

IHH HEALTHCARE BERHAD
Registration No. 201001018208 (901914-V)
(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE TENTH ANNUAL GENERAL MEETING OF IHH HEALTHCARE BERHAD (“IHH” OR “THE COMPANY”) HELD AT MALAYSIA BOARDROOM, LEVEL 11 BLOCK A, PANTAI HOSPITAL KUALA LUMPUR, 8 JALAN BUKIT PANTAI, 59100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA ON TUESDAY, 23 JUNE 2020 AT 2:00 P.M. (“THE MEETING”)

1. CHAIRMAN

Dato’ Mohammed Azlan bin Hashim (“**Chairman**”) chaired the Meeting.

The Chairman highlighted that in support of the Government of Malaysia’s (“**the Government**”) ongoing efforts to contain the spread of the Coronavirus (“**COVID-19**”) and the Government’s advice of social distancing and not having mass gatherings, the Tenth Annual General Meeting (“**10th AGM**”) of the Company is conducted on a fully virtual basis through electronic live streaming and online remote voting. The use of the technology means, which is allowed under Section 327(2) of the Companies Act 2016 and Clause 78 of the Company’s Constitution, would facilitate and enable all shareholders to participate fully in the proceedings by audio and/or video capabilities without the need to be physically present at the Meeting venue.

He introduced the members of the Board, Company Secretaries and the representative of the external auditors, Messrs KPMG PLT, who were participating at the Meeting from the broadcast venue as well as the members of the Board and Management team, who were participating at the Meeting remotely.

The Chairman then welcomed the representatives from the substantial shareholders of the Company, namely, MBK Healthcare Management Pte Ltd, a wholly-owned subsidiary of Mitsui & Co., Ltd., Pulau Memutik Ventures Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Berhad, and Employees’ Provident Fund.

He further welcomed the members of the Senior Management Team of IHH Group and the representative from the Minority Shareholders Watch Group (“**MSWG**”).

2. QUORUM

The Company Secretary confirmed that a quorum was present pursuant to Clause 89 of the Company’s Constitution, and the Chairman declared the Meeting duly convened.

The Meeting was informed that in line with Paragraph 8.29A of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad, all the proposed resolutions set out in the Notice convening the Meeting (“**Notice**”) shall be voted by poll electronically.

3. PRESENTATION BY MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

At the invitation of the Chairman, Dr. Kelvin Loh Chi-Keon presented a snapshot on the following to the Meeting:

- (i) overall Group's operational and financial performance for 2019; and
- (ii) address on the business situation in the current financial year as the Group navigates on the issues related to COVID-19 outbreak.

A copy of the presentation is annexed herein and marked as **Appendix I**.

4. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Reports of the Directors and of the Auditors thereon were duly received by the shareholders.

5. ORDINARY RESOLUTIONS

All resolutions were tabled to the shareholders / proxies / corporate representatives.

6. QUESTIONS AND ANSWERS SESSION

MSWG had on 15 June 2020 written to the Company seeking clarification/information on several matters covering areas in relation to strategic and financial performance as well as corporate governance and sustainability matters of the Group. The questions posed by MSWG and the corresponding responses of the Group, a copy of which is attached herewith marked as **Appendix II**, were read out and flashed on the screen for the benefits of the shareholders / proxies / corporate representatives present virtually.

The shareholders / proxies / corporate representatives had raised the following questions which were responded accordingly by the members of the Board and Management. The summary of the questions and answers raised are as follows:

- (a) In view that the cost to conduct the fully virtual meeting is substantially lower than the physical meeting, the members of the Board of Directors were suggested to consider providing e-voucher and / or e-credit (i.e. e-wallet) to the shareholders / proxies / corporate representatives, who attended and voted at the Meeting, as a token of appreciation.

The Group is focusing on optimising the value to its shareholders as evidenced by the increase in the dividend rate. The Company has declared a first and final single tier cash dividend of RM0.04 per ordinary share in respect of the financial year ended 31 December 2019, which represents an increase of 33% as compared to the first and final dividend of RM0.03 per ordinary share for the financial year ended 31 December 2018.

Besides this, the Group also focuses on increasing clinical operations efficiency and employees' efficiency especially during this COVID-19 pandemic.

- (b) Would there be any downward adjustment to the remuneration of the members of the Board of Directors and Senior Management team in light of the impact of COVID-19 pandemic?

The priorities of the Group are to ensure that it has a good talent pool in managing and running the Group's businesses. The Group has been taking a lot of effort in ensuring the sustainability of both the talent pool and the Group's businesses. A number of initiatives have been rolled out to tide through this challenging time, among others, putting in place a proper cost control measures which would be reviewed from time to time. The Group would undertake other measures, if required.

- (c) Are the returns from the acquisition of Prince Court Medical Centre Sdn Bhd ("**PCMC**") in line with the projection or behind the initial forecast?

The acquisition of PCMC by the Group has yet to be completed pending the fulfilment of 2 conditions precedents, i.e. the approval of the Ministry of Health and the Economic Planning Unit which are still pending. Thus far, the actual performance of PCMC was in line with the Management's projections.

- (d) What is the status of the acquisition of the hospital group in India and whether the Group was still caught in a legal battle and would continue to pursue this investment?

The question posed was in relation to the acquisition of Fortis Healthcare Limited ("**Fortis**") in India. The Group has successfully completed the acquisition of Fortis through the subscription of the preferential allotment of shares by Fortis. Subsequent thereto, the Group have taken over the management control of Fortis, implemented appropriate measures to improve the operations and financials of Fortis as well as consolidating their financials. Fortis had turnaround financially and registered a profit for a cumulative of 4 quarters.

The mandatory tender offer ("**MTO**") to acquire up to 26% of the expanded voting share capital in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended), has been suspended following the status quo order issued by the Supreme Court of India ("**SC**") on 14 December 2018. The Group would undertake all necessary legal actions to enable the MTO to materialise. The next hearing of the relevant legal proceedings before the SC has tentatively been fixed on 6 July 2020. The Group remains committed in the investment in Fortis.

- (e) Whether the Group's facilities in Turkey, China and Hong Kong have registered higher revenue due to COVID-19?

The COVID-19 is an unprecedented crisis and IHH, likewise most of the other businesses, would also see a short-term impact due to the pandemic. As more markets are enforced with lockdown and travel restrictions, the foreign medical travel has very much been curtailed during this time. The volume for domestic patient was affected as well, particularly the elective cases. However, the Group continues to see steady flow of acute and urgent cases locally.

Overall, IHH Group remains resilient and has a strong balance sheet. The Group continues to prioritise cash flow and liquidity, implementing strict cost controls as well as deferring non-critical capital expenditure. Beside this, the Group has also been assisting the local governments in all the jurisdictions that the Group operates in to fight against this pandemic such as performing laboratory testing for COVID-19 cases and supporting the COVID-19 related facilities.

- (f) The operating expenses in the financial year 2019 has increased to RM2.097 billion from RM1.414 billion in the financial year 2018. What are the reasons for the substantial increase in the operating expenses and whether similar amount would be incurred in the financial year 2020?

The higher operating expenses was attributable to the consolidation of Fortis and impairments recognised in respect of certain investments made by the Group in the financial year 2019. The Group merely consolidated 1 month of Fortis' financials in 2018 as compared to 12 months Fortis' financials, including the operating expenses, in 2019.

7. VOTING RESULTS

All the following resolutions tabled at the Meeting and voted upon by poll were duly passed by the shareholders of the Company:

Ordinary Resolution 1	Re-election of Mehmet Ali Aydinlar
Ordinary Resolution 2	Re-election of Rossana Annizah binti Ahmad Rashid
Ordinary Resolution 3	Re-election of Dr. Kelvin Loh Chi-Keon
Ordinary Resolution 4	Re-election of Dr. Farid bin Mohamed Sani
Ordinary Resolution 5	Re-election of Masato Sugahara
Ordinary Resolution 6	Payment of Directors' fees and other benefits to the Directors of the Company by the Company
Ordinary Resolution 7	Payment of Directors' fees and other benefits to the Directors of the Company by the Company's subsidiaries
Ordinary Resolution 8	Re-appointment of KPMG PLT as Auditors of the Company and authority to the Directors to fix their remuneration
Ordinary Resolution 9	Authority to allot shares pursuant to Section 75 of the Companies Act 2016
Ordinary Resolution 10	Renewal of authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing total number of issued shares of IHH

CONCLUSION

As all business was completed, the Chairman concluded the Meeting at 3:25 p.m. and thanked all present on-site and virtually for their attendance.



IHH HEALTHCARE BERHAD

ANNUAL GENERAL MEETING

2020



OUR VISION

To be the world's
most trusted
healthcare services
network



OUR VISION

To be the world's most trusted healthcare services network

PURPOSE

Touching Lives,
Transforming Care

OUR MISSION

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

OUR VALUES



PATIENTS FIRST

We put patient's needs first



INTEGRITY

We do the right thing



EMPATHY

We listen with our hearts



TEAMWORK

We are better together



EXCELLENCE

We champion continuous improvement and innovation

NAVIGATING COVID-19



Key Focus Areas

1

SAFETY:

Protect health and safety of our frontline workers; continuing to offer safe, quality outcomes for patients

2

STRATEGY:

Ensuring business resilience; maintain fiscal discipline; continue executing Refreshed Strategy to drive sustainable growth

3

PARTNERSHIPS:

Continue to work with governments globally to win the war against COVID-19

IHH REFRESHES STRATEGY

TO BUILD TRUST WITH STAKEHOLDERS

VISION

To be the world's most trusted healthcare services network

GOAL

Sharpen focus on improving returns while delivering growth and achieving stronger synergies

1

PATIENTS:

As healthcare providers, we are driven to live up to the trust our patients place in us by providing the best medical care and outcomes

2

EMPLOYEES:

By creating a culture of trust within IHH we inspire and empower employees to deliver best patient care

3

SHAREHOLDERS:

Balance purpose and profit to mutually reinforce each other. By embedding a sense of purpose into our business and putting patients first, we can drive sustainable returns for our shareholders



72%

**of consumers concerned
about cost of healthcare**

**Patients aren't getting what they need
and what they want**

**...and are not even sure of what they
are getting**

**As the trusted healthcare
operator, we have to live up
to the trust our patients
place in us**

THE RISE OF THE HEALTHCARE CONSUMER

Better-Faster-Easier-Cheaper



IHH REFRESHES STRATEGY

TO DELIVER SUSTAINABLE RETURNS

VISION

To be the world's most trusted healthcare services network

GOAL

Sharpen focus on improving returns while delivering growth and achieving stronger synergies

1

LEVERAGE INTERNATIONAL SCALE TO ACHIEVE STRONGER SYNERGIES

Drive greater cost savings through global procurement Office

E.g. Bulk purchase of Cardiac Angioplasty Machines

Deepen operating capabilities – build trust

2

PURSUE GEOGRAPHICAL CLUSTER STRATEGY FOR GROWTH

Improve brand recognition, achieve greater economies of scale, enhance patient access and deepen clinical capabilities

E.g: Seeking growth in the Klang Valley cluster to drive economies of scale

3

REVIEW OF PORTFOLIO OF INVESTMENTS

Capital allocation to prioritise on achieving higher returns

E.g. Include divestments and asset recycling for greater capital efficiency

DIFFERENTIATED SCALE
PORTFOLIO OF LEADING
HOSPITAL BRANDS



>55,000
Employees



>15,000
Licensed beds

ACIBADEM



77 Hospitals



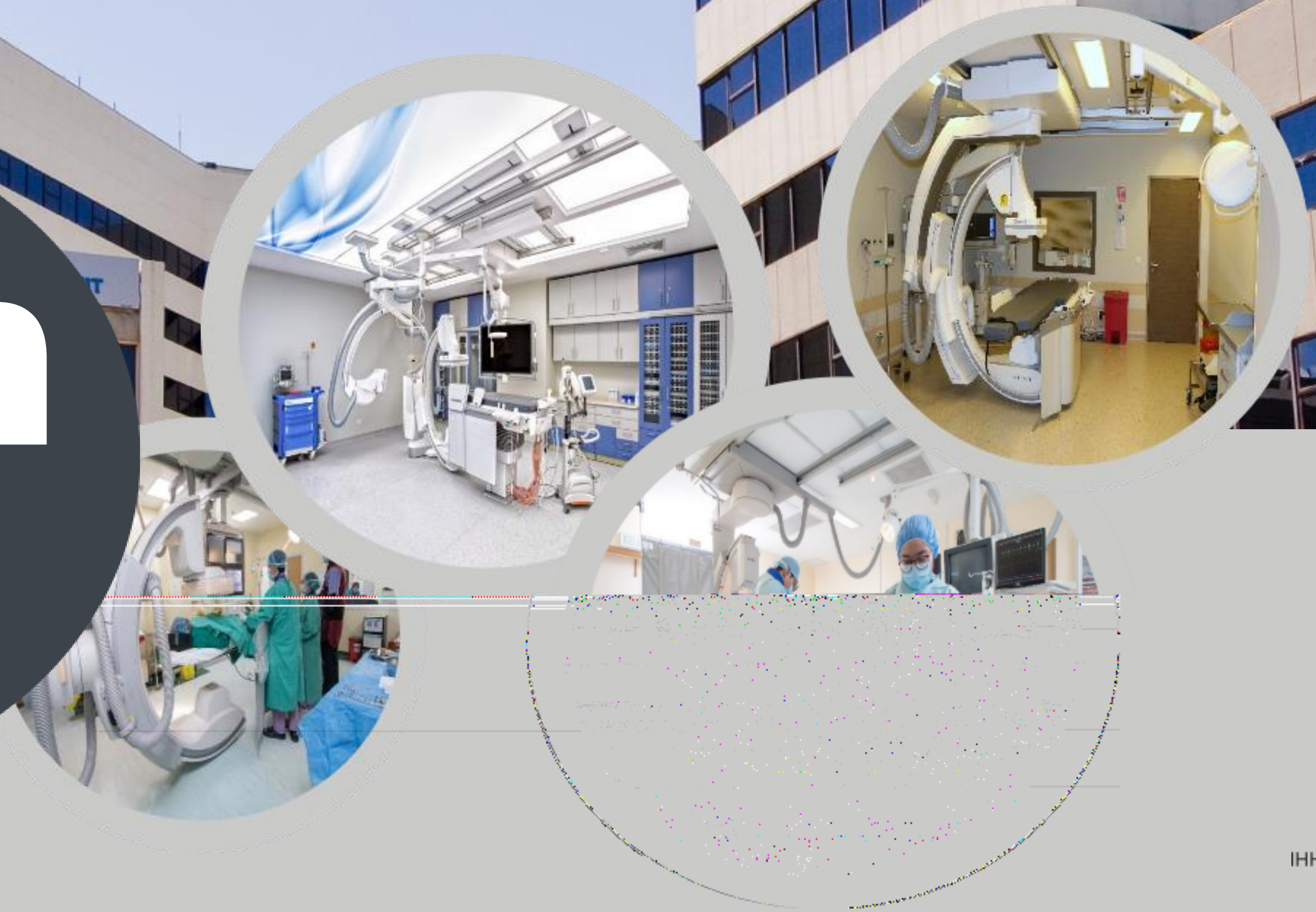
10 Countries

Leveraging International Scale

EXTRACTING SYNERGIES (CATH LAB)

US\$10m

**Cost Savings From
Global Procurement**



IHH Healthcare Berhad

Continuously deepening operating capabilities

RESPONDING TO THE **RISE** OF THE HEALTHCARE **CONSUMER**

Artificial Intelligence

80%

Accuracy in inpatient
bill estimates prior to
admission

Customised Packages



Fee transparency and
certainty of treatment
options

Telemedicine



Remote patient care to
meet evolving needs of
patients

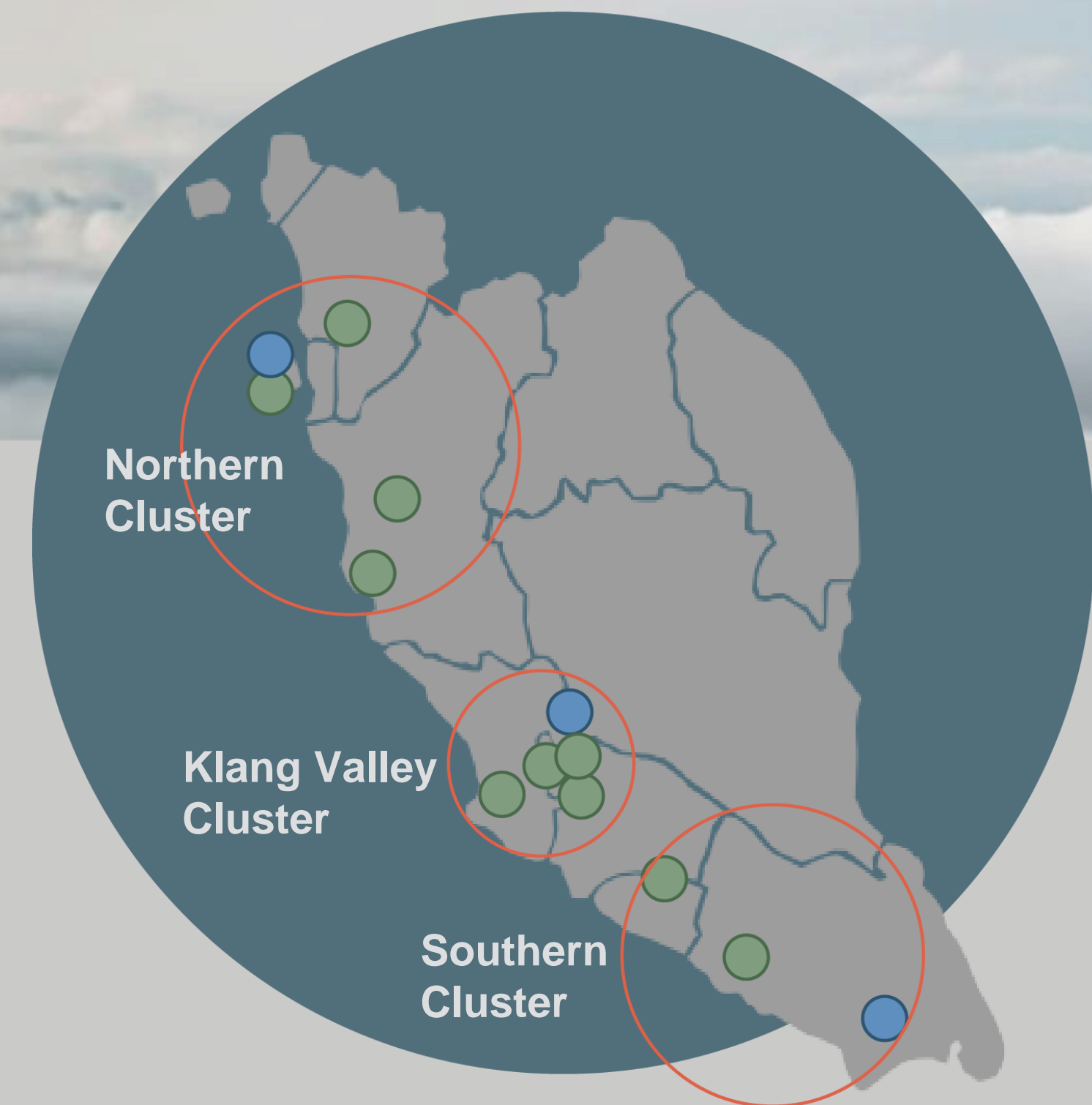
GIVING PEACE OF MIND, BUILDING TRUST

HOSPITAL PLATFORM

GEOGRAPHICAL CLUSTER STRATEGY

**HIGHER ROE IN A
CAPITAL-INTENSIVE
BUSINESS**

● Gleneagles Hospitals ● Pantai Hospitals



A close-up photograph of a person's hands placing a white puzzle piece onto a wooden surface. The puzzle piece is being held by the thumb and index finger of the right hand, while the left hand is positioned below it. The wooden surface has a light brown, horizontal grain. A semi-transparent dark brown horizontal band is overlaid across the middle of the image, containing the text 'KEY FINANCIAL HIGHLIGHTS' in white, bold, sans-serif capital letters. The puzzle piece being placed is a standard interlocking shape, and it fits into a larger assembly of similar pieces that is partially visible below the text band.

KEY FINANCIAL HIGHLIGHTS

CONSISTENT GROWTH SINCE IPO

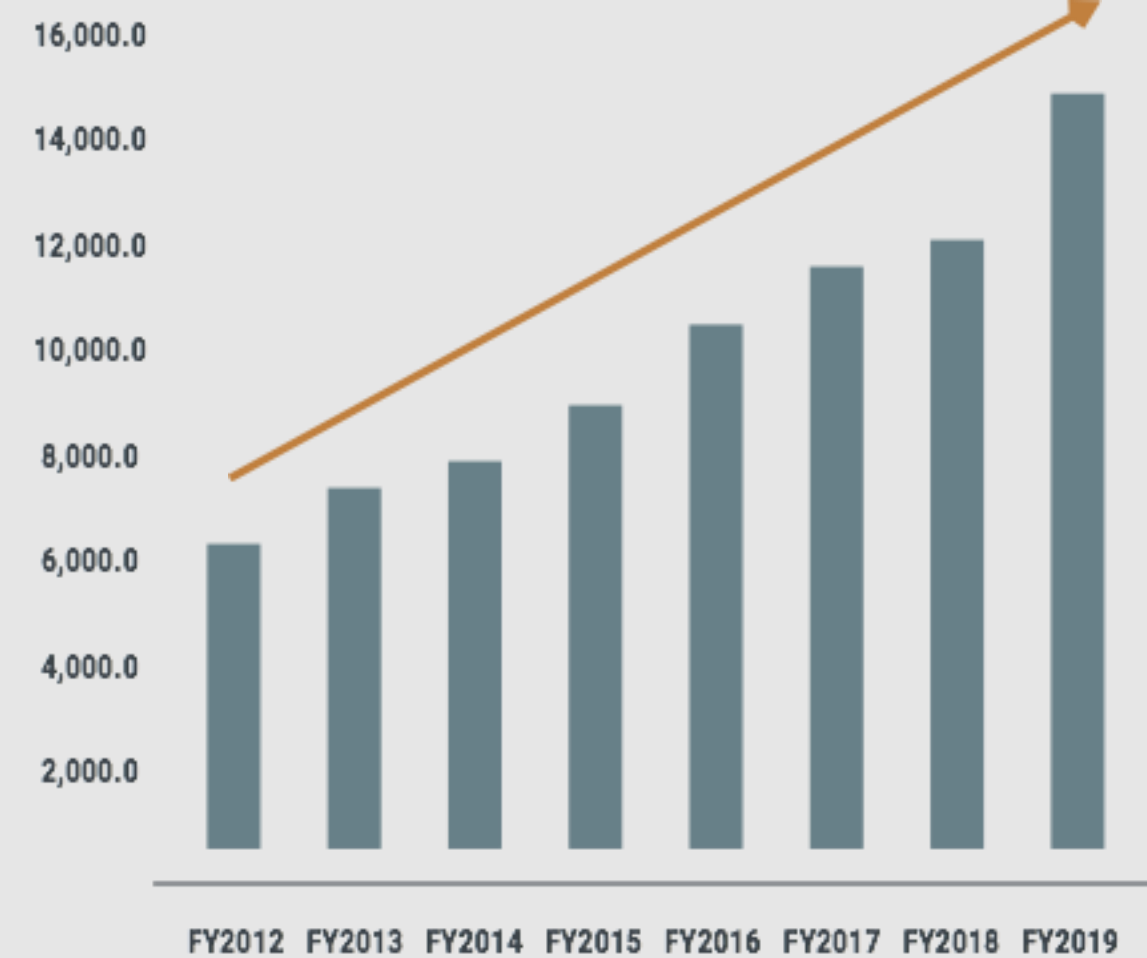
(CAGR for FY2019 from 2012)

▲
RM14.91
billion

▲
RM3.31
billion

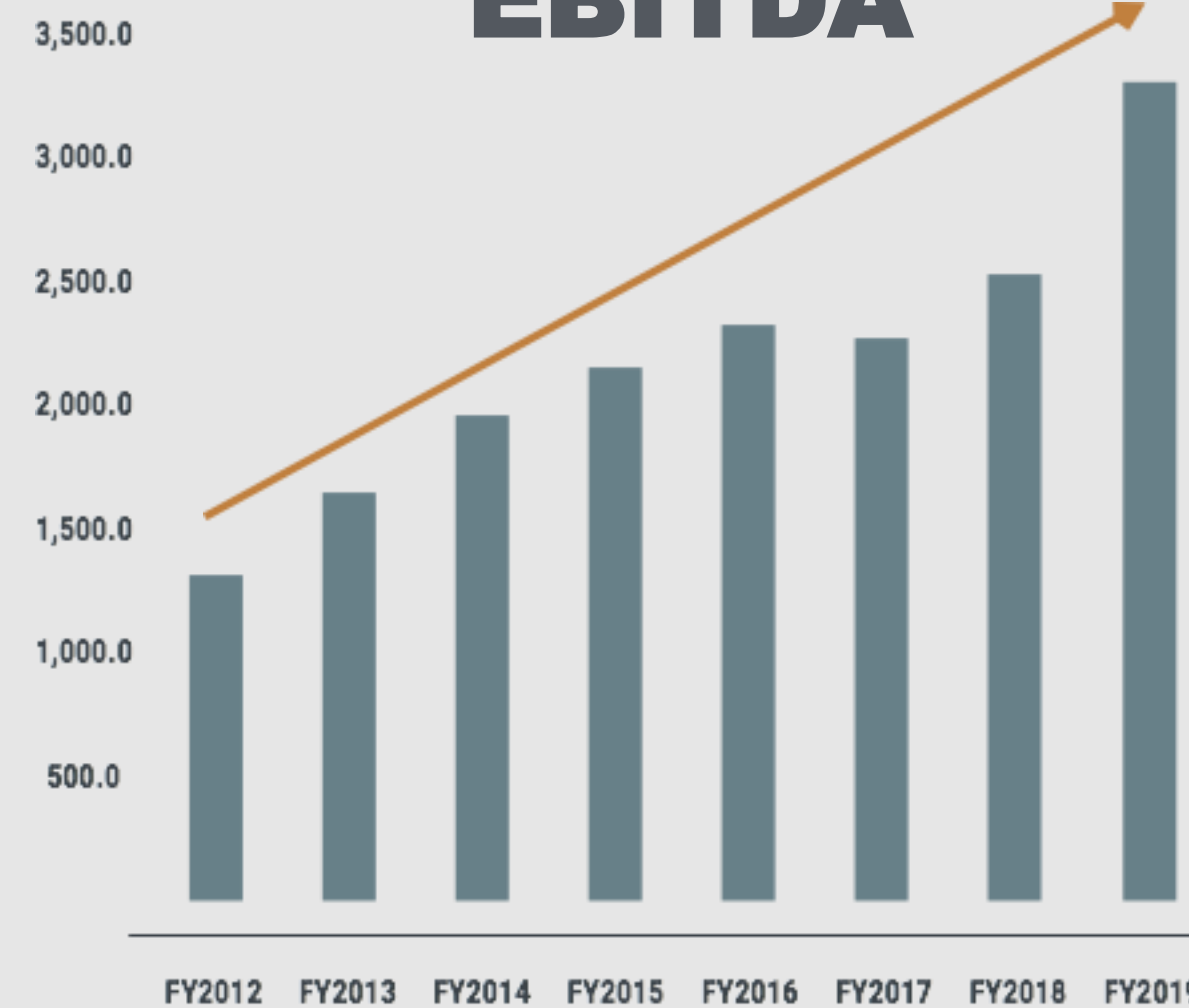
▼
RM920.7
million

REVENUE



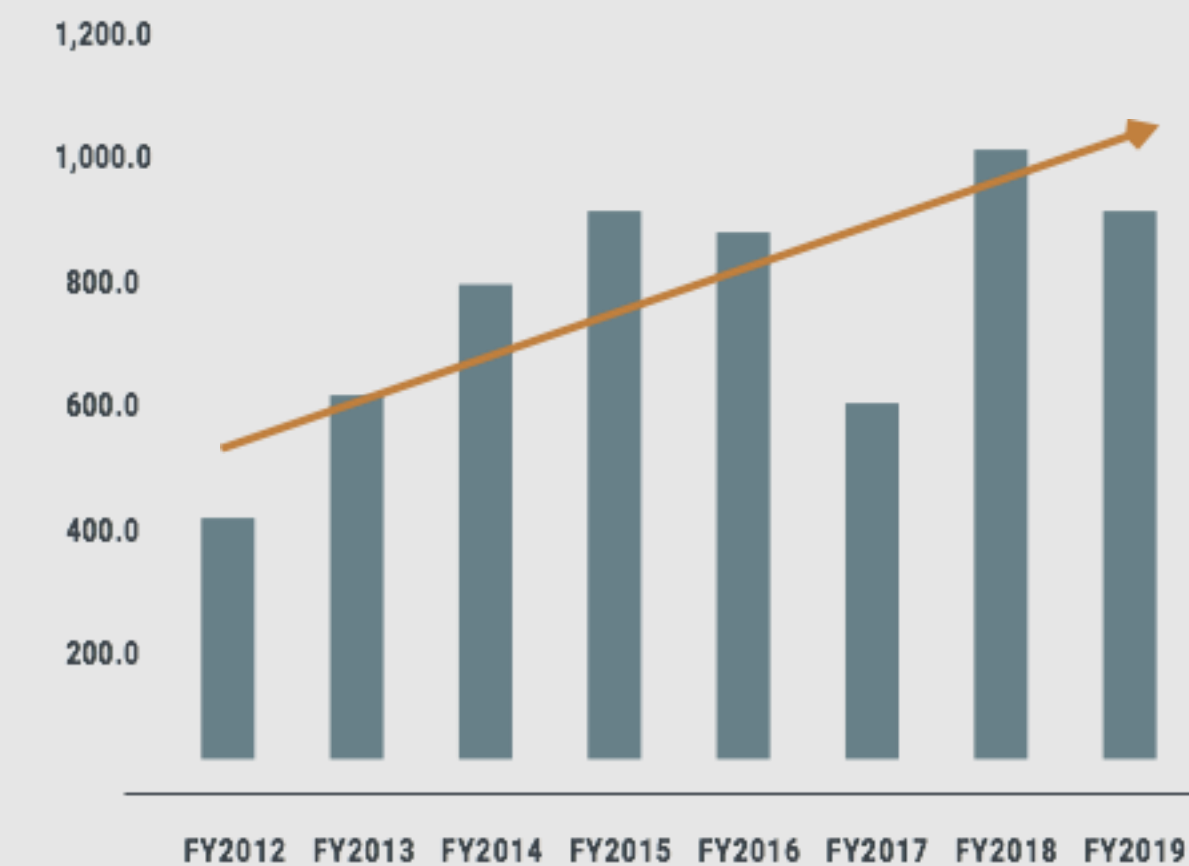
CAGR 10%

EBITDA



CAGR 10%

PATMI (EX EI)



CAGR 14%

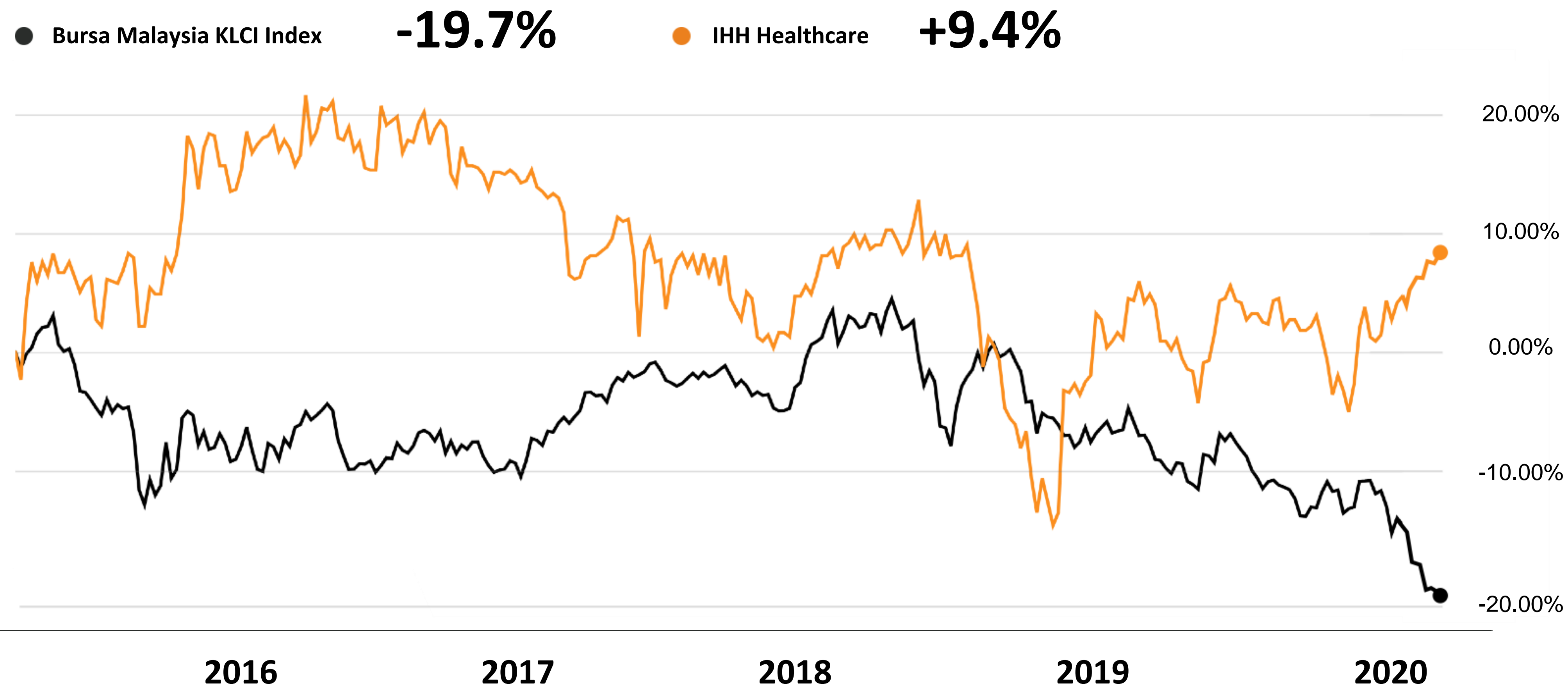
Notes: EX EI - Excluding Exceptional Items

- The above excluded the sale of the Mt. Elizabeth Novena medical suites in 2012 and 2013



IHH Healthcare Berhad

IHH SHARE PRICE LAST 5 YEARS OUTPERFORMED MALAYSIA INDEX (KLCI)

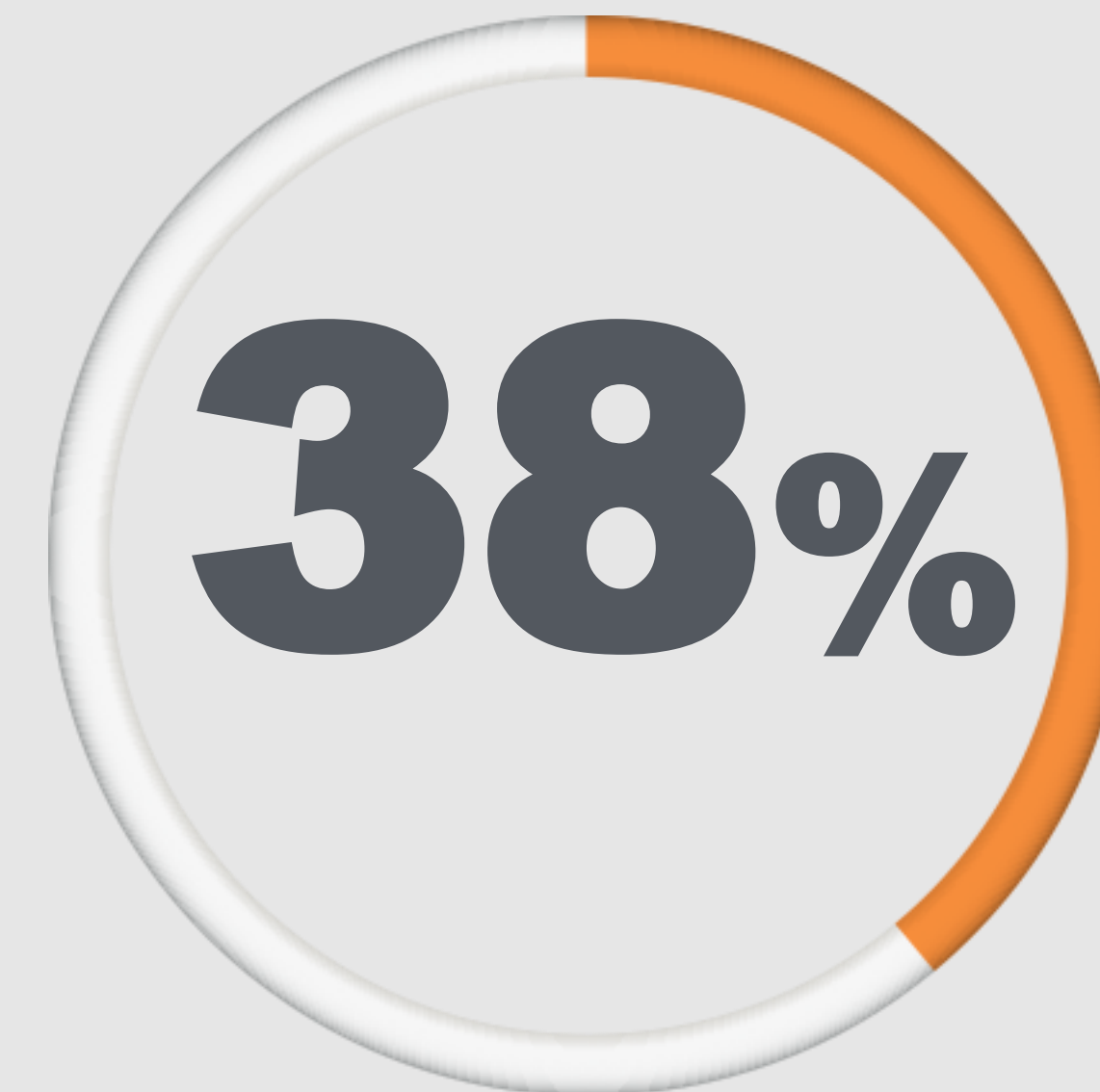


DECLARED DIVIDEND

First and Final Single-tier
Cash Dividend of



This is a dividend
payout ratio of



IHH Healthcare dividend policy:
Not less than 20% of the Group's profit after tax and minority interests, excluding exceptional items, in respect of any financial year shall be distributed to its shareholders



IHH Healthcare Berhad



KEY OPERATIONAL HIGHLIGHTS

SINCE IPO IN 2012
**IHH GREW FROM
33 HOSPITALS TO
77 HOSPITALS IN
10 COUNTRIES**



 HOME MARKETS  KEY GROWTH MARKETS  OTHER INTERNATIONAL MARKETS

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

HOME MARKET //
MALAYSIA
(FY2019)

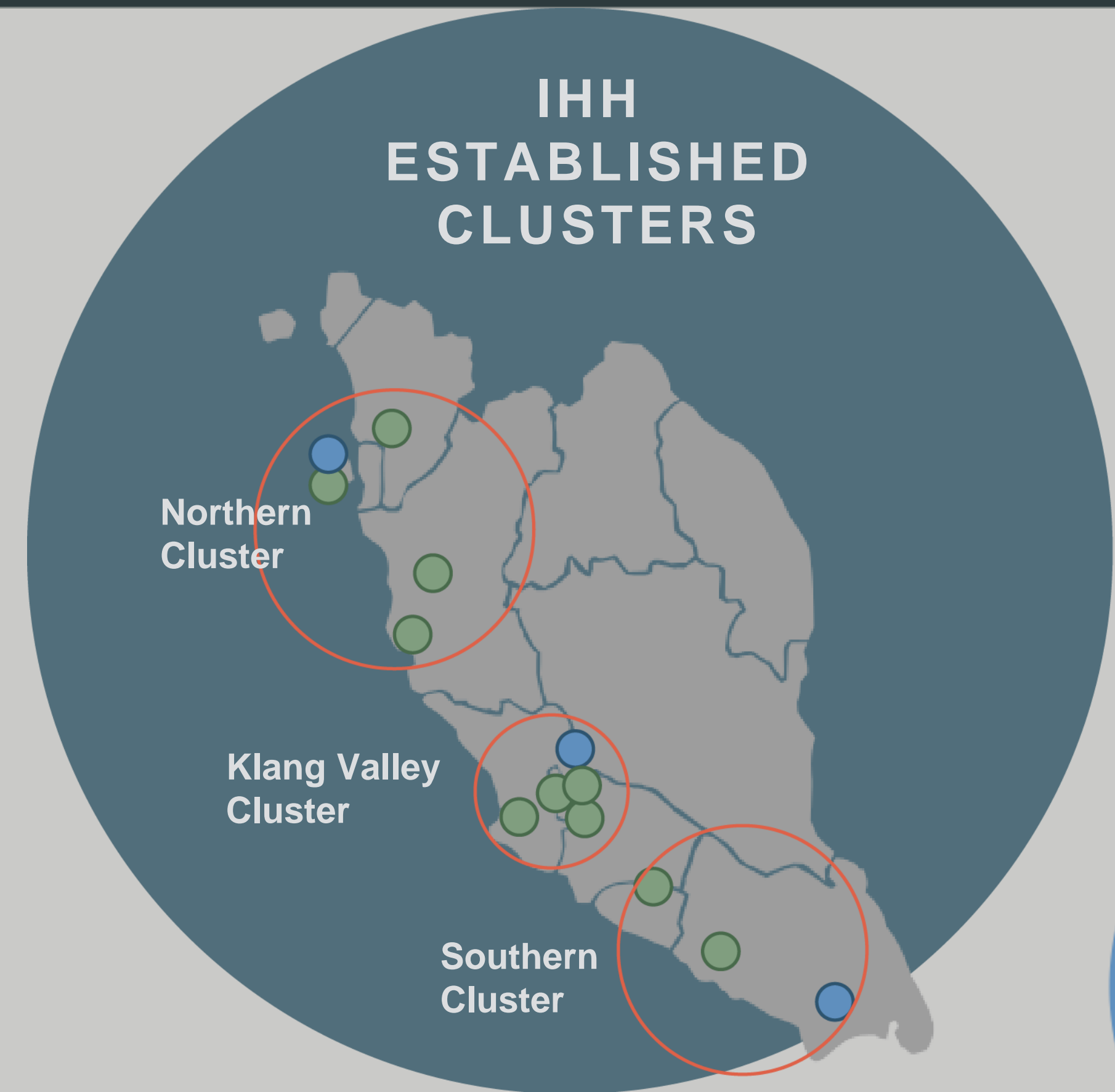
15 HOSPITALS

2500+ LICENSED BEDS



STRENGTHEN OUR LEADING POSITION IN MALAYSIA:

- Expand and build on IHH established clusters
- Attract and grow foreign patients



- Gleneagles Hospitals
- Pantai Hospitals

HOME MARKET //
SINGAPORE
(FY2019)

4 HOSPITALS

~1000 LICENSED BEDS



LEADING THE TRANSFORMATIVE INNOVATION JOURNEY:

- Introduce Cutting Edge Treatment Options
- Growing Our Healthcare Ecosystem
- Building Trust With All Our Stakeholders



Invested in Genomic medicine to provide better treatment options



Developing our telehealth platform to provide access to medical care anytime, anywhere



Introduced Price Guaranteed Procedures



Proton Beam Therapy Centre Opening In Mount Elizabeth Novena In 2021

HOME MARKET //
TURKEY
(FY2019)

21 HOSPITALS

4100+ LICENSED BEDS

FOCUS AREAS:

- Strengthen our leading position in Turkey
- Solid performance from European Operations
- Managing our Foreign Currency Denominated debt



Acibadem Altunizade new
flagship hospital in Turkey



Acibadem City Clinic
in Bulgaria



Acibadem International
Medical Center in Amsterdam

REDUCE OUR FX DENOMINATED DEBT



mEUR



Gross Non-TRY
debt as at Dec
2018



Repayment of
debt through
injection of
shareholder
equity



Currency swap
on refinancing
of EUR Debt



Repayment
through
internal
cashflow



Outstanding
forward
hedges



Gross Non-TRY
debt as at Dec
2019



Less Debt at
European
Operations in
Bulgaria and
Netherlands
(Naturally
Hedged)



Gross Non-TRY
debt as at Dec
2019 (Excluding
EU Ops)

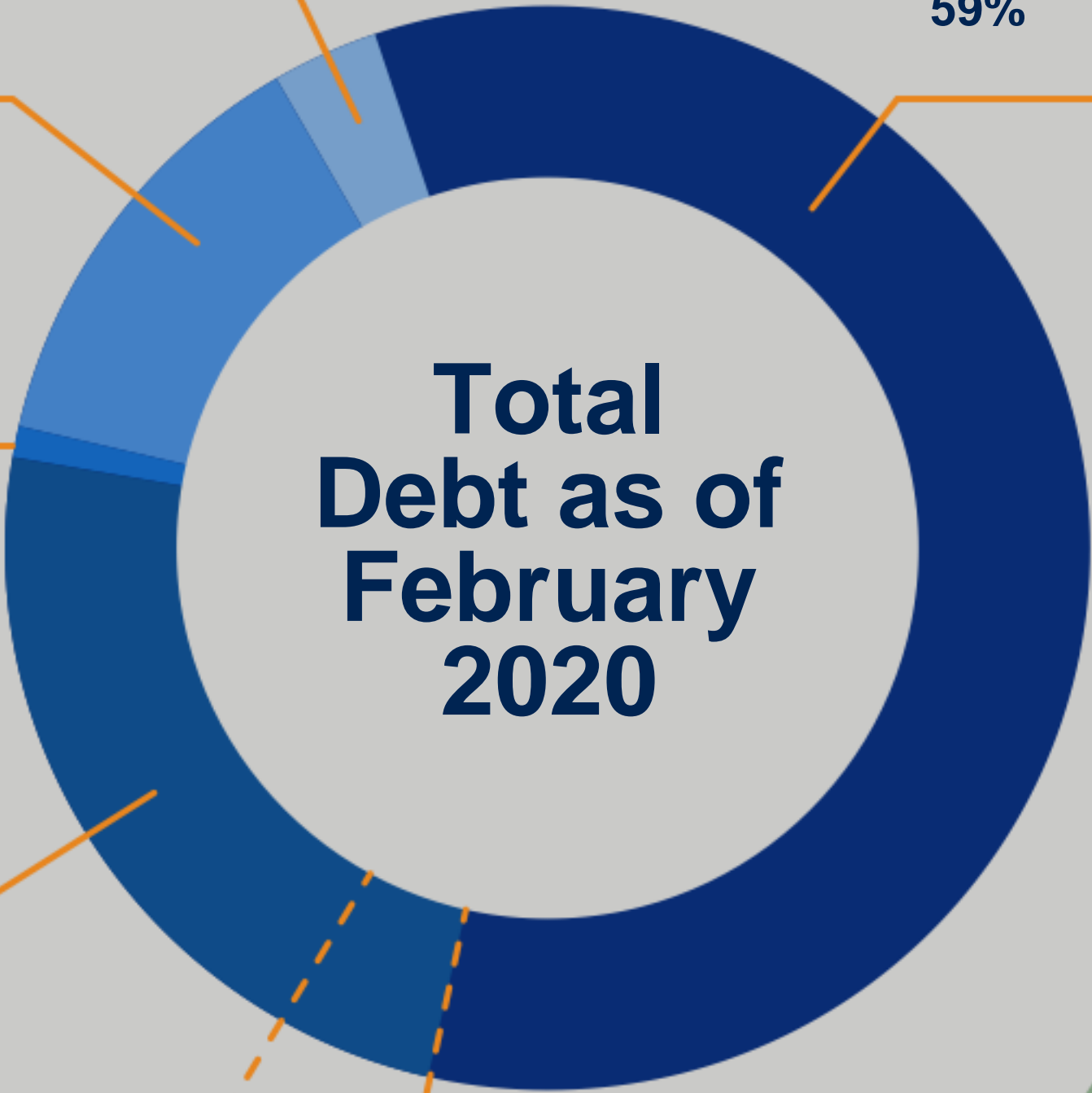
European OPS
debt (FX): 13%

ME. Leasing
(TL): 1%

ME. Leasing
(FX): 24%

Lira Borrowings: 3%

Non-TRY
borrowings:
59%



Hedged: 12%
Unhedged: 88%

HOME MARKET //
INDIA
(FY2019)

33* HOSPITALS

5900+ LICENSED BEDS

UNLOCKING VALUE THROUGH FORTIS

FORTIS TURNED PROFITABLE POST ACQUISITION

Q4 2018

Acquired 31.17% stake with board control in Fortis

Initiated 100 day turnaround plan to improve operations, finance and costs

Q1 2019

Completed the acquisition of the assets of RHT Health Trust, eliminated business trust costs

Appointed new management team

Reduced finance costs

Improved credit ratings from unrated to BBB-

Q2 2019

Post 100 day turn around plan:

- 1) Achieved second straight quarter of operational profit before tax
- 2) Began cost saving initiatives to drive operational improvements
- 3) Streamlined organisational structure for efficiency
- 4) Improve productivity in both clinical and non-clinical areas

Q3 2019

Achieved Global synergies with IHH through shared savings in procurement

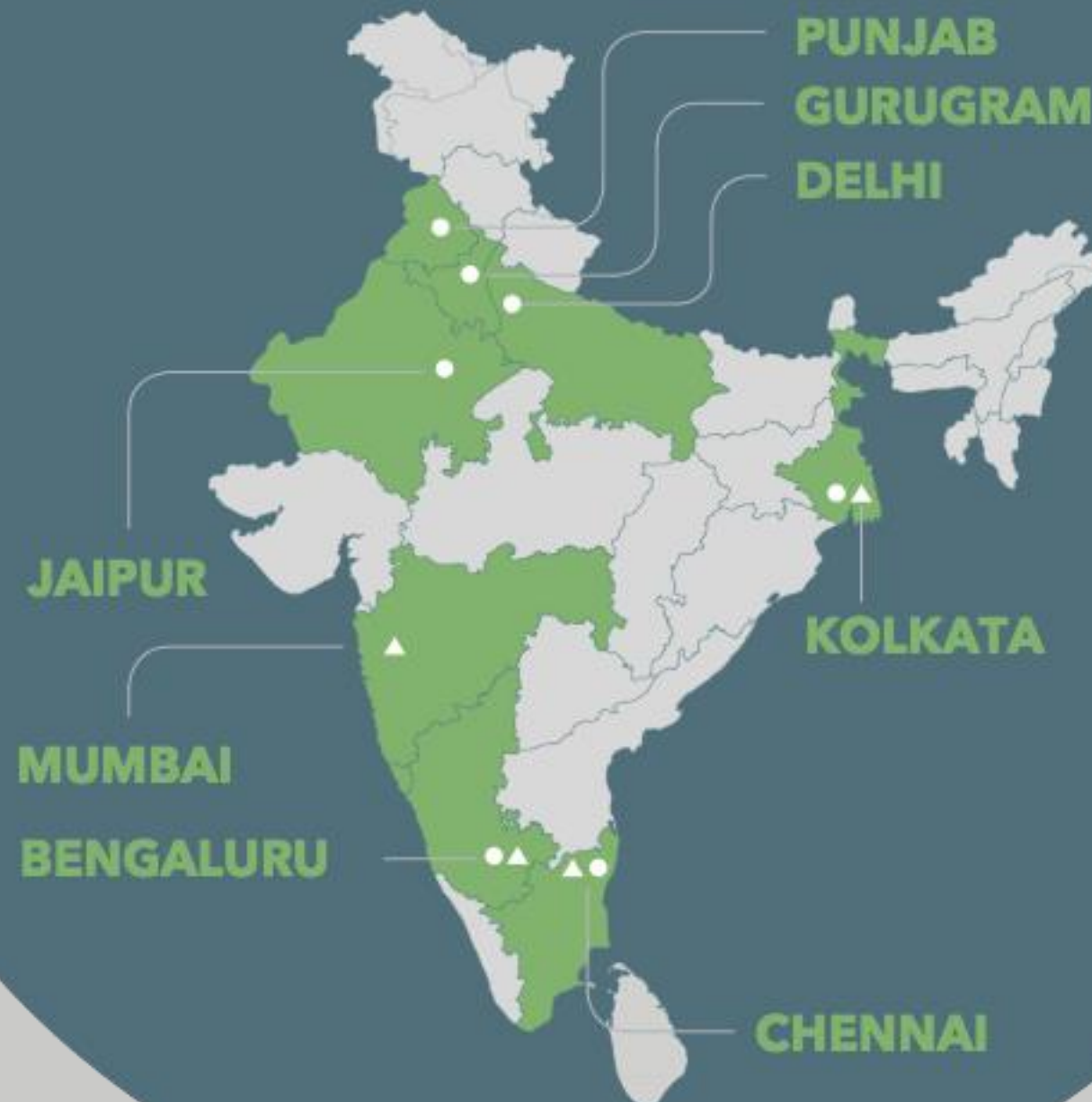
Further improved credit ratings to BBB+

Q4 2019

Continued improvement through cost efficiency initiatives:

- 1) Optimising manpower and corporate costs
- 2) Improvement in IT and infrastructure
- 3) Supply chain and procurement synergies

IHH'S INDIA PRESENCE



● Fortis' Hospitals ▲ Gleneagles Network Hospitals

GROWTH MARKET //

GREATER CHINA

(FY2019)

GLENEAGLES HONG KONG

GLENEAGLES CHENGDU



190
Operational beds



Increased to
250
Fixed Price Packages



Ramping up
GHK hospital



Soft opened in
October 2019



Capacity of **100** beds
(30 operational beds)



Recruited **25** Doctors
and **53** Nurses



IN THE FIGHT AGAINST COVID-19



**Treating COVID-19
patients**

**Taking on non-COVID-19
patients from public
hospitals**

**Providing COVID-19
testing for
suspected cases**

**Loaning ventilators
to public hospitals**

**Safeguarding the health
and safety of patients and
employees**

**Providing
teleconsultations to
patients and employees**

**Providing public
education on COVID-19
prevention and
safeguards**

**Donating and making
essential medical supplies
to support frontliners**



THANK YOU

To be the world's most trusted healthcare services network



**Leading brands in our home
markets services network**



**Leveraging
international scale**



**Outstanding reputation for
clinical outcomes**



**Continuously deepening
operating capabilities**

CREATING STRONG SUSTAINABLE GROWTH

QUESTIONS POSTED BY MINORITY SHAREHOLDERS WATCH GROUP



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 1

Emphasis of Matter

(Page 155 of the Annual Report 2019)

The Auditors draw attention to Note 50 to the financial statements on the judgment dated 15 November 2019 by the Supreme Court of India (“Judgment”), relating to the issuance of a suo-moto contempt notice to, amongst others, Fortis, and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. Since the issuance of the Judgment, several parties have filed applications before the Supreme Court, in attempts to seek remedies for themselves.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 1

On 5 March 2020, Northern TK Venture Pte. Ltd., the immediate holding company of Fortis, through its legal counsel, filed the necessary applications to intervene in the aforementioned Supreme Court proceedings.

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

What is the update of the case? What are the strong points for the Group to win the case?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 1

Due to the Covid-19 situation, the Supreme Court (“SC”) has not held a hearing on the case since Northern TK Venture Pte Ltd (“NTK”) filed its intervention application.

As per the case status on the SC website, the matter is tentatively likely to be listed for hearing on 6 July 2020.



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 1

The Group continues to believe, with advice from its Indian lawyers, that it has a strong case based on the merits as follows:

- The preferential allotment of Fortis shares was done in accordance with Indian law and after obtaining all applicable regulatory approvals
- The preferential allotment of Fortis shares was approved by 99.7% of shareholders at an extraordinary general meeting of Fortis
- The preferential allotment was completed on 13 November 2018, one month **before** the status quo order of the SC dated 14 December 2018



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 1

- All other transactions relating to Fortis were also carried out in compliance with Indian law and not in violation of the 14 December 2018 status quo order of the SC.
- The Securities and Exchange Board of India has also filed an application to the SC in the matter and has requested that NTK be allowed to proceed with the mandatory offer in the interests of the public.

STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 2 (a)

COVID 19 Pandemic:

To what extent has the pandemic impacted IHH's business in all its home markets? What are the measures taken by the Group to lessen the impact of the pandemic?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 2 (a)

All businesses, including IHH, will see impact due to the covid-19 pandemic.

Due to the stringent safety measures, lockdowns and travel restrictions implemented by the governments across various countries, local and foreign patients have had to, and some have chosen, to defer non-essential medical treatment.



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 2 (a)

However, IHH remains resilient to weather the crisis created by the pandemic as we;

- Are in the acute care hospitals business and continue to see steady flow of urgent cases locally even as elective cases may be deferred;
- Diversify into new revenue streams such as screening services, laboratory testing and telemedicine;



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 2 (a)

- Prioritise cash flow and liquidity, strict cost controls and deferring non-critical capex; and
- Remain on our longer-term growth by executing on its refreshed strategy built on trust, track record and strong capital structure

The Group remains in a strong financial position to ride out this crisis. We expect patient volumes to recover when the pandemic dies down and movement restriction are gradually eased.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 2 (b)

The Group has anticipated annual revenue growth rates for 2020 to 2024 and EBITDA margins assumptions that are used for impairment testing for cash-generating units containing goodwill, brand names, and hospital licences/(a) Healthcare services and Education CGUs (Pages 207-208 of Annual Report 2019).

Given the pandemic, are the anticipated annual growth rates and EBITDA margin assumptions realistic?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 2 (b)

Although there will be some short-term impact from the COVID-19 pandemic, the Group expects patient volumes to recover when the pandemic dies down and movement restrictions are eased. The Group's long-term trajectory remains intact.

The Group would monitor the COVID-19 situation and update its business plans as necessary.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 3

What are the targeted occupancy rates and patient volumes for all IHH's hospital networks in home markets in FY2020?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 3

We do not give forward-looking projections.

COVID-19 is an unprecedented crisis; all businesses globally will inevitably be affected. Our long term growth trajectory remains intact as we execute our refreshed strategy and deliver unrivalled care for patients. Their trust will drive our long-term performance and growth.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 4

Increased Competition

(Page 43 of Annual Report 2019)

The Group has been increasingly facing pressure from disruptive digital healthcare startups that have entered the market.

The Group is taking advantage of its scale by tapping its wide pool of talent to develop high-value-added service and product offerings to boost its competitive strength in the marketplace. For instance, it has introduced synergistic patient programmes in some of its home markets, with a key focus on improving collaboration between the Group's experts across its hospital networks.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 4 (a)

To what extent has digital healthcare start-ups in the market impacted the Group's business?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 4 (a)

At IHH, we continually deepen our operating capabilities to respond to needs of healthcare consumers, which includes greater transparency and convenience. One key aspect is to invest in digitalisation and innovation such as telemedicine initiatives. On 13 May 2020, the Group made virtual consultation available across all its key markets including Malaysia, Singapore, Turkey, India and Hong Kong. The integration of telemedicine with IHH's healthcare services ranging from primary to quaternary care allows patients to receive quality medical care in the comfort and security of their own homes.



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 4 (a)

By providing the one-stop continuum of care for our patients including offering virtual consultations, we believe the impact from digital healthcare start-ups in the market are insignificant.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 4 (b)

What is the development and feedback of the introduction of synergistic patient programmes in some of the Group's home markets?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 4 (b)

The Group continues to leverage on our scale and are driving collaborations in areas of such as procurement, IT, laboratory diagnostics, project management and nursing to share best practices and achieve economies of scale across our operations. A matrix organisational structure has been put in place these functions and projects have been identified.

- In 2019, we did a bulk tender for cardiac angiography machines across the group including Fortis, which resulted in an estimated savings of USD10 million over the next few years.
- In IT, we are initiating consolidation of core hospital information systems, which will drive savings going forward.

STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 4 (c)

What are other initiatives taken to foster the development of high-value-added service and product offerings to boost competitive strength in the marketplace?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE : QUESTION 4 (c)

Initiatives undertaken to boost the Group's competitive strength by deepening and widening its service offerings include:

- In Hong Kong, Gleneagles Hong Kong Hospital opened its Spine Centre to provide systematic and comprehensive assessments on complex spine cases in July 2019.
- In Malaysia, Pantai Hospital Kuala Lumpur established its first research and innovation department in November 2019, with the key focus of improving quality of care and clinical outcomes for its patients.



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE : QUESTION 4 (c)

- In Singapore, Mount Elizabeth Novena Hospital will be equipped with the state-of-art proton beam therapy for precision cancer treatment from 2021 onwards.
- In Turkey, Acibadem continued to make advancement in immunotherapy treatments by engineering patient's immune cells to treat cancer.
- In Bulgaria, Acibadem Tokuda Hospital opened a new Angiology laboratory in April 2019. This further strengthens Acibadem's position in the cardiology space in Bulgaria with a total of six catheterisation laboratories.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 5

The North Asia segment has seen an improvement in its EBITDA in FY2019, recording a negative EBITDA of RM175,461,000 as compared to a negative EBITDA of RM208,714,000 in FY2018 (Pages 250-253 of the Annual Report 2019).

What are the prospects of the segment achieving a positive EBITDA in FY2020? When is the segment expected to turnaround?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE : QUESTION 5

We do not give forward-looking projections.

The ongoing pandemic situation have hampered the ramp up of services as China was impacted the most since late January 2020. However, we remain confident of the long-term growth fundamentals of the Greater China market.

Historically it takes about three to five years for a new hospital in a new market to achieve EBITDA breakeven.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 6

In FY2019, the Group recorded an impairment loss of goodwill of RM214,780,000 (FY2018: RM66,168,000) (Page 206 of the Annual Report 2019) as a result of continued operating losses incurred by RGE Group and the Others CGUs (2018: Continental Group CGU) (Page 209 of the Annual Report 2019)

Are there any goodwill impairments expected in 2020? If so, how much is the expected amount?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE : QUESTION 6

We do not give forward looking projections. The Group would constantly review the need to make impairment and announce it in our quarterly financial results, as necessary.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 7 (a)

There is an impairment loss on trade and other receivables of RM62,689,000 recorded in FY2019 (Page 244 of the Annual Report 2019).

Which receivables are involved in the impairment loss exercise?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 7 (a)

These are mainly provisions made under the Expected Credit Loss (“ECL”) Model per IFRS9 *Financial Instruments*. In measuring the ECL, trade receivables are grouped based on shared credit risk characteristics. Afterwhich, the Group considers the historical loss rates for each category of debtors and adjust it by the Group’s view of economic conditions over the expected lives of the receivables.

Approximately half of the impairment loss relates to the 12-month consolidation of Fortis’ financials in 2019 as compared to 1 month in 2018, when the Group acquired Fortis in November 2018. The rest of the impairment loss relates to the Group’s healthcare operations in Singapore, Malaysia and Central Eastern Europe.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 7 (b)

Is the amount recoverable?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 7 (b)

The impairment losses are spread out across the Group's operations geographically. As these are general provisions and not specific provision, it is not possible to comment on specific recoverability.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 7 (c)

What are the measures taken to collect the receivables?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 7 (c)

The Group actively follows up with its debtors for repayment and promptly addresses any additional information request regarding the bills to facilitate the debtors' payment processing. For long outstanding receivables, the Group may implement installment repayment schemes with certain debtors and/or pursue legal actions against certain debtors to recover the amounts outstanding.



STRATEGIC AND FINANCIAL MATTERS

MSWG : QUESTION 7 (d)

How much of the impairment loss on the receivables have been recovered to-date?



STRATEGIC AND FINANCIAL MATTERS

IHH RESPONSE: QUESTION 7 (d)

As these are general provisions and not specific provision, it is not possible to quantify the amount of impairment loss that relates to receivables recovered to-date.



CORPORATE GOVERNANCE & SUSTAINABILITY MATTERS

MSWG : QUESTION 1

The Company is seeking shareholders' approval for the following:

- a) Any other benefits provided to the Directors of the Company by the Company with effect from 1 July 2020 until 30 June 2021, subject to a maximum amount equivalent to RM1,000,000 [Ordinary Resolution 6 (iii)].
- b) Any other benefits provided to the Directors of the Company by the Company's subsidiaries subject to a maximum amount equivalent to RM300,000 [Ordinary Resolution 7 (iv)].

What are the other benefits provided to the Directors of the Company by the Company and Company's subsidiaries?

CORPORATE GOVERNANCE & SUSTAINABILITY MATTERS

IHH RESPONSE: QUESTION 1

The “other benefits” provided to the Non-Executive Directors of the Company by the Company and its subsidiaries as stated in Ordinary Resolution 6, item (iii) and Ordinary Resolution 7, item (iv) mainly comprises of the following:

- a) Medical benefits for the Non-Executive Directors and their immediate dependants (spouse and children) including the health screening services; and
- b) Company’s car, petrol and toll allowances provided by the Company to the Chairman.



CORPORATE GOVERNANCE & SUSTAINABILITY MATTERS

IHH RESPONSE: QUESTION 1

As disclosed in pages 113 and 246 of the Company's Annual Report 2019, the other benefits provided to the Non-Executive Directors by the Group for the financial year ended 31 December 2019 amounted to approximately RM28,000.

The maximum amount of “any other benefits” to be provided to the Non-Executive Directors by the Company and the Company's subsidiaries which approval was being sought at the 10th AGM remains unchanged as compared to the previous years, i.e. is at a maximum amount equivalent to RM1,000,000 and RM300,000 respectively.



CORPORATE GOVERNANCE & SUSTAINABILITY MATTERS

MSWG : QUESTION 2

On sustainability matters, what are the critical areas that IHH has identified for improvement in its multi-country portfolio?



CORPORATE GOVERNANCE & SUSTAINABILITY MATTERS

IHH RESPONSE : QUESTION 2

Currently, IHH is developing a sustainability roadmap to anchor the IHH Group's vision and mission into its core business and governance across all functions.

Group-wide Key Performance Indicators have been established across the countries within IHH on 3 reporting pillars; “Our Patients”, “Our Environment”; and “Our People”.



CORPORATE GOVERNANCE & SUSTAINABILITY MATTERS

IHH RESPONSE : QUESTION 2

IHH is currently focusing its sustainability efforts on material matters such as “Quality of Care and Patient Satisfaction”, “Privacy of Patients’ Data and Medical Records”, “Occupational Safety and Health”, “Employee Capacity Building”, “Emergency Preparedness & Crisis Response” and “Waste Management”

