

METRO HEALTHCARE BERHAD
Registration No.: 201001021746 (905516-M)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Registered office:
Third Floor, No. 77, 79 & 81,
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor

Principal place of business:
No. 32, Jalan Pasar,
41400 Klang,
Selangor Darul Ehsan

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of Metro Healthcare Berhad (“MHB” or “the Company”) and its subsidiaries (collectively known as “the Group”) for the financial year ended 31 December 2023.

Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are stated in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Profit for the financial year attributable to owners of the Company	<u>6,247,592</u>	<u>1,854,960</u>

Dividend

Since the end of the previous financial year, the Company paid an interim single-tier tax exempt dividend of 0.70 sen per ordinary share amounting to RM4,316,970 in respect of the financial year ended 31 December 2023 on 24 March 2023.

The Board of Directors does not recommend any final dividend in respect of the financial year ended 31 December 2023.

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year.

Issue of Shares and Debentures

There were no issuances of shares or debentures during the financial year.

Employees' Share Option Scheme

On 10 June 2021, the shareholders of the Company approved the Employees' Share Option Scheme ("ESOS") granted to the eligible Directors and employees of the Company and its subsidiary companies and the ESOS was implemented on 4 October 2021.

The salient features of the ESOS are disclosed in Note 11 to the financial statements.

The Company has terminated existing ESOS with effect from 26 May 2023, in accordance with the By-Laws governing the existing ESOS pursuant to the proposed transfer of listing of the Company from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities and in view that the Board of Directors do not intend to grant further options under the existing ESOS and no exercise by the eligible persons for any of the ESOS options granted.

All ESOS options shall become null and void as at the end of the financial year.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tay Swi Peng @ Tee Swi Peng

Lim Wai Khong

Kong Lan Moon

Seah Cheong Wei

Rose Zilawati Binti Mohamed Arifin

(Appointed on 28 February 2024)

Chua Leng Leek

(Appointed on 28 February 2024)

Yee Meng Kheong

(Appointed on 28 February 2024)

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, or debentures or share option vested under ESOS in the Company or its subsidiaries during the financial year except as follows:

	No. of ordinary shares			As at 31.12.2023
	As at 1.1.2023	Bought	Sold	
Interest in the Company				
Direct interest:				
Tay Swi Peng @ Tee				
Swi Peng	317,923,296	-	-	- 317,923,296
Kong Lan Moon	143,101,230	-	-	- 143,101,230
Lim Wai Khong	4,630,167	-	-	- 4,630,167
Indirect interest:				
Tay Swi Peng @ Tee				
Swi Peng	180,140,382 ⁽¹⁾	-	- (143,101,230)	37,039,152
Kong Lan Moon	354,962,448 ⁽²⁾	-	- (354,962,448)	-
Share options from ESOS over ordinary shares				
	As at 1.1.2023	Vested	Terminated	As at 31.12.2023
Lim Wai Khong	300,000	2,700,000	(3,000,000)	-
Seah Cheong Wei	40,000	160,000	(200,000)	-

(1) Deemed interested through the shares held by his spouse, Kong Lam Moon in the Company.

(2) Deemed interested through the shares held by her spouse, Tay Swi Peng @ Tee Swi Peng in the Company and Country Range Sdn. Bhd..

(3) Ceased to have indirect interest in the shareholdings of his/her spouse.

By virtue of their interests in the shares of the Company, Tay Swi Peng @ Tee Swi Peng, Kong Lan Moon and Lim Wai Khong are deemed to have interest in the shares of all its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the Register of Directors' Shareholdings, the other Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in Note 23) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the 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, other than those arising from the share options granted under the ESOS.

Directors' Remuneration

Directors' remuneration is as follows:

	Group RM	Company RM
Directors' remuneration:		
- fees, salaries, allowances and bonus	911,001	30,000
- contribution to Employees Provident Fund	29,277	-
- shared-based payment under ESOS	32,776	5,463
	<u>973,054</u>	<u>35,463</u>

Subsidiary Companies

Details of the subsidiary companies are disclosed in Note 5 to the financial statements.

Auditors' Remuneration

Auditors' remuneration is as follows:

	Group RM	Company RM
HLB Ler Lum Chew PLT:		
- Statutory audit	95,000	40,000
- Non-statutory audit	74,700	-
	<u>169,700</u>	<u>40,000</u>

Indemnity and Insurance Costs

During the financial year, the Group maintained a Malpractice Liability in accordance with Section 289 of the Companies Act 2016. The insurance premium for the Malpractice Liability effected for the Directors and Officers of the Group amounting to RM95,658 in aggregate.

Other Statutory Information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) any amount stated in the financial statements of the Group and of the Company misleading.

No contingent 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 affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other Statutory Information (Continued)

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Significant and Subsequent Event

The details of significant event during the year and subsequent event after the year are disclosed in Note 28 to the financial statements.

Auditors

The auditors, HLB Ler Lum Chew PLT (201906002362 & AF0276), have expressed their willingness to accept re-appointment.

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

TAY SWI PENG @ TEE SWI PENG

LIM WAI KHONG

KUALA LUMPUR
29 FEBRUARY 2024

Registration No.: 201001021746 (905516-M)

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, TAY SWI PENG @ TEE SWI PENG and LIM WAI KHONG, being two of the Directors of METRO HEALTHCARE BERHAD, do hereby state that, in the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

TAY SWI PENG @ TEE SWI PENG

LIM WAI KHONG

KUALA LUMPUR
29 FEBRUARY 2024

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, TAY SWI PENG @ TEE SWI PENG, being the Director primarily responsible for the financial management of METRO HEALTHCARE BERHAD, do solemnly and sincerely declare that the financial statements 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)
abovenamed TAY SWI PENG @ TEE SWI)
PENG)
at KUALA LUMPUR)
on 29 FEBRUARY 2024)

TAY SWI PENG @ TEE SWI PENG

Before me,

COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRO HEALTHCARE BERHAD**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of METRO HEALTHCARE BERHAD, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies information, as set out on pages 14 to 67.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRO HEALTHCARE BERHAD (CONTINUED)**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report in the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Key audit matters</u>	<u>How our audit addressed the key audit matters</u>
<p>Existence of plant and machinery <i>(Refer to Note 2(g) and Note 3 to the financial statements)</i></p> <p>As at 31 December 2023, included in the Group's property, plant and equipment is an amount of RM6,253,525 in relation to plant and machinery pertaining to hospitals and clinics in multiple locations.</p> <p>We focused on this area due to the material account balance and inherent risk associated with the existence of plant and machinery due to the multiple locations.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none">• Discussed with management to obtain an understanding on controls and monitoring over the plant and machinery at the hospitals and clinics;• Obtained the property, plant and equipment listing to identify the location of the assets;• Conducted site visits to selected hospitals and clinics; and• Inspected the existence and functionality of plant and machinery at hospitals and clinics.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRO HEALTHCARE BERHAD (CONTINUED)**

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRO HEALTHCARE BERHAD (CONTINUED)**

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRO HEALTHCARE BERHAD (CONTINUED)**

Other Matters

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

HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants

TANG YAN YU
03452/10/2025 J
Chartered Accountant

Dated: 29 February 2024
Kuala Lumpur

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	20,519,737	20,088,424	-	-
Right-of-use assets	4	16,723,340	9,486,875	-	-
Investment in subsidiaries	5	-	-	17,312,901	17,119,712
Other investment	6	3,075,156	3,147,366	-	-
		<u>40,318,233</u>	<u>32,722,665</u>	<u>17,312,901</u>	<u>17,119,712</u>
Current Assets					
Inventories	7	1,907,162	1,597,505	-	-
Trade and other receivables	8	1,209,326	1,451,853	199,241	455,045
Tax recoverable		1,185,029	1,249,428	1,455	8,141
Cash and cash equivalents	9	15,158,480	14,285,516	3,645,557	5,840,324
		<u>19,459,997</u>	<u>18,584,302</u>	<u>3,846,253</u>	<u>6,303,510</u>
TOTAL ASSETS		<u>59,778,230</u>	<u>51,306,967</u>	<u>21,159,154</u>	<u>23,423,222</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	10	18,163,699	18,163,699	18,163,699	18,163,699
Employees' Share Option Scheme ("ESOS") reserve	11	-	389,942	-	389,942
Retained earnings		19,211,586	16,692,370	2,952,075	4,825,491
TOTAL EQUITY		<u>37,375,285</u>	<u>35,246,011</u>	<u>21,115,774</u>	<u>23,379,132</u>
LIABILITIES					
Non-Current Liabilities					
Borrowing	12	-	32,094	-	-
Deferred tax liabilities	13	655,208	1,042,534	-	-
Lease liabilities	14	15,982,307	9,406,563	-	-
		<u>16,637,515</u>	<u>10,481,191</u>	<u>-</u>	<u>-</u>

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONTINUED)

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Current Liabilities					
Trade and other payables	15	3,920,538	4,779,587	43,380	44,090
Tax payables		-	35,587	-	-
Lease liabilities	14	1,844,892	764,591	-	-
		<u>5,765,430</u>	<u>5,579,765</u>	<u>43,380</u>	<u>44,090</u>
TOTAL LIABILITIES		<u>22,402,945</u>	<u>16,060,956</u>	<u>43,380</u>	<u>44,090</u>
TOTAL EQUITY AND LIABILITIES		<u>59,778,230</u>	<u>51,306,967</u>	<u>21,159,154</u>	<u>23,423,222</u>

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	16	44,686,028	40,272,726	2,200,000	8,761,573
Cost of sales		(26,606,594)	(24,267,281)	-	-
Gross profit		<u>18,079,434</u>	<u>16,005,445</u>	<u>2,200,000</u>	<u>8,761,573</u>
Other operating income	17	612,486	3,889,019	87,420	395,260
Other operating expenses		(9,417,076)	(12,118,612)	(407,379)	(554,850)
Operating profit		<u>9,274,844</u>	<u>7,775,852</u>	<u>1,880,041</u>	<u>8,601,983</u>
Finance cost		(732,401)	(398,417)	-	(236,710)
Profit before taxation	18	<u>8,542,443</u>	<u>7,377,435</u>	<u>1,880,041</u>	<u>8,365,273</u>
Taxation	19	<u>(2,294,851)</u>	<u>(2,361,668)</u>	<u>(25,081)</u>	<u>(8,029)</u>
Profit/Total comprehensive income for the financial year		<u>6,247,592</u>	<u>5,015,767</u>	<u>1,854,960</u>	<u>8,357,244</u>
Profit/Total comprehensive income for the financial year attributable to:					
- Owners of the Company		<u>6,247,592</u>	<u>5,015,767</u>	<u>1,854,960</u>	<u>8,357,244</u>
Earnings per share (sen):					
- Basic	20	<u>1.01</u>	<u>0.81</u>		
- Diluted	20	<u>1.01</u>	<u>0.81</u>		

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	← Attributable to owners of the Company →			Total RM
		<u>Non-distributable</u> Share Capital RM	<u>ESOS</u> Reserve RM	<u>Distributable</u> Retained Earnings RM	
Group					
At 1 January 2023		18,163,699	389,942	16,692,370	35,246,011
Profit/Total comprehensive income for the financial year		-	-	6,247,592	6,247,592
Dividend	21	-	-	(4,316,970)	(4,316,970)
Share-based payment under ESOS	11	-	198,652	-	198,652
Termination of ESOS			(588,594)	588,594	-
At 31 December 2023		<u>18,163,699</u>	<u>-</u>	<u>19,211,586</u>	<u>37,375,285</u>
At 1 January 2022		18,163,699	425,025	15,746,889	34,335,613
Profit/Total comprehensive income for the financial year		-	-	5,015,767	5,015,767
Dividend	21	-	-	(4,070,286)	(4,070,286)
Share-based payment under ESOS	11	-	(35,083)	-	(35,083)
At 31 December 2022		<u>18,163,699</u>	<u>389,942</u>	<u>16,692,370</u>	<u>35,246,011</u>

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	Note	← Attributable to owners of the Company →			Total RM
		<u>Non-distributable</u> Share Capital RM	<u>ESOS</u> Reserve RM	<u>Distributable</u> Retained Earnings RM	
Company					
At 1 January 2023		18,163,699	389,942	4,825,491	23,379,132
Profit/Total comprehensive income for the financial year		-	-	1,854,960	1,854,960
Dividend	21	-	-	(4,316,970)	(4,316,970)
Share-based payment under ESOS	11	-	198,652	-	198,652
Termination of ESOS			(588,594)	588,594	-
At 31 December 2023		<u>18,163,699</u>	<u>-</u>	<u>2,952,075</u>	<u>21,115,774</u>
At 1 January 2022		18,163,699	425,025	538,533	19,127,257
Profit/Total comprehensive income for the financial year		-	-	8,357,244	8,357,244
Dividend	21	-	-	(4,070,286)	(4,070,286)
Share-based payment under ESOS	11	-	(35,083)	-	(35,083)
At 31 December 2022		<u>18,163,699</u>	<u>389,942</u>	<u>4,825,491</u>	<u>23,379,132</u>

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash Flows From Operating Activities					
Profit before taxation		8,542,443	7,377,435	1,880,041	8,365,273
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	2,794,658	2,675,765	-	-
Depreciation of right-of-use assets	4	2,218,454	4,105,221	-	-
Remeasurement of lease liabilities		-	(3,213,795)	-	-
Termination of lease		(160,709)	-	-	-
Share-based payment under ESOS	11	198,652	(35,083)	5,463	(32,016)
Finance cost		732,401	398,417	-	236,710
Interest income		(106,973)	(71,542)	(87,420)	(53,629)
Waiver of rental		-	(4,800)	-	-
Gain on disposal of property, plant and equipment		(34,964)	(220,541)	-	-
Reversal of impairment loss on investment in subsidiaries	5	-	-	-	(341,631)
Trade and other receivables written-off		-	3,917	-	-
Property, plant and equipment written-off	3	254,821	64,846	-	-
Gain on disposal of investment in quoted shares		-	(4,240)	-	-
Loss on deemed disposal of investment in subsidiaries		-	-	-	53,953
Net fair value loss/(gain) on investment in quoted shares		72,210	(78,002)	-	-
Dividend income		(103,497)	(100,447)	(2,200,000)	(8,761,573)
Operating gain/(loss) before changes in working capital		<u>14,407,496</u>	<u>10,897,151</u>	<u>(401,916)</u>	<u>(532,913)</u>

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Operating gain/(loss) before changes in working capital		14,407,496	10,897,151	(401,916)	(532,913)
Changes in working capital:					
Inventories		(309,657)	(147,556)	-	-
Trade and other receivables		242,527	704,526	255,804	(111,620)
Trade and other payables		(859,049)	1,056,119	(710)	704,275
Cash generated from/(used in) operations		13,481,317	12,510,240	(146,822)	59,742
Interest paid		-	-	-	(236,710)
Interest received		106,973	71,542	87,420	53,629
Tax refunded		226,701	28,843	-	-
Tax paid		(2,880,066)	(3,359,973)	(18,395)	(14,000)
Net cash generated from/(used in) operating activities		10,934,925	9,250,652	(77,797)	(137,339)
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	3	(3,551,107)	(4,578,056)	-	-
Investment in quoted shares		-	(480,467)	-	(2,400)
Proceeds from disposal of property, plant and equipment		105,279	252,052	-	-
Proceeds from disposal of investment in quoted shares		-	67,241	-	-
Dividend received		103,497	100,447	2,200,000	4,000,000
Net cash (used in)/generated from investing activities		(3,342,331)	(4,638,783)	2,200,000	3,997,600

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash Flows From Financing Activities					
Repayment of borrowing	26	(32,094)	(391,745)	-	-
Repayment of lease liabilities	26	(2,370,566)	(1,124,150)	-	-
Dividend paid	21	(4,316,970)	(4,070,286)	(4,316,970)	(4,070,286)
Net cash used in financing activities		<u>(6,719,630)</u>	<u>(5,586,181)</u>	<u>(4,316,970)</u>	<u>(4,070,286)</u>
Net increase/(decrease) in cash and cash equivalents		872,964	(974,312)	(2,194,767)	(210,025)
Cash and cash equivalents at the beginning of the financial year		<u>14,285,516</u>	<u>15,259,828</u>	<u>5,840,324</u>	<u>6,050,349</u>
Cash and cash equivalents at the end of financial year		<u>15,158,480</u>	<u>14,285,516</u>	<u>3,645,557</u>	<u>5,840,324</u>
Cash and cash equivalents at the end of the financial year end comprises:					
Cash and bank balances		11,797,025	10,487,771	284,102	2,042,579
Fixed deposits placed with a licensed bank		3,361,455	3,797,745	3,361,455	3,797,745
		<u>15,158,480</u>	<u>14,285,516</u>	<u>3,645,557</u>	<u>5,840,324</u>

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated under Companies Act 1965 and deemed registered under Companies Act 2016 and is listed on the LEAP Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Third Floor, No.77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The principal place of business of the Company is located at No. 32, Jalan Pasar, 41400 Klang, Selangor Darul Ehsan.

These financial statements were authorised for issue by the Board of Directors in accordance with their resolution on 29 February 2024.

2. Basis of Preparation and Material Accounting Policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of material accounting policies.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

Accounting standard and amendments to accounting standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2023 are as follows:

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts" (Initial application of MFRS 17 and MFRS 9 - Comparative Information)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)
- Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)
- Amendments to MFRS 112, "Income Taxes" (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The above accounting standard and amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(a) Basis of preparation (continued)

Amendments to accounting standards that are applicable for the Group and for the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2024

- Amendments to MFRS 16, “Leases” (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, “Presentation of Financial Statements” (Non-current Liabilities with Covenants)
- Amendments to MFRS 107 “Statement of Cash Flows” and MFRS 7 “Financial Instruments: Disclosures” (Supplier Finance Arrangements)

Annual periods beginning on/after 1 January 2025

- Amendments to MFRS 121, “The Effects of Changes in Foreign Exchange Rates” (Lack of Exchangeability).

Effective date yet to be determined by the Malaysian Accounting Standards Board

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

The adoption of the amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

(b) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Such extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that it will be exercised. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. Significant judgements are used in determining the lease term over the extension or termination option.

(ii) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 2(g)(ii). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(d) Basis of consolidation

Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(d) Basis of consolidation (continued)

Subsidiary companies (continued)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

(e) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is carried at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

(f) Operating segments

For management purpose, the Group is organised into operating segment based on their business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segments and assess the segment performance.

(g) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

2. Basis of Preparation and Material Accounting Policies (Continued)

(g) Property, plant and equipment (continued)

(i) Recognition and measurement (continue)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(ii) Depreciation and impairment

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

Building	50 years
Plant and machinery	3 to 10 years
Motor vehicles	5 to 6 years
Office equipment, furniture and fittings	2 to 10 years
Renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(h) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (“FVTPL”)

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(h) Financial assets (continued)

(iii) Subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise. Dividends from equity investments are recognised in profit or loss when the Group's and the Company's right to receive payments is established.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(h) Financial assets (continued)

(iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(h) Financial assets (continued)

(iv) Impairment (continued)

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

(i) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in 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 or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categories as fair value through profit or loss.

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

(j) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in first out method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments.

(l) Equity instruments

(i) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(ii) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(m) Current and deferred income tax (continued)

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) 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 or profit-sharing plans 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.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(n) Employee benefits (continued)

(iii) Share-based compensation – ESOS

The ESOS is an equity-settled share-based compensation plan that allows the Group's Directors and employees to acquire shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the ESOS reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statements and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the ESOS reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The ESOS reserve is transferred to retained earnings upon expiry of the share option.

(o) Revenue and income recognition

(i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

2. Basis of Preparation and Material Accounting Policies (Continued)

(o) Revenue and income recognition (continued)

(i) Revenue from contracts with customers (continued)

Rendering of services

Revenue from services rendered represents inpatient and outpatient charges and ambulatory care charges. The provision of inpatient and outpatient services and ambulatory care is recognised when the services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group, and the Group has a present right to payments for the services.

(ii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Rental income

Rental income is recognised on a straight-line basis over the tenure of the lease.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(p) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2. **Basis of Preparation and Material Accounting Policies (Continued)**

(p) Leases (continued)

(ii) Accounting by lessor

The Group and the Company determine at lease inception whether each lease is a finance lease or operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating leases as lease income on a straight-line basis over the lease term.

3. **Property, Plant and Equipment**

	Freehold land and building RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Capital work-in- progress RM	Total RM
Group Cost							
At 1 January 2023	5,414,387	10,572,008	532,457	2,990,096	6,922,677	2,057,494	28,489,119
Additions	-	962,306	267,032	109,800	364,183	1,847,786	3,551,107
Disposal	-	-	(181,127)	(349)	-	-	(181,476)
Written-off	-	-	-	(28,099)	(286,150)	-	(314,249)
At 31 December 2023	5,414,387	11,534,314	618,362	3,071,448	7,000,710	3,905,280	31,544,501
Accumulated depreciation							
At 1 January 2023	433,655	3,901,782	357,104	1,644,511	2,063,643	-	8,400,695
Charge for the year	108,414	1,379,007	72,677	356,515	878,045	-	2,794,658
Disposal	-	-	(111,091)	(70)	-	-	(111,161)
Written-off	-	-	-	(10,857)	(48,571)	-	(59,428)
At 31 December 2023	542,069	5,280,789	318,690	1,990,099	2,893,117	-	11,024,764
Carrying amount							
At 31 December 2023	4,872,318	6,253,525	299,672	1,081,349	4,107,593	3,905,280	20,519,737

3. **Property, Plant and Equipment (Continued)**

	Freehold land and building RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Capital work-in- progress RM	Total RM
Group							
Cost							
At 1 January 2022	5,414,387	8,065,523	532,457	2,810,573	5,430,143	2,088,166	24,341,249
Additions	-	2,815,223	-	206,728	572,249	983,856	4,578,056
Reclassification	-	-	-	-	1,014,528	(1,014,528)	-
Disposal	-	(308,738)	-	-	-	-	(308,738)
Written-off	-	-	-	(27,205)	(94,243)	-	(121,448)
At 31 December 2022	5,414,387	10,572,008	532,457	2,990,096	6,922,677	2,057,494	28,489,119
Accumulated depreciation							
At 1 January 2022	325,241	2,730,934	285,167	1,296,382	1,252,077	-	5,889,801
Charge for the year	108,414	1,279,117	71,937	361,133	855,164	-	2,675,765
Disposal	-	(108,269)	-	-	-	-	(108,269)
Written-off	-	-	-	(13,004)	(43,598)	-	(56,602)
At 31 December 2022	433,655	3,901,782	357,104	1,644,511	2,063,643	-	8,400,695
Accumulated impairment loss							
At 1 January 2022	-	168,958	-	-	-	-	168,958
Disposal	-	(168,958)	-	-	-	-	(168,958)
At 31 December 2022	-	-	-	-	-	-	-
Carrying amount							
At 31 December 2022	4,980,732	6,670,226	175,353	1,345,585	4,859,034	2,057,494	20,088,424

Freehold land and building with carrying amount of Nil (2022: RM4,980,732) are pledged to a licensed bank as security for borrowing as disclosed in Note 12 to the financial statements.

4. **Right-of-Use Assets**

	Group	
	2023	2022
	RM	RM
Cost		
At 1 January	11,232,298	11,379,198
Addition	10,680,912	3,407,851
Completion of lease	(194,741)	(3,314,043)
Termination of lease	(1,803,633)	(240,708)
At 31 December	<u>19,914,836</u>	<u>11,232,298</u>
Accumulated depreciation		
At 1 January	1,745,423	1,194,953
Charge for the financial year	2,218,454	4,105,221
Completion of lease	(194,741)	(3,314,043)
Termination of lease	(577,640)	(240,708)
At 31 December	<u>3,191,496</u>	<u>1,745,423</u>
Carrying amount		
At 31 December	<u>16,723,340</u>	<u>9,486,875</u>

5. **Investment in Subsidiaries**

		Company	
	Note	2023	2022
		RM	RM
Unquoted shares, at cost		16,735,629	16,735,629
Accumulated impairment loss	(a)	<u>-</u>	<u>-</u>
		16,735,629	16,735,629
Capital contribution to subsidiaries	(b)	<u>577,272</u>	<u>384,083</u>
At 31 December		<u>17,312,901</u>	<u>17,119,712</u>

5. **Investment in Subsidiaries (Continued)**

- (a) The movement on the Company's impairment loss on investment in subsidiaries are as follows:

	Company	
	2023	2022
	RM	RM
At 1 January	-	635,925
Reversal of impairment allowance	-	(341,631)
Impairment allowance written-off	-	(294,294)
At 31 December	<u>-</u>	<u>-</u>

- (b) The Company granted ESOS share-based payment to eligible Directors and employees of its subsidiary companies. Accordingly, the Company capitalised RM577,272 (2022: RM384,083) based on the fair value at grant date over the vesting period by way of a capital contribution to the subsidiaries.

The subsidiary companies and shareholdings therein are as follows:

Name of entity	Country of incorporation and place of business	Effective ownership and voting interest (%)		Principal activities
		2023	2022	
Hospital Wanita Metro Sdn. Bhd.	Malaysia	100	100	Provision of fertility, obstetrics and gynaecology, paediatrics services, and other healthcare related services
K.W. Tee Sdn. Bhd.	Malaysia	100	100	Property investment holding
Metro IVF Sdn. Bhd.	Malaysia	100	100	Provision of fertility, obstetrics and gynaecology healthcare services
Vision One Diagnostic Sdn. Bhd.	Malaysia	100	100	Provision of diagnostic imaging services as well as traditional and complementary healthcare services

6. **Other Investment**

	Group	
	2023	2022
	RM	RM
Fair Value through Profit or Loss		
Quoted shares in Malaysia	<u>3,075,156</u>	<u>3,147,366</u>

7. **Inventories**

	Group	
	2023	2022
	RM	RM
At cost		
Trading merchandise	<u>1,907,162</u>	<u>1,597,505</u>

The Group's cost of inventories recognised as expenses and included in cost of sales amounted to RM3,908,965 (2022: RM4,104,065).

8. **Trade and Other Receivables**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade receivables	110,295	94,160	-	-
Other receivables	56,357	423,993	6,189	343,425
Deposits	765,258	765,216	-	-
Prepayment	277,416	168,484	193,052	111,620
	<u>1,209,326</u>	<u>1,451,853</u>	<u>199,241</u>	<u>455,045</u>

The Group's trade credit terms are 30 days (2022: 30 days). Other credit terms are assessed and approved on a case by case basis.

8. Trade and Other Receivables (Continued)

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2023	2022
	RM	RM
Neither past due nor impaired	8,158	18,056
Past due but not individually impaired		
- Between 1 - 180 days	89,753	26,195
- Between 181 - 365 days	5,934	13,126
- More than 365 days	6,450	36,783
	102,137	76,104
	110,295	94,160

The Group's trade receivables of RM102,137 (2022: RM76,104) were past due but not individually impaired. These relate to a number of independent customers for whom there is no recent history of default.

Included in deposits of the Group is an amount of RM66,000 and RM330,000 (2022: RM66,000 and RM327,000) paid to Directors and companies in which certain Director have substantial financial interest respectively.

Included in other receivables of the Group and of the Company is an amount of RM6,189 (2022: RM343,425) relating to deemed consideration receivable from related companies.

9. Cash and Cash Equivalents

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	11,797,025	10,487,771	284,102	2,042,579
Fixed deposits placed with a licensed bank	3,361,455	3,797,745	3,361,455	3,797,745
	15,158,480	14,285,516	3,645,557	5,840,324

Interest rates on deposits placed with a licensed bank ranges from 2.50% to 2.65% (2022: 2.10% to 2.20% per annum) per annum and have an maturity period of range from 30 to 92 days (2022: 30 to 92 days).

10. **Share Capital**

	Group/Company			
	2023			2022
	Number of shares Units	Amount RM	Number of shares Units	Amount RM
Issued and fully paid				
At 1 January/31 December	<u>616,710,000</u>	<u>18,163,699</u>	<u>616,710,000</u>	<u>18,163,699</u>

11. **Employees' Share Option Scheme ("ESOS") Reserve**

On 10 June 2021, the shareholders of MHB approved the ESOS granted to the eligible Directors and employees of the Company and its subsidiary companies (excluding dormant subsidiaries) (collectively known as "Eligible Persons") and implemented on 4 October 2021.

On 26 May 2023, the Company has terminated existing ESOS, in accordance with the By-Laws governing the existing ESOS pursuant to the proposed transfer of listing of the Company from the LEAP Market of Securities to the ACE Market of Bursa Securities. All ESOS options shall become null and void as at the end of the financial year.

Details of share options granted are as follows:

Grant date	No. of share options granted	Exercise price/option	Exercise period
20 October 2021	3,596,000	RM0.37	20 October 2021 - 4 October 2026
	3,596,000	RM0.37	20 October 2022 - 4 October 2026
	7,192,000	RM0.37	20 October 2024 - 4 October 2026
	21,576,000	RM0.37	20 October 2025 - 4 October 2026

The exercise of share option is subject to the fulfillment of vesting conditions by eligible Directors and employees. When exercisable, each option is convertible into one ordinary share.

11. Employees' Share Option Scheme ("ESOS") Reserve (Continued)

The salient features of the ESOS are as follows:

(a) Maximum number of new shares available under ESOS

The maximum number of MHB Shares which may be allotted and issued under ESOS shall not exceed in aggregate 10% of the total number of issued shares of the Company at any point in time during the duration of ESOS.

(b) Eligibility

Any Director or employee of the MHB and its subsidiary companies (collectively known as "MHB Group") shall be eligible to participate in the ESOS and qualify for selection by the ESOS Committee, if, as at the Date of Offer (where applicable):

- (i) such Director or employee has attained the age of eighteen (18) years and he/she is neither an undischarged bankruptcy nor subject to any bankruptcy proceedings;
- (ii) such Director or employee must fulfill such other eligibility criteria as may be determined by ESOS Committee from time to time;
- (iii) such Director must be a Director of the Company or any company in MHB Group (excluding dormant subsidiaries);
- (iv) such Employee in a company within MHB Group (excluding dormant subsidiaries), whose service has been confirmed and has not served a notice of resignation or received a notice of termination by the relevant company within the MHB Group;
- (v) if such Director or employee is employed by a company which is acquired by the MHB Group during the Duration of the ESOS and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the said Director or employee must become an eligible person within the meaning of By-Laws following the date that such company becomes or is deemed to be a subsidiary of the MHB Group.

11. **Employees' Share Option Scheme ("ESOS") Reserve (Continued)**

The salient features of the ESOS are as follows: (continued)

(c) Basis of allocation and maximum allowable allotment of new shares

Subject to the By-Laws, the maximum number of MHB Shares may be offered and allotted to an Eligible Person under ESOS shall be determined by the ESOS Committee at its sole and absolute discretion after taking into consideration, inter alia, the Eligible Person's position, performance, length of service and such other factors that the ESOS Committee may deem relevant, subject to the following:

- (i) the aggregate number of MHB Shares shall not exceed 10% of total number of issued shares of the Company at any point in time during the duration of ESOS;
- (ii) any offer, allocation of Options under the ESOS and the related allotment of Shares to any Eligible Directors, major shareholders who are employees of the Group or the chief executive of the Company and any person connected with them who is an employee of the Group shall require prior approval of the shareholders of the Company in a general meeting and they shall not vote on the resolution approving their respective offer, allocation and allotment;
- (iii) the Eligible Directors and senior management of the Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their own respective allocations of Options as well as to persons connected with them under the ESOS;
- (iv) not more than 10% of the total number of MHB Shares to be issued under ESOS shall not be allocated to any Eligible Person who, either singly or collectively through persons connected with him/her, holds 20% or more of the Company's total number of issued shares;
- (v) not more than 70% of the total number of MHB Shares to be issued under ESOS shall be allocated, in aggregate, to the Eligible Directors and senior management of the Group (excluding dormant subsidiaries); and
- (vi) any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Director or Employee shall be determined by ESOS Committee.

(d) Duration and termination

The ESOS shall be in a force for a period of 5 years from the effective date and may be extended or renewed, as the case may be, for a further period of up to 5 years, at the sole and absolute discretion of the Board. The initial and such extension of the ESOS shall not in aggregate exceed a duration of 10 years as may be prescribed by Bursa Securities or any other relevant authorities. Upon expiry or termination of the ESOS, any ESOS options which have yet to be vested or exercised (as the case may be and whether fully or partially) shall be deemed lapsed and become null and void.

11. **Employees' Share Option Scheme ("ESOS") Reserve (Continued)**

The salient features of the ESOS are as follows: (continued)

(d) Duration and termination (continued)

The fair value of ESOS granted in which MFRS 2 applies, were determined using the Trinomial Option Pricing Model. The significant inputs in the model are as follows:

	Share option
Exercise price (RM)	0.37
Underlying share price at grant date (RM)	0.41
Expected dividend yield (%)	0.531
Risk free interest rate (%)	0.463
Option life	1 – 5 years
Vesting period	1 – 5 years
<u>Expected volatility (%)</u>	<u>10</u>

11. **Employees’ Share Option Scheme (“ESOS”) Reserve (Continued)**

The salient features of the ESOS are as follows: (continued)

(d) Duration and termination (continued)

The following table illustrate the number of shares and movement in share options during the financial year:

Vesting date	Outstanding as at 1.1.2023	Movement during the year			Outstanding as at 31.12.2023	Exercisable as at 31.12.2023
		Vested	Forfeited	Terminated		
20 October 2021	3,591,000	-	(386,000)	(3,205,000)	-	-
20 October 2022	-	180,000	-	(180,000)	-	-
26 May 2023, date of termination	-	5,800,000	-	(5,800,000)	-	-

12. **Borrowing**

	Group	
	2023	2022
	RM	RM
Non-current		
Term loan - secured	-	32,094
	<u> </u>	<u> </u>
Maturity of borrowing		
More than five years	-	32,094
	<u> </u>	<u> </u>

The above credit facilities obtained from a licensed bank are secured by the following:

- (a) The principal instrument, a facilities agreement for the sum of RM4,409,180;
- (b) A registered open all monies 1st party charges stamped normally over the freehold land and building as disclosed in Note 3 to the financial statements;
- (c) Jointly and several guarantee by all present and future Directors of a subsidiary; and
- (d) Personal guarantee by one of the Directors.

The effective interest rate of the term loan is Nil (2022: 1.90%) per annum.

13. **Deferred Tax Liabilities**

	Group	
	2023	2022
	RM	RM
Deferred tax liabilities	655,208	1,042,534
	<u> </u>	<u> </u>

Movement on the net deferred tax liabilities are as follows:

	Group	
	2023	2022
	RM	RM
At 1 January	1,042,534	467,100
Recognised in profit or loss (Note 19):		
- Property, plant and equipment	(464,117)	704,919
- Right-of-use assets	(110,180)	(36,215)
- Deferred revenue	186,971	(93,270)
	<u>(387,326)</u>	<u>575,434</u>
At 31 December	<u>655,208</u>	<u>1,042,534</u>

13. **Deferred Tax Liabilities (Continued)**

The components of deferred tax assets and deferred tax liabilities of the Group during the financial year prior to offsetting are as follows:

	Group	
	2023	2022
	RM	RM
Deferred tax assets		
- Right-of-use assets	(274,407)	(164,227)
- Deferred revenue	(444,217)	(631,188)
	(718,624)	(795,415)
Offsetting	718,624	795,415
Net deferred tax assets	<u>-</u>	<u>-</u>
Deferred tax liabilities		
- Property, plant and equipment	1,373,832	1,837,949
Offsetting	(718,624)	(795,415)
Net deferred tax liabilities	<u>655,208</u>	<u>1,042,534</u>

14. **Lease Liabilities**

	Group	
	2023	2022
	RM	RM
Repayable within twelve months	1,844,892	764,591
Repayable after twelve months	15,982,307	9,406,563
	<u>17,827,199</u>	<u>10,171,154</u>

15. **Trade and Other Payables**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables	627,201	945,927	-	-
Other payables	1,223,749	1,000,211	23,380	22,090
Deposit received	1,746,855	2,439,667	-	-
Accruals	218,679	203,132	20,000	22,000
Contract liabilities relating to ambulatory care services:				
- Deferred revenue	104,054	190,650	-	-
	<u>3,920,538</u>	<u>4,779,587</u>	<u>43,380</u>	<u>44,090</u>

The trade credit terms granted to the Group range from 30 to 60 days (2022: 30 to 60 days).

Deferred revenue represents payments received for ambulatory care services which the Group has not fulfilled its performance obligation as at the financial year end.

16. **Revenue**

Breakdown of revenue recognised from contracts with customers is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue recognised from contracts with customers:				
Outpatient services	19,466,307	17,072,576	-	-
Inpatient services	5,843,164	4,917,308	-	-
Ambulatory care	19,376,557	18,282,842	-	-
	44,686,028	40,272,726	-	-
Revenue from other sources:				
Dividend income	-	-	2,200,000	8,761,573
	<u>44,686,028</u>	<u>40,272,726</u>	<u>2,200,000</u>	<u>8,761,573</u>

16. **Revenue (Continued)**

Breakdown of revenue recognised from contracts with customers is as follows: (continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Geographical market				
Malaysia	<u>44,686,028</u>	<u>40,272,726</u>	<u>2,200,000</u>	<u>8,761,573</u>
Timing of revenue recognition				
Over time	44,686,028	40,272,726	-	-
At a point in time	-	-	2,200,000	8,761,573
	<u>44,686,028</u>	<u>40,272,726</u>	<u>2,200,000</u>	<u>8,761,573</u>

17. **Other Operating Income**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Dividend income	103,497	100,447	-	-
Rental income	23,417	24,132	-	-
Interest income	106,973	71,542	87,420	53,629
Educational seminar	122,612	156,060	-	-
Gain on disposal of property, plant and equipment	34,964	220,541	-	-
Gain on disposal of investment in quoted shares	-	4,240	-	-
Remeasurement of lease liabilities	-	3,213,795	-	-
Termination of lease	160,709	-	-	-
Net fair value gain on investment in quoted shares	-	78,002	-	-
Waiver of rental	-	4,800	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	341,631
Others	60,314	15,460	-	-
	<u>612,486</u>	<u>3,889,019</u>	<u>87,420</u>	<u>395,260</u>

18. **Profit before Taxation**

Profit before taxation is derived at after charging/(crediting):

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit:				
- current year	95,000	85,000	40,000	35,000
- under provision in prior year	5,500	-	500	-
- non-statutory audit	74,700	81,500	70,000	75,000
Depreciation of property, plant and equipment	2,794,658	2,675,765	-	-
Depreciation of right-of-use assets	2,218,454	4,105,221	-	-
Finance cost				
- lease liabilities	732,401	398,417	-	-
- intercompany advances	-	-	-	236,710
Net fair value loss on investment in quoted shares	72,210	-	-	-
Short term leases of premises	12,100	1,313,800	-	-
Trade and other receivables written-off	-	3,917	-	-
Property, plant and equipment written-off	254,821	64,846	-	-
Share-based payment under ESOS	198,562	(35,083)	5,463	(32,016)
Loss on deemed disposal of investment in subsidiaries	-	-	-	53,953
	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,953</u>

19. **Taxation**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current taxation:				
- Current year	2,333,098	1,825,118	20,981	8,295
- Under/(Over) provision in prior financial years	349,079	(38,884)	4,100	(266)
	<u>2,682,177</u>	<u>1,786,234</u>	<u>25,081</u>	<u>8,029</u>
Deferred taxation:				
- Origination and reversal of temporary differences	102,522	168,967	-	-
- (Over)/Under provision in prior financial years	(489,848)	406,467	-	-
	<u>(387,326)</u>	<u>575,434</u>	<u>-</u>	<u>-</u>
Taxation for the financial year	<u>2,294,851</u>	<u>2,361,668</u>	<u>25,081</u>	<u>8,029</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	<u>8,542,443</u>	<u>7,377,435</u>	<u>1,880,041</u>	<u>8,365,273</u>
Taxation at statutory tax rate of 24% (2022: 24%)	2,050,187	1,770,585	451,210	2,007,666
Non-taxable income	(24,839)	(25,125)	(528,000)	(2,102,778)
Non-deductible expenses	410,272	304,812	97,771	256,029
Change in unrecognised temporary differences	-	(56,187)	-	(152,622)
Under/(Over) provision of current taxation in prior years	349,079	(38,884)	4,100	(266)
(Over)/Under provision of deferred taxation in prior years	(489,848)	406,467	-	-
Taxation for the financial year	<u>2,294,851</u>	<u>2,361,668</u>	<u>25,081</u>	<u>8,029</u>

20. **Earnings Per Share**

Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023	2022
Profit attributable to owners of the Company (RM)	6,247,592	5,015,767
Weighted average number of ordinary shares in issue	616,710,000	616,710,000
Basic earnings per share (sen)	<u>1.01</u>	<u>0.81</u>

Diluted earnings per share

For the purpose of calculating diluted earnings per share, consolidated profit attributable to owners of the Company, adjusted for dilutive adjustments is divided by weighted average number of ordinary shares in issue during the financial year, adjusted for the dilutive effects of all potential ordinary shares.

For the previous year, the potential conversion of ESOS is included as the exercise price is lower than the average market price of the Company for the financial year ended 31 December 2023. The dilutive effect arising from the potential conversion of ESOS is as follows:

	Group	
	2023	2022
Profit attributable to owners of the Company (RM)	6,247,592	5,015,767
Weighted average number of ordinary shares in issue	616,710,000	616,710,000
Adjusted for assumed conversion of ESOS	-	3,385,000
Adjusted weighted average number of ordinary shares in issue	616,710,000	620,095,000
Diluted earnings per share (sen)	<u>1.01</u>	<u>0.81</u>

21. **Dividend**

	Group/Company	
	2023	2022
	RM	RM
Interim single-tier tax exempt dividend of 0.70 sen per share in respect of financial year ended 31 December 2023, paid on 24 March 2023	4,316,970	-
Interim single-tier tax exempt dividend of 0.66 sen per share in respect of financial year ended 31 December 2022, paid on 15 April 2022	-	4,070,286

22. **Staff Cost**

	Group	
	2023	2022
	RM	RM
Salary, bonus and other emoluments (excluding Directors)	8,057,774	7,054,632
Contribution to Employees Provident Fund	847,369	720,020
Share-based payment under ESOS	165,876	(265)
	9,071,019	7,774,387

Included in the total staff cost of the Group are amounts charged to cost of sales and other operating expenses amounting to RM7,351,962 and RM1,719,057 (2022: RM6,386,787 and RM1,387,600) respectively.

23. **Related Party Disclosures**

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

23. **Related Party Disclosures (Continued)**

The significant related party transactions of the Group and of the Company, other than key management personnel remuneration, are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Leases of premises paid to:				
- Director	324,000	351,400	-	-
- Related companies	822,000	962,400	-	-
Dividend received from subsidiaries	-	-	(2,200,000)	(8,761,573)
Interest charged by related companies	-	-	-	236,710
	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,710</u>

The key management personnel compensation is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Remuneration of Directors:				
- fees, salaries, allowances and bonus	911,001	889,695	30,000	30,000
- contribution to Employees Provident Fund	29,277	27,786	-	-
- share-based payment under ESOS	32,776	(34,818)	5,463	(32,016)
	973,054	882,663	35,463	(2,016)
Remuneration of other key management personnel:				
- salaries, allowances and bonus	500,081	468,758	-	-
- contribution to Employees Provident Fund	60,188	56,464	-	-
- share-based payment under ESOS	43,701	15,803	-	-
	603,970	541,025	-	-
	<u>1,577,024</u>	<u>1,423,688</u>	<u>35,463</u>	<u>(2,016)</u>

24. Segment Information

The principal businesses of the Group are to provide inpatient services, outpatient services and ambulatory care which are substantially within a single business segment in Malaysia. As such, segmental reporting by business segment and geographical segment is deemed not necessary. Accordingly, the information regarding its financial position and results is represented by the financial statements as a whole.

Major customers

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten percent (10%) or more of its revenue during the financial year.

25. Financial Instruments

The following table analyses the financial assets and financial liabilities of the Group and of the Company by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets and liabilities at amortised cost RM	Financial assets at FVTPL RM	Total RM
2023			
Group			
Financial assets			
Other investment	-	3,075,156	3,075,156
Trade and other receivables	931,910	-	931,910
Cash and cash equivalents	15,158,480	-	15,158,480
	<u>16,090,390</u>	<u>3,075,156</u>	<u>19,165,546</u>
Financial liabilities			
Trade and other payables	3,816,484	-	3,816,484
Lease liabilities	17,827,199	-	17,827,199
	<u>21,643,683</u>	<u>-</u>	<u>21,643,683</u>
Company			
Financial asset			
Trade and other receivables	6,189	-	6,189
Cash and cash equivalents	3,645,557	-	3,645,557
	<u>3,651,746</u>	<u>-</u>	<u>3,651,746</u>
Financial liability			
Trade and other payables	43,380	-	43,380

25. **Financial Instruments (Continued)**

	Financial assets and liabilities at amortised cost RM	Financial assets at FVTPL RM	Total RM
2022			
Group			
Financial assets			
Other investment	-	3,147,366	3,147,366
Trade and other receivables	1,283,369	-	1,283,369
Cash and cash equivalents	14,285,516	-	14,285,516
	<u>15,568,885</u>	<u>3,147,366</u>	<u>18,716,251</u>
Financial liabilities			
Trade and other payables	4,588,937	-	4,588,937
Borrowing	32,094	-	32,094
Lease liabilities	10,171,154	-	10,171,154
	<u>14,792,185</u>	<u>-</u>	<u>14,792,185</u>
Company			
Financial asset			
Trade and other receivables	343,425	-	343,425
Cash and cash equivalents	5,840,324	-	5,840,324
	<u>6,183,749</u>	<u>-</u>	<u>6,183,749</u>
Financial liability			
Trade and other payables	44,090	-	44,090

25. **Financial Instruments (Continued)**

Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade and other receivables ageing. At reporting date, there were no significant concentration of credit risk.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risks arises principally from trade and other payables, borrowing and lease liabilities.

Cash flow forecasting is performed by monitoring the Group's and the Company's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

25. **Financial Instruments (Continued)**

Financial risk management (continued)

Liquidity risk (continued)

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	Between 2 and 5 years RM	Above 5 years RM
Group						
2023						
Trade and other payables	3,816,484	-	3,816,484	3,816,484	-	-
Lease liabilities	17,827,199	-	21,523,282	2,430,203	10,078,718	9,014,361
	<u>21,643,683</u>		<u>25,339,766</u>	<u>6,246,687</u>	<u>10,078,718</u>	<u>9,014,361</u>
2022						
Trade and other payables	4,588,937	-	4,588,937	4,588,937	-	-
Borrowings	32,094	4.27	41,595	-	-	41,595
Lease liabilities	10,171,154	-	12,732,492	1,159,991	4,346,060	7,226,441
	<u>14,792,185</u>		<u>17,363,024</u>	<u>5,748,928</u>	<u>4,346,060</u>	<u>7,268,036</u>
Company						
2023						
Trade and other payables	<u>43,380</u>	-	<u>43,380</u>	<u>43,380</u>	<u>-</u>	<u>-</u>
2022						
Trade and other payables	<u>44,090</u>	-	<u>44,090</u>	<u>44,090</u>	<u>-</u>	<u>-</u>

25. **Financial Instruments (Continued)**

Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's and the Company's financial position and cash flows. As at the end of the reporting period, the Group and the Company are not significantly exposed to foreign exchange rate risk.

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings. The Group does not hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount as at the end of the financial year are as follows:

	Group	
	2023	2022
	RM	RM
Floating rate instruments		
Fixed deposits placed with a licensed bank	3,361,455	3,797,745
Borrowing	-	(32,094)
	<u>3,361,455</u>	<u>3,765,651</u>
	Company	
	2023	2022
	RM	RM
Floating rate instruments		
Fixed deposits placed with a licensed bank	<u>3,361,455</u>	<u>3,797,745</u>

25. **Financial Instruments (Continued)**

Financial risk management (continued)

Market risk

(i) Interest rate risk

Interest rate risk sensitivity analysis

A change of 100 basis points (“bp”) in interest rates at the end of the reporting period would have increased/(decreased) equity and profit net of tax by the amounts shown below, assuming all other variables remain constant.

	Group	
	Increase/(Decrease)	
	Profit net of tax	
	2023	2022
	RM	RM
Floating rate instruments		
Increase 100 basis points	25,547	28,619
Decrease 100 basis points	(25,547)	(28,619)
	25,547	28,619
	Company	
	Increase/(Decrease)	
	Profit net of tax	
	2023	2022
	RM	RM
Floating rate instruments		
Increase 100 basis points	25,547	28,863
Decrease 100 basis points	(25,547)	(28,863)
	25,547	28,863

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables, reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of long-term borrowings carried on the statements of financial position reasonably approximates fair value as it is a floating rate instruments that is re-priced to market interest rates on or near the reporting date.

25. **Financial Instruments (Continued)**

Financial risk management (continued)

Fair value information

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- 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: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statements of financial position:

	2023		2022	
	Level 1 Fair value RM	Carrying amount RM	Level 1 Fair value RM	Carrying amount RM
Group				
Financial assets				
Financial assets at fair value through profit or loss				
- Other investment	<u>3,075,156</u>	<u>3,075,156</u>	<u>3,147,366</u>	<u>3,147,366</u>

Level 1 fair value is derived from quoted prices from active markets for identical financial assets or liabilities readily available to the Group at the measurement date. Financial instruments included in level 1 primarily comprise of held for trading investments quoted on FTSE Bursa Malaysia KLCI.

26. **Reconciliation of Liabilities Arising from Financing Activities**

	Group			
	2023	2023	2022	2022
	Borrowing RM	Lease liabilities RM	Borrowing RM	Lease liabilities RM
At 1 January	32,094	10,171,154	423,839	10,717,631
Net cash flows used in financing activities	(32,094)	(2,370,566)	(391,745)	(1,124,150)
Finance cost	-	732,401	-	398,417
Addition	-	10,680,912	-	3,407,851
Remeasurement of lease liabilities	-	-	-	(3,213,795)
Termination of lease	-	(1,386,702)	-	-
Rental deposit	-	-	-	(10,000)
Waiver of rental	-	-	-	(4,800)
Total non-cash changes	-	10,026,611	-	577,673
At 31 December	-	17,827,199	32,094	10,171,154

27. **Capital Management**

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders.

	Group	
	2023 RM	2022 RM
Total interest bearing borrowings	-	32,094
Less: Cash and cash equivalents	(15,158,480)	(14,285,516)
Net liquidity	(15,158,480)	(14,253,422)
Equity attributable to owners of the Company	37,375,285	35,246,011
Gearing ratio	N/A	N/A

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

28. Significant and Subsequent Event

On 25 May 2023, the Company announced proposed transfer listing, which comprising of proposed voluntary withdrawal of listing of the Company from the LEAP market of Bursa Securities (“Proposed Withdrawal”) and proposed listing of the Company on the ACE Market of Bursa Securities (“Proposed Listing”) (collectively referred as the “Proposed Transfer of Listing”).

On 22 February 2024, an Extraordinary General Meeting (“EGM”) was convened to seek shareholders’ approval for Proposed Transfer of Listing, proposed adoption of new constitution of the Company and proposed allocation of issued shares to certain Directors of the Company. All the resolutions were duly passed by the shareholders of the Company.