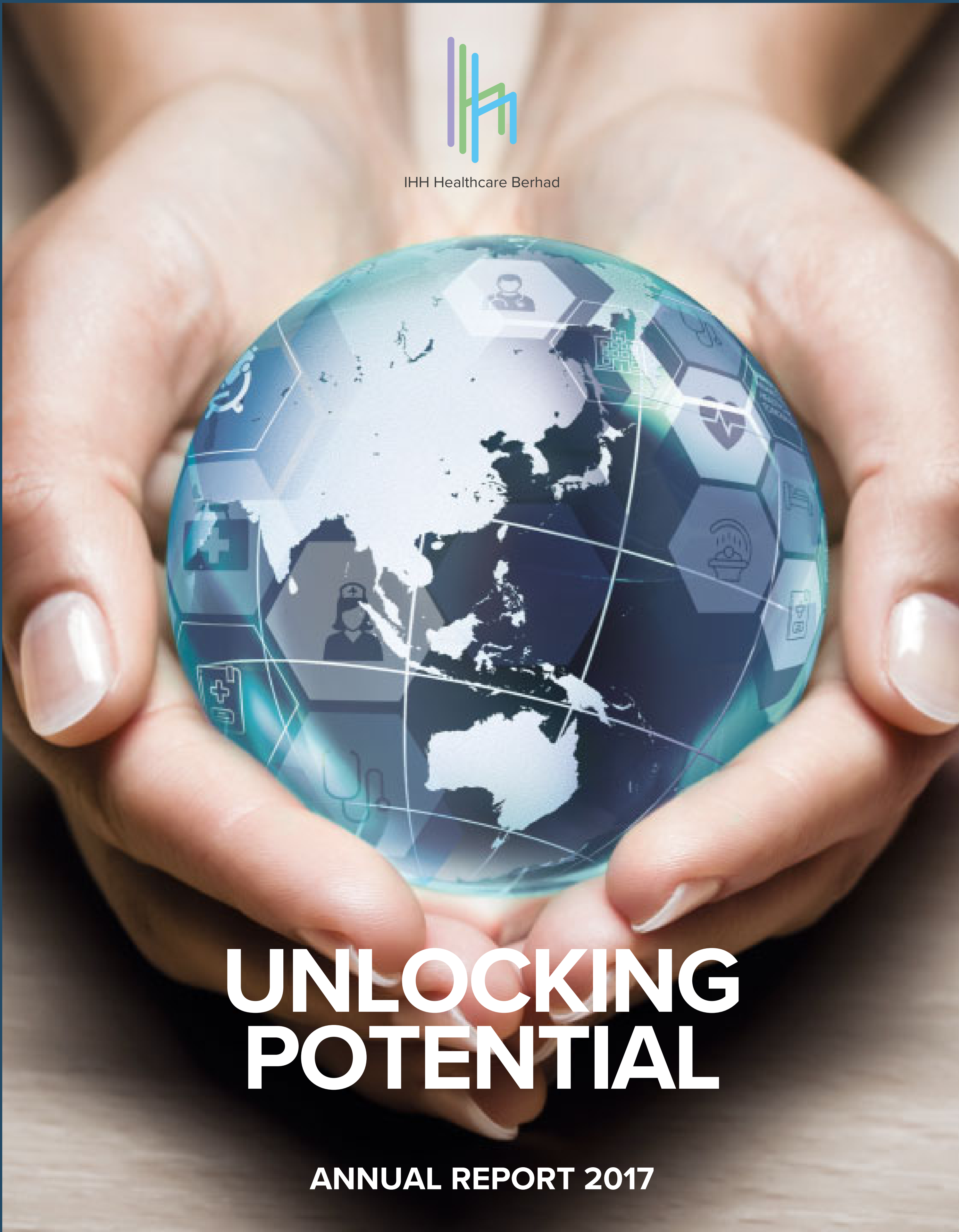
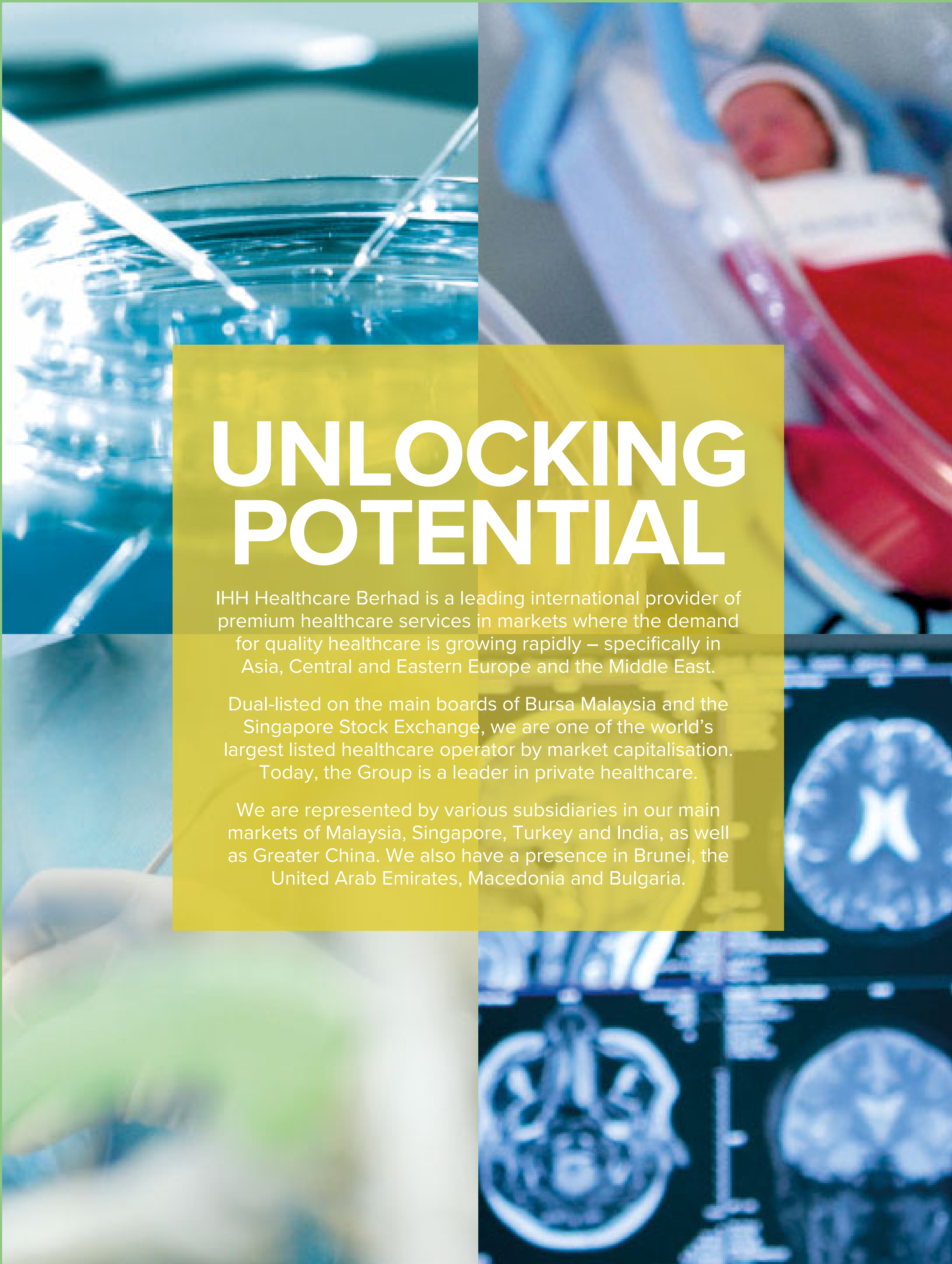
IHH Healthcare Berhad



UNLOCKING POTENTIAL

ANNUAL REPORT 2017



UNLOCKING POTENTIAL

IHH Healthcare Berhad is a leading international provider of premium healthcare services in markets where the demand for quality healthcare is growing rapidly – specifically in Asia, Central and Eastern Europe and the Middle East.

Dual-listed on the main boards of Bursa Malaysia and the Singapore Stock Exchange, we are one of the world's largest listed healthcare operator by market capitalisation. Today, the Group is a leader in private healthcare.

We are represented by various subsidiaries in our main markets of Malaysia, Singapore, Turkey and India, as well as Greater China. We also have a presence in Brunei, the United Arab Emirates, Macedonia and Bulgaria.

CONTENTS

About this report

The Annual Report 2017 has been prepared in accordance with the International <IR> Framework by the International Integrated Reporting Council and the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines to enhance reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value.

UNLOCKING POTENTIAL IN MALAYSIA

Parkway Pantai is the second largest private healthcare provider in Malaysia in terms of licensed beds. It owns and operates 10 “Pantai” hospitals and four “Gleneagles” hospitals across Peninsular Malaysia. Three of its hospitals are Joint Commission International (“JCI”) accredited and all 14 hospitals are accredited by Malaysian Society for Quality in Health (“MSQH”). Parkway Pantai houses Centres of Excellence and advanced clinical programmes within its Malaysia hospitals that provide specialised equipment and services to the doctors who practice there.

KEY FACTS

197,563
Inpatient Admissions

2.7 days
Average Length of Stay

WHY?

- With a population of almost 32 million, Malaysia is a large market with considerable growth potential. The median monthly household income grew at a rate of 6.6 percent annually between 2014 and 2016. In addition, the number of people above the age of 60 is expected to almost double to 14.7 percent between 2010 and 2030.
- Malaysia has an efficient and well-developed system of healthcare. This is complemented by a growing private healthcare sector, which provides quality care in the tertiary and quaternary segments to Malaysians and foreigners.
- Given the size of the market, rising incomes and an ageing population, Malaysia will experience a growing demand for quality private healthcare services.

HOW?

- Parkway Pantai's hospital network in Malaysia operates on a hub and spoke model. Our hubs are located primarily in urban areas and have between 180 and 350 hospital beds. These hubs have specialists from a wider array of disciplines and have advanced medical equipment. Our spokes are located in suburban areas, have between 80 to 150 beds and typically handle less complex cases. More complex medical treatments are usually referred to our hubs.
- We are continuously investing in resources to increase our service capabilities and enhancing our ability to undertake complex medical treatments. We also carry out ongoing rejuvenation and expansion of existing facilities to improve service quality. In 2015, we completed the new annexe at Gleneagles Kuala Lumpur Hospital, which has a one stop Health Screening Centre that is equipped with state of the art diagnostics facilities in Endoscopy, Neurology, Spirometry, Audiology and Women's Health.

UNLOCKING POTENTIAL IN INDIA

IHH Healthcare has six hospitals and three medical centres in India. In 2015, IHH re-calibrated its strategy to inorganic growth and acquired Global Hospitals and Continental Hospitals. IHH remains focused on niche specialties and complex procedures such as liver and multi-organ transplants and upper gastrointestinal surgery. In 2017, we consolidated our newly acquired assets under the "Gleneagles" brand to drive greater synergies as we build up a leading tertiary and quaternary care chain in India.

KEY FACTS

72,005
Inpatient Admissions

3.9 days
Average Length of Stay

WHY?

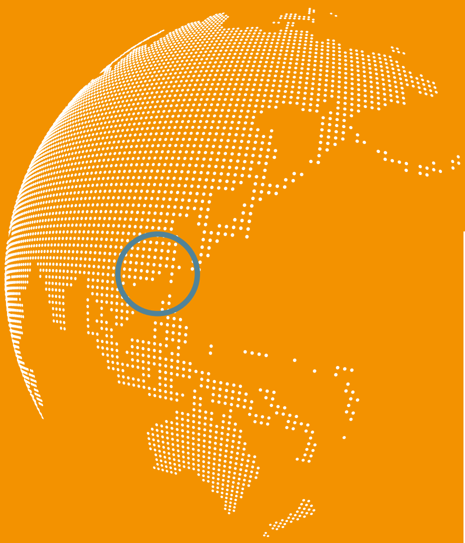
- India is one of the fastest-growing hospital markets in the world. It is expected to be worth US$280 billion by 2020, a compound annual growth rate of 17 percent from 2011.
- India's population is expected to surpass that of China by around 2024, and the percentage of the population older than 60 is expected to rise from nine percent now to 19 percent by 2050.
- As developed economies face soaring healthcare costs, India has become an attractive destination for medical tourism, especially for patients from Southeast Asia, Central East Africa and the Middle East.

HOW?

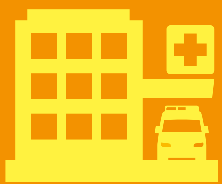
- Gleneagles Global Hospitals ("GGH") has hospitals in Mumbai, Bengaluru, Hyderabad and Chennai, four of the top seven cities in India. These cities are characterised by large populations, high insurance penetration and a significant strata of wealthy residents.
- GGH focuses on performing complex treatments such as liver, kidney, heart and lung transplants. Combined, its hospitals have 1,000 beds, and they provide the best clinical care in the country, especially in the areas of tertiary and quaternary care, super-specialties and multi-organ transplants.

UNLOCKING POTENTIAL IN GREATER CHINA

Located on Hong Kong Island South, Gleneagles Hong Kong Hospital was opened in March 2017. This hospital, a game changer for the Group, represents IHH's single largest hospital investment since the opening of Mount Elizabeth Novena in Singapore.



KEY FACTS



51%
of inpatient beds at packaged rates

70%
of beds set aside for Hong Kong residents

WHY?

- China represents an enormous opportunity for IHH. The liberalisation of regulations around foreign ownership has paved the way for our entry into China.
- In 2017, Hong Kong's Hospital Authority announced that nine out of the 16 public hospitals were overcrowded while the rest were operating at close to full occupancy.
- An ageing population coupled with a growing trend of chronic and complex diseases will contribute to pent-up demand for private healthcare. With increasing private insurance coverage, private hospitals offer an attractive alternative by providing shorter waiting times and excellent outcomes.

HOW?

- In Greater China, our plan is to operate on a hub and spoke model. Our hubs will be in Beijing, Chengdu, Guangzhou, Shanghai, Shenyang and Hong Kong.
- Gleneagles Hong Kong Hospital, a game changer for the Group, offers high quality and accessible healthcare services to tap on the demand from the city and from neighbouring cities in China, acting as our premium medical hub in Greater China.
- Gleneagles Hong Kong Hospital is the first private hospital in Hong Kong to introduce all inclusive fixed price packaged rates which allow patients to better manage their healthcare costs and give them a peace of mind.

UNLOCKING POTENTIAL IN

TURKEY

Acibadem Holdings, 60% owned by IHH, is one of Turkey's leading private healthcare providers with 21 hospitals and 16 medical centres in Turkey, Macedonia and Bulgaria.

Acibadem has further strengthened its presence in Istanbul by opening the largest private hospital, Acibadem Altunizade, in March 2017.

KEY FACTS

213,590*
Inpatient Admissions

3.4 days*
Average Length of Stay

* Represents the total operating figures of Acibadem Holdings including Turkey and other overseas operations.

WHY?

- Turkey has experienced a rise in the demand for private healthcare over the last decade, a trend that has been catalysed by its enviable economic growth.
- As Turkish citizens have seen their incomes rise, their desire to access higher quality healthcare services has followed suit, with many opting for private healthcare.
- Located at the crossroads of three continents and where 1.6 billion people reside within a four-hour flight radius, private healthcare facilities have grown partly due to medical tourism from neighbours in the Middle East, and from Asia, Russia and Europe.

HOW?

- Acibadem continues to enhance its comprehensive range of services in the fields of Oncology, Cardiology, Neuroscience, Orthopaedics, IVF, Organ Transplantation and Sports Medicine.
- To cope with the increasing demand, Acibadem continues its organic expansion of existing hospitals, such as the expansion of Acibadem Maslak Hospital.

IHH AT A GLANCE

OUR TRUSTED HEALTHCARE BRANDS

Gleneagles

Gleneagles is the Group's international brand, with footprint in Malaysia, Singapore, India, China, Hong Kong and Brunei. Across Asia, the brand is synonymous with personalised care and superior clinical outcomes.

Mount Elizabeth

With two established hospitals in Singapore specialising in tertiary and quaternary care, Mount Elizabeth is among the world's top destinations for medical treatment.

Pantai

Pantai has a strong reputation in Malaysia for delivering quality healthcare through a wide spectrum of services ranging from hospitals to laboratory and rehabilitation services.

Acibadem

Acibadem is renowned for its clinical excellence as a leading private healthcare provider in Turkey. It offers the full suite of integrated healthcare services and has a presence in Bulgaria, Macedonia and the Netherlands.

Parkway Shenton

Parkway Shenton is a well-known primary healthcare brand in Singapore with an extensive network of over 1,000 general practitioner clinics, 24-hour clinics and executive health screening centres across the island-state.

ParkwayHealth

ParkwayHealth is the brand for Parkway Pantai's ancillary services in Singapore, including radiology and laboratory services. It is also the preferred primary healthcare network for expatriates in China.

OUR DIVISIONS

Parkway Pantai

With a network of 28 hospitals throughout the region, including Malaysia, Singapore, India, China, Brunei and UAE, Parkway Pantai Limited ("PPL") is one of Asia's largest integrated private healthcare groups.

ACIBADEM

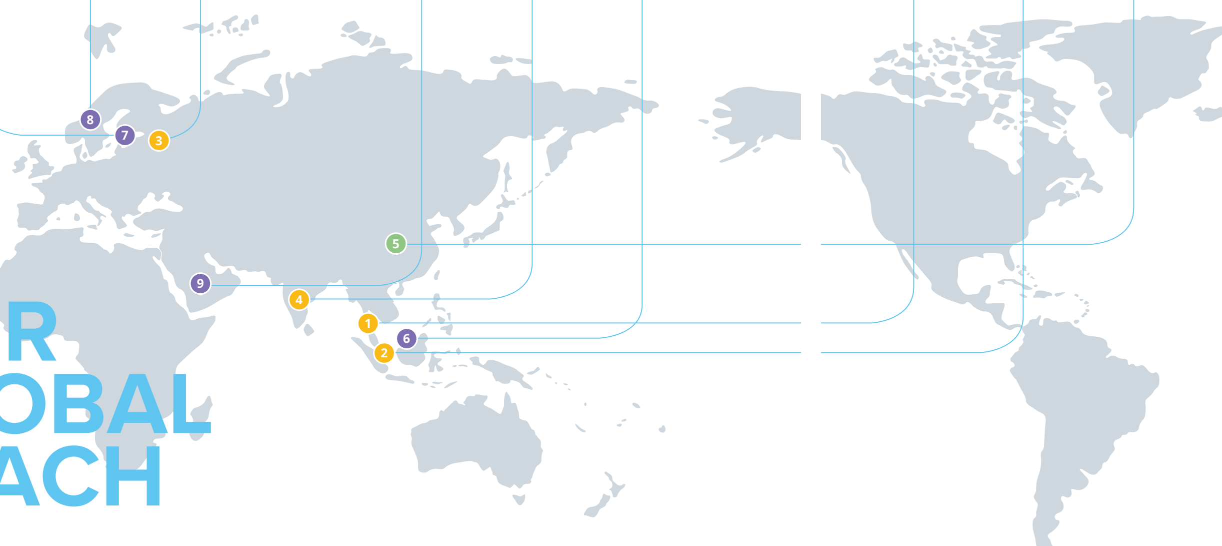
Acibadem Holdings is Turkey's leading private healthcare provider, offering integrated healthcare services across 21 hospitals in Turkey, Macedonia and Bulgaria. The "Acibadem" brand is renowned for its clinical excellence in the Central and Eastern Europe, the Middle East and North Africa ("CEEMENA") region.

IMU
INTERNATIONAL MEDICAL UNIVERSITY
MALAYSIA

The International Medical University ("IMU") is IHH's medical education arm. IMU oversees the established higher learning institutions of International Medical College ("IMC") and IMU in Malaysia.

STRONG GLOBAL PRESENCE

Bulgaria	Macedonia	Turkey	UAE	India	Brunei	Malaysia	Singapore	Greater China
4 hospitals	1 hospital	16 hospitals	1 hospital management agreement	7* hospitals	1 hospital	14 hospitals	4 hospitals	1 hospital
5 medical centres	1 medical centre	10 medical centres		3 medical centres		1 medical centre	50+ clinics	10 medical centres



OUR GLOBAL REACH

Home Markets · Key Growth Markets · Other International Markets

Home Markets
1. Malaysia
2. Singapore
3. Turkey
4. India

Key Growth Markets
5. Greater China

Other International Markets
6. Brunei
7. Bulgaria
8. Macedonia
9. UAE

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

One of the largest listed healthcare operator by market capitalisation in the world

US$10 billion+

Listed on the main boards of Bursa Malaysia and the Singapore Exchange, we have been growing steadily since the Initial Public Offering. We now have a presence in nine countries around the world.

More than **40 years** of experience in healthcare management

Our group consists of premium-brand healthcare assets, and our "Mount Elizabeth", "Gleneagles", "Pantai", "ParkwayHealth" and "Acibadem" brands have grown to become among the most prestigious in Asia and Central and Eastern Europe.

Revenue **RM11.1 billion**

Our revenue increased 11 per cent over the year, thanks to sustained organic growth from existing operations and the ramp up of new hospitals.

EBITDA **RM2.3 billion**

EBITDA was flat due to the start-up costs related to the opening of two new hospitals – Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital.

More than **10,000** licensed beds

We operate 49 hospitals and more than 10,000 licensed beds throughout Asia and in parts of Central and Eastern Europe.

More than **35,000** employees

Our highly trained doctors, nurses, allied health workers and support staff around the world ensure high quality personalised care.

Information accurate as of 30 March 2018

FINANCIAL HIGHLIGHTS

Revenue by Strategic Business Units

(RM million)

Parkway Pantai

6,902.6

FY17	6,902.6
FY16	6,165.0
FY15	5,159.8
FY14	4,374.8
FY13	3,887.8

Acibadem Holdings

3,853.5

FY17	3,853.5
FY16	3,480.2
FY15	2,952.9
FY14	2,652.3
FY13	2,585.6

IMU Health

250.4

FY17	250.4
FY16	237.1
FY15	229.3
FY14	217.9
FY13	197.6

PLife REIT

342.3

FY17	342.3
FY16	327.8
FY15	288.3
FY14	258.8
FY13	234.7

Others

2.1

FY17	2.1
FY16	8.0
FY15	7.9
FY14	4.7
FY13	4.2

EBITDA by Strategic Business Units

(RM million)

Parkway Pantai

1,349.1

FY17	1,349.1
FY16	1,404.1
FY15	1,271.1
FY14	1,115.4
FY13	966.4

Acibadem Holdings

617.9

FY17	617.9
FY16	538.1
FY15	521.0
FY14	476.4
FY13	462.8

IMU Health

80.6

FY17	80.6
FY16	85.5
FY15	80.6
FY14	76.4
FY13	74.6

PLife REIT

282.7

FY17	282.7
FY16	286.9
FY15	306.2
FY14	298.3
FY13	184.5

Others

(50.8)

FY17	(50.8)
FY16	(31.4)
FY15	(37.4)
FY14	(30.7)
FY13	(30.0)

Profit After Tax and Minority Interest ("PATMI")

Excluding Exceptional Items (RM million)

595.3

FY17	595.3
FY16	866.0
FY15	899.2
FY14	782.2
FY13	610.6

Basic Earnings per Share (sen)

Excluding Exceptional Items

6.76

FY17	6.76
FY16	10.52
FY15	10.95
FY14	9.58
FY13	7.53

		FY2013	FY2014	FY2015	FY2016	FY2017
A	**INCOME STATEMENT (RM MILLION)**					
	Revenue by Strategic Business Units					
	Parkway Pantai	3,887.8	4,374.8	5,159.8	6,165.0	6,902.6
	Acibadem Holdings	2,585.6	2,652.3	2,952.9	3,480.2	3,853.5
	IMU Health	197.6	217.9	229.3	237.1	250.4
	Others	4.2	4.7	7.9	8.0	2.1
		6,675.3	7,249.7	8,349.8	9,890.3	11,008.6
	PLife REIT total revenue	234.7	258.8	288.3	327.8	342.3
	PLife REIT inter-segment revenue	(153.5)	(164.4)	(182.7)	(196.3)	(208.3)
	Total	6,756.5	7,344.0	8,455.5	10,021.9	11,142.6
	EBITDA[1] by Strategic Business Units					
	Parkway Pantai	966.4	1,115.4	1,271.1	1,404.1	1,349.1
	Acibadem Holdings	462.8	476.4	521.0	538.1	617.9
	IMU Health	74.6	76.4	80.6	85.5	80.6
	Others	(30.0)	(30.7)	(37.4)	(31.4)	(50.8)
		1,473.8	1,637.6	1,835.3	1,996.2	1,996.8
	PLife REIT	184.5	298.3	306.2	286.9	282.7
	Total	1,658.3	1,935.9	2,141.5	2,283.2	2,279.5
	Profit After Tax and Minority Interest ("PATMI")					
	Including Exceptional Items	631.2	754.3	933.9	612.4	970.0
	Excluding Exceptional Items	610.6	782.2	899.2	866.0	595.3
B	**FINANCIAL POSITION (RM MILLION)**					
	Total Assets	27,261.3	28,640.3	35,497.9	37,188.0	38,924.2
	Net Borrowings	2,316.5	1,801.5	4,718.5	5,043.9	715.2
	Equity attributable to Owners of the Company	18,075.1	19,451.7	22,155.7	21,985.7	21,890.2
C	**FINANCIAL RATIOS**					
	Basic Earnings per Share (sen)					
	Including Exceptional Items	7.78	9.24	11.38	7.44	11.31
	Excluding Exceptional Items	7.53	9.58	10.95	10.52	6.76
	Net Assets[2] per Share (RM)	2.22	2.38	2.69	2.67	2.66
	Net Tangible Assets[3] per Share (RM)	0.81	0.95	1.04	1.02	1.08
	Return on Shareholders' Fund[4] (%)					
	Including Exceptional Items	3.49%	3.88%	4.22%	2.79%	4.43%
	Excluding Exceptional Items	3.38%	4.02%	4.06%	3.94%	2.72%
	Return on Total Assets (%)					
	Including Exceptional Items	2.32%	2.63%	2.63%	1.65%	2.49%
	Excluding Exceptional Items	2.24%	2.73%	2.53%	2.33%	1.53%
	Net Debt Equity Ratio (times)	0.12	0.08	0.19	0.21	0.03

Notes

The above historical financial summary may not be comparable across the periods presented due to the changes in the Group structure, as well as the effects of the initial public offering in 2012.

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

1. Being earnings before interest, tax, depreciation, amortisation, exchange differences, share of results of associates and joint ventures and other non-operational items.
2. Being net assets attributable to owners of the Company.
3. Being net assets attributable to owners of the Company less goodwill and intangible assets.
4. Being PATMI for the year over equity attributable to owners of the Company as at year-end.

OPERATIONAL AND SUSTAINABILITY HIGHLIGHTS

	FY2013	FY2014	FY2015	FY2016	FY2017
PARKWAY PANTAI LIMITED – Singapore Operations Division					
No. of hospitals at end of year	4	4	4	4	4
No. of licensed beds[1] at end of year	907	908	908	914	942
No. of operational beds[1] at end of year	826	869	880	892	928
Inpatient admissions[2]	59,258	64,723	67,917	74,119	76,459
Average length of stay[3] (days)	3.2	3.1	3.0	2.9	2.8
Occupancy rate[4]	63%	66%	63%	65%	64%
Average revenue per inpatient admission (in SGD)	8,299	8,667	8,904	8,866	9,527
Average revenue per inpatient admission (in RM, SGD1=RM3.05717)	25,371	26,497	27,220	27,106	29,127
PARKWAY PANTAI LIMITED – Malaysia Operations Division					
No. of hospitals at end of year	11	12	14	14	14
No. of licensed beds[1] at end of year	2,060	2,118	2,235	2,385	2,399
No. of operational beds[1] at end of year	1,935	1,969	2,065	2,143	2,182
Inpatient admissions[2]	170,684	185,000	183,265	192,383	197,563
Average length of stay[3] (days)	2.8	2.8	2.8	2.7	2.7
Occupancy rate[4]	68%	73%	68%	69%	67%
Average revenue per inpatient admission (in RM)	4,493	4,906	5,491	5,626	6,237
PARKWAY PANTAI LIMITED – India Operations Division[5]					
No. of hospitals at end of year			8[6]	8[6]	9[6]
No. of licensed beds[1] at end of year			1,552	1,546	1,664
No. of operational beds[1] at end of year			1,260	1,192	1,192
Inpatient admissions[2]			59,884	62,126	72,005
Average length of stay[3] (days)			4.0	3.9	3.9
Occupancy rate[4]			52%	56%	63%
Average revenue per inpatient admission (in INR)			109,270	119,140	122,003
Average revenue per inpatient admission (in RM, INR1=RM0.06377)			6,968	7,598	7,780
ACIBADEM HOLDINGS					
No. of hospitals at end of year	16[9]	17[9]	18[9]	20	21
No. of licensed and operational beds[7] at end of year	2,035[8]	2,526[8]	2,772[8]	3,446	3,818
No. of overnight beds[6] at end of year	1,433[8]	1,683[8]	1,903[8]	2,556	2,729
Inpatient admissions[2]	120,083	131,176	130,429	171,583	213,590
Average length of stay[3] (days)	3.2	3.4	3.6	3.3	3.4
Occupancy rate[4]	73%	73%	72%	70%	74%
Average revenue per inpatient admission (in TL)	6,063	6,321	7,290	7,104	7,956
Average revenue per inpatient admission (in RM, TL1=RM1.03880)	6,298	6,566	7,573	7,380	8,264

Notes

Parkway Pantai Limited and Acibadem Holdings do not compile certain operational data, including the number of operational beds, the average length of stay and occupancy rates, on the same basis and therefore, these numbers may not be comparable.

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

1. Licensed beds are the approved number of beds by the Ministry of Health that the hospital regularly maintains and staffs.

   Operational beds is an internal measure for which we include licensed beds utilised for our patients.

2. Represents the total number of overnight inpatients admitted to our hospitals.
3. Represents the average number of days an overnight inpatient stays at our hospitals.
4. Represents the percentage of hospital operational/overnight beds occupied by inpatients.

   The occupancy rate may be lower due to new hospitals that are in the ramp up stage.

5. The Group acquired Continental and Global Hospitals during FY2015. Information disclosed is for full year FY2015.
6. Includes 2 medical centres in 2015 and 2016, and 3 medical centres in 2017.
7. Under Turkish Law, "licensed beds" refers to the approved number of beds used for observation and treatment of at least 24 hours, including intensive care, premature and infant unit beds, beds in the burn care units and as indicated in the hospital operation licenses.

   In addition to licensed beds, "operational beds" includes beds used for treatments of less than 24 hours, such as for chemotherapy, radiotherapy and sedation or other beds such as incubators, labour beds and beds for examination, small treatments and relaxation, from which Acibadem derives revenue and does not require licensing.

   "Overnight beds" comprise beds used for observation and treatment of at least 24 hours.

8. Aile Hospital Goztepe's operations were suspended in late April 2012 for building works.

   As such, the number of beds as at the end of 31 December 2012-2015 excludes Aile Hospital Goztepe.

   Inpatient admissions includes were Aile Hospital Goztepe for January to April 2012, before the hospital operations were suspended.

9. Number of hospitals includes Aile Hospital Goztepe.

2017

NO. OF OPERATIONAL BEDS

- 928 Singapore
- 2,182 Malaysia
- 1,192 India
- 3,818 Turkey*

NO. OF HOSPITALS

- 4 Singapore
- 14 Malaysia
- 9 India
- 21 Turkey*

AVERAGE REVENUE PER INPATIENT ADMISSION (RM)

- 29,127 Singapore
- 6,237 Malaysia
- 7,780 India
- 8,264 Turkey*

NO. OF INPATIENT ADMISSIONS

- 76,459 Singapore
- 197,563 Malaysia
- 72,005 India
- 213,590 Turkey*

** Represents the total operating figures of Acibadem Holdings including Turkey and other overseas operations.*

CORPORATE MILESTONES

JAN 26
Pantai Medical Centre signed agreement to acquire freehold land and purpose-built hospital in Seri Manjung

FEB 23
IHH FY2016 Results announced

MAR 14
Acibadem Altunizade Hospital, Turkey's largest private healthcare institution, opened

MAR 19
Mount Elizabeth Hospital partnered with People's Association to provide sponsored cancer treatments through Life Renewed CSR programme in Singapore

MAR 21
Gleneagles Hong Kong Hospital opened in Wong Chuk Hang, Hong Kong Island South

APR 07
Gleneagles Global Hospital, Richmond Town, Bengaluru launched

APR 10
IMU's Special Conferment of seven Honorary Degrees

MAY 01
Acibadem International Medical Centre opened in Amsterdam, Netherlands

MAY 02
PPL increases stake in Continental Hospitals to 52.3%

MAY 22
IHH's 7th Annual General Meeting for FY2016

JUN 09
Gleneagles Shanghai Hospital groundbreaking in Shanghai New Hongqiao International Medical Center

JUL 18
IHH pays out first & final single tier cash dividend of 3 sen per ordinary share

JUL 31
PPL acquires 55% stake in Angsana Molecular & Diagnostics

AUG 28
IMU first university in the region to integrate the United States Medical Licensing Examination in its medical programmes

SEP 16
IMU's Chariofare 2017

SEP 22
PPL Quality Summit

OCT 30-31
PPL inaugurates FutureHealth Now: CEO Breakfast Series

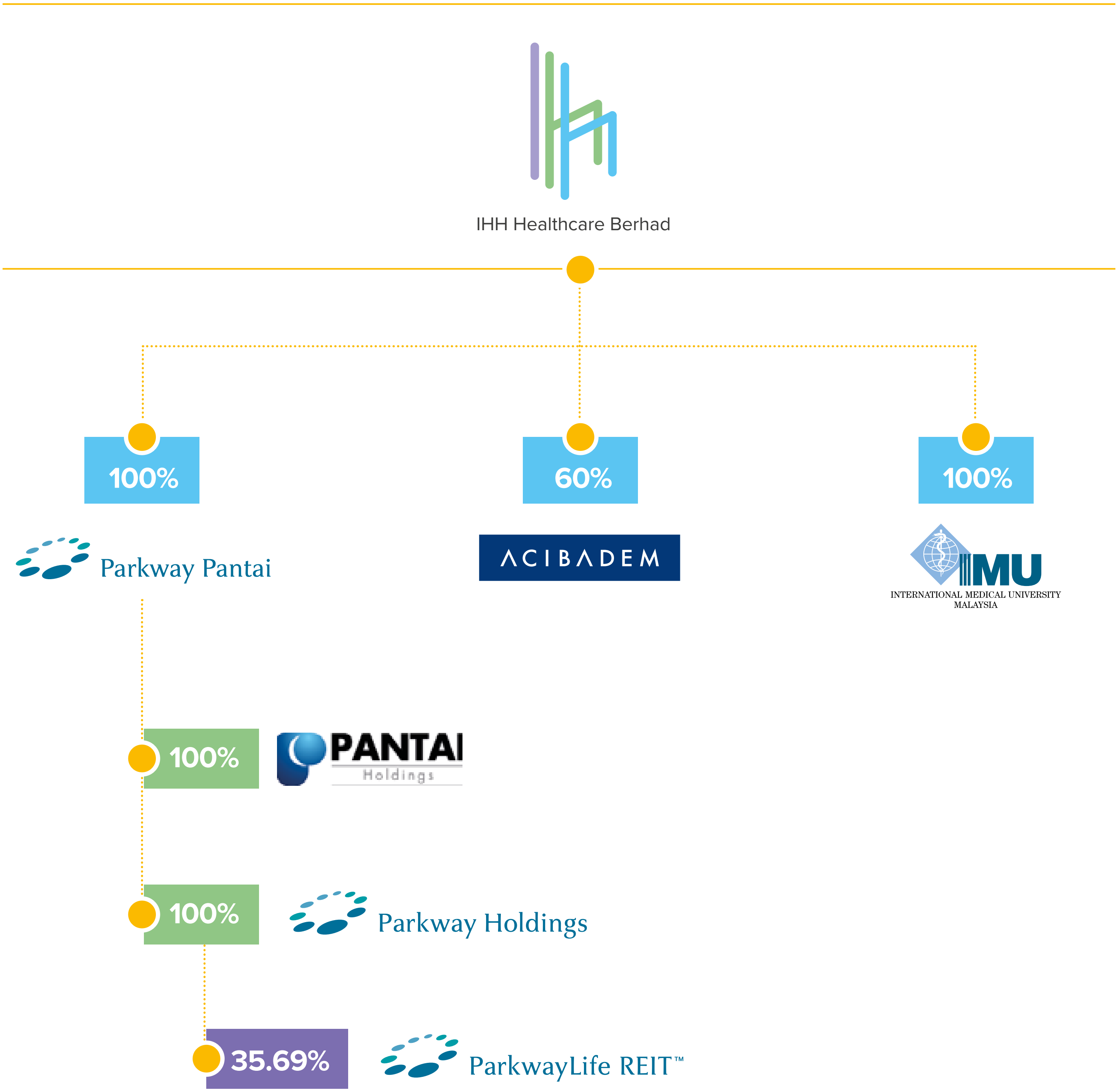
NOV 30
PPL launches inaugural Innovation Challenge

DEC 14
IMU Hospital's groundbreaking

IHH PPL Acibadem IMU

CORPORATE STRUCTURE FOR CORE OPERATIONS

As at 30 March 2018



CORPORATE INFORMATION

Board of Directors

Dato' Mohammed Azlan bin Hashim
Chairman, Non-Independent, Non-Executive

Dr Tan See Leng
Managing Director and Chief Executive Officer, Non-Independent, Executive

Mehmet Ali Aydinlar
Non-Independent, Executive

Chintamani Aniruddha Bhagat
Non-Independent, Non-Executive

Koji Nagatomi
Non-Independent, Non-Executive

Chang See Hiang
Senior Independent, Non-Executive

Rossana Annizah binti Ahmad Rashid
Independent, Non-Executive

Kuok Khoon Ean
Independent, Non-Executive

Shirish Moreshwar Apte
Independent, Non-Executive

Jill Margaret Watts
(Appointed w.e.f. 4 April 2018)
Independent, Non-Executive

Quek Pei Lynn
Non-Independent, Non-Executive
(Alternate Director to Chintamani Aniruddha Bhagat)

Takeshi Saito
Non-Independent, Non-Executive
(Alternate Director to Koji Nagatomi)

Tan Sri Dato' Dr Abu Bakar bin Suleiman
(Retired on 31 December 2017)
Chairman, Non-Independent, Executive

COMPANY SECRETARIES

Michele Kythe Lim Beng Sze
(LS 0009763)

Seow Ching Voon
(MAICSA 7045152)

COMMITTEES

Audit and Risk Management Committee

Chairman : Rossana Annizah binti Ahmad Rashid
Members : Chang See Hiang
: Shirish Moreshwar Apte
: Jill Margaret Watts

Nomination and Remuneration Committee

Chairman : Shirish Moreshwar Apte
Members : Chang See Hiang
: Rossana Annizah binti Ahmad Rashid
: Kuok Khoon Ean
: Chintamani Aniruddha Bhagat

Steering Committee

Chairman : Dato' Mohammed Azlan bin Hashim
Members : Dr Tan See Leng
: Chintamani Aniruddha Bhagat
: Takeshi Saito
: Quek Pei Lynn (Alternate to Chintamani Aniruddha Bhagat)

REGISTERED ADDRESS & BUSINESS ADDRESS

Level 11 Block A
Pantai Hospital Kuala Lumpur
8 Jalan Bukit Pantai
59100 Kuala Lumpur
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Fax: +603-7841 8151 / 8152
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Chartered Accountants
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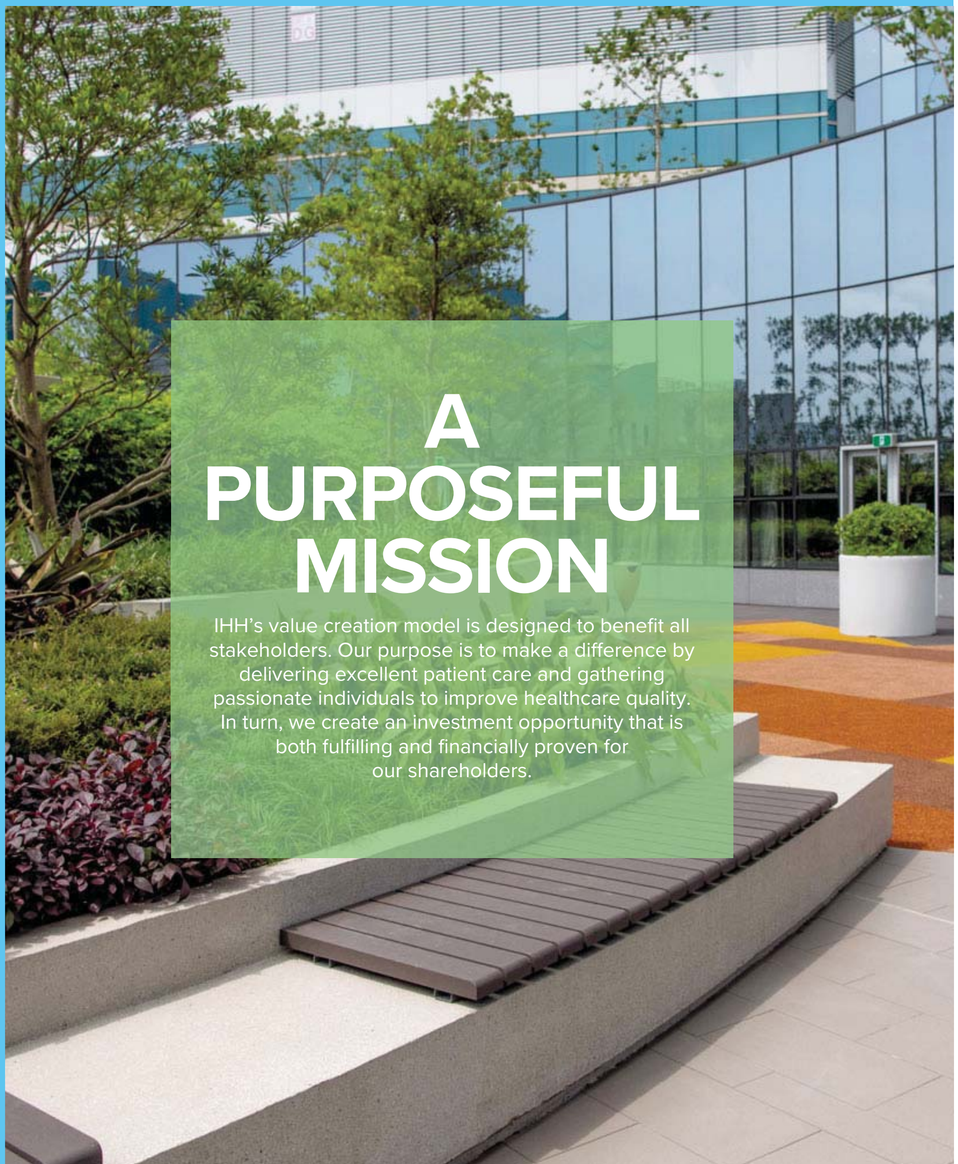
PRINCIPAL BANKERS

- Bank of America Merrill Lynch International Limited
- Bank of China (Hong Kong) Limited
- Bank of Tokyo-Mitsubishi UFJ, Ltd.
- BNP Paribas, Singapore Branch
- Credit Agricole Corporate and Investment Bank
- DBS Bank Ltd
- Hongkong and Shanghai Banking Corporation Limited
- ING Bank
- Oversea-Chinese Banking Corporation Limited
- Türkiye Garanti Bankasi A.S.
- United Overseas Bank Limited

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 25 July 2012)

Main Board of the Singapore Exchange Securities Trading Limited
(Listed since 25 July 2012)



A PURPOSEFUL MISSION

IHH's value creation model is designed to benefit all stakeholders. Our purpose is to make a difference by delivering excellent patient care and gathering passionate individuals to improve healthcare quality. In turn, we create an investment opportunity that is both fulfilling and financially proven for our shareholders.

STRATEGIC REPORT

JOINT CHAIRMAN'S STATEMENT

We have adopted the six Sustainable Development Goals outlined by the United Nations into the core of how we work. Our vision is to build a sustainable organisation that delivers value to all our stakeholders.

Dato' Mohammed Azlan bin Hashim
Incumbent Chairman

Tan Sri Dato' Dr Abu Bakar bin Suleiman
Past Chairman

***Dato' Mohammed Azlan bin Hashim**, Incumbent Chairman (Left)*
***Tan Sri Dato' Dr Abu Bakar bin Suleiman**, Past Chairman (Right)*

6.76
Basic Earnings per Share (sen)
(Excluding Exceptional Items)

3.0 sen
Dividend per Ordinary Share

A SUSTAINABLE ORGANISATION

At IHH, we believe sustainability and being a responsible corporate citizen are key to corporate success. We have built an enduring business by embracing that ethos, creating and delivering long-term value for our stakeholders.

In parallel with maintaining a robust balance sheet and a strategy to grow in value, we are dedicated to providing our loyal shareholders with no less than 20 per cent of the Group's profit after tax and minority interests (excluding exceptional items) through dividends. In 2017, the Board recommended a first and final single tier cash dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2017 as part of our annual dividend policy. This is subject to shareholders' approval at the forthcoming Annual General Meeting.

Bringing exceptional care and delivering superior clinical outcomes to our patients remains an absolute priority for us and underpins everything we do. Our focus has always been to provide world class healthcare services to patients who choose our hospitals to meet their medical needs.

In support of this goal, we have established an International Clinical Governance Advisory Council ("ICGAC") which advises the Board as part of the Group's clinical governance framework. Made up of independent thought leaders, former academics, practicing professionals and management representatives, it provides access for the Board and management to a wide range of complementary expertise and experience. The guidance of the ICGAC is fundamental to ensuring that we are constantly improving clinical care, patient safety and quality assurance throughout our hospitals across the IHH Group.

JOINT CHAIRMAN'S STATEMENT

Pantai Cheras employees at the Pink Umbrella Walk

It should be no surprise that our employees are our most valuable asset and vital to our success. This is why we have in place a robust framework and channels to manage talent retention and attraction, training and development opportunities, as well as employee welfare initiatives, fuelling our staff's motivation to be and remain part of the Group.

Doctors are also crucial stakeholders for us. By providing our specialists and consultants with a supportive and nurturing environment, we can facilitate maximising their potential, which in turn delivers the greatest care and value for our patients. At the same time, we are constantly investing in the latest proven medical technologies to provide cutting-edge facilities for our specialists and consultants, resulting in the best possible clinical outcomes for our patients.

We believe that open, on-going two-way communication between IHH and our stakeholders is key to understanding and meeting expectations. We have also set various platforms to allow us to engage with our stakeholders regularly.

To learn more about our value creation framework, turn to page 32 in this report.

SUSTAINABILITY REPORTING

Sustainability is a key pillar of the Group. We have a robust corporate governance framework that underpins our strategic sustainability vision. This framework encompasses our Board of Directors, our Sustainability Management Committee and the Sustainability Working Group. The Board ensures accountability and oversees the process of identification, monitoring and management of sustainability matters.

This year, our Sustainability Report includes our India operations for the first time, and we aim to expand the report to cover all the geographies where we operate in the report for 2018.

Sustainable growth must be driven from the top down through sound leadership. Our world-class management team has deep experience in managing hospital operations at the Group level and within our operating companies. Succession planning is in place to ensure business continuity, and we have developed a strong bench of high-performing talent to support our growth. Our Talent Council consists of members of the senior leadership team who meet regularly to discuss succession planning issues, recruitment and related topics. Please refer to page 57 to learn more about our Sustainability Strategy.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to take this opportunity to thank all who have been instrumental in the resilience and success of IHH over the past year. Firstly, we would like to extend our thanks to our loyal shareholders for trusting in our long-term vision to be a global private healthcare leader providing the best quality patient experience.

Our specialists, consultants and allied healthcare professionals have continued to perform their roles with dedication and passion to elevate the overall patient experience, enabling us to create a private healthcare company *par excellence*.

We are also deeply grateful to and hold in the utmost respect the patients who have entrusted their lives to our hospitals and clinics. They have our ongoing commitment to ensure IHH remains a leader in comprehensive healthcare of the highest quality for our patients.

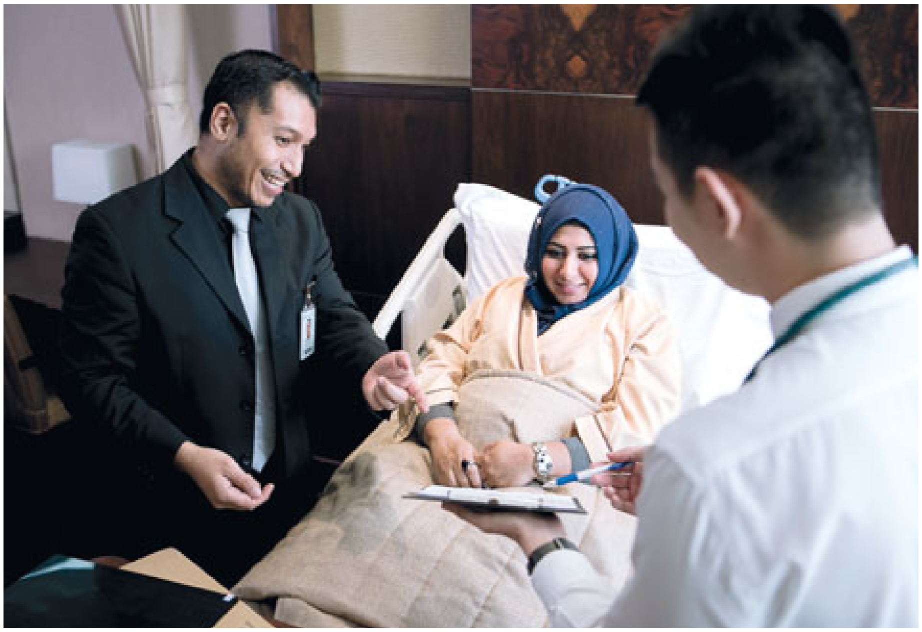
Lastly, we wish to acknowledge the steadfast contribution of the IHH "family" – the Board members, the hardworking management team and, most importantly, our dedicated staff – who have worked tirelessly to create a Group that we can all be proud of.

We are pleased to report that the future of the Group is bright, and it is well-equipped to deal with any challenges ahead. IHH is like a well-honed surgical team consisting of highly skilled and trained professionals driven by a passion to serve and excel. Despite the varying roles we play, we share and are at one with a common goal to deliver exceptional patient care. To achieve this, we have planned carefully ahead of time but know the importance of being flexible and adaptable as circumstances change. By working as a team, we will ensure we make a difference through our decisive and effective actions.

Dr K Ravindranath and his team at Gleneagles Global Hospitals

Dato' Mohammed Azlan bin Hashim
Incumbent Chairman

Tan Sri Dato' Dr Abu Bakar bin Suleiman
Past Chairman



Interpretation services at Mount Elizabeth Novena

CEO'S MESSAGE


Dr Tan See Leng
Managing Director and Chief Executive Officer

STRATEGIC MILESTONES IN 2017

2017 marked a year of continued growth for the Group across most of our markets. In line with our vision of becoming a leading global healthcare player, we seized opportunities throughout the year to grow both organically and inorganically.

We are proud to announce the opening of Gleneagles Hong Kong Hospital in March, a major milestone in our journey to making Greater China our fifth home market. A 500-bed multi-speciality private tertiary hospital, Gleneagles Hong Kong Hospital boasts cutting-edge medical technologies, providing a comprehensive range of clinical services. Located at Wong Chuk Hang on Hong Kong Island South, Gleneagles Hong Kong Hospital represents IHH's single largest hospital investment since the opening of Mount Elizabeth Novena in Singapore in 2012. Already, it is ramping up and taking on increasingly complex medical treatments.

Hong Kong's population continues to age quickly with one in every three people expected to be older than 65 in 2066, as reported by the Hong Kong government's recent statistics on its population. Consequently, this has led to a rising demand for private healthcare services, which presents tremendous potential for Gleneagles Hong Kong Hospital. In fact, it is on the request from the authorities that we opened all 500 beds at once instead of our usual phased approach of opening new beds in new hospitals. By doing so, we hope to alleviate the strain in the public hospitals.

With our RMB8.0 billion project pipeline across Greater China, we are on our way to making it our fifth home market after Malaysia, Singapore, Turkey and India. In June, together with our strategic partner in Mainland China, Taikang Insurance Group ("Taikang"), and our project joint venture partner, Shanghai Hongxin Medical Investment Holding, we broke ground for Gleneagles Shanghai Hospital. In addition, we plan to roll out greenfield hospitals projects in Chengdu and Nanjing over the next three years. To further accelerate our growth in China, the Group entered into a strategic partnership with Taikang to leverage their complementary strengths in healthcare and insurance. IHH and Taikang will jointly fund projects to manage our primary care portfolio and new hospital projects in Mainland China.

As China's growing middle-class become increasingly affluent, they are also ageing rapidly. This is likely to boost demand for quality private healthcare services in the country. Our entry into Greater China with our "Gleneagles" premium multi-speciality tertiary hospital brand will offer Chinese patients shorter waiting times and a better patient experience.

We are also continuing to expand our presence in India, having first entered the Indian market in 2015 through our acquisition of Hyderabad-based Continental Hospitals and tertiary care chain Global Hospitals. I am pleased to say that we have since successfully integrated Global Hospitals into our renowned "Gleneagles" brand. Already, we are leveraging on Gleneagles Global Hospitals' academic initiatives to raise the standard of care in our hospitals in India. In January, its biggest facility, Gleneagles Global Health City, hosted its 8th Master Class in Liver Disease 2018 where 850 specialists from India and all over the world benefited from its world-class training in liver disease and transplantation. Another significant milestone in India was Prof. Mohamed Rela, Chairman and Director, Institute of Liver Disease and Transplant, Gleneagles Global Health City, and his team successfully completing 1,000 liver transplants in Tamil Nadu in January 2018. Furthermore, we increased our stake in Continental Hospitals to 52.3 per cent last year. As part of our plans to review and rebalance our portfolio of investments to optimise returns, we divested our equity stake in Apollo Hospitals Enterprise.

India is presently the Group's fourth home market, after Malaysia, Singapore and Turkey. With seven hospitals and three medical centres in the country, it remains a very important market for us. In less than a decade, the country's population is set to exceed that of China's. With an ageing population, the percentage of Indian citizens with health and hospitalisation insurance coverage is poised to grow. India is also an attractive destination for medical travellers, especially those from Southeast Asia, Central East Africa and the Middle East. Our key healthcare facilities are currently located in Mumbai, Bengaluru, Hyderabad and Chennai, four of the top seven cities in India. Moving forward, we continue to explore earnings-accretive opportunities for the Group to acquire large hospital assets in the country, especially in the National Capital Region, as part of our India expansion.

We have also actively grown our presence in Turkey. In March, Acibadem Healthcare Group opened the largest private hospital in Turkey – the state-of-the-art Acibadem Altunizade Hospital in Istanbul. Acibadem now has 21 hospitals and 16 medical centres across eight cities in Turkey and two other countries. To cope with the increasing demand, Acibadem continues to ramp up its bed capacity through two greenfield projects, Acibadem Atasehir Hospital, and Acibadem Kartal Hospital, which are due to be completed in 2021.

The Group continued to mark many significant developments through the year, with Parkway Pantai's Singapore operations achieving the world's first JCI Gold Seal Hospital Network Accreditation in May 2017. In addition, Parkway Pantai acquired a 55 per cent equity stake in Angsana Holdings for S$9.3 million in July. Through this acquisition, we have now become the region's only private healthcare provider with in-house molecular diagnostics capabilities to customise medical treatment for our patients. This affirms our commitment in expanding our service offerings and capabilities to provide the highest quality of patient care now and in the future.

On the financial front, Parkway Pantai issued our first US$500 million senior perpetual securities, which was part of the US$2 billion Multicurrency Term Note Programme ("MTN") set up in July 2017. This issuance will diversify sources of funding and provide additional debt headroom for general corporate purposes.

Acibadem Altunizade Hospital

THE GROUP'S FINANCIAL PERFORMANCE

Revenue

RM11.1 billion

Profit After Tax and Minority Interest ("PATMI")
(Excluding Exceptional Items)

RM595.3 million

Basic Earnings Per Share (sen)
(Excluding Exceptional Items)

6.76

Return on Shareholders' Funds
(Excluding Exceptional Items)

2.72%

OUR STRATEGY

Moving forward, we will execute a multi-pronged strategy to enhance our diversified offering via both organic and inorganic growth. While we are already market leaders, we are also taking advantage of future opportunities to ensure our growth continues to be sustainable.

Our strong pipeline of expansion projects in Malaysia, Turkey and China is backed by our robust balance sheet, allowing us to consolidate our strengths and leadership positions in these markets. Apart from driving growth through organic investments, we are also looking at value-accretive acquisitions in new and existing markets. While acquisitions come with their own risks, we manage them carefully by performing detailed due diligence on every project. For example, our acquisitions in India completed in 2015 have already turned EBITDA positive.

As we seek to solidify our market leading positions, we are continually looking to improve our hospitals' operational performance by strengthening and enhancing the quality of our healthcare services, especially for high acuity cases. This will allow us to provide more comprehensive care for our patients. Over time, we can add further value for our patients by tailoring the best treatment, recovery or care plans specific to their needs.

As a global premier healthcare provider, we recognise the need to constantly innovate and evolve to stay ahead of the curve. To this end, we are increasingly leveraging innovation to help us incrementally improve our existing business model. IHH has a dedicated team to explore different innovations, including potentially revolutionary solutions that would enhance our healthcare service delivery. At the same time, we have rolled out various initiatives across the Group to embrace this innovation culture, as very often, some of the best ideas on how we can transform ourselves come from within.

Our strategies, however, can only be executed with the right talent. This is why we are strong advocates of providing training and development opportunities for our people and will continue to invest in them. We also ensure we have a competitive remuneration framework in parallel with proactively creating career pathways for our employees. With an institutionalised human capital approach within the Group, we aim to build a platform that will allow us to develop a pipeline of talent to support the organisation's growth and succession demands in the long run.

Graduation ceremony for students from Parkway College

Ultimately, the combination of investing in organic and inorganic growth, enhancing our service offerings in high acuity services, leveraging on innovation and investing in our people will enable us to grow and deliver long-term value for our stakeholders.

For a detailed discussion of our strategy, please turn to pages 36 and 37 of this report.

INDUSTRY OUTLOOK

Our strategy was developed based on our analysis of our home markets of Malaysia, Singapore, India and Turkey. An ageing population, a rising middle class and an increase in lifestyle diseases will likely boost the demand for quality private healthcare. As a Group, we are confident that we are well-positioned to be a leading international provider of private healthcare services.

With increasing life expectancies and the prevalence of chronic illnesses, we see a rising need for personalised treatment plans and more accurate diagnostics. Our acquisition of Angsana Holdings will allow us to have in-house molecular capabilities, enabling us to deliver high-performing but affordable molecular diagnostics services and treatments tailored to the needs of each patient.

However, we foresee rising competition from diverse sources. The public healthcare system in these markets will improve, and there will be the emergence of other private service providers or existing ones that will ramp up their operations. Local patients may also seek lower-cost treatments abroad and new start-ups might disrupt the marketplace.

We also expect to face increased competition for trained healthcare personnel in the markets we operate in. As such, we are continually attracting, retaining and developing quality healthcare personnel to support our growth strategy. We have implemented employee engagement initiatives aimed at fostering a sense of belonging among our people and have identified mechanisms to create an attractive working environment that would allow them to maximise their potential and improve their workplace performance.

In the year ahead, we expect to face cost pressures on the operational front. Wage inflation due to increasing competition for talent and higher pre-operating costs and start-up costs from new operations will also partially erode our profitability in the initial phase of our hospital openings.

To combat these challenges, we remain prudent in our cost management and shall undertake measures to improve the mix of higher revenue intensity cases while ramping up new facilities to achieve optimal operating efficiencies.

Similar to other major organisations around the world, we face cybersecurity risks as our businesses increasingly rely on technology. The rising sophistication of hackers and the ever-growing list of software and hardware vulnerabilities mean that we will need to remain vigilant to deter any cyber attacks and protect confidential medical data.

We are confident that, with our resilient strategy, we will overcome the challenges to succeed in 2018.

CHAIRMAN TRANSITION

At the end of 2017, the Group's distinguished inaugural Chairman, Tan Sri Dato' Dr Abu Bakar bin Suleiman, retired, having steered IHH for six years. Under Tan Sri's invaluable leadership, the Group grew from strength to strength since its formation and listing in 2012.

Dato' Mohammed Azlan bin Hashim, the former Deputy Chairman of the Group, transitioned seamlessly into the Chairman role in a well-planned manner with effect from 1 January 2018. Serving as Deputy Chairman since 2011, Dato' Mohammed Azlan has worked closely with both the Board of IHH and Tan Sri Dato' Dr Abu Bakar, ensuring familiarity with the operations of the Group, the company's strategy, the details of its subsidiary operations and the expectations of our stakeholders.

Dr Tan See Leng
Managing Director and
Chief Executive Officer

Therapist and patient from Mount Elizabeth Rehabilitation Centre