

# Profiles of Group Management



**TAN SRI DATO' DR  
ABU BAKAR BIN SULEIMAN**

Chairman, Non-Independent, Executive

Malaysian, aged 71

## Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), Monash University
- Master of Medicine (Internal Medicine), National University of Singapore
- Fellow Royal Australasian College of Physicians

## Work Experience

Tan Sri Dato' Dr Abu Bakar bin Suleiman joined Malaysia's Ministry of Health as Director of Medical Services in 1987 and became Director-General of Health in 1991. As a consultant nephrologist, he built up the nephrology, renal transplantation and dialysis services at Hospital Kuala Lumpur and other Malaysian hospitals, while heading the Department of Nephrology at Hospital Kuala Lumpur. Tan Sri Dato' Dr Abu Bakar is a fellow of the Royal Australasian College of Physicians as well as the Founding President of both the Malaysian Society of Nephrology and the Malaysian Society of Transplantation. He became President of the International Medical University in Kuala Lumpur in 2001 and continues to hold this position. He is also the Chief Executive Officer of IMU Health Sdn Bhd, a wholly-owned subsidiary of IHH Healthcare Berhad as well as the Director for IMU Foundation.



**DR TAN SEE LENG**

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

Singaporean, aged 50

## Academic / Professional Qualification(s)

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

## Work Experience

Dr Tan See Leng has over 25 years of experience in the healthcare industry. As a young entrepreneur, he founded a private primary health group at 27 and subsequently developed it to the second largest primary healthcare group in Singapore before selling the stake to one of the leading global health-plan providers. In 2004, Dr Tan joined Parkway as Chief Operating Officer of Mount Elizabeth Hospital and rose rapidly through the ranks and became the CEO of Parkway Holdings Limited in April 2010. Following the restructuring of the Group in 2011, he assumed his current position as the Group CEO and Managing Director of Parkway Pantai Limited, an indirect wholly owned subsidiary of IHH Healthcare Berhad ("IHH"). In 2012, Dr Tan was appointed Executive Director of IHH, before becoming its Managing Director and Chief Executive Officer in January 2014.

An active member of various medical committees, Dr Tan has served on Singapore Ministry of Health's MediShield Life Review Committee. He is also a Non-Executive Director of CFPS Holdings and a Council Member of the Singapore-Guangdong Collaboration Council. He has been reappointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for a three-year term until 2015, and serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University.



**MEHMET ALI AYDINLAR**  
Non-Independent, Executive

**Turkish, aged 58**

**Academic / Professional Qualification(s)**

- Business Administration Degree, Galatasaray Economy and Management Business College

**Work Experience**

Mehmet Ali Aydinlar is the Chairman and Chief Executive Officer of Acibadem Saglik Yatirimlari Holding A.S. as well as the Chairman of the Board of Acibadem group of companies such as A Plus, Acibadem Project Management, Acibadem Mobile Services and Acibadem Labmed. He also serves on the Board of Directors of Parkway Pantai Limited. Mr Aydinlar is currently Chairman of the Turkish Accredited Hospitals Association.

A certified public accountant-turned-entrepreneur, Mr Aydinlar has been recognised for his extensive experience in management and involvement in the healthcare sector since 1993. In 2006, he was named Male Entrepreneur of the Year in a survey conducted by Ekonomist Magazine and the “Business Executive of the Year” by Dunya Newspaper and Istanbul University’s School of Business Administration. He was also chosen to be “The Person with Most Contribution to Development of Healthcare” by the Turkish Healthcare Volunteers Organisation. Mr Aydinlar was awarded “The Eminent Services Award of the Grand National Assembly of Turkey” in 2010. In 2013, he was elected the “Businessman of the Year” by Bogazici University, one of the most prestigious higher education institutions in the country.

He is also the Chairman of the Board of Trustees of Acibadem University, initiated by Mr Aydinlar as a most ambitious social responsibility undertaking to advance healthcare in Turkey through education and research. For two years in a row, Mr Aydinlar was recognised by Capital magazine for his philanthropic efforts, as one of the top business people with most charitable donations, ranking at number 5 in 2014.



**TAN SEE HAW**  
Chief Financial Officer

**Singaporean, aged 58**

**Academic / Professional Qualification(s)**

- Bachelor Degree in Accountancy, former Singapore University (now known as the National University of Singapore)
- Fellow of the Institute of Singapore Chartered Accountants

**Work Experience**

Tan See Haw held finance and audit positions at NL Petroleum (Far East) Pte Ltd and Price Waterhouse & Co. (now known as PricewaterhouseCoopers) between 1980 and 1986. Mr Tan then went on to hold key financial positions for major corporations such as Pepsi-Cola International (as Asia Division Financial Controller) from 1986 to 1994, and Asia Pacific Breweries Ltd (as Director of Group Finance) from 1994 to 1999. He subsequently assumed the position of Chief Financial Officer of Advanced Interconnect Technologies (“AIT”) in 1999. Following AIT’s acquisition by Unisem (M) Bhd (“Unisem”), Mr Tan became a Vice President of Unisem from 2007 to 2008.

In January 2009, Mr Tan was appointed as a Director of Parkway Trust Management, the manager of SGX-listed ParkwayLife REIT. On 5 January 2009, he assumed the position of Group Chief Financial Officer of Parkway Holdings Limited (“Parkway”), and was subsequently appointed as Group Chief Financial Officer of Parkway Pantai Limited following its acquisition of Parkway in April 2011. Mr Tan assumed his current position as Chief Financial Officer of IHH on 10 January 2013.



**MICHELE KYTHE LIM BENG SZE**

Group Head, Legal & Secretarial/  
Company Secretary

**Malaysian, aged 47**

### Academic / Professional Qualification(s)

- LL.B Hons. (Bachelor of Laws), University of Wales
- Barrister-at-Law, Honourable Society of the Middle Temple, United Kingdom
- Advocate & Solicitor, High Court of Malaya
- Member of the Malaysian Alliance of Corporate Directors
- Licensed Company Secretary

### Work Experience

Michele Kythe Lim Beng Sze began her career in 1992 with Messrs. Shook Lin & Bok, one of the largest law firms in Malaysia. She then left the law practice and went on to become an Assistant General Manager for the Legal Affairs and Risk Division of Pengurusan Danaharta Nasional Berhad, the national asset management corporation of Malaysia. Subsequently, she joined Proton Holdings Berhad as General Manager and later Chief Legal Counsel, Group Legal, Secretarial and Compliance where she was as a member of the senior management team and Group Management Committees overseeing legal advisory/risk, corporate secretarial and compliance issues for the group. She completed the Senior Management Development Programme of the Harvard Business School in 2009. She also completed the NAM Institute for the Empowerment of Women (NIEW) Women Directors' Training Programme in 2014.



**AUDREY HUANG**

Group Head, Internal Audit

**Singaporean, aged 59**

### Academic / Professional Qualification(s)

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

### Work Experience

Prior to her appointment as Group Head of Internal Audit of IHH Healthcare Berhad on 1 March 2013, Audrey Huang had been the Head of Internal Audit of Parkway Holdings Limited since 21 February 2005. She was subsequently appointed the Head of Internal Audit of Parkway Pantai Limited upon its incorporation on 21 March 2011. She has more than 30 years of experience in auditing, including external audit experience with one of the Big 4 accounting firms as well as internal audit experience with various financial institutions.

She is responsible for managing the internal audit functions of the Group's overall system of internal controls, risk and governance. In 2013, she obtained the Certification in Risk Management Assurance ("CRMA") from the Institute of Internal Auditors, Inc USA.



**TAN JUAN JIM**

Group Head of Human Capital Management

**Malaysian, aged 35**

**Academic / Professional Qualification(s)**

- PhD in Artificial Intelligence, Queen Mary College, University of London
- MSc in eCommerce Engineering, Queen Mary College, University of London
- BSc in Computing and Information Systems, Sunway College, Malaysia

**Work Experience**

Prior to joining IHH Healthcare Berhad, Dr Tan Juan Jim was a Managing Consultant at Hay Group, a global management consulting firm, where he led the practices on Building Effective Organisations and Executive Reward in Malaysia. His main focus was to advise Boards and senior management on the strategic objectives they face and the impact on organisations and talent.



**AHMAD SHAHIZAM BIN MOHD SHARIFF**

Head of Investor Relations  
and Corporate Communications

**Malaysian, aged 44**

**Academic / Professional Qualification(s)**

- Bachelor of Laws (Hons), London School of Economics and Political Science
- Master in Public Administration, Harvard University

**Work Experience**

Ahmad Shahizam bin Mohd Shariff began his career in banking with HSBC Malaysia in 1994 and subsequently at ING Barings and Citigroup Salomon Smith Barney as an investment analyst. In 2004, he joined Khazanah Nasional Berhad ("Khazanah") as Special Officer to the Managing Director and eventually assumed the position of Director, Investments responsible for Khazanah's investments in the healthcare and power sectors. In 2008, Mr Ahmad Shahizam was appointed as an Alternate Director of Parkway Holdings Limited ("Parkway") and Director of Pantai Holdings Berhad and IMU Health Sdn Bhd, before his appointment as Executive Director of Parkway in November 2010. In July 2014, Ahmad Shahizam assumed the role of Chief Executive Officer of Pantai Operations Division and is responsible for the overall operation of Pantai group in Malaysia as well as the corporate functions at PPL's Malaysia operations. He also assumed the role of IHH's Head of Investor Relations and Corporate Communications.



# Media Highlights

## January 2014

### Breath of hope for patients



Caring gesture: Khairul (second left) ringing with family members of several patients during the 'Life Frontiers' campaign launch in Gleneagles Penang. With them is Kots (left).

► The Star Online, 6 January 2014

### HONG KONG

January 14, 2014

#### Groundbreaking of Gleneagles Hong Kong Hospital

The groundbreaking ceremony of the Gleneagles Hong Kong Hospital was held on 10 January. The project was first announced in March 2013 when GHHK Hospital Limited (GHHK) successfully won the bid to design and construct a 500-bed private hospital at Wong Chuk Hang, Hong Kong. Occupying a gross floor area of 46,750 square metres, the hospital is scheduled for operation in early 2017. The project architect is P&T Architects & Engineers.



► Building.hk, 14 January 2014

## February 2014

### IHH Healthcare posts earnings of RM631.16m in FY13

► The Star Online, 27 February 2014

Business 27 February 2014

KUALA LUMPUR: IHH Healthcare posted earnings of RM631.16mil in the financial year ended Dec 31, 2013, which was lower than the RM750.79mil in FY12 when there were exceptional items.

It said on Thursday revenue fell 2.9% to RM6.75bil from RM6.96bil. However, earnings before interest, tax, depreciation, amortisation, exchange differences & other non-operational items (EBITDA) increased 6% to RM1.66bil.

## March 2014



Putting smiles on patients' faces

By IHH FOR HEALTHCARE | www.ihh.com.my

FINANCIAL ADD: Pantai Hospital Kuala Lumpur's Kempen Serpung is focusing on funding treatment for patients with facial anomalies over the next two years.

► New Straits Times Online, 27 March 2014



#### NEW BABIES FOR NEW WARD

Three babies born from 100 deliveries in the new ward at the hospital's new wing, which is the first of its kind in the region, were handed over to the parents of the babies.

The hospital's new wing, which is the first of its kind in the region, was handed over to the parents of the babies.

► The Straits Times, 31 March 2014

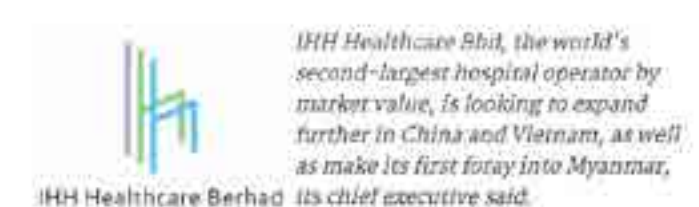
April 2014



► Lianhe Zaobao, 16 April 2014

May 2014

## IHH aims to expand in China, Vietnam and Myanmar



"EBITDA increased 32% to RM1.5bil and profit after tax and minority interests (PATAMI) rose a significant 70% to RM602.50mil," it said.

IHH Healthcare said the strong revenue and EBITDA performance were due to organic growth of existing operations and ramping up of new hospitals.

► The Malaysian Insider Online, 30 May 2014

June 2014

## New hope for brain tumor patients

Bernama | Updated: June 20, 2014  
(First published on: June 20, 2014 10:07 MYT)



KUALA LUMPUR: There is new hope for brain tumour patients as a new laser technology to treat brain cancer is now available in Malaysia, offering them painless, incision-free stereotactic surgery.

Gleneagles Hospital regional chief executive officer Datuk Amir Firdaus Abdullah said the new technology was known as 'Leksell Gamma Knife Perfexion' system.

► Astro Awani Online, 20 June 2014



## July 2014



### IHH on track to bulk up on hospitals and beds

► The Business Times, 2 July 2014



► BFM 89.9 The Business Station, 21 July 2014

## August 2014



► Celebrity Voice Ms Marion Caunter live on Bella NTV7, 11 August 2014

### Mt Elizabeth Novena to help ease TTSH bed crunch

It will set aside up to 20 beds for those with acute but stable conditions.

**By SUE ANN LEE**

THE STRAITS TIMES

Mount Elizabeth Novena Hospital (MEN) is set to help ease the acute bed crunch at Tan Tock Seng Hospital (TTSH) by setting aside up to 20 beds for those with acute but stable conditions, according to a statement from the hospital.

The statement said that the beds will be used for patients who are stable enough to be transferred from TTSH to MEN for further treatment.

It also mentioned that the beds will be used for patients who are stable enough to be transferred from TTSH to MEN for further treatment.

The statement also mentioned that the beds will be used for patients who are stable enough to be transferred from TTSH to MEN for further treatment.

► The Straits Times, 29 August 2014

## September 2014



► LIVE interview on RTM - Hello On Two with Marion Caunter (Celebrity Voice of Pink Charity Run 2014), Dr Saunthari Somasundaram from National Cancer Society of Malaysia, and Sr Thewagi of Pantai Hospital Klang on 25th September 2014.

### Making a clean job of it

Cleaning roving sees hospital local authority and residents joining forces

**P**lanting trees and cleaning up the environment are two of the ways in which the National Cancer Society of Malaysia (NCSM) is committed to improving the quality of life for its patients and the community.

The NCSM has been working with the local authority and residents to clean up the environment and plant trees in the area.

The NCSM has been working with the local authority and residents to clean up the environment and plant trees in the area.

The NCSM has been working with the local authority and residents to clean up the environment and plant trees in the area.



► The Star, 30 September 2014

## October 2014



► The Malay Mail, 4 October 2014



► Lianhe Wanbao, 28 October 2014

## November 2014

### Gleneagles Medini di Nusajaya

Pilihan  
Fidelling untuk  
MAMPU untuk  
bantu hospital  
di Johor

**P**ilihan Fidelling untuk MAMPU untuk bantu hospital di Johor



Apakah (atas) pilihan repilika bangunan Gleneagles Medini untuk pembangunan di Johor? (di bawah) Pilihan repilika bangunan Gleneagles Medini untuk pembangunan di Johor.

► Berita Harian, 17 November 2014

### IHH awards RM1b deal to Hip Hing, Chun Wo JV

IHH awarded a RM1 billion deal to Hip Hing, Chun Wo JV for the development of a private hospital at Iskandar Island in Hong Kong, awarded via public tender in March 2013.

► The Sun, 25 November 2014

### IHH profit for third quarter rises 25.5% to RM147mil

IHH continues to monitor and mitigate currency risks proactively.

► The Star, 26 November 2014

## December 2014



► Channel NewsAsia, 17 December 2014



Interview with Channel NewsAsia:  
Dr Tan See Leng, Managing Director and Chief Executive Officer of IHH Healthcare Berhad, on year-end look at the healthcare sector in Singapore and the region as well as outlook for 2015.



# Investor Relations

## Communication with Shareholders and Stakeholders

The Company has a dedicated Investor Relations and Corporate Communications Department which meets key institutional investors and analysts on a regular basis, as well as answers queries from shareholders. The Board has endorsed the Investor Relations policy which aims to enforce IHH's commitment to maintain effective communications to the shareholders and stakeholders by updating them of material developments and providing a guideline of processes and procedures upon which IHH can successfully implement its Investor Relations programme. Separate media and analysts briefings are also conducted during the release of the Group's quarterly results.

### GROUP CORPORATE WEBSITE

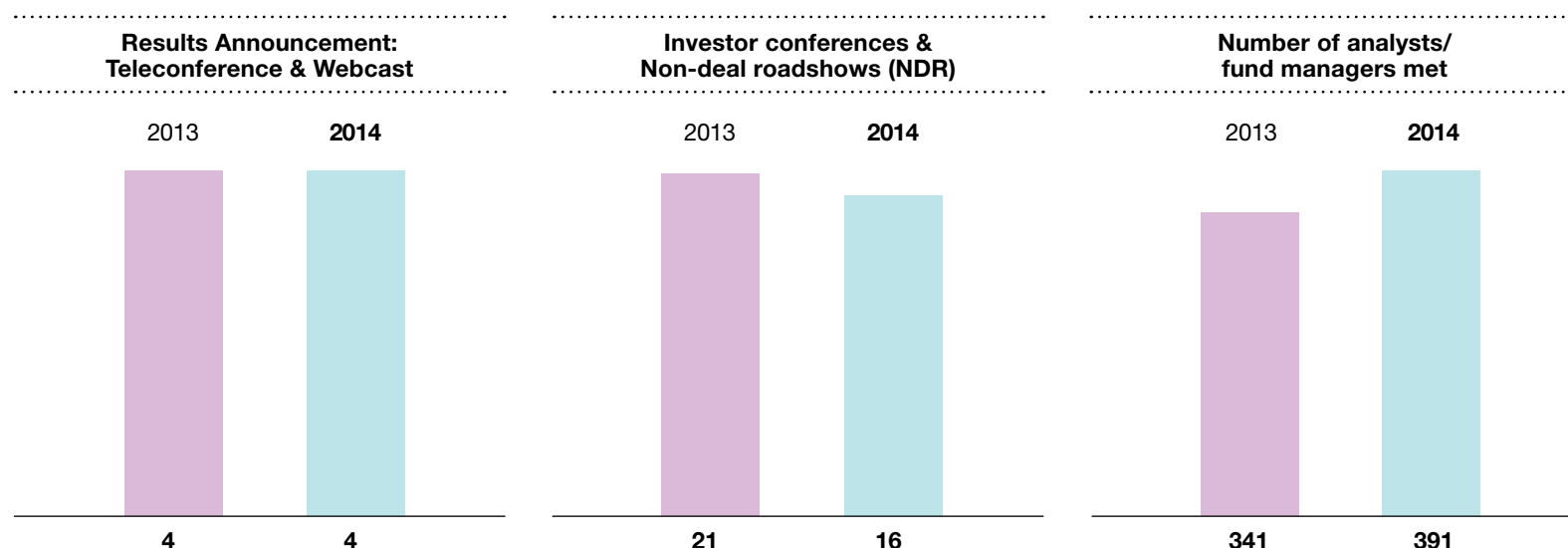
The Group's corporate website at [www.ihhhealthcare.com](http://www.ihhhealthcare.com) provides quick access to information about the Group. The information on the website includes corporate profile, senior management profiles, share information both in Bursa Securities and SGX, financial results, dividend policy, annual reports, corporate governance related policies, corporate news and IHH's operations and major subsidiaries.



► IHH participated in Invest Malaysia 2014, organised by Bursa Malaysia and RHB Investment Bank. Hong Kong, 14 October 2014

| Key Events                        |  | Date              |
|-----------------------------------|--|-------------------|
| <b>Results Announcement</b>       |  |                   |
| Fourth Quarter FY2013             |  | 27 February, 2014 |
| First Quarter FY2014              |  | 29 May, 2014      |
| Second Quarter FY2014             |  | 28 August, 2014   |
| Third Quarter FY2014              |  | 25 November, 2014 |
| <b>Other Events</b>               |  |                   |
| Annual General Meeting for FY2013 |  | 20 June, 2014     |

## KEY EVENTS



2014: Conferences and Non-Deal Roadshows

| Dates             | Conference Names                                  | Location   | Organisers            |
|-------------------|---|--|-----------------------|
| 14 - 15 Jan 2014  | JPMorgan 2014 Healthcare Conference               | San Francisco, USA   | JPMorgan              |
| 4 Mar 2014        | Daiwa Investment Conference                       | Tokyo, Japan   | Daiwa Capital Markets |
| 6 Mar 2014        | BAML ASEAN Star Conference                        | Singapore  | BofA Merrill Lynch    |
| 9 - 18 Mar 2014   | UBS Non-deal Roadshow                             | Edinburgh, Glasgow, London, Boston, San Francisco, Princeton | UBS Securities        |
| 25 Mar 2014       | Credit Suisse Asia Investment Conference          | Hong Kong  | Credit Suisse         |
| 9 - 10 Jun 2014   | Invest Malaysia 2014                              | Kuala Lumpur, Malaysia                                       | Bursa Malaysia/ CIMB  |
| 11 Jun 2014       | Goldman Sachs Healthcare Conference               | California, USA  | Goldman Sachs         |
| 3 - 4 Sept 2014   | UBS ASEAN Conference                              | Singapore  | UBS Securities        |
| 3 Sept 2014       | JPMorgan ASEAN Conference                         | Boston, USA  | JPMorgan              |
| 4 - 5 Sept 2014   | DB GEMS Conference                                | New York, USA  | Deutsche Bank         |
| 8 - 9 Sept 2014   | JPMorgan ASEAN Conference                         | London, UK   | JPMorgan              |
| 17 - 18 Sept 2014 | CLSA Forum HK                                     | Hong Kong  | CLSA                  |
| 2 - 3 Oct 2014    | Citibank Non-deal Roadshow                        | Tokyo, Japan   | Citibank              |
| 14 Oct 2014       | RHB Bursa Invest Malaysia                         | Hong Kong  | Bursa Malaysia / RHB  |
| 2 - 3 Dec 2014    | UBS Global Emerging Markets One-on-One Conference | New York, USA  | UBS Securities        |
| 4 Dec 2014        | Deutsche Bank Non-deal Roadshow                   | Boston, USA  | Deutsche Bank         |

## Equity House Coverage

| Analysts                                      |
|---|
| Affin Securities Sdn Bhd                      |
| Alliance Research Sdn Bhd                     |
| AmResearch Sdn Bhd                            |
| BIMB Securities Sdn Bhd                       |
| Bank of America Merrill Lynch Global Research |
| CIMB Securities Ltd                           |
| CLSA Singapore Pte Ltd                        |

| Analysts                               |
|--|
| Credit Suisse                          |
| DBS Vickers Securities                 |
| Deutsche Bank                          |
| Goldman Sachs Investment Research      |
| Hong Leong Investment Bank Bhd         |
| JPMorgan Securities (Malaysia) Sdn Bhd |
| KAF Seagroatt & Campbell               |
| MIDF Research                          |

| Analysts                        |
|---------------------------------|
| Kenanga Investment Bank Bhd     |
| Maybank Kim Eng Securities      |
| Morgan Stanley Asia Limited     |
| Public Investment Bank Berhad   |
| RHB Research Institute Sdn Bhd  |
| TA Securities Holding Bhd       |
| UOB Kay Hian                    |
| UBS Securities Malaysia Sdn Bhd |

Footnote: As of 30 April 2015

# Awards and Accolades

## IHH Healthcare Berhad

### BCG Southeast Asia Challenger

- Boston Consulting Group (BCG) has named IHH Healthcare Berhad as a BCG Southeast Asia Challenger for 2014

## Parkway Pantai Limited

### Marketing Magazine's Marketing Excellence Awards

- Excellence in Marketing to a Female Audience - Silver [Pink October Breast Cancer Campaign]

## Gleneagles Kuala Lumpur

### International Medical Travel Journal

- International Hospital of the Year Award 2014

### Kuala Lumpur Mayor's Tourism Award 2014

- Medical Tourism category - Platinum

### Malaysia HR Award

- Employer of Choice - Bronze

## Pantai Hospital Kuala Lumpur

### Reader's Digest Trusted Brand Gold Award

- Reader's Digest Trusted Brand Award - Private Hospital Category - Gold

## Mount Elizabeth Novena Hospital

### Singapore Experience Awards 2014

- Best Healthcare Experience

### BCA (Building Construction Authority) Awards

- Construction Excellence 2014

### Marketing Magazine's Marketing Excellence Awards

- Excellence in Experiential / Event Marketing - Bronze [Doctor for a Day Campaign]

## Mount Elizabeth Hospital

### Singapore Experience Awards 2014

- Best Healthcare Experience

### SPRING Singapore

- Singapore Service Class (S-Class) Certification

### Marketing Magazine's Marketing Excellence Awards

- Excellence in Corporate Social Responsibility - Silver [Run for Cover Campaign]

## Parkway Shenton

### Reader's Digest Trusted Brand Survey

- Family Clinic category - Gold

## Acibadem

### Fortune 500

- 87th largest company in Turkey
- 18th largest Turkish employer
- Largest healthcare company in Turkey

### Brand Finance

- 51st most valuable brand in Turkey.

### Capital Magazine

- Capital magazine has conducted a study of the Capital 500 lists for the last 10 years to identify those companies that have achieved the challenging target of sustainable growth. Although the number of Capital 500 companies that record growth compared to previous year was around 350-400 each year, only 23 have succeeded doing so every year and Acibadem leads the pack with an impressive 29% 10-year growth rate.

### Kariyer.net

- Efficiency, robustness and responsiveness of Acibadem's web-based recruitment process have been recognised by Kariyer.Net, Turkey's largest online job search and recruitment portal, with two major awards

- Employer with Highest Volume of Recruitment

- Employer with Best Application Review and Hiring Process

### Superbrands of Turkey

- Third time in a row Acibadem is included in the list of Superbrands (2010, 2012, 2014).



## Joint Commission International (JCI)



The JCI is one of the most prestigious and respected independent bodies providing international healthcare accreditation services to hospitals around the world.

### Singapore: 4 Hospitals

- Gleneagles Hospital
- Mount Elizabeth Novena Hospital
- Mount Elizabeth Hospital
- Parkway East Hospital

### Turkey: 3 Hospitals

- Acibadem Maslak Hospital
- Acibadem Adana Hospital
- Acibadem Fulya Hospital

### Malaysia: 2 Hospitals

- Gleneagles Kuala Lumpur
- Pantai Hospital Kuala Lumpur

## Malaysian Society for Quality in Health (MSQH)



The MSQH is recognised by the Ministry of Health Malaysia as the national accreditation body for healthcare facilities and services and is internationally accepted as being on par with those accreditation bodies in other countries such as France, New Zealand, India, Australia, the United Kingdom, Canada and others.

### Malaysia: 9 Hospitals

- Gleneagles Kuala Lumpur
- Gleneagles Penang
- Pantai Hospital Ayer Keroh
- Pantai Hospital Batu Pahat
- Pantai Hospital Cheras
- Pantai Hospital Ipoh
- Pantai Hospital Klang
- Pantai Hospital Kuala Lumpur
- Pantai Hospital Penang

### Malaysia: 1 Clinic

- IMU Medical Clinic

## Turkish Ministry of Health Quality Scheme



### Turkish Ministry of Health Quality Scheme

- Acibadem Maslak Hospital
- Acibadem Bakirkoy Hospital
- Acibadem Kadikoy Hospital
- Acibadem International Hospital
- Acibadem Kozyatagi Hospital
- Acibadem Fulya Hospital
- Acibadem Kayseri Hospital
- Aile Bahcelievler Hospital
- Acibadem Ankara Hospital
- Acibadem Eskisehir Hospital
- Acibadem Adana Hospital
- Acibadem Bodrum Hospital
- Acibadem Bursa Hospital
- Acibadem Kocaeli Hospital

# Corporate Responsibility

**“ IHH bases its entire operation on the principle of care, be it to our patients or to our stakeholders, in the many markets that we serve. ”**

We value our role as a responsible corporate citizen as much as our role as a healthcare provider. To this end, we work tirelessly to balance our business aspirations with patients' needs and responsible corporate practices for the betterment of our society.



## Employees

Employees are the most important assets of our organisation. In addition to ensuring they receive fair and equitable remuneration and treatment, we are committed to help them realise their full potential. IHH also fosters a welcoming and conducive work environment for our employees by complying with workplace diversity policies.

## Customers

Patients are at the heart of everything we do. We ensure they receive the best care and information available to make important, life-changing decisions.

## Regulators/Government

We meet our obligations to regulators and governments of the countries in which we operate by adhering to their rules and regulations, be it relate to corporate or healthcare governance, the environment, taxation and so forth.

## Communities

Our hospitals do not operate in isolation but within communities to whom we have obligations. In addition to our services as a healthcare provider, we give back to the community through donations, capacity building and volunteerism.

## Public at Large

The general public takes on many roles in relation to IHH—as investors, patients, employees and so forth. We undertake to dispense our responsibilities to the general public by adhering to strict codes of ethics and conduct to maintain our reputation as a healthcare provider and as a public and corporate citizen.

## Our Commitment to Good Corporate Responsibility (CR)

### Transforming Communities One Life At A Time

We believe that our role as a healthcare provider is a significant one for communities and individual lives, but we are also aware of our responsibilities to our staff, shareholders and to the environment. We are committed to fulfilling our Corporate Responsibility (CR) obligations to our stakeholders in our home markets of Malaysia, Singapore and Turkey to the best of our ability.

IHH is committed to upholding its code of conduct in all its stakeholder interactions. This section highlights our CR activities undertaken in 2014. The following is an exhaustive list of our stakeholders and our CR obligations to them.

## NGOs

Non-governmental organisations play an important role in serving the communities. We are committed to supporting their efforts and working together, where possible, to help make our communities better places.

## Others

Other IHH stakeholders include our vendors, contractors, non-staff doctors and all related parties within our supply chain. We are committed to delivering the highest level of ethical and professional standards when dispensing our obligations to them.

Our corporate responsibilities also extend to our stable of specialists doctors and both our private and independent consultants, who work together with us to dispense medical treatment to our patients. In addition to providing them with a safe and effective working environment, we take extra steps to ensure that they are aware of and share in our vision to become a top medical provider in Asia. Through engagement sessions, both professional and social, we have strengthened our ties with our consultants and specialists to create a stronger and more unified team.

## The Cornerstones of Our Corporate Responsibility (CR) Efforts

Since consolidating our business units under the IHH umbrella in 2011, we have sought to bring about positive changes in a holistic manner in each of our home markets. We have anchored our CR efforts on a framework supported by four main pillars: the Marketplace, the Workplace, the Community and the Environment.





### Khazanah IHH Healthcare Fund

A key enabler for our CR activities is the Khazanah IHH Healthcare Fund, which is the central platform through which IHH gives back to the community and touches lives. Created by Khazanah Nasional Berhad (Khazanah) as part of its undertaking during IHH's initial public offering in July 2012, the RM50 million fund represents its realised and future returns from investing in IHH.



### Parkway Pantai's Life Renewed

Parkway Pantai's 'Life Renewed' is making a difference in the lives of needy patients thanks to contributions from the Khazanah IHH Healthcare Fund. The Fund offers partial and fully sponsored medical treatment to qualified patients in Malaysia and Singapore. In FY2014, 'Life Renewed' helped fund the medical treatments of 256 and 78 beneficiaries in Malaysia and Singapore respectively. Highlights of medical treatments include:

- 01  Paediatric cardiology surgeries for less privileged families
- 02  Knee replacement surgeries for seniors
- 03  Kempen Senyum (Smile Campaign) for patients with facial anomalies
- 04  Cataract treatment for elderly women



### Acibadem's Dreams Coming True & IMU Cares

The Fund continued to support Acibadem's 'Dreams Coming True' programme which is a collaborative effort with Turkish Ministry of Family and Social Policies to provide fertility treatments at eight of its hospitals' fertility centres. The Fund paid for in-vitro fertilisation (IVF) treatment for 2,500 low income couples. It has also enabled Malaysia's International Medical University (IMU) to provide free health assessments, medical consultations and dental checks, and expand its services to residents in remote areas, through its CR outreach programme 'IMU Cares'.



# MARKETPLACE

**IHH is committed to maintaining the highest standards of conduct to build public trust and confidence in our brand and our services.**

This commitment has translated into specific initiatives and activities undertaken at all levels of our organisation. Our governance committees play a key role in setting our operating benchmarks and in ensuring that these benchmarks are met. These committees include the Medical Affairs Committee and Central Quality Forum, which constantly review the performance of our medical staff against local as well as international standards.

## **PRIORITISING SAFE CARE IN OUR BUSINESS UNITS**

We go beyond the physicians' creed to "Do No Harm" to actively put patient care first and foremost in all our healthcare facilities and business units. Accreditation bodies including the Joint Commission International (JCI), the International Organisation for Standardisation (ISO) and the European Foundation for Quality Management (EFQM) have endorsed relevant business units as being compliant with governance standards and best practices.

Our hospitals are also accredited by their respective national accreditation bodies such as the Malaysian Society for Quality in Health (MSQH) and Turkish Ministry of Health Quality Scheme. Furthermore, our IMU Medical Clinic is the first private clinic in Malaysia to receive the MSQH accreditation.

From ensuring our waste disposal method complies with all the regulatory requirements to organising Patient Safety Week, our hospitals are committed to ensuring safe medical practice, patient safety and quality service. This commitment is also evident in all our business units. IMU, for example, conducts a regular Food Safety Audit led by a committee comprising the Facilities and Administration Department Managers and selected faculty from the Nutrition and Dietetics Programme to ensure that IMU Café Operator meets IMU's food safety and health guidelines in three main areas: food preparation, cafe and kitchen area maintenance, and pest control.

## **MAKING ACCOUNTABILITY A PRIORITY**

Our clinical and teaching facilities are governed by the Group's policies and procedures, which provide comprehensive guidelines on both clinical and teaching practice. Policies are in place to ensure that our stakeholders are provided the best service in compliance with local regulations and requirements. The Group constantly reviews its policies for all its work streams and is committed to keeping them updated to reflect changes in the marketplace.

Our business units also have its own operating policies developed at the local level, which comply with the Group's overarching philosophy but

shaped by locale-specific policies and procedures to better serve their local communities.

## **PRIORITISING GOOD GOVERNANCE PRACTICES**

As one of the largest listed healthcare entities in Asia, IHH believes that it has a responsibility to be a model corporate citizen in all its dealings. To this end, we have imposed strict codes of conduct and ethics on our governance practices. Our responsibility to our various home markets and all other markets in which we operate also translates into an overall emphasis on prudent growth that does not jeopardise our financial standing.

Our demand for good governance extends from Group management to the local management of our individual operating units. As such, governance functions at both the Group and individual unit levels including the Audit and Risk Management Committee, Medical Advisory, Nomination and Remuneration Committee, and Procurement department need to abide by identified best practices.



■ IMU organises Malaysia's first national level "Train the Trainers" Workshop for nutrition and dietetics programme.



■ IMU's Professional Education Advisory Committee (PEAC) was established to provide advice and guidance to the IMU on matters relating to the education and training of students enrolled in professional undergraduate, postgraduate and Continuing Professional Development (CPD) programmes. The nature and remit of PEAC is to identify problem areas in the delivery of academic programmes across the board.



■ Maintaining open and transparent communications with the media as part of stakeholder engagement.



### MAINTAINING OPEN AND TRANSPARENT COMMUNICATIONS WITH STAKEHOLDERS

IHH has in place a robust Whistle Blowing Policy and Communication Policy supporting our commitment to marketplace ethics. The policies support our objective of building and maintaining a reputation as a trustworthy healthcare and education provider. To this end, IHH has formed a dedicated Investor Relations (IR) and Corporate Communications Department that engage with institutional investors and stakeholders regularly. The Board of Directors has endorsed the IHH's IR policy, which describes our commitment to maintain effective communications with stakeholders.

### GROWING OUR FOOTPRINT IN THE MARKETPLACE

Step by step, IHH is expanding our healthcare network in our home markets. In Malaysia, Pantai Hospital Manjung opened its doors in May 2014 while the topping up ceremony for Gleneagles Kota Kinabalu in April 2014 saw our maiden entry into East Malaysia. Another exciting development is the construction of Gleneagles Medini, which topped up in November 2014. Located in the special economic zone of Iskandar, Johor, the hospital is set to make Medini an attractive health destination in the region, spurring the growth of medical tourism and setting the benchmark for high quality healthcare.

January 2014 saw the ground breaking ceremony of Gleneagles Hong Kong, which is slated to open in early 2017.

In March 2015, IHH announced its acquisition of a 51% stake in Continental Hospitals Limited in Hyderabad, India. This is in line with IHH's strategy of focusing on key emerging markets in Asia.

### DEVELOPING SMART PARTNERSHIPS IN THE MARKETPLACE

IHH aims to be the healthcare partner of choice for vendors in the marketplace and is building relationships with providers of medical equipment and other services. Our aim is to ensure that our patients receive the best care and service through our investments in state-of-the-art equipment. These partnerships also help optimise our procurement practices and lower our procurement cost.

The CR practices of IHH's wholly-owned subsidiary IMU are also in line with the Group's overall general philosophy to serve the marketplace fairly. In addition to its accreditations as a teaching facility, IMU's academics are also required to sit for teaching exams and e-learning licences to further augment best teaching practices.



- Acibadem Life, a free quarterly health magazine, is made available on its corporate website, patient health portal, CRM email and digiboards located throughout Acibadem facilities. The content is dedicated to increasing public awareness on health related topics, promoting healthy living as well as timely and appropriate medical care. The e-magazine is also put up on WebTV channel in patient rooms and shopping malls.



- IMU staff being trained for e-learning licence.



- Parkway Pantai Limited shares its CR activities and other notable achievements via quarterly in-house magazine "Mosaic".



- The launch of the Gamma Knife Centre at Gleneagles Kuala Lumpur provided new hope for brain tumour patients as its 'Leksell Gamma Knife Perfexion' system allows for a more effective and less invasive treatment.



- IMU's Academic Council (AC) comprises the Deans or their representatives from the Partner Medical Schools and Partner Dental Schools together with all members of the IMU Senate. The AC, which meets annually, acts as a consultative body for IMU's medical and dental programmes, and makes recommendations on admissions, curriculum, assessment, faculty appointments and development. In addition, the AC decides on the method of transfer of students to partner schools.



# WORKPLACE

**At IHH, we expect the best from our staff and employees.**

We are committed to the fair remuneration and treatment of our staff, and to help them reach their full potential by providing the opportunities and support they need to grow. We have high expectations of our employees in terms of their conduct, and we also expect them to contribute to the community to the best of their abilities.

## BUILDING TALENT IN IHH

Training and seminars conducted for our employees are not limited to clinical practice. Employees also attend workshops designed to optimise hospital administrative processes. The 'Senior Leaders' and 'Train-the-Trainer' workshops, for example, trained hospital staff on the application of the Lean business process management technique in a healthcare setting.

In addition to seminars and training, IHH's global footprint affords our staff opportunities to develop new skills by working in our different hospitals located across the globe.



- Graduates from International Medical College working in our Acibadem hospitals.

## BECOMING THE EMPLOYER OF CHOICE

IHH has in place comprehensive talent search and recruitment capabilities, as well as professional development programmes to ensure that our staff are given the best preparation and skills to operate in a changing market. Comprehensive recruitment and retention strategies have become increasingly important due to the competitive market for healthcare professionals. We are thus committed to making the IHH workplace among the most attractive in the industry.

## GROWING OUR WORKFORCE

Our workforce is expected to grow as we continue to implement our expansion strategies, which will take us to 2017 and beyond. IHH is committed to ensuring that appropriate staffing levels are maintained. This is to safeguard employee productivity and commitment with the aim to ensure that our customers receive the best level of care. IMU Health provides a natural pipeline to expanding our workforce.



- 180 bright-eyed young men and women who celebrated their graduation from Parkway College in November 2014 now look forward to a fulfilling and meaningful career in healthcare. Since the institution opened its doors in 2008, Parkway College has built a reputation for training students who have the skills, knowledge and competencies to excel as nurses and allied health professionals.



- International Medical College continues its excellence in nursing education with 315 graduates presented with their Diploma in Nursing at its October 2014 Convocation.



- Parkway Pantai hosted recipients of its Mount Elizabeth-Gleneagles Scholarship to a lunch and facility tour at Mount Elizabeth Novena Hospital in December 2014. The S\$2 million endowed scholarship fund was set up in 2012 to provide financial assistance to undergraduate students pursuing a medical degree at the National University of Singapore's Yong Loo Lin School of Medicine. The scholarship which benefits up to 16 students per year, is bond free and valued at \$10,000 each.



In addition, IHH regularly recognises the contributions of our staff. From our Nurses Day celebration and Long Service Awards to iThankYou campaigns and other rewards and recognition initiatives, we celebrate our employees, especially our nurses, whom are at the front lines of our core business as a healthcare provider.

Town hall sessions and “Teh Tarik with CEO” allow our top management to thank the staff personally for their hard work, share upcoming corporate developments and seek feedback and suggestions.

Employee Engagement Survey is another platform for us to engage and learn what matters most to our employees at work. Through the feedback received from the most recent survey, specific coaching sessions would be organised to improve leadership management style and skills. Facility-specific action plans would be developed based on feedback from departmental focus groups.

We remain steadfast in promoting work-life balance. A well-rested and healthy staff is a more productive staff. We place an emphasis

on wellness initiatives and policies such as inter-departmental sporting activities to help them enjoy healthier and happier lives. Mental health wellness is important. We do all we can to maintain the psychological and emotional well-being of our employees. Besides providing free care counselling services by trained in-house counsellors, we also offer help via toll free hotline.

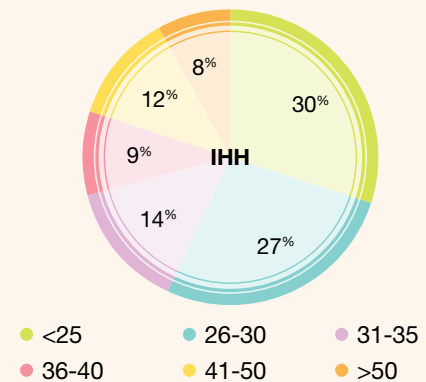
### OUR COMMITMENT TO BOARD AND WORKPLACE DIVERSITY

The Board of Directors is also supportive of the gender and workforce diversity recommendations made in the Malaysian Code on Corporate Governance (MCCG). While we are committed to promoting diversity in terms of gender, age, and ethnicity, selection criteria based on the blend of competencies, skills, experience and knowledge should remain a priority. IHH thus has not set any specific target for female directors in the Gender Diversity Policy adopted.

In terms of workforce diversity, IHH has not set any fixed targets around age, gender and ethnicity. IHH, however, will actively work towards having

the appropriate diversity taking into consideration the following diversity strategies but not limited to: recruiting from a diverse pool of candidates for all positions, including senior management; reviewing succession plans to ensure an appropriate focus on diversity; identifying specific factors to consider in the recruitment and selection processes to encourage diversity; developing programmes to develop a broader pool of skilled and experienced senior management, including, workplace development programmes, mentoring programmes and targeted training and development; and any other strategies the Board develops from time to time.

### WORKFORCE DIVERSITY By Age



- Emergency Action Plans are in place at each hospital and drills for various scenarios such as fire, security breach, natural disaster, mass casualty situations and so forth are organised at scheduled intervals.

### OCCUPATIONAL SAFETY, OUR PRIORITY

Quality and Patient Safety Week are held annually at all our hospitals as a reminder for staff and partners to consistently embrace the culture of quality and safety in delivering healthcare solutions.

Themed ‘Building A Culture Of Safety: Seeing My Role, Working In Teams’, this year’s Quality Week programmes in Singapore consist of talks and workshops across the various facilities. At the pinnacle of Quality Week was an empowering workshop titled ‘Patient Experience Is In My

Hands’ and prize presentation to Quality Award 2014 recipients as well as GCEO Service Excellence Awards winners.

All our teaching facilities have established their own Occupational Safety and Health (OSH) committees, which are responsible for creating safe and effective learning and working environments for our instructors and students. The OSH committees hold regular workshops and seminars, and conducts regular drills to prepare everyone in cases of emergency and disasters.



# COMMUNITY



- Employee fundraising and volunteerism are a natural part of our giving back to the community.

**IHH believes that it owes a strong duty of care to the communities in which it serves.**

In addition to individual hospitals fundraising activities, we also give back to the community in the form of education and awareness, and by providing free medical service and treatments to the underprivileged.

## GIVING BACK TO THE COMMUNITY

From our employees' participation in walkathons, cyclathons, and supporting NGOs, to IMU having a requirement for all employees to participate in at least three community-based activities every year, IHH strives to actively engage with the community it serves.

Meanwhile, Acibadem is one of the leading supporters of the sports community in Turkey. It is also Turkey's one and only Federation of International Football Associations' (FIFA) accredited centre of medical excellence, and hence provides care to both national and international sports clubs and individuals. Acibadem's sports sponsorship programme is internationally recognised for having contributed to public awareness projects and to the public institution of sport.



- As the official medical partner, the Gleneagles Hospital (Singapore) lobby was transformed into a tennis court in support of the BNP Paribas Women's Tennis Association Finals.



- Party organised for paediatric cancer patients at Acibadem Adana Hospital on the occasion of Turkish National Children's Day.



- Mount Elizabeth Novena Hospital celebrated Children's Day and the hospital's official opening by organising a special educational carnival, "Doctor for a Day" for underprivileged children from the Learning Centre programme of Kampong Kapor Family Service Centre (KKFSC).



- Acibadem is one of the leading supporters of the sports community in Turkey. Its CR commitments are focused on the country's community of athletes to ensure that they have all the medical support they need.





■ IHH world-wide operations put in collective effort in support of World Breast Cancer Awareness Month.

**RINGING**  
In The Pink Revolution





- IHH is committed to empowering communities through sharing knowledge and good practices in order to elevate lives and strengthen the well-being of communities. We have established numerous platforms to conduct a wide range of public health talks and to promote healthy lifestyles as well as good hygiene practices.



- Acibadem collaborated with Turkey's highest circulated newspaper to publish a monthly health related book.



- Cytology Tutorial 2014: Cytopathology Pre-CTIAC Exam Seminar and Workshop co-organised by Pantai Premier Pathology (PPP), Malaysian Society of Cytology (MSOC) and UKM Medical Centre (UKMMC).

### RECOGNISING OUR COMMUNITY OF DOCTORS

IHH regularly recognises the contributions and continued loyalty of its community of doctors and partners. Our Doctor Partner Programme organises a series of social events every year to thank them for their continued dedication to our vision of becoming a leading healthcare provider.





# ENVIRONMENT

**IHH believes that the environment should be the concern for all and has committed itself to environmental sustainability through initiatives both big and small.**

Some of our general measures taken to forward the cause include complying with environmental regulations and policies, moving towards a paperless work environment through implementation of information technology and 3R (Reduce, Reuse and Recycle) activities.



- As part of IMU's commitment towards environmental sustainability, it has been promoting the use of e-learning. Many paper-based course tests have been converted into Computer Aided Learning (CAL) quizzes, which are more environmentally friendly and optimises the use of resources. Meanwhile, the Student Representative Council (SRC) has implemented a Go Green Drive for the past three years which prohibits environmentally wasteful activities such as the posting of flyers as these are potential sources of carbon emissions.



- The first 100 visitors to Pantai Hospital Ayer Keroh were presented with tea candles in conjunction with Earth Hour.

## BUILDING GREEN HOSPITALS

IHH has taken the positive step to incorporate environmentally friendly components in its hospital buildings. Mount Elizabeth Novena Hospital in Singapore, which was a recipient of the Building and Construction Authority Green Mark Platinum Award for its sustainable design and eco-friendly features, is the first private hospital in Singapore to implement a fully electronic and paperless documentation system.

In Turkey, Acibadem has committed necessary resources to environmentally responsible corporate practices. The Environmental Health Department not only minimises the potentially hazardous effects of healthcare waste, it also raises environmental awareness of the personnel and general public. Noteworthy numbers from 2014 include:

- 70 tons of paper and cardboard, 85 tons of glass and packaging waste and 17 tons of vegetal waste oil were recycled, saving 1,200 grown trees as well as other valuable natural resources.
- Four (4) tons of electronic waste were sent to contracted recycling/reclaiming centres, resulting in reuse of valuable electronic materials.
- 180 tons of dangerous waste and 1,650 tons of medical waste were disposed of with utmost adherence to environmentally conscious practices.

For years, Acibadem has cooperated with TEMA (Turkish Foundation for Combating Soil Erosion, Reforestation and Protection of Natural Habitats) to allow visitors to donate saplings instead of sending flowers and to send their well wishes to hospital patients through the "e-get well soon" project on Acibadem's website. Approximately, 25,000 young trees have been planted in Kemerburgaz, a memorial forest, as result of this initiative.

At IMU, environmental sustainability activities, through student-driven environmental initiatives such as the EcoFriends Club, are conducted annually as part of its commitment to measure and offset its impact to the environment. It is also committed to continuously explore ways to 'green' its operations, which is an initiative involving all stakeholders in the school. This includes conducting air quality audits annually to determine the level of air pollution within its campus. The audit is conducted to determine the emission levels of campus operations and to identify potential sources of these emissions.



- In 2014, Acibadem introduced a new creative collaboration with CABA foundation whereby visitors' donations collected through e-cards sent to Acibadem's patients would not only save the environment but to open pre-schools and kindergartens in underprivileged parts of the country.



- Sixty one participants from Pantai Hospital group gathered in Pulau Redang for a coral propagation programme.

# Statement on Corporate Governance



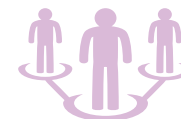
## OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE



**IHH Healthcare Berhad (“IHH” or “the Company”)** together with its subsidiaries (“the Group”), are committed to achieving and maintaining the highest standards of corporate governance.



The Board of Directors (“Board”) strongly believes that sound corporate governance practices are essential for delivering sustainable value, enhancing business integrity, maintaining investors’ confidence and achieving the Group’s corporate objectives and vision.



To this end, the Board, Management and staff of the Group affirm their commitment to enhancing shareholder value by way of upholding high standards of corporate governance.

To date, the Group’s corporate governance model adopts the following requirements and guidelines on corporate governance best practices:

- Malaysian Code on Corporate Governance 2012 (“MCCG”);
- Main Market Listing Requirements of Bursa Securities (“MMLR”); and
- Corporate Governance Guide: Towards Boardroom Excellence by Bursa Securities (“CG Guide”).

The Board also subscribes to internal guidelines on corporate disclosure policies and procedures based on the best practices recommended by Bursa Malaysia Securities Berhad (“Bursa Securities”). These provide the Group with the appropriate guidance to discharge its disclosure obligations and ensure the Group moves beyond the minimum mandatory disclosure requirements. As the Group maintains a significant presence in the countries it operates in, it also abides by the guidelines of the respective regulators and authorities in these countries.

Pursuant to Paragraph 15.25 of the MMLR, the Board is pleased to present this Statement on Corporate Governance (“Statement”) which outlines the manner in which the principles and best practices of the aforementioned guidelines have been applied throughout the Group. This Statement also endeavours to portray how IHH’s existing corporate governance measures align with the MCCG’s corporate governance principles and recommendations. It highlights the areas where the Group has made good progress in adhering to MCCG’s principles and recommendations, as well as the areas where more work needs to be undertaken.

### ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES

#### Roles and Responsibilities of the Board

The Board is primarily responsible for oversight and the overall governance of the Group. It carries out its mandate by providing strategic guidance, implementing succession planning, effectively monitoring management goals and ensuring overall accountability for the Group’s growth. On top of this, the Board is responsible for ensuring that the Group’s internal controls, risk management processes and reporting procedures are firmly in place.

The Board is guided by the Board Charter, documented Terms of Reference (“TOR”) and Limits of Authority (“LOA”), which clearly define the matters that are specifically reserved for the Board, Board Committees and outline the manner in which the day-to-day management of the Company is to be delegated to the Managing Director (“MD”). This formal structure of delegation is further cascaded by the MD to the Senior Management team within the Group. However, the MD and the Senior Management team remain accountable to the Board for the authority that is delegated, as well as for the performance of the Company and the Group even as the Board continues to monitor the same.

Under the Board Charter, the Board, among others, assumes the following roles and responsibilities, which are to be discharged in the best interests of the Company in pursuance of regulatory and commercial objectives:

- reviewing and adopting the strategic direction of the Group;
- overseeing and evaluating the conduct of the Group’s businesses;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- establishing succession plans;
- establishing and implementing a good Investor Relations programme and shareholders’ communication policy; and
- reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems.



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

### Board Meetings

To facilitate productive and meaningful Board meetings, the proceedings are conducted in accordance with a structured agenda. The structured agenda together with comprehensive management reports and proposal papers are furnished to the Directors in advance of each Board meeting. This is to accord sufficient time for the Directors to review the materials and, where necessary, conduct independent analysis or request additional material. However, genuine urgent matters and exceptional circumstances could fall outside these timing requirements and shorter notice would be allowed with the Chairman's consent and approval.

Directors are allowed to participate in Board meetings via tele-conference. All deliberations at Board meetings, including dissenting views, are duly minuted as records of their proceedings. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board meetings.

At the Board meetings, the MD provides a comprehensive explanation of significant issues relating to the Group's business while the Chief Financial Officer ("CFO") presents the results of the Group's financial performance. The Chairmen of the Board Committees would inform the Directors at Board meetings, of any significant issues noted and/or deliberated by the relevant Board Committees and which require the Board's attention and approval for implementation. Management is also invited to present proposals and answers queries raised by the Board as and when required. Management takes immediate action on all matters arising from the Board meeting and updates the Board on the status of these matters at the next Board meeting or if deemed urgent via circulation of memorandum.

The Group's quarterly results are one of the regular scheduled matters that are tabled to the Board for their approval at the quarterly Board meetings. The notices on the closed period for trading in the Company's securities are also prepared and circulated to Directors and Key Senior Management who have access or are privy to the price-sensitive information of the Company in advance of the applicable closed period based on the targeted date of announcement of quarterly results of the Group.

### Ethical Standards

We are committed to upholding the highest standards of integrity and behaviour in all activities we undertake especially in relation to our interactions with customers, suppliers, shareholders, business partners and the communities in which we operate. To this end, the Group has implemented a Code of Conduct ("the Code") which dictates the ethics and standard of good conduct expected of every Executive Director and employee.

The Code calls upon all Executive Directors and employees to exhibit the highest levels of professionalism in all aspects of their work even beyond normal working hours and in compliance with all applicable laws, regulations and policies within the Group. It provides a common behavioural framework for all employees of the Group irrespective of their specific job or location, as well as affords professional, ethical and legal guidance to all Directors and employees in the conduct of their business and that of the Group. Failure to comply with the Code may result in the commencement of disciplinary proceedings that may lead to termination of employment and/or appointment.

The Code covers areas such as compliance with the law, professional integrity, accurate and complete accounting, bribes, gifts and entertainment, conflicts of interest, the act of diverting, confidentiality and protection of company assets, political and charitable contributions, as well as occupational health, safety and environmental activities. Employees are to direct any questions they have about the Code and its application to their managers or the respective Human Resource departments.

In addition, IHH and certain major operating subsidiaries have implemented a Whistleblowing Policy that seeks to engender an environment where integrity and ethical behaviour are fostered and any malpractice or impropriety within the Group is exposed. This Whistleblowing Policy enables employees to raise concerns internally and at a high level and to disclose information on activities, which they believe reflect instances of malpractice or impropriety. These concerns could include financial malpractice, impropriety or fraud, failure to comply with a legal obligation or statutes, bribery, abuse of power, conflicts of interest, theft or embezzlement, misuse of company property, non-compliance with procedure, danger to health, safety and environment, criminal activity, improper conduct or unethical behaviour and the attempts to conceal any of these, among other things.

IHH is committed to treating all such disclosures in a confidential and sensitive manner. The identity of the individual making the allegation will be kept confidential so long as it does not hinder or frustrate any investigation. Any concern about unethical behaviour or serious misconduct should first be raised with the immediate superior or respective Human Resource department where possible, or via email to [governance@ihhhealthcare.com](mailto:governance@ihhhealthcare.com). Alternatively, employees may choose to write in confidence directly to the MD of IHH. Where reporting to Management is a concern, then the report should be made in confidence to the Chairman of IHH.

## Statement on Corporate Governance

### Promoting Sustainability

The Board is cognisant of the need to adopt sustainable practices. In view of the Group's geographically expansive operations, the Board has embarked and would continue on a holistic review of the Company's sustainable practices and formulating a strategic methodology for the production of a comprehensive sustainability report going forward.

### Access to Information and Advice

The Directors have access to all information within the Group. Through the regular Board meetings, the Board receives updates on the development and business operations of the Group, as well as comprehensive papers, which include the regular business progress reports and discussion documents regarding specific matters. Minutes of the respective Board Committees' meetings are presented to the Board at the meeting.

The Board may seek, at the Group's expense, external and independent professional advice and assistance from experts in furtherance of their duties.

### Company Secretaries

The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any regulations and guidelines, as well as any amendments thereto issued by Bursa Securities, Securities Commission, Companies Commission of Malaysia and other relevant regulatory authorities including recommendations on corporate law reform in Malaysia as well as relevant foreign jurisdictions, particularly the effects of such new or amended regulations and guidelines on the directors specifically and the Group generally.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries are also responsible for the operation of the secretariat function, including lodgements with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings (including preparation of the minutes, matters arising and Chairman's reports).

### Board Charter

The Board Charter aims to ensure that all Directors acting on behalf of the Company are aware of their fiduciary duties and responsibilities as Board members. It also aims to ensure that all Directors understand the various legislations and regulations affecting their conduct and that they apply principles and practices of good corporate governance in all their dealings in respect of and on behalf of the Company.

The Board Charter is available on the Company's website at [www.ihhhealthcare.com](http://www.ihhhealthcare.com).

## STRENGTHEN COMPOSITION

### Board Committees

The Board delegates specific responsibilities to the respective Committees of the Board, which operate within clearly defined TOR. From time to time, the Board reviews the functions and TOR of Board Committees to ensure that they are relevant and updated in line with the MCCG and other related policies or regulatory requirements.

While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the Board. The Board also reviews the minutes of the Board Committee meetings presented at Board meetings.

During Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at the Committee meetings as well as highlight to the Board any further deliberation that is required at Board level. On Board reserved matters, the Board Committees shall deliberate and thereafter state their recommendations to the Board for its approval. The relevant decisions of the Board Committees are incorporated into the minutes of the meetings of the Board.

The Board has to date established three principal Board Committees namely, the Audit and Risk Management Committee, Nomination and Remuneration Committee and Steering Committee.

### Audit and Risk Management Committee

The Audit and Risk Management Committee (“ARMC”) assists the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting, internal control and risk management processes as well as the management and financial reporting practices of the Group.

The composition, TOR and a summary of activities of the ARMC are set out separately in the ARMC Report as laid out on pages 91 to 96.

### Steering Committee

The Steering Committee (“SC”) established by the Board consists of the following members:

|          |  |
|----------|--|
| Chairman | : Dato’ Mohammed Azlan bin Hashim                      |
| Members  | : Dr Tan See Leng                                      |
|          | Mehmet Ali Aydinlar                                    |
|          | Satoshi Tanaka   |
|          | YM Tengku Dato’ Sri Azmil Zahrudin bin Raja Abdul Aziz |

The SC meets at least once a year and as and when necessary. Physical meetings may be held upon request by any of its members or through the secretary of the SC.

The SC’s functions include the following:

- to review and make recommendations to the Board on, inter alia, major transactions by any entity within the Group including:
  - i. the acquisition or disposal of assets/business where any one of the percentage ratios is 5% or more of the Group;
  - ii. material borrowing which is more than 5% of the latest published audited net assets of the Group;
  - iii. incorporation, winding up or liquidation of IHH’s subsidiaries or material assets;
  - iv. listing of the securities of any of IHH’s subsidiaries on any stock exchange; and
  - v. other transactions including any investment project that any of the Group entities may escalate to the SC for direction.
- to provide recommendations on behalf of the Company to its nominee directors sitting on the boards of subsidiaries on the courses of action to be taken in respect of matters escalated to the SC.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) established by the Board consists of the following members:

|          |                                      |
|----------|--------------------------------------|
| Chairman | : Chang See Hiang                    |
| Members  | : Rossana Annizah binti Ahmad Rashid |
|          | Dato’ Mohammed Azlan bin Hashim      |
|          | Shirish Moreshwar Apte               |

The NRC comprises exclusively of non-executive directors, a majority of whom are independent with Mr Chang See Hiang, the Senior Independent Non-Executive Director as the Chairman.

The NRC shall meet at least once a year. More meetings may be held as and when necessary. The NRC has met seven times during the year under review.

Under its TOR, the NRC is responsible for:

- a) proposing candidates to the Board and Board Committees of the Company;
- b) assessing the effectiveness of the Board as a whole (including whether the Board possesses the required mix of skills, size and composition, experience, core competencies and other qualities), the Board Committees and contribution of each individual Director (including Independent Directors) on an annual basis;
- c) overseeing the succession planning for the Board;
- d) proposing continuous training to ensure the Directors’ competencies;
- e) proposing to the Board, appointment and remuneration of Executive Directors, Non-Executive Directors (including Independent Directors) and Senior Management of the Group (as prescribed in the Group’s LOA); and
- f) recommending to the Board, the Group’s executive remuneration policy, remuneration framework and performance measures criteria, including the Group’s Long Term Incentive Plan (LTIP) and Equity Participation Plan (EPP) and any other incentive or retention schemes.



### Summary of Activities

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

- a) Reviewed and recommended to the Board for approval, new policies within the purview of the NRC to ensure that the policies adopted are in parallel with the developments of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities;
- b) Reviewed and recommended for approval of the Board, the appointment of an additional Independent Director on the Board, after considering the independence criteria from MMLR perspective as well as the qualification of candidate in accordance with the criteria laid down in the Policy on Nomination and Assessment Process of Board Members;
- c) Discussed and reviewed the nomination of a non-independent non-executive director on the Board, having considered the candidate's skills, knowledge, expertise and experience, professionalism and integrity as well as the composition of the Board particularly in gender diversity and reinforcing the independence of the Board;
- d) Reviewed and recommended for approval of the Board, the nomination of directorship on the board of key subsidiaries, having considered the candidate's skills, knowledge, expertise and experience, professionalism and integrity;
- e) Reviewed and recommended for approval of the Board, the appointment of senior management upon reviewing their qualification, knowledge and experience as well as the performance based awards upon assessing the individual's integrity and competence;
- f) Reviewed the analysis/findings of performance evaluation of the Board as a whole, Board Committees, individual Director and Independent Directors in accordance with the performance evaluation criteria set out in CG Guide for the year 2013;
- g) Assessed and evaluated the training needs of its directors to ensure the Directors keep abreast of regulatory changes, other developments and broad business trends;
- h) Recommended the re-election of directors at the fourth Annual General Meeting ("AGM") to the Board for consideration after taking into account the composition of the board, the required mix of skills, experience and contributions of the individual directors;
- i) Reviewed and recommended to the Board for approval, director fees and other benefits of Non-Executive Directors;
- j) Discussed and recommended to the Board for approval, bonus, salary increment and 2014 LTIP (where applicable) for executive directors, management and employees upon assessing the performance of the Company and employees;
- k) Reviewed and recommended to the Board for approval, the revision to the design of the LTIP Scheme;
- l) Reviewed and recommended to the Board for approval, conditional vesting of 2014 EPP based on the achievement of the performance targets set for the year 2013;
- m) Deliberated and recommended to the Board for approval, 2014 performance target for EPP based on the target percentage growth to be achieved for the year 2014;
- n) Deliberated and recommended to the Board for approval, the compensation package and employment contract of Executive Directors upon reviewing their experience, professionalism and competence; and
- o) Deliberated and recommended to the Board for approval, the balance scorecard, succession planning framework and development plan for the Company and the Group as a whole.

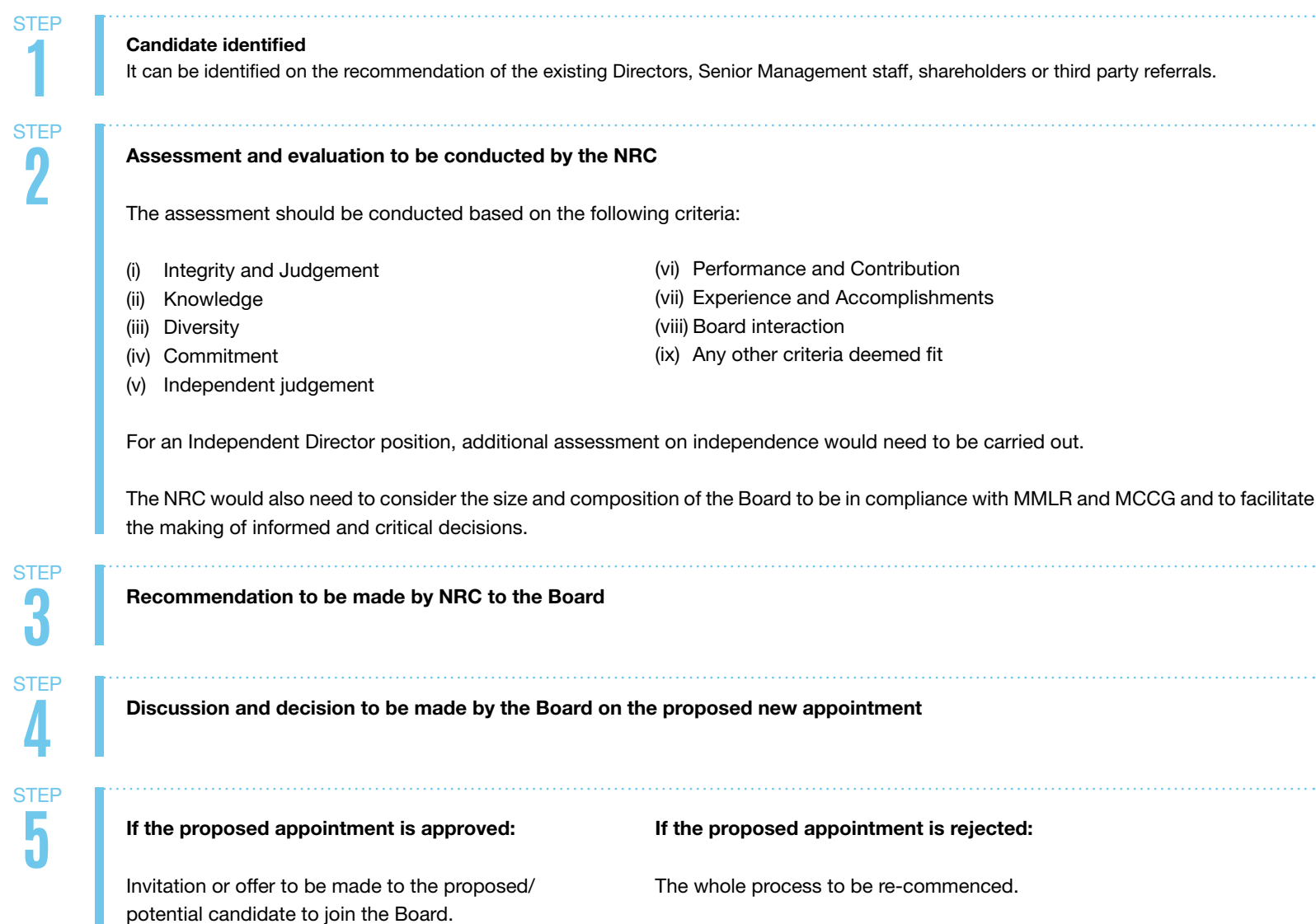
Post the financial year, the NRC has evaluated the annual assessment of the Board and board committees as well as the individual directors (including the MD and Chief Executive Officer) and the CFO. The NRC was satisfied that the Board and board committees are effective as a whole, considering the required mix of skills, size and composition, experience, core competencies and other qualities. The NRC was also satisfied that each of its directors, the MD and Chief Executive Officer and the CFO has the character, experience, integrity, competence and time to effectively discharge their respective role.

The NRC had also deliberated and recommended for Board's approval the establishment of a new option scheme as part of the Group's total reward strategy in providing the right remuneration and benefits to its key executives. The new option scheme is aimed at motivating, rewarding and retaining the Executive Directors and selected Senior Management of IHH and its subsidiaries.

### Selection and Assessment of Directors

The Group has adopted the Policy on Nomination and Assessment Process of Board Members that set out the process to be undertaken by NRC and Board in discharging their responsibilities in terms of the nomination, assessment and re-election of Board members in compliance with the MMLR and MCGG. The Policy is administered by the NRC.

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



### 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, the boardroom diversity be taken into consideration in the board appointment as well as annual assessment.

#### Gender Diversity

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

The Company does not set any specific target for female directors on the Board but will actively work towards having more female directors on the Board.

Presently, the Company has two female representations on the Board comprising of Rossana Annizah binti Ahmad Rashid, an Independent Non-Executive Director, who is also the Chairman of the ARMC and a member of the NRC and Quek Pei Lynn, alternate director to YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz.

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

## Statement on Corporate Governance

### *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 actively work towards having appropriate age diversity in the Board.

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

### *Ethnic Diversity*

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

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. Nonetheless, the Company will actively work towards achieving the appropriate boardroom diversity mix.

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

The Boardroom Diversity Policy is accessible for reference on the Company's website at [www.ihhhealthcare.com](http://www.ihhhealthcare.com).

### **Directors' Remuneration**

The Group's policy on Directors' remuneration serves to attract, retain and motivate directors of the calibre that the Group needs to manage the Group successfully. To maximise the effectiveness of the remuneration policy, the remuneration package has been carefully aligned with industry practices while upholding shareholders' interests. The aim is to target an appropriate level of remuneration for managing the business in line with the strategy. The component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The NRC is responsible for reviewing and recommending to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Directors. In recommending the Group's remuneration policy, the NRC may receive advice from external consultants. It is the ultimate responsibility of the Board to approve the remuneration of these Directors.

The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as Directors), is a matter for the Board as a whole. Individual Directors do not participate in decisions regarding their own remuneration packages.

The details of aggregate remuneration of Directors (including those Directors who have resigned during the year) for the financial year ended 31 December 2014 are as follows:

|  | Salaries<br>RM'000 | Fees<br>RM'000 | Bonus,<br>Incentives<br>& Others<br>RM'000 | Benefits-<br>in-kind<br>RM'000 | Total<br>RM'000 |
|--|--------------------|----------------|--|--------------------------------|-----------------|
| <b>Company</b>                         |                    |                |  |                                |                 |
| Executive Directors                    | 2,554              | -              | 2,878                                      | 23                             | 5,455           |
| Non-Executive Directors <sup>(1)</sup> | -                  | 1,991          | -  | -                              | 1,991           |
| <b>Subsidiaries</b>                    |                    |                |  |                                |                 |
| Executive Directors                    | 3,063              | 2,524          | 10,146                                     | 12                             | 15,745          |
| Non-Executive Directors <sup>(1)</sup> | -                  | 2,070          | -  | -                              | 2,070           |



| Remuneration Band <sup>(2)</sup>      | Executive | Non-Executive | Total     |
|---------------------------------------|-----------|---------------|-----------|
| between RM50,001 and RM100,000        | -         | 2             | 2         |
| between RM100,001 and RM150,000       | -         | 1             | 1         |
| between RM200,001 and RM250,000       | -         | 1             | 1         |
| between RM450,001 and RM500,000       | -         | 1             | 1         |
| between RM650,001 and RM700,000       | -         | 1             | 1         |
| between RM700,001 and RM750,000       | -         | 2             | 2         |
| between RM900,001 and RM950,000       | -         | 1             | 1         |
| between RM1,800,001 and RM1,850,000   | 1         | -             | 1         |
| between RM2,300,001 and RM2,350,000   | 1         | -             | 1         |
| between RM5,750,001 and RM5,800,000   | 1         | -             | 1         |
| between RM11,250,001 and RM11,300,000 | 1         | -             | 1         |
| <b>Total</b>                          | <b>4</b>  | <b>9</b>      | <b>13</b> |

<sup>(1)</sup> Fees for representatives of Pulau Memutik Ventures Sdn Bhd and MBK Healthcare Partners Limited on the Board are directly paid to Khazanah Nasional Berhad and Mitsui & Co., Ltd, respectively.

<sup>(2)</sup> Remuneration paid to the Directors of the Company includes salaries, fees, other emoluments including bonuses, EPF contributions, share-based payments and benefits-in-kind.

The Board is of the view that the transparency and accountability aspects of the MCCG as applicable to Directors' Remuneration are appropriately served by the "band disclosure" in accordance with the MMLR.

## REINFORCE INDEPENDENCE

### Board Composition and Balance

The Board members with their diverse academic qualifications, backgrounds and experiences enable the Board to provide clear and effective leadership to the Group and bring information and independent judgment to many aspects of the Group's strategy and performance, so as to ensure diversity and completeness in its deliberations.

The Board, as at the date of this Statement, consists of twelve members, comprising three Non-Independent Executive Directors including the Chairman, three Non-Independent Non-Executive Directors, four Independent Non-Executive Directors and two Alternate Directors. The present composition of the Board and the profile of each Director are set out in the Corporate Information and Profiles of Directors on page 21 and pages 40 to 51 respectively of this Annual Report.

The number of Independent Directors complies with the MMLR, which states that at least two members or one-third of the Board shall be Independent Directors. The Board has carried out annual assessment of the four Independent Directors based on the criteria set out in CG Guide and is of the view that the independent directors fulfil the criteria of independence as defined in the MMLR and are able to continue to bring independent and objective judgment to the Board deliberations. The Independent Directors are consistently providing impartial and constructive feedback at Board and Committees' meetings. During the financial year, the Independent Directors have also challenged certain proposals and assumptions tabled during meetings and provided their independent viewpoints for the benefit of the Company. Their presence provides a check and balance in the discharge of the Board function. Independent Directors' views carry significant weight in all Board deliberations and decision-making. All Independent Directors act independently of Management and are not personally involved in any business dealings of the Company. Neither are they involved in any other relationship with the Group that may impair their independent judgment and decision-making. None of the Independent Director has exceeded a cumulative term of nine years.

The Board acknowledges and takes cognizance of the recommendations contained in the MCCG. As at the date of this Statement, the Company has yet to adopt the recommendation of the MCCG to appoint an Independent Non-Executive Chairman, or to have a Board with a majority of Independent Directors where the Chairman is not an Independent Director. The Board believes that its current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern the Group effectively. It also represents the ownership structure of the Company fairly, with appropriate representations of minority interests through the Independent Directors. The Board has on 3 September 2014 appointed Shirish Moreshwar Apte as an Independent Non-Executive Director to the Board. Nonetheless, the Board will continuously identify suitable candidates to be appointed as Independent Directors of the Company as and when required, to enhance the independence of the Board.

## Statement on Corporate Governance

### Division of Roles and Responsibilities between the Chairman and the MD

IHH recognises the importance of separating the roles of the Chairman and the MD. This is reflected in the division of their responsibilities which are clearly set out in the Board Charter. The distinct and separate roles of the Chairman and the MD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman leads the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective TOR to ensure its own effectiveness, while the MD manages the business and operations of the Company and implements the Board's decisions. By virtue of the MD's position as a Board member, he also acts as the intermediary between the Board and Senior Management.

### Senior Independent Non-Executive Director

The Chairman of the NRC is also the Senior Independent Non-Executive Director, to whom concerns from the other Directors, public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior Independent Non-Executive Director via email to [sid@ihhhealthcare.com](mailto:sid@ihhhealthcare.com).

### FOSTER COMMITMENT

#### Directors' Time Commitment

The Board meetings for each financial year are scheduled before the end of the preceding financial year. This enables the Directors to plan ahead and fit the year's meetings into their own schedules.

The Board meets on a scheduled basis every quarter of the year. When the need arises, additional or Special Board meetings will be convened when warranted by situations such as to deliberate urgent corporate proposals or matters that require the expeditious direction of the Board. In the intervals between Board meetings, for exceptional matters requiring urgent Board decision, Board's approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of IHH. During the financial year under review, the Board met eight times. The details of the attendance of the Board members are as follows:

| Director  | Designation  | Total Meetings attended |
|---|--|-------------------------|
| Tan Sri Dato' Dr Abu Bakar bin Suleiman                   | Chairman,<br>Non-Independent Executive Director                                      | 8/8                     |
| Dato' Mohammed Azlan bin Hashim                           | Deputy Chairman,<br>Non-Independent Non-Executive Director                           | 8/8                     |
| Dr Tan See Leng   | Managing Director and Chief Executive Officer,<br>Non-Independent Executive Director | 8/8                     |
| Mehmet Ali Aydinlar                                       | Non-Independent Executive Director   | 7/8                     |
| Satoshi Tanaka  | Non-Independent Non-Executive Director   | 7/8                     |
| YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz    | Non-Independent Non-Executive Director   | 8/8                     |
| Chang See Hiang   | Senior Independent Non-Executive Director  | 6/8                     |
| Rossana Annizah binti Ahmad Rashid                        | Independent Non-Executive Director   | 7/8                     |
| Kuok Khoo Ean   | Independent Non-Executive Director   | 5/8                     |
| Shirish Moreshwar Apte<br>(Appointed on 3 September 2014) | Independent Non-Executive Director   | 1/1                     |
| Kaichi Yokoyama<br>(Alternate Director to Satoshi Tanaka) | Non-Independent Non-Executive Director   | 6/8                     |

| Director  | Designation                            | Total Meetings attended |
|---|--|-------------------------|
| Quek Pei Lynn<br>(Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz)         | Non-Independent Non-Executive Director | 7/8                     |
| Ahmad Shahizam bin Mohd Shariff<br>(Alternate Director to Dr Tan See Leng) (Resigned on 28 August 2014) | Non-Independent Executive Director     | 7/7                     |

The directorships of Directors of IHH in other public listed companies do not exceed the prescribed limits under the MMLR. This ensures that their commitment, resources and time are more focused and enables them to discharge their duties effectively. They should notify the Board within fourteen market days upon accepting any new directorship.

### Directors' Training

The Board is constantly encouraged to attend programmes and seminars to keep abreast with the latest developments in the industry and marketplace.

During the financial year under review, the Directors participated in various programmes and forums, which they had individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The Company Secretary facilitates the organisation of internal and external programmes and Directors' attendance at programmes conducted by external parties and maintains details of the training attended by the Directors.

Shirish Moreshwar Apte who was appointed as a director of the Company on 3 September 2014 had attended the Mandatory Accreditation Programme (MAP) on 19 and 20 November 2014.

The Company had organised a tour for its Directors and Senior Management to visit some of the Group's Turkish medical and affiliated facilities ("Turkish Operation Tour") to coincide with the third quarterly meeting of the Company which were held in Turkey.

The training programmes attended by the Directors during the financial year ended 31 December 2014 included areas of corporate governance, risk management, leadership and business transformation management, economics as well as regulatory compliance, the details of which are as follows:

| Director                                | List of Training, Conferences, Seminars, Workshops Attended  |
|---|--|
| Tan Sri Dato' Dr Abu Bakar bin Suleiman | <ul style="list-style-type: none"> <li>i. Briefing session on Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition)</li> <li>ii. India Healthcare Industry &amp; Clinical Governance</li> <li>iii. Nominating Committee Programme 2: Effective Board Evaluation</li> <li>iv. Overview of ESG Index and Industry Classification Benchmark</li> <li>v. Corporate Board Leadership Symposium 2014</li> <li>vi. Competition Law - How it may impact the way we do business</li> <li>vii. The Private Healthcare Facilities Services Act 1998</li> <li>viii. Impact of Goods and Services Tax to Non-Executive Directors</li> <li>ix. Turkish Operation Tour</li> <li>x. Turkey Economy and Healthcare Industry</li> </ul> |
| Dato' Mohammed Azlan bin Hashim         | <ul style="list-style-type: none"> <li>i. Oil &amp; Gas Industry Overview, QHSE and Personal Data Protection Act Compliance</li> <li>ii. How Labuan Benefits Malaysian Businesses Masterclass</li> <li>iii. India Healthcare Industry &amp; Clinical Governance</li> <li>iv. Competition Law - How it may impact the way we do business</li> <li>v. The Private Healthcare Facilities Services Act 1998</li> <li>vi. Impact of Goods and Services Tax to Non-Executive Directors</li> <li>vii. Turkish Operation Tour</li> <li>viii. Turkey Economy and Healthcare Industry</li> </ul>   |
| Dr Tan See Leng                         | <ul style="list-style-type: none"> <li>i. Gleneagles Hospital 16th Annual Seminar (A GP &amp; Specialist Forum)</li> <li>ii. India Healthcare Industry &amp; Clinical Governance</li> <li>iii. Competition Law - How it may impact the way we do business</li> <li>iv. The Private Healthcare Facilities Services Act 1998</li> <li>v. Impact of Goods and Services Tax to Non-Executive Directors</li> <li>vi. Turkey Economy and Healthcare Industry</li> </ul>  |



## Statement on Corporate Governance

| Director  | List of Training, Conferences, Seminars, Workshops Attended  |
|---|--|
| Mehmet Ali Aydinlar                                       | <ul style="list-style-type: none"> <li>i. India Healthcare Industry &amp; Clinical Governance</li> <li>ii. Competition Law - How it may impact the way we do business</li> <li>iii. The Private Healthcare Facilities Services Act 1998</li> <li>iv. Turkish Operation Tour</li> <li>v. Turkey Economy and Healthcare Industry</li> </ul>  |
| Satoshi Tanaka  | <ul style="list-style-type: none"> <li>i. Trend of Healthcare Reform and Strategy of Healthcare Business in Asia and USA</li> <li>ii. Visualization of Cost-Effectiveness in Medical Practice</li> <li>iii. India Healthcare Industry &amp; Clinical Governance</li> <li>iv. Mitsui-HBS Global Management Academy (Panel Discussion) <ul style="list-style-type: none"> <li>- Leadership</li> <li>- Mitsui's Global Competitiveness</li> <li>- Innovation at Mitsui</li> </ul> </li> <li>v. Competition Law - How it may impact the way we do business</li> <li>vi. The Private Healthcare Facilities Services Act 1998</li> <li>vii. Impact of Goods and Services Tax to Non-Executive Directors</li> <li>viii. Turkish Operation Tour</li> <li>ix. Turkey Economy and Healthcare Industry</li> </ul> |
| YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz    | <ul style="list-style-type: none"> <li>i. 32nd Annual J.P. Morgan Healthcare Conference</li> <li>ii. MIA Conference - The business of Innovation</li> <li>iii. Milken Institute Global Conference, Los Angeles</li> <li>iv. India Healthcare Industry &amp; Clinical Governance</li> <li>v. Competition Law - How it may impact the way we do business</li> <li>vi. The Private Healthcare Facilities Services Act 1998</li> <li>vii. Impact of Goods and Services Tax to Non-Executive Directors</li> </ul>   |
| Chang See Hiang   | <ul style="list-style-type: none"> <li>i. India Healthcare Industry &amp; Clinical Governance</li> <li>ii. Competition Law - How it may impact the way we do business</li> <li>iii. The Private Healthcare Facilities Services Act 1998</li> <li>iv. Impact of Goods and Services Tax to Non-Executive Directors</li> <li>v. Turkish Operation Tour</li> <li>vi. Turkey Economy and Healthcare Industry</li> </ul>   |
| Rossana Annizah binti Ahmad Rashid                        | <ul style="list-style-type: none"> <li>i. Corporate Directors Advanced Programme 2014 "Human Capital"</li> <li>ii. India Healthcare Industry &amp; Clinical Governance</li> <li>iii. Competition Law - How it may impact the way we do business</li> <li>iv. The Private Healthcare Facilities Services Act 1998</li> <li>v. Impact of Goods and Services Tax to Non-Executive Directors</li> <li>vi. Audit Committee Institute - Breakfast Roundtable - The Impact of Cyber Security at Board Levels</li> <li>vii. Turkish Operation Tour</li> <li>viii. Turkey Economy and Healthcare Industry</li> </ul>  |
| Kuok Khoo Ean   | <ul style="list-style-type: none"> <li>i. India Healthcare Industry &amp; Clinical Governance</li> <li>ii. Competition Law - How it may impact the way we do business</li> <li>iii. The Private Healthcare Facilities Services Act 1998</li> <li>iv. Impact of Goods and Services Tax to Non-Executive Directors</li> </ul>  |
| Shirish Moreshwar Apte                                    | <ul style="list-style-type: none"> <li>i. Mandatory Accreditation Programme</li> <li>ii. Turkish Operation Tour</li> <li>iii. Turkey Economy and Healthcare Industry</li> </ul>  |
| Kaichi Yokoyama<br>(Alternate Director to Satoshi Tanaka) | <ul style="list-style-type: none"> <li>i. 32nd Annual J.P. Morgan Healthcare Conference</li> <li>ii. Trend of Healthcare Reform and Strategy of Healthcare Business in Asia and USA</li> <li>iii. Efficient Hospital Management under Japanese Medical Insurance System</li> <li>iv. Mental-Health Management for Corporate Executives</li> <li>v. Visualisation of Cost-Effectiveness in Medical Practice</li> <li>vi. India Healthcare Industry &amp; Clinical Governance</li> <li>vii. How to address the needs of super-aging society</li> <li>viii. Competition Law - How it may impact the way we do business</li> <li>ix. The Private Healthcare Facilities Services Act 1998</li> <li>x. Impact of Goods and Services Tax to Non-Executive Directors</li> </ul>                                |

| Director   | List of Training, Conferences, Seminars, Workshops Attended  |
|--|--|
| Quek Pei Lynn<br>(Alternate Director to YM Tengku Dato' Sri<br>Aznil Zahrudin bin Raja Abdul Aziz) | i. 32nd Annual J.P. Morgan Healthcare Conference<br>ii. India Healthcare Industry & Clinical Governance<br>iii. Competition Law - How it may impact the way we do business<br>iv. The Private Healthcare Facilities Services Act 1998<br>v. Impact of Goods and Services Tax to Non-Executive Directors<br>vi. Turkish Operation Tour<br>vii. Turkey Economy and Healthcare Industry |

The Board has assessed and was satisfied that the training attended by the Directors in year 2014 was appropriate and aids the Directors in the discharge of their duties. The Board had also proposed the training needs for the directors at the recommendation of the NRC, upon evaluating the annual assessment of the Board and individual director post the financial year.

## UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Financial Reporting Standards

The Directors continually strive to present a clear, balanced and understandable assessment of the Group's financial position, performance and prospects primarily through the audited financial statements, annual report and quarterly announcement of results to shareholders.

The Directors are responsible for ensuring that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board assisted by the ARMC, oversees the financial reporting processes and the quality of the financial reporting by the Group. The quarterly financial results and audited financial statements were reviewed by the ARMC and approved by the Board before being released to Bursa Securities.

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 99 of this Annual Report. The details of the Company and the Group financial statements for financial year ended 31 December 2014 are presented from pages 101 to 228 of this Annual Report.

### Independence of External Auditors

During the financial year, the Management performed a formal Request for Proposal ("RFP") to select and appoint the Group external auditors for the next three years.

The evaluation criteria set out in the RFP were as follows:

- Industry experience and expertise
- Technical competency
- Group coordination
- Team composition
- Service level commitment
- Non-audit services and independence
- Other value added service
- Fees

In view of the size and geographical diversity of the Group, only the big four audit firms were invited to participate in the RFP. There was robust discussion between the participating audit firms and Management in order for the participating audit firms to better understand the Group and audit requirements prior to their submission of the RFP.

Management summarised the RFP submissions and made recommendations for the ARMC's consideration. The ARMC Chairman also met with two shortlisted audit firms. Based on the ARMC's evaluation and recommendation, the Board approved the re-appointment of KPMG as external auditors of the Group for the next three years, subject to satisfactory delivery of audit services and re-appointment on a yearly basis at each AGM.

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 re-appointment to the ARMC. All major non-audit services proposed by the auditors are presented to the ARMC to determine if auditors' independence will be compromised.

## Statement on Corporate Governance

The Board and the ARMC maintain a formal and professional relationship with the external auditors. For the financial year under review, the ARMC had two meetings with the external auditors without the presence of Management, which has encouraged a greater exchange of independent and frank views and opinions as well as dialogue between both parties. The external auditors were also invited to attend the meetings of the ARMC.

Further information on the role of ARMC in relation to both, internal auditors and external auditors are stated in the ARMC Report on pages 91 to 96 of this Annual Report.

### RECOGNISE AND MANAGE RISKS

#### Risk Management

IHH recognises that risk is an integral and unavoidable component of its business. As such, IHH will continuously foster a risk-aware corporate culture across the Group.

The ARMC evaluates the risk management policies formulated by Management as well as the effectiveness of the mechanisms set in place to identify and mitigate risk. It then makes the necessary risk-related recommendations to the Board for approval. The ARMC is also responsible for ensuring the appropriate systems are in place to identify and highlight areas of potential business risk to the Group.

#### Internal Audit

The Group has an independent internal audit function, reporting directly to the ARMC. The Group Internal Audit is guided by international standards and professional best practices of Internal Audit to enhance internal audit activities. 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 ARMC annually.

The Statement on Risk Management and Internal Control which provides an overview of the risk management framework and state of internal controls within the Company and the Group is set out on pages 88 to 90 of this Annual Report.

### ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

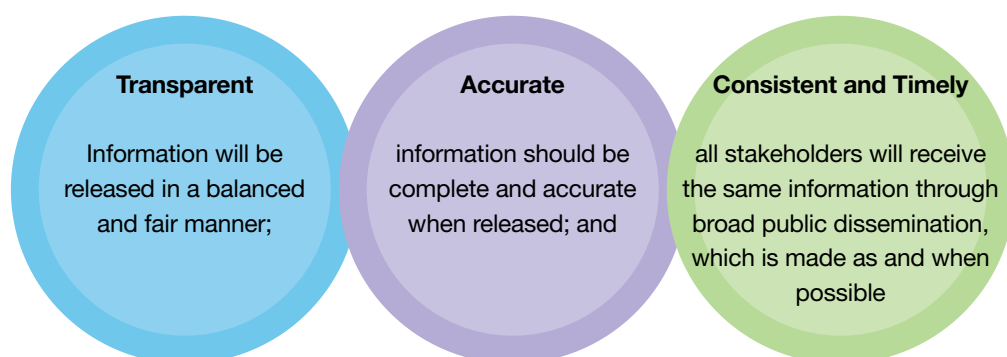
#### Corporate Disclosure Policies and Procedure

As a publicly listed company, IHH's Management has the responsibility to disclose in a timely manner any and all information that may have an impact on the Group's share price so that investors can make informed investment decisions. All communications should take into account the recommendations contained in the MCCG and Singapore Code of Corporate Governance 2012, as well as disclosure obligations contained in the MMLR and Mainboard Rules of Singapore Stock Exchange ("SGX") where applicable. Being primarily listed on Bursa Securities, the Group will comply with its disclosure obligations expressed in the MMLR and secondary listing obligations as imposed by SGX.

Management will make every effort to provide information that accurately and fairly represents the Group, its management, operations, and financial situation, as well as its future prospects to its shareholders, stakeholders and the general public. This commitment is underpinned by a proactive and interactive Investor Relations Programme that centres on open and active dialogue between the Group and all its stakeholders through various means, including our website, road shows and investor presentations, AGMs and conference calls.

The Group will ensure that it reports its financial results and material developments to the Stock Exchanges, its shareholders and other stakeholders in a timely, open and comprehensive manner.

All communications will be:





### Group Corporate Website

The Group's corporate website at [www.ihhhealthcare.com](http://www.ihhhealthcare.com) provides quick access to information about the Group. The information on the website includes IHH's corporate profile, individual profiles of senior management, share information both in Bursa Securities and SGX, financial results, dividend policy, annual reports, corporate governance related policies, corporate news and IHH's operations and major subsidiaries.

Visitors could also receive the latest IHH updates via email or RSS feed through the corporate website. In addition, stakeholders could obtain regulatory announcements made by IHH to Bursa Securities by clicking on the relevant link available in the corporate website.

### STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Transparency and accountability to all stakeholders are the key elements of good corporate governance. The fundamental objectives of transparency and accountability are clear communication, as well as relevant and comprehensive information that is timely and accessible by all stakeholders. In this respect, the Company is fully committed to maintaining a high standard of dissemination of relevant and material information on the development of the Group. The provision of timely information is principally important to the shareholders and investors for informed decision making particularly in periods of financial turbulence and extreme volatility in the market place.

### Annual General Meeting

The Company regards the AGM as the principal forum for dialogue with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders.

Shareholders are encouraged to participate in the proceedings and ask questions on the operations of the Group and on any resolutions being proposed. The Chairman as well as the MD will provide sufficient time for shareholders' questions on matters pertaining to the Group's performance and seek to explain concerns raised by the shareholders.

The Notice and agenda of AGM together with Form of Proxy are given to shareholders at least twenty-one days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy 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 issues involved.

### Encouraged Poll Voting

The Company will always make available the necessary preparation for poll voting for all resolutions at its AGM. The Chairman, has also during the AGM highlighted to shareholders their right to demand for a poll vote.

At the fourth AGM of the Company held on 20 June 2014, no substantive resolutions were put forth for shareholders' approval. As such, the resolutions put forth for shareholders' approval at the fourth AGM were voted on by a show of hands.

### Communication with Shareholders and Stakeholders

The Company has a dedicated Investor Relations and Corporate Communications Department which meets key institutional investors and analysts on a regular basis, as well as answers queries from shareholders. The Board has endorsed the Investor Relations policy which aims to enforce IHH's commitment to maintain effective communications to the shareholders and stakeholders by updating them of material developments and providing a guideline of processes and procedures upon which IHH can successfully implement its Investor Relations programme. Separate media and analysts briefings are also conducted during the release of the Group's quarterly results.

### COMPLIANCE STATEMENT

While sound corporate governance practices and strong internal controls are already in place within IHH, we believe there is always room for improvement and are continuously exploring new measures and opportunities to enhance our system of governance and meet stakeholder expectations. By ensuring we understand and fulfil the evolving needs of our stakeholders, we are strengthening IHH's position and reputation as a key healthcare provider and bolstering the Group's efforts to compete effectively in the global arena.

The Board has reviewed, deliberated upon, and approved this Statement on Corporate Governance in line with the principles and recommendations of the MCCG. This Statement is made in accordance with the resolution of the Board dated 30 March 2015.

# 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 (Bursa Malaysia), 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 for reviewing 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, these 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 and Risk Management Committee (“ARMC”), which consists of four non-executive members of the Board, with its chairperson being an Independent Non-Executive Director. The Board, through the ARMC, maintains risk oversight within the Group to ensure that the implementation of the approved policies and procedures on risks and controls are 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.

Each major operating subsidiary has its own ARMC, functioning in the equivalent manner, which directly reports to the Group’s ARMC or the Board.

## CONTROL ENVIRONMENT

The operating structure includes defined delegation of responsibilities to the management of operating subsidiaries. The limit of authority is clearly defined and set out in the Group’s policies. These policies and procedures are meant to be reviewed regularly and updated when necessary.

The Group places an emphasis on the quality and calibre of its employees and as such, a variety of training and development opportunities are actively encouraged. This is implemented through various schemes and programmes that align with the needs and cultures of the operating subsidiaries and encompasses a widely extended geography.

A Whistleblowing Policy is in place within the Group’s major operating subsidiaries. This policy encourages employees to report any wrongdoing by any person in the Group to the proper authorities so that the appropriate action can be taken immediately.

The system of risk management and internal control covers not only financial controls but 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 misstatement or loss.

## RISK MANAGEMENT

The Group recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group works on fostering a risk-aware corporate culture across the geographic group. Through skilled application of high quality, integrated risk analysis and management, the Group continues to work on enhancing opportunities, reducing threats and sustaining its competitive advantage. The Group is committed to an effective system of enterprise risk governance which provides for the sound and prudent management of the organisation in meeting the business goals and objectives within acceptable level of risk. The Group recognises that Enterprise Risk Management (ERM) is a proactive management tool for anticipating emerging risks and putting in place pre-emptive actions so that the effect of uncertainty on the success of the organisation is minimised.

The Board ERM governance structure is in place in each major subsidiary. Each major subsidiary’s ARMC, supported by the Risk function, receives updates on its ERM framework including material risks, emerging risks, key risk exposures and risk mitigation plans. These updates are consolidated and analysed for monitoring and reporting to Group’s ARMC on a quarterly basis.

The ERM process is a structured, practical set of three steps – Evaluate, Respond and Monitor (the E-R-M process) that enables management to identify and assess those risks, determine the appropriate response and then monitor the effectiveness of the risk response and any changes to the Group enterprise risk profile are reported to Group’s ARMC every quarter.

## GROUP INTERNAL AUDIT

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

The Annual Internal Audit plans of the Group as developed are reviewed and approved by the ARMC annually. Group IA highlights significant issues, recommendations for improvements and management action plan to the ARMC through audit reports and during its quarterly ARMC meetings. Group IA also followed up on the management action plan to address the improvements on a quarterly basis and results of the status are presented at the quarterly ARMC meetings.

For the year ended 31 December 2014, the major internal audit activities undertaken during the year are as follows:

- Developed a risk-based annual audit plan;
- Reviewed the adequacy and effectiveness of internal control processes and IT systems;
- Reviewed compliance with established policies and procedures and statutory requirements;
- Performed financial and operational audits on revenue cycle management (covering billing, cash and credit collections, credit control, accounts receivable), procurement and inventory, capital and operating expenditure, etc.
- Carried out ad-hoc assignments and investigations requested by Senior Management; and
- Followed-up on the implementation of Management Action Plan to ensure that necessary actions have been taken /are being taken to remedy any significant findings and weaknesses.

The review of the adequacy and effectiveness of the internal control process has been undertaken by the internal audit function and necessary actions have been/are being taken to remedy any significant failing or weakness for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

In the course of performing its duties, 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 policy and procedures play a major part in establishing the control and risk environment of the Group. Although the Group is a networked organization, a documented and auditable trail of accountability have been established through various board committees established at operating subsidiaries i.e. Audit and Risk Management Committees, Nomination and Remuneration Committee and other committees, each with clear Terms of References, and appropriate limits of authority.



## Statement on Risk Management and Internal Control

Each major operating subsidiary of the Group is tasked with undertaking these corporate governance and risk management practices as well as implementing a common reporting structure:

- i. A governance and management structure is established within each hospital for functional accountability with operational/functional heads reporting financial, operational (clinical and non-clinical), compliance with statutory and regulatory requirements and reputational risks to the Hospital Chief Executive Officer ("CEO")/Director;
- ii. Hospital CEOs/Directors, Business Heads, Country Heads and Corporate Heads report on business operations issues to the Group CEO and MD at the fortnightly/monthly Operations Meeting. Matters such as nursing issues, clinical/medical incidents with lapses, adverse outcomes, potential legal issues and media exposure, are to be reported and addressed at the hospital quality meetings chaired by the Hospital CEO;
- iii. The Medical Affairs department/Medical Execution Committee oversees the accreditation as well as the qualifications and experience of our medical practitioners, and will not hesitate to remove their privileges if found unethical or negligent. They also ensure patient safety and quality of services delivered within the hospitals, and compliance of government regulations.
- iv. Central Quality Improvement Forum/Quality Council chaired by Group CEO is the body to ensure the quality of services and the safety of patients;
- v. On a quarterly/monthly basis, the operational divisions are to submit to the Group CEO updates pertaining to clinical/medico-legal, IT & hospital development projects and business matters, HR matters, financial performance and analysis, 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 major operating subsidiary and ultimately, presenting at the Board of the Group;
- vi. The development of these potential medico-legal cases are tracked and reported to Senior Management and the Board on a monthly basis and to the ARMC on a quarterly basis. Any significant risk exposures is to be highlighted to the Board/ARMC as the risk materialises;
- vii. Country-specific insurance policies relating to workforce compensation, property damage and equipment breakdown, third party liability, professional indemnity and medical malpractice liability, are to be procured to meet the local regulatory requirements and business requirements of the operational divisions;
- viii. Financial risk management systems are in place to address credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk;
- ix. The external auditors and internal auditors are to independently audit and report findings on financial, operational and compliance controls to the ARMC or the Board;
- x. 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

Management is accountable to the Board for the implementation of the processes 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 Financial Officer that the Group's system of risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. Taking into consideration the information and assurances given, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report. The measures to protect and enhance shareholder value and business sustainability continue to be a focal point of the Group, and therefore, the system of risk management and internal control across the Group continues to be subject to enhancement, validation and regular review.

# Audit and Risk Management Committee Report

The Audit and Risk Management Committee (“ARMC”) which was established on 18 April 2012 in line with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) is primarily to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, the system of internal controls and risk management processes as well as the management and financial reporting practices of the Group.

## TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the ARMC are as follows:

### 1. Membership

- 1.1 The ARMC shall be appointed by the Board amongst its Directors and shall comprise at least three members who must be Non-Executive Directors and financially literate, the majority of whom shall be Independent Directors.
- 1.2 At least one member of the ARMC:
  - i. must be a member of the Malaysian Institute of Accountants (“MIA”); or
  - ii. if he/she is not a member of the MIA, he/she must have at least three years’ working experience; and
    - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
  - iii. must fulfil such other requirements as prescribed by Bursa Securities or approved by the Securities Commission.
- 1.3 The Chairman of the ARMC shall be an Independent Director appointed by the Board.
- 1.4 No Alternate Director shall be appointed as a member of the ARMC.

### 2. Responsibilities

The responsibilities of the ARMC, among others, are to evaluate and review the following and report the same to the Board:

- 2.1 The Group’s quarterly results and year-end financial statements;
- 2.2 The appointment or reappointment of the external auditor;
- 2.3 Any letter of resignation from the external auditor of the Company;
- 2.4 The audit plan, audit report and the evaluation of the system of internal controls with the external auditors;
- 2.5 The adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- 2.6 The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action has been taken on the recommendations of the internal audit functions;
- 2.7 Any related party transaction and conflict of interest situation that may arise within the Company or its group of companies including any transaction, procedure or course of conduct that raises questions of management integrity;
- 2.8 The manner in which Management is reviewing the principal business risks and assessing the appropriateness of the mechanisms in place to identify and minimise business risks;
- 2.9 The appropriateness of the system established to identify and report on areas of potential business risk;
- 2.10 Whether the allocation of options at the end of each financial year complies with the criteria which is disclosed to employees;

2.11 The effectiveness of the system for monitoring compliance with laws, regulations and the results of Management's investigations and follow-up on fraudulent or non-compliant acts; and

2.12 The findings, queries or investigation by regulatory agencies.

### 3. Authority

Empowered by the Board to carry out its duties, the ARMC shall have the authority to undertake the following:

- 3.1 Approve any appointment or termination of senior staff members of the internal audit function;
- 3.2 Convene meetings with the external auditors, the internal auditors or both, without other directors and employees of the Group being present, whenever deemed necessary. Such meetings with the external auditors shall be held at least twice a year;
- 3.3 Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;
- 3.4 Investigate any matter within its TOR with the resources which it needs to do so, including full and unrestricted access to information pertaining to the Group. Management and all employees of the Group are required to comply with requests made by the ARMC;
- 3.5 Engage in direct communication with the external auditors and internal auditors, as well as with Senior Management such as the Chairman, the Managing Director 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;
- 3.6 Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the ARMC; and
- 3.7 Authorise the ARMC Chairman for the time being to carry out the ARMC's responsibilities as required under the Whistleblowing Policy for the Group.

### 4. Notice and Meetings

- 4.1 The ARMC shall meet four times each year and at such other times, as it deems necessary to fulfil its responsibilities. If members are unable to be physically present, they may choose to participate via video or tele-conferencing.
- 4.2 The Secretary, in consultation of the Chairman of the ARMC, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five working days prior to each Committee meeting.
- 4.3 The quorum for the ARMC meeting shall be two, the majority of members present must be Independent Directors.
- 4.4 Each member of the ARMC is entitled to one vote when deciding upon the matters deliberated in meetings.
- 4.5 The decision that gains the majority number of votes shall form the final decision of the ARMC.
- 4.6 In the event of an equal number of votes for and against a decision, the Chairman of the ARMC shall be entitled to a second or casting vote.

### 5. Communication to the Board

- 5.1 The ARMC shall prepare a report each year concerning its activities in compliance with these TOR to be tabled to the Board and for inclusion in the Group's Annual Report.
- 5.2 The minutes of each ARMC meeting shall be tabled to the Board for notation.
- 5.3 The ARMC may from time to time submit to the Board its recommendations on matters within its purview, for the Board's decision.
- 5.4 Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the ARMC must promptly report such matter to the Securities Commission.



## 6. Circular Resolution

- 6.1 A resolution in writing signed by a majority of all members shall be valid and effectual as if it had been passed at a meeting of the ARMC.
- 6.2 All such resolutions shall be described as “Members’ Circular Resolutions” and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.
- 6.3 Any such resolution may consist of several documents in like form, each signed by one or more members.
- 6.4 The expressions “in writing” or “signed” include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

## 7. Secretariat

- 7.1 The Company Secretaries of the Company shall be the Secretary of the ARMC.
- 7.2 The Company Secretary shall be responsible for preparing the agenda in consultation with the Chairman, and distributing the papers to be deliberated at the meeting to all the members.

## 8. Appointment Process

The annual review and re-appointment of the ARMC members by the Board of Directors is subject to the Board of Directors’ review of the terms of office and performance of the ARMC and each of its members at least once every three years to determine whether the members of the ARMC have carried out their duties in accordance with their TOR.

## COMPOSITION AND MEETINGS

On 3 September 2014, Shirish Moreshwar Apte, an Independent Non-Executive Director, was appointed as an additional member of the ARMC. In the year under review, the ARMC met six times. Other than special meetings held to deliberate urgent ad-hoc matters, the ARMC meetings for the whole financial year 2014 were pre-scheduled in fourth quarter of 2013 and communicated to the members early to ensure their time commitment. The composition of the ARMC and the attendance record of its members are as follows:

| Director   | Designation                               | Total Meetings Attended |
|--|---|-------------------------|
| Rossana Annizah binti Ahmad Rashid (Chairman)                        | Independent Non-Executive Director        | 6/6                     |
| Chang See Hiang (Member)   | Senior Independent Non-Executive Director | 6/6                     |
| Satoshi Tanaka (Member)<br>(Resigned as ARMC member on 1 April 2015) | Non-Independent Non-Executive Director    | 6/6                     |
| Shirish Moreshwar Apte (Member)                                      | Independent Non-Executive Director        | 2/2                     |

The ARMC meetings were attended by the Managing Director & Chief Executive Officer (“MD & CEO”), Chief Financial Officer (“CFO”), Group Head, Internal Audit together with other members of the senior management and the external auditors, upon invitation, to brief the ARMC on pertinent issues.

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

The annual review of the ARMC’s composition, performance, quality, skills, competencies and effectiveness as well as their accountability and responsibilities were duly assessed by the ARMC members and Board members via separate performance evaluation forms. The evaluation process was monitored by the Nomination and Remuneration Committee (“NRC”) and the summary of findings were presented to the Board with appropriate recommendation for consideration.

Based on the evaluation findings, the Board viewed that the ARMC has consistently achieved strong performance during the financial year and discharged their duties and responsibilities satisfactorily. The Board also opined that the ARMC members have sound judgement, objectivity, independent attitude, professionalism, integrity, knowledge of the industry and are financially literate.

# Audit and Risk Management Committee Report

## SUMMARY OF ACTIVITIES

The following activities were carried out by the ARMC during the financial year ended 31 December 2014:

### Financial reporting and re-appointment of external auditors

- a) Reviewed the quarterly financial results of the Group including the draft announcements pertaining thereto, and made recommendations to the Board for approval. The reviews, served to ensure that IHH's financial reporting and disclosures present a true and fair view of the Company's financial positions and performance and are in compliance with the MMLR and applicable accounting standards in Malaysia;
- b) Reviewed the results, reported issues arising from the annual statutory audit, Management's responses to the audit findings for the financial year ended 31 December 2013 as well as the impact of the changes in accounting policies involving but not limited to the new financial reporting standards applicable to the Group;
- c) Reviewed and made recommendations to the Board for approval, the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2013 to ensure that it presented a true and fair view of the Company's financial positions and performance for the year and compliance with regulatory requirements;
- d) Reviewed with the external auditors, their audit plan for the financial year ended 31 December 2014, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud risk assessment and proposed fees for the statutory audit;
- e) Reviewed the impairment assessment of goodwill and intangible assets of the Group to ensure compliance with the applicable accounting standards and the assets are not carried at more than their recoverable amount;
- f) A major review of auditors was carried out in the first quarter of 2014 through a formal Request for Proposal to select and appoint the Group external auditors for the next three years, subject to satisfactory delivery of audit services and re-appointment on a yearly basis at each Annual General Meeting. Upon reviewing Management's recommendation, the ARMC had recommended to the Board for approval, the re-appointment of KPMG (upon confirmation of its independence and objectivity) and the fees for the audit services rendered by the external auditors for the financial year ended 31 December 2014;
- g) Ensured that the engagement of the external auditors for non-audit services was carried out through the appropriate authority as per the Limit of Authority of the Group. The engagement of the external auditors for the non-audit services is governed by the Policy on the Independence of Auditors and the Efficiency of Audit which was adopted by the Board on 27 August 2013. The said policy also administers the engagement of external auditors for audit services, hiring of personnel from the external audit firm or its member firms and so on with the main objective to preserve the integrity of financial statements by ensuring the independence of the auditors;
- h) Met with the external auditors twice without the presence of Management during the year under review;

### Internal audit

- i) Reviewed and approved the 2014 internal audit plan to ensure that adequate scope and comprehensive coverage over the activities of IHH Group and all high risk areas are audited annually as well as there are adequate resources within the internal audit team to carry out the audit works;
- j) Reviewed the internal audit reports issued by the internal audit function of the major operating companies ("Major OpCos") during the year and presented at quarterly ARMC meetings;
- k) Monitored the implementation of management action plan on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses are being properly addressed;
- l) During the year under review, the ARMC Chairman had a private discussion session on the audit activities, audit findings, recommendations and management action plan with the Group Head, Internal Audit without the presence of Management;

### Enterprise risk management

- m) Reviewed the Enterprise Risk Management reports to ensure that the Group's business activities and risk management capabilities are re-aligned and enhanced on an on-going basis so as to proactively manage the key risk areas to cope with the developments in the external operating environment;

## Related party transactions and recurrent related party transactions

- n) Reviewed and recommended to the Board for approval, the related party transaction proposals submitted by Management to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders;
- o) Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with the MMLR;

## Verification of the allocation of LTIP units and EPP options

- p) Verified the allocation and movement of LTIP units and EPP options respectively for the year 2013 to ensure that it had been carried out according to the criteria and matrix stipulated in the LTIP and EPP Bye Laws;

## Other activities

- q) Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2013 Annual Report;
- r) Reviewed the progress of the implementation of new information technology system throughout the Group to ensure its smooth and successful implementation;
- s) Reviewed the Group procurement process to ensure that fair and equitable processes had been followed and maximum synergies be extracted therefrom in terms of financial, administrative, etc.;
- t) Reviewed the funding plan (including the treasury and foreign exchange management) for IHH and its subsidiaries and made relevant recommendations to the Board to ensure that the business has sufficient liquidity to meet its obligations, whilst managing payments, receipts and financial risks effectively; and
- u) Reviewed, approved and/or recommended to the Board for approval, new policies or amendments to the existing policies of the Company and Group within the purview of the ARMC to ensure that the policies adopted are in parallel with the developments of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities and to ensure operations efficiency.

Subsequent to the financial year ended 31 December 2014, the ARMC carried out the following duties:

- a) Reviewed the internal audit plan for the financial year ending 31 December 2015;
- b) Reviewed the results as well as reported issues arising from the annual statutory audit and Management's responses to the audit findings for the financial year ended 31 December 2014;
- c) Reviewed the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2014 and made recommendations to the Board for approval;
- d) Reviewed the performance of the CFO of the Company to ensure that he has the character, experience, integrity, competence and time to effectively discharge his role as the CFO of the Company. The evaluation was performed through an appropriate evaluation form by the ARMC which assesses the CFO's character, contribution and performance, calibre and personality supported by the evaluation of the CFO's performance by the MD & CEO;
- e) Considered the re-appointment of external auditors for the ensuing year upon reviewing the suitability and independence of the external auditors. Apart from the major review as outlined above, the annual assessment and analysis of the external auditors' performance was conducted through an appropriate evaluation form by the ARMC members supported by the assessment conducted by relevant management members on the experience and opinions of the firm, independence and objectivity, quality of the processes / performance, audit team, audit scope and planning, audit fees, audit communications and resources;
- f) 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. This was carried out through an appropriate evaluation form by the ARMC members supported by the assessment conducted by relevant management members on the experience and opinions of the Group Head, Internal Audit, understanding of the Group's business, resources, collaboration between internal auditors and external auditors, adequacy of internal control, etc.;



## Audit and Risk Management Committee Report

- g) Confirmed and verified the allocation and movement of LTIP units and EPP options respectively for the year 2014 to ensure that it had been carried out according to the criteria and matrix stipulated in the LTIP and EPP Bye Laws; and
- h) Reviewed the ARMC Report as well as Statement on Risk Management and Internal Control for inclusion in the 2014 Annual Report.

### GROUP INTERNAL AUDIT FUNCTION

The internal audit function is under the purview of the Group Internal Audit (“Group IA”) department. Group IA is independent and reports directly to the ARMC. The internal audit reporting structure within the Group has been organised in such a way where the internal audit function of the Major OpCos report to the Board Audit Committees of the respective Major OpCos with a dotted reporting line to Group IA. The Group IA has direct control and supervision for internal audit activities in those subsidiaries that do not have an internal audit function.

Group IA provides independent, objective assurance on areas of operations reviewed, and makes recommendations based on the best practices that will improve and add value to the Group. Group IA identifies, coordinates, monitors and oversees the internal audits that are to be carried out throughout the Group and also provides standards, policies and 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 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 were 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 were tabled to each Audit Committee of the Major OpCos for deliberation to ensure that Management undertakes to carry out the agreed remedial actions.

The total costs incurred by Group IA in 2014, inclusive of all the Major OpCos, was RM4,788,948.

### STATEMENT ON VERIFICATION OF SHARE OPTIONS OFFERED OR SHARE GRANTS AWARDED

Our Group has established the following employee share schemes:

- (i) Long Term Incentive Plans (“LTIP”) for a duration of ten years from 25 March 2011 and expiring on 24 March 2021;
- (ii) LTIP of Parkway Holdings Limited for a duration of ten years from 21 April 2011 and expiring on 24 March 2021;
- (iii) LTIP of Pantai Holdings Berhad for a duration of ten years from 24 May 2011 and expiring on 24 March 2021;
- (iv) LTIP of IMU Health Sdn Bhd for a duration of ten years from 25 August 2011 and expiring on 24 March 2021; and
- (v) Equity Participation Plan (“EPP”) of our Company for a duration of five years from 25 March 2011 and expiring on 24 March 2016.

During the financial year ended 31 December 2014, a total of 7,875,000 LTIP units were granted to 118 eligible employees. Out of 7,875,000 LTIP units granted to the eligible employees, 110,000 units were granted under the cash option pursuant to the terms of the LTIP Bye Laws and a total of 403,000 LTIP units were cancelled due to the resignation of the employees.

There were no EPP options granted during the financial year ended 31 December 2014.

The ARMC is satisfied that the grant of 7,875,000 LTIP units to the eligible employees of the Group during the financial year ended 31 December 2014 was in compliance with the criteria and terms set out in the Bye Laws of the LTIP.

# 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 as set out in Appendix 9C thereto.

## 1. Utilisation of Proceeds

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2014.

## 2. Share Buy-Back

During the financial year under review, the Company did not have a scheme to buy back its own shares.

## 3. Options, Warrants or Convertible Securities

Our Group had established the following employee share schemes:

- (i) Long Term Incentive Plans (“LTIP”) of our Company (“IHH LTIP”) for a duration of ten (10) years from 25 March 2011 and expiring on 24 March 2021;
- (ii) LTIP of Parkway Holdings Limited (“Parkway LTIP”) for a duration of ten (10) years from 21 April 2011 and expiring on 24 March 2021;
- (iii) LTIP of Pantai Holdings Berhad (“Pantai LTIP”) for a duration of ten (10) years from 24 May 2011 and expiring on 24 March 2021;
- (iv) LTIP of IMU Health Sdn Bhd (“IMU LTIP”) for a duration of ten (10) years from 25 August 2011 and expiring on 24 March 2021; and
- (v) Equity Participation Plan (“EPP”) of our Company for a duration of five (5) years from 25 March 2011 and expiring on 24 March 2016.

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

Brief details on the numbers of LTIP units / EPP options granted, vested and outstanding since the commencement of the LTIPs and EPP until financial year 2014 (“FY2014”) are as follows:-

|   | LTIPs      | EPP                     |
|---|------------|-------------------------|
| Total number of LTIP units / EPP options granted                        | 41,529,732 | 149,000,000             |
| Total number of LTIP units / EPP options surrendered / exercised        | 20,674,297 | 106,249,998             |
| Total number of LTIP units / EPP options lapsed / cancelled / opted out | 5,392,087  | 9,250,000               |
| Total number of LTIP units / EPP options outstanding                    | 15,463,348 | 33,500,002 <sup>1</sup> |

Note :

<sup>1</sup> Including 750,000 EPP options which have been vested but yet to be exercised.

## Granted to Directors and Chief Executive

|  | LTIPs     | EPP        |
|--|-----------|------------|
| Aggregate number of LTIP units / EPP options granted                 | 8,596,000 | 41,500,000 |
| Aggregate number of LTIP units / EPP options surrendered / exercised | 4,490,000 | 31,125,000 |
| Aggregate number of LTIP units / EPP options outstanding             | 4,106,000 | 10,375,000 |

In accordance with the bye-laws for the LTIPs and EPP respectively, the total number of shares which may be issued under the LTIPs and EPP to the eligible participants, including Executive Directors and Senior Management of the Company, shall not exceed the aggregate of 2% and 5% respectively, of our Company’s issued and paid up share capital. Additionally, the total number of shares which may be issued under LTIP units and EPP options granted 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 our Company, shall not exceed in aggregate 10% of the total number of shares to be issued under the LTIPs and EPP respectively. None of our Directors and Senior Management, either singly or collectively with persons connected with them, owns 20% or more of the issued and paid up capital of our Company.

For the FY2014, the actual percentage of LTIP granted to Executive Directors and Senior Management of the Company was 38% of the total number of LTIP granted in 2014. There was no EPP options granted during the FY2014.

Since the commencement of the LTIP scheme and EPP scheme, the actual percentage of LTIP units and EPP options granted in aggregate to Executive Directors and Senior Management of the Company are 29% and 35% of the total number of LTIP and EPP granted respectively.

There were no LTIP units and EPP options granted to the Non-Executive Directors since the commencement dates of LTIPs and EPP.

## Additional Compliance Information

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

The Company did not issue any warrants or convertible securities during the financial year under review.

### 4. Depository Receipt programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2014.

### 5. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2014.

### 6. Non-Audit Fees

The amount of non-audit fees paid to external auditors by the Group and the Company respectively for the financial year ended 31 December 2014 are as follows:-

|                               | Group<br>RM'000 | Company<br>RM'000 |
|-------------------------------|-----------------|-------------------|
| Non-audit fees paid to        |                 |                   |
| - KPMG Malaysia               | 455             | 412               |
| - Affiliates of KPMG Malaysia | 1,274           | 288               |

Services rendered by KPMG are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

### 7. Variation of Results

There was no deviation of 10% or more between the results of the financial year ended 31 December 2014 as per the audited financial statements and the unaudited results previously announced.

### 8. Profit Guarantee

The Company did not make any arrangement during the financial year which requires profit guarantee.

### 9. Material Contracts Involving Directors' 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' and Major Shareholders' interests subsisting as at 31 December 2014 or entered into since the end of previous financial year:

- (i) A shareholders' agreement dated 23 December 2011 was entered into among the Company, Integrated Healthcare Hastaneler Turkey Sdn Bhd, Bagan Lalang Ventures Sdn Bhd, Hatice Seher Aydinlar and Mehmet Ali Aydinlar, whereby the parties have agreed on the rights and obligations of the parties regarding the governance of Acibadem Saglik Yatirimlari Holding A.S. ("Acibadem Holding") and any company under the control of Acibadem Holding.

### 10. Recurrent Related Party Transactions

The recurrent related party transaction of revenue nature incurred by the Group for the financial year ended 31 December 2014 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, 1965 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 169 of the Companies Act, 1965 is set out in the financial statements.

# Financial Statements

|            |   |
|------------|---|
| <b>101</b> | Directors' Report   |
| <b>108</b> | Statement by Directors                                      |
| <b>109</b> | Statutory Declaration                                       |
| <b>110</b> | Independent Auditors' Report                                |
| <b>112</b> | Statements of Financial Position                            |
| <b>114</b> | Statements of Profit or Loss and Other Comprehensive Income |
| <b>116</b> | Statements of Changes in Equity                             |
| <b>120</b> | Statements of Cash Flows                                    |
| <b>123</b> | Notes to the Financial Statements                           |
| <b>229</b> | List of Properties  |
| <b>230</b> | Analysis of Shareholdings                                   |
| <b>234</b> | Notice of Annual General Meeting                            |
| •          | Form of Proxy   |

# Directors' Report

for the year ended 31 December 2014

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 2014.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Results

|                                      | Group<br>RM'000 | Company<br>RM'000 |
|--------------------------------------|-----------------|-------------------|
| Profit for the year attributable to: |                 |                   |
| Owners of the Company                | 754,291         | 19,547            |
| Non-controlling interests            | 188,993         | -                 |
|                                      | <u>943,284</u>  | <u>19,547</u>     |

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single tier cash dividend of 2 sen per ordinary share amounting to RM163,500,000 for the financial year ended 31 December 2013 on 16 July 2014.

The Directors have proposed a first and final single tier cash dividend of 3 sen per ordinary share for the financial year ended 31 December 2014, which is subject to shareholders approval at the forthcoming Annual General Meeting.

## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Dato' Dr. Abu Bakar Bin Suleiman

Dato' Mohammed Azlan Bin Hashim

Dr. Tan See Leng

Mehmet Ali Aydinlar

Satoshi Tanaka

Chang See Hiang

Rossana Annizah Binti Ahmad Rashid

Kuok Khoon Ean

YM Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz

Kaichi Yokoyama (Alternate Director to Satoshi Tanaka)

Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz)

Shirish Moreshwar Apte

Ahmad Shahizam Bin Mohd Shariff (Alternate Director to Dr. Tan See Leng)

(Appointed on 3 September 2014)

(Resigned on 28 August 2014)



# Directors' Report

for the year ended 31 December 2014

## DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares, options over ordinary shares, units convertible into ordinary shares and other units of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

|  | Number of ordinary shares of RM1.00 each |                      |            |              |
|--|--|----------------------|------------|--------------|
|  | At 1 January<br>2014                     | Options<br>exercised | Bought     | Sold         |
| <b>Interests in the Company</b>          |  |                      |            |              |
| Tan Sri Dato' Dr. Abu Bakar Bin Suleiman |  |                      |            |              |
| - Direct                                 | 3,107,000                                | 1,053,000            | -          | (1,400,000)  |
| Dr. Tan See Leng                         |  |                      |            |              |
| - Direct                                 | 14,920,000                               | 11,241,000           | -          | (10,410,600) |
| Mehmet Ali Aydinlar                      |  |                      |            |              |
| - Direct                                 | 103,500,000                              | 241,000              | 25,000,000 | -            |
| - Deemed                                 | 160,790,861                              | -                    | -          | (26,880,000) |
| Chang See Hiang                          |  |                      |            |              |
| - Direct                                 | 100,000                                  | -                    | -          | -            |
| Kuok Khoo Ean                            |  |                      |            |              |
| - Direct                                 | 250,000                                  | -                    | -          | -            |

|   | Number of ordinary shares of TL1.00 each |                      |        |          |
|---|--|----------------------|--------|----------|
|   | At 1 January<br>2014                     | Options<br>exercised | Bought | Sold     |
| <b>Interests in subsidiaries</b>                          |  |                      |        |          |
| <b>Acibadem Saglik Yatirimlari Holding A.S. ("ASYH")</b>  |  |                      |        |          |
| Mehmet Ali Aydinlar                                       |  |                      |        |          |
| - Direct  | 354,533,087                              | -                    | -      | -        |
| - Deemed  | 27,466,913                               | -                    | -      | -        |
| <b>Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH")</b> |  |                      |        |          |
| Mehmet Ali Aydinlar                                       |  |                      |        |          |
| - Direct  | 30,001                                   | -                    | -      | (30,000) |
| - Deemed  | 1  | -                    | -      | -        |
| <b>Acibadem Poliklinikleri A.S.</b>                       |  |                      |        |          |
| Mehmet Ali Aydinlar                                       |  |                      |        |          |
| - Direct  | 1  | -                    | -      | -        |
| - Deemed  | 3  | -                    | -      | -        |
| <b>Acibadem Ortadogu Saglik Yatirimlari A.S.</b>          |  |                      |        |          |
| Mehmet Ali Aydinlar                                       |  |                      |        |          |
| - Direct  | 5  | -                    | -      | -        |
| <b>Acibadem Mobil Saglik Hizmetleri A.S.</b>              |  |                      |        |          |
| Mehmet Ali Aydinlar                                       |  |                      |        |          |
| - Direct  | 13                                       | -                    | -      | -        |
| - Deemed  | 26                                       | -                    | -      | -        |

## DIRECTORS' INTERESTS (CONTINUED)

|  | Number of ordinary shares of TL1.00 each |                      |        |                                |
|--|--|----------------------|--------|--------------------------------|
|  | At 1 January<br>2014                     | Options<br>exercised | Bought | Sold<br>At 31 December<br>2014 |
| <b>Interests in subsidiaries (continued)</b>   |  |                      |        |                                |
| <b>Acibadem Labmed Saglik Hizmetleri A.S.</b>  |  |                      |        |                                |
| Mehmet Ali Aydinlar                            |  |                      |        |                                |
| - Direct                                       | 1  | -                    | -      | - 1                            |
| - Deemed                                       | 1  | -                    | -      | - 1                            |
| <b>Bodrum Tedavi Hizmetleri A.S.</b>           |  |                      |        |                                |
| Mehmet Ali Aydinlar                            |  |                      |        |                                |
| - Deemed                                       | 3  | -                    | -      | - 3                            |
| <b>Acibadem Proje Yönetimi A.S.</b>            |  |                      |        |                                |
| Mehmet Ali Aydinlar                            |  |                      |        |                                |
| - Direct                                       | 1  | -                    | -      | - 1                            |
| <b>Aplus Hastane Otelcilik Hizmetleri A.S.</b> |  |                      |        |                                |
| Mehmet Ali Aydinlar                            |  |                      |        |                                |
| - Direct                                       | 1  | -                    | -      | - 1                            |
| - Deemed                                       | 3  | -                    | -      | - 3                            |

|                                     | Number of ordinary shares of TL250.00 each |                      |        |                                |
|-------------------------------------|--|----------------------|--------|--------------------------------|
|                                     | At 1 January<br>2014                       | Options<br>exercised | Bought | Sold<br>At 31 December<br>2014 |
| <b>Interests in a subsidiary</b>    |  |                      |        |                                |
| <b>Konur Saglik Hizmetleri A.S.</b> |  |                      |        |                                |
| Mehmet Ali Aydinlar                 |  |                      |        |                                |
| - Deemed                            | 1  | -                    | -      | (1) -                          |

|   | Number of ordinary shares of TL2.00 each |                      |        |                                |
|---|--|----------------------|--------|--------------------------------|
|   | At 1 January<br>2014                     | Options<br>exercised | Bought | Sold<br>At 31 December<br>2014 |
| <b>Interests in a subsidiary</b>            |  |                      |        |                                |
| <b>International Hospital Istanbul A.S.</b> |  |                      |        |                                |
| Mehmet Ali Aydinlar                         |  |                      |        |                                |
| - Direct                                    | 1  | -                    | -      | - 1                            |
| - Deemed                                    | 1  | -                    | -      | - 1                            |

|   | Number of units      |                      |        |                                |
|---|----------------------|----------------------|--------|--------------------------------|
|   | At 1 January<br>2014 | Options<br>exercised | Bought | Sold<br>At 31 December<br>2014 |
| <b>Interests in a subsidiary</b>                                |                      |                      |        |                                |
| <b>Parkway Life Real Estate Investment Trust ("PLife REIT")</b> |                      |                      |        |                                |
| Chang See Hiang   |                      |                      |        |                                |
| - Direct  | 300,000              | -                    | -      | - 300,000                      |

# Directors' Report

for the year ended 31 December 2014

## DIRECTORS' INTERESTS (CONTINUED)

|  | Number of options over ordinary shares of RM1.00 each |         |             |                      | At 31 December<br>2014 |
|--|---|---------|-------------|----------------------|------------------------|
|  | At 1 January<br>2014                                  | Granted | Exercised   | Lapsed/<br>cancelled |                        |
| <b>Interests in the Company</b>          |   |         |             |                      |                        |
| <b>Equity Participation Plan (“EPP”)</b> |   |         |             |                      |                        |
| Tan Sri Dato’ Dr. Abu Bakar Bin Suleiman | 2,000,000   | -       | (1,000,000) | -                    | 1,000,000              |
| Dr. Tan See Leng                         | 18,750,000  | -       | (9,375,000) | -                    | 9,375,000              |

|  | Number of units convertible into ordinary shares of RM1.00 each |           |             |                      | At 31 December<br>2014 |
|--|---|-----------|-------------|----------------------|------------------------|
|  | At 1 January<br>2014  | Granted   | Exercised   | Lapsed/<br>cancelled |                        |
| <b>Interests in the Company</b>          |   |           |             |                      |                        |
| <b>Long Term Incentive Plan (“LTIP”)</b> |   |           |             |                      |                        |
| Tan Sri Dato’ Dr. Abu Bakar Bin Suleiman | 117,000   | 76,000    | (53,000)    | -                    | 140,000                |
| Dr. Tan See Leng                         | 3,311,000   | 1,326,000 | (1,866,000) | -                    | 2,771,000              |
| Mehmet Ali Aydinlar                      | 724,000   | 712,000   | (241,000)   | -                    | 1,195,000              |

Except as disclosed above, none of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares, options over ordinary shares, units convertible into ordinary shares and other units 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 a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 41 to the financial statements.

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

- 34,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
- 9,596,018 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

Upon completion of the above, the issued and fully paid ordinary shares of the Company as at 31 December 2014 amounted to RM8,178,569,889.

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



## OPTIONS GRANTED OVER UNISSUED SHARES

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

### LTIP

At a Board of Directors meeting held on 25 March 2011, the Board approved the LTIP for the granting of not more than 2% of the issued share capital of the Company, non-transferrable convertible units to eligible employees of the Group.

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

- i. Eligible employees are employees that are in the full time employment and in the payroll of the Group including contract employees for at least 6 months or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.
- ii. The aggregate number of shares to be issued under the LTIP shall not exceed 2% of the issued and paid-up ordinary share capital of the Company.
- iii. The LTIP shall be in force for a period of 10 years from 25 March 2011.
- iv. The LTIP units granted in each year will vest in the participants over a three-year period, in equal proportions each year.
- v. Each unit of LTIP is entitled to be converted to 1 ordinary share of the Company after listing of the Company.
- vi. Eligible employees who are offered LTIP units but have elected to opt out of the scheme will receive cash LTIP units instead which will be redeemed by the Company over a period of 3 years, 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.

Since the commencement of the scheme, until the end of the current financial year, no options had been granted to substantial shareholders or its associates and no options that entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of other corporations had been granted.

According to Section 169(11) of the Companies Act, 1965, the Company is required to disclose the name of persons to whom any options has been granted during the financial year. Pursuant to Section 169A of the Companies Act, 1965, the Company has applied and has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted less than 82,000 options in financial year ended 31 December 2014.

The employees that were granted 82,000 and above LTIP units during the financial year are as follows:

| Name of person to whom the option has been granted | Grant Date    | Number of options that has been granted | Number of options that has been exercised | Number of options that has been cancelled | Balance as at 31 December 2014 |
|--|---------------|---|---|---|--------------------------------|
| Dr. Tan See Leng                                   | 2 July 2014   | 1,326,000                               | -   | -   | 1,326,000                      |
| Dr. Lim Cheok Peng                                 | 29 April 2014 | 1,130,000                               | -   | -   | 1,130,000                      |
| Mehmet Ali Aydinlar                                | 2 July 2014   | 712,000                                 | -   | -   | 712,000                        |
| Lim Suet Wun                                       | 29 April 2014 | 421,000                                 | -   | -   | 421,000                        |
| Tan See Haw  | 29 April 2014 | 377,000                                 | -   | -   | 377,000                        |
| Ahmad Shahizam Bin Mohd Shariff                    | 2 July 2014   | 337,000                                 | -   | -   | 337,000                        |
| Lee Swee Hee                                       | 29 April 2014 | 135,000                                 | -   | (135,000)                                 | -                              |
| Loh Chi-Keon Kelvin                                | 29 April 2014 | 125,000                                 | -   | -   | 125,000                        |
| Fong Choon Khin                                    | 29 April 2014 | 108,000                                 | -   | -   | 108,000                        |
| Lee Hong Huei                                      | 29 April 2014 | 84,000                                  | -   | -   | 84,000                         |
| Tan Kang Fun                                       | 29 April 2014 | 82,000                                  | -   | -   | 82,000                         |

## Directors' Report

for the year ended 31 December 2014

### 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 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 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 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is as disclosed in Note 43 to the financial statements.

### EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The event subsequent to the end of the financial year is disclosed in Note 45 to the financial statements.

## AUDITORS

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

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

.....  
**Tan Sri Dato' Dr. Abu Bakar Bin Suleiman**

.....  
**Dr. Tan See Leng**

Date: 30 March 2015

# Statement by Directors

**pursuant to Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 112 to 227 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 31 December 2014 and of their financial performances and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 49 on page 228 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....  
**Tan Sri Dato' Dr. Abu Bakar Bin Suleiman**

.....  
**Dr. Tan See Leng**

Date: 30 March 2015



# Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Tan See Haw, 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 112 to 228 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 30 March 2015.

.....

Before me:

Commissioner for Oaths  
Kuala Lumpur, Malaysia

# Independent Auditors' Report

to the members of IHH Healthcare Berhad

## Report on the Financial Statements

We have audited the financial statements of IHH Healthcare Berhad which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 112 to 227.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and 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, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 46 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 49 on page 228 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### KPMG

Firm Number: AF 0758  
Chartered Accountants

#### Datuk Johan Idris

Approval Number: 2585/10/16(J)  
Chartered Accountant

Petaling Jaya, Malaysia

Date: 30 March 2015

# Statements of Financial Position

as at 31 December 2014

|                                 | Note | Group             |                   | Company           |                   |
|---------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                 |      | 2014<br>RM'000    | 2013<br>RM'000    | 2014<br>RM'000    | 2013<br>RM'000    |
| <b>Assets</b>                   |      |                   |                   |                   |                   |
| Property, plant and equipment   | 3    | 9,148,483         | 8,662,671         | 2,025             | 926               |
| Prepaid lease payments          | 4    | 746,061           | 703,049           | -                 | -                 |
| Investment properties           | 5    | 2,028,438         | 1,922,721         | -                 | -                 |
| Goodwill on consolidation       | 6    | 9,154,565         | 8,881,234         | -                 | -                 |
| Intangible assets               | 6    | 2,537,802         | 2,628,126         | -                 | -                 |
| Investment in subsidiaries      | 7    | -                 | -                 | 16,141,113        | 16,142,113        |
| Interests in associates         | 8    | 4,239             | 4,497             | -                 | -                 |
| Interests in joint ventures     | 9    | 179,175           | 170,069           | -                 | -                 |
| Other financial assets          | 10   | 956,035           | 758,037           | 69                | -                 |
| Other receivables               | 13   | 48,235            | 36,312            | -                 | -                 |
| Derivative assets               | 25   | 28,213            | 15,949            | -                 | -                 |
| Deferred tax assets             | 11   | 68,327            | 77,567            | -                 | -                 |
| <b>Total non-current assets</b> |      | <b>24,899,573</b> | <b>23,860,232</b> | <b>16,143,207</b> | <b>16,143,039</b> |
| Inventories                     | 12   | 171,718           | 152,991           | -                 | -                 |
| Trade and other receivables     | 13   | 1,027,535         | 1,002,152         | 2,374             | 2,376             |
| Amounts due from subsidiaries   | 16   | -                 | -                 | 11,132            | 12,560            |
| Tax recoverable                 |      | 59,005            | 62,368            | -                 | -                 |
| Other financial assets          | 10   | 13,581            | 38,476            | -                 | -                 |
| Derivative assets               | 25   | 1,067             | 233               | -                 | -                 |
| Cash and cash equivalents       | 17   | 2,467,827         | 2,144,827         | 797,076           | 835,642           |
| <b>Total current assets</b>     |      | <b>3,740,733</b>  | <b>3,401,047</b>  | <b>810,582</b>    | <b>850,578</b>    |
| <b>Total assets</b>             |      | <b>28,640,306</b> | <b>27,261,279</b> | <b>16,953,789</b> | <b>16,993,617</b> |



# Statements of Financial Position

as at 31 December 2014

|   |      | Group             |                   | Company           |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   | Note | 2014<br>RM'000    | 2013<br>RM'000    | 2014<br>RM'000    | 2013<br>RM'000    |
| <b>Equity</b>   |      |                   |                   |                   |                   |
| Share capital   | 18   | 8,178,570         | 8,134,974         | 8,178,570         | 8,134,974         |
| Share premium   | 19   | 8,059,158         | 7,992,299         | 8,059,158         | 7,992,299         |
| Other reserves  | 19   | 963,885           | 265,729           | 32,661            | 32,763            |
| Retained earnings   |      | 2,250,132         | 1,682,143         | 673,694           | 817,647           |
| <b>Total equity attributable to owners of the Company</b> |      | <b>19,451,745</b> | <b>18,075,145</b> | <b>16,944,083</b> | <b>16,977,683</b> |
| Non-controlling interests                                 |      | 1,861,651         | 1,847,802         | -                 | -                 |
| <b>Total equity</b>                                       |      | <b>21,313,396</b> | <b>19,922,947</b> | <b>16,944,083</b> | <b>16,977,683</b> |
| <b>Liabilities</b>  |      |                   |                   |                   |                   |
| Loans and borrowings                                      | 20   | 3,592,776         | 4,170,246         | -                 | -                 |
| Employee benefits   | 21   | 23,312            | 23,144            | 181               | 234               |
| Trade and other payables                                  | 24   | 408,501           | 363,119           | -                 | -                 |
| Deferred tax liabilities                                  | 11   | 938,045           | 935,103           | -                 | -                 |
| Derivative liabilities                                    | 25   | 6,536             | 3,566             | -                 | -                 |
| <b>Total non-current liabilities</b>                      |      | <b>4,969,170</b>  | <b>5,495,178</b>  | <b>181</b>        | <b>234</b>        |
| Loans and borrowings                                      | 20   | 676,542           | 291,035           | -                 | -                 |
| Trade and other payables                                  | 24   | 1,390,641         | 1,331,175         | 6,854             | 11,930            |
| Derivative liabilities                                    | 25   | 517               | 3,121             | -                 | -                 |
| Amounts due to subsidiaries                               | 16   | -                 | -                 | 1,526             | 1,518             |
| Employee benefits   | 21   | 43,492            | 38,928            | 469               | 515               |
| Tax payable   |      | 246,548           | 178,895           | 676               | 1,737             |
| <b>Total current liabilities</b>                          |      | <b>2,357,740</b>  | <b>1,843,154</b>  | <b>9,525</b>      | <b>15,700</b>     |
| <b>Total liabilities</b>                                  |      | <b>7,326,910</b>  | <b>7,338,332</b>  | <b>9,706</b>      | <b>15,934</b>     |
| <b>Total equity and liabilities</b>                       |      | <b>28,640,306</b> | <b>27,261,279</b> | <b>16,953,789</b> | <b>16,993,617</b> |

The notes on pages 123 to 228 are an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>Revenue</b>  | 26   | 7,344,019      | 6,756,451      | 38,123         | 710,732        |
| Other operating income  |      | 266,669        | 230,948        | 209            | 2,658          |
| Inventories and consumables   |      | (1,224,245)    | (1,126,187)    | -              | -              |
| Purchases and contracted services   |      | (669,097)      | (723,180)      | -              | -              |
| Development cost of properties sold   |      | -              | (2,409)        | -              | -              |
| Staff costs   | 27   | (2,822,131)    | (2,541,143)    | (21,057)       | (21,031)       |
| Depreciation and impairment losses of property, plant and equipment                         | 3    | (540,553)      | (531,512)      | (431)          | (176)          |
| Amortisation and impairment losses of intangible assets                                     | 6    | (66,927)       | (69,346)       | -              | -              |
| Operating lease expenses  |      | (198,895)      | (173,795)      | (1,542)        | (1,067)        |
| Other operating expenses  |      | (753,332)      | (670,848)      | (13,656)       | (15,371)       |
| Finance income  | 28   | 65,623         | 59,118         | 23,738         | 19,369         |
| Finance costs   | 28   | (189,806)      | (328,713)      | (11)           | (6)            |
| Share of profits/(losses) of associates (net of tax)  |      | 1,702          | (1,793)        | -              | -              |
| Share of profits of joint ventures (net of tax)   |      | 8,149          | 3,971          | -              | -              |
| <b>Profit before tax</b>  | 29   | 1,221,176      | 881,562        | 25,373         | 695,108        |
| Income tax expense  | 32   | (277,892)      | (147,703)      | (5,826)        | (5,503)        |
| <b>Profit for the year</b>  |      | 943,284        | 733,859        | 19,547         | 689,605        |
| <b>Other comprehensive income, net of tax</b>   |      |                |                |                |                |
| <b>Items that may be reclassified subsequently to profit or loss</b>                        |      |                |                |                |                |
| Foreign currency translation differences from foreign operations                            |      | 409,569        | (154,425)      | 79             | (422)          |
| Hedge of net investments in foreign operations  |      | 103,036        | 165,822        | -              | -              |
| Net change in fair value of available-for-sale financial assets                             |      | 132,546        | 38,223         | -              | -              |
| Cash flow hedge   |      | (2,541)        | 788            | -              | -              |
|   | 30   | 642,610        | 50,408         | 79             | (422)          |
| <b>Other comprehensive income, net of tax</b>   |      |                |                |                |                |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                   |      |                |                |                |                |
| Remeasurement of defined benefit liability  |      | (5,927)        | (5,963)        | -              | -              |
| Revaluation of property, plant and equipment upon reclassification to investment properties |      | 35,666         | 205            | -              | -              |
|   | 30   | 29,739         | (5,758)        | -              | -              |
| <b>Total comprehensive income for the year</b>  |      | 1,615,633      | 778,509        | 19,626         | 689,183        |

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014

|  | Note | Group            |                | Company        |                |
|--|------|------------------|----------------|----------------|----------------|
|  |      | 2014<br>RM'000   | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>Profit attributable to:</b>                     |      |                  |                |                |                |
| Owners of the Company                              |      | 754,291          | 631,159        | 19,547         | 689,605        |
| Non-controlling interests                          |      | 188,993          | 102,700        | -              | -              |
| <b>Profit for the year</b>                         |      | <b>943,284</b>   | <b>733,859</b> | <b>19,547</b>  | <b>689,605</b> |
| <b>Total comprehensive income attributable to:</b> |      |                  |                |                |                |
| Owners of the Company                              |      | 1,436,535        | 817,054        | 19,626         | 689,183        |
| Non-controlling interests                          |      | 179,098          | (38,545)       | -              | -              |
| <b>Total comprehensive income for the year</b>     |      | <b>1,615,633</b> | <b>778,509</b> | <b>19,626</b>  | <b>689,183</b> |
| <b>Earnings per ordinary share (sen):</b>          |      |                  |                |                |                |
| Basic  | 33   | <u>9.24</u>      | <u>7.78</u>    |                |                |
| Diluted  | 33   | <u>9.21</u>      | <u>7.74</u>    |                |                |

The notes on pages 123 to 228 are an integral part of these financial statements.

# Statements of Changes in Equity

for the year ended 31 December 2014

| Group   | Note      | Attributable to owners of the Company |                         |                                |                              |                               |                         |                           |                         |  |                             |                 |                                     |                        |
|---|-----------|---------------------------------------|-------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------|---------------------------|-------------------------|--|-----------------------------|-----------------|-------------------------------------|------------------------|
|   |           | Non-distributable                     |                         |                                |                              |                               |                         |                           | Distributable           |  |                             |                 |                                     |                        |
|   |           | Share capital<br>RM'000               | Share premium<br>RM'000 | Share option reserve<br>RM'000 | Fair value reserve<br>RM'000 | Revaluation reserve<br>RM'000 | Hedge reserve<br>RM'000 | Capital reserve<br>RM'000 | Legal reserve<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
| At 1 January 2013   | 8,055,445 | 7,890,224                             | 32,810                  | 177,859                        | -                            | 15,867                        | (247,463)               | 853                       | 143,075                 | 1,062,330                                      | 17,131,000                  | 2,044,763       | 19,175,763                          |                        |
| Foreign currency translation differences from foreign operations                            |           | -                                     | -                       | -                              | -                            | -                             | -                       | -                         | 91,100                  | -  | 91,100                      | (245,525)       | (154,425)                           |                        |
| Hedge of net investments in foreign operations  |           | -                                     | -                       | -                              | -                            | -                             | -                       | -                         | 59,314                  | -  | 59,314                      | 106,508         | 165,822                             |                        |
| Net change in fair value of available-for-sale financial assets                             |           | -                                     | -                       | -                              | 38,223                       | -                             | -                       | -                         | -                       | -  | 38,223                      | -               | 38,223                              |                        |
| Cash flow hedge   |           | -                                     | -                       | -                              | -                            | -                             | 282                     | -                         | -                       | -  | 282                         | 506             | 788                                 |                        |
| Remeasurement of defined benefit liability  |           | -                                     | -                       | -                              | -                            | -                             | -                       | -                         | -                       | (3,229)  | (3,229)                     | (2,734)         | (5,963)                             |                        |
| Revaluation of property, plant and equipment upon reclassification to investment properties | 3         | -                                     | -                       | -                              | -                            | 205                           | -                       | -                         | -                       | -  | 205                         | -               | 205                                 |                        |
| Total other comprehensive income for the year   | 30        | -                                     | -                       | -                              | 38,223                       | 205                           | 282                     | -                         | 150,414                 | (3,229)  | 185,895                     | (141,245)       | 44,650                              |                        |
| Profit for the year   |           | -                                     | -                       | -                              | -                            | -                             | -                       | -                         | -                       | 631,159  | 631,159                     | 102,700         | 733,859                             |                        |
| Total comprehensive income for the year   |           | -                                     | -                       | -                              | 38,223                       | 205                           | 282                     | -                         | 150,414                 | 627,930  | 817,054                     | (38,545)        | 778,509                             |                        |
| Contributions by and distributions to owners of the Company                                 |           |                                       |                         |                                |                              |                               |                         |                           |                         |  |                             |                 |                                     |                        |
| - Share options exercised   | 18        | 72,250                                | 86,700                  | -                              | -                            | -                             | -                       | -                         | -                       | -  | 158,950                     | -               | 158,950                             |                        |
| - Cancellation of share options   |           | -                                     | -                       | (50)                           | -                            | -                             | -                       | -                         | -                       | 50   | -                           | -               | -                                   |                        |
| - Share-based payment   | 21        | -                                     | -                       | 23,189                         | -                            | -                             | -                       | -                         | -                       | -  | 23,189                      | -               | 23,189                              |                        |
| Transfer to share capital and share premium on share options exercised                      | 18        | 72,250                                | 86,700                  | 23,139                         | -                            | -                             | -                       | -                         | -                       | 50   | 182,139                     | -               | 182,139                             |                        |
| Disposal of subsidiaries  | 42        | 7,279                                 | 15,375                  | (22,654)                       | -                            | -                             | -                       | -                         | -                       | -  | -                           | -               | -                                   |                        |
| Changes in ownership interests in subsidiaries  | 42        | -                                     | -                       | -                              | -                            | -                             | -                       | 170                       | (111)                   | -  | 59                          | (8,094)         | (8,035)                             |                        |
| Transfer per statutory requirements   |           | -                                     | -                       | -                              | -                            | -                             | 1                       | (55,113)                  | 5                       | -  | (55,107)                    | (33,501)        | (88,608)                            |                        |
| Dividends paid to non-controlling interests   |           | -                                     | -                       | -                              | -                            | -                             | -                       | -                         | 8,167                   | (8,167)  | -                           | -               | -                                   |                        |
| Total transactions with owners of the Company   |           | -                                     | -                       | -                              | -                            | -                             | -                       | -                         | -                       | -  | -                           | (116,821)       | (116,821)                           |                        |
| At 31 December 2013   |           | 79,529                                | 102,075                 | 485                            | -                            | -                             | 1                       | (54,943)                  | 8,167                   | (106)  | (8,117)                     | 127,091         | (158,416)                           | (31,325)               |
|   |           | 8,134,974                             | 7,992,299               | 33,295                         | 216,082                      | 205                           | 16,150                  | (302,406)                 | 9,020                   | 293,383  | 1,682,143                   | 18,075,145      | 1,847,802                           | 19,922,947             |



# Statements of Changes in Equity

for the year ended 31 December 2014

Attributable to owners of the Company

Non-distributable Distributable

| Group  | Note | Share capital<br>RM'000 | Share premium<br>RM'000 | Share option reserve<br>RM'000 | Fair value reserve<br>RM'000 | Revaluation reserve<br>RM'000 | Hedge reserve<br>RM'000 | Capital reserve<br>RM'000 | Legal reserve<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
|--|------|-------------------------|-------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------|---------------------------|-------------------------|--|-----------------------------|-----------------|-------------------------------------|------------------------|
| <b>At 1 January 2014</b>   |      | 8,134,974               | 7,992,299               | 33,295                         | 216,082                      | 205                           | 16,150                  | (302,406)                 | 9,020                   | 293,383  | 1,682,143                   | 18,075,145      | 1,847,802                           | 19,922,947             |
| Foreign currency translation differences from foreign operations       |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | -                       | 481,658  | -                           | 481,658         | (72,089)                            | 409,569                |
| Hedge of net investments in foreign operations                         |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | -                       | 36,815   | -                           | 36,815          | 66,221                              | 103,036                |
| Net change in fair value of available-for-sale financial assets        |      | -                       | -                       | -                              | 132,546                      | -                             | -                       | -                         | -                       | -  | -                           | 132,546         | -                                   | 132,546                |
| Cash flow hedge  |      | -                       | -                       | -                              | -                            | -                             | (885)                   | -                         | -                       | -  | -                           | (885)           | (1,656)                             | (2,541)                |
| Remeasurement of defined benefit liability                             |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | -                       | -  | (3,556)                     | (3,556)         | (2,371)                             | (5,927)                |
| Revaluation of property, plant and equipment                           |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | -                       | -  | -                           | -               | -                                   | -                      |
| upon reclassification to investment properties                         | 3    | -                       | -                       | -                              | -                            | 35,666                        | -                       | -                         | -                       | -  | -                           | 35,666          | -                                   | 35,666                 |
| Total other comprehensive income for the year                          | 30   | -                       | -                       | -                              | 132,546                      | 35,666                        | (885)                   | -                         | -                       | 518,473  | (3,556)                     | 682,244         | (9,895)                             | 672,349                |
| Profit for the year  |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | -                       | -  | 754,291                     | 754,291         | 188,993                             | 943,284                |
| <b>Total comprehensive income for the year</b>                         |      | -                       | -                       | -                              | 132,546                      | 35,666                        | (885)                   | -                         | -                       | 518,473  | 750,735                     | 1,436,535       | 179,098                             | 1,615,633              |
| <i>Contributions by and distributions to owners of the Company</i>     |      |                         |                         |                                |                              |                               |                         |                           |                         |  |                             |                 |                                     |                        |
| - Share options exercised  | 18   | 34,000                  | 48,574                  | -                              | -                            | -                             | -                       | -                         | -                       | -  | -                           | 82,574          | -                                   | 82,574                 |
| - Cancellation of share options  |      | -                       | 13                      | (13)                           | -                            | -                             | -                       | -                         | -                       | -  | -                           | -               | -                                   | -                      |
| - Share-based payment  | 21   | -                       | -                       | 27,700                         | -                            | -                             | -                       | -                         | -                       | -  | -                           | 27,700          | -                                   | 27,700                 |
| - Dividends to owners of the Company                                   |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | -                       | -  | (163,500)                   | (163,500)       | -                                   | (163,500)              |
| Transfer to share capital and share premium on share options exercised | 18   | 34,000                  | 48,587                  | 27,687                         | -                            | -                             | -                       | -                         | -                       | -  | (163,500)                   | (53,226)        | -                                   | (53,226)               |
| Changes in ownership interests in subsidiaries                         | 42   | 9,596                   | 18,272                  | (27,868)                       | -                            | -                             | -                       | -                         | -                       | -  | -                           | -               | -                                   | -                      |
| Transfer per statutory requirements                                    |      | -                       | -                       | -                              | -                            | -                             | 1                       | (6,900)                   | -                       | 190  | -                           | (6,709)         | (24,293)                            | (31,002)               |
| Issue of shares by subsidiary to non-controlling interests             |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | 19,246                  | -  | (19,246)                    | -               | -                                   | -                      |
| Dividends paid to non-controlling interests                            |      | -                       | -                       | -                              | -                            | -                             | -                       | -                         | -                       | -  | -                           | -               | 400                                 | 400                    |
| <b>Total transactions with owners of the Company</b>                   |      | 43,596                  | 66,859                  | (181)                          | -                            | -                             | 1                       | (6,900)                   | 19,246                  | 190  | (182,746)                   | (59,935)        | (165,249)                           | (225,184)              |
| <b>At 31 December 2014</b>   |      | 8,178,570               | 8,059,158               | 33,114                         | 348,628                      | 35,871                        | 15,266                  | (309,306)                 | 28,266                  | 812,046  | 2,250,132                   | 19,451,745      | 1,861,651                           | 21,313,396             |

# Statements of Changes in Equity

for the year ended 31 December 2014

|  |      | Attributable to owners of the Company |                         |                                   |   |                                |                        |
|--|------|---------------------------------------|-------------------------|-----------------------------------|---|--------------------------------|------------------------|
|  |      | Non-distributable                     |                         |                                   |   | Distributable                  |                        |
| Company  | Note | Share capital<br>RM'000               | Share premium<br>RM'000 | Share option<br>reserve<br>RM'000 | Foreign<br>currency<br>translation<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total equity<br>RM'000 |
| <b>1 January 2013</b>  |      | 8,055,445                             | 7,890,224               | 32,810                            | (110)   | 127,992                        | 16,106,361             |
| Foreign currency translation differences from foreign operations       |      | -                                     | -                       | -                                 | (422)   | -                              | (422)                  |
| Total other comprehensive income for the year                          |      | -                                     | -                       | -                                 | (422)   | -                              | (422)                  |
| Profit for the year  |      | -                                     | -                       | -                                 | -   | 689,605                        | 689,605                |
| <b>Total comprehensive income for the year</b>                         |      | -                                     | -                       | -                                 | (422)   | 689,605                        | 689,183                |
| <i>Contributions by and distributions to owners of the Company</i>     |      |                                       |                         |                                   |   |                                |                        |
| - Share options exercised  | 18   | 72,250                                | 86,700                  | -                                 | -   | -                              | 158,950                |
| - Cancellation of share options  |      | -                                     | -                       | (50)                              | -   | 50                             | -                      |
| - Share-based payment  |      | -                                     | -                       | 23,189                            | -   | -                              | 23,189                 |
|  |      | 72,250                                | 86,700                  | 23,139                            | -   | 50                             | 182,139                |
| Transfer to share capital and share premium on share options exercised | 18   | 7,279                                 | 15,375                  | (22,654)                          | -   | -                              | -                      |
| <b>Total transactions with owners of the Company</b>                   |      | 79,529                                | 102,075                 | 485                               | -   | 50                             | 182,139                |
| <b>At 31 December 2013</b>   |      | 8,134,974                             | 7,992,299               | 33,295                            | (532)   | 817,647                        | 16,977,683             |

# Statements of Changes in Equity

for the year ended 31 December 2014

|  |      | Attributable to owners of the Company |               |              |             |               |              |
|--|------|---------------------------------------|---------------|--------------|-------------|---------------|--------------|
|  |      | Non-distributable                     |               |              |             | Distributable |              |
|  |      | Share capital                         | Share premium | Share option | Foreign     | Retained      | Total equity |
|  |      | RM'000                                | RM'000        | reserve      | currency    | earnings      | RM'000       |
| Company  | Note |                                       |               | RM'000       | translation | RM'000        | RM'000       |
|  |      |                                       |               |              | reserve     |               |              |
|  |      |                                       |               |              | RM'000      |               |              |
| <b>1 January 2014</b>  |      | 8,134,974                             | 7,992,299     | 33,295       | (532)       | 817,647       | 16,977,683   |
| Foreign currency translation differences from foreign operations       |      | -                                     | -             | -            | 79          | -             | 79           |
| Total other comprehensive income for the year                          |      | -                                     | -             | -            | 79          | -             | 79           |
| Profit for the year  |      | -                                     | -             | -            | -           | 19,547        | 19,547       |
| <b>Total comprehensive income for the year</b>                         |      | -                                     | -             | -            | 79          | 19,547        | 19,626       |
| <i>Contributions by and distributions to owners of the Company</i>     |      |                                       |               |              |             |               |              |
| - Share options exercised  | 18   | 34,000                                | 48,574        | -            | -           | -             | 82,574       |
| - Cancellation of share options  |      | -                                     | 13            | (13)         | -           | -             | -            |
| - Share-based payment  |      | -                                     | -             | 27,700       | -           | -             | 27,700       |
| - Dividends to owners of the Company                                   |      | -                                     | -             | -            | -           | (163,500)     | (163,500)    |
|  |      | 34,000                                | 48,587        | 27,687       | -           | (163,500)     | (53,226)     |
| Transfer to share capital and share premium on share options exercised | 18   | 9,596                                 | 18,272        | (27,868)     | -           | -             | -            |
| <b>Total transactions with owners of the Company</b>                   |      | 43,596                                | 66,859        | (181)        | -           | (163,500)     | (53,226)     |
| <b>At 31 December 2014</b>   |      | 8,178,570                             | 8,059,158     | 33,114       | (453)       | 673,694       | 16,944,083   |

The notes on pages 123 to 228 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2014

|   |       | Group            |                  | Company         |                 |
|---|-------|------------------|------------------|-----------------|-----------------|
|   | Note  | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000  | 2013<br>RM'000  |
| <b>Cash flows from operating activities</b>                         |       |                  |                  |                 |                 |
| Profit before tax   |       | 1,221,176        | 881,562          | 25,373          | 695,108         |
| <i>Adjustment for:</i>  |       |                  |                  |                 |                 |
| Dividend income   | 26    | (4,687)          | (4,190)          | (38,123)        | (710,732)       |
| Finance income  |       | (65,623)         | (59,118)         | (23,738)        | (19,369)        |
| Finance costs   |       | 189,806          | 328,713          | 11              | 6               |
| Depreciation and impairment losses of property, plant and equipment | 3     | 540,553          | 531,512          | 431             | 176             |
| Amortisation and impairment losses of intangible assets             | 6     | 66,927           | 69,346           | -               | -               |
| Write-off:  |       |                  |                  |                 |                 |
| - Property, plant and equipment                                     | 29    | 2,116            | 904              | -               | 3               |
| - Intangible assets   | 29    | 140              | 534              | -               | -               |
| - Inventories   | 29    | 662              | 515              | -               | -               |
| - Trade and other receivables                                       | 29    | 9,331            | 5,469            | 13              | 50              |
| Gain on disposal of property, plant and equipment                   | 29    | (2,939)          | (3,698)          | -               | -               |
| Gain on disposal of subsidiaries                                    | 29    | (336)            | (4,376)          | -               | -               |
| Gain on disposal of assets held for sale                            | 29    | -                | (67)             | -               | -               |
| Gain on divestment of investment properties                         |       | (36,425)         | -                | -               | -               |
| Impairment loss made/(written back):                                |       |                  |                  |                 |                 |
| - Investment in subsidiaries  | 29    | -                | -                | 1,000           | -               |
| - Trade and other receivables                                       | 29    | 18,275           | 21,967           | -               | -               |
| - Amounts due from associates                                       | 29    | (1,022)          | (1,247)          | -               | -               |
| - Investment in joint ventures                                      | 29    | -                | 2,545            | -               | -               |
| - Other financial assets  | 29    | -                | (25,311)         | -               | -               |
| Change in fair value of contingent consideration payable            | 29    | -                | (3,946)          | -               | -               |
| Change in fair value of investment properties                       | 5, 29 | (52,453)         | (42,840)         | -               | -               |
| Share of (profits)/losses of associates (net of tax)                |       | (1,702)          | 1,793            | -               | -               |
| Share of profits of joint ventures (net of tax)                     |       | (8,149)          | (3,971)          | -               | -               |
| Equity-settled share-based payment                                  | 21    | 27,700           | 23,189           | 6,767           | 5,425           |
| Net unrealised foreign exchange differences                         |       | (58,535)         | (21,589)         | (66)            | (2,584)         |
| <b>Operating profit/(loss) before changes in working capital</b>    |       | <b>1,844,815</b> | <b>1,697,696</b> | <b>(28,332)</b> | <b>(31,917)</b> |
| <b>Changes in working capital</b>                                   |       |                  |                  |                 |                 |
| Inventories   |       | (26,097)         | (12,971)         | -               | -               |
| Trade and other receivables   |       | (94,624)         | (149,708)        | 370             | 1,299           |
| Trade and other payables  |       | 109,367          | (14,542)         | (5,186)         | 2,179           |
| <b>Cash generated from/(used in) operations</b>                     |       | <b>1,833,461</b> | <b>1,520,475</b> | <b>(33,148)</b> | <b>(28,439)</b> |
| Income tax paid   |       | (202,861)        | (182,583)        | (6,980)         | (3,929)         |
| <b>Net cash from/(used in) operating activities</b>                 |       | <b>1,630,600</b> | <b>1,337,892</b> | <b>(40,128)</b> | <b>(32,368)</b> |



**Statements of Cash Flows**  
for the year ended 31 December 2014

|  |             | <b>Group</b>     |                    | <b>Company</b>  |                |
|--|-------------|------------------|--------------------|-----------------|----------------|
|  | <b>Note</b> | <b>2014</b>      | <b>2013</b>        | <b>2014</b>     | <b>2013</b>    |
|  |             | <b>RM'000</b>    | <b>RM'000</b>      | <b>RM'000</b>   | <b>RM'000</b>  |
| <b>Cash flows from investing activities</b>                          |             |                  |                    |                 |                |
| Interest received  |             | 48,493           | 38,983             | 23,357          | 19,126         |
| Capital injection into subsidiaries                                  | 7           | -                | -                  | -               | (36,199)       |
| Capital injection into joint ventures                                |             | -                | (10,875)           | -               | -              |
| Disposal of subsidiary, net of cash and cash equivalents disposed    | 42          | -                | 2,058              | -               | -              |
| Development and purchase of intangible assets                        | 6           | (11,167)         | (13,921)           | -               | -              |
| Purchase of property, plant and equipment                            |             | (908,842)        | (720,061)          | (1,481)         | (1,079)        |
| Payments for prepaid lease   |             | -                | (706,441)          | -               | -              |
| Purchase of investment properties                                    |             | (212,485)        | (217,048)          | -               | -              |
| Other financial assets purchased                                     |             | (1,050)          | -                  | (69)            | -              |
| Proceeds from disposal of property, plant and equipment              |             | 54,733           | 10,994             | 2               | -              |
| Proceeds from divestment of investment properties                    |             | 236,156          | -                  | -               | -              |
| Proceeds from disposal of assets held for sale                       |             | -                | 233                | -               | -              |
| Proceeds from disposal of intangible assets                          |             | 1,015            | 290                | -               | -              |
| Net repayment from/(to) associates                                   |             | 976              | (338)              | -               | -              |
| Net repayment from/(to) joint ventures                               |             | 11,722           | (186)              | -               | -              |
| Dividends received from available-for-sale financial assets          | 26          | 4,687            | 4,190              | -               | -              |
| Dividends received from subsidiaries                                 |             | -                | -                  | 38,123          | 30,520         |
| Dividends received from joint ventures                               |             | 2,197            | 2,088              | -               | -              |
| Dividends received from associates                                   |             | 516              | 1,166              | -               | -              |
| Capital distributions from associates                                |             | 1,588            | -                  | -               | -              |
| Refund of deposits paid to non-controlling interests of subsidiaries |             | 25,591           | 43,032             | -               | -              |
| Repayment from subsidiaries  |             | -                | -                  | 22,369          | 12,021         |
| <b>Net cash (used in)/from investing activities</b>                  |             | <b>(745,870)</b> | <b>(1,565,836)</b> | <b>82,301</b>   | <b>24,389</b>  |
| <b>Cash flows from financing activities</b>                          |             |                  |                    |                 |                |
| Interest paid  |             | (128,567)        | (142,853)          | -               | -              |
| Proceeds from exercise of share options                              |             | 82,574           | 158,950            | 82,574          | 158,950        |
| Proceeds from loans and borrowings                                   |             | 1,006,815        | 2,517,808          | -               | -              |
| Repayment of loans and borrowings                                    |             | (1,185,924)      | (1,852,353)        | -               | -              |
| Buy back floating rate notes   |             | -                | (35,271)           | -               | -              |
| Loan from non-controlling interest of a subsidiary                   |             | 35,618           | 292,196            | -               | -              |
| Dividends paid to non-controlling interests                          |             | (141,356)        | (116,821)          | -               | -              |
| Dividends paid to owners of the Company                              |             | (163,500)        | -                  | (163,500)       | -              |
| Acquisition of non-controlling interests                             |             | (32,080)         | (89,541)           | -               | -              |
| Proceeds from dilution of interest in subsidiaries                   |             | -                | 933                | -               | -              |
| Issue of shares by subsidiary to non-controlling interests           |             | 400              | -                  | -               | -              |
| Changes in pledged deposits  |             | 1,519            | 59,598             | -               | -              |
| <b>Net cash (used in)/from financing activities</b>                  |             | <b>(524,501)</b> | <b>792,646</b>     | <b>(80,926)</b> | <b>158,950</b> |

## Statements of Cash Flows

for the year ended 31 December 2014

|  | Group            |                  | Company        |                |
|--|------------------|------------------|----------------|----------------|
|  | 2014             | 2013             | 2014           | 2013           |
|  | RM'000           | RM'000           | RM'000         | RM'000         |
| Net increase/(decrease) in cash and cash equivalents | 360,229          | 564,702          | (38,753)       | 150,971        |
| Effect of exchange rate fluctuations on cash held    | (35,710)         | 18,053           | 187            | 2,584          |
| Cash and cash equivalents at 1 January               | 2,135,609        | 1,552,854        | 835,642        | 682,087        |
| <b>Cash and cash equivalents at 31 December</b>      | <b>2,460,128</b> | <b>2,135,609</b> | <b>797,076</b> | <b>835,642</b> |

### **Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

|   |      | Group            |                  | Company        |                |
|---|------|------------------|------------------|----------------|----------------|
|   |      | 2014             | 2013             | 2014           | 2013           |
|   | Note | RM'000           | RM'000           | RM'000         | RM'000         |
| Cash and bank balances                    | 17   | 971,481          | 600,515          | 25,196         | 43,761         |
| Fixed deposits placed with licensed banks | 17   | 1,496,346        | 1,544,312        | 771,880        | 791,881        |
|   |      | 2,467,827        | 2,144,827        | 797,076        | 835,642        |
| Less:                                     |      |                  |                  |                |                |
| - Deposits pledged                        | 17   | (3,127)          | (4,420)          | -              | -              |
| - Cash collateral received                | 17   | (4,572)          | (4,798)          | -              | -              |
| <b>Cash and cash equivalents</b>          |      | <b>2,460,128</b> | <b>2,135,609</b> | <b>797,076</b> | <b>835,642</b> |

The notes on pages 123 to 228 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 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2014 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 30 March 2015.

## 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, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interest in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiatives*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

## 1. BASIS OF PREPARATION (CONTINUED)

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

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

- MFRS 15, *Revenue from Contracts with Customers*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

### (i) **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - measurement of the fair value of investment properties
- Note 6 - measurement of the recoverable amounts of cash-generating units
- Note 21 - measurement of share-based payment
- Note 42 - business combination

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

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

#### (iii) 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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (iii) Associates (continued)

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

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

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

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

#### (iv) Joint arrangement

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

Joint arrangements are classified and accounted for as follows:

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

#### (v) Non-controlling interests

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

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

#### (vi) Changes in non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. Any difference between the Group's share of net assets in relation to the acquisition and the fair value of consideration paid is recognised directly in the Group's reserves.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (vii) Acquisitions from entities under common control

The assets and liabilities acquired under business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, are recognised at the carrying amounts recognised previously in the Group controlling shareholders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

#### (viii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (ix) Transactions eliminated on consolidation

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

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

### (b) Foreign currency

#### (i) Foreign currency transactions

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

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

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

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except for impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Foreign currency (continued)

#### (ii) Foreign operations

The assets and liabilities of operations denominated in functional currencies other than Ringgit Malaysia ("RM"), 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 foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely 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 FCTR in equity.

### (c) Financial instruments

#### (i) Initial recognition and 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 instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

The Group categorises financial instruments as follows:

##### **Financial assets**

##### **(a) Financial assets at fair value through profit or loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### **(b) Held-to-maturity investments**

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

##### **(c) Loans and receivables**

Loans and receivables category comprises debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### **(d) Available-for-sale financial assets**

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

##### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost other than those categorised as 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) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Other financial liabilities comprise loans and borrowings, and trade and other payables, excluding deferred income.

#### (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.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

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

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. 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.

#### (v) Hedge accounting

##### **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 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 the ineffective portion is recognised in profit or loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (v) Hedge accounting (continued)

##### *Cash flow hedge (continued)*

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

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 the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

##### *Hedge of a net investment*

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

#### (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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (i) Recognition and measurement (continued)

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.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property and measured at fair value.

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction (construction-in-progress) are not depreciated until the assets are ready for their intended use.

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

|   |                             |
|---|-----------------------------|
| • Leasehold land  | remaining term of the lease |
| • Buildings   | 5 - 50 years                |
| • Hospital and medical equipment, renovations, furniture and fittings and equipment | 3 - 25 years                |
| • Laboratory and teaching equipment   | 2 - 10 years                |
| • Motor vehicles  | 4 - 7 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) Leased assets

#### (i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

#### (ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Prepayment for leasehold land which in substance is an operating lease is classified as prepaid lease payments, and are amortised over the term of the lease.

#### ***Determining whether an arrangement contains a lease***

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

### (f) Goodwill on consolidation

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Intangible assets

#### (i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to prepare the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

#### (ii) Other intangible assets

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

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

#### (iii) Subsequent expenditure

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

#### (iv) Amortisation

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

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

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

- |   |              |
|---|--------------|
| • Customer relationships                              | 5 - 10 years |
| • Capitalised development costs and other intangibles | 3 - 20 years |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Investment properties

#### (i) Recognition and measurement

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

The fair value is determined based on internal valuation or independent professional valuation. Independent professional valuation is obtained annually for material investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss in the period in which the item is derecognised.

#### (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) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make sale.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

### (j) Cash and cash equivalents

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment

#### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries, associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, development properties and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time and whenever there is an indication that they may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment (continued)

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

### (l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Issue expenses

Costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

#### (ii) Ordinary shares

Ordinary shares are classified as equity.

#### (iii) Distributions of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

### (m) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to defined contribution plans are charged to the profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Employee benefits (continued)

#### (ii) Defined benefits plan

The Group has non-funded defined benefits plans given to employees of certain subsidiaries within the Group.

The Group's net obligation in respect of defined benefits retirement plan and termination plan are calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), if any, and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined 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.

#### (iii) Employment termination benefits

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. The Group accounts for the non-funded employment termination benefits in the same manner as set out in Note 2(m)(ii).

#### (iv) Share-based payments transactions

The grant date fair value of share-based payments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the employee share options is measured using binomial lattice model, and market value approach on a minority, non-marketable basis for EPP and LTIP granted before 25 July 2012, and trinomial option pricing model for LTIP granted after 25 July 2012. 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)

### (n) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### (o) Revenue and other income

#### (i) Services rendered

Revenue from provision of medicine and medical services, including healthcare support services rendered is recognised in profit or loss net of service tax and discount as and when the services are performed.

#### (ii) Goods sold

Revenue from the sale of pharmaceutical products is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

#### (iii) 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.

#### (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) Sale of development property

The Group recognises income on property development projects when the significant risks and rewards of ownership have been transferred to the purchasers. Revenue and associated expenses will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers i.e. upon the completion of the construction and when the rest of the purchase price is paid.

Revenue excludes goods and services or other sale taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

#### (vi) Finance income

Finance income comprises interest income from bank deposits and debt securities, net gain of financial derivatives that are recognised in profit or loss, and net exchange gain from foreign currency denominated bank borrowings.

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is capitalised.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Finance costs

Finance costs comprises interest expense on borrowings, finance lease liabilities and bonds, amortisation of borrowing transaction costs and discount on bonds, bank charges, net losses on financial derivatives that are recognised in profit or loss, and net exchange losses from foreign currency denominated bank borrowings.

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.

### (q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

### (s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (t) 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

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow 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 assets unless the probability of inflow of economic benefits is remote.

### (u) Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT

| Group                                     | Note | Freehold land<br>RM'000 | Leasehold land<br>RM'000 | Buildings<br>RM'000 | Hospital and medical equipment, renovations, furniture and fittings and equipment<br>RM'000 | Laboratory and other teaching equipment<br>RM'000 | Motor vehicles<br>RM'000 | Construction-in-progress<br>RM'000 | Total<br>RM'000 |
|---|------|-------------------------|--------------------------|---------------------|---|---|--------------------------|------------------------------------|-----------------|
| <b>Cost</b>                               |      |                         |                          |                     |   |   |                          |                                    |                 |
| <b>At 1 January 2013</b>                  |      | 498,436                 | 3,271,269                | 2,941,376           | 4,208,361   | 42,053  | 26,482                   | 66,744                             | 11,054,721      |
| Additions                                 |      | -                       | 652                      | 36,596              | 316,725   | 5,061   | 3,588                    | 402,014                            | 764,636         |
| Disposals/write off                       |      | -                       | -                        | (235)               | (59,286)  | (298)   | (3,253)                  | (2,453)                            | (65,525)        |
| Reclassification                          |      | -                       | -                        | 2,466               | 59,244  | -   | -                        | (61,710)                           | -               |
| Transfer to investment properties         |      |                         |                          |                     |   |   |                          |                                    |                 |
| - Offset of accumulated depreciation      |      | -                       | -                        | (54)                | -   | -   | -                        | -                                  | (54)            |
| - Revaluation of property transferred     |      | 205                     | -                        | -                   | -   | -   | -                        | -                                  | 205             |
| - Transfer of carrying amount             | 5    | (1,239)                 | -                        | (111)               | -   | -   | -                        | -                                  | (1,350)         |
| Disposal of subsidiaries                  | 42   | -                       | -                        | -                   | (2,713)   | -   | -                        | -                                  | (2,713)         |
| Cost adjustments*                         |      | -                       | -                        | (39,368)            | -   | -   | -                        | -                                  | (39,368)        |
| Translation differences                   |      | (16,133)                | 76,665                   | (13,166)            | (156,210)   | (1)   | (998)                    | (9,665)                            | (119,508)       |
| <b>At 31 December 2013/1 January 2014</b> |      | 481,269                 | 3,348,586                | 2,927,504           | 4,366,121   | 46,815  | 25,819                   | 394,930                            | 11,591,044      |
| Additions                                 |      | -                       | -                        | 29,342              | 353,854   | 4,579   | 9,323                    | 546,515                            | 943,613         |
| Disposals/write off                       |      | -                       | -                        | -                   | (87,561)  | (615)   | (4,016)                  | (25,727)                           | (117,919)       |
| Reclassification                          |      | -                       | -                        | 7,677               | 314,429   | 981   | -                        | (323,087)                          | -               |
| Transfer to intangible assets             | 6    | -                       | -                        | -                   | (112)   | -   | -                        | -                                  | (112)           |
| Transfer to investment properties         |      |                         |                          |                     |   |   |                          |                                    |                 |
| - Offset of accumulated depreciation      |      | -                       | (447)                    | (439)               | (325)   | -   | -                        | -                                  | (1,211)         |
| - Revaluation of property transferred     |      | -                       | 35,666                   | -                   | -   | -   | -                        | -                                  | 35,666          |
| - Transfer of carrying amount             | 5    | -                       | (58,521)                 | (5,452)             | (3,611)   | -   | -                        | -                                  | (67,584)        |
| Transfer from investment properties       |      | -                       | 6,982                    | 1,588               | 354   | -   | -                        | -                                  | 8,924           |
| Translation differences                   |      | (990)                   | 112,735                  | 37,944              | 22,329  | -   | (16)                     | 9,595                              | 181,597         |
| <b>At 31 December 2014</b>                |      | 480,279                 | 3,445,001                | 2,998,164           | 4,965,478   | 51,760  | 31,110                   | 602,226                            | 12,574,018      |

\* : Relates to adjustments made upon the finalisation of construction costs for property, plant and equipment during the year.

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

| Group   | Note | Freehold land<br>RM'000 | Leasehold land<br>RM'000 | Buildings<br>RM'000 | Hospital and medical equipment, renovations, furniture and fittings and equipment<br>RM'000 | Laboratory and other teaching equipment<br>RM'000 | Motor vehicles<br>RM'000 | Construction-in-progress<br>RM'000 | Total<br>RM'000 |
|---|------|-------------------------|--------------------------|---------------------|---|---|--------------------------|------------------------------------|-----------------|
| <b>Accumulated depreciation and impairment losses</b>                               |      |                         |                          |                     |   |   |                          |                                    |                 |
| <b>At 1 January 2013</b>  |      | 336                     | 126,412                  | 383,233             | 2,011,274   | 15,081  | 15,026                   | -                                  | 2,551,362       |
| Depreciation charge for the year  |      | -                       | 38,570                   | 53,929              | 430,109   | 5,375   | 3,867                    | -                                  | 531,850         |
| Impairment loss reversed  |      | (338)                   | -                        | -                   | -   | -   | -                        | -                                  | (338)           |
| Disposals/write off   |      | -                       | -                        | (90)                | (54,379)  | (289)   | (2,567)                  | -                                  | (57,325)        |
| Disposal of subsidiaries  | 42   | -                       | -                        | -                   | (2,537)   | -   | -                        | -                                  | (2,537)         |
| Offset of accumulated depreciation on property transferred to investment properties |      | -                       | -                        | (54)                | -   | -   | -                        | -                                  | (54)            |
| Translation differences   |      | 2                       | 3,523                    | (4,316)             | (93,337)  | -   | (457)                    | -                                  | (94,585)        |
| <b>At 31 December 2013/1 January 2014</b>   |      | -                       | 168,505                  | 432,702             | 2,291,130   | 20,167  | 15,869                   | -                                  | 2,928,373       |
| Depreciation charge for the year  |      | -                       | 39,689                   | 54,063              | 438,047   | 5,368   | 4,088                    | -                                  | 541,255         |
| Impairment loss reversed  |      | -                       | -                        | -                   | (702)   | -   | -                        | -                                  | (702)           |
| Disposals/write off   |      | -                       | -                        | -                   | (60,378)  | (507)   | (3,123)                  | -                                  | (64,008)        |
| Reclassification  |      | -                       | -                        | -                   | (747)   | 747   | -                        | -                                  | -               |
| Offset of accumulated depreciation on property transferred to investment properties |      | -                       | (447)                    | (439)               | (325)   | -   | -                        | -                                  | (1,211)         |
| Translation differences   |      | -                       | 6,623                    | 7,282               | 7,890   | -   | 33                       | -                                  | 21,828          |
| <b>At 31 December 2014</b>  |      | -                       | 214,370                  | 493,608             | 2,674,915   | 25,775  | 16,867                   | -                                  | 3,425,535       |
| <b>Net carrying amount</b>  |      |                         |                          |                     |   |   |                          |                                    |                 |
| At 1 January 2013   |      | 498,100                 | 3,144,857                | 2,558,143           | 2,197,087   | 26,972  | 11,456                   | 66,744                             | 8,503,359       |
| At 31 December 2013/1 January 2014  |      | 481,269                 | 3,180,081                | 2,494,802           | 2,074,991   | 26,648  | 9,950                    | 394,930                            | 8,662,671       |
| At 31 December 2014   |      | 480,279                 | 3,230,631                | 2,504,556           | 2,290,563   | 25,985  | 14,243                   | 602,226                            | 9,148,483       |

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

| <b>Company</b>                            | <b>Note</b> | <b>Renovations,<br/>furniture and<br/>fittings and<br/>equipment<br/>RM'000</b> | <b>Motor vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|-------------|---|----------------------------------|-------------------------|
| <b>Cost</b>                               |             |   |                                  |                         |
| <b>At 1 January 2013</b>                  |             | 29  | -                                | 29                      |
| Additions                                 |             | 429   | 650                              | 1,079                   |
| Disposals/write off                       | 29          | (3)   | -                                | (3)                     |
| <b>At 31 December 2013/1 January 2014</b> |             | 455   | 650                              | 1,105                   |
| Additions                                 |             | 19  | 1,462                            | 1,481                   |
| Disposals/write off                       |             | (2)   | -                                | (2)                     |
| Translation differences                   |             | -   | 58                               | 58                      |
| <b>At 31 December 2014</b>                |             | 472   | 2,170                            | 2,642                   |
| <b>Accumulated depreciation</b>           |             |   |                                  |                         |
| <b>At 1 January 2013</b>                  |             | 3   | -                                | 3                       |
| Depreciation charge for the year          |             | 57  | 119                              | 176                     |
| <b>At 31 December 2013/1 January 2014</b> |             | 60  | 119                              | 179                     |
| Depreciation charge for the year          |             | 106   | 325                              | 431                     |
| Translation differences                   |             | -   | 7                                | 7                       |
| <b>At 31 December 2014</b>                |             | 166   | 451                              | 617                     |
| <b>Net carrying amount</b>                |             |   |                                  |                         |
| At 1 January 2013                         |             | 26  | -                                | 26                      |
| At 31 December 2013/1 January 2014        |             | 395   | 531                              | 926                     |
| At 31 December 2014                       |             | 306   | 1,719                            | 2,025                   |

**Leasehold land**

Included in the net carrying amount of leasehold land of the Group is RM3,230,631,000 (2013: RM3,180,081,000) pertaining to leasehold land with unexpired lease period of more than 50 years.

**Securities**

As at 31 December 2014, property, plant and equipment of the Group with carrying amounts of RM156,101,000 (2013: RM201,591,000) are charged to licensed financial institutions for credit facilities and term loans granted to the Group.

**Assets under finance lease arrangements**

Included in the net carrying amount of property, plant and equipment of the Group are motor vehicles and equipment with net carrying amounts of RM92,175,000 (2013: RM141,595,000) that are held under finance lease arrangements.

**Borrowing costs**

Included in additions of the Group during the year are capitalised borrowing costs amounting to RM14,830,000 (2013: RM5,443,000).

**Prepaid lease payments amortisation capitalised**

Included in additions of the Group during the year are capitalised amortisation expenses of prepaid lease payments amounting to RM14,424,000 (2013: RM11,611,000).

**4. PREPAID LEASE PAYMENTS**

|                                  | <b>Group</b>   |                |
|----------------------------------|----------------|----------------|
|                                  | <b>2014</b>    | <b>2013</b>    |
|                                  | <b>RM'000</b>  | <b>RM'000</b>  |
| <b>Cost</b>                      |                |                |
| At 1 January                     | 714,965        | -              |
| Additions                        | -              | 706,441        |
| Translation difference           | 59,493         | 8,524          |
| <b>At 31 December</b>            | <b>774,458</b> | <b>714,965</b> |
| <b>Accumulated amortisation</b>  |                |                |
| At 1 January                     | 11,916         | -              |
| Amortisation charge for the year | 14,424         | 11,611         |
| Translation difference           | 2,057          | 305            |
| <b>At 31 December</b>            | <b>28,397</b>  | <b>11,916</b>  |
| <b>Net carrying amount</b>       |                |                |
| At 1 January                     | 703,049        | -              |
| At 31 December                   | 746,061        | 703,049        |

Prepaid lease payments relate to a leasehold land of an overseas subsidiary which was acquired in 2013 and is, in substance, an operating lease. Such leasehold land is reclassified in current year from property, plant and equipment to prepaid lease payments to better reflect the nature of the transaction. The comparative balances are also restated to conform with the current year's presentation and classification.

The prepaid lease payments are amortised on a straight-line basis over the lease term of 50 years. The amortisation charge for the year ended 31 December 2014 of RM14,424,000 (2013: RM11,611,000) is capitalised in property, plant and equipment.

**5. INVESTMENT PROPERTIES**

|   |             | <b>Group</b>     |                  |
|---|-------------|------------------|------------------|
|   |             | <b>2014</b>      | <b>2013</b>      |
|   | <b>Note</b> | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>At 1 January</b>                               |             | 1,922,721        | 1,775,054        |
| Additions   |             | 212,887          | 219,520          |
| Transfer from property, plant and equipment       | 3           | 67,584           | 1,350            |
| Transfer to property, plant and equipment         | 3           | (8,924)          | -                |
| Disposals   |             | (190,509)        | -                |
| Cost adjustments*                                 |             | -                | (597)            |
| Change in fair value recognised in profit or loss | 29          | 52,453           | 42,840           |
| Translation differences                           |             | (27,774)         | (115,446)        |
| <b>At 31 December</b>                             |             | <b>2,028,438</b> | <b>1,922,721</b> |

\* : Relates to adjustments made upon the finalisation of construction costs for investment properties during the year.

Investment properties includes retail units and medical suites within hospitals, nursing homes with care services and a pharmaceutical product distributing and manufacturing facility leased or intended to be leased to external parties.



**5. INVESTMENT PROPERTIES (CONTINUED)**

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

|   | <b>Group</b>   |               |
|---|----------------|---------------|
|   | <b>2014</b>    | <b>2013</b>   |
|   | <b>RM'000</b>  | <b>RM'000</b> |
| Rental income                                 | 126,009        | 107,902       |
| Direct operating expenses:                    |                |               |
| - income generating investment properties     | (15,369)       | (12,605)      |
| - non-income generating investment properties | (1,353)        | (1,597)       |
|   | <b>109,287</b> | <b>93,700</b> |

***Determination of fair value***

Investment properties are stated at fair value based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market corroborated capitalised yield, terminal yield, discount rate and average growth rate.

The valuers have considered valuation techniques including the direct comparison method, the capitalisation approach, the discounted cash flow approach and the cost approach in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow approach involves the estimation and the projection of an income stream over a period and discounting the income stream with an approximate rate of return. The cost approach involves the estimation of the replacement cost of improvements and the market value of the land.

***Fair value hierarchy***

The different levels of fair value are defined as follows:

- Level 1: Derived from quoted prices (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.
- Level 2: Estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.
- Level 3: Estimated using unobservable inputs for the investment property.

The fair value of the investment properties are categorised as follows:

|               | <b>2014</b>    |                |                  |                  |
|---------------|----------------|----------------|------------------|------------------|
|               | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b>   | <b>Total</b>     |
|               | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Group</b>  |                |                |                  |                  |
| Freehold land | -              | -              | 405,262          | 405,262          |
| Buildings     | -              | -              | 1,623,176        | 1,623,176        |
|               | <b>-</b>       | <b>-</b>       | <b>2,028,438</b> | <b>2,028,438</b> |

## 5. INVESTMENT PROPERTIES (CONTINUED)

*Fair value hierarchy (continued)*

| Group  | 2013              |                   |                   | Total<br>RM'000 |
|--|-------------------|-------------------|-------------------|-----------------|
|  | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 |                 |
| Freehold land  | -                 | -                 | 407,786           | 407,786         |
| Leasehold land with unexpired lease period of less than 50 years | -                 | -                 | 8,541             | 8,541           |
| Buildings  | -                 | -                 | 1,506,394         | 1,506,394       |
|  | -                 | -                 | 1,922,721         | 1,922,721       |

*Policy on transfer between levels*

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

*Transfer between Level 1 and 2 fair values*

There is no transfer between Level 1 and 2 fair values during the financial year.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

| Valuation technique                              | Significant unobservable inputs  | Inter-relationship between significant unobservable inputs and fair value measurement  |
|--|--|--|
| Discounted cash flow and capitalisation approach | <ul style="list-style-type: none"> <li>Risk-adjusted discount rates range from 5.3% to 8.0% (2013: 5.5% to 8.0%)</li> <li>Capitalisation rates range from 5.0% to 7.9% (2013: 4.5% to 8.0%)</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 capitalisation rates were lower / (higher)</li> </ul> |
| Sales comparison approach                        | <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 8% to 10% (2013: 8% to 10%)</li> </ul> | <p>The estimated fair value would increase / (decrease) if premium made for differences in type of development was higher / (lower)</p>  |

*Key unobservable inputs*

Key unobservable inputs correspond to:

- Capitalisation rate, based on the rate of return on investment properties on the expected income that the properties will generate.
- Discount rates, based on the risk-free rate for bonds issued by government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

## 6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

| Group   | Note | Brand names<br>RM'000 | Hospital licences<br>RM'000 | Customer relationships<br>RM'000 | Development cost and other intangibles<br>RM'000 | Total intangible assets<br>RM'000 | Goodwill on consolidation<br>RM'000 | Total intangible assets and goodwill<br>RM'000 |
|---|------|-----------------------|-----------------------------|----------------------------------|--|-----------------------------------|-------------------------------------|--|
| <b>Cost</b>   |      |                       |                             |                                  |  |                                   |                                     |  |
| <b>At 1 January 2013</b>                              |      | 2,081,125             | 315,881                     | 394,587                          | 171,665  | 2,963,258                         | 8,855,956                           | 11,819,214                                     |
| Additions   |      | -                     | 4,125                       | -                                | 9,796  | 13,921                            | -                                   | 13,921   |
| Disposals/write off                                   |      | -                     | -                           | -                                | (1,159)  | (1,159)                           | -                                   | (1,159)  |
| Translation differences                               |      | (91,159)              | (35,425)                    | (28,149)                         | (5,060)  | (159,793)                         | 27,777                              | (132,016)                                      |
| <b>At 31 December 2013/<br/>1 January 2014</b>        |      | 1,989,966             | 284,581                     | 366,438                          | 175,242  | 2,816,227                         | 8,883,733                           | 11,699,960                                     |
| Additions   |      | -                     | -                           | -                                | 11,167   | 11,167                            | -                                   | 11,167   |
| Transfer from property, plant and equipment           | 3    | -                     | -                           | -                                | 112  | 112                               | -                                   | 112  |
| Disposals/write off                                   |      | -                     | -                           | -                                | (1,524)  | (1,524)                           | (2,501)                             | (4,025)  |
| Translation differences                               |      | (21,348)              | (8,336)                     | (6,591)                          | 1,703  | (34,572)                          | 273,333                             | 238,761  |
| <b>At 31 December 2014</b>                            |      | 1,968,618             | 276,245                     | 359,847                          | 186,700  | 2,791,410                         | 9,154,565                           | 11,945,975                                     |
| <b>Accumulated amortisation and impairment losses</b> |      |                       |                             |                                  |  |                                   |                                     |  |
| <b>At 1 January 2013</b>                              |      | -                     | -                           | 81,463                           | 44,078   | 125,541                           | 2,429                               | 127,970  |
| Amortisation charge for the year                      |      | -                     | -                           | 49,379                           | 19,967   | 69,346                            | -                                   | 69,346   |
| Disposals/write off                                   |      | -                     | -                           | -                                | (335)  | (335)                             | -                                   | (335)  |
| Translation differences                               |      | -                     | -                           | (4,413)                          | (2,038)  | (6,451)                           | 70                                  | (6,381)  |
| <b>At 31 December 2013/<br/>1 January 2014</b>        |      | -                     | -                           | 126,429                          | 61,672   | 188,101                           | 2,499                               | 190,600  |
| Amortisation charge for the year                      |      | -                     | -                           | 47,094                           | 19,833   | 66,927                            | -                                   | 66,927   |
| Disposals/write off                                   |      | -                     | -                           | -                                | (369)  | (369)                             | (2,501)                             | (2,870)  |
| Translation differences                               |      | -                     | -                           | (1,465)                          | 414  | (1,051)                           | 2                                   | (1,049)  |
| <b>At 31 December 2014</b>                            |      | -                     | -                           | 172,058                          | 81,550   | 253,608                           | -                                   | 253,608  |
| <b>Net carrying amount</b>                            |      |                       |                             |                                  |  |                                   |                                     |  |
| At 1 January 2013                                     |      | 2,081,125             | 315,881                     | 313,124                          | 127,587  | 2,837,717                         | 8,853,527                           | 11,691,244                                     |
| At 31 December 2013/<br>1 January 2014                |      | 1,989,966             | 284,581                     | 240,009                          | 113,570  | 2,628,126                         | 8,881,234                           | 11,509,360                                     |
| At 31 December 2014                                   |      | 1,968,618             | 276,245                     | 187,789                          | 105,150  | 2,537,802                         | 9,154,565                           | 11,692,367                                     |

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.

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

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

| Group  | Goodwill         |                  | Brand names      |                  | Hospital licences |                |
|--|------------------|------------------|------------------|------------------|-------------------|----------------|
|  | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000    | 2013<br>RM'000 |
| Singapore-based hospital and healthcare services | 5,138,123        | 4,882,892        | 1,145,173        | 1,145,173        | -                 | -              |
| Malaysia-based hospital and healthcare services  | 1,813,134        | 1,754,034        | 116,000          | 116,000          | -                 | -              |
| Turkey-based hospital and healthcare services    | 1,847,801        | 1,895,100        | 707,445          | 728,793          | 276,245           | 284,581        |
| PLife REIT                                       | 130,531          | 124,232          | -                | -                | -                 | -              |
| Education  | 224,976          | 224,976          | -                | -                | -                 | -              |
|  | <u>9,154,565</u> | <u>8,881,234</u> | <u>1,968,618</u> | <u>1,989,966</u> | <u>276,245</u>    | <u>284,581</u> |

### Impairment testing for cash-generating units containing goodwill, brand names and hospital licences

#### (a) Hospital and healthcare services, and Education CGUs

##### Key assumptions used in determining the recoverable amount

For the purpose of impairment testing, the carrying amounts are allocated to the Group's operating divisions which are the cash-generating units ("CGU"). Recoverable amount of each CGU 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 2015 and 5 to 10 year business plan.

The key assumptions for the computation of value in use of goodwill, brand names and hospital licences include the following:

- (i) Revenue growth assumptions in the 10-year cash flow projections:
  - Hospital and healthcare services CGUs: 7% - 23% (2013: 9% - 28%) per annum in the first 3 years with declining revenue trend in subsequent years from 2% - 11% (2013: 2% - 12%) per annum; and
  - Education CGU: 3.0% - 11.5% (2013: 7% - 12%) per annum for the first 3 years with 3% (2013: 3% - 9%) revenue growth for subsequent years
- (ii) EBITDA margins assumptions:
  - Hospital and healthcare services CGUs: 19% - 30% (2013: 21% - 32%); and
  - Education CGU: 33% (2013: 31% - 32%)

The projections are in line with the proposed expansion plans for the respective investees.

**6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)****Impairment testing for cash-generating units containing goodwill, brand names and hospital licences (continued)****(a) Hospital and healthcare services, and Education CGUs (continued)****Key assumptions used in determining the recoverable amount (continued)**

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

- Hospital and healthcare services CGUs: 2% - 5% (2013: 2% - 7.5%) per annum; and
- Education CGU: 3% (2013: 3%) per annum

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

- (iv) Discount rates of approximately 7.5% - 13% (2013: 7.5% - 14.2%) which were based on the pre-tax cost of capital plus an appropriate risk premium at the date of assessment of the respective CGUs.
- (v) There will be no other significant changes in the government policies and regulations which will directly affect the investees' businesses. The inflation for the operating expenses is in line with the estimated gross domestic product growth rate for the country based on the past trends.

The values assigned to the key assumptions represent the Group's assessment of future trends in the healthcare and education market and are based on both external sources and internal sources (historical data).

The Group believes that no reasonably foreseeable changes in the above key assumptions that would cause the carrying values of these CGUs to materially exceed their recoverable amounts other than changes in the prevailing operating environment of which the impact is not ascertainable.

**(b) PLife REIT CGU**

Recoverable amount of PLife REIT is based on fair value less cost to sell, using the open market price of this CGU as at reporting date.

**7. INVESTMENT IN SUBSIDIARIES**

|                                  | Company           |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2014<br>RM'000    | 2013<br>RM'000    |
| At cost:                         |                   |                   |
| Unquoted shares in Malaysia      | 15,652,137        | 15,652,137        |
| Unquoted shares outside Malaysia | 489,976           | 489,976           |
|                                  | 16,142,113        | 16,142,113        |
| Allowance for impairment loss    | (1,000)           | -                 |
|                                  | <u>16,141,113</u> | <u>16,142,113</u> |



## 7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The movement of cost of investment in subsidiaries are as follows:

|  | Company    |            |
|--|------------|------------|
|  | 2014       | 2013       |
|  | RM'000     | RM'000     |
| At 1 January                                   | 16,142,113 | 15,408,549 |
| Share subscription in subsidiaries             | -          | 53,352     |
| Redeemable shares subscription in a subsidiary | -          | 680,212    |
| At 31 December                                 | 16,142,113 | 16,142,113 |

### ***Acquisition of/additional interest in subsidiaries***

In 2013, the Company:

- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Turkey Yatirimlari Limited ("IHTYL"), through subscription of 14,512,501 shares for a total cash consideration of approximately RM36,199,000;
- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Capital Sdn. Bhd. ("IHCSB"), through subscription of 1,517,348 shares by way of capitalisation of approximately RM1,517,000 debts owed by IHCSB to the Company; and
- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Holdings Limited ("IHHL"), through subscription of 211,102,424 redeemable preference shares, and 5,302,900 ordinary shares of IHHL by way of capitalisation of RM695,848,000 debts owed by IHHL to the Company.

Details of the investment in subsidiaries are as disclosed in Note 46.

Although the Group owns less than half of the ownership interest in, and less than half of the voting power of PLife REIT, the Group has determined that it controls PLife REIT. The Group has *de facto* control over PLife REIT, on the basis that the remaining voting rights in the PLife REIT are widely dispersed and that there is no indication that 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 46. The SPEs were established under terms that impose strict limitations on the decision-making powers of the SPEs' management, resulting in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets. Consequently, the SPEs are regarded as subsidiaries of the Group.

**7. INVESTMENT 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<br>RM'000 | ASYH<br>RM'000 | RM'000                                     | RM'000    |
| <b>2014</b>  |                      |                |  |           |
| <b>NCI percentage of ownership interest and voting interest</b>        | 64.24%               | 40.00%         |  |           |
| Carrying amount of NCI   | 1,234,073            | 400,919        | 226,659                                    | 1,861,651 |
| Profit allocated to NCI  | 140,823              | 25,331         | 22,839                                     | 188,993   |
| <b>Summarised financial information before intra-group elimination</b> |                      |                |  |           |
| <b>As at 31 December</b>   |                      |                |  |           |
| Non-current assets   | 3,496,890            | 4,404,243      |  |           |
| Current assets   | 408,812              | 875,254        |  |           |
| Non-current liabilities  | (1,588,127)          | (1,481,004)    |  |           |
| Current liabilities  | (265,510)            | (917,732)      |  |           |
| Net assets   | 2,052,065            | 2,880,761      |  |           |
| <b>Year ended 31 December</b>  |                      |                |  |           |
| Revenue  | 258,758              | 2,652,289      |  |           |
| Profit for the year  | 221,702              | 66,663         |  |           |
| Total comprehensive income   | 216,318              | 60,308         |  |           |
| Cash flows from operating activities                                   | 205,604              | 259,454        |  |           |
| Cash flows from/(used in) investing activities                         | 11,970               | (370,284)      |  |           |
| Cash flows from financing activities                                   | 100,715              | 8,699          |  |           |
| Net increase/(decrease) in cash and cash equivalents                   | 318,289              | (102,131)      |  |           |
| Dividends paid to NCI  | 114,759              | 7,304          |  |           |
| <b>2013</b>  |                      |                |  |           |
| <b>NCI percentage of ownership interest and voting interest</b>        | 64.22%               | 40.00%         |  |           |
| Carrying amount of NCI   | 1,183,481            | 419,776        | 244,545                                    | 1,847,802 |
| Profit/(Loss) allocated to NCI   | 86,400               | (12,222)       | 28,522                                     | 102,700   |
| <b>Summarised financial information before intra-group elimination</b> |                      |                |  |           |
| <b>As at 31 December</b>   |                      |                |  |           |
| Non-current assets   | 3,438,396            | 4,426,579      |  |           |
| Current assets   | 85,289               | 906,595        |  |           |
| Non-current liabilities  | (1,512,855)          | (1,602,376)    |  |           |
| Current liabilities  | (43,396)             | (798,958)      |  |           |
| Net assets   | 1,967,434            | 2,931,840      |  |           |

## 7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### Non-controlling interests in subsidiaries (continued)

|   | Material NCI         |                | Other individually immaterial subsidiaries | Total  |
|---|----------------------|----------------|--|--------|
|   | PLife REIT<br>RM'000 | ASYH<br>RM'000 | RM'000                                     | RM'000 |
| <b>2013</b>                               |                      |                |  |        |
| <b>Year ended 31 December</b>             |                      |                |  |        |
| Revenue                                   | 234,697              | 2,585,623      |  |        |
| Profit/(Loss) for the year                | 134,516              | (27,721)       |  |        |
| Total comprehensive income/(expense)      | 135,027              | (32,720)       |  |        |
| Cash flows from operating activities      | 192,541              | 358,820        |  |        |
| Cash flows used in investing activities   | (226,818)            | (464,772)      |  |        |
| Cash flows from financing activities      | 38,363               | 444,425        |  |        |
| Net increase in cash and cash equivalents | 4,086                | 338,473        |  |        |
| Dividends paid to NCI                     | 103,930              | 7,265          |  |        |

### Significant restrictions

#### Parkway Life Real Estate Investment Trust ("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 (the "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 2014, the carrying amounts of PLife REIT's assets and liabilities are RM3,905,702,000 (2013: RM3,523,685,000) and RM1,853,637,000 (2013: RM1,556,251,000) respectively.

## 8. INTERESTS IN ASSOCIATES

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2014<br>RM'000 | 2013<br>RM'000 |
| At cost:                           |                |                |
| Unquoted shares in Malaysia        | 3              | 1,302          |
| Unquoted shares outside Malaysia   | 1,969          | 2,060          |
|                                    | 1,972          | 3,362          |
| Share of post-acquisition reserves | 2,211          | 1,112          |
|                                    | 4,183          | 4,474          |
| Amounts due from associates        | 2,441          | 3,323          |
| Allowance for impairment loss      | (2,385)        | (3,297)        |
|                                    | 56             | 26             |
| Amounts due to associates          | -              | (3)            |
|                                    | 56             | 23             |
|                                    | 4,239          | 4,497          |

## 8. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the associates are disclosed in Note 47.

### **Amounts due from/(to) associates**

The amounts due from associates are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in the associates, they are stated at cost less accumulated impairment loss.

The amounts due to associates are unsecured and interest-free.

The Group does not have any material associates. The following table summarises the information of the Group's associates, adjusted for any differences in accounting policies.

|   | <b>Individually<br/>immaterial associates</b> |                |
|---|---|----------------|
|   | <b>2014</b>                                   | <b>2013</b>    |
|   | <b>RM'000</b>                                 | <b>RM'000</b>  |
| <b>Summarised financial information</b>   |   |                |
| <b>As at 31 December</b>  |   |                |
| Non-current assets  | 7,491   | 7,786          |
| Current assets  | 19,482  | 28,623         |
| Non-current liabilities   | (7,599)                                       | (10,784)       |
| Current liabilities   | (4,025)                                       | (6,267)        |
| Net assets  | <u>15,349</u>                                 | <u>19,358</u>  |
| <b>Year ended 31 December</b>   |   |                |
| Revenue   | 18,456  | 22,243         |
| Profit/(Loss) for the year, representing total comprehensive income/(expense) for the year  | <u>6,143</u>                                  | <u>(5,910)</u> |
| The Group's share of profit or loss from continuing operations, representing share of total comprehensive income/(expense) for the year | <u>1,702</u>                                  | <u>(1,793)</u> |

## 9. INTERESTS IN JOINT VENTURES

|                                    | <b>Group</b>   |                |
|------------------------------------|----------------|----------------|
|                                    | <b>2014</b>    | <b>2013</b>    |
|                                    | <b>RM'000</b>  | <b>RM'000</b>  |
| At cost:                           |                |                |
| Unquoted shares outside Malaysia   | 246,042        | 234,455        |
| Share of post-acquisition reserves | (75,387)       | (77,513)       |
|                                    | <u>170,655</u> | <u>156,942</u> |
| Amounts due from joint ventures    | 26,963         | 30,678         |
| Allowance for impairment loss      | (17,990)       | (17,285)       |
|                                    | <u>8,973</u>   | <u>13,393</u>  |
| Amounts due to joint ventures      | (453)          | (266)          |
|                                    | <u>8,520</u>   | <u>13,127</u>  |
|                                    | <u>179,175</u> | <u>170,069</u> |

Details of the joint ventures are disclosed in Note 48.

### ***Amounts due from/(to) joint ventures***

The amounts due from/(to) joint ventures are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in these joint ventures, they are stated at cost less accumulated impairment loss.

The Group does not have any material joint ventures. The following table summarises the information of the Group's joint ventures, adjusted for any differences in accounting policies.

|   | <b>Individually immaterial<br/>joint ventures</b> |                |
|---|---|----------------|
|   | <b>2014</b>                                       | <b>2013</b>    |
|   | <b>RM'000</b>                                     | <b>RM'000</b>  |
| <b>Summarised financial information</b>   |   |                |
| <b>As at 31 December</b>  |   |                |
| Non-current assets  | 384,022   | 317,481        |
| Current assets  | 95,326  | 123,096        |
| Non-current liabilities   | (99,388)  | (101,361)      |
| Current liabilities   | (95,712)  | (81,658)       |
| Net assets  | <u>284,248</u>                                    | <u>257,558</u> |
| <b>Year ended 31 December</b>   |   |                |
| Revenue   | 206,270   | 178,474        |
| Profit for the year, representing total comprehensive income for the year   | <u>16,273</u>                                     | <u>7,955</u>   |
| The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year | <u>8,149</u>                                      | <u>3,971</u>   |



## 10. OTHER FINANCIAL ASSETS

|  | Group   |         | Company |        |
|--|---------|---------|---------|--------|
|  | 2014    | 2013    | 2014    | 2013   |
|  | RM'000  | RM'000  | RM'000  | RM'000 |
| <b>Non-current</b>   |         |         |         |        |
| <b><i>Available-for-sale financial assets</i></b>            |         |         |         |        |
| At market value:   |         |         |         |        |
| Quoted shares outside Malaysia                               | 938,167 | 743,887 | -       | -      |
| At cost:   |         |         |         |        |
| Unquoted shares in Malaysia                                  | 80      | 80      | -       | -      |
|  | 938,247 | 743,967 | -       | -      |
| <b><i>Held-to-maturity investments</i></b>                   |         |         |         |        |
| Singapore government debt securities, at amortised cost      | 16,984  | 13,364  | -       | -      |
| <b><i>Others</i></b>   |         |         |         |        |
| Club membership and other investments                        | 804     | 706     | 69      | -      |
|  | 956,035 | 758,037 | 69      | -      |
| <b>Current</b>   |         |         |         |        |
| <b><i>Held-to-maturity investments</i></b>                   |         |         |         |        |
| Singapore government debt securities, at amortised cost      | 13,581  | 15,613  | -       | -      |
| <b><i>Others</i></b>   |         |         |         |        |
| Deposit paid to non-controlling shareholders of subsidiaries | -       | 22,863  | -       | -      |
|  | 13,581  | 38,476  | -       | -      |

Non-current investments in available-for-sale unquoted equity securities are stated at cost as their fair values cannot be reliably measured in view that they do not have a quoted market price in an active market, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reliably assessed.

## 11. DEFERRED TAX ASSETS AND LIABILITIES

| Group  | Note | Unutilised<br>tax losses<br>and<br>unabsorbed<br>capital<br>allowances<br>RM'000 | Unutilised<br>investment<br>allowance<br>RM'000 | Intangible<br>assets<br>RM'000 | Receivables/<br>Provisions<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|------|--|---|--------------------------------|--------------------------------------|------------------|-----------------|
| <b>Deferred tax assets</b>                   |      |  |   |                                |                                      |                  |                 |
| <b>At 1 January 2013</b>                     |      | 21,149   | -   | 2,673                          | 38,651                               | -                | 62,473          |
| Recognised in the profit or loss             |      | 16,454   | 17,520  | (2,466)                        | 3,691                                | 4,491            | 39,690          |
| Recognised in the other comprehensive income | 30   | -  | -   | -                              | 1,456                                | -                | 1,456           |
| Translation differences                      |      | (2,818)  | -   | (115)                          | (3,367)                              | 780              | (5,520)         |
| <b>At 31 December 2013/1 January 2014</b>    |      | 34,785   | 17,520  | 92                             | 40,431                               | 5,271            | 98,099          |
| Recognised in the profit or loss             |      | (5,473)  | (4,094)   | 5                              | 1,801                                | (2,115)          | (9,876)         |
| Recognised in the other comprehensive income | 30   | -  | -   | -                              | 1,482                                | -                | 1,482           |
| Translation differences                      |      | (904)  | -   | (3)                            | (989)                                | 206              | (1,690)         |
| <b>At 31 December 2014</b>                   |      | 28,408   | 13,426  | 94                             | 42,725                               | 3,362            | 88,015          |

|   | Note | Property,<br>plant and<br>equipment<br>RM'000 | Investment<br>properties<br>RM'000 | Intangible<br>assets<br>RM'000 | Receivables/<br>Provisions<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|------|---|------------------------------------|--------------------------------|--------------------------------------|------------------|-----------------|
| <b>Deferred tax liabilities</b>           |      |   |                                    |                                |                                      |                  |                 |
| <b>At 1 January 2013</b>                  |      | (408,049)                                     | (18,131)                           | (533,486)                      | (6,057)                              | (3,509)          | (969,232)       |
| Recognised in the profit or loss          |      | (19,289)                                      | (6,596)                            | 8,598                          | (11,226)                             | 893              | (27,620)        |
| Translation differences                   |      | 6,830   | 2,530                              | 30,209                         | 1,456                                | 192              | 41,217          |
| <b>At 31 December 2013/1 January 2014</b> |      | (420,508)                                     | (22,197)                           | (494,679)                      | (15,827)                             | (2,424)          | (955,635)       |
| Recognised in the profit or loss          |      | (12,158)                                      | (8,916)                            | 11,745                         | 2,635                                | 178              | (6,516)         |
| Translation differences                   |      | (2,477)                                       | (243)                              | 6,665                          | 410                                  | 63               | 4,418           |
| <b>At 31 December 2014</b>                |      | (435,143)                                     | (31,356)                           | (476,269)                      | (12,782)                             | (2,183)          | (957,733)       |

**11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)**

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

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>2014</b>      | <b>2013</b>      |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Deferred tax assets</b>                              |                  |                  |
| Unutilised tax losses and unabsorbed capital allowances | 28,408           | 34,785           |
| Unutilised investment allowance                         | 13,426           | 17,520           |
| Intangible assets                                       | 94               | 92               |
| Provisions  | 42,725           | 40,431           |
| Others  | 3,362            | 5,271            |
|   | <u>88,015</u>    | <u>98,099</u>    |
| Set off   | (19,688)         | (20,532)         |
| Net deferred tax assets                                 | <u>68,327</u>    | <u>77,567</u>    |
| <b>Deferred tax liabilities</b>                         |                  |                  |
| Property, plant and equipment                           | (435,143)        | (420,508)        |
| Investment properties                                   | (31,356)         | (22,197)         |
| Intangible assets                                       | (476,269)        | (494,679)        |
| Receivables   | (12,782)         | (15,827)         |
| Others  | (2,183)          | (2,424)          |
|   | <u>(957,733)</u> | <u>(955,635)</u> |
| Set off   | 19,688           | 20,532           |
| Net deferred tax liabilities                            | <u>(938,045)</u> | <u>(935,103)</u> |

Deferred tax assets and liabilities are offset above 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:

|                       | <b>Group</b>  |               |
|-----------------------|---------------|---------------|
|                       | <b>2014</b>   | <b>2013</b>   |
|                       | <b>RM'000</b> | <b>RM'000</b> |
| Unutilised tax losses | 49,326        | 51,794        |
| Others                | 292           | 299           |
|                       | <u>49,618</u> | <u>52,093</u> |

The unutilised tax losses carried forward do not expire under current tax legislations, except for amount of RM48,001,000 (2013: RM50,212,000) which can be carried forward to offset against future taxable income for five years only. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits there from.

**12. INVENTORIES**

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2014</b>   | <b>2013</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> |
| Pharmaceuticals, surgical and medical supplies | 171,718       | 152,991       |

**13. TRADE AND OTHER RECEIVABLES**

|                      |             | <b>Group</b>     |                  | <b>Company</b> |               |
|----------------------|-------------|------------------|------------------|----------------|---------------|
|                      |             | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>   |
|                      | <b>Note</b> | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Non-current</b>   |             |                  |                  |                |               |
| Other receivables    | 15          | 1,326            | 1,056            | -              | -             |
| Prepayments          |             | 17,852           | 20,451           | -              | -             |
| Deposits             |             | 29,057           | 14,805           | -              | -             |
|                      |             | <u>48,235</u>    | <u>36,312</u>    | <u>-</u>       | <u>-</u>      |
| <b>Current</b>       |             |                  |                  |                |               |
| Trade receivables    | 14          | 910,269          | 876,188          | -              | -             |
| Other receivables    | 15          | 40,643           | 42,937           | 14             | 369           |
| Interest receivables |             | 2,962            | 1,972            | 999            | 618           |
| Prepayments          |             | 40,683           | 44,111           | 1,322          | 1,351         |
| Deposits             |             | 32,978           | 36,944           | 39             | 38            |
|                      |             | <u>1,027,535</u> | <u>1,002,152</u> | <u>2,374</u>   | <u>2,376</u>  |

**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:

|                   |             | <b>Group</b>               |   | <b>Net carrying amount in the statements of financial position</b> |
|-------------------|-------------|----------------------------|---|--|
|                   | <b>Note</b> | <b>Gross amount RM'000</b> | <b>Balances that are set off RM'000</b> | <b>RM'000</b>  |
| <b>2014</b>       |             |                            |   |  |
| Trade receivables |             | 935,343                    | (25,074)                                | 910,269  |
| Trade payables    | 24          | (568,917)                  | 25,074                                  | (543,843)  |
| <b>2013</b>       |             |                            |   |  |
| Trade receivables |             | 894,426                    | (18,238)                                | 876,188  |
| Trade payables    | 24          | (581,856)                  | 18,238                                  | (563,618)  |

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.

## 14. TRADE RECEIVABLES

|                                  | Note | Group          |                | Company        |                |
|----------------------------------|------|----------------|----------------|----------------|----------------|
|                                  |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>Current</b>                   |      |                |                |                |                |
| <b>Trade</b>                     |      |                |                |                |                |
| Trade receivables                |      | 986,241        | 882,904        | -              | -              |
| Amounts due from related parties |      | 56,084         | 113,326        | -              | -              |
|                                  |      | 1,042,325      | 996,230        | -              | -              |
| Allowance for impairment losses  |      | (132,056)      | (120,042)      | -              | -              |
|                                  | 13   | 910,269        | 876,188        | -              | -              |

The Group's primary exposure to credit risk, arises through its trade receivables and trade amounts due from related parties. Concentration of the credit risk relating to trade receivables and trade amounts due from related parties are limited and the Group's historical experience of collection of accounts receivables falls within the record allowances. Due to these factors, the Group believes that no additional credit risks beyond amounts provided for collection losses is inherent in the Group's trade receivables and trade amounts due from related parties.

**Credit risk**

The exposure to credit risk for trade receivables and trade amounts due from related parties at the date of reporting (by geographical distribution) is:

|  | Note | Group          |                |
|--|------|----------------|----------------|
|  |      | 2014<br>RM'000 | 2013<br>RM'000 |
| Malaysia   |      | 178,204        | 161,276        |
| Singapore  |      | 202,797        | 272,232        |
| North Asia   |      | 21,747         | 23,171         |
| South Asia and Middle East                                       |      | 62,206         | 23,963         |
| South East Asia  |      | 59,938         | 68,707         |
| Central Eastern Europe, Middle East and North Africa ("CEEMENA") |      | 512,104        | 443,511        |
| Others   |      | 5,329          | 3,370          |
|  |      | 1,042,325      | 996,230        |
| Allowance for impairment losses                                  |      | (132,056)      | (120,042)      |
|  | 13   | 910,269        | 876,188        |

**14. TRADE RECEIVABLES (CONTINUED)****Impairment losses**

The ageing of trade receivables and trade amounts due from related parties at the reporting date is:

| Group                      | Individual and collective |                              |                       | Individual and collective |                              |                       |
|----------------------------|---------------------------|------------------------------|-----------------------|---------------------------|------------------------------|-----------------------|
|                            | Gross<br>2014<br>RM'000   | impairment<br>2014<br>RM'000 | Net<br>2014<br>RM'000 | Gross<br>2013<br>RM'000   | impairment<br>2013<br>RM'000 | Net<br>2013<br>RM'000 |
| Not past due               | 610,740                   | (12,608)                     | 598,132               | 566,829                   | (5,466)                      | 561,363               |
| Past due 0 – 30 days       | 119,632                   | (7,001)                      | 112,631               | 93,846                    | (1,694)                      | 92,152                |
| Past due 31 – 180 days     | 169,418                   | (29,801)                     | 139,617               | 211,369                   | (19,840)                     | 191,529               |
| Past due 181 days – 1 year | 63,848                    | (19,499)                     | 44,349                | 44,989                    | (18,156)                     | 26,833                |
| Past due more than 1 year  | 78,687                    | (63,147)                     | 15,540                | 79,197                    | (74,886)                     | 4,311                 |
|                            | 1,042,325                 | (132,056)                    | 910,269               | 996,230                   | (120,042)                    | 876,188               |

The movements in allowance for impairment losses in respect of trade receivables and trade amounts due from related parties during the year are as follows:

|                             | Note | Group          |                |
|-----------------------------|------|----------------|----------------|
|                             |      | 2014<br>RM'000 | 2013<br>RM'000 |
| At 1 January                |      | 120,042        | 101,063        |
| Impairment loss recognised  | 29   | 18,251         | 21,967         |
| Impairment loss written off |      | (9,702)        | (2,599)        |
| Disposal of subsidiaries    |      | -              | (779)          |
| Translation differences     |      | 3,465          | 390            |
| At 31 December              |      | 132,056        | 120,042        |

The Group provides for impairment allowance in respect of trade receivables and trade amounts due from related parties based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

**15. OTHER RECEIVABLES**

|                                  | Note | Group          |                | Company        |                |
|----------------------------------|------|----------------|----------------|----------------|----------------|
|                                  |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>Non-current</b>               |      |                |                |                |                |
| Other receivables                | 13   | 1,326          | 1,056          | -              | -              |
| <b>Current</b>                   |      |                |                |                |                |
| Other receivables                |      | 40,516         | 43,054         | 14             | 369            |
| Amounts due from related parties |      | 335            | 486            | -              | -              |
|                                  |      | 40,851         | 43,540         | 14             | 369            |
| Allowance for impairment losses  |      | (208)          | (603)          | -              | -              |
|                                  | 13   | 40,643         | 42,937         | 14             | 369            |
|                                  |      | 41,969         | 43,993         | 14             | 369            |

Other receivables are unsecured and interest-free.



**15. OTHER RECEIVABLES (CONTINUED)*****Credit risk***

There are no significant concentration of credit risk that may arise from the Group's other receivables. The exposure to credit risk for other receivables at the reporting date (by geographical distribution) is:

|                                 | <b>Group</b>  |               | <b>Company</b> |               |
|---------------------------------|---------------|---------------|----------------|---------------|
|                                 | <b>2014</b>   | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|                                 | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Malaysia                        | 6,596         | 9,608         | 14             | 369           |
| Singapore                       | 4,146         | 10,241        | -              | -             |
| North Asia                      | 665           | 3,813         | -              | -             |
| South East Asia                 | 2,498         | 1,075         | -              | -             |
| CEEMENA                         | 28,272        | 19,859        | -              | -             |
|                                 | 42,177        | 44,596        | 14             | 369           |
| Allowance for impairment losses | (208)         | (603)         | -              | -             |
|                                 | 41,969        | 43,993        | 14             | 369           |

***Impairment losses***

The ageing of other receivables at the reporting date is:

|                            | <b>Individual and collective</b> |                   |               | <b>Individual and collective</b> |                   |               |
|----------------------------|----------------------------------|-------------------|---------------|----------------------------------|-------------------|---------------|
|                            | <b>Gross</b>                     | <b>impairment</b> | <b>Net</b>    | <b>Gross</b>                     | <b>impairment</b> | <b>Net</b>    |
|                            | <b>2014</b>                      | <b>2014</b>       | <b>2014</b>   | <b>2013</b>                      | <b>2013</b>       | <b>2013</b>   |
| <b>Group</b>               | <b>RM'000</b>                    | <b>RM'000</b>     | <b>RM'000</b> | <b>RM'000</b>                    | <b>RM'000</b>     | <b>RM'000</b> |
| Not past due               | 37,704                           | -                 | 37,704        | 38,834                           | -                 | 38,834        |
| Past due 0 – 30 days       | 3,009                            | -                 | 3,009         | 4,831                            | -                 | 4,831         |
| Past due 31 – 180 days     | 477                              | -                 | 477           | 28                               | -                 | 28            |
| Past due 181 days – 1 year | 152                              | -                 | 152           | 58                               | -                 | 58            |
| Past due more than 1 year  | 835                              | (208)             | 627           | 845                              | (603)             | 242           |
|                            | 42,177                           | (208)             | 41,969        | 44,596                           | (603)             | 43,993        |

The movements in allowance for impairment losses in respect of other receivables during the year are as follows:

|                             | <b>Group</b>  |               |
|-----------------------------|---------------|---------------|
|                             | <b>2014</b>   | <b>2013</b>   |
|                             | <b>RM'000</b> | <b>RM'000</b> |
| <b>Note</b>                 |               |               |
| At 1 January                | 603           | 949           |
| Disposal of subsidiaries    | -             | (2)           |
| Impairment loss recognised  | 29            | -             |
| Impairment loss written off | (428)         | (349)         |
| Translation differences     | 9             | 5             |
| At 31 December              | 208           | 603           |

The Group provides for impairment allowance in respect of other receivables based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

**16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES**

The amounts due from/(to) subsidiaries are unsecured, interest free and are repayable on demand.

**17. CASH AND CASH EQUIVALENTS**

|   | <b>Group</b>     |                  | <b>Company</b> |                |
|---|------------------|------------------|----------------|----------------|
|   | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>    |
|   | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b>  |
| Cash and bank balances                                | 971,481          | 600,515          | 25,196         | 43,761         |
| Fixed deposits with financial institutions            | 1,496,346        | 1,544,312        | 771,880        | 791,881        |
|   | <u>2,467,827</u> | <u>2,144,827</u> | <u>797,076</u> | <u>835,642</u> |
| Deposits pledged                                      | (3,127)          | (4,420)          | -              | -              |
| Cash collateral received                              | (4,572)          | (4,798)          | -              | -              |
| Cash and cash equivalents in statements of cash flows | <u>2,460,128</u> | <u>2,135,609</u> | <u>797,076</u> | <u>835,642</u> |

Fixed deposits with licenced banks included RM3,127,000 (2013: RM4,420,000) pledged to banks and finance companies for credit facilities granted to certain subsidiaries.

In respect of the Japan properties acquired by PLife REIT, in July 2010, the vendor has provided a rental income guarantee ("the Rental Income Guarantee"), in which it agrees to indemnify PLife REIT in the event that the actual revenue in respect of any of the properties in any month is less than the initial revenue at acquisition, for a maximum duration of seven years and subject to a maximum aggregate claim of 5% of the purchase price (which is equivalent to approximately JPY154,400,000 (RM4,572,000)).

To further support the Rental Income Guarantee, a cash deposit of JPY154,400,000 (2013: JPY154,400,000), approximately RM4,572,000 (2013: RM4,798,000), was placed with PLife REIT, for withdrawal in respect of valid claims under the Rental Income Guarantee. Any balance left in the account upon termination of the Rental Income Guarantee will be returned to the vendor.

**18. SHARE CAPITAL**

|                                | <b>Amount</b>     | <b>Number of</b>  | <b>Amount</b>     | <b>Number of</b>  |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                | <b>2014</b>       | <b>shares</b>     | <b>2013</b>       | <b>shares</b>     |
| <b>Group and Company</b>       | <b>RM'000</b>     | <b>'000</b>       | <b>RM'000</b>     | <b>'000</b>       |
| Authorised:                    |                   |                   |                   |                   |
| Ordinary shares of RM1.00 each |                   |                   |                   |                   |
| At 1 January and 31 December   | <u>18,000,000</u> | <u>18,000,000</u> | <u>18,000,000</u> | <u>18,000,000</u> |
| Issued and fully paid:         |                   |                   |                   |                   |
| Ordinary shares of RM1.00 each |                   |                   |                   |                   |
| At 1 January                   | 8,134,974         | 8,134,974         | 8,055,445         | 8,055,445         |
| Issued during the year         | 43,596            | 43,596            | 79,529            | 79,529            |
| At 31 December                 | <u>8,178,570</u>  | <u>8,178,570</u>  | <u>8,134,974</u>  | <u>8,134,974</u>  |

### 18. SHARE CAPITAL (CONTINUED)

#### *Issue of shares*

In 2014, the Company issued:

- i) 34,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
- ii) 9,596,018 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

Upon completion of the above, the issued and fully paid ordinary shares of the Company as at 31 December 2014 amounted to RM8,178,569,889.

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

### 19. OTHER RESERVES

The movements in each category of the other reserves are disclosed in the consolidated statements of changes in equity.

The nature and purpose of each category of reserves are as follows:

#### (a) Share premium

Share premium mainly comprises the premium paid on subscription of shares in the Company over and above the par value of the shares net of share listing expenses and fair value adjustments for the purpose of accounting for share consideration issued in connection with acquisition of a subsidiary.

#### (b) 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. When the options are exercised, the amount from the share option reserves is transferred to share capital and the excess value above the par value of the ordinary shares issued is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Details of the share options are disclosed in Note 21.

#### (c) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

#### (d) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

#### (e) Hedge reserve

Hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges relating to hedged transactions that have not yet occurred.

**19. OTHER RESERVES (CONTINUED)****(f) Capital reserve**

The capital reserve comprises:

- (i) non-cash contribution from, or distribution to, holding companies within the Group for the common control transfer of subsidiaries;
- (ii) difference between the consideration paid and net assets acquired in acquisition of non-controlling interests;
- (iii) capital gain or loss arising from the payment of a non-controlling interest's subscription to the share capital of a subsidiary;
- (iv) capital gain or loss arising from the Group's subscription to additional shares of non-wholly owned subsidiaries; and
- (v) difference between consideration received and net assets disposed when the Group disposed its interest in subsidiaries without losing control of the subsidiaries.

**(g) Legal reserve**

The legal reserve comprises:

- (i) first and second legal reserves in accordance to the Turkish Commercial Code ("TCC"). The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Group's Turkish-based subsidiaries' statutory accounts until it reaches 20 percent of the issued and paid-up share capital of these subsidiaries. If the dividend distribution is made in accordance with Turkish Capital Market Board ("CMB") regulation, a further 1/11 of dividend distribution, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserve. Under the TCC applicable as at 31 December 2014, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital.
- (ii) statutory reserve fund ("SRF") for the Group's subsidiaries in the People's Republic of China ("PRC") who are required by the Foreign Enterprise Law to allocate 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations to the SRF annually. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

**(h) Foreign currency translation reserve**

The foreign currency translation reserve of the Group comprises:

- (i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;
- (ii) the exchange differences on monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met; and
- (iii) the effective portion of any foreign currency differences arising from hedges of the Group's net investment in a foreign operation.

**20. LOANS AND BORROWINGS**

|                           | <b>Group</b>     |                  |
|---------------------------|------------------|------------------|
|                           | <b>2014</b>      | <b>2013</b>      |
|                           | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Non-current</b>        |                  |                  |
| Secured                   |                  |                  |
| Bank borrowings           | 1,102,616        | 1,134,517        |
| Finance lease liabilities | 110,648          | 160,809          |
| Unsecured                 |                  |                  |
| Bank borrowings           | 2,379,512        | 2,874,920        |
|                           | <u>3,592,776</u> | <u>4,170,246</u> |
| <b>Current</b>            |                  |                  |
| Secured                   |                  |                  |
| Bank borrowings           | 167,734          | 158,480          |
| Finance lease liabilities | 53,196           | 59,152           |
| Unsecured                 |                  |                  |
| Bank borrowings           | 455,612          | 73,403           |
|                           | <u>676,542</u>   | <u>291,035</u>   |
|                           | <u>4,269,318</u> | <u>4,461,281</u> |

***Bank borrowings and bank overdraft***

Included in the loans and borrowings:

- (a) Unsecured SGD denominated loan of RMNil (2013: RM12.4 million), representing a 5-year term loan obtained in 2010 with repayments due by 2015, and bears interest rates of Singapore Swap Offer Rate ("SOR") + 1.05% per annum. This loan was fully repaid in June 2014.
- (b) Unsecured SGD denominated bank borrowings of RM375.5 million (2013: RM1,007.9 million), representing a 5-year term loan obtained in 2013, with repayments due in 2018, and bear interests at rate of SOR+1.05% (2013: SOR+1.05%) per annum.
- (c) Unsecured SGD denominated loan of RM595.1 million (2013: RM573.5 million) representing a 5-year term loan obtained in December 2012 with repayments due by 2017, and bears an interest rate of SOR+1.05% (2013: SOR+1.05%) per annum.
- (d) Unsecured SGD denominated loans of RM466.0 million (2013: RM216.5 million) bear interest at the rate of SOR+0.9% and bank's cost of funds (2013: SOR+0.9% and bank's cost of funds) per annum and have repayment periods ranging from 2015 – 2020 (2013: 2014 – 2016).
- (e) Following bank borrowings and interest rate associated with the subsidiaries of the Group in Turkey:
  - i) Secured USD denominated loans of RM1,095.9 million (2013: RM1,132.5 million) bear interests at the rate of 3-month London Interbank Offer Rate ("LIBOR")+1.75% - 6.35% (2013: 3-month LIBOR+1.75% - 6.5%) per annum and have repayment periods ranging from 2015 - 2019 (2013: 2014 – 2019).
  - ii) Secured Macedonian Denar ("MKD") denominated loan of RM5.8 million (2013: RM8.9 million), bears interest at 6.5% (2013: 6.5%) per annum with repayments due by 2015 (2013: 2014).
  - iii) Secured Euro denominated loans of RM195.1 million (2013: RM68.2 million), bear interests at the rate of 6 month Euro Interbank Offer Rate ("Euribor")+0.7% and 5% (2013: 6 month Euribor + 0.7%) per annum, and are due for repayment in 2017 (2013: 2018).
  - iv) Unsecured Turkish Lira ("TL") denominated bank borrowings of RM246.4 million (2013: RM61.9 million), bear interests at rate of 0% - 12.5% (2013: 0% - 10.3%) per annum, and have repayment periods ranging from 2015 – 2017 (2013: 2014 – 2015).

**20. LOANS AND BORROWINGS (CONTINUED)*****Bank borrowings and bank overdraft (continued)***

The above secured bank borrowings are secured by shares investment in certain subsidiaries and charge over assets of certain subsidiaries. Besides the above mentioned, in 2013, these secured bank borrowings were also secured by first degree mortgages over certain land and buildings of the subsidiaries.

- (f) Unsecured JPY denominated loans of RM1,101.5 million (2013: RM1,076.2 million), bear interests at rate of 3-month LIBOR+0.80% - 1.10% and bank's cost of funds (2013: 3-month LIBOR+0.80% - 1.20% and bank's cost of funds), and have repayment periods ranging from 2015 - 2020 (2013: 2014 - 2019).
- (g) The remaining secured bank borrowings, representing term loans, revolving credit and bank overdraft facilities granted to the subsidiaries, are secured by:
- (i) first fixed charge over certain freehold and leasehold land of certain subsidiaries;
  - (ii) fixed and floating charge over assets and receivables of certain subsidiaries;
  - (iii) charge over certain fixed deposits of certain subsidiaries; and
  - (iv) corporate guarantees by certain subsidiaries.

***Interest rate swaps and cross currency interest rate swaps***

The Group entered into interest rate swaps and cross currency interest rate swaps with various counterparties to provide fixed rate funding for certain unsecured bank borrowings. Details of these interest swaps are set out in Note 25.

***Finance lease liabilities***

|                       | <b>Payments</b> | <b>Interest</b> | <b>Principal</b> | <b>Payments</b> | <b>Interest</b> | <b>Principal</b> |
|-----------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|
|                       | <b>2014</b>     | <b>2014</b>     | <b>2014</b>      | <b>2013</b>     | <b>2013</b>     | <b>2013</b>      |
| <b>Group</b>          | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    |
| Less than 1 year      | 60,739          | (7,543)         | 53,196           | 69,667          | (10,515)        | 59,152           |
| Between 1 and 5 years | 116,327         | (8,670)         | 107,657          | 167,344         | (15,055)        | 152,289          |
| More than 5 years     | 3,058           | (67)            | 2,991            | 8,872           | (352)           | 8,520            |
|                       | <b>180,124</b>  | <b>(16,280)</b> | <b>163,844</b>   | <b>245,883</b>  | <b>(25,922)</b> | <b>219,961</b>   |

The Group has finance lease and hire purchase contracts for various items of property, plant and equipment. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.



**21. EMPLOYEE BENEFITS**

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>Non-current</b>                          |      |                |                |                |                |
| Cash-settled LTIP                           |      | 181            | 234            | 181            | 234            |
| Retirement benefits                         | 22   | 13,818         | 12,400         | -              | -              |
| Employment termination benefits             | 23   | 9,313          | 10,510         | -              | -              |
|   |      | 23,312         | 23,144         | 181            | 234            |
| <b>Current</b>                              |      |                |                |                |                |
| Cash-settled LTIP                           |      | 395            | 495            | 395            | 495            |
| PTM long term incentive plan (cash-settled) |      | 939            | 887            | -              | -              |
| Defined contribution plan                   |      | 23,540         | 21,812         | 22             | -              |
| Provision for unconsumed leave              |      | 18,618         | 15,734         | 52             | 20             |
|   |      | 43,492         | 38,928         | 469            | 515            |

**Cash-settled LTIP**

The LTIP of the Company was approved and adopted by its Board on 25 March 2011 with the aim to make total employee remuneration sufficiently competitive to recruit, reward, retain and motivate outstanding employees.

Cash-settled LTIP balances refers to the amount that the Group has to pay out in the next few years to eligible personnel who are offered LTIP units but have elected to opt out of the scheme and receive cash instead of share options.

During the year, 110,000 (2013: 154,000) cash-settled LTIP units were granted to eligible staff.

**PTM long term incentive scheme (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 currently held by PTM when certain prescribed performance targets are met. The LTI plan is administered by the remuneration committee of PTM.

**Provision for unconsumed leave**

The amount represents the cash value amount of the unconsumed leave balance entitlement payable to the employees at the end of the financial year.

**Share based payment scheme**

On 25 March 2011, the Group established the LTIP and EPP schemes to grant share options to eligible personnel.

The LTIP units granted will vest in the participants over a 3-year period, in equal proportions each year. All LTIP units that have been granted and vested must be surrendered to the Company for allotment of new shares of the Company on the basis of one new share for each LTIP unit. The LTIP units have no exercise price and shall be in force for a period of 10 years from 25 March 2011.

The EPP options granted in each year will vest in the participants over a 4-year period, with two-thirds of the options to be vested in equal proportions on a yearly basis on each anniversary of the date of grant over such 4-year period and the remaining one-third to be vested in equal proportions on the same basis upon the Group meeting the performance target for each grant, as determined by the Board at its own discretion on a yearly basis. The exercise price as at the initial grant of the EPP option shall be RM2.00 only, which shall be increased by 10% over each subsequent 12 months period based on compound annual growth rate. The EPP shall be in force for a period of 5 years from 25 March 2011.

**21. EMPLOYEE BENEFITS (CONTINUED)**

During the year, a total of 7,765,000 equity-settled LTIP units (2013: 8,082,610) were granted to eligible staff. The movement in the number of options outstanding under the respective schemes as at 31 December 2014 and the details of the schemes are as follows:

**LTIP**

| <b>Date of grant</b>            | <b>Number of units outstanding at 1.1.2013</b> | <b>Conversion from cash-settled LTIP to equity-settled LTIP *</b> | <b>Number of units granted</b> | <b>Number of units lapsed/ cancelled</b> | <b>Number of units exercised</b> | <b>Number of units outstanding at 31.12.2013</b> | <b>Number of holders at 31.12.2013</b> |
|---------------------------------|--|---|--------------------------------|--|----------------------------------|--|--|
| <b>Key Management Personnel</b> |  |   |                                |  |                                  |  |  |
| 21 April 2011                   | 3,828,000                                      | -   | -                              | -  | (1,913,000)                      | 1,915,000  | 3                                      |
| 1 September 2011                | 18,000   | -   | -                              | -  | (9,000)                          | 9,000  | 1                                      |
| 2 April 2012                    | 4,930,000                                      | -   | -                              | -  | (1,642,000)                      | 3,288,000  | 4                                      |
| 2 July 2013                     | -  | -   | 3,609,000                      | -  | -                                | 3,609,000  | 5                                      |
|                                 | 8,776,000                                      | -   | 3,609,000                      | -  | (3,564,000)                      | 8,821,000  | 13                                     |
| <b>Other eligible employees</b> |  |   |                                |  |                                  |  |  |
| 21 April 2011                   | 3,205,000                                      | 80,000  | -                              | (194,000)                                | (1,563,000)                      | 1,528,000  | 42                                     |
| 30 June 2011                    | 273,377  | -   | -                              | (105,623)                                | (119,392)                        | 48,362   | 8                                      |
| 1 August 2011                   | 70,213   | -   | -                              | -  | (34,582)                         | 35,631   | 1                                      |
| 1 September 2011                | 50,756   | -   | -                              | -  | (25,378)                         | 25,378   | 5                                      |
| 2 April 2012                    | 6,165,229                                      | 102,000   | -                              | (804,774)                                | (1,972,353)                      | 3,490,102  | 71                                     |
| 29 April 2013                   | -  | -   | 4,372,610                      | (374,717)                                | -                                | 3,997,893  | 80                                     |
| 4 September 2013                | -  | -   | 101,000                        | -  | -                                | 101,000  | 3                                      |
|                                 | 9,764,575                                      | 182,000   | 4,473,610                      | (1,479,114)                              | (3,714,705)                      | 9,226,366  | 210                                    |
| <b>Total for the year</b>       |  |   |                                |  |                                  |  |  |
| 21 April 2011                   | 7,033,000                                      | 80,000  | -                              | (194,000)                                | (3,476,000)                      | 3,443,000  | 45                                     |
| 30 June 2011                    | 273,377  | -   | -                              | (105,623)                                | (119,392)                        | 48,362   | 8                                      |
| 1 August 2011                   | 70,213   | -   | -                              | -  | (34,582)                         | 35,631   | 1                                      |
| 1 September 2011                | 68,756   | -   | -                              | -  | (34,378)                         | 34,378   | 6                                      |
| 2 April 2012                    | 11,095,229                                     | 102,000   | -                              | (804,774)                                | (3,614,353)                      | 6,778,102  | 75                                     |
| 29 April 2013                   | -  | -   | 4,372,610                      | (374,717)                                | -                                | 3,997,893  | 80                                     |
| 2 July 2013                     | -  | -   | 3,609,000                      | -  | -                                | 3,609,000  | 5                                      |
| 4 September 2013                | -  | -   | 101,000                        | -  | -                                | 101,000  | 3                                      |
|                                 | 18,540,575                                     | 182,000   | 8,082,610                      | (1,479,114)                              | (7,278,705)                      | 18,047,366                                       | 223                                    |

As at 31 December 2013, no outstanding LTIP units are vested and exercisable.

\* : Per the bye-laws of the LTIP Scheme, all unvested cash-settled LTIP of employees who are promoted to Vice President will be converted into unvested equity-settled LTIP.

**21. EMPLOYEE BENEFITS (CONTINUED)*****LTIP (continued)***

| <b>Date of grant</b>                   | <b>Number of units outstanding at 1.1.2014</b> | <b>Reclassification</b> | <b>Number of units granted</b> | <b>Number of units lapsed/ cancelled</b> | <b>Number of units exercised</b> | <b>Number of units outstanding at 31.12.2014</b> | <b>Number of holders at 31.12.2014</b> |
|--|--|-------------------------|--------------------------------|--|----------------------------------|--|--|
| <b><i>Key Management Personnel</i></b> |  |                         |                                |  |                                  |  |  |
| 21 April 2011                          | 1,915,000                                      | (1,110,000)             | -                              | -  | (805,000)                        | -  | -                                      |
| 1 September 2011                       | 9,000  | -                       | -                              | -  | (9,000)                          | -  | -                                      |
| 2 April 2012                           | 3,288,000                                      | (1,878,000)             | -                              | -  | (704,000)                        | 706,000  | 2                                      |
| 2 July 2013                            | 3,609,000                                      | (1,681,000)             | -                              | -  | (642,000)                        | 1,286,000  | 3                                      |
| 2 July 2014                            | -  | -                       | 2,114,000                      | -  | -                                | 2,114,000  | 3                                      |
|  | 8,821,000                                      | (4,669,000)             | 2,114,000                      | -  | (2,160,000)                      | 4,106,000  | 8                                      |
| <b><i>Other eligible employees</i></b> |  |                         |                                |  |                                  |  |  |
| 21 April 2011                          | 1,528,000                                      | 1,110,000               | -                              | (12,000)                                 | (2,626,000)                      | -  | -                                      |
| 30 June 2011                           | 48,362   | -                       | -                              | -  | (48,362)                         | -  | -                                      |
| 1 August 2011                          | 35,631   | -                       | -                              | -  | (35,631)                         | -  | -                                      |
| 1 September 2011                       | 25,378   | -                       | -                              | -  | (25,378)                         | -  | -                                      |
| 2 April 2012                           | 3,490,102                                      | 1,878,000               | -                              | (164,000)                                | (2,711,353)                      | 2,492,749  | 63                                     |
| 29 April 2013                          | 3,997,893                                      | -                       | -                              | (174,000)                                | (1,396,294)                      | 2,427,599  | 71                                     |
| 2 July 2013                            | -  | 1,681,000               | -                              | -  | (560,000)                        | 1,121,000  | 2                                      |
| 4 September 2013                       | 101,000  | -                       | -                              | -  | (33,000)                         | 68,000   | 3                                      |
| 29 April 2014                          | -  | -                       | 5,314,000                      | (403,000)                                | -                                | 4,911,000  | 98                                     |
| 2 July 2014                            | -  | -                       | 337,000                        | -  | -                                | 337,000  | 1                                      |
|  | 9,226,366                                      | 4,669,000               | 5,651,000                      | (753,000)                                | (7,436,018)                      | 11,357,348                                       | 238                                    |
| <b><i>Total for the year</i></b>       |  |                         |                                |  |                                  |  |  |
| 21 April 2011                          | 3,443,000                                      | -                       | -                              | (12,000)                                 | (3,431,000)                      | -  | -                                      |
| 30 June 2011                           | 48,362   | -                       | -                              | -  | (48,362)                         | -  | -                                      |
| 1 August 2011                          | 35,631   | -                       | -                              | -  | (35,631)                         | -  | -                                      |
| 1 September 2011                       | 34,378   | -                       | -                              | -  | (34,378)                         | -  | -                                      |
| 2 April 2012                           | 6,778,102                                      | -                       | -                              | (164,000)                                | (3,415,353)                      | 3,198,749  | 65                                     |
| 29 April 2013                          | 3,997,893                                      | -                       | -                              | (174,000)                                | (1,396,294)                      | 2,427,599  | 71                                     |
| 2 July 2013                            | 3,609,000                                      | -                       | -                              | -  | (1,202,000)                      | 2,407,000  | 5                                      |
| 4 September 2013                       | 101,000  | -                       | -                              | -  | (33,000)                         | 68,000   | 3                                      |
| 29 April 2014                          | -  | -                       | 5,314,000                      | (403,000)                                | -                                | 4,911,000  | 98                                     |
| 2 July 2014                            | -  | -                       | 2,451,000                      | -  | -                                | 2,451,000  | 4                                      |
|  | 18,047,366                                     | -                       | 7,765,000                      | (753,000)                                | (9,596,018)                      | 15,463,348                                       | 246                                    |

As at 31 December 2014, no outstanding LTIP units are vested and exercisable.

## 21. EMPLOYEE BENEFITS (CONTINUED)

**EPP**

| Date of grant                   | Number<br>of options<br>outstanding<br>at 1.1.2013 | Number<br>of options<br>granted | Number<br>of options<br>lapsed/<br>cancelled | Number<br>of options<br>exercised | Number<br>of options<br>outstanding<br>at 31.12.2013 | Number<br>of holders<br>at 31.12.2013 |
|---------------------------------|--|---------------------------------|--|-----------------------------------|--|---------------------------------------|
| <b>Key Management Personnel</b> |  |                                 |  |                                   |  |                                       |
| 31 March 2011                   | 75,000,000   | -                               | -  | (37,500,000)                      | 37,500,000   | 2                                     |
| 1 June 2011                     | 5,500,000  | -                               | -  | (2,750,000)                       | 2,750,000  | 1                                     |
| 27 July 2011                    | 4,000,000  | -                               | -  | (2,000,000)                       | 2,000,000  | 1                                     |
|                                 | 84,500,000   | -                               | -  | (42,250,000)                      | 42,250,000   | 4                                     |
| <b>Other eligible employees</b> |  |                                 |  |                                   |  |                                       |
| 1 June 2011                     | 47,000,000   | -                               | (3,750,000)                                  | (23,000,000)                      | 20,250,000   | 9                                     |
| 27 July 2011                    | 6,000,000  | -                               | -  | (2,999,998)                       | 3,000,002  | 3                                     |
| 1 September 2011                | 7,500,000  | -                               | (1,250,000)                                  | (3,750,000)                       | 2,500,000  | 1                                     |
| 1 December 2011                 | 1,000,000  | -                               | -  | (250,000)                         | 750,000  | 1                                     |
|                                 | 61,500,000   | -                               | (5,000,000)                                  | (29,999,998)                      | 26,500,002   | 14                                    |
| <b>Total for the year</b>       |  |                                 |  |                                   |  |                                       |
| 31 March 2011                   | 75,000,000   | -                               | -  | (37,500,000)                      | 37,500,000   | 2                                     |
| 1 June 2011                     | 52,500,000   | -                               | (3,750,000)                                  | (25,750,000)                      | 23,000,000   | 10                                    |
| 27 July 2011                    | 10,000,000   | -                               | -  | (4,999,998)                       | 5,000,002  | 4                                     |
| 1 September 2011                | 7,500,000  | -                               | (1,250,000)                                  | (3,750,000)                       | 2,500,000  | 1                                     |
| 1 December 2011                 | 1,000,000  | -                               | -  | (250,000)                         | 750,000  | 1                                     |
|                                 | 146,000,000  | -                               | (5,000,000)                                  | (72,249,998)                      | 68,750,002   | 18                                    |

As at 31 December 2013, 750,000 EPP outstanding options are vested and exercisable.

## 21. EMPLOYEE BENEFITS (CONTINUED)

*EPP (continued)*

| Date of grant                   | Number<br>of options<br>outstanding<br>at 1.1.2014 | Reclassification | Number<br>of options<br>granted | Number<br>of options<br>lapsed/<br>cancelled | Number<br>of options<br>exercised | Number<br>of options<br>outstanding<br>at 31.12.2014 | Number<br>of holders<br>at 31.12.2014 |
|---------------------------------|--|------------------|---------------------------------|--|-----------------------------------|--|---------------------------------------|
| <b>Key Management Personnel</b> |  |                  |                                 |  |                                   |  |                                       |
| 31 March 2011                   | 37,500,000   | (18,750,000)     | -                               | -  | (9,375,000)                       | 9,375,000  | 1                                     |
| 1 June 2011                     | 2,750,000  | (2,750,000)      | -                               | -  | -                                 | -  | -                                     |
| 27 July 2011                    | 2,000,000  | -                | -                               | -  | (1,000,000)                       | 1,000,000  | 1                                     |
|                                 | 42,250,000   | (21,500,000)     | -                               | -  | (10,375,000)                      | 10,375,000   | 2                                     |
| <b>Other eligible employees</b> |  |                  |                                 |  |                                   |  |                                       |
| 31 March 2011                   | -  | 18,750,000       | -                               | -  | (9,375,000)                       | 9,375,000  | 1                                     |
| 1 June 2011                     | 20,250,000   | 2,750,000        | -                               | -  | (11,250,000)                      | 11,750,000   | 10                                    |
| 27 July 2011                    | 3,000,002  | -                | -                               | -  | (1,500,000)                       | 1,500,002  | 3                                     |
| 1 September 2011                | 2,500,000  | -                | -                               | (1,250,000)                                  | (1,250,000)                       | -  | -                                     |
| 1 December 2011                 | 750,000  | -                | -                               | -  | (250,000)                         | 500,000  | 1                                     |
|                                 | 26,500,002   | 21,500,000       | -                               | (1,250,000)                                  | (23,625,000)                      | 23,125,002   | 15                                    |
| <b>Total for the year</b>       |  |                  |                                 |  |                                   |  |                                       |
| 31 March 2011                   | 37,500,000   | -                | -                               | -  | (18,750,000)                      | 18,750,000   | 2                                     |
| 1 June 2011                     | 23,000,000   | -                | -                               | -  | (11,250,000)                      | 11,750,000   | 10                                    |
| 27 July 2011                    | 5,000,002  | -                | -                               | -  | (2,500,000)                       | 2,500,002  | 4                                     |
| 1 September 2011                | 2,500,000  | -                | -                               | (1,250,000)                                  | (1,250,000)                       | -  | -                                     |
| 1 December 2011                 | 750,000  | -                | -                               | -  | (250,000)                         | 500,000  | 1                                     |
|                                 | 68,750,002   | -                | -                               | (1,250,000)                                  | (34,000,000)                      | 33,500,002   | 17                                    |

As at 31 December 2014, 750,000 EPP outstanding options are vested and exercisable.

**21. EMPLOYEE BENEFITS (CONTINUED)**

The fair value of services received in return for the share options granted is determined based on:

- i) Granted before 25 July 2012
  - LTIP: Market value approach on a minority, non-marketable basis, and
  - EPP: Binomial lattice model.
- ii) Granted after 25 July 2012
  - LTIP: Trinomial option pricing model.

taking into account the terms and conditions under which the units/options were granted. The inputs to the models used for the units/options granted are shown below:

**Fair value of share options and assumptions**

|  | <b>LTIP<br/>granted in<br/>2014</b> | <b>LTIP<br/>granted in<br/>2013</b> | <b>LTIP<br/>granted in<br/>2012</b> | <b>LTIP<br/>granted in<br/>2011</b> | <b>EPP<br/>granted in<br/>2011</b> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| Fair value at grant date                           | RM3.89 -<br>RM4.39                  | RM3.69 -<br>RM3.98                  | RM2.34                              | RM1.73 -<br>RM1.75                  | RM0.0791 -<br>RM0.1110             |
| Enterprise value to EBITDA multiple                |                                     |                                     |                                     |                                     |                                    |
| - Singapore-based hospital and healthcare services | n/a                                 | n/a                                 | 14.4x-15.2x                         | 16.6x-17.4x                         | n/a                                |
| - Malaysia-based hospital and healthcare services  | n/a                                 | n/a                                 | 8.8x-9.6x                           | 9.3x-10.1x                          | n/a                                |
| - Turkey-based hospital and healthcare services    | n/a                                 | n/a                                 | 17.0x-18.0x                         | n/a                                 | n/a                                |
| - Education services                               | n/a                                 | n/a                                 | 7.2x-8.0x                           | 8.0x-8.8x                           | n/a                                |
| Weighted average cost of capital                   | n/a                                 | n/a                                 | 7.0%-15.0%                          | 10%-11%                             | n/a                                |
| Share price at grant date                          | RM3.95 -<br>RM4.39                  | RM3.75 -<br>RM4.00                  | n/a                                 | n/a                                 | n/a                                |
| Expected volatility (average volatility)           | 16.60%                              | 17.33% -<br>18.65%                  | n/a                                 | n/a                                 | 20.0% - 25.0%                      |
| Option life (expected average life)                | 6.5 - 6.92 years                    | 7.5 - 7.92 years                    | n/a                                 | n/a                                 | 5 years                            |
| Expected dividends yield                           | 0.51%                               | 0.50% - 0.53%                       | n/a                                 | n/a                                 | 3.0%                               |
| Risk free rate                                     | 3.39% - 3.74%                       | 3.19% - 3.58%                       | n/a                                 | n/a                                 | 3.50% - 3.65%                      |

n/a – not applicable

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

|  |              | <b>Group</b>           |                        | <b>Company</b>         |                        |
|--|--------------|------------------------|------------------------|------------------------|------------------------|
|  | <b>Notes</b> | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| Share based payment expenses included in staff costs | 27           | 27,700                 | 23,189                 | 6,767                  | 5,425                  |



## 22. RETIREMENT BENEFITS

Certain Malaysia-based subsidiaries of the Group have defined benefits plans that provide pension benefits for employee 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:

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2014</b>   | <b>2013</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> |
| Present value of unfunded obligations                              | 13,818        | 12,400        |
| <b>Movements in the liability for defined benefits obligations</b> |               |               |
| At 1 January   | 12,400        | 12,444        |
| Included in profit or loss   |               |               |
| Current service costs  | 1,159         | 746           |
| Past service credit  | -             | 5             |
| Interest on obligation   | 673           | 697           |
|  | 1,832         | 1,448         |
| Included in other comprehensive income                             |               |               |
| Remeasurement gain   |               |               |
| - Actuarial loss/(gain) arising from financial assumptions         |               |               |
| - Changes in demographic assumptions                               | -             | 26            |
| - Changes in financial assumptions                                 | -             | (926)         |
| - Experience adjustments   | -             | (222)         |
|  | -             | (1,122)       |
| <b>Other</b>   |               |               |
| Benefits paid  | (414)         | (370)         |
| At 31 December   | 13,818        | 12,400        |

### Actuarial assumptions

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

|                         | <b>Group</b> |             |
|-------------------------|--------------|-------------|
|                         | <b>2014</b>  | <b>2013</b> |
|                         | <b>%</b>     | <b>%</b>    |
| Discount rate           | 5.0 – 5.5    | 6.3 – 6.8   |
| Future salary increases | 5.0 – 6.0    | 5.0 – 6.0   |

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

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the retirement benefits obligation at the end of the financial year would have increased/(decreased) as a result of a change in the respective assumptions by 1%, holding other assumptions constant.

|                                    | <b>Group</b>               |                            |
|------------------------------------|----------------------------|----------------------------|
|                                    | <b>Increase<br/>RM'000</b> | <b>Decrease<br/>RM'000</b> |
| <b>2014</b>                        |                            |                            |
| Discount rate (1% movement)        | (1,587)                    | 1,897                      |
| Future salary growth (1% movement) | 2,286                      | (1,923)                    |
| Future mortality (10% movement)    | (6)                        | 7                          |
|                                    | <hr/>                      | <hr/>                      |
| <b>2013</b>                        |                            |                            |
| Discount rate (1% movement)        | (1,441)                    | 1,719                      |
| Future salary growth (1% movement) | 1,929                      | (1,636)                    |
| Future mortality (10% movement)    | (3)                        | 4                          |
|                                    | <hr/>                      | <hr/>                      |

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

**23. EMPLOYMENT TERMINATION BENEFITS**

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

The termination benefits is calculated as one month gross salary for every employment year and as at 31 December 2014, the ceiling amount has been limited to TL3,438 (2013: TL3,254), approximately RM5,098 (2013: RM4,971). The reserve has been calculated by estimating the present value of future probable obligations of these subsidiaries arising from retirement. The calculation was based upon the retirement pay ceiling announced by the local government.

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

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2014</b>   | <b>2013</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> |
| Present value of unfunded obligations                              | 9,313         | 10,510        |
| <b>Movements in the liability for defined benefits obligations</b> |               |               |
| At 1 January   | 10,510        | 8,315         |
| Included in profit or loss   |               |               |
| Current service costs  | 1,838         | 4,146         |
| Interest on obligation   | 1,252         | 633           |
|  | 3,090         | 4,779         |
| Included in other comprehensive income                             |               |               |
| Remeasurement loss   |               |               |
| - Actuarial loss arising from financial assumptions                | 7,409         | 8,541         |
| <b>Other</b>   |               |               |
| Benefits paid  | (11,393)      | (9,952)       |
| Effect of movements in exchange rate                               | (303)         | (1,173)       |
|  | (11,696)      | (11,125)      |
| At 31 December   | 9,313         | 10,510        |

**Actuarial assumptions**

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

|                               | <b>Group</b> |             |
|-------------------------------|--------------|-------------|
|                               | <b>2014</b>  | <b>2013</b> |
| Annual inflation rate         | 5.0%         | 6.0%        |
| Discount rate                 | 9.0%         | 10.0%       |
| Retirement pay ceiling amount | TL3,438      | TL3,254     |

**Sensitivity analysis**

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

**24. TRADE AND OTHER PAYABLES**

|                                       | <b>Group</b>  |               | <b>Company</b> |               |
|---------------------------------------|---------------|---------------|----------------|---------------|
|                                       | <b>2014</b>   | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|                                       | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Non-current</b>                    |               |               |                |               |
| Trade payables                        | 2,503         | 21,478        | -              | -             |
| Other payables                        | 5,528         | 7,383         | -              | -             |
| Loans from a non-controlling interest | 367,027       | 297,851       | -              | -             |
|                                       | 375,058       | 326,712       | -              | -             |
| Deposits                              | 33,443        | 36,407        | -              | -             |
|                                       | 408,501       | 363,119       | -              | -             |

**24. TRADE AND OTHER PAYABLES (CONTINUED)**

|  | <b>Group</b>     |                  | <b>Company</b> |               |
|--|------------------|------------------|----------------|---------------|
|  | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>   |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Current</b>                             |                  |                  |                |               |
| Trade payables                             | 541,340          | 542,140          | -              | -             |
| Accrued operating expenses                 | 456,535          | 379,791          | 6,680          | 11,538        |
| Other payables                             | 247,711          | 236,755          | 174            | 202           |
| Interest payables                          | 12,629           | 12,180           | -              | -             |
| Amounts due to related parties (trade)     | 9,611            | 52,767           | -              | -             |
| Amounts due to related parties (non-trade) | 247              | 2,410            | -              | 190           |
|  | <b>1,268,073</b> | <b>1,226,043</b> | <b>6,854</b>   | <b>11,930</b> |
| Deposits and advance billings              | 122,568          | 105,132          | -              | -             |
|  | <b>1,390,641</b> | <b>1,331,175</b> | <b>6,854</b>   | <b>11,930</b> |

The amounts due to related parties are subject to normal trade terms, and are unsecured, interest free and repayable on demand.

The loans from a non-controlling interest are unsecured and bear interests at 6-month Hong Kong Interbank Offer Rate+1.30% (2013: 6-month Hong Kong Interbank Offer Rate+1.30%) per annum. The loans are in relation to the non-controlling interest's share of the financing to a subsidiary, GHK Hospital Limited ("GHK"), for the purchase of land and construction of a hospital in Hong Kong.

**25. DERIVATIVE ASSETS AND LIABILITIES**

|  | <b>Group</b>  |                |
|--|---------------|----------------|
|  | <b>2014</b>   | <b>2013</b>    |
|  | <b>RM'000</b> | <b>RM'000</b>  |
| <b>Non-current assets</b>  |               |                |
| Foreign exchange forward contracts held at fair value through profit or loss ("FVTPL") | 16,111        | 15,949         |
| Cross currency interest rate swaps used for hedging                                    | 12,102        | -              |
|  | <b>28,213</b> | <b>15,949</b>  |
| <b>Current assets</b>  |               |                |
| Foreign exchange forward contracts held at FVTPL                                       | 1,067         | 233            |
| <b>Non-current liabilities</b>   |               |                |
| Interest rate swaps used for hedging   | (6,536)       | (3,566)        |
| <b>Current liabilities</b>   |               |                |
| Interest rate swaps  |               |                |
| - held at FVTPL  | -             | (2,239)        |
| - used for hedging   | (517)         | (882)          |
|  | <b>(517)</b>  | <b>(3,121)</b> |
| Net derivative assets and liabilities  | <b>22,227</b> | <b>9,495</b>   |

**25. DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)**

|                                      | Nominal value    |                  | Fair value     |                |
|--------------------------------------|------------------|------------------|----------------|----------------|
|                                      | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000 | 2013<br>RM'000 |
| Derivatives held at FVTPL            |                  |                  |                |                |
| - Foreign exchange forward contracts | 88,282           | 84,677           | 17,178         | 16,182         |
| - Interest rate swaps                | -                | 184,876          | -              | (2,239)        |
| Derivatives used for hedging         |                  |                  |                |                |
| - Interest rate swaps                | 1,445,242        | 1,386,325        | (7,053)        | (4,448)        |
| - Cross currency interest rate swaps | 201,737          | -                | 12,102         | -              |
|                                      | <b>1,735,261</b> | <b>1,655,878</b> | <b>22,227</b>  | <b>9,495</b>   |

The Group enters into interest rate swaps, cross currency interest rate swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations.

**Offsetting financial assets and financial liabilities**

The Group's derivative transactions are entered into under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") or long-form confirmation with various bank counterparties. The derivative financial instruments presented above are not offset in the statements of financial position as the right of set off of recognised amounts is not enforceable as set out in such ISDA Master Agreements or confirmation. 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.

**26. REVENUE**

|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000 | 2013<br>RM'000 |
| Hospital and healthcare services income | 6,936,791        | 6,383,391        | -              | -              |
| Education services income               | 223,403          | 203,223          | -              | -              |
| Rental income                           | 165,696          | 149,640          | -              | -              |
| Management fees                         | 13,442           | 16,007           | -              | -              |
| Dividend income                         | 4,687            | 4,190            | 38,123         | 710,732        |
|   | <b>7,344,019</b> | <b>6,756,451</b> | <b>38,123</b>  | <b>710,732</b> |

**27. STAFF COSTS**

|  | Note | Group            |                  | Company        |                |
|--|------|------------------|------------------|----------------|----------------|
|  |      | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000 | 2013<br>RM'000 |
| Wages, salaries and others                 |      | 2,688,964        | 2,422,513        | 13,872         | 15,272         |
| Contribution to defined contribution plans |      | 105,467          | 95,441           | 418            | 334            |
| Equity-settled share-based payments        | 21   | 27,700           | 23,189           | 6,767          | 5,425          |
|  |      | <b>2,822,131</b> | <b>2,541,143</b> | <b>21,057</b>  | <b>21,031</b>  |

**28. FINANCE INCOME AND COSTS**

|  | <b>Group</b>     |                  | <b>Company</b> |               |
|--|------------------|------------------|----------------|---------------|
|  | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>   |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b> |
| <b><i>Finance income</i></b>             |                  |                  |                |               |
| Interest income                          |                  |                  |                |               |
| - Banks and financial institutions       | 48,833           | 39,484           | 23,738         | 19,369        |
| - Others                                 | 650              | 385              | -              | -             |
| Exchange gain on loans                   | 13,853           | -                | -              | -             |
| Fair value gain on financial derivatives | 2,287            | 19,249           | -              | -             |
|  | <b>65,623</b>    | <b>59,118</b>    | <b>23,738</b>  | <b>19,369</b> |
| <b><i>Finance costs</i></b>              |                  |                  |                |               |
| Interest expense on loans and borrowings | (120,230)        | (117,045)        | -              | -             |
| Exchange losses on loans                 | (58,369)         | (189,807)        | -              | -             |
| Other finance costs                      | (11,207)         | (21,861)         | (11)           | (6)           |
|  | <b>(189,806)</b> | <b>(328,713)</b> | <b>(11)</b>    | <b>(6)</b>    |

**29. PROFIT BEFORE TAX****(a) Auditors' remuneration charged to profit or loss comprises:**

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2014</b>   | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Audit fees                             |               |               |                |               |
| Current year                           |               |               |                |               |
| - KPMG Malaysia                        | (982)         | (879)         | (336)          | (320)         |
| - Affiliates of KPMG Malaysia          | (2,820)       | (2,964)       | (87)           | (81)          |
| - Other auditors                       | (609)         | (718)         | -              | -             |
| (Under)/over provision for prior years |               |               |                |               |
| - KPMG Malaysia                        | (72)          | 31            | -              | -             |
| - Affiliates of KPMG Malaysia          | (1)           | (79)          | -              | -             |
| Non-audit fees paid to                 |               |               |                |               |
| - KPMG Malaysia                        | (455)         | (283)         | (412)          | (103)         |
| - Affiliates of KPMG Malaysia          | (1,274)       | (997)         | (288)          | (170)         |



**29. PROFIT BEFORE TAX (CONTINUED)****(b) Profit before tax is arrived at after crediting/(charging):**

|  | Note  | Group          |                | Company        |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Exchange gains/(loss)                                    |       | 6,996          | 15,517         | (227)          | 2,588          |
| Impairment losses (made)/written back on:                |       |                |                |                |                |
| - Investment in subsidiary                               |       | -              | -              | (1,000)        | -              |
| - Trade and other receivables                            | 14,15 | (18,275)       | (21,967)       | -              | -              |
| - Amounts due from associates                            |       | 1,022          | 1,247          | -              | -              |
| - Investment in joint ventures                           |       | -              | (2,545)        | -              | -              |
| - Other financial assets                                 |       | -              | 25,311         | -              | -              |
| Write-off  |       |                |                |                |                |
| - Property, plant and equipment                          |       | (2,116)        | (904)          | -              | (3)            |
| - Intangible assets                                      |       | (140)          | (534)          | -              | -              |
| - Inventories  |       | (662)          | (515)          | -              | -              |
| - Trade and other receivables                            |       | (9,331)        | (5,469)        | (13)           | (50)           |
| Rental of premises                                       |       | (174,379)      | (149,261)      | (1,511)        | (1,049)        |
| Rental of machinery and equipment                        |       | (24,516)       | (24,534)       | (31)           | (18)           |
| Gain on disposal of property, plant and equipment        |       | 2,939          | 3,698          | -              | -              |
| Gain on divestment of investment properties              |       | 36,425         | -              | -              | -              |
| Professional and consultancy fee for acquisitions        |       | (3,770)        | (4,695)        | (940)          | (3,706)        |
| Change in fair value of contingent consideration payable |       | -              | 3,946          | -              | -              |
| Change in fair value of investment properties            | 5     | 52,453         | 42,840         | -              | -              |
| Gain on disposal of assets held for sale                 |       | -              | 67             | -              | -              |
| Gain on disposal of subsidiaries                         | 42    | 336            | 4,376          | -              | -              |

**30. OTHER COMPREHENSIVE INCOME**

|   | <b>2014</b>                      |   |                                  | <b>2013</b>                      |   |                                  |
|---|----------------------------------|---|----------------------------------|----------------------------------|---|----------------------------------|
|   | <b>Before<br/>tax<br/>RM'000</b> | <b>Tax<br/>benefit<br/>RM'000<br/>(Note 11)</b> | <b>Net<br/>of tax<br/>RM'000</b> | <b>Before<br/>tax<br/>RM'000</b> | <b>Tax<br/>benefit<br/>RM'000<br/>(Note 11)</b> | <b>Net<br/>of tax<br/>RM'000</b> |
| <b>Items that may be reclassified subsequently to<br/>profit or loss</b>                                |                                  |   |                                  |                                  |   |                                  |
| Foreign currency translation differences<br>from foreign operations                                     | 409,569                          | -   | 409,569                          | (154,425)                        | -   | (154,425)                        |
| Hedge of net investments in foreign operations  | 103,036                          | -   | 103,036                          | 165,822                          | -   | 165,822                          |
| Net change in fair value of available-for-sale<br>financial assets                                      | 132,546                          | -   | 132,546                          | 38,223                           | -   | 38,223                           |
| Cash flow hedge   | (2,541)                          | -   | (2,541)                          | 788                              | -   | 788                              |
|   | <u>642,610</u>                   | <u>-</u>  | <u>642,610</u>                   | <u>50,408</u>                    | <u>-</u>  | <u>50,408</u>                    |
| <b>Items that will not be reclassified subsequently to<br/>profit or loss</b>                           |                                  |   |                                  |                                  |   |                                  |
| Remeasurement of defined benefit liability  | (7,409)                          | 1,482   | (5,927)                          | (7,419)                          | 1,456   | (5,963)                          |
| Revaluation of property, plant and equipment upon<br>reclassification to investment properties (Note 3) | 35,666                           | -   | 35,666                           | 205                              | -   | 205                              |
|   | <u>28,257</u>                    | <u>1,482</u>                                    | <u>29,739</u>                    | <u>(7,214)</u>                   | <u>1,456</u>                                    | <u>(5,758)</u>                   |
| Total   | <u>670,867</u>                   | <u>1,482</u>                                    | <u>672,349</u>                   | <u>43,194</u>                    | <u>1,456</u>                                    | <u>44,650</u>                    |

**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 is as follows:

|                                    | <b>Group</b>           |                        | <b>Company</b>         |                        |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                    | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| Non-executive Directors:           |                        |                        |                        |                        |
| - Fees                             | 4,061                  | 3,615                  | 1,991                  | 1,880                  |
| Executive Directors:               |                        |                        |                        |                        |
| - Fees                             | 2,524                  | 2,453                  | -                      | -                      |
| - Remuneration and other benefits  | 10,390                 | 15,538                 | 4,182                  | 6,518                  |
| - Share-based payment              | 8,286                  | 11,139                 | 1,273                  | 5,069                  |
|                                    | <u>21,200</u>          | <u>29,130</u>          | <u>5,455</u>           | <u>11,587</u>          |
| Total short term employee benefits | <u>25,261</u>          | <u>32,745</u>          | <u>7,446</u>           | <u>13,467</u>          |

The estimated monetary value of Directors' benefit-in-kind is RM35,000 (2013: RM239,000).

**32. INCOME TAX EXPENSE**

|   | <b>Group</b>  |               | <b>Company</b> |               |
|---|---------------|---------------|----------------|---------------|
|   | <b>2014</b>   | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Current tax expense</b>  |               |               |                |               |
| Current year  | 262,910       | 194,616       | 5,837          | 5,943         |
| Over provided in prior years                                      | (1,410)       | (34,843)      | (11)           | (440)         |
|   | 261,500       | 159,773       | 5,826          | 5,503         |
| <b>Deferred tax expense</b>                                       |               |               |                |               |
| Origination and reversal of temporary differences                 | 11,844        | (1,097)       | -              | -             |
| Under/(over) provided in prior years                              | 4,548         | (10,973)      | -              | -             |
|   | 16,392        | (12,070)      | -              | -             |
|   | 277,892       | 147,703       | 5,826          | 5,503         |
| <b>Reconciliation of tax expense</b>                              |               |               |                |               |
| Profit before tax   | 1,221,176     | 881,562       | 25,373         | 695,108       |
| Less:   |               |               |                |               |
| Share of (profits)/losses of associates (net of tax)              | (1,702)       | 1,793         | -              | -             |
| Share of profits of joint ventures (net of tax)                   | (8,149)       | (3,971)       | -              | -             |
|   | 1,211,325     | 879,384       | 25,373         | 695,108       |
| Income tax calculated using Malaysian tax rate of 25% (2013: 25%) | 302,831       | 219,846       | 6,343          | 173,777       |
| Effect of tax rates in foreign jurisdictions                      | (31,548)      | (29,902)      | (55)           | (123)         |
| Tax exempt income   | (40,601)      | (63,044)      | (9,538)        | (178,331)     |
| Non-deductible expenses   | 45,091        | 66,768        | 9,087          | 10,620        |
| Recognition of previously unrecognised deferred tax assets        | (1,934)       | (2,552)       | -              | -             |
| Deferred tax assets not recognised                                | 915           | 2,403         | -              | -             |
| Under/(over) provided in prior years                              | 3,138         | (45,816)      | (11)           | (440)         |
|   | 277,892       | 147,703       | 5,826          | 5,503         |

**33. EARNINGS PER SHARE**

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2014</b>  | <b>2013</b> |
| Basic and diluted earnings per share is based on:  |              |             |
| Net profit attributable to ordinary shareholders (RM'000)  | 754,291      | 631,159     |
| <b>Basic earnings per share</b>  |              |             |
| Weighted average number of shares ('000)   | 8,164,530    | 8,113,717   |
| Basic earnings per share (sen)   | 9.24         | 7.78        |
| <b>Diluted earnings per share</b>  |              |             |
| For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. |              |             |
| Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)  | 8,164,530    | 8,113,717   |
| Weighted average number of unissued ordinary shares from units under LTIP ('000)   | 10,092       | 11,311      |
| Weighted average number of unissued ordinary shares from share options under EPP ('000)  | 18,435       | 26,439      |
| Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)  | 8,193,057    | 8,151,467   |
| Diluted earnings per share (sen)   | 9.21         | 7.74        |

**34. DIVIDENDS**

Dividends recognised by the Company:

|   | <b>Per ordinary share</b> | <b>Total amount</b> | <b>Date of payment</b> |
|---|---------------------------|---------------------|------------------------|
|   | <b>Sen</b>                | <b>RM'000</b>       |                        |
| First and final single tier cash dividend for financial year ended 31 December 2013 | 2.0                       | 163,500             | 16 July 2014           |

The Directors have proposed the following dividends which is subject to shareholders approval at the forthcoming Annual General Meeting:

|   | <b>Per ordinary share</b> | <b>Total amount</b> |
|---|---------------------------|---------------------|
|   | <b>Sen</b>                | <b>RM'000</b>       |
| First and final single tier cash dividend for financial year ended 31 December 2014 | 3.0                       | 245,357*            |

\* : Based on 8,178,569,889 shares as at 31 December 2014.

### 35. SEGMENT REPORTING

#### *Operating segments*

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services in different locations, and are managed separately. 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:

- *Parkway Pantai* : Hospital operator and healthcare service provider in Asia
- *Acibadem Holdings* : Hospital operator and healthcare service provider in CEEMENA and investment holding companies owning ASYH
- *IMU Health* : Education service provider in Malaysia
- *PLife REIT* : Real estate investment trust
- *Others* : Includes the corporate office

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.

Geographical segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, prepaid lease payments, investment properties, and intangible assets.

## 35. SEGMENT REPORTING (CONTINUED)

| 2014  | Parkway<br>Pantai<br>RM'000 | Acibadem<br>Holdings<br>RM'000 | IMU<br>Health<br>RM'000 | PLife<br>REIT<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------|--------------------------------|-------------------------|-------------------------|------------------|------------------------|-----------------|
| <b>Revenue and expenses</b>   |                             |                                |                         |                         |                  |                        |                 |
| Revenue from external customers                                     | 4,374,837                   | 2,652,289                      | 217,884                 | 94,322                  | 4,687            | -                      | 7,344,019       |
| Inter-segment revenue   | 87,961                      | -                              | 3,028                   | 164,436                 | 34,149           | (289,574)              | -               |
| Total segment revenue   | 4,462,798                   | 2,652,289                      | 220,912                 | 258,758                 | 38,836           | (289,574)              | 7,344,019       |
| EBITDA  | 1,180,470                   | 477,103                        | 76,680                  | 298,324                 | 4,377            | (97,982)               | 1,938,972       |
| Depreciation and impairment losses of property, plant and equipment | (270,270)                   | (227,077)                      | (12,087)                | (30,688)                | (431)            | -                      | (540,553)       |
| Amortisation and impairment losses of intangible assets             | (32,559)                    | (33,993)                       | (375)                   | -                       | -                | -                      | (66,927)        |
| Foreign exchange gains/(losses)                                     | 1,123                       | 764                            | (77)                    | 5,413                   | (227)            | -                      | 6,996           |
| Finance income  | 26,781                      | 10,107                         | 4,889                   | 108                     | 23,738           | -                      | 65,623          |
| Finance costs   | (16,992)                    | (151,081)                      | (243)                   | (21,473)                | (17)             | -                      | (189,806)       |
| Share of profits of associates (net of tax)                         | 1,702                       | -                              | -                       | -                       | -                | -                      | 1,702           |
| Share of profits of joint ventures (net of tax)                     | 8,149                       | -                              | -                       | -                       | -                | -                      | 8,149           |
| Others  | (1,112)                     | (669)                          | (259)                   | -                       | (940)            | -                      | (2,980)         |
| Profit before tax   | 897,292                     | 75,154                         | 68,528                  | 251,684                 | 26,500           | (97,982)               | 1,221,176       |
| Income tax expense  | (206,407)                   | (16,730)                       | (18,947)                | (29,982)                | (5,826)          | -                      | (277,892)       |
| Profit for the year   | 690,885                     | 58,424                         | 49,581                  | 221,702                 | 20,674           | (97,982)               | 943,284         |
| <b>Assets and liabilities</b>                                       |                             |                                |                         |                         |                  |                        |                 |
| Cash and bank balances  | 855,217                     | 241,658                        | 180,332                 | 392,825                 | 797,795          | -                      | 2,467,827       |
| Other assets  | 16,008,756                  | 5,330,311                      | 384,250                 | 3,512,877               | 958,066          | (21,781)               | 26,172,479      |
| Segment assets as at 31 December 2014                               | 16,863,973                  | 5,571,969                      | 564,582                 | 3,905,702               | 1,755,861        | (21,781)               | 28,640,306      |
| Loans and borrowings  | 509,219                     | 2,191,855                      | 735                     | 1,567,509               | -                | -                      | 4,269,318       |
| Other liabilities   | 1,850,606                   | 800,876                        | 127,634                 | 286,128                 | 14,129           | (21,781)               | 3,057,592       |
| Segment liabilities as at 31 December 2014                          | 2,359,825                   | 2,992,731                      | 128,369                 | 1,853,637               | 14,129           | (21,781)               | 7,326,910       |



## 35. SEGMENT REPORTING (CONTINUED)

| 2013  | Parkway<br>Pantai<br>RM'000 | Acibadem<br>Holdings<br>RM'000 | IMU<br>Health<br>RM'000 | PLife<br>REIT<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------|--------------------------------|-------------------------|-------------------------|------------------|------------------------|-----------------|
| <b>Revenue and expenses</b>   |                             |                                |                         |                         |                  |                        |                 |
| Revenue from external customers                                     | 3,887,847                   | 2,585,623                      | 197,641                 | 81,150                  | 4,190            | -                      | 6,756,451       |
| Inter-segment revenue   | 78,987                      | -                              | 2,738                   | 153,547                 | 704,160          | (939,432)              | -               |
| Total segment revenue   | 3,966,834                   | 2,585,623                      | 200,379                 | 234,697                 | 708,350          | (939,432)              | 6,756,451       |
| EBITDA  | 1,024,295                   | 462,807                        | 74,570                  | 184,540                 | 674,149          | (762,029)              | 1,658,332       |
| Depreciation and impairment losses of property, plant and equipment | (267,434)                   | (220,990)                      | (12,713)                | (30,199)                | (176)            | -                      | (531,512)       |
| Amortisation and impairment losses of intangible assets             | (32,386)                    | (36,658)                       | (302)                   | -                       | -                | -                      | (69,346)        |
| Foreign exchange gains  | 2,078                       | 1,109                          | 767                     | 5,456                   | 6,107            | -                      | 15,517          |
| Finance income  | 9,711                       | 19,126                         | 2,756                   | 8,156                   | 19,369           | -                      | 59,118          |
| Finance costs   | (33,956)                    | (273,726)                      | (378)                   | (20,642)                | (11)             | -                      | (328,713)       |
| Share of losses of associates (net of tax)                          | (1,793)                     | -                              | -                       | -                       | -                | -                      | (1,793)         |
| Share of profits of joint ventures (net of tax)                     | 3,971                       | -                              | -                       | -                       | -                | -                      | 3,971           |
| Others  | 52,084                      | 5,800                          | (953)                   | -                       | 19,057           | -                      | 75,988          |
| Profit/(Loss) before tax  | 756,570                     | (42,532)                       | 63,747                  | 147,311                 | 718,495          | (762,029)              | 881,562         |
| Income tax (expense)/credit   | (119,509)                   | 6,958                          | (16,854)                | (12,795)                | (5,503)          | -                      | (147,703)       |
| Profit/(Loss) for the year  | 637,061                     | (35,574)                       | 46,893                  | 134,516                 | 712,992          | (762,029)              | 733,859         |
| <b>Assets and liabilities</b>                                       |                             |                                |                         |                         |                  |                        |                 |
| Cash and bank balances  | 746,279                     | 350,613                        | 140,759                 | 70,829                  | 836,347          | -                      | 2,144,827       |
| Other assets  | 15,250,490                  | 5,274,622                      | 389,194                 | 3,452,856               | 762,509          | (13,219)               | 25,116,452      |
| Segment assets as at 31 December 2013                               | 15,996,769                  | 5,625,235                      | 529,953                 | 3,523,685               | 1,598,856        | (13,219)               | 27,261,279      |
| Loans and borrowings  | 1,109,981                   | 2,057,184                      | 1,433                   | 1,292,683               | -                | -                      | 4,461,281       |
| Other liabilities   | 1,575,402                   | 917,256                        | 115,287                 | 263,568                 | 18,757           | (13,219)               | 2,877,051       |
| Segment liabilities as at 31 December 2013                          | 2,685,383                   | 2,974,440                      | 116,720                 | 1,556,251               | 18,757           | (13,219)               | 7,338,332       |

## 35. SEGMENT REPORTING (CONTINUED)

## Geographical segment

|                                  | Singapore<br>RM'000 | Malaysia<br>RM'000 | China<br>RM'000 | Japan<br>RM'000 | CEEMENA<br>RM'000 | Other<br>regions<br>RM'000 | Others <sup>1</sup><br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|----------------------------------|---------------------|--------------------|-----------------|-----------------|-------------------|----------------------------|-------------------------------|------------------------|-----------------|
| <b>2014</b>                      |                     |                    |                 |                 |                   |                            |                               |                        |                 |
| Revenue from external customers  | 2,742,340           | 1,528,561          | 201,900         | 94,085          | 2,652,289         | 124,844                    | -                             | -                      | 7,344,019       |
| Revenue from inter-segment       | -                   | -                  | -               | -               | -                 | -                          | 38,318                        | (38,318)               | -               |
| Total segment revenue            | 2,742,340           | 1,528,561          | 201,900         | 94,085          | 2,652,289         | 124,844                    | 38,318                        | (38,318)               | 7,344,019       |
| Non-current assets <sup>2</sup>  | 12,834,026          | 3,834,361          | 1,151,502       | 1,177,047       | 4,581,233         | 34,100                     | 3,080                         | -                      | 23,615,349      |
| Capital expenditure <sup>3</sup> | 122,688             | 290,378            | 123,245         | 212,887         | 413,236           | 2,488                      | 2,745                         | -                      | 1,167,667       |
| <b>2013</b>                      |                     |                    |                 |                 |                   |                            |                               |                        |                 |
| Revenue from external customers  | 2,445,128           | 1,362,088          | 178,130         | 80,931          | 2,585,623         | 104,079                    | 472                           | -                      | 6,756,451       |
| Revenue from inter-segment       | -                   | -                  | -               | -               | -                 | -                          | 710,672                       | (710,672)              | -               |
| Total segment revenue            | 2,445,128           | 1,362,088          | 178,130         | 80,931          | 2,585,623         | 104,079                    | 711,144                       | (710,672)              | 6,756,451       |
| Non-current assets <sup>2</sup>  | 12,421,543          | 3,584,618          | 971,773         | 1,170,028       | 4,610,291         | 36,646                     | 2,902                         | -                      | 22,797,801      |
| Capital expenditure <sup>3</sup> | 111,007             | 188,647            | 743,523         | 219,513         | 437,005           | 2,146                      | 2,677                         | -                      | 1,704,518       |

1 : Others include balances relating to corporate offices, which is unallocated.

2 : Non-current assets consist of property, plant and equipment, prepaid lease payments, investment properties, goodwill and intangible assets.

3 : Capital expenditure consist of additions to property, plant and equipment, prepaid lease payments, investment properties and intangible assets.

**36. FINANCIAL INSTRUMENTS****(i) Categories of financial instruments**

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

- (a) Loans and receivables (“L&R”);
- (b) Available-for-sale financial assets (“AFS”);
- (c) Held-to-maturity investments (“HTM”);
- (d) Financial liabilities measured at amortised cost (“FL”);
- (e) Fair value through profit or loss (“FVTPL”); and
- (f) Fair value of derivatives held as hedging instruments (“FVHI”).

|  | Carrying<br>amount<br>RM'000 | L&R/FL<br>RM'000   | AFS<br>RM'000  | HTM<br>RM'000 | FVTPL<br>RM'000 | FVHI<br>RM'000 |
|--|------------------------------|--------------------|----------------|---------------|-----------------|----------------|
| <b>2014</b>                                |                              |                    |                |               |                 |                |
| <b>Financial assets</b>                    |                              |                    |                |               |                 |                |
| <b>Group</b>                               |                              |                    |                |               |                 |                |
| Other financial assets                     | 969,616                      | 804                | 938,247        | 30,565        | -               | -              |
| Trade and other receivables <sup>(1)</sup> | 955,200                      | 955,200            | -              | -             | -               | -              |
| Derivative assets                          | 29,280                       | -                  | -              | -             | 17,178          | 12,102         |
| Cash and cash equivalents                  | 2,467,827                    | 2,467,827          | -              | -             | -               | -              |
|  | <u>4,421,923</u>             | <u>3,423,831</u>   | <u>938,247</u> | <u>30,565</u> | <u>17,178</u>   | <u>12,102</u>  |
| <b>Company</b>                             |                              |                    |                |               |                 |                |
| Other financial assets                     | 69                           | 69                 | -              | -             | -               | -              |
| Trade and other receivables <sup>(1)</sup> | 1,013                        | 1,013              | -              | -             | -               | -              |
| Amounts due from subsidiaries              | 11,132                       | 11,132             | -              | -             | -               | -              |
| Cash and cash equivalents                  | 797,076                      | 797,076            | -              | -             | -               | -              |
|  | <u>809,290</u>               | <u>809,290</u>     | <u>-</u>       | <u>-</u>      | <u>-</u>        | <u>-</u>       |
| <b>Financial liabilities</b>               |                              |                    |                |               |                 |                |
| <b>Group</b>                               |                              |                    |                |               |                 |                |
| Trade and other payables <sup>(2)</sup>    | (1,643,131)                  | (1,643,131)        | -              | -             | -               | -              |
| Loans and borrowings                       | (4,269,318)                  | (4,269,318)        | -              | -             | -               | -              |
| Derivative liabilities                     | (7,053)                      | -                  | -              | -             | -               | (7,053)        |
|  | <u>(5,919,502)</u>           | <u>(5,912,449)</u> | <u>-</u>       | <u>-</u>      | <u>-</u>        | <u>(7,053)</u> |
| <b>Company</b>                             |                              |                    |                |               |                 |                |
| Trade and other payables <sup>(2)</sup>    | (6,854)                      | (6,854)            | -              | -             | -               | -              |
| Amounts due to subsidiaries                | (1,526)                      | (1,526)            | -              | -             | -               | -              |
|  | <u>(8,380)</u>               | <u>(8,380)</u>     | <u>-</u>       | <u>-</u>      | <u>-</u>        | <u>-</u>       |

## 36. FINANCIAL INSTRUMENTS (CONTINUED)

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

| 2013                                       | Carrying<br>amount<br>RM'000 | L&R/FL<br>RM'000   | AFS<br>RM'000  | HTM<br>RM'000 | FVTPL<br>RM'000 | FVHI<br>RM'000 |
|--|------------------------------|--------------------|----------------|---------------|-----------------|----------------|
| <b>Financial assets</b>                    |                              |                    |                |               |                 |                |
| <b>Group</b>                               |                              |                    |                |               |                 |                |
| Other financial assets                     | 796,513                      | 23,569             | 743,967        | 28,977        | -               | -              |
| Trade and other receivables <sup>(1)</sup> | 922,153                      | 922,153            | -              | -             | -               | -              |
| Derivative assets                          | 16,182                       | -                  | -              | -             | 16,182          | -              |
| Cash and cash equivalents                  | 2,144,827                    | 2,144,827          | -              | -             | -               | -              |
|  | <b>3,879,675</b>             | <b>3,090,549</b>   | <b>743,967</b> | <b>28,977</b> | <b>16,182</b>   | <b>-</b>       |
| <b>Company</b>                             |                              |                    |                |               |                 |                |
| Trade and other receivables <sup>(1)</sup> | 987                          | 987                | -              | -             | -               | -              |
| Amounts due from subsidiaries              | 12,560                       | 12,560             | -              | -             | -               | -              |
| Cash and cash equivalents                  | 835,642                      | 835,642            | -              | -             | -               | -              |
|  | <b>849,189</b>               | <b>849,189</b>     | <b>-</b>       | <b>-</b>      | <b>-</b>        | <b>-</b>       |
| <b>Financial liabilities</b>               |                              |                    |                |               |                 |                |
| <b>Group</b>                               |                              |                    |                |               |                 |                |
| Trade and other payables <sup>(2)</sup>    | (1,552,755)                  | (1,552,755)        | -              | -             | -               | -              |
| Loans and borrowings                       | (4,461,281)                  | (4,461,281)        | -              | -             | -               | -              |
| Derivative liabilities                     | (6,687)                      | -                  | -              | -             | (2,239)         | (4,448)        |
|  | <b>(6,020,723)</b>           | <b>(6,014,036)</b> | <b>-</b>       | <b>-</b>      | <b>(2,239)</b>  | <b>(4,448)</b> |
| <b>Company</b>                             |                              |                    |                |               |                 |                |
| Trade and other payables <sup>(2)</sup>    | (11,930)                     | (11,930)           | -              | -             | -               | -              |
| Amounts due to subsidiaries                | (1,518)                      | (1,518)            | -              | -             | -               | -              |
|  | <b>(13,448)</b>              | <b>(13,448)</b>    | <b>-</b>       | <b>-</b>      | <b>-</b>        | <b>-</b>       |

(1) : Excludes prepayments and deposits

(2) : Excludes deposits and advance billings

**36. FINANCIAL INSTRUMENTS (CONTINUED)****(i) Categories of financial instruments (continued)****Net gains/(losses) arising from financial instruments**

|  | <b>Group</b>   |                 |
|--|----------------|-----------------|
|  | <b>2014</b>    | <b>2013</b>     |
|  | <b>RM'000</b>  | <b>RM'000</b>   |
| Available-for-sale financial assets              |                |                 |
| - recognised in other comprehensive income       | 132,546        | 38,223          |
| - dividend income                                | 4,687          | 4,190           |
| HTM investments                                  | 87             | 62              |
| Loans and receivables                            | 21,790         | 37,682          |
| Financial liability measured at FVTPL            | -              | 3,946           |
| Financial liabilities measured at amortised cost | (131,437)      | (138,906)       |
| Derivative liabilities                           |                |                 |
| - recognised in other comprehensive income       | 9,478          | 788             |
| - recognised in profit or loss                   | 2,287          | 19,249          |
|  | <b>39,438</b>  | <b>(34,766)</b> |
|  | <b>Company</b> |                 |
|  | <b>2014</b>    | <b>2013</b>     |
|  | <b>RM'000</b>  | <b>RM'000</b>   |
| Loans and receivables                            | 23,725         | 19,319          |

**(ii) Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**(iii) Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables and amounts due from related parties.

The Company does not have any significant exposure to credit risk.

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

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on major customers requiring credit over a certain amount. For the hospital operations, the Group does not grant credit to non-corporate customers. Instead, a non-corporate customer is requested to place an initial deposit at the time of admission to the hospital. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

**36. FINANCIAL INSTRUMENTS (CONTINUED)****(iii) Credit risk (continued)****Receivables (continued)*****Exposure to credit risk, credit quality and collateral***

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the end of the financial year, the Group has outstanding trade receivables from three significant customers with a total balance amounting to RM163,269,000 (2013: one significant customer with balance of RM47,494,000), which is individually 5% or more of the Group's gross trade receivables. Allowance for impairment of RM9,699,000 (2013: RM1,915,000) has been recognised.

***Credit risk concentration profile***

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group trade and other receivables and amounts due from related parties by country are disclosed in Notes 14 and 15 respectively.

***Impairment losses***

Trade and other receivables and amounts due from related parties that are neither past due nor impaired are creditworthy with good payment record with the Group. Cash and fixed deposits are placed with reputable financial institutions which are regulated.

Similarly, the Group only enters into investments and transactions involving financial instruments with counterparties who have sound credit ratings. As such, except for the impairment loss recognised as disclosed in Notes 14 and 15 of the financial statements, the Group does not expect any counterparty to fail to meet their obligations.

Information regarding the ageing and allowance of impairment of trade receivables and other receivables and amounts due from related parties are disclosed in Notes 14 and 15 respectively.

The Group provides for impairment allowance in respect of trade receivables based on historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.



**36. FINANCIAL INSTRUMENTS (CONTINUED)****(iii) Credit risk (continued)****Receivables (continued)*****Impairment losses (continued)***

The following shows the gross amount of the trade and other receivables which are individually assessed for impairment, and specific impairment allowance are made on a case-by-case basis.

|                   | <b>Individually<br/>assessed<br/>balance<br/>RM'000</b> | <b>Specific<br/>allowances<br/>made<br/>RM'000</b> | <b>Net<br/>RM'000</b> |
|-------------------|---|--|-----------------------|
| <b>2014</b>       |   |  |                       |
| Trade receivables | 151,016   | (80,621)   | 70,395                |
| Other receivables | 208   | (208)  | -                     |
| <b>2013</b>       |   |  |                       |
| Trade receivables | 150,087   | (72,366)   | 77,721                |
| Other receivables | 603   | (603)  | -                     |

The individually impaired receivables relate to debtors that were in financial difficulties and/or debts that are in dispute. The Group assessed that portion of the debt may be unrecoverable.

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

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

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

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

***Impairment losses***

As at the end of the financial year, there was no indication that the amounts due from subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the amount due from subsidiaries, but would assess for impairment periodically.

**36. FINANCIAL INSTRUMENTS (CONTINUED)****(iv) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables and loans and borrowings.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash and available undrawn credit facilities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**Maturity analysis**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on undiscounted contractual payments:

|   | Carrying<br>amount<br>RM'000 | Interest rate  | Contractual<br>cash flows<br>RM'000 | Within<br>1 year<br>RM'000 | After 1 year<br>but within<br>5 years<br>RM'000 | After<br>5 years<br>RM'000 |
|---|------------------------------|----------------|-------------------------------------|----------------------------|---|----------------------------|
| <b>2014</b>                                 |                              |                |                                     |                            |   |                            |
| <b>Group</b>                                |                              |                |                                     |                            |   |                            |
| <b>Non-derivative financial liabilities</b> |                              |                |                                     |                            |   |                            |
| Secured bank borrowings                     | 1,270,350                    | 1.75% - 6.50%  | 1,401,887                           | 217,717                    | 1,129,542                                       | 54,628                     |
| Unsecured bank borrowings                   | 2,835,124                    | 0% - 12.50%    | 2,974,792                           | 481,877                    | 2,185,681                                       | 307,234                    |
| Finance lease liabilities                   | 163,844                      | 2.40% - 17.17% | 180,124                             | 60,739                     | 116,328   | 3,057                      |
| Loans from a non-controlling interest       | 367,027                      | 1.83% - 1.85%  | 377,258                             | -                          | 377,258   | -                          |
| Trade and other payables*                   | 1,276,104                    |                | 1,276,104                           | 1,268,073                  | 8,031   | -                          |
|   | <u>5,912,449</u>             |                | <u>6,210,165</u>                    | <u>2,028,406</u>           | <u>3,816,840</u>                                | <u>364,919</u>             |
| <b>Derivative financial instruments</b>     |                              |                |                                     |                            |   |                            |
| Foreign exchange forward contracts          | (17,178)                     |                | (17,841)                            | (6,931)                    | (10,719)  | (191)                      |
| Cross currency interest rate swaps          | (12,102)                     |                | (12,544)                            | (2,206)                    | (8,819)   | (1,519)                    |
| Interest rate swaps                         | 7,053                        |                | 7,309                               | 2,034                      | 5,251   | 24                         |
|   | <u>(22,227)</u>              |                | <u>(23,076)</u>                     | <u>(7,103)</u>             | <u>(14,287)</u>                                 | <u>(1,686)</u>             |
| <b>Company</b>                              |                              |                |                                     |                            |   |                            |
| <b>Non-derivative financial liabilities</b> |                              |                |                                     |                            |   |                            |
| Amounts due to subsidiaries                 | 1,526                        |                | 1,526                               | 1,526                      | -   | -                          |
| Trade and other payables*                   | 6,854                        |                | 6,854                               | 6,854                      | -   | -                          |
|   | <u>8,380</u>                 |                | <u>8,380</u>                        | <u>8,380</u>               | <u>-</u>  | <u>-</u>                   |

## 36. FINANCIAL INSTRUMENTS (CONTINUED)

## (iv) Liquidity risk (continued)

*Maturity analysis (continued)*

|   | Carrying<br>amount<br>RM'000 | Interest rate | Contractual<br>cash flows<br>RM'000 | Within<br>1 year<br>RM'000 | After 1 year<br>but within<br>5 years<br>RM'000 | After<br>5 years<br>RM'000 |
|---|------------------------------|---------------|-------------------------------------|----------------------------|---|----------------------------|
| <b>2013</b>                                 |                              |               |                                     |                            |   |                            |
| <b>Group</b>                                |                              |               |                                     |                            |   |                            |
| <b>Non-derivative financial liabilities</b> |                              |               |                                     |                            |   |                            |
| Secured bank borrowings                     | 1,292,997                    | 1.75% - 7.50% | 1,446,183                           | 201,535                    | 1,243,098                                       | 1,550                      |
| Unsecured bank borrowings                   | 2,948,323                    | 0% - 10.25%   | 3,151,748                           | 107,345                    | 2,890,704                                       | 153,699                    |
| Finance lease liabilities                   | 219,961                      | 0% - 17.17%   | 245,884                             | 69,668                     | 167,344   | 8,872                      |
| Loans from a non-controlling interest       | 297,851                      | 1.84% - 1.87% | 312,724                             | -                          | 312,724   | -                          |
| Trade and other payables*                   | 1,254,904                    |               | 1,254,904                           | 1,226,043                  | 28,861  | -                          |
|   | <u>6,014,036</u>             |               | <u>6,411,443</u>                    | <u>1,604,591</u>           | <u>4,642,731</u>                                | <u>164,121</u>             |
| <b>Derivative financial instruments</b>     |                              |               |                                     |                            |   |                            |
| Foreign exchange forward contracts          | (16,182)                     |               | (16,948)                            | (6,154)                    | (10,663)  | (131)                      |
| Interest rate swaps                         | 6,687                        |               | 6,883                               | 3,715                      | 3,024   | 144                        |
|   | <u>(9,495)</u>               |               | <u>(10,065)</u>                     | <u>(2,439)</u>             | <u>(7,639)</u>                                  | <u>13</u>                  |
| <b>Company</b>                              |                              |               |                                     |                            |   |                            |
| <b>Non-derivative financial liabilities</b> |                              |               |                                     |                            |   |                            |
| Amounts due to subsidiaries                 | 1,518                        |               | 1,518                               | 1,518                      | -   | -                          |
| Trade and other payables*                   | 11,930                       |               | 11,930                              | 11,930                     | -   | -                          |
|   | <u>13,448</u>                |               | <u>13,448</u>                       | <u>13,448</u>              | <u>-</u>  | <u>-</u>                   |

\* : Excludes deposits, advance billings and loans from a non-controlling interest.

**36. FINANCIAL INSTRUMENTS (CONTINUED)****(v) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

**(a) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables, and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the British Pound, Chinese Renminbi, Malaysian Ringgit, Singapore Dollar, United States Dollar, Swiss Franc, Euro, and Japanese Yen.

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

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

The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as the foreign investment (i.e. natural hedge of net investments). The Group also enters in cross currency interest swaps to realign borrowings to the same currency of the Group's foreign investments to achieve a natural hedge.

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.

See Note 25 for the nominal value and fair value of the foreign exchange forward contracts and cross currency interest rate swaps as at 31 December 2014.

## 36. FINANCIAL INSTRUMENTS (CONTINUED)

## (v) Market risk (continued)

## (a) Foreign currency risk (continued)

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the financial year was:

| Group                              | British<br>Pound<br>RM'000 | Chinese<br>Renminbi<br>RM'000 | Malaysia<br>Ringgit<br>RM'000 | Singapore<br>Dollar<br>RM'000 | United<br>States<br>Dollar<br>RM'000 | Swiss<br>Franc<br>RM'000 | Euro<br>RM'000 | Japanese<br>Yen<br>RM'000 | Others* |
|------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------------|--------------------------|----------------|---------------------------|---------|
|                                    |                            |                               |                               |                               |                                      |                          |                |                           |         |
| <b>2014</b>                        |                            |                               |                               |                               |                                      |                          |                |                           |         |
| Trade and other receivables        | 8,351                      | 6,866                         | 4,193                         | 10,719                        | 11,292                               | -                        | 3,509          | -                         | 5,086   |
| Cash and cash equivalents          | 237                        | -                             | 2,248                         | 4,120                         | 226,075                              | 2                        | 1,460          | 137,741                   | 46      |
| Loans and borrowings               | -                          | -                             | -                             | (364,905)                     | (1,095,907)                          | (53,585)                 | (195,084)      | -                         | -       |
| Trade and other payables           | (6)                        | (3,925)                       | (12,605)                      | (187,833)                     | 3,076                                | (2,236)                  | (21,972)       | -                         | (131)   |
| Foreign exchange forward contracts | -                          | -                             | -                             | -                             | -                                    | -                        | -              | 17,178                    | -       |
|                                    | 8,582                      | 2,941                         | (6,164)                       | (537,899)                     | (855,464)                            | (55,819)                 | (212,087)      | 154,919                   | 5,001   |
| <b>2013</b>                        |                            |                               |                               |                               |                                      |                          |                |                           |         |
| Other financial assets             | -                          | -                             | -                             | -                             | 22,869                               | -                        | -              | -                         | -       |
| Trade and other receivables        | 8,042                      | 180                           | 532,669                       | 12,352                        | 17,520                               | -                        | 6,836          | -                         | 9,406   |
| Cash and cash equivalents          | 235                        | -                             | 24,341                        | 109,758                       | 344,959                              | -                        | 531            | 67,033                    | 1,360   |
| Loans and borrowings               | -                          | -                             | -                             | (350,606)                     | (1,159,080)                          | (73,384)                 | (168,949)      | -                         | -       |
| Trade and other payables           | (10)                       | (165)                         | (36,006)                      | (205,731)                     | (58,486)                             | (3,131)                  | (33,162)       | -                         | (214)   |
| Foreign exchange forward contracts | -                          | -                             | -                             | -                             | -                                    | -                        | -              | 16,182                    | -       |
| Interest rate swaps                | -                          | -                             | -                             | -                             | (2,240)                              | -                        | -              | -                         | -       |
|                                    | 8,267                      | 15                            | 521,004                       | (434,227)                     | (834,458)                            | (76,515)                 | (194,744)      | 83,215                    | 10,552  |

\* : Others include mainly Turkish Lira, Australia Dollars, Hong Kong Dollar and Indian Rupee.

## 36. FINANCIAL INSTRUMENTS (CONTINUED)

## (v) Market risk (continued)

## (a) Foreign currency risk (continued)

| Company                     | Singapore<br>Dollar<br>RM'000 | Malaysia<br>Ringgit<br>RM'000 | United States<br>Dollar<br>RM'000 |
|-----------------------------|-------------------------------|-------------------------------|-----------------------------------|
| <b>2014</b>                 |                               |                               |                                   |
| Cash and cash equivalents   | 1,918                         | -                             | 3,915                             |
| Amounts due to subsidiaries | (5,025)                       | (4,992)                       | -                                 |
|                             | <u>(3,107)</u>                | <u>(4,992)</u>                | <u>3,915</u>                      |
| <b>2013</b>                 |                               |                               |                                   |
| Trade and other receivables | 146                           | -                             | -                                 |
| Cash and cash equivalents   | 106,644                       | -                             | 7,140                             |
| Amounts due to subsidiaries | (18,674)                      | (3,800)                       | -                                 |
|                             | <u>88,116</u>                 | <u>(3,800)</u>                | <u>7,140</u>                      |

**Sensitivity analysis**

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

|                      | Group            |                  | Company      |              |
|----------------------|------------------|------------------|--------------|--------------|
|                      | 2014             | 2013             | 2014         | 2013         |
|                      | RM'000           | RM'000           | RM'000       | RM'000       |
| British Pound        | 858              | 827              | -            | -            |
| Chinese Renminbi     | 294              | 2                | -            | -            |
| Malaysian Ringgit    | (616)            | 52,100           | (499)        | (380)        |
| Singapore Dollar     | (53,790)         | (43,423)         | (311)        | 8,812        |
| United States Dollar | (85,546)         | (83,446)         | 392          | 714          |
| Swiss Franc          | (5,582)          | (7,652)          | -            | -            |
| Euro                 | (21,209)         | (19,474)         | -            | -            |
| Japanese Yen         | 6,917            | (46)             | -            | -            |
| Others*              | 500              | 1,055            | -            | -            |
|                      | <u>(158,174)</u> | <u>(100,057)</u> | <u>(418)</u> | <u>9,146</u> |

\* : Others include mainly Turkish Lira, Australia Dollars, Hong Kong Dollar and Indian Rupee.

On the outstanding forward foreign exchange contracts as at 31 December 2014, a 10% strengthening of Japanese Yen against Malaysia Ringgit would have a RM6,857,000 loss (2013: RM6,749,000 loss) charged to profit or loss. However, this would have no significant impact to the Group as the Group would have a corresponding gain in its net future income from Japan as a result of the weakening of Malaysia Ringgit.

**36. FINANCIAL INSTRUMENTS (CONTINUED)****(v) Market risk (continued)****(a) Foreign currency risk (continued)**

A 10% (2013: 10%) weakening of the above currencies against the respective functional currencies of the Group entities at the end of the financial year would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

**(b) Interest rate risk**

This relates to changes in interest rates which affect mainly the Group's fixed deposits and its debt obligations with banks and financial institutions. The Group's fixed-rate financial assets and borrowings are exposed to a risk of change in their fair value while the variable-rate financial assets and borrowings are exposed to a risk of change in cash flows. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group has no significant concentration of interest rate risk that may arise from exposure to Group's fixed deposits and its obligations with banks and financial institutions.

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

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

Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy. See Note 25 for the nominal value and fair value of the interest rate swaps.

***Exposure to interest rate risk***

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year are as follows:

|   | 2014<br>RM'000 | 2013<br>RM'000 |
|---|----------------|----------------|
| <b>Group</b>                                |                |                |
| <b>Fixed rate instruments</b>               |                |                |
| Government debt securities held to maturity | 30,565         | 28,977         |
| Fixed deposits placed with licensed banks   | 1,496,346      | 1,544,312      |
| Bank borrowings                             | (305,733)      | (141,259)      |
| Finance lease liabilities                   | (163,844)      | (219,961)      |
|   | <hr/>          | <hr/>          |
| <b>Variable rate instruments</b>            |                |                |
| Bank borrowings and overdrafts              | (3,799,741)    | (4,100,061)    |
| Loans from a non-controlling interest       | (367,027)      | (297,851)      |
| Interest rate swaps                         | (7,053)        | (6,687)        |
| Cross currency interest rate swaps          | 12,102         | -              |
|   | <hr/>          | <hr/>          |
| <b>Company</b>                              |                |                |
| <b>Fixed rate instruments</b>               |                |                |
| Fixed deposits with licensed banks          | 771,880        | 791,881        |
|   | <hr/>          | <hr/>          |



## 36. FINANCIAL INSTRUMENTS (CONTINUED)

## (v) 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 fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the reporting date would increase/(decrease) amounts charged or credited to assets, profit or loss or equity as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| Group                              | Assets*      |                | Equity        |                 | Profit or loss  |               |
|------------------------------------|--------------|----------------|---------------|-----------------|-----------------|---------------|
|                                    | 100bp        | 100bp          | 100bp         | 100bp           | 100bp           | 100bp         |
|                                    | increase     | decrease       | increase      | decrease        | increase        | decrease      |
|                                    | RM'000       | RM'000         | RM'000        | RM'000          | RM'000          | RM'000        |
| <b>2014</b>                        |              |                |               |                 |                 |               |
| Interest rate swaps                | -            | -              | 28,060        | (34,615)        | 8,726           | (8,726)       |
| Cross currency interest rate swaps | -            | -              | 11,041        | (11,790)        | 2,018           | (2,018)       |
| Other variable rate instruments    | 7,695        | (7,695)        | -             | -               | (34,016)        | 34,016        |
|                                    | <u>7,695</u> | <u>(7,695)</u> | <u>39,101</u> | <u>(46,405)</u> | <u>(23,272)</u> | <u>23,272</u> |
| <b>2013</b>                        |              |                |               |                 |                 |               |
| Interest rate swaps                | -            | -              | 23,931        | (26,966)        | 11,429          | (11,429)      |
| Other variable rate instruments    | 6,453        | (6,453)        | -             | -               | (33,484)        | 33,484        |
|                                    | <u>6,453</u> | <u>(6,453)</u> | <u>23,931</u> | <u>(26,966)</u> | <u>(22,055)</u> | <u>22,055</u> |

\* : Relates to interest capitalised in construction-in-progress.

### 36. FINANCIAL INSTRUMENTS (CONTINUED)

#### (v) Market risk (continued)

##### (c) Equity price risk

Equity price risk mainly arises from the Group's investment in quoted equity securities classified as available-for-sale financial assets.

The equity investments are held for long term strategic purposes. Their performance is assessed periodically together with assessment if their relevance to the Group's long term strategic plans.

As at 31 December 2014, it is estimated that an increase/(decrease) of 10% in the market price of the quoted securities, with all other variables held constant, would have increased/(decreased) the Group's equity by RM93,817,000 (2013: RM74,389,000).

#### (vi) Hedging activities

##### *Cash flow hedge*

The Group has entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of some bank loans. As at 31 December 2014, the Group had interest rate swaps and cross currency interest rate swaps with nominal value of RM1,445,242,000 and RM201,737,000 respectively (2013: RM1,386,325,000 and RM Nil). Details of the cash flow of the interest rate swaps are shown in Note 36(iv).

As at 31 December 2014, where the interest rate swaps and cross currency interest rate swaps were designated as hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the swaps amounting to RM2,541,000 losses (2013: RM788,000 gain) was recognised in other comprehensive income.

##### *Hedge of net investments in a foreign operation*

The Group's Japanese Yen denominated unsecured bank loans has been designated as a hedge of the Group's net investments in Japan. The carrying amount of the loan as at end of financial year was RM1,101,510,000 (2013: RM1,076,189,000). The Group also entered in cross currency interest rate swaps to realign certain SGD borrowings to Japanese Yen to act as a hedge for its foreign investment in Japan. A total effective hedge of foreign exchange gain of RM103,036,000 (2013: RM165,822,000) was recognised in other comprehensive income.

#### (vii) Fair value information

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

It is not practicable to reliably estimate the fair value of unquoted equity shares, club membership and other investments due to the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

## 36. FINANCIAL INSTRUMENTS (CONTINUED)

## (viii) Fair value of financial instruments

| 2014<br>Group                                       | Note | Fair value of financial instruments<br>carried at fair value |                   |                   |                 | Fair value of financial instruments<br>not carried at fair value |                   |                   |                 | Total fair<br>value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|---|------|--|-------------------|-------------------|-----------------|--|-------------------|-------------------|-----------------|-------------------------------|------------------------------|
|   |      | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |                               |                              |
|   |      |  |                   |                   |                 |  |                   |                   |                 |                               |                              |
| <b>Financial assets</b>                             |      |  |                   |                   |                 |  |                   |                   |                 |                               |                              |
| Non-current receivables <sup>(1)</sup>              | 15   | -  | -                 | -                 | -               | -  | -                 | 1,326             | 1,326           | 1,326                         | 1,326                        |
| Other financial assets <sup>(2)</sup>               |      |  |                   |                   |                 |  |                   |                   |                 |                               |                              |
| - AFS - quoted equity shares                        | 10   | 938,167  | -                 | -                 | 938,167         | -  | -                 | -                 | -               | 938,167                       | 938,167                      |
| - HTM - government debt securities                  | 10   | -  | -                 | -                 | -               | 30,496   | -                 | -                 | 30,496          | 30,496                        | 30,565                       |
| Foreign exchange forward contracts held at FVTPL    |      |  |                   |                   |                 |  |                   |                   |                 |                               |                              |
|   | 25   | -  | 17,178            | -                 | 17,178          | -  | -                 | -                 | -               | 17,178                        | 17,178                       |
| Cross currency interest rate swaps                  | 25   | -  | 12,102            | -                 | 12,102          | -  | -                 | -                 | -               | 12,102                        | 12,102                       |
|   |      | 938,167  | 29,280            | -                 | 967,447         | 30,496   | -                 | 1,326             | 31,822          | 999,269                       | 999,338                      |
| <b>Financial liabilities</b>                        |      |  |                   |                   |                 |  |                   |                   |                 |                               |                              |
| Non-current trade and other payables <sup>(3)</sup> | 24   | -  | -                 | -                 | -               | -  | -                 | (375,058)         | (375,058)       | (375,058)                     | (375,058)                    |
| Loans and borrowings                                | 20   | -  | -                 | -                 | -               | -  | -                 | (4,269,971)       | (4,269,971)     | (4,269,971)                   | (4,269,318)                  |
| Interest rate swaps used for hedging                | 25   | -  | (7,053)           | -                 | (7,053)         | -  | -                 | -                 | -               | (7,053)                       | (7,053)                      |
|   |      | -  | (7,053)           | -                 | (7,053)         | -  | -                 | (4,645,029)       | (4,645,029)     | (4,652,082)                   | (4,651,429)                  |

## Notes to the Financial Statements

## 36. FINANCIAL INSTRUMENTS (CONTINUED)

## (viii) Fair value of financial instruments (continued)

| 2013  | Note | Group                              | Fair value of financial instruments<br>carried at fair value |         |         |         | Fair value of financial instruments<br>not carried at fair value |         |             |             | Total<br>RM'000 | Total fair<br>value<br>RM'000 | Carrying<br>amount<br>RM'000 |         |  |
|---|------|------------------------------------|--|---------|---------|---------|--|---------|-------------|-------------|-----------------|-------------------------------|------------------------------|---------|--|
|   |      |                                    | Level 1  | Level 2 | Level 3 | Total   | Level 1  | Level 2 | Level 3     | Total       |                 |                               |                              |         |  |
|   |      |                                    | RM'000   | RM'000  | RM'000  | RM'000  | RM'000   | RM'000  | RM'000      | RM'000      |                 |                               |                              |         |  |
| <b>Financial assets</b>                             |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
|   | 15   |                                    | -  | -       | -       | -       | -  | -       | 1,056       | 1,056       | 1,056           | 1,056                         | 1,056                        |         |  |
| Other financial assets <sup>(2)</sup>               |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
|   | 10   | - AFS - quoted equity shares       | 743,887  | -       | -       | 743,887 | -  | -       | -           | -           | -               | 743,887                       | 743,887                      | 743,887 |  |
|   | 10   | - HTM - government debt securities | -  | -       | -       | -       | 28,961   | -       | -           | -           | 28,961          | 28,961                        | 28,977                       | 28,977  |  |
| Foreign exchange forward contracts held at FVTPL    |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
|   | 25   |                                    | -  | 16,182  | -       | 16,182  | -  | -       | -           | -           | -               | 16,182                        | 16,182                       | 16,182  |  |
|   |      |                                    | 743,887  | 16,182  | -       | 760,069 | 28,961   | -       | 1,056       | 30,017      | 790,086         | 790,102                       | 790,102                      |         |  |
| <b>Financial liabilities</b>                        |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
| Non-current trade and other payables <sup>(3)</sup> |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
|   | 24   |                                    | -  | -       | -       | -       | -  | -       | (326,712)   | (326,712)   | (326,712)       | (326,712)                     | (326,712)                    |         |  |
| Loans and borrowings                                |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
|   | 20   |                                    | -  | -       | -       | -       | -  | -       | (4,461,542) | (4,461,542) | (4,461,542)     | (4,461,542)                   | (4,461,281)                  |         |  |
| Interest rate swaps used for hedging                |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
|   | 25   |                                    | -  | (4,448) | -       | (4,448) | -  | -       | -           | -           | -               | (4,448)                       | (4,448)                      |         |  |
| Interest rate swaps held at FVTPL                   |      |                                    |  |         |         |         |  |         |             |             |                 |                               |                              |         |  |
|   | 25   |                                    | -  | (2,239) | -       | (2,239) | -  | -       | -           | -           | -               | (2,239)                       | (2,239)                      |         |  |
|   |      |                                    | -  | (6,687) | -       | (6,687) | -  | -       | (4,788,254) | (4,788,254) | (4,794,941)     | (4,794,680)                   | (4,794,680)                  |         |  |

(1) : Exclude prepayments and deposits

(2) : Exclude available for sale unquoted equity shares, club membership and other investments

(3) : Exclude deposits and advance billings

**36. FINANCIAL INSTRUMENTS (CONTINUED)****(viii) Fair value of financial instruments (continued)*****Policy on transfer between levels***

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

***Level 1 fair value***

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

***Quoted investments***

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted closing bid prices at the end of the financial year.

***Government debt securities***

The fair values of government debt securities are determined by reference to their quoted closing bid price at the end of the financial year.

***Level 2 fair value***

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities either directly or indirectly.

***Derivatives***

The fair value of foreign exchange forward contracts, cross currency interest rate swaps and interest rate swaps are based on banker quotes. 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 measurement date.

***Transfer between Level 1 and Level 2 fair values***

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2013: no transfer in either direction).

**36. FINANCIAL INSTRUMENTS (CONTINUED)****(viii) Fair value of financial instruments (continued)****Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

*Non-derivative financial assets and liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the financial year. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

*Interest rates used to determine fair value*

The interest rates used to discount estimated cash flows, when applicable, are as follows:

|                 | <b>2014</b>    | <b>2013</b>    |
|-----------------|----------------|----------------|
| Bank borrowings | 1.75% - 12.5%  | 1.75% - 10.25% |
| Finance leases  | 2.40% - 17.17% | 0% - 17.17%    |

**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.

|                                 |             | <b>Group</b>      |                   |
|---------------------------------|-------------|-------------------|-------------------|
|                                 | <b>Note</b> | <b>2014</b>       | <b>2013</b>       |
|                                 |             | <b>RM'000</b>     | <b>RM'000</b>     |
| Loans and borrowings            | 20          | 4,269,318         | 4,461,281         |
| Less: Cash and cash equivalents | 17          | (2,467,827)       | (2,144,827)       |
| Net debt                        |             | <u>1,801,491</u>  | <u>2,316,454</u>  |
| Total equity                    |             | <u>21,313,396</u> | <u>19,922,947</u> |
| Debt-to-equity ratio            |             | <u>0.08</u>       | <u>0.12</u>       |

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

The Group is in compliance with all externally imposed capital requirements for the financial years ended 2014 and 2013.

**38. OPERATING LEASES****(i) Leases as lessee**

|  | <b>Group</b>     |                  | <b>Company</b> |               |
|--|------------------|------------------|----------------|---------------|
|  | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>   |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b> |
| Non-cancellable operating lease payable: |                  |                  |                |               |
| - Within 1 year                          | 187,426          | 267,425          | 41             | -             |
| - After 1 year but within 5 years        | 511,642          | 913,759          | -              | -             |
| - After 5 years                          | 1,618,857        | 1,398,364        | -              | -             |
|  | <b>2,317,925</b> | <b>2,579,548</b> | <b>41</b>      | <b>-</b>      |

***Land lease premium***

Based on the agreement between the Federal Government and the Group in 1994 for the use of Ministry of Health facilities, the agreement allows the Group to construct buildings in connection with the use of facilities for the training of students. The land was leased to the Group for a period of 30 years, commencing 1 January 1999.

In July 2012, the Group was informed by Pesuruhjaya Tanah Persekutuan (Federal Land Commission) on the lease premium payable for the period from 1 January 1999 to 31 December 2013 only, and had accordingly made payments.

The Group is unable to ascertain the amount of the lease premium from 2015 to 2028 as the lease amount payable is yet to be determined as at date of these financial statements.

**(ii) Leases as lessor**

The future minimum lease receivables under non-cancellable leases are as follows:

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>2014</b>      | <b>2013</b>      |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| Non-cancellable operating lease receivable: |                  |                  |
| - Within 1 year                             | 136,692          | 139,997          |
| - After 1 year but within 5 years           | 372,737          | 384,695          |
| - After 5 years                             | 705,624          | 821,877          |
|   | <b>1,215,053</b> | <b>1,346,569</b> |



**39. CAPITAL AND OTHER COMMITMENTS**

|  | <b>Group</b>     |                  | <b>Company</b> |               |
|--|------------------|------------------|----------------|---------------|
|  | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>   |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b> |
| (a) Capital expenditure commitments                            |                  |                  |                |               |
| <i>Property, plant and equipment and investment properties</i> |                  |                  |                |               |
| - Authorised and contracted for                                | 2,478,972        | 425,493          | -              | -             |
| - Authorised but not contracted for                            | 1,246,703        | 1,157,038        | 6,660          | -             |
|  | <u>3,725,675</u> | <u>1,582,531</u> | <u>6,660</u>   | <u>-</u>      |
| (b) Joint venture  |                  |                  |                |               |
| Share of capital commitment of joint venture                   | <u>124,419</u>   | <u>118,260</u>   | <u>-</u>       | <u>-</u>      |
| (c) Banker guarantees  |                  |                  |                |               |
| Amount of banker guarantees obtained                           | <u>22,605</u>    | <u>21,810</u>    | <u>-</u>       | <u>-</u>      |

**40. CONTINGENCIES (UNSECURED)**

In November 2014, ASH received notification from the tax authorities in Turkey that ASH had under-withheld the value added tax ("VAT") amounting to approximately TL25,210,000 (equivalent to RM37,386,000) between 2008 to 2013 for services rendered by doctors who are partners or employees of another company. This is the result of a difference in interpretation between the Turkish private healthcare industry and the tax authorities of the VAT rates applicable to such services. The related penalty and interest amounts approximately to TL38,021,000 (equivalent to RM56,384,000) and TL12,100,000 (equivalent to RM17,944,000) respectively.

ASH had initiated discussions with the tax authorities to resolve the matter. Based on consultation with its tax advisors, the Group is of the opinion that no provision is required to be made in these financial statements.

**41. RELATED PARTIES**

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

Related parties also include key management personnel defined in Note 31.

**41. RELATED PARTIES (CONTINUED)*****Related party transactions***

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

|  | <b>Group</b>   |               |
|--|----------------|---------------|
|  | <b>2014</b>    | <b>2013</b>   |
|  | <b>RM'000</b>  | <b>RM'000</b> |
| <u><i>With key management personnel and their associates</i></u>   |                |               |
| Sales and provision of services                                    | 47,233         | 322,285       |
| Purchases and consumption of services                              | (42,404)       | (61,254)      |
| <u><i>With associates</i></u>                                      |                |               |
| Rental income  | 235            | 174           |
| <u><i>With substantial shareholders and their subsidiaries</i></u> |                |               |
| Sales and provision of services                                    | 221,169        | 41,269        |
| Purchases and consumption of services                              | (43,487)       | (3,135)       |
|  | <hr/>          |               |
|  | <b>Company</b> |               |
|  | <b>2014</b>    | <b>2013</b>   |
|  | <b>RM'000</b>  | <b>RM'000</b> |
| <u><i>With subsidiaries</i></u>                                    |                |               |
| Dividend income  | 38,123         | 710,732       |
| Share based payment transactions                                   | (20,933)       | (17,764)      |
|  | <hr/>          |               |

Significant related party balances related to the above transactions are disclosed in Notes 14, 15, and 24. As at 31 December 2014, trade receivables due from key management personnel and their associates amounted to RM17,651,000 (2013: RM88,568,000).

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

From time to time, directors and key management personnel of the Group, or their related entities, may receive services and purchase goods from the Group. These services and purchases are on an arm's length basis.

## 42. ACQUISITIONS AND DISPOSALS

The external legal fees and due diligence costs related to acquisition activities are included in other operating expenses in the Group's consolidated statements of profit or loss and other comprehensive income and are disclosed in Note 29.

### *Changes in ownership interests in subsidiaries in 2014*

- (a) On 17 March 2014, Swiss Zone Sdn. Bhd. ("Swiss Zone"), an indirect wholly-owned subsidiary of the Company, was dissolved pursuant to members' voluntary winding up. The dissolution of Swiss Zone is part of the Group's streamlining exercise.

The transaction resulted in a increase in foreign currency translation reserve of RM194,000.

- (b) On 26 March 2014, Pantai Group Resources Sdn. Bhd. ("PGRSB") acquired another 15.00% equity interest in Twin Towers Healthcare Sdn. Bhd. ("TTHSB") pursuant to the Share Sale Agreement dated 31 January 2012, for a total consideration of RM3,777,000. The said acquisition increased PGRSB's shareholdings in TTHSB from 85.00% to 100.00%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,602,000 and RM1,175,000 respectively.

- (c) On 9 April 2014, PTM transferred 146,000 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 35.78% to 35.76%.

The transaction resulted in an increase in capital reserve, non-controlling interests and hedge reserve of RM680,000, RM207,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM4,000.

- (d) On 29 May 2014, Shanghai Mai Kang Hospital Investment Management Co., Ltd ("Shanghai Mai Kang") acquired the remaining 15% equity interest in Shanghai Rui Hong Clinic Co. Ltd ("Shanghai Rui Hong") for a purchase consideration of RMB4,050,000 (equivalent to RM2,085,000). Upon completion of the acquisition, Shanghai Rui Hong became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through Medical Resources International Pte Ltd ("MRI") and the remaining 30% held through Shanghai Mai Kang.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM213,000 and RM1,872,000 respectively.

- (e) On 30 May 2014, Shanghai Mai Kang acquired the remaining 15% equity interest in Shanghai Xin Rui Healthcare Co. Ltd ("Shanghai Xin Rui") for a purchase consideration of RMB41,210,000 (equivalent to RM21,215,000). Upon completion of the acquisition, Shanghai Xin Rui became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through MRI and the remaining 30% held through Shanghai Mai Kang.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,602,000 and RM18,613,000 respectively.

- (f) ASH shares have ceased to be traded on the Istanbul Stock Exchange ("ISE") after the second session of 4 October 2012. Following this, the delisting process has been successfully completed. Any shareholders that were unable to redeem their shares during Mandatory Takeover Offer ("MTO") and Voluntary Takeover Offer ("VTO") have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH's delisting. As at 31 December 2014, ASYH's equity interest in ASH is 99.38%, following the tender of shares.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,163,000 and RM2,840,000 respectively.

**42. ACQUISITIONS AND DISPOSALS (CONTINUED)*****Disposal of subsidiaries in 2013***

On 23 July 2013, Parkway Holdings Limited (“PHL”) entered into a Share Purchase Agreement (“SPA”) with Mitsui & Co., Ltd and EPS Corporation to dispose its entire shareholding in Gleneagles CRC Pte Ltd (“GCRC”), comprising of 510,000 ordinary shares which represent 51% of the issued and paid-up share capital of GCRC, to EPS Corporation (the “GCRC Disposal”) for SGD\$5,138,000 (“Price Consideration”). The GCRC Disposal comprises of GCRC and its 4 wholly-owned subsidiaries namely, Gleneagles CRC (China) Pte. Ltd., Gleneagles CRC (Thailand) Company Limited, Gleneagles Clinical Research International Pte. Ltd. and Gleneagles CRC (Australia) Pty. Ltd., and was completed on 30 July 2013. The consideration is subjected to adjustment in accordance to with the terms in the SPA and is yet to be finalised as at 31 December 2013.

The effects of the disposal are as follows:

|  | <b>Note</b> | <b>RM'000</b> |
|--|-------------|---------------|
| Property, plant and equipment                      | 3           | 176           |
| Trade and other receivables                        |             | 7,904         |
| Cash and cash equivalents                          |             | 10,802        |
| Trade and other payables                           |             | (1,505)       |
| Tax payable  |             | (858)         |
| Other reserves                                     |             | 59            |
| Non-controlling interests                          |             | (8,094)       |
| Net assets disposed                                |             | 8,484         |
| Gain on disposal                                   |             | 4,376         |
| Cash consideration received                        |             | 12,860        |
| Disposal proceeds discharged by cash               |             | 12,860        |
| Cash and cash equivalents of subsidiaries disposed |             | (10,802)      |
| Net cash inflows                                   |             | 2,058         |

The consideration for the above was fixed at RM13,196,000 in 2014 in accordance to the terms in the SPA and an additional gain of RM336,000 was recognised in the profit and loss. The consideration of RM336,000 was received in January 2015.

***Changes in ownership interests in subsidiaries in 2013***

- (a) On 15 January 2013, ASH acquired the remaining 50.00% equity interest in Acibadem Labmed Saglik Hizmetleri A.S. (“Acibadem Labmed”) for a total consideration of EUR3,250,000. The said acquisition increased ASH’s shareholdings in Acibadem Labmed from 50.00% to 100.00%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM6,023,000 and RM7,955,000 respectively.

- (b) On 28 February 2013 and 18 November 2013, Parkway HK Holdings Limited (“Parkway HK”) disposed a total of 10.00% equity interest in Parkway Healthcare (Hong Kong) Limited (“Parkway Healthcare”) to its minority shareholder pursuant to the terms stipulated in the shareholder agreement, for a total consideration of HKD2.00. Consequential thereto, Parkway HK’s shareholding in Parkway Healthcare was diluted from 95.00% to 85.00%.

The transaction resulted in a decrease in capital reserve of RM205,000, an increase in foreign currency translation reserves of RM9,000 and an increase in non-controlling interests of RM196,000 respectively.

## 42. ACQUISITIONS AND DISPOSALS (CONTINUED)

### *Changes in ownership interests in subsidiaries in 2013 (continued)*

- (c) On 5 March 2013, ASH disposed 30.00% equity interest in BLAB Laboratuvar Hizmetleri A.S. ("BLAB Laboratuvar") for a total consideration of TL420,000. Consequential thereto, ASH's shareholdings in BLAB Laboratuvar has diluted from 100.00% to 70.00%.

On 23 December 2013, ASH acquired 30% equity interest in BLAB Laboratuvar for a total consideration of TL420,000. Consequential thereto, BLAB Laboratuvar became a wholly-owned subsidiary of the Group.

The above 2 transactions had no effects on the Group's reserves.

- (d) On 1 April 2013, PGRSB acquired another 15.00% equity interest in TTHSB pursuant to the Share Sale Agreement dated 31 January 2012, for a total consideration of RM2,990,000. The said acquisition increased PGRSB's shareholdings in TTHSB from 70.00% to 85.00%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,282,000 and RM708,000 respectively.

- (e) On 19 April 2013 and 22 July 2013, Gleneagles (Malaysia) Sdn. Bhd. ("GMSB") acquired a total of 0.05% equity interest in Pulau Pinang Clinic Sdn. Bhd. ("PPCSB") for a total consideration of RM93,000. The said acquisition increased GMSB's shareholdings in PPCSB from 70.00% to 70.05%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM29,000 and RM65,000 respectively.

- (f) On 30 September 2013, Pantai Hospitals Sdn. Bhd. ("PHSB") acquired 17.81% equity interest in Paloh Medical Centre Sdn. Bhd. ("Paloh") pursuant to the Sale of Shares Agreement dated 26 September 2013, for a total consideration of RM48,000,000. The said acquisition increased PHSB's shareholdings in Paloh from 77.79% to 95.60%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM32,810,000 and RM15,190,000 respectively.

- (g) ASH shares have ceased to be traded on the Istanbul Stock Exchange ("ISE") after the second session of 4 October 2012. Following this, the delisting process has been successfully completed. Any shareholders that were unable to redeem their shares during mandatory tender offer MTO and voluntary tender offer VTO have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH's delisting. As at 31 December 2013, ASYH's equity interest in ASH is 99.28%, following the tender of shares.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM14,474,000 and RM10,005,000 respectively.

- (h) In 2013, PTM transferred 162,000 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 35.81% to 35.78%.

The transaction resulted in an increase in capital reserve, non-controlling interests and hedge reserve of RM710,000, RM226,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM4,000.

## 43. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 24 November 2014, GHK, an indirect 60% owned subsidiary of the Company, had awarded the main contract for superstructure works for GHK to Hip Hing-Chun Wo Joint Venture (GH) for a contract sum of HKD2,484,033,000 (equivalent to RM1,070,847,000) upon the terms and conditions as set out in the Letter of Award dated 24 November 2014.

The superstructure works comprise the design, completion and maintenance of the main contract works for the development of a private hospital at Lot No. 458, Nam Fung Path, Aberdeen Inland, Hong Kong which was acquired via public tender on 13 March 2013.

**44. COMPARATIVE FIGURES**

Prepaid lease payments relate to a leasehold land which was acquired in 2013 and is, in substance, an operating lease. Such leasehold land is reclassified in current year from property, plant and equipment to prepaid lease payments to reflect the nature of the transaction. Accordingly, the comparative balances have been restated to conform with current year's presentation as disclosed below.

|   |                             | <b>2013</b>             |                    |
|---|-----------------------------|-------------------------|--------------------|
|   | <b>As previously stated</b> | <b>Reclassification</b> | <b>As restated</b> |
|   | <b>RM'000</b>               | <b>RM'000</b>           | <b>RM'000</b>      |
| <b>Statement of financial position</b>                |                             |                         |                    |
| Property, plant and equipment                         | 9,365,720                   | (703,049)               | 8,662,671          |
| Prepaid lease payments                                | -                           | 703,049                 | 703,049            |
| <b>Statement of cash flows – investing activities</b> |                             |                         |                    |
| Purchase of property, plant and equipment             | (1,426,502)                 | 706,441                 | (720,061)          |
| Payments for prepaid lease                            | -                           | (706,441)               | (706,441)          |

**45. EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

On 18 February 2015, Gleneagles Development Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement and Share Subscription Agreement to acquire and subscribe to 51.0% equity interest in Continental Hospitals Limited, for a total consideration of INR2,818,830,000 (equivalent to RM166,731,000). The consideration was satisfied by cash payment and the acquisition was completed on 23 March 2015. As at the date of this report, the Group is in the midst of performing the purchase price allocation exercise on this acquisition.

**46. SUBSIDIARIES**

Details of subsidiaries are as follows:

| <b>Name of subsidiary</b>                                    | <b>Place of incorporation and business</b> | <b>Principal activities</b> | <b>Effective equity interest held</b> |             |
|--|--|-----------------------------|---------------------------------------|-------------|
|  |  |                             | <b>2014</b>                           | <b>2013</b> |
|  |  |                             | <b>%</b>                              | <b>%</b>    |
| <b>Direct subsidiaries</b>                                   |  |                             |                                       |             |
| IMU Health Sdn. Bhd.   | Malaysia                                   | Investment holding          | 100                                   | 100         |
| Integrated Healthcare Holdings Limited <sup>#</sup>          | Federal Territory of Labuan Malaysia       | Investment holding          | 100                                   | 100         |
| Integrated Healthcare Holdings (Bharat) Limited <sup>#</sup> | Mauritius                                  | Investment holding          | 100                                   | 100         |
| Integrated Healthcare Turkey Yatirimlari Limited             | Federal Territory of Labuan Malaysia       | Investment holding          | 100                                   | 100         |
| Integrated Healthcare Capital Sdn. Bhd.                      | Malaysia                                   | Investment holding          | 100                                   | 100         |

## 46. SUBSIDIARIES (CONTINUED)

|   |                                     |   | Effective equity interest held |        |
|---|-------------------------------------|---|--------------------------------|--------|
| Name of subsidiary  | Place of incorporation and business | Principal activities  | 2014 %                         | 2013 % |
| <u>Indirect subsidiaries</u>  |                                     |   |                                |        |
| <b>Held through IMU Health Sdn. Bhd.:</b>                             |                                     |   |                                |        |
| IMU Education Sdn. Bhd.   | Malaysia                            | Management of educational institutions and other centres of learning  | 100                            | 100    |
| IMU Healthcare Sdn. Bhd.  | Malaysia                            | Investment holding  | 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 Integrated Healthcare Holdings (Bharat) Limited:</b>  |                                     |   |                                |        |
| Integrated (Mauritius) Healthcare Holdings Limited <sup>#</sup>       | Mauritius                           | 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 and its related services | 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>                           |                                     |   |                                |        |
| Pantai Irama Ventures Sdn. Bhd.                                       | Malaysia                            | In liquidation  | 100                            | 100    |
| Parkway HK Holdings Limited <sup>(1)#</sup>                           | Hong Kong                           | Investment holding  | 100                            | 100    |
| Parkway Holdings Limited <sup>#</sup>                                 | Singapore                           | Investment holding  | 100                            | 100    |
| Pantai Diagnostics Indonesia Sdn. Bhd.                                | Malaysia                            | Investment holding  | 100                            | 100    |



## 46. SUBSIDIARIES (CONTINUED)

|  |                                     |   | Effective equity interest held |        |
|--|-------------------------------------|---|--------------------------------|--------|
| Name of subsidiary   | Place of incorporation and business | Principal activities  | 2014 %                         | 2013 % |
| <b><u>Indirect subsidiaries (continued)</u></b>                        |                                     |   |                                |        |
| Pantai Holdings Berhad   | Malaysia                            | Investment holding  | 100 <sup>(13)</sup>            | -      |
| Parkway Group Healthcare Pte Ltd                                       | Singapore                           | Investment holding and provision of management and consultancy services | 70 <sup>(7)</sup>              | -      |
| <b>Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:</b> |                                     |   |                                |        |
| Acibadem Saglik Yatirimlari Holding A.S. <sup>#</sup>                  | Turkey                              | Investment holding  | 60                             | 60     |
| <b>Held through Acibadem Saglik Yatirimlari Holding A.S.:</b>          |                                     |   |                                |        |
| APlus Hastane Otelcilik Hizmetleri A.S. <sup>#</sup>                   | Turkey                              | Provision of catering, laundry and cleaning services for hospitals      | 60                             | 60     |
| Acibadem Proje Yönetimi A.S. <sup>#</sup>                              | Turkey                              | Supervise and manage the construction of healthcare facilities          | 60                             | 60     |
| Acibadem Saglik Hizmetleri ve Ticaret A.S. <sup>#</sup>                | Turkey                              | Provision of medical, surgical and hospital services                    | 59.6                           | 59.6   |
| <b>Held through Acibadem Saglik Hizmetleri ve Ticaret A.S.:</b>        |                                     |   |                                |        |
| Acibadem Poliklinikleri A.S. <sup>#</sup>                              | Turkey                              | Provision of outpatient and surgical (in certain clinics only) services | 59.6                           | 59.6   |
| Acibadem Labmed Saglik Hizmetleri A.S. <sup>#</sup>                    | Turkey                              | Provision of laboratory services  | 59.6                           | 59.6   |
| International Hospital Istanbul A.S. <sup>#</sup>                      | Turkey                              | Provision of medical, surgical and hospital services                    | 53.6                           | 53.6   |
| Acibadem Mobil Saglik Hizmetleri A.S. <sup>(5)#</sup>                  | Turkey                              | Provision of emergency, home and ambulatory care services               | 59.6                           | 59.6   |
| PZU Clinical Hospital Acibadem Sistina Skopje <sup>#</sup>             | Macedonia                           | Provision of medical, surgical and hospital services                    | 30.0                           | 30.0   |

## 46. SUBSIDIARIES (CONTINUED)

|  |                                     |   | Effective equity interest held |        |
|--|-------------------------------------|---|--------------------------------|--------|
| Name of subsidiary   | Place of incorporation and business | Principal activities  | 2014 %                         | 2013 % |
| Indirect subsidiaries (continued)  |                                     |   |                                |        |
| Acibadem Sistina Medikal Kompani Doo Skopje <sup>#</sup>   | Macedonia                           | Provision of medical equipment and import and wholesale of drug and medical materials   | 29.8                           | 29.8   |
| Acibadem Ortadogu Saglik Yatirimlari A.S. <sup>(6)#</sup>  | Turkey                              | Construction and planning of healthcare facilities, provision of operation and management services to healthcare institutions and secondary logistic services such as catering cleaning, laundry services | 59.6                           | 59.6   |
| BLAB Laboratuvar Hizmetleri A.S. <sup>#</sup>  | Turkey                              | Struck off in 2014  | -                              | 59.6   |
| Held through Acibadem Poliklinikleri A.S.:   |                                     |   |                                |        |
| Konur Saglik Hizmetleri A.S. <sup>#</sup>  | Turkey                              | Struck off in 2014  | -                              | 59.6   |
| Bodrum Tedavi Hizmetleri A.S. <sup>#</sup>   | Turkey                              | Provision of medical, surgical and hospital services  | 35.7                           | 35.7   |
| Gemtip Özel Saglik Hizmetleri Sanayi ve Ticaret Ltd. Sti. <sup>#</sup>   | Turkey                              | Provision of outpatient services  | 40.5                           | _(13)  |
| Held through Konur Saglik Hizmetleri A.S.:   |                                     |   |                                |        |
| Gemtip Özel Saglik Hizmetleri Sanayi ve Ticaret Ltd. Sti. <sup>#</sup>   | Turkey                              | Provision of outpatient services  | _(13)                          | 40.5   |
| Held through Bodrum Tedavi Hizmetleri A.S.:  |                                     |   |                                |        |
| Medlife Clinic Ambulance ve Özel Saglik Hizmetleri Ithalat ve Ihracat A.S. <sup>#</sup>                                | Turkey                              | Provision of outpatient services  | 35.7                           | 35.7   |
| Bodrum Medikal Özel Saglik Hizmetleri Turizm Gıda Insaat Pazarlama Ithalat Ihracat Sanayi ve Ticaret A.S. <sup>#</sup> | Turkey                              | Provision of outpatient services  | 35.7                           | 35.7   |
| Özel Turgutreis Reis Poliklinik Hizmetleri Ticaret A.S. <sup>#</sup>   | Turkey                              | Provision of outpatient services  | 35.7                           | 35.7   |
| Sesu Özel Saglik Hizmetleri Tıbbi Malzemeler ve Ticaret A.S. <sup>#</sup>  | Turkey                              | Provision of outpatient services  | 35.6                           | 35.6   |

## 46. SUBSIDIARIES (CONTINUED)

|  |                                     |   | Effective equity interest held |        |
|--|-------------------------------------|---|--------------------------------|--------|
| Name of subsidiary                                     | Place of incorporation and business | Principal activities  | 2014 %                         | 2013 % |
| <b>Indirect subsidiaries (continued)</b>               |                                     |   |                                |        |
| <b>Held through PZU Clinical Hospital</b>              |                                     |   |                                |        |
| <b>Acibadem Sistina Skopje:</b>                        |                                     |   |                                |        |
| Clinical Hospital Acibadem Sistina Skopje <sup>#</sup> | Kosovo                              | Provision of patient administrative assistance  | 30.0                           | 30.0   |
| <b>Held through Pantai Irama Ventures Sdn. Bhd.:</b>   |                                     |   |                                |        |
| Pantai Holdings Berhad                                 | Malaysia                            | Investment holding  | — <sup>(13)</sup>              | 100    |
| <b>Held through Pantai Holdings Berhad:</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                            | Provision of administration support, training, research and development services                          | 100                            | 100    |
| Gleneagles (Malaysia) Sdn. Bhd.                        | Malaysia                            | Investment holding  | 100                            | 100    |
| <b>Held through Pantai Group Resources Sdn. Bhd.:</b>  |                                     |   |                                |        |
| Credit Enterprise Sdn. Bhd.                            | Malaysia                            | In the process of liquidation   | 100                            | 100    |
| P.T. Pantai Healthcare Consulting <sup>(3)#</sup>      | Indonesia                           | Provision of healthcare consulting services in Indonesia  | 100                            | 100    |
| Pantai Premier Pathology Sdn. Bhd.                     | Malaysia                            | Provision of medical laboratory services  | 100                            | 100    |
| Pantai Integrated Rehab Services Sdn. Bhd.             | Malaysia                            | Provision of rehabilitation services  | 85                             | 85     |
| Mount Elizabeth Health Care Services Sdn. Bhd.         | Malaysia                            | In the process of striking off  | 100                            | 100    |
| Twin Towers Healthcare Sdn. Bhd.                       | Malaysia                            | Investment holding and provision of management services   | 100                            | 85     |

## 46. SUBSIDIARIES (CONTINUED)

|   |                                     |   | Effective equity interest held |        |
|---|-------------------------------------|---|--------------------------------|--------|
|   | Place of incorporation and business | Principal activities  | 2014 %                         | 2013 % |
| Name of subsidiary  |                                     |   |                                |        |
| <b>Indirect subsidiaries (continued)</b>                    |                                     |   |                                |        |
| <b>Held through Twin Towers Healthcare Sdn. Bhd.:</b>       |                                     |   |                                |        |
| Twin Towers Medical Centre KLCC Sdn. Bhd.                   | Malaysia                            | Operation of an outpatient and day care medical centre                  | 100                            | 85     |
| <b>Held through Pantai Hospitals Sdn. Bhd.:</b>             |                                     |   |                                |        |
| Pantai Medical Centre Sdn. Bhd.                             | Malaysia                            | Provision of medical, surgical and hospital services                    | 100                            | 100    |
| Cheras Medical Centre Sdn. Bhd.                             | Malaysia                            | Provision of medical, surgical and hospital services                    | 100                            | 100    |
| Pantai Klang Specialist Medical Centre Sdn. Bhd.            | Malaysia                            | Provision of medical, surgical and hospital services                    | 100                            | 100    |
| Syarikat Tunas Pantai Sdn. Bhd.                             | Malaysia                            | Provision of medical, surgical and hospital services                    | 80.7                           | 80.7   |
| Paloh Medical Centre Sdn. Bhd.                              | Malaysia                            | Provision of medical, surgical and hospital services                    | 95.6                           | 95.6   |
| Hospital Pantai Ayer Keroh Sdn. Bhd.                        | Malaysia                            | Provision of medical, surgical and hospital services                    | 100                            | 100    |
| Hospital Pantai Indah Sdn. Bhd.                             | Malaysia                            | Provision of medical, surgical and hospital services                    | 100                            | 100    |
| Pantai Hospital Sungai Petani Sdn. Bhd.                     | Malaysia                            | Provision of medical, surgical and hospital services                    | 100                            | 100    |
| Pantai Screening Services Sdn. Bhd.                         | Malaysia                            | Provision of management and administration of health screening services | 100                            | 100    |
| Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. <sup>(4)</sup> | Malaysia                            | Investment and provision of medical surgical and hospital services      | 100                            | 100    |
| Pantai Hospital Manjung Sdn. Bhd.                           | Malaysia                            | Dormant   | 100                            | 100    |
| Pantai Hospital Johor Sdn. Bhd.                             | Malaysia                            | Dormant   | 100                            | 100    |
| Kuala Lumpur Medical Centre (Asia Pacific) Sdn. Bhd.        | Malaysia                            | Dormant   | 51                             | 51     |

## 46. SUBSIDIARIES (CONTINUED)

| Name of subsidiary  | Place of incorporation and business | Principal activities   | Effective equity interest held |                   |
|---|-------------------------------------|--|--------------------------------|-------------------|
|   |                                     |  | 2014 %                         | 2013 %            |
| <b>Indirect subsidiaries (continued)</b>                            |                                     |  |                                |                   |
| <b>Held through Pantai Medical Centre Sdn. Bhd.:</b>                |                                     |  |                                |                   |
| Angiography Sdn. Bhd.   | Malaysia                            | In the process of liquidation  | 100                            | 100               |
| Magnetom Imaging Sdn. Bhd.  | Malaysia                            | In the process of liquidation  | 100                            | 100               |
| PMC Radio-Surgery Sdn. Bhd.   | Malaysia                            | In the process of liquidation  | 100                            | 100               |
| Pantai-ARC Dialysis Services Sdn. Bhd.                              | Malaysia                            | Provision of haemodialysis services  | 51                             | 51                |
| <b>Held through Hospital Pantai Ayer Keroh Sdn. Bhd.:</b>           |                                     |  |                                |                   |
| HPAK Lithotripsy Services Sdn. Bhd.                                 | Malaysia                            | Provision of lithotripter services   | 100                            | 100               |
| HPAK Cancer Centre Sdn. Bhd.  | Malaysia                            | Provision of medical services for cancer diseases  | 100                            | 100               |
| <b>Held through Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.:</b>   |                                     |  |                                |                   |
| Oncology Centre (KL) Sdn. Bhd.                                      | Malaysia                            | Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment | 100                            | 100               |
| <b>Held through Mount Elizabeth Health Care Services Sdn. Bhd.:</b> |                                     |  |                                |                   |
| Orifolio Options Sdn. Bhd.  | Malaysia                            | Letting of property  | — <sup>(13)</sup>              | 100               |
| <b>Held through Pantai Premier Pathology Sdn. Bhd.:</b>             |                                     |  |                                |                   |
| Orifolio Options Sdn. Bhd.  | Malaysia                            | Letting of property  | 100                            | — <sup>(13)</sup> |
| <b>Held through Gleneagles (Malaysia) Sdn. Bhd.:</b>                |                                     |  |                                |                   |
| Pulau Pinang Clinic Sdn. Bhd.                                       | Malaysia                            | Rendering of hospital services   | 70.05                          | 70.05             |
| GEH Management Services (M) Sdn. Bhd.                               | Malaysia                            | Provision of advisory, administrative, management and consultancy services to healthcare facilities                            | 100                            | 100               |

## 46. SUBSIDIARIES (CONTINUED)

|   |                                     |  | Effective equity interest held |        |
|---|-------------------------------------|--|--------------------------------|--------|
| Name of subsidiary                                  | Place of incorporation and business | Principal activities   | 2014 %                         | 2013 % |
| <u>Indirect subsidiaries (continued)</u>            |                                     |  |                                |        |
| <b>Held through Parkway HK Holdings Limited:</b>    |                                     |  |                                |        |
| Parkway Healthcare (Hong Kong) Limited <sup>#</sup> | Hong Kong                           | Provision of medical and healthcare outpatient services  | 85                             | 85     |
| GHK Hospital Limited <sup>#</sup>                   | Hong Kong                           | Private hospital ownership, development and management   | 60                             | 60     |
| <b>Held through Parkway Holdings Limited:</b>       |                                     |  |                                |        |
| M & P Investments Pte Ltd <sup>#</sup>              | Singapore                           | Investment holding   | – <sup>(13)</sup>              | 100    |
| Parkway Hospitals Singapore Pte. Ltd. <sup>#</sup>  | Singapore                           | Private hospitals ownership and management   | 100                            | 100    |
| Parkway Trust Management Limited <sup>#</sup>       | Singapore                           | Provision of management services to PLife REIT   | 100                            | 100    |
| Parkway Group Healthcare Pte Ltd <sup>#</sup>       | Singapore                           | Investment holding and provision of management and consultancy services  | – <sup>(7)</sup>               | 100    |
| Parkway Investments Pte. Ltd. <sup>#</sup>          | Singapore                           | Investment holding   | 100                            | 100    |
| Parkway Novena Holdings Pte. Ltd. <sup>#</sup>      | Singapore                           | Struck off in 2014   | -                              | 100    |
| Parkway Novena Pte. Ltd. <sup>#</sup>               | Singapore                           | Hospital construction and development  | 100                            | 100    |
| Parkway Irrawaddy Pte. Ltd. <sup>#</sup>            | Singapore                           | Medical centre construction and development  | 100                            | 100    |
| Parkway Shenton Pte Ltd <sup>#</sup>                | Singapore                           | Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services | 100                            | 100    |
| Medi-Rad Associates Ltd <sup>#</sup>                | Singapore                           | Operation of radiology clinics   | 100                            | 100    |
| Parkway Laboratory Services Ltd. <sup>#</sup>       | Singapore                           | Provision of comprehensive diagnostic laboratory services  | 100                            | 100    |
| Gleneagles Medical Holdings Limited <sup>#</sup>    | Singapore                           | Investment holding   | 100                            | 100    |

## 46. SUBSIDIARIES (CONTINUED)

| Name of subsidiary  | Place of incorporation and business | Principal activities  | Effective equity interest held |        |
|---|-------------------------------------|---|--------------------------------|--------|
|   |                                     |   | 2014 %                         | 2013 % |
| <b>Indirect subsidiaries (continued)</b>                            |                                     |   |                                |        |
| Parkway College of Nursing and Allied Health Pte. Ltd. <sup>#</sup> | Singapore                           | Provision of courses in nursing and allied health   | 100                            | 100    |
| iXchange Pte. Ltd. <sup>#</sup>                                     | Singapore                           | Agent and administrator for managed care and related services                                       | 100                            | 100    |
| Shenton Insurance Pte. Ltd. <sup>#</sup>                            | Singapore                           | Underwrite accident and healthcare insurance policies   | 100                            | 100    |
| Gleneagles JPMC Sdn Bhd <sup>#</sup>                                | Brunei Darussalam                   | Management and operation of a cardiac and cardiothoracic care centre                                | 75                             | 75     |
| Gleneagles Management Services Pte Ltd <sup>#</sup>                 | Singapore                           | Provision of advisory, administrative, management and consultancy services to healthcare facilities | 100                            | 100    |
| <b>Held through Parkway Hospitals Singapore Pte. Ltd.:</b>          |                                     |   |                                |        |
| Parkway Promotions Pte Ltd <sup>#</sup>                             | Singapore                           | Promoters and organisers of healthcare events   | 100                            | 100    |
| MENA Services Pte Ltd <sup>#</sup>                                  | Singapore                           | Nursing agency  | 100                            | 100    |
| <b>Held through Parkway Group Healthcare Pte Ltd:</b>               |                                     |   |                                |        |
| Parkway-Healthcare (Mauritius) Ltd <sup>##</sup>                    | Mauritius                           | Investment holding  | 100                            | 100    |
| Mount Elizabeth Healthcare Holdings Ltd <sup>#</sup>                | Singapore                           | Struck off in 2014  | -                              | 100    |
| Gleneagles International Pte. Ltd. <sup>#</sup>                     | Singapore                           | Investment holding  | 100                            | 100    |



## 46. SUBSIDIARIES (CONTINUED)

|  |                                     |   | Effective equity interest held |        |
|--|-------------------------------------|---|--------------------------------|--------|
| Name of subsidiary   | Place of incorporation and business | Principal activities  | 2014 %                         | 2013 % |
| <b>Indirect subsidiaries (continued)</b>                                   |                                     |   |                                |        |
| Medical Resources International Pte Ltd <sup>#</sup>                       | Singapore                           | Investment holding  | – <sup>(11)</sup>              | 100    |
| Swiss Zone Sdn. Bhd.   | Malaysia                            | Liquidated in 2014  | -                              | 100    |
| Shanghai Gleneagles International Medical and Surgical Center <sup>#</sup> | People’s Republic of China          | Provision of medical and healthcare services                              | 70                             | 70     |
| Parkway (Shanghai) Hospital Management Ltd. <sup>#</sup>                   | People’s Republic of China          | Provision of management and consultancy services to healthcare facilities | 100                            | 100    |
| Parkway Education Pte. Ltd. <sup>#</sup>                                   | Singapore                           | Dormant   | 100                            | 100    |
| Parkway China Holdings Co. Pte. Ltd. <sup>#</sup>                          | Singapore                           | Investment holding  | 100                            | -      |
| <b>Held through Parkway China Holding Co. Pte. Ltd.:</b>                   |                                     |   |                                |        |
| Medical Resources International Pte Ltd <sup>#</sup>                       | Singapore                           | Investment holding  | 100 <sup>(11)</sup>            | -      |
| M & P Investments Pte Ltd <sup>#</sup>                                     | Singapore                           | Investment holding  | 100 <sup>(13)</sup>            | -      |
| <b>Held through Mount Elizabeth Medical Holding Ltd.:</b>                  |                                     |   |                                |        |
| East Shore Medical Holdings Pte. Ltd. <sup>#</sup>                         | Singapore                           | Struck off in 2014  | -                              | 100    |
| <b>Held through Medi-Rad Associates Ltd:</b>                               |                                     |   |                                |        |
| Radiology Consultants Pte Ltd <sup>#</sup>                                 | Singapore                           | Radiology consultancy and interpretative services                         | 100                            | 100    |
| <b>Held through Gleneagles International Pte. Ltd.:</b>                    |                                     |   |                                |        |
| Gleneagles Development Pte Ltd <sup>#</sup>                                | Singapore                           | Developing and managing turnkey hospital projects and investment holding  | 100                            | 100    |
| Gleneagles Hospital (UK) Limited <sup>##</sup>                             | United Kingdom                      | In liquidation  | 65                             | 65     |

## 46. SUBSIDIARIES (CONTINUED)

| Name of subsidiary  | Place of incorporation and business | Principal activities  | Effective equity interest held |        |
|---|-------------------------------------|---|--------------------------------|--------|
|   |                                     |   | 2014 %                         | 2013 % |
| <b>Indirect subsidiaries (continued)</b>                                |                                     |   |                                |        |
| <b>Held through Gleneagles Hospital (UK) Limited:</b>                   |                                     |   |                                |        |
| The Heart Hospital Limited <sup>##</sup>                                | United Kingdom                      | In liquidation  | 65                             | 65     |
| <b>Held through Parkway Shenton Pte Ltd:</b>                            |                                     |   |                                |        |
| Nippon Medical Care Pte Ltd <sup>#</sup>                                | Singapore                           | Operation of clinics  | 70                             | 70     |
| Parkway Shenton International Holdings Pte. Ltd. <sup>#</sup>           | Singapore                           | Investment holding  | 100                            | 100    |
| Shenton Family Medical Clinics Pte Ltd <sup>#</sup>                     | Singapore                           | To provide, establish and carry on the business of clinics                | 100                            | 100    |
| <b>Held through Parkway Shenton International Holdings Pte. Ltd.:</b>   |                                     |   |                                |        |
| Parkway Shenton Vietnam Limited <sup>+</sup>                            | Vietnam                             | Dormant   | 100                            | 100    |
| <b>Held through Medical Resources International Pte Ltd:</b>            |                                     |   |                                |        |
| Shanghai Rui Xin Healthcare Co., Ltd. <sup>(8)#</sup>                   | People's Republic of China          | Provision of medical and healthcare outpatient services                   | 100                            | 100    |
| Shanghai Rui Hong Clinic Co., Ltd. <sup>(10)#</sup>                     | People's Republic of China          | Provision of medical and healthcare outpatient services                   | 100                            | 85     |
| Shanghai Xin Rui Healthcare Co., Ltd. <sup>(9)#</sup>                   | People's Republic of China          | Provision of medical and healthcare outpatient services                   | 100                            | 85     |
| Shanghai Gleneagles Hospital Management Co., Ltd. <sup>#</sup>          | People's Republic of China          | Provision of management and consultancy services to healthcare facilities | 100                            | 100    |
| <b>Held through Parkway (Shanghai) Hospital Management Ltd.:</b>        |                                     |   |                                |        |
| Shanghai Shu Kang Hospital Investment Management Co., Ltd. <sup>#</sup> | People's Republic of China          | Investment holding  | 100                            | 100    |
| Suzhou Industrial Park Yuan Hui Clinic Co., Ltd. <sup>#</sup>           | People's Republic of China          | Provision of medical and healthcare outpatient services                   | 100                            | 100    |
| Suzhou Xin Hui Clinic Co., Ltd.   | People's Republic of China          | Provision of medical and healthcare outpatient services                   | 100                            | -      |

## 46. SUBSIDIARIES (CONTINUED)

|   |                                     |   | Effective equity interest held |        |
|---|-------------------------------------|---|--------------------------------|--------|
| Name of subsidiary  | Place of incorporation and business | Principal activities                                    | 2014 %                         | 2013 % |
| <b>Indirect subsidiaries (continued)</b>  |                                     |   |                                |        |
| <b>Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.:</b> |                                     |   |                                |        |
| Shanghai Mai Kang Hospital Investment Management Co., Ltd.#                     | People’s Republic of China          | Investment holding                                      | 100                            | 100    |
| <b>Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:</b> |                                     |   |                                |        |
| Chengdu Rui Rong Clinic Co., Ltd.#  | People’s Republic of China          | Provision of medical and healthcare outpatient services | 100                            | 100    |
| Shanghai Rui Pu Clinic Co., Ltd.#   | People’s Republic of China          | Provision of medical and healthcare outpatient services | 100                            | 100    |
| Shanghai Rui Xiang Clinic Co., Ltd.#  | People’s Republic of China          | Provision of medical and healthcare outpatient services | 100                            | 100    |
| <b>Held through Parkway Investments Pte. Ltd.:</b>                              |                                     |   |                                |        |
| Gleneagles Technologies Services Pte Ltd#                                       | Singapore                           | Dormant   | 100                            | 100    |
| Gleneagles Medical Centre Ltd.#   | Singapore                           | Dormant   | 100                            | 100    |
| Gleneagles Pharmacy Pte Ltd#  | Singapore                           | Dormant   | 100                            | 100    |
| Mount Elizabeth Medical Holdings Ltd.#  | Singapore                           | Investment holding                                      | 100                            | 100    |
| Parkway Life Real Estate Investment Trust <sup>(2)#</sup>                       | Singapore                           | Real estate investment trust                            | 35.76                          | 35.78  |
| <b>Held through Parkway Life Real Estate Investment Trust:</b>                  |                                     |   |                                |        |
| Matsudo Investment Pte. Ltd.#   | Singapore                           | Investment holding                                      | 35.76                          | 35.78  |
| Godo Kaisha Phoebe <sup>(12)</sup>  | Japan                               | Special purpose entity<br>- Investment in real estate   | 35.76                          | 35.78  |
| Parkway Life Japan2 Pte. Ltd.#  | Singapore                           | Investment holding                                      | 35.76                          | 35.78  |

## 46. SUBSIDIARIES (CONTINUED)

| Name of subsidiary                        | Place of incorporation and business | Principal activities                                  | Effective equity interest held |        |
|---|-------------------------------------|---|--------------------------------|--------|
|   |                                     |   | 2014 %                         | 2013 % |
| <u>Indirect subsidiaries (continued)</u>  |                                     |   |                                |        |
| Godo Kaisha Urbino <sup>(12)</sup>        | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Del Monte <sup>(12)</sup>     | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Tenshi 1 <sup>(12)</sup>      | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | -      |
| Godo Kaisha Tenshi 2 <sup>(12)</sup>      | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | -      |
| Parkway Life MTN Pte. Ltd.                | Singapore                           | Provision of financial and treasury services          | 35.76                          | 35.78  |
| Parkway Life Japan3 Pte. Ltd.             | Singapore                           | Investment holding                                    | 35.76                          | 35.78  |
| Godo Kaisha Healthcare 1 <sup>(12)#</sup> | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Healthcare 2 <sup>(12)</sup>  | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Healthcare 3 <sup>(12)</sup>  | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Healthcare 4 <sup>(12)#</sup> | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Healthcare 5 <sup>(12)#</sup> | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Parkway Life Japan4 Pte. Ltd. #           | Singapore                           | Investment holding                                    | 35.76                          | 35.78  |
| Godo Kaisha Samurai <sup>(12)</sup>       | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |

## 46. SUBSIDIARIES (CONTINUED)

| Name of subsidiary                       | Place of incorporation and business | Principal activities                                  | Effective equity interest held |        |
|--|-------------------------------------|---|--------------------------------|--------|
|  |                                     |   | 2014 %                         | 2013 % |
| <u>Indirect subsidiaries (continued)</u> |                                     |   |                                |        |
| Godo Kaisha Samurai 2 <sup>(12)#</sup>   | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Samurai 3 <sup>(12)</sup>    | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Samurai 4 <sup>(12)</sup>    | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Samurai 5 <sup>(12)#</sup>   | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Samurai 6 <sup>(12)</sup>    | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Samurai 7 <sup>(12)#</sup>   | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Samurai 8 <sup>(12)</sup>    | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |
| Godo Kaisha Samurai 9 <sup>(12)</sup>    | Japan                               | Special purpose entity<br>- Investment in real estate | 35.76                          | -      |
| Parkway Life Malaysia Pte. Ltd. #        | Singapore                           | Investment holding                                    | 35.76                          | 35.78  |
| Parkway Life Malaysia Sdn. Bhd. ##       | Malaysia                            | Special purpose entity<br>- Investment in real estate | 35.76                          | 35.78  |

<sup>1</sup> Parkway Pantai Limited holds 99.99% (2013: 50%) shares in Parkway HK Holdings Limited. The other 0.01% (2013: 50%) shares are held by PHL.

<sup>2</sup> Parkway Investment Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2013: 35.25%), 0.47% (2013: 0.49%) and 0.04% (2013: 0.04%) of the units in PLife REIT respectively.

<sup>3</sup> Pantai Group Resources Sdn. Bhd. holds 50% shares in P.T. Pantai Healthcare Consulting. The other 50% is held by Pantai Hospitals Sdn. Bhd. ("PHSB").

<sup>4</sup> PHSB holds 70% shares in Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.. The other 30% is held by Gleneagles (Malaysia) Sdn. Bhd..

<sup>5</sup> ASH holds 100% (2013: 17.78%) shares in Acibadem Mobil Saglik Hizmetleri A.S. ("Acibadem Mobil"), while the remaining 0% (2013: 82.22%) equity interest is held by Acibadem Poliklinikleri A.S. ("Acibadem Poliklinikleri").

<sup>6</sup> Acibadem Ortadogu Saglik Yatirimlari A.S.'s shares are owned by ASH (75.0%), Acibadem Mobil (5%), Acibadem Poliklinikleri (10%), APlus Hastane ve Otelcilik Hizmetleri A.S.(4.998%) and Acibadem Proje Yonetimi A.S. (5%).

<sup>7</sup> Pursuant to an internal group restructuring, the PHL's interest in Parkway Group Healthcare Pte Ltd ("PGH") and its subsidiaries has been diluted from 100% to 30%. The other 70% is now held by PPL.

<sup>8</sup> Medical Resources International Pte Ltd ("MRI") holds 70% shares in Shanghai Rui Xin Healthcare Co., Ltd.. The other 30% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd. ("Shanghai Mai Kang").

<sup>9</sup> MRI holds 70% shares in Shanghai Xin Rui Healthcare Co. Ltd.. The other 30% (2013: 15%) is held by Shanghai Mai Kang.

<sup>10</sup> MRI holds 70% shares in Shanghai Rui Hong Clinic Co. Ltd.. The other 30% (2013: 15%) is held by Shanghai Mai Kang.

<sup>11</sup> Pursuant to an internal group restructuring, the PGH's interest in MRI and its subsidiaries had been diluted from 100% to 1%. The remaining 99% share is held by Parkway China Holding Co. Pte. Ltd..

<sup>12</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>13</sup> Shares were transferred within the Group pursuant to an internal restructuring during the year.

<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.

**47. ASSOCIATES**

Details of associates are as follows:

|  |                                     |  | Effective equity interest held |        |
|--|-------------------------------------|--|--------------------------------|--------|
| Name of associate  | Place of incorporation and business | Principal activities                     | 2014 %                         | 2013 % |
| <u>Indirect associates</u>                                       |                                     |  |                                |        |
| <b>Held through Parkway Holdings Ltd:</b>                        |                                     |  |                                |        |
| Kyami Pty Ltd <sup>+</sup>                                       | Australia                           | In liquidation                           | 30                             | 30     |
| <b>Held through Gleneagles (Malaysia) Sdn. Bhd.:</b>             |                                     |  |                                |        |
| Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. <sup>##</sup> | Malaysia                            | In liquidation                           | 30                             | 30     |
| <b>Held through Gleneagles Medical Holdings Limited:</b>         |                                     |  |                                |        |
| PT Tritunggal Sentra Utama Surabaya <sup>##</sup>                | Indonesia                           | Provision of medical diagnostic services | 30                             | 30     |
| Asia Renal Care Mount Elizabeth Pte Ltd <sup>##</sup>            | Singapore                           | Provision of medical services            | 20                             | 20     |
| Asia Renal Care (Katong) Pte Ltd <sup>##</sup>                   | Singapore                           | Provision of medical services            | 20                             | 20     |
| <b>Held through Medi-Rad Associates Ltd:</b>                     |                                     |  |                                |        |
| Positron Tracers Pte. Ltd. <sup>#</sup>                          | Singapore                           | Ownership and operation of a cyclotron   | 33                             | 33     |

<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.

**48. JOINT VENTURES**

Details of joint ventures are as follows:

|  |                                     |   | Effective equity interest held |        |
|--|-------------------------------------|---|--------------------------------|--------|
| Name of joint venture  | Place of incorporation and business | Principal activities                      | 2014 %                         | 2013 % |
| <u>Indirect joint ventures</u>                               |                                     |   |                                |        |
| <b>Held through Gleneagles Development Pte. Ltd.:</b>        |                                     |   |                                |        |
| Apollo Gleneagles Hospital Ltd <sup>##</sup>                 | India                               | Private hospital ownership and management | 50                             | 50     |
| <b>Held through Parkway-Healthcare (Mauritius) Ltd:</b>      |                                     |   |                                |        |
| Apollo Gleneagles PET-CT 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               | 50                             | 50     |
| Shenton Family Medical Clinic (Bedok Reservoir) <sup>+</sup> | Singapore                           | Operation of medical clinic               | 50                             | 50     |
| Shenton Family Medical Clinic (Bukit Gombak) <sup>+</sup>    | Singapore                           | Operation of medical clinic               | 50                             | 50     |
| Shenton Family Medical Clinic (Clementi) <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 (Serangoon) <sup>+</sup>       | Singapore                           | Operation of medical clinic               | 50                             | 50     |
| Shenton Family Medical Clinic (Tampines) <sup>+</sup>        | Singapore                           | Operation of medical clinic               | 50                             | 50     |
| Shenton Family Medical Clinic (Yishun) <sup>+</sup>          | Singapore                           | Operation of medical clinic               | 50                             | 50     |
| Shenton Family Medical Clinic (Towner) <sup>+</sup>          | Singapore                           | Operation of medical clinic               | 50                             | 50     |
| <b>Held through Parkway Shenton Pte Ltd:</b>                 |                                     |   |                                |        |
| Hale Medical Clinic (Concourse) Pte Ltd <sup>##</sup>        | Singapore                           | Operation of medical clinic               | 50                             | 50     |



## 48. JOINT VENTURES (CONTINUED)

| Name of joint venture   | Place of incorporation and business | Principal activities  | Effective equity interest held |        |
|---|-------------------------------------|---|--------------------------------|--------|
|   |                                     |   | 2014 %                         | 2013 % |
| <b>Indirect joint ventures (continued)</b>                                      |                                     |   |                                |        |
| <b>Held through Parkway Group Healthcare Pte Ltd:</b>                           |                                     |   |                                |        |
| Khubchandani Hospitals Private Limited <sup>##</sup>                            | India                               | Private hospital ownership  | 50                             | 50     |
| <b>Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:</b> |                                     |   |                                |        |
| Shanghai Hui Xing Hospital Investment Management Co., Ltd. <sup>(1)#</sup>      | People's Republic of China          | Investment in healthcare industry, hospital management and hospital management consulting | 60                             | 60     |
| <b>Held through Shanghai Hui Xing Hospital Investment Management Co., Ltd.:</b> |                                     |   |                                |        |
| Shanghai Hui Xing Jinpu Clinic Co., Ltd. <sup>(1)#</sup>                        | People's Republic of China          | Provision of medical and healthcare outpatient services                                   | 60                             | 60     |

1 Notwithstanding that the equity interest is more than 50%, the Group had accounted for the Shanghai Hui Xing Hospital Management Co., Ltd., and its subsidiary, Shanghai Hui Xing Jinpu Clinic Co., Ltd. as a joint venture in accordance to MFRS 10 on the basis that the Group does not have control over the entity's operating activities.

# Audited by other member firms of KPMG International.

## Audited by firms other than member firms of KPMG International.

+ Audit is not required

**49. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS AND LOSSES**

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

|   | <b>Group</b>     |                  | <b>Company</b> |                |
|---|------------------|------------------|----------------|----------------|
|   | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>    |
|   | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>  | <b>RM'000</b>  |
| Total retained earnings of the Company and its subsidiaries |                  |                  |                |                |
| - realised  | 2,496,263        | 1,811,234        | 562,211        | 705,871        |
| - unrealised  | 248,207          | 183,393          | 111,483        | 111,776        |
|   | <u>2,744,470</u> | <u>1,994,627</u> | <u>673,694</u> | <u>817,647</u> |
| Total share of retained earnings of associates              |                  |                  |                |                |
| - realised  | (1,893)          | (3,079)          | -              | -              |
| - unrealised  | (24)             | (24)             | -              | -              |
|   | <u>(1,917)</u>   | <u>(3,103)</u>   | <u>-</u>       | <u>-</u>       |
| Total share of retained earnings of joint ventures          |                  |                  |                |                |
| - realised  | 38,870           | 32,918           | -              | -              |
| - unrealised  | -                | -                | -              | -              |
|   | <u>38,870</u>    | <u>32,918</u>    | <u>-</u>       | <u>-</u>       |
| Consolidation adjustments                                   | (531,291)        | (342,299)        | -              | -              |
| Total retained earnings                                     | <u>2,250,132</u> | <u>1,682,143</u> | <u>673,694</u> | <u>817,647</u> |

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

# List of Properties

List of Top 10 Properties for the Financial Year Ended 31 December 2014

| No.                     | Address   | Freehold/<br>Leasehold<br>Land and/or<br>Buildings | Year of<br>Expiry of<br>Lease | Land<br>Area<br>Sq m | Built-up /<br>Strata Area<br>Sq m | Existing Use                         | Approximate<br>Age of<br>Buildings           | Net Book<br>Value<br>RM'000 |
|-------------------------|---|--|-------------------------------|----------------------|-----------------------------------|--------------------------------------|--|-----------------------------|
| <b><i>Singapore</i></b> |   |  |                               |                      |                                   |                                      |  |                             |
| 1                       | <b>Mount Elizabeth Novena Hospital and Medical Centre Units</b><br>38 Irrawaddy Road<br>Singapore 329563                          | Leasehold land and building                        | 2108                          | N/A                  | Strata area: 56,361               | Hospital and medical office building | 1 year                                       | 3,533,269 <sup>a</sup>      |
| 2                       | <b>Mount Elizabeth Hospital and Medical Centre Units</b><br>3 Mount Elizabeth<br>Singapore 228510                                 | Leasehold land and building                        | 2075                          | N/A                  | Strata area: 58,139               | Hospital building and medical centre | 35 years                                     | 1,347,589 <sup>a,b</sup>    |
| 3                       | <b>Gleneagles Hospital and Medical Centre Units</b><br>6 Napier Road,<br>Singapore 258499;<br>6A Napier Road,<br>Singapore 258500 | Freehold land and building                         | -                             | N/A                  | Strata area: 49,003               | Hospital building and medical centre | 24 years                                     | 673,601 <sup>a,b</sup>      |
| 4                       | <b>Parkway East Hospital</b><br>319 Joo Chiat Place,<br>Singapore 427989;<br>321 Joo Chiat Place,<br>Singapore 427990             | Freehold land and building                         | -                             | 6,203                | Gross floor property area: 10,994 | Hospital building and medical centre | 32 years                                     | 118,927 <sup>a,b</sup>      |
| <b><i>Malaysia</i></b>  |   |  |                               |                      |                                   |                                      |  |                             |
| 5                       | <b>Pantai Hospital Kuala Lumpur</b><br>8 Jalan Bukit Pantai<br>59100 Kuala Lumpur   | Leasehold land and building                        | 2111                          | 22,533               | Built-up area: 130,784            | Hospital building                    | 11 years                                     | 179,662 <sup>b</sup>        |
| 6                       | <b>Gleneagles Medical Centre Penang</b><br>1 Jalan Pangkor<br>10050 Penang  | Freehold land and building                         | -                             | 12,411               | Built-up area: 71,743             | Hospital building                    | 17 years and 2 years for new extension block | 165,764 <sup>b</sup>        |
| 7                       | <b>Gleneagles Kuala Lumpur</b><br>286 Jalan Ampang<br>50450 Kuala Lumpur  | Freehold land and building                         | -                             | 13,552               | Built-up area: 29,947             | Hospital building                    | 16 years                                     | 155,585 <sup>b</sup>        |
| 8                       | <b>IMU</b><br>No 126, Jalan Jalil Perkasa 19<br>Bukit Jalil<br>57000 Kuala Lumpur   | Freehold land and building                         | -                             | 13,000               | Built-up area: 51,418             | University                           | 8 years                                      | 100,097                     |
| <b><i>Turkey</i></b>    |   |  |                               |                      |                                   |                                      |  |                             |
| 9                       | <b>Acibadem Bursa Hospital</b><br>Fatih Sultan Mehmet Bulvarı Sumer Sok. No:1<br>16110 Nilufer, Bursa                             | Freehold land and building                         | -                             | 6,523                | Built-up area: 29,281             | Hospital building                    | 9 years                                      | 101,801 <sup>c</sup>        |
| <b><i>Japan</i></b>     |   |  |                               |                      |                                   |                                      |  |                             |
| 10                      | <b>Habitation Jyosui</b><br>4-1-26 Yakuin, Chuo-ku,<br>Fukuoka City, Fukuoka Prefecture,<br>Japan                                 | Freehold land and building                         | -                             | 3,259                | Strata area: 6,076                | Nursing home                         | 10 years                                     | 104,861 <sup>d</sup>        |

**Notes:**

- a : Carrying value includes fair value of investment properties, which were revalued in 2014 in accordance with the Group's accounting policies  
b : Properties were revalued in 2010 pursuant to a purchase price allocation performed upon acquisition of Parkway Group  
c : Properties were revalued in 2012 pursuant to a purchase price allocation performed upon acquisition of Acibadem Holdings Group  
d : Property is classified as investment property and was revalued in 2014 in accordance with the Group's accounting policies

# Analysis of Shareholdings

as at 30 April 2015

|                                  |  |
|----------------------------------|--|
| Class of securities              | : Ordinary shares of RM1.00 each   |
| Authorised share capital         | : RM18,000,000,000.00 divided into 18,000,000,000 ordinary shares of RM1.00 each |
| Issued and paid-up share capital | : RM8,214,852,033.00 divided into 8,214,852,033 ordinary shares of RM1.00 each   |
| Voting right                     | : One vote per ordinary share  |

## Distribution of Shareholdings

| Size of Shareholdings    | No. of Holders | %      | No. of Holdings | %      |
|--------------------------|----------------|--------|-----------------|--------|
| Less than 100            | 94             | 1.15   | 1,031           | 0.00   |
| 100 - 1,000              | 2,198          | 26.92  | 1,879,068       | 0.02   |
| 1,001 - 10,000           | 4,256          | 52.13  | 18,926,314      | 0.23   |
| 10,001 - 100,000         | 1,079          | 13.22  | 32,250,986      | 0.39   |
| 100,001 - 410,742,600 *  | 533            | 6.53   | 1,891,152,539   | 23.02  |
| 410,742,601 and above ** | 4              | 0.05   | 6,270,642,095   | 76.34  |
| Total                    | 8,164          | 100.00 | 8,214,852,033   | 100.00 |

Notes:

- \* Less than 5% of issued and paid-up share capital
- \*\* 5% and above of issued and paid-up share capital

## Category of Shareholders

| Category of Shareholders                 | No. of Shareholders | % of Shareholders | No. of Shares held | % of Issued Shares |
|--|---------------------|-------------------|--------------------|--------------------|
| Individual                               | 6,649               | 81.44             | 39,303,697         | 0.48               |
| Banks/Finance Companies                  | 58                  | 0.71              | 324,651,300        | 3.95               |
| Investments Trusts/Foundations/Charities | 1                   | 0.01              | 100,000            | 0.00               |
| Other Types of Companies                 | 77                  | 0.95              | 5,232,450,734      | 63.70              |
| Government Agencies/Institutions         | 0                   | 0.00              | 0                  | 0.00               |
| Nominees                                 | 1,379               | 16.89             | 2,618,346,302      | 31.87              |
| Others                                   | 0                   | 0.00              | 0                  | 0.00               |
| Total                                    | 8,164               | 100.00            | 8,214,852,033      | 100.00             |

## Substantial Shareholders

(As per Register of Substantial Shareholders)

| No. | Name                            | Direct Interest    |                     | Indirect Interest           |                    |
|-----|---------------------------------|--------------------|---------------------|-----------------------------|--------------------|
|     |                                 | No. of Shares Held | % of Issued Shares  | No. of Shares Held          | % of Issued Shares |
| 1.  | Pulau Memutik Ventures Sdn Bhd  | 3,580,570,634      | 43.59               | -                           | -                  |
| 2.  | Khazanah Nasional Berhad        | -                  | -                   | 3,580,570,634 <sup>i</sup>  | 43.59              |
| 3.  | MBK Healthcare Partners Limited | 1,650,000,000      | 20.09               | -                           | -                  |
| 4.  | Mitsui & Co., Ltd               | -                  | -                   | 1,650,000,000 <sup>ii</sup> | 20.09              |
| 5.  | Employees Provident Fund        | 719,089,000        | 8.75 <sup>iii</sup> | -                           | -                  |

Notes:

- i Deemed interest by virtue of its shareholding in Pulau Memutik Ventures Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
- ii Deemed interest by virtue of its shareholding in MBK Healthcare Partners Limited pursuant to Section 6A of the Companies Act, 1965.
- iii The shares are held through various nominees companies.

**Directors' Direct and Indirect Interests in the Company and its Related Corporations**  
**(As per Register of Directors' Shareholdings)**

| Interest in the Company                    | Number of ordinary shares of RM1.00 each |                       |                         |                       |
|--|--|-----------------------|-------------------------|-----------------------|
|  | Direct Interest                          |                       | Indirect Interest       |                       |
|  | No. of<br>Shares Held                    | % of Issued<br>Shares | No. of<br>Shares Held   | % of Issued<br>Shares |
| 1. Tan Sri Dato' Dr Abu Bakar Bin Suleiman | 2,784,000                                | 0.03                  | -                       | -                     |
| 2. Dr Tan See Leng                         | 19,809,500                               | 0.24                  | -                       | -                     |
| 3. Mehmet Ali Aydinlar                     | 173,741,000                              | 2.11                  | 88,910,861 <sup>i</sup> | 1.08                  |
| 4. Kuok Khoo Ean                           | 250,000                                  | 0.00                  | -                       | -                     |
| 5. Chang See Hiang                         | 100,000                                  | 0.00                  | -                       | -                     |

Notes:

i Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatirim Insaat ve Ticaret A.S.'s shareholding in the Company, a company wholly-owned by Mehmet Ali Aydinlar and his wife, pursuant to Section 6A of the Companies Act, 1965.

Mehmet Ali Aydinlar's direct and/or indirect interest in the subsidiaries are as follows:

| Interest in subsidiaries                   | Number of ordinary shares of<br>TL1.00 each |                       |
|--|---|-----------------------|
|  | Direct Interest                             | Indirect Interest     |
|  | No. of<br>Shares Held                       | No. of<br>Shares Held |
| Acibadem Saglik Yatirimlari Holding A.S.   | 354,533,087                                 | 27,466,913            |
| Acibadem Saglik Hizmetleri ve Ticaret A.S. | 1   | 1                     |
| Acibadem Poliklinikleri A.S.               | 1   | 3                     |
| Acibadem Proje Yonetimi A.S.               | 1   | -                     |
| Aplus Hastane Otelcilik Hizmetleri A.S.    | 1   | 2                     |

|                                      | Number of ordinary shares of<br>TL2.00 each |                       |
|--------------------------------------|---|-----------------------|
|                                      | Direct Interest                             | Indirect Interest     |
|                                      | No. of<br>Shares Held                       | No. of<br>Shares Held |
| International Hospital Istanbul A.S. | 1   | 1                     |

Chang See Hiang's direct interest in the subsidiary is as follows:

| Interest in subsidiary                    | Number of units      |                      |
|---|----------------------|----------------------|
|   | Direct Interest      | Indirect Interest    |
|   | No. of<br>Units Held | No. of<br>Units Held |
| Parkway Life Real Estate Investment Trust | 300,000              | -                    |

## Analysis of Shareholdings

as at 30 April 2015

### Long Term Incentive Plan

| Interest in the Company<br>Long Term Incentive Plan | Number of units convertible into ordinary shares of RM1.00 each |                       |
|---|---|-----------------------|
|   | Direct Interest   | No. of<br>Shares Held |
| 1. Tan Sri Dato' Dr Abu Bakar Bin Suleiman          |   | 116,000               |
| 2. Dr Tan See Leng                                  |   | 2,089,000             |
| 3. Mehmet Ali Aydinlar                              |   | 1,195,000             |

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 Thirty Largest Shareholders

| No. | Name   | No. of<br>Shares Held | % of Issued<br>Shares |
|-----|--|-----------------------|-----------------------|
| 1.  | Pulau Memutik Ventures Sdn Bhd   | 3,580,570,634         | 43.59                 |
| 2.  | MBK Healthcare Partners Limited  | 1,650,000,000         | 20.09                 |
| 3.  | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board                              | 596,113,000           | 7.26                  |
| 4.  | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt AN for The Central Depository (Pte) Limited             | 443,958,461           | 5.40                  |
| 5.  | Citigroup Nominees (Asing) Sdn Bhd<br>CBLDN for Kuwait Investment Authority                          | 150,306,500           | 1.83                  |
| 6.  | Cartaban Nominees (Asing) Sdn Bhd<br>GIC Private Limited for Government of Singapore (C)             | 100,169,300           | 1.22                  |
| 7.  | Cartaban Nominees (Asing) Sdn Bhd<br>Exempt AN for State Street Bank & Trust Company (West CLT OD67) | 87,657,842            | 1.07                  |
| 8.  | Amanahraya Trustees Berhad<br>Skim Amanah Saham Bumiputera   | 82,500,000            | 1.00                  |
| 9.  | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)    | 62,289,227            | 0.76                  |
| 10. | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt AN for UBS AG Singapore (Foreign)                       | 52,583,599            | 0.64                  |
| 11. | HSBC Nominees (Asing) Sdn Bhd<br>BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund    | 49,850,776            | 0.61                  |
| 12. | HSBC Nominees (Asing) Sdn Bhd<br>BBH and Co Boston for Matthews Pacific Tiger Fund                   | 47,676,300            | 0.58                  |
| 13. | Amanahraya Trustees Berhad<br>Amanah Saham Wawasan 2020  | 43,083,900            | 0.52                  |
| 14. | HSBC Nominees (Asing) Sdn Bhd<br>BBH and Co Boston for Blackrock Global Allocation Fund, Inc.        | 40,966,800            | 0.50                  |
| 15. | Affin Hwang Nominees (Asing) Sdn Bhd<br>RSS/SBL for Deutsche Bank Aktiengesellschaft (London Branch) | 40,249,200            | 0.49                  |
| 16. | Citigroup Nominees (Asing) Sdn Bhd<br>CBNY for International Finance Corporation                     | 40,000,000            | 0.49                  |
| 17. | Cartaban Nominees (Tempatan) Sdn Bhd<br>Exempt AN for Eastspring Investments Berhad                  | 39,466,000            | 0.48                  |

## List of Top Thirty Largest Shareholders (Continued)

| No.          | Name  | No. of<br>Shares Held | % of Issued<br>Shares |
|--------------|---|-----------------------|-----------------------|
| 18.          | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia) | 37,884,333            | 0.46                  |
| 19.          | Cartaban Nominees (Asing) Sdn Bhd<br>GIC Private Limited for Monetary Authority of Singapore (H)        | 27,181,100            | 0.33                  |
| 20.          | Amanahraya Trustees Berhad<br>Public Islamic Dividend Fund  | 26,212,400            | 0.32                  |
| 21.          | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN for The Bank of New York Mellon (Mellon ACCT)                | 23,206,467            | 0.28                  |
| 22.          | DB (Malaysia) Nominee (Asing) Sdn Bhd<br>Deutsche Bank AG London  | 22,081,640            | 0.27                  |
| 23.          | Maybank Nominees (Tempatan) Sdn Bhd<br>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)   | 22,000,000            | 0.27                  |
| 24.          | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN for J.P. Morgan Bank Luxembourg S.A.                         | 21,310,386            | 0.26                  |
| 25.          | Amanahraya Trustees Berhad<br>Public Islamic Select Enterprises Fund                                    | 19,562,500            | 0.24                  |
| 26.          | HSBC Nominees (Asing) Sdn Bhd<br>TNTC for Saudi Arabian Monetary Agency                                 | 18,971,600            | 0.23                  |
| 27.          | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia   | 17,500,000            | 0.21                  |
| 28.          | HSBC Nominees (Asing) Sdn Bhd<br>BNY Lux for Global Allocation Fund (Blackrock GBL F)                   | 17,367,900            | 0.21                  |
| 29.          | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (Nomura)                        | 15,518,600            | 0.19                  |
| 30.          | Amanahraya Trustees Berhad<br>Amanah Saham Didik  | 14,997,700            | 0.18                  |
| <b>Total</b> |   | <b>7,391,236,165</b>  | <b>89.97</b>          |



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of IHH HEALTHCARE BERHAD (“IHH” or “the Company”) will be held at Ballroom A & B, Level 6, Hilton Hotel KL Sentral, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Monday, 15 June 2015 at 10.00 a.m. for the following purposes:**

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of a first and final single tier cash dividend of 3 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2014. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire pursuant to Article 113(1) of the Articles of Association of the Company:
  - (i) Chang See Hiang **Ordinary Resolution 2**
  - (ii) Kuok Khoo Ean **Ordinary Resolution 3**
  - (iii) Rossana Annizah binti Ahmad Rashid **Ordinary Resolution 4**
4. To re-elect Shirish Moreshwar Apte who retires pursuant to Article 120 of the Articles of Association of the Company. **Ordinary Resolution 5**
5. To re-appoint Tan Sri Dato' Dr Abu Bakar bin Suleiman in accordance with Section 129(6) of the Companies Act, 1965. **Ordinary Resolution 6**
6. To approve the payment of Directors' fees to the Non-Executive Directors with effect from 16 June 2015 until the next Annual General Meeting of the Company as per the table below: **Ordinary Resolution 7**

| Structure                           | Chairman<br>(RM per annum) | Member<br>(RM per annum) |
|-------------------------------------|----------------------------|--------------------------|
| Board of Directors                  | -                          | 220,000                  |
| Audit & Risk Management Committee   | 120,000                    | 80,000                   |
| Nomination & Remuneration Committee | 60,000                     | 40,000                   |
| Steering Committee                  | 60,000                     | 40,000                   |

7. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

## AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

8. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 9**

“THAT subject to the Companies Act, 1965, the Articles of Association 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 132D of the Companies Act, 1965, 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 nominal value of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”
9. **PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN IHH (“IHH SHARES”) TO TAN SRI DATO' DR ABU BAKAR BIN SULEIMAN** **Ordinary Resolution 10**

“THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval (“Approval Date”) and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Tan Sri Dato' Dr Abu Bakar bin Suleiman, the Executive Chairman of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new shares in the Company (“IHH Shares”) upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of Ringgit Malaysia 331,200 (“Base Allocation”), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation (“Base Number”) at the issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date (“Issue Price”), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued (“Actual Number”) will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the Long Term Incentive Plan.”

**10. PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN IHH ("IHH SHARES") TO DR TAN SEE LENG** **Ordinary Resolution 11**

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Dr Tan See Leng, the Managing Director and Chief Executive Officer of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of Singapore Dollar 2,697,081 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the Long Term Incentive Plan."

**11. PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN IHH ("IHH SHARES") TO MEHMET ALI AYDINLAR** **Ordinary Resolution 12**

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Mehmet Ali Aydinlar, an Executive Director of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of United States Dollar 945,289 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the Long Term Incentive Plan."

**12. PROPOSED AUTHORITY FOR IHH TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE PREVAILING ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ("PROPOSED SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 13**

"THAT subject to the Companies Act, 1965 (the "Act"), rules, regulations and orders made pursuant to the Act, the provisions of the Company's Memorandum and Articles of Association 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 of RM1.00 each 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 issued and paid-up share capital 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 Share Buy-Back Authority shall not exceed the aggregate of the retained profits and/or share premium account 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 67A 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,

## Notice of Annual General Meeting

or in any other manner as may be prescribed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

THAT the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

AND THAT the Directors of the Company be and are hereby empowered to do all acts and things (including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991) and to take all such steps and to enter into and execute all declarations, commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations (if any) as may be imposed by the relevant authorities."

13. To transact any other business of which due notice shall have been given.

### NOTICE ON DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final single tier cash dividend of 3 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2014 ("Dividend"), if approved by the shareholders at the forthcoming Fifth Annual General Meeting, will be paid on 22 July 2015 to depositors whose names appear in the Record of Depositors on 3 July 2015.

A depositor shall qualify for entitlement to the Dividend only in respect of:

- (a) shares transferred into the Depositor's securities account before 4.00 p.m. on 3 July 2015 in respect of transfers; and
- (b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

MICHELE KYTHE LIM BENG SZE (LS 0009763)  
SEOW CHING VOON (MAICSA 7045152)  
Company Secretaries

Kuala Lumpur  
23 May 2015

## NOTES:

### PROXY AND/OR AUTHORISED REPRESENTATIVES

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.
2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the 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.
4. The instrument appointing a proxy shall:
  - (i) in the case of an individual, be signed by the appointer or by his/her attorney.
  - (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 101 of the Company's Articles of Association.
6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof.

### MEMBERS ENTITLED TO ATTEND

7. Only Members whose names appear in the General Meeting Record of Depositors on 8 June 2015 shall be entitled to attend, speak and vote at this Fifth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

### EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 9 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965 ("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 nominal value of the issued and paid-up share capital of the Company for any possible fund raising activities, funding investment project(s), working capital and/or acquisitions involving equity deals or part equity or such purposes as the Directors consider would be in the interest of the Company. The approval is sought to avoid any delay and cost in convening separate general meetings for such issuance of shares. This authority, unless revoked or varied at a general meeting will expire at the next annual general meeting of the Company.

The Company had, during its Fourth annual general meeting held on 20 June 2014, obtained its shareholders' approval for the General Mandate. No share was issued pursuant to the General Mandate as at the date of this Notice.

2. Resolutions pursuant to the proposed allocation of units under the Long Term Incentive Plan ("LTIP") of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH ("IHH Shares") to the Executive Directors of the Company i.e. Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng and Mehmet Ali Aydinlar ("Proposed Allocation")

The proposed Ordinary Resolutions 10-12 are for the purpose of approving the allocation of LTIP units and the corresponding number of new IHH Shares to the Executive Directors of the Company i.e. Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng and Mehmet Ali Aydinlar under the LTIP as established by our Company, Pantai Holdings Berhad, Parkway Holdings Limited and/or IMU Health Sdn Bhd ("IMU Health").

#### Rationale of the Proposed Allocation

The purpose of the LTIP is to promote ownership of IHH Shares by eligible employees of our Group including the Executive Directors, thereby motivating eligible employees including the Executive Directors to work towards achieving our business goals and objectives and to enable us to attract, retain and reward eligible

## Notice of Annual General Meeting

employees of our Group by permitting them to participate in our Company's growth. The LTIP units are granted to eligible employees including Executive Directors in lieu of a cash bonus as part of the annual compensation package and upon the meeting of performance targets based on the annual financial results of our Group. The Proposed Allocation is part of the compensation package to the Executive Directors.

### Maximum Number and Basis of Allocation

The actual number of LTIP units to be granted to the Executive Directors of the Company will be determined at the sole and absolute discretion of the Board after taking into account their performance in the Company or its group of companies or such other matters which the Board may in their sole discretion deem fit. In respect of the Proposed Allocation, upon considering the actual performance of Parkway Pantai Limited, IMU Health and Acibadem Saglik Yatirimlari Holding A.S. and their respective group of companies for the financial year ended 2014, the Board recommends the total allocation to the Executive Directors based on the aggregate value in the currency applicable in the jurisdiction each Executive Director is based in to be converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation") which will be equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") based on issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), provided that if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price.

The total number of IHH Shares which may be issued under this LTIP shall not exceed two percent (2%) of the issued and paid-up share capital of our Company at any time during the existence of the LTIP. Also, the total number of IHH Shares which may be issued under LTIP units granted under this LTIP to a participant who either singly or collectively with persons connected with him owns twenty percent (20%) or more of the issued and paid-up capital of the Company shall not exceed in aggregate ten percent (10%) of the total number of IHH Shares to be issued under the LTIP.

All LTIP units that have been vested must be surrendered to the Company and the Company shall allot and issue to the eligible employee such number of IHH Shares on the basis of one (1) Share for each LTIP unit. There is no price payable by the eligible employees or Executive Directors for the allotment and issuance of new IHH Shares to them upon surrender of the LTIP units. No Shares will be allotted and issued upon the surrender of LTIP units if such allotment and issuance would violate any provision of applicable laws, nor shall any LTIP units be exercisable more than ten (10) years, from the date on which the LTIP becomes effective. No LTIP unit shall be granted pursuant to the LTIP on or after the tenth anniversary of the date on which the LTIP becomes effective.

### Unit Price, Ranking and Listing

The IHH Shares to be issued to the Executive Directors upon the surrender of all granted and vested LTIP units shall be based on the five (5)-day weighted average market price of IHH Shares at the time the LTIP unit is issued. The new IHH Shares to be issued pursuant to the Proposed Allocation shall, upon allotment and issue, rank equally in all respects with the existing IHH Shares save that they shall not be entitled to any rights, allotments, entitlements, dividends and/or distributions, the entitlement date of which is prior to the date of allotment of such new IHH Shares to be issued. The new IHH Shares to be issued pursuant to the Proposed Allocation shall be primarily listed on the Main Market of Bursa Malaysia Securities Berhad and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited, subject to obtaining the necessary approvals.

### Directors' and Major Shareholders' Interests

Each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng and Mehmet Ali Aydinlar is deemed interested in the Proposed Allocation to him individually.

Accordingly, each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng and Mehmet Ali Aydinlar has abstained and will continue to abstain from all deliberations and voting on the Proposed Allocation to him individually at the relevant Board meetings of IHH and/or its subsidiary. In addition, each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng and Mehmet Ali Aydinlar will abstain and has undertaken to ensure that persons connected to him will abstain from voting in respect of their respective direct and/or indirect shareholding in IHH, if any, on the resolutions pertaining to the Proposed Allocation to him individually at the AGM to be convened.

Save as disclosed above, none of the directors, major shareholders and persons connected to the directors and major shareholders of IHH are interested in the Proposed Allocation.

### 3. Proposed authority for IHH Healthcare Berhad to purchase its own shares of up to ten percent (10%) of the prevailing issued and paid-up share capital of the Company

The proposed Ordinary Resolution 13, if passed, will enable the Company to purchase its own shares through Bursa Securities of up to ten percent (10%) of the prevailing issued and paid-up share capital 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 Share Buy-Back Authority is set out in the Circular to shareholders dated 23 May 2015, which is despatched together with the Company's Annual Report 2014.

# FORM OF PROXY

## Fifth Annual General Meeting



IHH Healthcare Berhad

\*I/\*We \_\_\_\_\_  
( Full name and NRIC/Passport/Company no. in capital letters )

of \_\_\_\_\_  
( Full address in capital letters and telephone no. )

being a member/members of IHH HEALTHCARE BERHAD ("Company"), hereby appoint:

| Full Name | Full Address | NRIC/ Passport No. | Proportion of Shareholding |   |
|-----------|--------------|--------------------|----------------------------|---|
|           |              |                    | No. of Shares              | % |
|           |              |                    |                            |   |

\*and/\*or

| Full Name | Full Address | NRIC/ Passport No. | Proportion of Shareholding |   |
|-----------|--------------|--------------------|----------------------------|---|
|           |              |                    | No. of Shares              | % |
|           |              |                    |                            |   |

\*and/\*or (only in the case of a substantial shareholder)

| Full Name | Full Address | NRIC/ Passport No. | Proportion of Shareholding |   |
|-----------|--------------|--------------------|----------------------------|---|
|           |              |                    | No. of Shares              | % |
|           |              |                    |                            |   |

\*and/\*or (only in the case of a substantial shareholder)

| Full Name | Full Address | NRIC/ Passport No. | Proportion of Shareholding |   |
|-----------|--------------|--------------------|----------------------------|---|
|           |              |                    | No. of Shares              | % |
|           |              |                    |                            |   |

\*and/\*or (only in the case of a substantial shareholder)

| Full Name | Full Address | NRIC/ Passport No. | Proportion of Shareholding |   |
|-----------|--------------|--------------------|----------------------------|---|
|           |              |                    | No. of Shares              | % |
|           |              |                    |                            |   |

or failing \*him/\*her/\*them, the CHAIRMAN OF THE MEETING as \*my/\*our \*proxy/\*proxies to vote for \*me/\*us on \*my/\*our behalf at the Fifth Annual General Meeting of the Company to be held at Ballroom A & B, Level 6, Hilton Hotel KL Sentral, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Monday, 15 June 2015 at 10.00 a.m. and at any adjournment thereof. \*I/\*We indicate with an "✓" or "x" in the spaces below how \*I/\*we wish \*my/\*our vote to be cast:

| No. | Resolutions  | For | Against |
|-----|--|-----|---------|
| 1   | Payment of a first and final single tier cash dividend of 3 sen per ordinary share of RM1.00 each  |     |         |
| 2   | Re-election of Chang See Hiang   |     |         |
| 3   | Re-election of Kuok Khoon Ean  |     |         |
| 4   | Re-election of Rossana Annizah binti Ahmad Rashid  |     |         |
| 5   | Re-election of Shirish Moreshwar Apte  |     |         |
| 6   | Re-appointment of Tan Sri Dato' Dr Abu Bakar bin Suleiman  |     |         |
| 7   | Approval of payment of Directors' fees to the Non-Executive Directors with effect from 16 June 2015 until the next Annual General Meeting                                    |     |         |
| 8   | Re-appointment of Messrs KPMG as Auditors of the Company and authority to the Directors to fix their remuneration  |     |         |
| 9   | Authority to allot shares pursuant to Section 132D of the Companies Act, 1965  |     |         |
| 10  | Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH to Tan Sri Dato' Dr Abu Bakar bin Suleiman |     |         |
| 11  | Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH to Dr Tan See Leng                         |     |         |
| 12  | Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH to Mehmet Ali Aydinlar                     |     |         |
| 13  | Proposed authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing issued and paid-up share capital of IHH                                   |     |         |

Subject to the abovestated voting instructions, \*my/\*our \*proxy/\*proxies may vote or abstain from voting on any resolutions as \*he/\*she/\*they may think fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

|                          |  |
|--------------------------|--|
| Total no. of Shares held |  |
| Securities Account No.   |  |

Signature of member/Common Seal of member

IMPORTANT: PLEASE READ THE NOTES BELOW

- Notes:**
- \* Delete whichever is not applicable.
  - 1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.
  - 2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
  - 3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the 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.
  - 4. The instrument appointing a proxy shall:
    - (i) in the case of an individual, be signed by the appointer or by his/her attorney.
    - (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.
  - 5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 101 of the Company's Articles of Association.
  - 6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof.
  - 7. Only Members whose names appear in the General Meeting Record of Depositors on 8 June 2015 shall be entitled to attend, speak and vote at this Fifth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

Affix stamp here

**IHH HEALTHCARE BERHAD (901914-V)**  
c/o Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House,  
Pusat Dagangan Dana 1,  
Jalan PJU 1A/46,  
47301 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.





[www.ihhhealthcare.com](http://www.ihhhealthcare.com)

**IHH HEALTHCARE BERHAD** (901914-V)

Level 11, Block A, Pantai Hospital Kuala Lumpur, 8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia.