan Sri Mohammed Azlan bin Hashim		
2	Re-election of Dr. Kelvin Loh Chi-Keon		
3	Re-election of Mehmet Ali Aydinlar		
4	Re-election of Takeshi Akutsu		
5	Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company		
6	Approval of payment of Directors' fees and other benefits to the Directors of the Company by the Company's subsidiaries		
7	Re-appointment of KPMG PLT as Auditors of the Company and authority to the Directors to fix their remuneration		
8	Authority to allot shares pursuant to Section 75 of the Companies Act 2016		
9	Proposed renewal of authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing total number of issued shares of IHH		

Subject to the abovestated voting instructions, \*my/\*our \*proxy/\*proxies may vote virtually or abstain from voting on any resolutions as \*he/\*she/\*they may think fit.

\* Delete whichever is not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

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\_\_\_\_\_  
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:**

- In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (COVID-19) and the Government's advice of physical distancing, the Company would like to leverage on the use of technology available by conducting the Twelfth 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 12<sup>th</sup> 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. It is also appropriate given the current circumstances relating to COVID-19 which may continue to pose health and safety risks and is in line with the revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.
- 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.

2<sup>nd</sup> fold here



## IHH HEALTHCARE BERHAD 201001018208 (901914-V)

c/o Boardroom Share Registrars Sdn Bhd  
Ground Floor or 11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia

1<sup>st</sup> fold here

- The instrument appointing a proxy shall:
  - in the case of an individual, be signed by the appointer or by his/her attorney.
  - 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 Ground Floor or 1<sup>st</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 24 May 2022 shall be entitled to virtually attend, speak and vote at this Twelfth AGM of the Company or appoint a proxy(ies) on his/her behalf, in accordance with the Administrative Details.

# Corporate Information

As at 1 April 2022

## Board of Directors

### Tan Sri Mohammed Azlan bin Hashim

Chairman, Independent, Non-Executive

### Dr Kelvin Loh Chi-Keon

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

### Takeshi Akutsu

Non-Independent, Non-Executive

### Takeshi Saito

Non-Independent, Non-Executive

### Dr Farid bin Mohamed Sani

Non-Independent, Non-Executive

### Mehmet Ali Aydinlar

Non-Independent, Non-Executive

### Tunku Alizakri bin Raja Muhammad Alias

Non-Independent, Non-Executive

### Jill Margaret Watts

Independent, Non-Executive

### Dato' Muthanna bin Abdullah

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

### Nomination and

### Remuneration Committee

Chairman : Dato' Muthanna bin Abdullah

Members : Jill Margaret Watts

: Ong Ai Lin

: Satoshi Tanaka

: Takeshi Saito

: Dr Farid bin Mohamed Sani

: Tunku Alizakri bin Raja

Muhammad Alias

### Steering Committee

Chairman : Tan Sri Mohammed Azlan  
bin Hashim

Members : Dr Kelvin Loh Chi-Keon

: Takeshi Saito

: Dr Farid bin Mohamed Sani

: Mehmet Ali Aydinlar

## Registered Address & Business Address

Level 11 Block A

Pantai Hospital Kuala Lumpur

8 Jalan Bukit Pantai

59100 Kuala Lumpur

Wilayah Persekutuan, Malaysia

Tel : +603-2298 9898

Fax : +603-2298 9899

## Company Website

[www.ihhhealthcare.com](http://www.ihhhealthcare.com)

## Share Registrars

### Malaysia

Boardroom Share Registrars Sdn Bhd

11<sup>th</sup> Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +603-7890 4700 (helpdesk)

Fax : +603-7890 4670

Email : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

### Singapore

Boardroom Corporate &

Advisory Services Pte Ltd

1 Harbourfront Avenue

#14-07 Keppel Bay Tower

Singapore 098632

Tel : +65-6536 5355

Fax : +65-6438 8710

### Ong Ai Lin

Independent, Non-Executive

### Satoshi Tanaka

Independent, Non-Executive

### Tomo Nagahiro

Non-Independent, Non-Executive

(Alternate Director to Takeshi Akutsu)

### Mok Jia Mei

Non-Independent, Non-Executive

(Alternate Director to Dr Farid bin Mohamed Sani)

## 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

• ING Bank

• J.P. Morgan

• Malayan Banking Berhad

• MUFG Bank

• Oversea-Chinese Banking Corporation

• Standard Chartered Bank

• Sumitomo Mitsui Banking Corporation

• The Hongkong and Shanghai Banking Corporation

• Türkiye Garanti Bankası

• 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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