12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical audited consolidated financial information of our Group for the FYE 2021 to FYE 2023 as well as the FPE 2023 and FPE 2024 have been extracted from the Accountants' Report set out in **Section 13** of this Prospectus, which deals with the audited consolidated financial statements of our Group for the same Financial Years Under Review and Financial Periods Under Review. The audited consolidated financial statement of our Group for the FYE 2021 to FYE 2023 as well as FPE 2024 were not subject to any audit qualification. Our historical audited consolidated financial information is prepared in accordance with Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS). The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results or cash flows.

You should read the historical audited consolidated financial information below together with:

- Management's Discussion and Analysis of Financial Conditions and Results of Operations set out in **Section 12.2** of this Prospectus; and

- Accountants' Report set out in **Section 13** of this Prospectus.

There are no accounting policies which are peculiar to our Group. For further information on the significant accounting policies of our Group, please refer to **Section 2** of the Accountants' Report set out in **Section 13** of this Prospectus.

(a) Historical audited consolidated statement of profit or loss and other comprehensive income

		Audited		Unaudited	Audited
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2023 RM'000	FPE 2024 RM'000
Revenue	42,257	40,273	44,686	21,702	24,484
Cost of sales	(22,164)	(24,267)	(26,607)	(13,097)	(13,744)
GP	**20,093**	**16,006**	**18,079**	**8,605**	**10,740**
Other operating income	4,343	3,889	612	267	506
Other operating expenses	(11,460)	(12,119)	(9,417)	(4,732)	(5,740)
Operating profit	**12,976**	**7,776**	**9,274**	**4,140**	**5,506**
Finance costs	(372)	(398)	(732)	(361)	(357)
PBT	**12,604**	**7,378**	**8,542**	**3,779**	**5,149**
Taxation	(3,166)	(2,362)	(2,294)	(940)	(1,614)
Profit/Total comprehensive income for the financial year ("PAT")	**9,438**	**5,016**	**6,248**	**2,839**	**3,535**
PAT for the financial year attributable to the owners of the Company	**9,438**	**5,016**	**6,248**	**2,839**	**3,535**
Selected financial data:					
Depreciation and amortisation (RM'000)	5,568	6,781	5,013	2,486	2,623
Basic EPS[(1)] (Sen)	1.15	0.61	0.76	0.35	0.43
Diluted EPS[(2)] (Sen)	0.96	0.51	0.64	0.29	0.36
GP margin[(3)] (%)	47.55	39.74	40.46	39.65	43.87
EBITDA[(4)]	18,509	14,485	14,180	6,573	8,079
EBITDA margin[(5)] (%)	43.80	35.97	31.73	30.29	33.00
PBT margin[(6)] (%)	29.83	18.32	19.12	17.41	21.03
PAT margin[(7)] (%)	22.33	12.45	13.98	13.08	14.44
Effective tax rate[(8)] (%)	25.12	32.01	26.86	24.87	31.35

***Notes**:*

(1) *Basic EPS is calculated based on PAT divided by the enlarged number of 822,280,000 Shares before our IPO.*

(2) *Diluted EPS is calculated based on PAT divided by the enlarged number of 978,905,000 Shares after our IPO.*

(3) *GP margin is calculated based on GP divided by revenue.*

(4) *EBITDA is computed based on the following:*

		Audited		Unaudited	Audited
	FYE 2021 RM'000	***FYE 2022 RM'000***	***FYE 2023 RM'000***	***FPE 2023 RM'000***	***FPE 2024 RM'000***
PAT	*9,438*	*5,016*	*6,248*	*2,839*	*3,535*
Add/(Less):					
Taxation	*3,166*	*2,362*	*2,294*	*940*	*1,614*
Finance costs	*372*	*398*	*732*	*361*	*357*
Interest income	*(35)*	*(72)*	*(107)*	*(53)*	*(50)*
Depreciation and amortisation	*5,568*	*6,781*	*5,013*	*2,486*	*2,623*
EBITDA	***18,509***	***14,485***	***14,180***	***6,573***	***8,079***

(5) *EBITDA margin is calculated based on EBITDA divided by revenue.*

(6) *PBT margin is calculated based on PBT divided by revenue.*

(7) *PAT margin is calculated based on PAT divided by revenue.*

(8) *Effective tax rate is calculated based on income tax expense divided by PBT.*

(b) Historical audited consolidated statement of financial position

		Audited as at		
		31 December		30 June
	2021 RM'000	**2022 RM'000**	**2023 RM'000**	**2024 RM'000**
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	18,282	20,089	20,520	21,860
Right-of-use assets	10,184	9,487	16,723	15,614
Other investment[(1)]	2,652	3,147	3,075	3,675
TOTAL NON-CURRENT ASSETS	**31,118**	**32,723**	**40,318**	**41,149**
CURRENT ASSETS				
Inventories	1,450	1,597	1,907	2,140
Trade and other receivables	2,170	1,452	1,210	2,440
Tax recoverable	240	1,249	1,185	847
Cash and cash equivalents	15,260	14,286	15,158	11,310
TOTAL CURRENT ASSETS	**19,120**	**18,584**	**19,460**	**16,737**
TOTAL ASSETS	**50,238**	**51,307**	**59,778**	**57,886**

	Audited as at			
	31 December			30 June
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the Group				
Share capital	18,164	18,164	18,164	18,164
Retained earnings	15,747	16,692	19,211	18,306
Employee share options scheme ("**ESOS**") reserve	425	390	-	-
TOTAL EQUITY / NA	**34,336**	**35,246**	**37,375**	**36,470**
NON-CURRENT LIABILITIES				
Borrowings	424	32	-	-
Deferred tax liabilities	467	1,042	655	682
Lease liabilities[(2)]	9,968	9,407	15,982	15,083
TOTAL NON-CURRENT LIABILITIES	**10,859**	**10,481**	**16,637**	**15,765**
CURRENT LIABILITIES				
Trade and other payables	3,723	4,780	3,921	3,753
Current tax liabilities	571	35	-	2
Lease liabilities[(2)]	749	765	1,845	1,896
TOTAL CURRENT LIABILITIES	**5,043**	**5,580**	**5,766**	**5,651**
TOTAL LIABILITIES	**15,902**	**16,061**	**22,403**	**21,416**
TOTAL EQUITY AND LIABILITIES	**50,238**	**51,307**	**59,778**	**57,886**
NA per share[(3)] (RM)	0.04	0.04	0.04	0.04

***Notes**:*

(1) *Comprises quoted investment (i.e. quoted shares) in Malaysia. Our investment in quoted shares in Malaysia aims to provide additional income through capital appreciation and/or dividends. We focus particularly on dividend-yielding stocks. It is important to note that our Group does not intend to actively engage in the trading of quoted shares. The existing quoted shares were initially acquired by our Group prior to the FYE 2019 (i.e. before our listing on the LEAP Market). Subsequent to this, any additions to or disposals of our investment in quoted shares have been made in accordance with our investment objectives and risk tolerance.*

We recognise the inherent risks such as market volatility, economic downturns and company-specific factors and we manage these risks through diversification and monitoring of market conditions and investment performance to ensure alignment with our investment objectives and risk tolerance.

(2) *Lease liabilities consist of our Group's financial obligation to make the rental payments for renting of premises for our Group's business operation.*

(3) *NA per share is calculated based on NA divided by the enlarged number of 978,905,000 Shares after our IPO.*

(c) **Historical audited consolidated statement of cash flows**

	FYE 2021 RM'000	Audited FYE 2022 RM'000	FYE 2023 RM'000	Unaudited FPE 2023 RM'000	Audited FPE 2024 RM'000
Cash flows from operating activities					
PBT	12,604	7,378	8,542	3,779	5,149
Adjustments for:					
Depreciation of property, plant and equipment	2,005	2,676	2,795	1,384	1,513
Depreciation of right-of-use assets	3,563	4,105	2,218	1,102	1,110
Remeasurement of lease liabilities(1)	(3,008)	(3,214)	-	-	-
Termination of leases(1)	-	-	(161)	-	-
Share-based payment under ESOS	425	(35)	199	199	-
Finance cost	372	398	732	361	357
Interest income	(35)	(72)	(107)	(53)	(50)
Waiver of rental	(67)	(5)	-	-	-
Impairment loss on property, plant and equipment	169	-	-	-	-
Trade and other receivables written off	48	4	-	-	-
(Gain)/Loss on disposal of investment in quoted shares	(794)	(4)	-	-	34
Gain on disposal of property, plant and equipment	(23)	(221)	(35)	(35)	-
Property, plant and equipment written-off	247	65	255	-	-
Net fair value loss/(gain) on investment in quoted shares	219	(78)	72	208	(208)
Dividend income	(74)	(100)	(103)	(61)	(104)
Operating gain before changes in working capital	**15,651**	**10,897**	**14,407**	**6,884**	**7,801**
Changes in working capital:					
Inventories	(488)	(148)	(310)	(176)	(233)
Trade and other receivables	(699)	705	243	(260)	(1,230)
Trade and other payables	643	1,056	(859)	(689)	(167)
Cash generated from operations	**15,107**	**12,510**	**13,481**	**5,759**	**6,171**
Interest paid	(28)	-	-	-	-
Interest received	35	72	107	53	50
Tax refunded	29	29	227	-	5
Tax paid	(3,038)	(3,360)	(2,880)	(1,348)	(1,253)
Net cash generated from operating activities	**12,105**	**9,251**	**10,935**	**4,464**	**4,973**
Cash flows from investing activities					
Acquisition of property, plant and equipment	(4,898)	(4,578)	(3,551)	(1,703)	(2,854)
Investment in quoted shares	(589)	(480)	-	-	(830)
Proceeds from disposal of property, plant and equipment	23	252	105	105	-
Proceeds from disposal of investment in quoted shares	1,807	67	-	-	405
Dividend received	74	100	103	61	104
Net cash used in investing activities	**(3,583)**	**(4,639)**	**(3,343)**	**(1,537)**	**(3,175)**

	FYE 2021 RM'000	Audited FYE 2022 RM'000	FYE 2023 RM'000	Unaudited FPE 2023 RM'000	Audited FPE 2024 RM'000
Cash flows from financing activities					
Proceeds from issuance of new ordinary shares, net of transaction cost	3,121	-	-	-	-
Dividend paid	(1,336)	(4,070)	(4,317)	(4,317)	(4,440)
Repayment of borrowing	(3,235)	(392)	(32)	(32)	-
Repayment of lease liabilities	(831)	(1,124)	(2,371)	(1,158)	(1,206)
Net cash used in financing activities	**(2,281)**	**(5,586)**	**(6,720)**	**(5,507)**	**(5,646)**
Net increase/(decrease) in cash and cash equivalents	6,241	(974)	872	(2,580)	(3,848)
Cash and cash equivalents at the beginning of the financial year	9,019	15,260	14,286	14,286	15,158
Cash and cash equivalents at the end of financial year	**15,260**	**14,286**	**15,158**	**11,706**	**11,310**

***Note**:*

(1) *In the FYE 2021 and FYE 2022, upon termination of leases, the net book value of the right-of-use assets has been charged to the audited consolidated statement of profit or loss and other comprehensive income by way of acceleration of depreciation which was recognised as "other operating expenses". The corresponding lease liabilities have been remeasured and credited to "other operating income" in the respective financial year. Since the FYE 2023, the presentation was streamlined to present the net impact from termination of leases under "other operating income" for clarity.*

The net impact on the termination of leases are as follows:

	FYE 2021 RM'000	*Audited FYE 2022 RM'000*	*FYE 2023 RM'000*	*Unaudited FPE 2023 RM'000*	*Audited FPE 2024 RM'000*
Other operating income					
- Remeasurement of lease liabilities	*3,008*	*3,214*	*-*	*-*	*-*
- Termination of leases	*-*	*-*	*161*	*-*	*-*
Other operating expenses					
- Depreciation of right-of-use assets	*(2,724)*	*(3,069)*	*-*	*-*	*-*
Net impact	*284*	*145*	*161*	*-*	*-*

*For information, the remeasurement of lease liabilities and termination of leases arose from the early termination of building lease and not exercising the extension of the lease options by our Group with non-related parties for building in Malacca in the FYE 2021, buildings in Malacca and Shah Alam in the FYE 2022, and buildings in Seremban and Setia Walk in the FYE 2023. The quantum of the net impact on the termination of leases are subject to various factors, which include but not limited to terms of the lease agreement, remaining lease obligations, depreciation adjustments, discount rate changes, and other income or expenses associated with the termination. Please refer to **Section 12.2.6** below and Note 14 of the Accountants' Report in **Section 13** of this Prospectus for further details.*

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial conditions and results of operations for the Financial Years Under Review and Financial Periods Under Review should be read with the Accountants' Report included in **Section 13** of this Prospectus.

The discussion and analysis contain data derived from our audited consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. The factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in **Section 9** of this Prospectus.

12.2.1 Overview of our business operations

We are principally an O&G healthcare service provider, specialising in providing fertility and O&G healthcare services. In order to complement our Group's core business, we also offer other healthcare services such as paediatric services, dental services and fertility TCM services. Our Group has discontinued offering dental services and fertility TCM services in the FYE 2022 and FYE 2023, respectively, in order to focus on the provision of O&G healthcare services. As at the LPD, we have 16 facilities located in the central, southern and northern regions of west coast of Peninsular Malaysia.

Our operations are divided into the following business segments:

(i) O&G healthcare services

Our O&G healthcare services are segmented into the following categories:

(a) Fertility services

Fertility services are treatments provided to individuals to increase their chances of conceiving a baby. We provide fertility services for both women and men, whereby each treatment is unique and specifically tailored to the patient. Whether the cause of infertility is known or unknown, our doctors have the expertise to advise and suggest the appropriate treatment plan upon consultation with the patient. We provide a range of fertility services, which include ART procedures and specialised fertility procedures.

(b) Other O&G healthcare services

We also offer other O&G healthcare services. Obstetrics services are focused on healthcare-services related to pregnancy, from pre-pregnancy screening, delivery to post-natal check-up. Gynaecology services are focused on female reproductive health, including the breasts, ovaries, uterus and vagina organ.

Both healthcare services, namely fertility services and other O&G healthcare services are closely related, thus some doctors may provide one or both services.

(ii) Complementary healthcare services

(a) Paediatric services

For the convenience of our patients who deliver their babies in our facilities, we also provide the following paediatric services:

(a) Outpatient paediatric services which are intended for the care of babies and children up to 12 years old. This includes consultation and scheduled vaccination services (as part of the normal vaccination schedule to prevent the babies from certain infections and diseases); and

(b) Inpatient paediatric services which are intended for the care of newborn babies who have been delivered at our facilities. This includes newborn babies' screening, nursing care for newborn babies who are placed in the incubators as well as newborn babies who are undergoing phototherapy treatment.

(b) Fertility TCM services

Our fertility TCM services are not invasive procedures and are based on traditional Chinese medicine. It is complementary to our fertility services to improve the patient's chances of getting pregnant during IVF treatment. Our Group has discontinued offering fertility TCM services in the FYE 2023, as it intends to focus on the provision of O&G healthcare services. The discontinuation of our fertility TCM services has led to mainly a write-off for renovation costs in our Group as disclosed in **Section 12.2.7** of this Prospectus.

(c) Dental services

In the FYE 2020, we also began offering dental services under Klinik Pergigian SP in Klang, as a complementary service. In the FYE 2022, we ceased the provision of dental services to focus on the provision of O&G services, which is our core expertise. The discontinuation of our dental services has led to mainly a gain on disposal of property, plant and equipment as well as write-off for renovation costs in our Group as disclosed in **Section 12.2.6** and **Section 12.2.7** of this Prospectus, respectively.

Please refer to **Section 7** of this Prospectus for further information on our business overview.

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12.2.2 Overview of our financial results

The components of our Group's statement of profit or loss and other comprehensive income as well as the analysis of the results of operations of our Group for the Financial Years Under Review and Financial Periods Under Review are as follows:

12.2.3 Revenue

Our revenue can be categorised into the following segments:

(i) O&G healthcare services, comprising:

   (a) fertility services; and

   (b) other O&G healthcare services;

(ii) Paediatric services; and

(iii) Fertility TCM services.

We discontinued our dental services and fertility TCM services in the FYE 2022 and FYE 2023, respectively, to focus on our O&G healthcare services business.

We recognise our revenue upon the performance of our services, and upon the delivery and acceptance of our medical supplies and consumables. The fees charged to our patients vary depending on, amongst others, the nature, type, duration and complexity of consultation and treatment procedures as well as the types of medical instruments and/or facilities used.

Analysis of revenue by business segments

Our revenue by business segment for the Financial Years Under Review and Financial Periods Under Review are as follows:

			Audited			
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
O&G healthcare services						
- Fertility services	21,146	50.04	18,283	45.40	19,377	43.36
- Other O&G healthcare services[(1)]	20,390[(2)]	48.25	21,155	52.53	24,644	55.15
	41,536	98.29	39,438	97.93	44,021	98.51
Paediatric services	410	0.97	459	1.14	471	1.05
Fertility TCM services[(3)]	311	0.74	376	0.93	194	0.44
Total	**42,257**	**100.00**	**40,273**	**100.00**	**44,686**	**100.00**

	Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%
O&G healthcare services				
- Fertility services	9,240	42.57	11,379	46.48
- Other O&G healthcare services(1)	12,107	55.79	12,926	52.79
	21,347	98.36	24,305	99.27
Paediatric services	204	0.94	179	0.73
Fertility TCM services(3)	151	0.70	-	-
Total	**21,702**	**100.00**	**24,484**	**100.00**

***Notes**:*

(1) *The other O&G healthcare services include but not limited to pre-fertility consultation services such as pre-pregnancy screening and consultation, ante-natal services, and women reproductive health services such as hysterectomy and oophorectomy.*

(2) *Includes the revenue generated from dental services of RM0.03 million for the FYE 2021. For information, our Group has ceased offering dental services in the FYE 2022.*

(3) *In the FYE 2023, our Group has ceased offering fertility TCM services.*

Analysis of revenue by geographical locations

Our revenue by geographical location for the Financial Years Under Review and Financial Periods Under Review are as follows:

			Audited			
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Kuala Lumpur	-	-	1,068	2.65	2,317	5.19
Selangor	33,862	80.14	29,198	72.50	30,870	69.08
Melaka	5,512	13.04	3,718	9.23	3,388	7.58
Seremban	2,883	6.82	3,824	9.50	3,807	8.52
Johor	-	-	2,053	5.10	3,013	6.74
Penang	-	-	412	1.02	1,291	2.89
Total	**42,257**	**100.00**	**40,273**	**100.00**	**44,686**	**100.00**

	Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%
Kuala Lumpur	983	4.53	1,722	7.03
Selangor	15,128	69.71	16,459	67.22
Melaka	1,840	8.48	1,361	5.56
Seremban	1,834	8.45	2,122	8.67
Johor	1,395	6.43	1,780	7.27
Penang	522	2.40	1,029	4.20
Ipoh	-	-	11	0.05
Total	**21,702**	**100.00**	**24,484**	**100.00**

Analysis of revenue by services

Our revenue by services for the Financial Years Under Review and Financial Periods Under Review are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Outpatient service	15,483	36.64	17,073	42.39	19,466	43.56
Inpatient service	5,628	13.32	4,917	12.21	5,843	13.08
Ambulatory care centre[(1)]	21,146	50.04	18,283	45.40	19,377	43.36
Total	**42,257**	**100.00**	**40,273**	**100.00**	**44,686**	**100.00**

	Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%
Outpatient service	9,204	42.41	10,300	42.07
Inpatient service	3,259	15.02	2,805	11.46
Ambulatory care centre[(1)]	9,239	42.57	11,379	46.47
Total	**21,702**	**100.00**	**24,484**	**100.00**

Note:

(1) *Ambulatory care centre provides services which include ambulatory care in reproductive medicine, nursing, embryology laboratory, andrology laboratory and sterilisation.*

(a) FYE 2021 compared to FYE 2022

Our Group's total revenue decreased by RM1.98 million or 4.70%, from RM42.26 million for the FYE 2021 to RM40.27 million for the FYE 2022. The decrease in revenue was mainly due to the decrease in revenue from the fertility services by RM2.86 million or 13.54% from RM21.15 million for the FYE 2021 to RM18.28 million for the FYE 2022. In 2021, the number of visits by patients to our Group's fertility centres was 2,501, which was higher as compared to 2,326 for the FYE 2022. This was mainly due to public fertility centres managed by the government were not available during the period of COVID-19, leading more patients to visit our Group's fertility centres in 2021.

The revenue from other O&G healthcare services increased by RM0.77 million or 3.75% from RM20.39 million for the FYE 2021 to RM21.16 million for the FYE 2022. This was mainly attributable to the increase in number of visits by patients for other O&G healthcare services in the FYE 2022 to 55,648 (FYE 2021: 48,501) with our additional new facilities in Old Klang Road, Johor Bahru, Bandar Bukit Tinggi and Penang which commenced its operations in January, January, March and July 2022, respectively. The revenue of these additional facilities for the other O&G services was RM1.97 million for the FYE 2022 (FYE 2021: nil)[(1)]. Such increase in revenue from other O&G healthcare services could not fully mitigate the decrease in revenue from fertility services.

(b) FYE 2022 compared to FYE 2023

Our Group's total revenue increased by RM4.41 million or 10.96%, from RM40.27 million for the FYE 2022 to RM44.69 million for the FYE 2023. The increase in revenue was mainly attributable to the increase in revenue from the O&G healthcare services by RM4.58 million or 11.62%, from RM39.44 million for the FYE 2022 to RM44.02 million for the FYE 2023.

The increase in revenue from the O&G healthcare services was mainly attributable to the increase in number of visits by patients for the other O&G healthcare services to 61,349 (FYE 2022: 55,648) and fertility services to 2,613 (FYE 2022: 2,326) as a result of our Group's marketing efforts. The revenue growth was also attributed from the commencement of operations at 4 new facilities in Old Klang Road, Johor Bahru, Bandar Bukit Tinggi and Penang in January, January, March and July 2022, respectively, which contributed higher revenue from the O&G healthcare services of RM7.74 million (FYE 2022: RM4.06 million)[(1)].

The revenue from the fertility TCM services decreased by RM0.18 million or 48.40%, from RM0.38 million for the FYE 2022 to RM0.19 million for the FYE 2023. The decrease in fertility TCM services was mainly due to the number of visits by patients for our fertility TCM services decreased to 1,197 (FYE 2022: 2,001). Despite our Group's marketing activities to create awareness of our fertility TCM services, we faced difficulties growing the fertility TCM services mainly due to association of the "Metro" brand with O&G healthcare services and not traditional TCM services. In addition, the decrease in revenue was also due to the discontinuation of fertility TCM services and subsequent closure of all fertility TCM facilities during the FYE 2023.

(c) FPE 2023 compared to FPE 2024

Our Group's total revenue increased by RM2.78 million or 12.82%, from RM21.70 million for the FPE 2023 to RM24.48 million for the FPE 2024. The increase in revenue was mainly attributable to the increase in revenue from the O&G healthcare services by RM2.96 million or 13.86%, from RM21.35 million for the FPE 2023 to RM24.31 million for the FPE 2024.

The increase in revenue from the O&G healthcare services was mainly attributed to the increase in number of visits by patients for the fertility services to 2,384 (FPE 2023: 1,100) and other O&G healthcare services to 35,279 (FPE 2023: 30,763). This was mainly attributed to increased traction at our new facilities in Old Klang Road, Johor Bahru, Bandar Bukit Tinggi and Penang, along with our ongoing marketing efforts. For information, these 4 facilities generated higher revenue totaling RM5.05 million for the FPE 2024 (FPE 2023: RM3.45 million)[(1)]. In addition, our new facility in Ipoh which has commenced its operations in June 2024, contributed RM0.01 million for the FPE 2024 (FPE 2023: nil)[(1)].

The revenue from the fertility TCM services decreased by RM0.15 million or 100.00%, from RM0.15 million for the FPE 2023 to nil for the FPE 2024. This was due to the discontinuation of fertility TCM services and subsequent closure of all fertility TCM facilities during the FYE 2023, which resulted in no revenue being recorded for the FPE 2024.

12. FINANCIAL INFORMATION *(Cont'd)*

***Note**:*

(1) *For information, the breakdown of the aggregated revenue contributed by the 5 new facilities by segment is as follows:*

	FYE 2021 RM'000	Audited FYE 2022 RM'000	FYE 2023 RM'000	Unaudited FPE 2023 RM'000	Audited FPE 2024 RM'000
O&G healthcare services					
- Fertility services	-	2,091	3,525	1,604	2,260
- Other O&G healthcare services	-	1,969	4,213	1,848	2,801
		4,060	7,738	3,452	5,061
Paediatric services	-	-	-	-	-
Fertility TCM services	-	-	-	-	-
Total	**-**	**4,060**	**7,738**	**3,452**	**5,061**

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12.2.4 Cost of sales

Analysis of cost of sales by components

Our cost of sales by components for the Financial Years Under Review and Financial Periods Under Review are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Emoluments of medical professionals[(1)]	12,897	58.19	15,418	63.53	17,550	65.96
Drugs and medical disposables	6,562	29.61	5,554	22.89	5,506	20.69
Outsourced laboratory tests	1,404	6.33	1,746	7.20	1,905	7.16
Depreciation of medical instruments	1,004	4.53	1,263	5.20	1,353	5.09
Others[(2)]	297	1.34	286	1.18	293	1.10
Total	**22,164**	**100.00**	**24,267**	**100.00**	**26,607**	**100.00**

	Unaudited		Audited	
	FPE 2023		FPE 2024	
	RM'000	%	RM'000	%
Emoluments of medical professionals[(1)]	8,815	67.31	8,974	65.29
Drugs and medical disposables	2,647	20.21	2,986	21.73
Outsourced laboratory tests	829	6.33	951	6.92
Depreciation of medical instruments	666	5.08	692	5.03
Others[(2)]	140	1.07	141	1.03
Total	**13,097**	**100.00**	**13,744**	**100.00**

Notes:

(1) *Medical professionals include amongst others, doctors, nurses, midwives, embryologists, andrology laboratory technicians, radiographers, sonographers and counsellors.*

(2) *Others mainly comprise food catering for patients and credit card merchant fees.*

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Analysis of cost of sales by business segments

Our cost of sales by business segments for the Financial Years Under Review and Financial Periods Under Review are as follows:

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
O&G healthcare services	21,578[(1)]	97.36	23,602	97.26	26,009	97.75
Paediatric services	365	1.64	360	1.48	371	1.40
Fertility TCM services[(2)]	221	1.00	305	1.26	227	0.85
Total	**22,164**	**100.00**	**24,267**	**100.00**	**26,607**	**100.00**

	Unaudited FPE 2023		**Audited FPE 2024**	
	RM'000	**%**	**RM'000**	**%**
O&G healthcare services	12,716	97.09	13,584	98.84
Paediatric services	228	1.74	160	1.16
Fertility TCM services[(2)]	153	1.17	-	-
Total	**13,097**	**100.00**	**13,744**	**100.00**

Notes:

(1) *Includes the cost of sales from dental services of RM0.14 million for the FYE 2021. For information, our Group has ceased offering dental services in the FYE 2022.*

(2) *In the FYE 2023, our Group has ceased offering fertility TCM services. Following the discontinuation of our fertility TCM services, the employment of 3 out of 5 medical professionals was terminated, while the remaining 2 medical professionals were transferred to other business segments within our Group. For information, the emoluments of medical professionals for our fertility TCM services were RM0.18 million for the FYE 2023 as compared to RM0.26 million for the FYE 2022. The decrease in emoluments for medical professionals in our fertility TCM services was mainly due to the discontinuation of services in September 2023, resulting in a portion of the year not being captured in the FYE 2023 compared to the full year recognised in the FYE 2022.*

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(a) FYE 2021 compared to FYE 2022

Our Group's total cost of sales increased by RM2.10 million or 9.49% from RM22.16 million for the FYE 2021 to RM24.27 million for the FYE 2022. The higher cost of sales was mainly due to the following:

(i) increase in emoluments of medical professionals by RM2.52 million or 19.55%, from RM12.90 million for the FYE 2021 to RM15.42 million for the FYE 2022. This was mainly due to the following:

(aa) an additional 7 doctors joined our Group during the FYE 2021 between April 2021 to May 2021 as well as between October 2021 to December 2021. Out of the 7 additional doctors, 6 were assigned to our new facilities established in 2021 as follows: MIVF Seremban (2 doctors), MIVF Johor Bahru (2 doctors), Klinik Pakar Wanita Metro C180 Cheras (1 doctor) and Klinik Pakar Wanita Metro Old Klang Road (1 doctor), while the remaining doctor was recruited as a replacement at Klinik Pakar Wanita Setiawalk. Their emoluments for the FYE 2022 were RM2.76 million as compared to RM1.14 million for the FYE 2021 as they were receiving full year emoluments for the FYE 2022 under the Guaranteed Professional Fees Scheme (as defined herein). For information, the emoluments for our doctors are based on the services provided by the doctor. However, doctors who are under the guaranteed professional fees are entitled for a minimum monthly payment for a pre-determined period as stipulated in the contracts if the services provided by them generated a lower professional fee as compared to the minimum monthly payment ("**Guaranteed Professional Fees Scheme**"); and

(bb) increase in emoluments of other medical professionals (excluding doctors) by RM0.89 million as a result of additional 13 headcounts of other medical professionals who joined our Group in the last quarter of FYE 2021. Their emoluments for the FYE 2022 were RM0.45 million as compared to RM0.05 million for the FYE 2021 as they were receiving full year emoluments for the FYE 2022;

(ii) increase in outsourced laboratory tests cost by RM0.34 million or 24.36%, from RM1.40 million for the FYE 2021 to RM1.75 million for the FYE 2022 as a result of higher number of laboratory tests conducted during the year of 19,301 (FYE 2021: 16,704); and

(iii) increase in depreciation cost for medical instruments by RM0.26 million or 25.80%, from RM1.00 million for the FYE 2021 to RM1.26 million for the FYE 2022 as a result of the purchase of additional medical instruments to support our expansion and to replace medical instruments in our existing facilities.

The drugs and medical disposables decreased by RM1.01 million or 15.36%, from RM6.56 million for the FYE 2021 to RM5.55 million for the FYE 2022, which was in line with the decrease in revenue from O&G healthcare services.

(b) FYE 2022 compared to FYE 2023

Our Group's total cost of sales increased by RM2.34 million or 9.64% from RM24.27 million for the FYE 2022 to RM26.61 million for the FYE 2023. The higher cost of sales was mainly due to the following:

(i) increase in emoluments of medical professionals by RM2.13 million or 13.83%,from RM15.42 million for the FYE 2022 to RM17.55 million for the FYE 2023. This was mainly due the following:

(aa) an additional 3 doctors who joined our Group during the FYE 2023 and their emoluments for the FYE 2023 were RM0.68 million (FYE 2022: nil) under the Guaranteed Professional Fees Scheme. All 3 additional doctors recruited were female, to cater for patients' preference. The doctors were assigned to Klinik Pakar Wanita Bukit Tinggi Klang, MIVF Penang and MIVF Melaka; and

(bb) increase in emoluments of other medical professionals (excluding doctors) by RM0.97 million as a result of net addition 16 headcounts of other medical professionals (excluding doctors) from 31 December 2022 to 31 December 2023; and

(ii) increase in outsourced laboratory tests cost by RM0.16 million or 9.11%, from RM1.75 million for the FYE 2022 to RM1.91 million for the FYE 2023 as a result of higher number of laboratory tests conducted during the year of 19,652 (FYE 2022: 19,301).

(c) FPE 2023 compared to FPE 2024

Our Group's total cost of sales increased by RM0.65 million or 4.94% from RM13.10 million for the FPE 2023 to RM13.74 million for the FPE 2024. The higher cost of sales was mainly due to the following:

(i) increase in drugs and medical disposables by RM0.34 million or 12.81%, from RM2.65 million for the FPE 2023 to RM2.99 million for the FPE 2024, which was in line with the increase in revenue from O&G healthcare services;

(ii) increase in emoluments of medical professionals by RM0.16 million or 1.80%, from RM8.82 million for the FPE 2023 to RM8.97 million for the FPE 2024. This was mainly due to the increase in emoluments of other medical professionals (excluding doctors) by RM0.58 million as a result of the following:

(aa) additional 5 headcounts joined our Group between April 2023 to June 2023 and their emoluments for the FPE 2024 was RM0.08 million (FPE 2023: RM0.02 million);

(bb) additional 36 headcounts joined our Group between July 2023 to June 2024 and their emoluments for the FPE 2024 was RM0.48 million (FPE 2023: nil); and

(cc) annual salary adjustments.

The increase in other medical professional was partially mitigated by decrease in doctors' emoluments by RM0.42 million as 8 doctors were not entitled to the minimum monthly payment under the Guaranteed Professional Fees Scheme for the FPE 2024 due to the expiration of the terms stipulated in their contracts; and

(iii) increase in outsourced laboratory tests cost by RM0.12 million or 14.72%, from RM0.83 million for the FPE 2023 to RM0.95 million for the FPE 2024 as a result of higher number of laboratory tests conducted during the FPE 2024 of 11,086 (FPE 2023: 10,081).

12.2.5 GP

Analysis of GP and GP margin by business segments

Our GP and GP margin by business segments for the Financial Years Under Review and Financial Periods Under Review are as follows:

	FYE 2021		Audited FYE 2022		FYE 2023	
GP	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
O&G healthcare services	19,958	99.33	15,836	98.94	18,012	99.63
Paediatric services	45	0.22	99	0.62	100	0.55
Fertility TCM services	90	0.45	71	0.44	(33)	(0.18)
Total	**20,093**	**100.00**	**16,006**	**100.00**	**18,079**	**100.00**

	Unaudited FPE 2023		Audited FPE 2024	
GP	**RM'000**	**%**	**RM'000**	**%**
O&G healthcare services	8,631	100.30	10,721	99.82
Paediatric services	(24)	(0.28)	19	0.18
Fertility TCM services	(2)	(0.02)	-	-
Total	**8,605**	**100.00**	**10,740**	**100.00**

	FYE 2021	Audited FYE 2022	FYE 2023	Unaudited FPE 2023	Audited FPE 2024
GP margin	**%**	**%**	**%**	**%**	**%**
O&G healthcare services	48.05	40.15	40.92	40.43	44.11
Paediatric services	10.98	21.57	21.23	(11.76)	10.61
Fertility TCM services	28.94	18.88	(17.01)	(1.32)	-
Total	**47.55**	**39.74**	**40.46**	**39.65**	**43.87**

(a) FYE 2021 compared to FYE 2022

Our Group's GP decreased by RM4.09 million or 20.34%, from RM20.09 million for the FYE 2021 to RM16.01 million for the FYE 2022. This was mainly due to the lower GP contributed from the O&G healthcare services which declined by RM4.12 million or 20.65%, from RM19.96 million for the FYE 2021 to RM15.84 million for the FYE 2022. The lower GP from the O&G healthcare services was mainly due to the following:

(i) higher cost of sales recorded which was mainly arising from higher medical professionals' emoluments for O&G healthcare services as explained in **Section 12.2.4** above; and

(ii) lower revenue generated from the fertility services for the FYE 2022, which was explained in **Section 12.2.3** above.

Our overall GP margin decreased by 7.81%, from 47.55% in the FYE 2021 to 39.74% in the FYE 2022, which was mainly attributable to the following:

(i) decrease in GP margin from the O&G healthcare services by 7.90%, from 48.05% for the FYE 2021 to 40.15% for the FYE 2022. This was mainly due to lower fees collected for fertility services, resulting from a decrease in the number of visits by patients to our Group's fertility services to 2,326 for the FYE 2022 (FYE 2021: 2,501) as explained in **Section 12.2.3** above. Notwithstanding that the revenue from other O&G healthcare services increased by RM0.77 million or 3.75% resulting from an increase in number of visits by patients for other O&G healthcare services in the FYE 2022 to 55,648 (FYE 2021: 48,501), the average revenue per visit declined by 16.47% to RM680 for O&G healthcare services for the FYE 2022 (FYE 2021: RM814). The decrease in average revenue per visit was mainly due to the changes in our revenue composition by services, particularly reduced contributions from our fertility services, which typically command higher fees per visit. Consequently, the GP margin was negatively impacted by the lower average revenue per visit. However, this impact was partially mitigated by the decrease in average cost per visit by 3.77% to RM407 for O&G healthcare services for FYE 2022 (FYE 2021: RM423); and

(ii) decrease in GP margin from the fertility TCM services by 10.06% from 28.94% for the FYE 2021 to 18.88% for the FYE 2022. The decrease in GP margin for the fertility TCM services was mainly due to higher average cost per visit by 56.12% to RM153 (FYE2021: RM98). In the FYE 2022, a full year of emoluments for a medical professional was factored in, compared to only 3 months' emoluments in the FYE 2021, as the medical professional joined our Group in the last quarter of 2021. Additionally, there was an annual adjustment in emoluments for all medical professionals within our Group which further contributed to the higher costs.

The GP margin for the paediatric services improved by 10.59%, from 10.98% for the FYE 2021 to 21.57% for the FYE 2022. This was mainly attributable to higher revenue generated from the paediatric services as a result of higher number of visits by patients of 1,219 (FYE 2021: 1,118) with higher average revenue per visit by 2.45% to RM376 (FYE 2021: RM367) as the number of newborns in our hospitals that require paediatric care grew by 92.31%. In addition, the higher number of visits by patients also contributed to lower average cost per visit by 10.85% to RM295 (FYE 2021: RM327).

(b) FYE 2022 compared to FYE 2023

Our Group's GP increased by RM2.07 million or 12.95%, from RM16.01 million for the FYE 2022 to RM18.08 million for the FYE 2023. This was mainly attributable to the higher GP contributed from O&G healthcare services by RM2.18 million or 13.74%, from RM15.84 million for the FYE 2022 to RM18.01 million for the FYE 2023.

The higher GP from O&G healthcare services was mainly attributable to the increase in revenue from O&G healthcare services for the FYE 2023. This increase was primarily attributed to the increase in number of visits by patients for the other O&G healthcare services to 61,349 (FYE 2022: 55,648) and fertility services to 2,613 (FYE 2022: 2,326) as a result of our Group's marketing efforts. The revenue growth was also attributed from the commencement of operations at 4 new facilities in Old Klang Road, Johor Bahru, Bandar Bukit Tinggi and Penang in January, January, March and July 2022, respectively, which contributed higher revenue from the O&G healthcare services of RM7.74 million (FYE 2022: RM4.06 million).

Our overall GP margin increased by 0.72%, from 39.74% in the FYE 2022 to 40.46% in the FYE 2023, which was mainly attributable to the improved GP margin from O&G healthcare services by 0.77%, from 40.15% for the FYE 2022 to 40.92% for the FYE 2023. The marginal improvement in the GP margin of O&G healthcare services was mainly attributable to higher number of visits by patients as a result of our Group's marketing efforts and traction gained from the new facilities which commenced its operations in the FYE 2022 as stated above with marginally higher average revenue per visit by 1.18% to RM688 (FYE 2022: RM680). The marginal increase in average revenue per visit was mainly attributable to higher average revenue per visit from other O&G healthcare services by 5.67% to RM402 (FYE 2022: RM380). The average cost per visit for the FYE 2022 and FYE 2023 remained at approximately RM407.

Our fertility TCM services recorded a gross loss margin of 17.01% for the FYE 2023 as compared to GP margin of 18.88% for the FYE 2022. The gross loss margin of fertility TCM services was mainly due to the lower revenue recorded for the FYE 2023 as the number of visits by patients for our fertility TCM services decreased to 1,197 for the FYE 2023 (FYE 2022: 2,001). Despite our Group's marketing activities to create awareness of our fertility TCM services, we faced difficulties growing the fertility TCM services mainly due to the association of the "Metro" brand with O&G healthcare services and not traditional TCM services. For information, we discontinued our fertility TCM services in September 2023. Following the discontinuation of our fertility TCM services, no revenue and associated costs were recognised, thus having no impact on the GP margin. Additionally, our fertility TCM services only contributed RM0.07 million or 0.44% to our Group's total GP for the FYE 2022, hence, the discontinuation of our fertility TCM services in FYE 2023 does not materially affect our Group's overall GP margin.

(c) FPE 2023 compared to FPE 2024

Our Group's GP increased by RM2.14 million or 24.81%, from RM8.61 million for the FPE 2023 to RM10.74 million for the FPE 2024. This was mainly attributable to the higher GP contributed from O&G healthcare services by RM2.09 million or 24.22%, from RM8.63 million for the FPE 2023 to RM10.72 million for the FPE 2024.

The higher GP from O&G healthcare services was mainly attributable to the increase in revenue from O&G healthcare services for the FPE 2024. This increase was primarily attributed to the increase in number of visits by patients for the fertility services to 2,384 (FPE 2023: 1,100) and other O&G healthcare services to 35,279 (FPE 2023: 30,763) as explained in **Section 12.2.4(c)(i)** above.

Our overall GP margin improved by 4.21%, from 39.65% in the FPE 2023 to 43.87% in the FPE 2024, which was mainly due to the following:

(i) increase in GP margin from the O&G healthcare services by 3.68%, from 40.43% for the FPE 2023 to 44.11% for the FPE 2024. This was mainly attributable to lower average cost per visit for the FPE 2024 by 9.52% to RM361 (FPE 2023: RM399) as a result of lower doctors' emoluments as explained in **Section 12.2.4(c)(i)** above; and

(ii) paediatric services recorded a GP margin of 10.61% for the FPE 2024 as compared to a gross loss margin of 11.76% for the FPE 2023. The GP margin improved mainly attributable to a reduction in the consumption of drugs and medical disposables, which decreased by RM0.05 million to RM0.04 million in FPE 2024 (FYE 2023: RM0.09 million) as certain services (i.e. inpatient services) performed did not require the consumption on drugs and medical disposables.

    In contrast to FPE 2024, our Group experienced a gross loss margin for FPE 2023 mainly due to higher emoluments for medical professionals, coupled with increased consumption of drugs and medical disposables due to higher demand for our outpatient services for FPE 2023.

12.2.6 Other operating income

Our other operating income for the Financial Years Under Review and Financial Periods Under Review are as follows:

			Audited			
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Dividend income	74	1.70	100	2.57	103	16.83
Rental income	32	0.74	24	0.62	23	3.76
Interest income	35	0.81	72	1.85	107	17.48
Educational seminar	199	4.58	156	4.01	123	20.10
Net fair value gain on investment in quoted shares	-	-	78	2.01	-	-
Gain on disposal of property, plant and equipment	23	0.53	221	5.68	35	5.72
Gain on disposal of investment in quoted shares	795	18.31	4	0.10	-	-
Remeasurement of lease liabilities[(1)]	3,008	69.26	3,214	82.64	-	-
Termination of lease[(1)]	-	-	-	-	161	26.31
Waiver of rental	67	1.54	5	0.13	-	-
Others[(2)]	110	2.53	15	0.39	60	9.80
Total	**4,343**	**100.00**	**3,889**	**100.00**	**612**	**100.00**

	Unaudited		Audited	
	FPE 2023		FPE 2024	
	RM'000	%	RM'000	%
Dividend income	61	22.85	104	20.55
Rental income	12	4.49	9	1.78
Interest income	53	19.85	50	9.88
Educational seminar	100	37.45	91	17.98
Net fair value gain on investment in quoted shares	-	-	208	41.11
Gain on disposal of property, plant and equipment	35	13.11	-	-
Others[(2)]	6	2.25	44	8.70
Total	**267**	**100.00**	**506**	**100.00**

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Notes*:*

(1) *During the Financial Years Under Review and Financial Periods Under Review, our Group terminated leases with non-related parties for our facilities located at Malacca, Shah Alam, Seremban and Setia Walk prior to the renewal of the respective leases. Further details of the early termination of the abovementioned leases are as follows:*

Facilities	***Malacca***	***Shah Alam***	***Seremban***	***Setia Walk***
Reasons for early termination	*Liquidation of SSH Care and revision of tenancy agreement*	*Closure of business*	*Closure of fertility TCM facility*	*Closure of fertility TCM facility*
Financial implications	*Remeasurement of lease liabilities*	*Remeasurement of lease liabilities and a partial deposit of RM5,000 was not refunded.*	*Remeasurement of lease liabilities*	*Remeasurement of lease liabilities*
Operational implications	*No operational implication. As at the LPD, our Group is currently renting such premise for the operations of MIVF Melaka.*	*No operational implication as the business at Shah Alam's facility has ceased operation.*	*No operational implication as the business at Seremban's facility has ceased operation.*	*No operational implication as the business at Setia Walk's facility has ceased operation.*

Arising from the above, in the FYE 2021 and FYE 2022, upon termination of leases, the net book value of the right-of-use assets has been charged to the audited consolidated statement of profit or loss and other comprehensive income by way of acceleration of depreciation which was recognised as "other operating expenses". The corresponding lease liabilities have been remeasured and credited to "other operating income" in the respective financial year. In the FYE 2023, the presentation was streamlined to present the net impact from termination of leases under "other operating income" for clarity.

The net impact on the termination of leases are as follows:

	FYE 2021 RM'000	***Audited FYE 2022 RM'000***	***FYE 2023 RM'000***	***Unaudited FPE 2023 RM'000***	***Audited FPE 2024 RM'000***
Other operating income					
- Remeasurement of lease liabilities	*3,008*	*3,214*	*-*	*-*	*-*
- Termination of leases	*-*	*-*	*161*	*-*	*-*
Other operating expenses					
- Depreciation of right-of-use assets	*(2,724)*	*(3,069)*	*-*	*-*	*-*
Net impact	***284***	***145***	***161***	***-***	***-***

(2) *Comprise of amongst others, return of study allowance, event sponsorship, fees received from gynaecology event, bad debt recovery and SOCSO hiring incentive.*

(a) FYE 2021 compared to FYE 2022

Other operating income decreased by RM0.45 million or 10.45% from RM4.34 million for the FYE 2021 to RM3.89 million for the FYE 2022. The decrease in other operating income was mainly due to the decrease in gain on disposal of investment in quoted shares by RM0.79 million.

However, the decrease in other operating income was mitigated by the following:

(i) increase in remeasurement of lease liabilities by RM0.21 million as a result of the reassessment on lease liabilities following the early termination of building lease and not exercising the extension option of the lease by Metro IVF for buildings in Malacca and Shah Alam. In relation to the recognition of additional income arising from remeasurement of lease liabilities of RM3.21 million for the FYE 2022, our Group has also recognised accelerated depreciation of the said premises amounting to RM3.07 million resulting in net additional income recognised from the early lease termination of RM0.15 million. Please refer to Note 14 of the Accountants' Report in **Section 13** of this Prospectus for further details; and

(ii) increase in gain on disposal of property, plant and equipment by RM0.20 million. During the FYE 2022, our Company has disposed a dental equipment at RM0.25 million to a third-party dentist which resulted in a gain of RM0.22 million. There was no liabilities or costs incurred in connection with the disposal. For information purposes, our Group has been offering dental services since 2020. However, these services were discontinued in 2022 due to lack of profitability of the dental services.

(b) FYE 2022 compared to FYE 2023

Other operating income decreased by RM3.28 million or 84.26% from RM3.89 million for the FYE 2022 to RM0.61 million for the FYE 2023. The decrease in other operating income was mainly due to the absence of remeasurement of lease liabilities of RM3.21 million. For information purposes, during the FYE 2023, our Group recorded a net income of RM0.16 million arising from the termination of lease following the early termination of building lease and not exercising the extension option of the lease by Metro IVF for buildings in Seremban and Setia Walk as well as Vision One Diagnostic for building in Seremban. Please refer to Note 14 of the Accountants' Report in **Section 13** of this Prospectus for further details.

(c) FPE 2023 compared to FPE 2024

Other operating income increased by RM0.24 million or 89.51% from RM0.27 million for the FPE 2023 to RM0.51 million for the FPE 2024. The increase in other operating income was mainly due to the following:

(i) increase in net fair value gain on investment in quoted shares of RM0.21 million for the FPE 2024 (FPE 2023: nil); and

(ii) increase in dividend income from our investment in quoted shares by RM0.04 million for the FPE 2024.

However, the increase in other operating income above was moderated by the absence of gain on disposal of property, plant and equipment for the FPE 2024 (FPE 2023: RM0.04 million). For information, our Group recorded a gain of RM0.04 million for the FPE 2023 from the disposal of a motor vehicle for RM0.11 million.

12.2.7 Other operating expenses

Our other operating expenses for the Financial Years Under Review and Financial Periods Under Review are as follows:

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Auditors' remuneration	99	0.86	167	1.38	175	1.86
Consultation fees	-	-	-	-	80	0.85
Depreciation of property, plant and equipment (1)	1,001	8.73	1,413	11.66	1,442	15.31
Depreciation of right-of-use assets	3,563	31.09	4,105	33.87	2,218	23.56
Directors' remuneration	981	8.56	883	7.29	973	10.33
Impairment loss of property, plant and equipment	169	1.47	-	-	-	-
Insurance	94	0.82	132	1.09	144	1.53
License fees	62	0.54	98	0.81	104	1.10
Listing expenses	139	1.21	366	3.02	206	2.19
Marketing costs	126	1.10	179	1.48	219	2.33
Net fair value loss on investment in quoted shares	219	1.91	-	-	72	0.76
Property, plant and equipment written-off	247	2.16	65	0.54	255	2.71
Stationery and postage expenses	81	0.71	126	1.04	99	1.05
Staff costs	1,586	13.84	1,388	11.45	1,719	18.26
Security fees	374	3.26	453	3.74	402	4.27
Short-term leases of premises	1,487	12.97	1,314	10.84	12	0.13
Trainings	27	0.24	69	0.57	71	0.75
Trade and other receivables written-off	48	0.42	4	0.03	-	-
Repair and maintenance	392	3.42	500	4.12	374	3.97
Utilities	584	5.10	710	5.86	649	6.89
Others(2)	181	1.59	147	1.21	203	2.15
Total	**11,460**	**100.00**	**12,119**	**100.00**	**9,417**	**100.00**

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	Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%
Auditors' remuneration	5	0.11	110	1.92
Consultation fees	-	-	133	2.32
Depreciation of property, plant and equipment [(1)]	718	15.17	821	14.30
Depreciation of right-of-use assets	1,102	23.29	1,110	19.34
Directors' remuneration	473	10.00	440	7.67
Insurance	11	0.23	68	1.18
License fees	29	0.61	64	1.11
Listing expenses	149	3.15	793	13.82
Loss on disposal of investment in quoted shares	-	-	34	0.59
Marketing costs	78	1.65	85	1.48
Net fair value loss on investment in quoted shares	208	4.40	-	-
Stationery and postage expenses	44	0.93	85	1.48
Staff costs	974	20.58	1,084	18.89
Security fees	250	5.28	237	4.13
Short-term leases of premises	28	0.59	-	-
Trainings	55	1.16	23	0.40
Repair and maintenance	200	4.23	189	3.29
Utilities	313	6.61	365	6.36
Others[(2)]	95	2.01	99	1.72
Total	**4,732**	**100.00**	**5,740**	**100.00**

Notes:

(1) *This encompasses depreciation expenses related to property, plant, and equipment that are not directly attributed to the cost of sales. The breakdown of the aggregated depreciation of property, plant and equipment is as follows:*

	FYE 2021 RM'000	*Audited FYE 2022 RM'000*	*FYE 2023 RM'000*	*Unaudited FPE 2023 RM'000*	*Audited FPE 2024 RM'000*
Depreciation of property, plant and equipment:					
- under cost of sales	*1,004*	*1,263*	*1,353*	*666*	*692*
- under other operating expenses	*1,001*	*1,413*	*1,442*	*718*	*821*
	2,005	***2,676***	***2,795***	***1,384***	***1,513***

(2) *Comprise of amongst others, the bank charges, quit rent and assessment expenses, secretarial fees and other administrative expenses.*

(a) FYE 2021 compared to FYE 2022

Other operating expenses increased by RM0.66 million or 5.75% from RM11.46 million for the FYE 2021 to RM12.12 million for the FYE 2022. The increase in other operating expenses was mainly due to the following:

(i) higher depreciation on right-of-use assets by RM0.54 million. Our Group has reassessed the useful life of 2 of our premises due to early lease termination which resulted in the accelerated depreciation of RM3.07 million during the financial year (FYE 2021: RM2.72 million);

(ii) higher depreciation on property, plant and equipment by RM0.41 million which was mainly due to higher depreciation on renovation arising from amongst others, our facilities in Johor Bahru, Old Klang Road, Bandar Bukit Tinggi, Malacca and Penang; and

(iii) higher listing expenses by RM0.23 million due to the additional advisory fees incurred for the engagement of the professional advisers for the Transfer of Listing.

However, the increase in other operating expenses was mitigated by the following:

(i) absence of net fair value loss on our Group's investment in quoted shares for the FYE 2022 (FYE 2021: RM0.22 million);

(ii) lower staff costs by RM0.20 million as our Group recorded a minimal reversal of share-based payment under ESOS in the FYE 2022 as compared to a share-based payment expenses under ESOS of RM0.31 million in the FYE 2021;

(iii) decrease in property, plant and equipment written-off by RM0.18 million. The property, plant and equipment written-off of RM0.07 million for the FYE 2022 was mainly due to the written-off of the furniture and fittings under MMC which was in a process of voluntary winding up and the written-off of renovation cost and electrical fittings of our facility at Star Avenue, Shah Alam following the cessation of operation of the said facility. For information, the property, plant and equipment written-off of RM0.25 million for the FYE 2021 was mainly due to the write-off of the medical imaging device under Vision One Diagnostic amounted to RM0.13 million due to wear and tear and the written-off of renovation cost for our Klinik Pergigian SP in Klang amounted to RM0.12 million as we planned for cessation of operation for the said facility; and

(iv) absence of impairment loss of property, plant and equipment for FYE 2022 (FYE 2021: RM0.17 million). The impairment loss of property, plant and equipment of RM0.17 million for the FYE 2021 was mainly due to impairment of medical equipment and instruments for our Klinik Pergigian SP in Klang as we planned for cessation of operation for the said facility.

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(b) FYE 2022 compared to FYE 2023

Other operating expenses decreased by RM2.70 million or 22.30% from RM12.12 million for the FYE 2022 to RM9.42 million for the FYE 2023. The decrease in other operating expenses was mainly due to the following:

(i) lower depreciation on rights-of-use assets by RM1.89 million due to the absence of accelerated depreciation arising from early lease termination for the FYE 2023 (FYE 2022: RM3.07 million); and

(ii) lower short-term lease of premises expenses by RM1.30 million as the term of the renewed tenancy agreements for premises rented by our Group in Klang, Kuala Selangor, Banting, Setia Walk, Ipoh and Johor Bahru are more than 12 months. The tenancy agreements for the abovementioned premises were short-term leases with 12-month terms for the FYE 2021 and FYE 2022. For information purposes, our Group is required to recognise these rented premises under assets and liabilities in our Group's consolidated statement of financial position and present the interest and depreciation expenses in our Group's consolidated statement of profit or loss and other comprehensive income according to MFRS 16 as the term of the renewed tenancy agreements is more than 12 months.

However, the decrease in other operating expenses due to the above was moderated by the following:

(i) higher property, plant and equipment written off by RM0.19 million which was mainly due to the written off of renovation and office equipment as well as furniture and fittings following the closure of our fertility TCM facilities amounted to RM0.26 million; and

(ii) higher staff costs by RM0.33 million as a result of net additional 5 headcounts from 31 December 2022 to 31 December 2023 to support our expansion as well as annual salary adjustment.

(c) FPE 2023 compared to FPE 2024

Other operating expenses increased by RM1.01 million or 21.30% from RM4.73 million for the FPE 2023 to RM5.74 million for the FPE 2024. The increase in other operating expenses was mainly due to the following:

(i) higher listing expenses by RM0.64 million as a result of advisory fees incurred for the engagement of the professional advisers for the Transfer of Listing;

(ii) the consultation fees of RM0.13 million for the FPE 2024 (FPE 2023: nil) incurred for our marketing consultation services;

(iii) higher staff costs by RM0.11 million as a result of net additional 8 headcounts from 30 June 2023 to 30 June 2024 to support our expansion as well as annual salary adjustment;

(iv) higher auditors' remuneration by RM0.11 million due to fees incurred for conducting an interim audit of the financial statements for the FPE 2024 for the inclusion in this Prospectus;

(v) higher depreciation on property, plant and equipment by RM0.10 million which was mainly due to higher depreciation on renovation arising from amongst others, our facilities in Banting, Klang and Ipoh; and

(vi) higher insurance expenses by RM0.06 million as a result of the adjustment for the increased premium charged.

However, the increase in other operating expenses due to the above was mitigated by the absence of net fair value loss on investment in quoted shares for the FPE 2024 (FPE 2023: RM0.21 million).

12.2.8 Finance costs

Our finance costs for the Financial Years Under Review and Financial Periods Under Review are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Lease liabilities	344	92.47	398	100.00	732	100.00
Term loan	28	7.53	-	-	-	-
Total	**372**	**100.00**	**398**	**100.00**	**732**	**100.00**

	Unaudited		Audited	
	FPE 2023		FPE 2024	
	RM'000	%	RM'000	%
Lease liabilities	361	100.00	357	100.00
Term loan	-	-	-	-
Total	**361**	**100.00**	**357**	**100.00**

(a) FYE 2021 compared to FYE 2022

The finance costs increased by approximately RM0.03 million or 6.99%, from RM0.37 million for the FYE 2021 to RM0.40 million for the FYE 2022. This was mainly due to higher finance cost for the lease liabilities as a result of the following:

(i) higher finance cost by RM0.03 million for our Group's right-of-use asset in Bandar Bukit Tinggi for the FYE 2022 as the term of the tenancy commencing in September 2021; and

(ii) additional right-of-use assets of RM3.41 million for the FYE 2022 arising from the additional premises rented by Metro IVF in Malacca.

However, the higher finance cost due to the above was mitigated by the decrease in finance cost for term loan following the repayment of term loan amounted to RM0.39 million during the FYE 2022.

(b) FYE 2022 compared to FYE 2023

The finance costs increased by approximately RM0.33 million or 83.92%, from RM0.40 million for the FYE 2022 to RM0.73 million for the FYE 2023. This was mainly due to higher finance cost for the lease liabilities as a result of the additional right-of-use assets of RM10.68 million for the FYE 2023 arising from the following:

(i) renewed tenancy agreements for premises rented by our Group in Klang, Kuala Selangor, Banting, Setia Walk, Ipoh and Johor Bahru which are more than 12 months. For information purposes, our Group is required to recognise these rented premises under assets and liabilities in our Group's consolidated statement of financial position and present the interest and depreciation expenses in our Group's consolidated statement of profit or loss and other comprehensive income according to MFRS 16 as the term of the renewed tenancy agreements is more than 12 months; and

(ii) the additional premises rented by Metro IVF in Kelantan.

(c) FPE 2023 compared to FPE 2024

The finance cost remained at approximately RM0.36 million for both the FPE 2023 and FPE 2024. This was the finance cost for lease liabilities, which resulted from the right-of-use assets associated with the premises rented by our Group.

12.2.9 PBT and PBT Margin

Our PBT and PBT margin for the Financial Years Under Review and Financial Periods Under Review are as follows:

	FYE 2021 RM'000	Audited FYE 2022 RM'000	FYE 2023 RM'000	Unaudited FPE 2023 RM'000	Audited FPE 2024 RM'000
PBT	12,604	7,378	8,542	3,779	5,149
PBT margin (%)	29.83	18.32	19.12	17.41	21.03

(a) FYE 2021 compared to FYE 2022

Our Group's PBT decreased by RM5.23 million or 41.46%, from RM12.60 million for the FYE 2021 to RM7.38 million for the FYE 2022. The decrease in PBT was mainly due to the following:

(i) decrease in GP by RM4.09 million as a result of the following:

(1) higher cost of sales by RM2.10 million for the FYE 2022 as explained in **Section 12.2.4** above; and

(2) lower revenue by RM1.98 million for the FYE 2022 as explained in **Section 12.2.3** above;

(ii) increase in other operating expenses by RM0.66 million for the FYE 2022 mainly due to higher rights-of-use assets and higher depreciation of its property, plant and equipment which was in line with the opening of its new facilities, amongst other factors as explained in **Section 12.2.7** above; and

(iii) decrease in other income by RM0.45 million as explained in **Section 12.2.6** above.

Our Group's PBT margin also decreased to 18.32% for the FYE 2022 from 29.83% for the FYE 2021, which was mainly attributable to the lower GP margin as explained in **Section 12.2.5** above.

(b) FYE 2022 compared to FYE 2023

Our Group's PBT increased by RM1.16 million or 15.78%, from RM7.38 million for the FYE 2022 to RM8.54 million for the FYE 2023. The increase in PBT was mainly attributable to the following:

(i) decrease in other operating expenses by RM2.70 million as explained in **Section 12.2.7** above; and

(ii) increase in GP by RM2.07 million as a result of higher revenue achieved for the FYE 2023 as explained in **Section 12.2.3** above.

However, the increase in PBT due to the above was moderated by the following:

(i) decrease in other operating income by RM3.28 million as explained in **Section 12.2.6** above; and

(ii) increase in finance cost by RM0.33 million as explained in **Section 12.2.8** above.

Our Group's PBT margin also increased to 19.12% for the FYE 2023 from 18.32% for the FYE 2022, which was mainly attributable to the decrease in other operating expenses as explained in **Section 12.2.7** above.

(c) FPE 2023 compared to FPE 2024

Our Group's PBT increased by RM1.37 million or 36.25%, from RM3.78 million for the FPE 2023 to RM5.15 million for the FPE 2024. The increase in PBT was mainly attributable to the increase in GP by RM2.14 million as a result of higher revenue achieved for the FPE 2024 as explained in **Section 12.2.3** above and increase in other operating income by RM0.24 million as explained in **Section 12.2.6** above.

However, the increase in PBT due to the above was moderated by the increase in other operating expenses by RM1.01 million as explained in **Section 12.2.7** above.

Our Group's PBT margin also increased to 21.03% for the FPE 2024 from 17.41% for the FPE 2023, which was mainly attributable to the improved GP margin as explained **in Section 12.2.5** above.

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12.2.10 Tax Expenses and Effective Tax Rate

Our tax expenses and effective tax rate for the Financial Years Under Review and Financial Periods Under Review are as follows:

	FYE 2021 RM'000	Audited FYE 2022 RM'000	FYE 2023 RM'000	Unaudited FPE 2023 RM'000	Audited FPE 2024 RM'000
Taxation	3,166	2,362	2,294	940	1,614
Effective tax rate (%)	25.12	32.01	26.86	24.87	31.35
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

(a) FYE 2021 compared to FYE 2022

Our Group's tax expenses decreased by RM0.80 million or 25.39%, from RM3.17 million for the FYE 2021 to RM2.36 million for the FYE 2022. The decrease in tax expenses was mainly due to the lower PBT of RM7.38 million recorded for the FYE 2022 as compared to RM12.60 million for the FYE 2021.

The effective tax rate of 32.01% for the FYE 2022 was higher than the statutory tax rate of 24.00% mainly due to the following:

(i) under provision of deferred taxation in prior year of RM0.41 million; and

(ii) non-deductible expenses incurred totaling RM0.30 million, which comprise amongst others, the listing expenses, share-based payment under the employee share option scheme and depreciation expenses incurred.

However, the higher effective tax rate due to the above was mitigated by the following:

(i) change in unrecognised temporary differences of RM0.06 million;

(ii) over provision of current taxation in prior years of RM0.04 million; and

(iii) non-taxable income of RM0.03 million which was mainly arising from dividend income received from the investment of quoted shares and gain on disposal of investment in quoted shares.

(b) FYE 2022 compared to FYE 2023

Our Group's tax expenses decreased by RM0.07 million or 2.88%, from RM2.36 million for the FYE 2022 to RM2.29 million for the FYE 2023. The decrease in tax expenses was mainly attributable to the over provision of deferred taxation in the prior years of RM0.49 million (FYE 2022: under provision of deferred taxation in the prior years of RM0.41 million).

The effective tax rate of 26.86% for the FYE 2023 was higher than the statutory tax rate of 24.00% mainly due to the:

(i) non-deductible expenses incurred totaling RM0.41 million, which comprise amongst others, listing expenses, share-based payment under employee share option scheme and depreciation expenses incurred; and

(ii) under provision of current taxation in prior year of RM0.35 million.

However, the higher effective tax rate due to the above was mitigated by the following:

(i) over provision of deferred taxation in prior year of RM0.49 million; and

(iii) non-taxable income of RM0.02 million which was mainly arising from dividend income received from the investment in quoted shares.

(c) FPE 2023 compared to FPE 2024

Our Group's tax expenses increased by RM0.67 million or 71.70%, from RM0.94 million for the FPE 2023 to RM1.61 million for the FPE 2024. The increase in tax expenses was mainly due to higher PBT of RM5.15 million achieved by our Group for the FPE 2024 (FPE 2023: RM3.78 million) and a lower over provision of deferred taxation in the prior period of RM0.11 million (FPE 2023: RM0.45 million).

The effective tax rate of 24.87% for the FPE 2024 was higher than the statutory tax rate of 24.00% mainly due to the:

(i) under provision of current taxation in prior year of RM0.28 million; and

(ii) non-deductible expenses incurred totaling RM0.22 million, which comprise amongst others, listing expenses and depreciation expenses incurred.

However, the higher effective tax rate due to the above was mitigated by the following:

(i) over provision of deferred taxation in prior year of RM0.45 million; and

(iii) non-taxable income of RM0.01 million which was mainly arising from dividend income received from the investment in quoted shares and fair value gain on investment in quoted shares.

12.2.11 PAT and PAT Margin

Our PAT and PAT margin for the Financial Years Under Review and Financial Periods Under Review are as follows:

		Audited		Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PAT	9,438	5,016	6,248	2,839	3,535
PAT margin (%)	22.33	12.45	13.98	13.08	14.44

During the Financial Years Under Review and Financial Periods Under Review, we recorded a PAT margin ranging from 12.45% to 22.33%. The fluctuation of our PAT margins for the Financial Years Under Review was due to the reasons described in **Sections 12.2.9** and **12.2.10** of this Prospectus with regard to PBT, PBT margin and tax expenses above.

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12.2.12 Significant Factors Affecting Our Financial Position and Results of Operations

Section 9 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate. The main factors which affect our revenues and profits include but are not limited to the following:

(i) we are affected by the gestation period of healthcare facility setup

Establishing healthcare facilities inevitably impacts our financial performance, particularly during the gestation period associated with such ventures. The initial costs incurred for setting up facilities, including construction, equipment procurement, medical professionals' emoluments and staff costs, are substantial. However, during this phase, the revenue generated from the facilities may not yet be sufficient to offset the initial setup cost and/or operating expenses, which may adversely affect our financial performance.

(ii) we are exposed to the risk of operating licenses and registrations not being renewed

Failure to renew operating licenses and registrations for our facilities with the relevant authorities could have significant financial repercussions. Operating without valid licenses would render our facilities non-compliant with regulatory requirements, potentially leading to fines, penalties, or even temporary closure by authorities. Such disruptions would not only impact revenue generation but also tarnish our reputation and erode patient trust.

(iii) we may not be able to successfully implement our business strategies to grow our business

We intend to expand our operations in accordance with our business strategies and future plans as set out in **Section 7.22** of this Prospectus. However, there is no assurance that we will be able to effectively implement our plans, in terms of costs or time. Even if we are able to successfully implement our plans, there is no assurance that the results of our plans will lead to the outcomes and results we expect. The successful execution of these plans relies on various factors such as obtaining adequate funding, competent management, and favourable market conditions. The implementation of our plans may require substantial capital expenditure, potentially necessitating additional financing. Failure or delays in execution could negatively affect our Company's financial performance, particularly impacting operating expenses and investments in new facilities and equipment. Specifically, the establishment of a new IVF laboratory in Ipoh and the acquisition of a new maternity hospital pose financial risks due to associated costs including acquisition expenses, renovation, and operational investments.

(iv) we may face disruptions in our facilities and business operations

Our business relies heavily on the continuous operation of our facilities, including hospitals, fertility centers, clinics, and a diagnostic imaging center, all of which equipped with specialised machinery and equipment. Any unexpected events such as equipment failures, natural disasters, or power outages pose significant risks and potentially leading to interruptions or damage to our facilities. These disruptions could have a detrimental impact on our financial performance.

(v) we are dependent on our suppliers for the continuous supply of drugs and medical disposables

As an O&G healthcare service provider, our operations heavily rely on drugs such as hormonal/fertility drugs, which are crucial for improving pregnancy rates among our patients, particularly in IVF treatments. These drugs are procured from local distributors who imported the drugs from overseas manufacturers. Therefore, any shortage in drug supplies will have an adverse impact on our Group's operations and financial performance.

12.2.13 Impact of fluctuation in foreign exchange, interest rate, inflation and government/economic/fiscal/monetary policies

(i) Impact of government, economic, fiscal and monetary policies

We are subject to the risks of government, economic, fiscal or monetary policies, where any unfavourable change may materially affect our business operations, financial performance and prospects of the healthcare industry in which we operate. For the Financial Years Under Review and Financial Periods Under Review, our results were not adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies. There is no assurance that our financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies or factors moving forward.

(ii) Impact of inflation

Our business, financial condition or results of our operations for the Financial Years Under Review and Financial Periods Under Review were not materially affected by the inflation. Nevertheless, there can be no assurance that future inflation would not have an impact on our business and financial performance. Any significant increase in future inflation may adversely affect our Group's operations and performance if we are unable to pass on the higher costs to our patients through increase in charges.

(iii) Impact of foreign exchange

Our transactions were solely denominated in RM. As such, there is no impact on foreign exchange fluctuations on our business and financial performance.

(iv) Impact of interest rates

Our exposure to interest rate fluctuations arises from floating rate bank borrowings which is pegged to the base financing rate as stipulated by our financial institutions that may change from time to time. As such, any change in the interest rate of our floating rate bank borrowings will raise the cost of our borrowings and our finance costs, which in turn may have an adverse effect on our financial performance.

The total borrowings and finance costs of our Group for the Financial Years Under Review and Financial Periods Under Review are as follows:

		Audited		Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings [(1)]	424	32	-	-	-
Finance costs [(2)]	28	-	-	-	-

***Notes**:*

(1) *Consist of term loan and exclude lease liabilities which comprise our Group's right-of-use assets.*

(2) *Consist of finance cost for term loan and exclude finance cost for lease liabilities which comprise our Group's right-of-use assets.*

Our Group's financial performance for the Financial Years Under Review and Financial Periods Under Review were not materially affected by fluctuations in interest rates. As at the LPD, we do not have any borrowings and/or facilities from financial institutions.

For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings. For further details, see **Section 12.3.3** of this Prospectus.

(v) Impact of commodity prices

As at the LPD, our Group is not affected by fluctuations in commodity prices.

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12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by our suppliers and/or financial institutions as well as cash and bank balances and including proceeds from issuance of new Shares in our Company. As at the LPD, we do not have any borrowings and/or facilities from financial institutions.

There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

Our Board is of the opinion that our working capital will be sufficient for our existing and foreseeable requirements for at least a period of 12 months from the date of issue of this Prospectus, taking into consideration the following:

(a) our Group generated positive cash flow from operating activities for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 of RM12.11 million, RM9.25 million, RM10.93 million and RM4.97 million, respectively;

(b) we have cash and bank balances of approximately RM13.15 million as at the LPD;

(c) our pro forma NA position attributable to owners of the Company and gearing level as at 30 June 2024 after the Public Issue and utilisation of proceeds of RM73.10 million and 0.23 times respectively. Please refer to **Section 12.10** of this Prospectus for further information;

(d) proceeds to be raised from the Public Issue. Please refer to **Section 4.11.1** of this Prospectus for further information on the use of proceeds to be raised from the Public Issue; and

(e) dividends amounting to RM1.34 million, RM4.07 million, RM4.32 million and RM4.44 million declared and paid in the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. Save as disclosed, our Board will not declare or pay any dividend until the completion of the IPO.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors.

In addition, our Board will review our Group's cashflows on a periodic basis to ensure our working capital will be sufficient for our Group's existing and foreseeable requirements and will carefully consider our cash position and ability to obtain further financing before making any significant capital commitments.

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12.3.2 Review of Cash Flows

	Audited			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Net cash generated from operating activities	12,105	9,251	10,935	4,973
Net cash used in investing activities	(3,583)	(4,639)	(3,343)	(3,175)
Net cash used in financing activities	(2,281)	(5,586)	(6,720)	(5,646)
Net increase/(decrease) in cash and cash equivalents	6,241	(974)	872	(3,848)
Cash and cash equivalents at the beginning of the financial year	9,019	15,260	14,286	15,158
Cash and cash equivalents at the end of financial year	15,260	14,286	15,158	11,310

<u>FYE 2021</u>

Net cash generated from operating activities

For the FYE 2021, we generated operating cash flows before working capital changes of RM15.65 million. Our net cash generated from operating activities was RM12.11 million after accounting for the key items as set out below:

(i) tax paid amounted to RM3.04 million for the FYE 2021;

(ii) increase in trade and other receivables of RM0.70 million, which was mainly due to amongst others, higher trade receivables resulting from slow collections, as well as increased prepayments for medical instruments and deposits for rental and utilities;

(iii) increase in trade and other payables of RM0.64 million, which was mainly due to the increase in deposit received by our Group from the patients who signed up for fertility treatment packages; and

(iv) increase in inventories of RM0.49 million as a result of the establishment of new facilities in Cheras and Seremban, as well as our Group's initiative to bolster inventory levels across existing facilities to better cater to patients' needs.

Net cash used in investing activities

For the FYE 2021, we recorded net cash used in investing activities of RM3.58 million mainly due to:

(i) acquisition of property, plant and equipment amounting to RM4.90 million, which mainly comprises the following:

(a) acquisition of plant and machinery amounting to RM2.28 million which consists of amongst others, the laboratory equipment, incubator and ultrasound systems for our facilities in Johor Bahru, Penang, Ipoh, Malacca, Setia Walk and Seremban;

(b) renovation cost for, amongst others, our facilities in Bandar Bukit Tinggi, Old Klang Road, Cheras, Setia Walk and Klang of RM1.59 million;

(c) capital work in progress amounting to RM0.75 million, mainly comprising renovation works for, amongst others, our facilities in Penang, Ipoh and Seremban;

(d) acquisition of company car of RM0.14 million; and

(e) acquisition of office equipment, furniture and fitting of RM0.13 million which consists of amongst others, the computers equipment and software systems for our existing and new facilities; and

(ii) additional investment in quoted shares of RM0.59 million.

However, the net cash used in investing activities above was mitigated by the proceeds from the disposal of quoted shares of RM1.81 million and dividend received from our Group's investment in quoted shares of RM0.07 million.

Net cash used in financing activities

For the FYE 2021, we recorded net cash used in financing activities of RM2.28 million mainly due to:

(i) dividend paid to our shareholders of RM1.34 million;

(ii) repayment of borrowing in the form of term loan for our premise in Johor Bahru, amounting to RM3.24 million; and

(iii) repayment of lease liabilities for the renting of premises, amounting to RM0.83 million.

However, the net cash used in financing activities above was mitigated by the proceeds of RM3.12 million raised from a private placement of 3,300,000 new ordinary shares at the issue price of RM0.95 per Share.

FYE 2022

Net cash generated from operating activities

For the FYE 2022, we generated operating cash flow before working capital changes of RM10.90 million. Our net cash generated from operating activities was RM9.25 million after accounting for the key items as set out below:

(i) tax paid amounting to RM3.36 million for the FYE 2022;

(ii) increase in trade and other payables of RM1.06 million as a result of the amount owing to other payables arising from the purchase of medical instruments and renovation of our premises which includes but not limited to fees payable for the architect, consultants and painting contractor;

(iii) decrease in trade and other receivables of RM0.71 million, which was mainly due to the decrease in prepayment following the delivery of medical instruments purchased by our Group; and

(iv) increase in inventories of RM0.15 million mainly due to additional drugs and medical disposable procured for the 4 new facilities in Old Klang Road, Johor Bahru, Bandar Bukit Tinggi and Penang during the year.

Net cash used in investing activities

For the FYE 2022, we recorded a net cash used in investing activities of RM4.64 million mainly due to acquisition of property, plant and equipment amounting to RM4.58 million, which mainly comprises the following:

(i) acquisition of plant and machinery amounting to RM2.82 million which consists of amongst others, the laboratory equipment, incubator and ultrasound systems for our facilities in Johor Bahru, Ipoh, Penang, Seremban and Old Klang Road;

(ii) capital work in progress amounting to RM0.98 million, mainly comprising renovation works for, amongst others, our facilities in Ipoh, Klang and Kuala Selangor;

(iii) renovation cost for, amongst others, our facilities in Johor Bahru, Penang, Malacca and Klang of RM0.57 million; and

(iv) acquisition of office equipment, furniture and fitting of RM0.21 million which consists of amongst others, the electronic fitting, computers equipment and software systems as well as signboard for our existing and new facilities.

Net cash used in financing activities

For the FYE 2022, we recorded net cash used in financing activities of RM5.59 million mainly due to:

(i) dividend paid to the shareholders of RM4.07 million;

(ii) repayment of lease liabilities for the renting of premises, amounted to RM1.12 million; and

(iii) repayment of borrowing in the form of term loan for the acquisition of our premise in Johor Bahru, amounted to RM0.39 million.

FYE 2023

Net cash generated from operating activities

For the FYE 2023, we generated operating cash flow before working capital changes of RM14.41 million. Our net cash generated from operating activities was RM10.94 million after accounting for the key items as set out below:

(i) tax paid amounting to RM2.88 million for the FYE 2023; and

(ii) decrease in trade and other payables of RM0.86 million as a result of decrease in deposit received from the patients who signed up for fertility treatment packages subsequent to the initiation of our services for these patients.

Net cash used in investing activities

For the FYE 2023, we recorded a net cash used in investing activities of RM3.34 million mainly due to acquisition of property, plant and equipment amounting to RM3.55 million, which mainly comprises the following:

(i) capital work in progress amounting to RM1.85 million, mainly comprising renovation works for our facilities in Kelantan and Ipoh, and medical instrument, for amongst others, our facilities in Kelantan, Ipoh, Banting and Klang;

(ii) acquisition of plant and machinery amounting to RM0.96 million which consists of amongst others, ultrasound system, X-ray system, anaesthesia machine and operating table for our facilities in Old Klang Road, Penang, Johor Bahru and Seremban;

(iii) renovation cost for, amongst others, our facilities in Banting, Klang and Johor Bahru of RM0.36 million;

(iv) acquisition of company car of RM0.27 million; and

(v) acquisition of office equipment, furniture and fitting of RM0.11 million which consists of amongst others, air conditioners and uninterruptible power supply equipment for our existing and new facilities as well as upgrade of our Company website.

However, the net cash used in investing activities above mitigated by the following:

(i) proceeds received from disposal of motor vehicle amounting to RM0.11 million; and

(ii) dividend received from investment in quoted shares amounting to RM0.10 million.

Net cash used in financing activities

For the FYE 2023, we recorded net cash used in financing activities of RM6.72 million mainly due to:

(i) dividend paid to the shareholders of RM4.32 million;

(ii) repayment of lease liabilities for renting of premises, amounted to RM2.37 million; and

(iii) repayment of borrowing in the form of term loan for the acquisition of our premise in Johor Bahru, amounted to RM0.03 million.

FPE 2024

Net cash generated from operating activities

For the FPE 2024, we generated operating cash flows before working capital changes of RM7.80 million. Our net cash generated from operating activities was RM4.97 million after accounting for the key items as set out below:

(i) tax paid amounting to RM1.25 million for the FPE 2024;

(ii) increase in trade and other receivables of RM1.23 million. This was mainly due to 8 doctors who voluntarily agreed to reimburse our Company for excess payments made under the Guaranteed Professional Fees Scheme for their professional fees for FPE 2024, as they were not entitled to the minimum monthly payments under the scheme due to the expiration of the terms stipulated in their contracts. Consequently, it resulted in an amount of RM1.16 million due from the doctors. The amount due from the doctors is expected to be fully settled by the end of FYE 2024;

(iii) decrease in trade and other payables of RM0.17 million, which was mainly due to decrease in deposit received from the patients who signed up for fertility treatment packages subsequent to the initiation of our services for these patients as well as decrease in other payables following payment for renovation works on our premises; and

(iv) increase in inventories of RM0.23 million as a result of the establishment of new facility in Ipoh, as well as our Group's initiative to bolster inventory levels across existing facilities to better cater to patients' needs.

Net cash used in investing activities

For the FPE 2024, we recorded net cash used in investing activities of RM3.18 million mainly due to:

(i) acquisition of property, plant and equipment amounting to RM2.85 million, which was mainly comprises the following:

 (a) acquisition of plant and machinery amounting to RM1.85 million which consists of amongst others, the birthcare bed, electrosurgical units, laboratory equipment as well as laser, x-ray and ultrasound systems for our facilities in Klang, Ipoh, Malacca, Setia Walk, Kuala Selangor and Banting;

 (b) renovation cost and capital work-in-progress for, amongst others, our facilities in Kelantan and Klang of RM0.75 million; and

 (c) acquisition of office equipment, furniture and fitting of RM0.25 million which consists of amongst others, the electronic fitting, computers and networking equipment as well as software systems for our existing and new facilities; and

(ii) additional investment in quoted shares of RM0.83 million.

However, the net cash used in investing activities above was mitigated by the following:

(i) proceeds received from disposal of investment in quoted shares amounting to RM0.41 million; and

(ii) dividend received from investment in quoted shares amounting to RM0.10 million.

Net cash used in financing activities

For the FPE 2024, we recorded net cash used in financing activities of RM5.65 million mainly due to:

(i) dividend paid to the shareholders of RM4.44 million; and

(ii) repayment of lease liabilities for renting of premises, amounted to RM1.21 million.

12.3.3 Borrowings

As at the LPD, we do not have any bank borrowings. We have not defaulted on payments of principal sums and/or interest in respect of any of our borrowings throughout the Financial Years Under Review, FPE 2024 and up to the LPD. Throughout the Financial Years Under Review, FPE 2024 and up to the LPD, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

As at the LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

12.3.4 Types of Financial Instruments Used, Treasury Policies and Objectives

As at the LPD, save for our borrowings as disclosed in **Section 12.3.3** of this Prospectus, we do not utilise any other financial instruments.

Our main treasury policy is to maintain sufficient working capital to finance our operations to meet commitments arising from our operational expenditure and financial liabilities. We finance our operations mainly through cash generated from our operations and credit extended by our suppliers. The primary objective is to have sustainable shareholders' equity to ensure we have the ability to continue as a going concern and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.3.5 Material Capital Commitments

As at the LPD, save as disclosed below, there are no other material capital commitments incurred or known to be incurred by us that have a material adverse impact on our results of operations or financial position:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	
- Renovation of facility in Kelantan	143
- Refurbishment of facility in Kuala Selangor	131
	274

We expect to fund the above material capital commitments from the proceeds raised from our Public Issue, internally generated funds and/or bank borrowings.

Please refer to **Section 4.11.1** of this Prospectus for further details pursuant to the utilisation of proceeds from our Public Issue.

12.3.6 Material Litigation and Contingent Liabilities

As at the LPD, we are not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

As at the LPD, our Board, is not aware of any material contingent liabilities which have become enforceable or likely to become enforceable, which may materially and adversely affect our Group's business, financial results or position.

12.3.7 Policies On Foreign Exchange Control and Profit Repatriation

We have not established any other place of business outside of Malaysia and is not subject to government laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to us.

12.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Years Under Review and FPE 2024 are as follows:

	Audited as at 31 December			30 June
	2021	2022	2023	2024
Trade receivables turnover (days)[(1)]	2	2	1	1
Trade payables turnover (days)[(2)]	14	14	11	18
Inventory turnover (days)[(3)]	20	23	24	27
Current ratio (times)[(4)]	3.79	3.33	3.37	2.96
Gearing ratio (times)[(5)]	0.01	-[(6)]	-	-
Net gearing ratio (times)[(7)]	-	-	-	-

Notes*:*

(1) *Computed based on average trade receivables as at year end over revenue for the year multiplied by 365/181 days for each financial year/period.*

(2) *Computed based on average trade payables as at year end over costs of sales for the year multiplied by 365/181 days for each financial year/period.*

(3) *Computed based on average inventories as at year end over cost of sales for the year multiplied by 365/181 for each financial year/period.*

(4) *Computed based on current assets divided by current liabilities.*

(5) *Computed based on total borrowings divided by total shareholders' equity.*

(6) *Less than 0.01 times.*

(7) *Computed based on total borrowings less cash and bank balances (termed as net debt) divided by total shareholders' equity.*

12.4.1 Trade receivables turnover

Generally, the credit period granted to our corporate clients is 30 days. The service provided to corporate clients is limited to diagnostic imaging services. We issue invoices to our corporate client on a monthly basis, reflecting the number of diagnostic imaging services performed by our Group.

For self-paying patients, they are required to settle the invoices due immediately on a cash basis. In addition, patients may be required to make deposits before undergoing major surgical procedures to mitigate our Group's credit risk. In the event that the self-paying patient is unable to fully settle the bill during discharge, the patient is required to sign a promissory bill to fully settle the payment within 30 days.

The credit period granted to our Group's corporate client is assessed and approved on a case-by-case basis after taking into consideration various factors such as our corporate clients' creditworthiness which involves evaluating historical payment trend and any outstanding debts with our Group. There were no changes to our credit policies and procedures during the Financial Years Under Review and FPE 2024.

Our trade and other receivables decreased by RM0.72 million or 33.09%, from RM2.17 million as at 31 December 2021 to RM1.45 million as at 31 December 2022. This was mainly due to the prepayment made to the vendors in FYE 2021 for the purchase of medical instruments has been recognised as property, plant and equipment in FYE 2022 upon full installation of the medical instruments.

Subsequently, our trade and other receivables decreased by RM0.24 million or 16.67%, from RM1.45 million as at 31 December 2022 to RM1.21 million as at 31 December 2023. This was mainly due to the collection of other receivables being the residual value from liquidation of SSH Care and MMC.

Our trade and other receivables increased by RM1.23 million or 101.65% from RM1.21 million as at 31 December 2023 to RM2.44 million as at 30 June 2024. This was mainly due to 8 doctors who voluntarily agreed to reimburse our Company for excess payments made under the Guaranteed Professional Fees Scheme for their professional fees for FPE 2024, as they were not entitled to the minimum monthly payments under the scheme due to the expiration of the terms stipulated in their contracts. Consequently, it resulted in an amount of RM1.16 million due from the doctors. The amount due from the doctors is expected to be fully settled by the end of FYE 2024.

Our trade receivable turnover period for the Financial Years Under Review and FPE 2024 were between 1 day to 2 days, which was within our normal credit period, i.e. 30 days.

We have not experienced any instances of material bad debts during the Financial Years Under Review and FPE 2024. We will assess the collectability of trade receivable on a case-by-case basis and impairment will be made where the recoverability is uncertain based on our assessment of historical payment trend. For the Financial Years Under Review and FPE 2024, no impairment on trade receivable was made but there were trade receivables written off which amounted to RM47,780 (0.11% of total revenue) and RM3,917 (0.01% of total revenue) for the FYE 2021 and FYE 2022, respectively.

The ageing analysis of our trade receivables as at 30 June 2024 is as follows:

		Exceeding credit period			
	Within credit period RM'000	**1-180 days RM'000**	**181-365 days RM'000**	**More than 365 days RM'000**	**Total RM'000**
Trade receivables	7	19	1	6	33
% of trade receivables	21.21	57.58	3.03	18.18	100.00
Subsequent collections as at the LPD	1	18	1	6	26
Net trade receivables after subsequent collections	**6**	**1**	**-**	**-**	**7**

As at 30 June 2024, our total trade receivables were RM0.03 million, of which approximately RM0.03 million or 78.79% of our trade receivables exceeded the normal credit period.

As at the LPD, we have collected approximately RM0.03 million or 75.79% of our total trade receivables as at 30 June 2024. Our Board is of the opinion that the remaining outstanding trade receivables, which are minimal, are recoverable after taking into consideration that these patients do not have a recent default history. For trade receivables exceeding the credit period, we will actively communicate and follow up on the collection.

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12.4.2 Trade payables turnover

The normal trade credit terms granted by our suppliers to our Group range from 30 to 60 days. To maintain good relationships with our suppliers, we will make payments to our suppliers when the invoices are due. Our trade payables turnover days for the Financial Years Under Review and FPE 2024 were between 11 days to 18 days, which were within the credit period granted by our suppliers. Our trade payable turnover day increased from 11 days for the FYE 2023 to 18 days for FPE 2024 was mainly due to extended payment periods aimed at optimising cash flow and improving working capital management.

As at the LPD, there was no dispute with any suppliers nor there was any legal action being taken against our Group to demand for payment in the past nor present.

The ageing analysis of our trade payables as at 30 June 2024 is as follows:

			Past due		
	Not past due RM'000	**61-90 days RM'000**	**91-120 days RM'000**	**More than 121 days RM'000**	**Total RM'000**
Trade payables	367	875	350	508	2,100
% of trade payables	17.48	41.67	16.66	24.19	100.00
Subsequent payments as at the LPD	342	791	309	337	1,779
Net trade payables after subsequent collections	25	84	41	171	321

As at 30 June 2024, our total trade payables were RM2.10 million, of which RM1.73 million or 82.52% of our trade payables exceeded the normal credit period.

As at the LPD, we have paid RM1.78 million or 84.71% of our total trade payables as at 30 June 2024.

12.4.3 Inventory turnover

Our inventories mainly comprise drugs and medical disposables.

For FYE 2021 to FYE 2023, our inventory turnover period ranged from 20 days to 24 days. Our inventory turnover period increased by 3 days from 20 days for the FYE 2021 to 23 days for the FYE 2022, which was mainly due to higher inventories as a result additional drugs and medical disposable procured for the 4 new facilities in Old Klang Road, Johor Bahru, Bandar Bukit Tinggi and Penang. Our inventory turnover days increased from 23 days for the FYE 2022 to 24 days for the FYE 2023 which was mainly due to higher inventories maintained by our Group to ensure we have sufficient inventory to meet the patients' needs. Our inventory turnover period increased from 24 days for the FYE 2023 to 27 days for the FPE 2024 which was mainly higher inventories maintained as a result of the establishment of new facility in Ipoh, as well as our Group's initiative to bolster inventory levels across existing facilities to better cater to patients' needs.

Drugs and medical disposables have various shelf lives depending on their nature. We perform full stock count on our drugs and medical disposables semi-annually and assess if there is any indication for impairment for our inventories such as obsolescence or slow-moving inventories that are near their expiry dates. For the damaged and expired drugs and medical disposables, our policy is for these inventories to be written off.

Our Board is of the view that no impairment is required for inventory as at the LPD as the drugs and medical disposables are within their shelf life and there are no slow-moving stocks as at the LPD.

12.4.4 Current ratio

Our current ratio throughout the FYE 2021 to FYE 2023 and FPE 2024 is as follows:

	Audited as at 31 December			30 June
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	19,120	18,584	19,460	16,737
Current liabilities	5,043	5,580	5,766	5,651
Net current assets	**14,077**	**13,004**	**13,694**	**11,086**
Current ratio (times)	3.79	3.33	3.37	2.96

Our current ratio was ranging from 2.96 to 3.79 times for the Financial Years Under Review and FPE 2024. This indicates that our Group is capable of meeting our current obligations as our current assets such as inventories and trade receivables, which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

Our current ratio decreased from 3.79 times as at 31 December 2021 to 3.33 times as at 31 December 2022 which was mainly due to the decrease in cash and cash equivalents by RM0.97 million as a result of lower PBT recorded for the FYE 2022 as explained in **Section 12.2.9** above coupled with the increase in other payables by RM0.72 million arising from the purchase of medical instruments and renovation of our premises which includes but not limited to fees payable for the architect, consultants and painting contractor. Our current ratio increased from 3.33 times as at 31 December 2022 to 3.37 times as at 31 December 2023 which was attributable to the increase in our cash and cash equivalents by RM0.87 million. Please refer to **Section 12.3.2** of this Prospectus for the review on our cash flow.

Our current ratio decreased from 3.37 times as at 31 December 2023 to 2.96 times as at 30 June 2024 which was mainly due to the decrease in cash and cash equivalents by RM3.85 million as explained in Section 12.2.9 above which was partially offset by the following:

(i) increase in trade and other receivables by RM1.23 million. This was mainly due to 8 doctors who voluntarily agreed to reimburse our Company for excess payments made under the Guaranteed Professional Fees Scheme for their professional fees for FPE 2024, as they were not entitled to the minimum monthly payments under the scheme due to the expiration of the terms stipulated in their contracts. Consequently, it resulted in an amount of RM1.16 million due from the doctors. The amount due from the doctors is expected to be fully settled by the end of FYE 2024; and

(ii) increase in inventories by RM0.23 million as a result of establishment of new facility in Ipoh, as well as our Group's initiative to bolster inventory levels across existing facilities to better cater to patients' needs.

12.4.5 Gearing ratio

Our gearing ratio throughout the FYE 2021 to FYE 2023 and FPE 2024 is as follows:

	Audited			
	31 December			30 June
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Total borrowings	424	32	-	-
Net debt[1]	-	-	-	-
Total equity	34,336	35,246	37,375	36,470
Gearing ratio (times)	0.01	-[2]	-	-
Net gearing ratio (times)	-	-	-	-

***Notes**:*

[1] *Net debt is total loans and borrowings less cash and bank balances.*

[2] *Less than 0.01 times.*

Our gearing ratio has decreased to less than 0.01 times as at 31 December 2022 following the repayment of term loan over the FYE 2021 and FYE 2022. Our Group was at a net cash position as at 31 December 2021, 31 December 2022 and 31 December 2023. As at 31 December 2023 and 30 June 2024, our Group does not have any borrowings and/or facilities from financial institutions.

12.5 TREND INFORMATION

Based on our track record for the Financial Years Under Review and FPE 2024, the following trends may continue to affect our business:

(i) we generated more than 95.00% of our revenue from O&G healthcare services and we will continue to focus on this segment;

(ii) we generated 19.86% of our revenue from states in Malaysia other than Kuala Lumpur and Selangor for the FYE 2021, and the revenue from these states has grown to 25.75% in the FPE 2024. We expect our revenue from these states to grow at a faster pace as compared to our revenue from Kuala Lumpur and Selangor and this trend will continue moving forward;

(iii) Kuala Lumpur and Selangor have been our main focus in terms of geographical locations and we will continue to focus on these locations in the near future; and

(iv) the main component of our cost of sales are emoluments of medical professionals and drugs and medical disposables and we expect this trend to continue.

As at the LPD, after all reasonable enquiries, our Board confirms that, our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, liquidity and capital resources, save as disclosed in this Section and **Sections 7 and 9** of this Prospectus;

(ii) material capital commitments save as disclosed in **Section 12.3.5** of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and **Section 9** of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue, save as disclosed in this Section and **Section 9** of this Prospectus; and

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position, save as disclosed in this Section and **Sections 7, 8** and **9** of this Prospectus.

Our Board is optimistic about our future prospects given the positive outlook of the Fertility, Obstetrics and Gynaecology Services Industry in Malaysia as set out in the IMR Report in **Section 8** of this Prospectus, our competitive advantages and key strengths as set out in **Section 7.2** of this Prospectus and our commitment to implement the business strategies and future plans as set out in **Section 7.22** of this Prospectus.

12.6 ORDER BOOK

The concept of an order book does not apply to our business. Although our facilities maintain a register for advance patient appointments with our consultants, these appointments are not legally binding and may be cancelled or postponed, and therefore do not constitute our orders on hand.

12.7 SIGNIFICANT CHANGES

There are no other significant changes that have occurred, which may have a material effect on our Group's financial position and results since 30 June 2024 and up to the LPD.

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12.8 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

(i) as at 31 August 2024; and

(ii) after adjusting for the effects of Bonus Issue, Public Issue and utilisation of proceeds.

	I Unaudited as at 31 August 2024 RM'000	II After I and Bonus Issue RM'000	III After II and Public Issue RM'000	IV After III and utilisation of proceeds[(1)] RM'000
Indebtedness				
Current:				
Unsecured				
Term loans	-	-	-	-
Lease liabilities[(2)]	1,912	1,912	1,912	1,912
Secured				
Term loans	-	-	-	-
Lease liabilities	-	-	-	-
Non-current:				
Unsecured				
Term loans	-	-	-	-
Lease liabilities[(2)]	14,778	14,778	14,778	14,778
Secured				
Term loans	-	-	-	-
Lease liabilities	-	-	-	-
Total indebtedness	**16,690**	**16,690**	**16,690**	**16,690**
Capitalisation				
Share capital	18,164	18,164	57,320	56,288
Retained earnings	18,931	18,931	18,931	17,435
Total capitalisation	**37,095**	**37,095**	**76,251**	**73,723**
Total capitalisation and indebtedness	**53,785**	**53,785**	**92,941**	**90,413**
Contingent liabilities	-	-	-	-
Gearing ratio (times)[(3)]	0.45	0.45	0.22	0.23

Notes:

(1) *Total proceeds of RM39.16 million from the Public Issue, of which RM25.0 million is allocated for expansion of existing O&G business, RM3.00 million for refurbishment and upgrading of business premises, RM7.33 million for working capital purposes and RM3.83 million for estimated listing expenses. Please refer to* ***Section 4.11.1*** *of this Prospectus for further information on the utilisation of proceeds raised from the Public Issue.*

(2) *Lease liabilities consist of our Group's financial obligation to make the rental payments for renting of premises for our Group's business operation.*

(3) *Calculated based on total indebtedness divided by total capitalisation.*

12.9 DIVIDEND POLICY

We target a pay-out ratio of at least 20% of our consolidated net profit attributable to the owners of our Company for each financial year, after taking into consideration our capital requirements including working capital and capital expenditure. The declaration and payment of any dividends is subject to the recommendation of our Board and any final dividends declared will be subject to the approval of our shareholders at our annual general meeting.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividend distributions, which are subject to modification at our Board's discretion.

As we are an investment holding company, our income and ability to pay dividends are dependent upon the dividends we receive from our subsidiaries. However, the payment of dividends by our subsidiaries is dependent upon, amongst others, the financial condition, availability of distributable profits, capital expenditure plans, business expansion plans, the covenants in their loan agreements (if any), which restrict the payment of dividends or other distributions until such loans are fully settled (or unless the prior approval of the lenders is obtained), and/or other agreements to which any of our subsidiaries are parties to and other factors that our Board deem relevant.

The dividends paid by our Group for the FYE 2021 to FYE 2023, FPE 2024 and up to the LPD are as follows:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	1 July 2024 and up to the LPD RM'000
Dividend paid	1,336	4,070	4,317	4,440	-
PAT attributable to the owners of the Company	9,438	5,016	6,248	3,535 [(1)]	-
Dividend payout ratio (%)	14.16	81.14	69.09	125.60	-

***Note**:*

[(1)] *Being audited PAT attributable to owners of our Company for FPE 2024.*

Our Group does not intend to declare any dividends prior to Listing.

The dividend paid is not expected to have any impact on the execution and implementation of our Group's future plans or strategies.

The dividend declared in the past should not be treated as an indication of our future dividend payout. Please refer to **Section 9.3.3** of this Prospectus on the risk that our dividend payout is not guaranteed.

12.10 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

HLB LER LUM CHEW
CHARTERED ACCOUNTANTS

The Board of Directors
Metro Healthcare Berhad
Third Floor, No. 77, 79 & 81
Jalan SS21/60,
Damansara Utama,
47400 Petaling Jaya,
Selangor.

Dear Sirs/Madam,

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF METRO FOR INCLUSION IN THE PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Metro and its subsidiaries ("the Group") as at 30 June 2024, together with the accompanying notes thereto. The pro forma consolidated statements of financial position of Metro ("Pro Forma") as set out in Appendix A of this Report (which we have stamped for the purpose of identification), have been compiled by the Board of Directors of Metro (the "Board") for the inclusion in the Prospectus of Metro in connection with the initial public offering in conjunction with the transfer of listing of Metro from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("the Transfer of Listing").

The applicable criteria on the basis of which the Board has compiled the Pro Forma is described in Note 2 to 3 of Appendix A.

The Pro Forma is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma has been compiled by the Board to illustrate the impact of the Transfer of Listing, as set out in Note 2 to 3 of Appendix A, on the financial position of Metro as at 30 June 2024.

As part of this process, information about the financial position of the Group has been extracted by the Board from the audited consolidated financial statements of the Group for the financial period ended 30 June 2024, of which the audited report was dated 19 September 2024.

The Board of Directors' Responsibilities

The Board is solely responsible for compiling the Pro Forma on the basis set out in Note 2 to 3 of Appendix A and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

HLB LER LUM CHEW
CHARTERED ACCOUNTANTS

METRO HEALTHCARE BERHAD (CONTINUED)
Registration No.: 201001021746 (905516-M)

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Management 1 (ISQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statement, or Other Assurance or Related Services Engagements issued by the International Auditing and Assurance Standard Board and adopted by the Malaysian Institute of Accountants and accordingly, the firm is required to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirement, professional standards and applicable legal and regulatory requirement.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the Pro Forma has been compiled, in all material respects, by the Board on the basis set out in Note 2 to 3 of Appendix A and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires us to plan and perform procedures to obtain reasonable assurance about whether the Board has compiled, in all material respects, the Pro Forma on the basis set out in Note 2 to 3 of Appendix A.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions where addressed by us at the dates of their issues.

The purpose of Pro Forma included in the Prospectus is solely illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Further, such information may not reflect the actual or predict the Group's future financial position. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the Pro Forma provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Statements of Financial Position reflect the proper application of those adjustments to the unadjusted statements of financial information.

HLB LER LUM CHEW
CHARTERED ACCOUNTANTS

METRO HEALTHCARE BERHAD (CONTINUED)
Registration No.: 201001021746 (905516-M)

Reporting Accountants' Responsibility (Continued)

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma.

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

Opinion

In our opinion, the Pro Forma of the Group as at 30 June 2024 have been compiled, in all material respects, on the basis as described in the Note 2 to 3 of Appendix A and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

Other Matter

This report has been prepared solely for the purpose stated above, in connection with the Transfer of Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

HLBLerLumChew

HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants

TANG YAN YU
03452/10/2025 J
Chartered Accountant

9 October 2024
Kuala Lumpur

Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

			Pro Forma I		Pro Forma II		Pro Forma III
	As at 30 June 2024 RM	Adjustment for Material Subsequent Event RM	After adjustment for Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
ASSETS							
Non-current assets							
Property, plant and equipment	21,860,243	-	21,860,243	-	21,860,243	-	21,860,243
Right-of-use assets	15,613,877	-	15,613,877	-	15,613,877	-	15,613,877
Other investment	3,674,404	-	3,674,404	-	3,674,404	-	3,674,404
	41,148,524		41,148,524		41,148,524		41,148,524
Current assets							
Inventories	2,140,167	-	2,140,167	-	2,140,167	-	2,140,167
Trade and other receivables	2,440,126	-	2,440,126	-	2,440,126	(297,838)	2,142,288
Tax recoverable	847,218	-	847,218	-	847,218	-	847,218
Cash and cash equivalents	11,309,738	-	11,309,738	39,156,250	50,465,988	(2,230,497)	48,235,491
	16,737,249		16,737,249		55,893,499		53,365,164
TOTAL ASSETS	57,885,773		57,885,773		97,042,023		94,513,688

Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024 (CONTINUED)

			Pro Forma I		Pro Forma II		Pro Forma III
	As at 30 June 2024 RM	Adjustment for Material Subsequent Event RM	After adjustment for Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	18,163,699	-	18,163,699	39,156,250	57,319,949	(1,032,151)	56,287,798
Retained earnings	18,305,810	-	18,305,810	-	18,305,810	(1,496,184)	16,809,626
TOTAL EQUITY	36,469,509		36,469,509		75,625,759		73,097,424
Non-current liabilities							
Lease liabilities	15,082,846	-	15,082,846	-	15,082,846	-	15,082,846
Deferred tax liabilities	681,910	-	681,910	-	681,910	-	681,910
	15,764,756		15,764,756		15,764,756		15,764,756

Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024 (CONTINUED)

			Pro Forma I		Pro Forma II		Pro Forma III
	As at 30 June 2024 RM	Adjustment for Material Subsequent Event RM	After adjustment for Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
Current liabilities							
Trade and other payables	3,753,507	-	3,753,507	-	3,753,507	-	3,753,507
Tax liability	1,969	-	1,969	-	1,969	-	1,969
Lease liabilities	1,896,032	-	1,896,032	-	1,896,032	-	1,896,032
	5,651,508		5,651,508		5,651,508		5,651,508
TOTAL LIABILITIES	21,416,264		21,416,264		21,416,264		21,416,264
TOTAL EQUITY AND LIABILITIES	57,885,773		57,885,773		97,042,023		94,513,688

Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024 (CONTINUED)

			Pro Forma I		Pro Forma II		Pro Forma III
	As at 30 June 2024 RM	Adjustment for Material Subsequent Event RM	After adjustment for Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
Net assets (RM)	36,469,509	-	36,469,509	-	75,625,759	-	73,097,424
Number of Shares assumed in issue	616,710,000	205,570,000	822,280,000	156,625,000	978,905,000	-	978,905,000
Net assets attributable to equity holders per Share (Sen)	5.91		4.44		7.73		7.47
Gearing ratio (times)[(1)]	0.47		0.47		0.22		0.23

(1) Gearing ratio calculated based on total debt divided by total shareholders' equity.

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Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

1. INTRODUCTION AND BASIS OF PREPARATION

1.1 Introduction

The pro forma consolidated statements of financial position of Metro Healthcare Berhad ("Metro" or the "Company") and its subsidiaries (hereinafter referred to as the "Group") as at 30 June 2024 (the "Pro Forma") together with the notes thereon, for which the Board of Directors of the Company (the "Board") are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus of the Company to be issued in connection with the initial public offering in conjunction with the transfer of listing of Metro from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities (the "Transfer of Listing") and should not be relied upon for any other purposes.

1.2 Basis of preparation

The Pro Forma has been compiled on the basis stated using financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

The Pro Forma together with the notes thereon, have been prepared solely to illustrate the impact of the events or transactions as set out in Note 2 to 3 to the Pro Forma as if the events or transactions have been in existence on 30 June 2024. As part of this process, information about the financial position of the Group has been extracted by the Board from the audited consolidated financial statements of the Group for the financial period ended 30 June 2024, of which the audited report was dated 19 September 2024 and not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma is not necessarily indicative of the financial position that would have been attained had the effects of the transactions as set out in Note 2 to 3 actually occurred at the respective dates. The Pro Forma has been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual effects of the transactions on the Group's future financial position.

1.3 Material subsequent event occurring after 30 June 2024

Subsequent to 30 June 2024, Metro had completed Bonus Issue of 205,570,000 Shares on the basis of 1 new Share for every 3 existing Shares held by shareholders of the Company on the Entitlement Date.

The Bonus Issue was implemented without capitalisation of the retained earnings or reserves of the Company. The Shares pursuant to the Bonus Issue was issued as fully paid at nil consideration.

Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

2. LISTING SCHEME

Metro was incorporated in Malaysia on 23 June 2010 under the Companies Act, 1965 and deemed incorporated under the Companies Act 2016 as a private limited company under the name of Metro Healthcare Sdn Bhd. The Company was converted to a public limited company on 23 March 2011 and subsequently listed on the LEAP Market on 26 February 2018.

The substantial shareholders of the Company as at 30 June 2024 is set out as follows:

	Direct		**Indirect**	
	No. of shares	**%**	**No. of shares**	**%**
Dr Tay Swi Peng @ Tee Swi Peng	317,923,296	51.55	37,039,152	6.01
Dr Kong Lan Moon	143,101,230	23.20	-	-
Country Range Sdn. Bhd.	37,039,152	6.01	-	-

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:

2.1 Withdrawal exercise

On 26 May 2023, MIDF Investment, on behalf of Metro, had submitted an application for the waiver from compliance with the requirement to make an exit offer and appoint an independent adviser pursuant to Rules 8.01(1)(c) and (d) of the LEAP Market Listing Requirements respectively ("Exemptions"), in connection with the Withdrawal. Subsequently, on 16 August 2023, Bursa Securities had, vide its letter dated 16 August 2023, resolved to approve the Exemptions, subject to the condition that the Minority Shareholders' Undertaking Letters remain valid and binding until the completion of the Withdrawal.

The approval from shareholders of Metro for the Withdrawal was obtained at the Extraordinary General Meeting ("EGM") held on 22 February 2024. The Withdrawal Application was submitted alongside the application for the Listing and final copy of Metro's prospectus in accordance with Rule 2.2 of Guidance Note 15A of the ACE Market Listing Requirements.

Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

2. LISTING SCHEME (CONTINUED)

2.2 Listing exercise

(i) Public Issue

Public Issue of 156,625,000 new Shares ("Issue Shares"), representing approximately 16.0% of the enlarged issued Shares after the Transfer of Listing, at an issue price of RM0.25 per Issue Share.

Upon completion of the Public Issue, the enlarged issued shares of RM57,319,949 comprising 978,905,000 Shares will be listed and quoted on the ACE Market of Bursa Securities.

3. PRO FORMA ADJUSTMENTS

3.1 Pro Forma adjustments to the Pro Forma Statements of Financial Position

3.1.1 Pro Forma I

Pro Forma I incorporated the effects of the Material Subsequent Event as set out in Note 1.3 to the Pro Forma.

3.1.2 Pro Forma II

Pro Forma II incorporated the effects of Pro Forma I and the effects of Public Issue as set out in Note 2.2(i) to the Pro Forma.

3.1.3 Pro Forma III

Pro Forma III incorporated the effects of Pro Forma II and the Utilisation of Proceeds from the Public Issue. The proceeds from Public Issue will be utilised as follows:

Utilisation of proceeds	**Estimated timeframe for utilisation upon Listing**	**RM'000**	**Percentage of gross proceeds %**
Capital expenditure for the following:			
- Expansion of existing O&G business	Within 36 months	25,000	63.85
- Refurbishment and upgrading of the business premises	Within 24 months	3,000	7.66
Working capital	Within 36 months	7,329	18.72
Estimated listing expenses	Within 1 month	3,827	9.77
Total		39,156	100.00

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METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

3. PRO FORMA ADJUSTMENTS (CONTINUED)

3.1 Pro Forma adjustments to the Pro Forma Statements of Financial Position (Continued)

3.1.3 Pro Forma III (continued)

Notes:

At the latest practicable date of the Prospectus, the Group did not enter into any contractual binding agreements or issued any purchase orders in relation to the above purposes. Accordingly, the use of the proceeds earmarked for these purposes are not reflected in the Pro Forma.

If the actual listing expenses are higher than budgeted, the deficit will be funded by the portion of the proceeds allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

The total estimated listing expenses for the Transfer Listing to be borne by the Group is estimated to be RM3,827,190. As at 30 June 2024, the Group has paid RM1,596,693 of listing expenses of which RM1,298,855 has been recognised in the profit or loss and RM297,838 is recognised in the prepayment.

Upon completion of the Transfer Listing, the estimated listing expenses for the Transfer Listing totaling RM1,032,151 that is directly attributable to the Public Issue will be debited against the share capital of the Company and the remaining estimated expenses for the Transfer Listing of RM1,496,184 will be charged to profit or loss of the Group.

3.2 Effects on the Pro Forma

3.2.1 Cash and cash equivalents

	Note	RM
As at 30 June 2024		11,309,738
Proceeds from the Bonus Issue		-
As per Pro Forma I		11,309,738
Proceeds from the Public Issue	2.2(i)	39,156,250
As per Pro Forma II		50,465,988
Utilisation of proceeds		(2,230,497)
As per Pro Forma III		48,235,491

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METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

3. PRO FORMA ADJUSTMENTS (CONTINUED)

3.2 Effects on the Pro Forma (Continued)

3.2.2 Trade and other receivables

	RM
As at 30 June 2024	2,440,126
Proceeds from the Bonus Issue	-
As per Pro Forma I	2,440,126
Proceeds from the Public Issue	-
As per Pro Forma II	2,440,126
Utilisation of the proceeds	(297,838)
As per Pro Forma III	2,142,288

3.2.3 Share capital and retained earnings

	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
As at 30 June 2024		18,163,699	18,305,810	36,469,509
Proceeds from the Bonus Issue		-	-	-
As per Pro Forma I		18,163,699	18,305,810	36,469,509
Proceeds from the Public Issue	2.2(ii)	39,156,250	-	39,156,250
As per Pro Forma II		57,319,949	18,305,810	75,625,759
Utilisation of the proceeds		(1,032,151)	(1,496,184)	(2,528,335)
As per Pro Forma III		56,287,798	16,809,626	73,097,424

Appendix A

METRO HEALTHCARE BERHAD ("Metro" or the "Company")
Registration No.: 201001021746 (905516-M)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Metro Healthcare Berhad in accordance with a resolution dated 19 September 2024.

Signed on behalf of the Board of Directors.

....	....
Tay Swi Peng @ Tee Swi Peng	Lim Wai Khong
Director	Director

Kuala Lumpur
9 October 2024

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

HLB LER LUM CHEW
CHARTERED ACCOUNTANTS

The Board of Directors
Metro Healthcare Berhad
Third Floor, No. 77, 79 & 81
Jalan SS21/60,
Damansara Utama,
47400 Petaling Jaya,
Selangor.

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF METRO HEALTHCARE BERHAD (THE "COMPANY")

OPINION

We have audited the consolidated financial statements of Metro Healthcare Berhad ("Metro" or the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended ("FYE") 31 December 2021, 2022, 2023 and financial period ended ("FPE") 30 June 2024, and notes to the consolidated financial statements, including material accounting policy information as set out on pages 5 to 61.

The consolidated financial statements have been prepared for inclusion in the prospectus (the "Prospectus") of the Company in connection with the initial public offering in conjunction with the transfer of listing of the Company from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities (the "Transfer of Listing"). This report is prepared for the purpose of complying with the Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the consolidated financial statements gives a true and fair view of the financial position of the Group as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024 and of its financial performance and cash flows for each of the FYE 31 December 2021, 2022, 2023 and FPE 30 June 2024 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 *Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group 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.

HLB LER LUM CHEW
CHARTERED ACCOUNTANTS

Registration No.: 201001021746 (905516-M)

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements of the Group, the Directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 information.

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 skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial information of the Group, 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 internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves true and fair presentation; and

HLB LER LUM CHEW
CHARTERED ACCOUNTANTS

Registration No.: 201001021746 (905516-M)

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance 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.

OTHER MATTER

The comparative information of the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and note to the consolidated financial statements of the Group for the six-month financial period ended 30 June 2023 has not been audited.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the Prospectus of the Company in connection with the Transfer of Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

HLB Ler Lum Chew

HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants

TANG YAN YU
03452/10/2025 J
Chartered Accountant

9 October 2024
Kuala Lumpur

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

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 consolidated financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as of 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024 and of their financial performance and cash flows for the financial years/period then ended 31 December 2021, 31 December 2022, 31 December 2023 and financial period then ended 30 June 2024.

Signed on behalf of the Board of Directors in accordance with a resolution dated 19 September 2024.

TAY SWI PENG @ TEE SWI PENG	LIM WAI KHONG

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	18,282,490	20,088,424	20,519,737	21,860,243
Right-of-use assets	4	10,184,245	9,486,875	16,723,340	15,613,877
Other investment	5	2,651,898	3,147,366	3,075,156	3,674,404
Goodwill	6	-	-	-	-
		31,118,633	32,722,665	40,318,233	41,148,524
Current Assets					
Inventories	8	1,449,949	1,597,505	1,907,162	2,140,167
Trade and other receivables	9	2,170,296	1,451,853	1,209,326	2,440,126
Tax recoverable		239,684	1,249,428	1,185,029	847,218
Cash and cash equivalents	10	15,259,828	14,285,516	15,158,480	11,309,738
		19,119,757	18,584,302	19,459,997	16,737,249
TOTAL ASSETS		50,238,390	51,306,967	59,778,230	57,885,773
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	18,163,699	18,163,699	18,163,699	18,163,699
Employees' Share Option Scheme ("ESOS") reserve	12	425,025	389,942	-	-
Retained earnings		15,746,889	16,692,370	19,211,586	18,305,810
TOTAL EQUITY		34,335,613	35,246,011	37,375,285	36,469,509
Non-Current Liabilities					
Borrowing	13	423,839	32,094	-	-
Deferred tax liabilities	7	467,100	1,042,534	655,208	681,910
Lease liabilities	14	9,968,670	9,406,563	15,982,307	15,082,846
		10,859,609	10,481,191	16,637,515	15,764,756
Current Liabilities					
Trade and other payables	15	3,723,468	4,779,587	3,920,538	3,753,507
Current tax liabilities		570,739	35,587	-	1,969
Lease liabilities	14	748,961	764,591	1,844,892	1,896,032
		5,043,168	5,579,765	5,765,430	5,651,508
TOTAL LIABILITIES		15,902,777	16,060,956	22,402,945	21,416,264
TOTAL EQUITY AND LIABILITIES		50,238,390	51,306,967	59,778,230	57,885,773

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

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Revenue	16	42,257,171	40,272,726	44,686,028	21,701,809	24,484,262
Cost of sales		(22,164,550)	(24,267,281)	(26,606,594)	(13,096,609)	(13,744,046)
Gross profit		20,092,621	16,005,445	18,079,434	8,605,200	10,740,216
Other operating income	17	4,343,103	3,889,019	612,486	266,799	506,162
Other operating expenses		(11,460,112)	(12,118,612)	(9,417,076)	(4,731,767)	(5,740,427)
Operating profit		12,975,612	7,775,852	9,274,844	4,140,232	5,505,951
Finance cost		(371,665)	(398,417)	(732,401)	(361,124)	(357,209)
Profit before taxation	18	12,603,947	7,377,435	8,542,443	3,779,108	5,148,742
Taxation	19	(3,166,298)	(2,361,668)	(2,294,851)	(939,878)	(1,614,206)
Profit/Total comprehensive income for the financial year/period		9,437,649	5,015,767	6,247,592	2,839,230	3,534,536
Profit/Total comprehensive income for the financial year/period attributable to:						
- Owners of the company		9,437,649	5,015,767	6,247,592	2,839,230	3,534,536

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Earnings per ordinary share (sen):						
- Basic	20	3.23	0.81	1.01	0.46	0.57
- Diluted	20	3.19	0.81	1.01	0.46	0.57

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

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital RM	ESOS Reserve RM	Retained Earnings RM	Total RM
At 1 January 2021		15,042,728	-	7,645,445	22,688,173
Profit/Total comprehensive income for the financial year		-	-	9,437,649	9,437,649
Issuance of ordinary shares	11	3,120,971	-	-	3,120,971
Dividend	21	-	-	(1,336,205)	(1,336,205)
Transaction with owners		3,120,971	-	(1,336,205)	1,784,766
Share-based payment under ESOS	12	-	425,025	-	425,025
At 31 December 2021		18,163,699	425,025	15,746,889	34,335,613
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	12	-	(35,083)	-	(35,083)
At 31 December 2022		18,163,699	389,942	16,692,370	35,246,011

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

		← Attributable to owners of the Company →			
		Non-distributable		Distributable	
	Note	Share capital RM	ESOS Reserve RM	Retained Earnings RM	Total RM
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	12	-	198,652	-	198,652
Termination of ESOS		-	(588,594)	588,594	-
At 31 December 2023		18,163,699	-	19,211,586	37,375,285
At 1 January 2024		18,163,699	-	19,211,586	37,375,285
Profit/Total comprehensive income for the financial period		-	-	3,534,536	3,534,536
Dividend	21	-	-	(4,440,312)	(4,440,312)
At 30 June 2024		18,163,699	-	18,305,810	36,469,509
Unaudited					
At 1 January 2023		18,163,699	389,942	16,692,370	35,246,011
Profit/Total comprehensive income for the financial period		-	-	2,839,230	2,839,230
Dividend	21			(4,316,970)	(4,316,970)
Share-based payment under ESOS	12	-	198,652	-	198,652
Termination of ESOS		-	(588,594)	588,594	-
At 30 June 2023		18,163,699	-	15,803,224	33,966,923

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

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Cash Flows From Operating Activities						
Profit before taxation		12,603,947	7,377,435	8,542,443	3,779,108	5,148,742
Adjustments for:						
Depreciation of property, plant and equipment	3	2,005,228	2,675,765	2,794,658	1,383,648	1,513,141
Depreciation of right-of-use assets	4	3,562,870	4,105,221	2,218,454	1,102,383	1,109,463
Termination of lease		-	-	(160,709)	-	-
Remeasurement of lease liabilities		(3,007,902)	(3,213,795)	-	-	-
Share-based payment under ESOS	12	425,025	(35,083)	198,652	198,652	-
Finance cost		371,665	398,417	732,401	361,124	357,209
Interest income		(34,550)	(71,542)	(106,973)	(53,082)	(49,779)
Waiver of rental		(66,717)	(4,800)	-	-	-
Gain on disposal of property, plant and equipment		(22,999)	(220,541)	(34,964)	(34,964)	-
Impairment loss on property, plant and equipment	3	168,958	-	-	-	-
Impairment loss on goodwill	6	-	-	-	-	-
Trade and other receivables written-off		47,780	3,917	-	-	-
Property, plant and equipment written-off	3	247,035	64,846	254,821	-	-
(Loss)/Gain on disposal of investment in quoted shares		(794,569)	(4,240)	-	-	34,139
Net fair value (gain)/loss on investment in quoted shares		218,831	(78,002)	72,210	208,161	(208,068)
Dividend income		(74,361)	(100,447)	(103,497)	(61,343)	(104,120)
Operating gain before changes in working capital		15,650,241	10,897,151	14,407,496	6,883,687	7,800,727

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2024 RM Unaudited	1.1.2024 to 30.6.2024 RM
Operating gain before changes in working capital		15,650,241	10,897,151	14,407,496	6,883,687	7,800,727
Changes in working capital:						
Inventories		(487,981)	(147,556)	(309,657)	(175,930)	(233,005)
Trade and other receivables		(699,405)	704,526	242,527	(259,814)	(1,230,800)
Trade and other payables		643,157	1,056,119	(859,049)	(689,138)	(167,031)
Cash generated from operations		15,106,012	12,510,240	13,481,317	5,758,805	6,169,891
Interest paid		(27,558)	-	-	-	-
Interest received		34,550	71,542	106,973	53,082	49,779
Tax refunded		29,059	28,843	226,701	-	5,278
Tax paid		(3,037,583)	(3,359,973)	(2,880,066)	(1,347,673)	(1,253,002)
Net cash generated from operating activities		12,104,480	9,250,652	10,934,925	4,464,214	4,971,946
Cash Flows From Investing Activities						
Acquisition of property, plant and equipment	3	(4,898,450)	(4,578,056)	(3,551,107)	(1,703,517)	(2,853,647)
Investment in quoted shares		(588,706)	(480,467)	-	-	(830,407)
Proceeds from disposal of property, plant and equipment		23,000	252,052	105,279	105,000	-
Proceeds from disposal of investment in quoted shares		1,807,017	67,241	-	-	405,088
Dividend received		74,361	100,447	103,497	61,343	104,120
Net cash used in investing activities		(3,582,778)	(4,638,783)	(3,342,331)	(1,537,174)	(3,174,846)

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2024 RM Unaudited	1.1.2024 to 30.6.2024 RM
Cash Flows From Financing Activities						
Proceeds from issuance of new ordinary shares, net of transaction cost	11	3,120,971	-	-	-	-
Dividend paid	21	(1,336,205)	(4,070,286)	(4,316,970)	(4,316,970)	(4,440,312)
Repayment of borrowing	26	(3,234,661)	(391,745)	(32,094)	(32,094)	-
Repayment of lease liabilities	26	(830,962)	(1,124,150)	(2,370,566)	(1,157,630)	(1,205,530)
Net cash used in financing activities		(2,280,857)	(5,586,181)	(6,719,630)	(5,506,694)	(5,645,842)
Net (decrease)/increase in cash and cash equivalents		6,240,845	(974,312)	872,964	(2,579,654)	(3,848,742)
Cash and cash equivalents at the beginning of the financial year/period		9,018,983	15,259,828	14,285,516	14,285,516	15,158,480
Cash and cash equivalents at the end of financial year/period		15,259,828	14,285,516	15,158,480	11,705,862	11,309,738
Cash and cash equivalents at the end of the financial year/period end comprises:						
Cash and bank balances		12,515,712	10,487,771	11,797,025	3,317,889	9,189,084
Fixed deposits placed with a licensed bank		2,744,116	3,797,745	3,361,455	8,387,973	2,120,654
		15,259,828	14,285,516	15,158,480	11,705,862	11,309,738

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

METRO HEALTHCARE BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. **General Information**

Metro was incorporated in Malaysia under the Companies Act, 1965 on 23 June 2010 as a private limited company under the name of Metro Healthcare Sdn. Bhd. and was subsequently converted into a public limited company on 23 March 2011. Metro has been listed on the LEAP Market of Bursa Securities for 6 years since 26 February 2018.

The addresses of the principal place of business and registered office of the Company are as follows:

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.

The Group is principally involved in the provision of healthcare services related to fertility as well as obstetrics and gynaecology services. Details of the subsidiary companies of the Company are as follows:

Name of entity	Country of incorporation and place of business	Effective ownership and voting interest (%)				Principal activities
		31.12.2021	31.12.2022	31.12.2023	30.6.2024	
Hospital Wanita Metro Sdn. Bhd.	Malaysia	100	100	100	100	Provision of fertility, obstetrics and gynaecology, paediatric services, and other healthcare related services
Metro Medical Centre Sdn. Bhd. [1]	Malaysia	100	-	-	-	Dormant
K.W. Tee Sdn. Bhd. [2]	Malaysia	100	100	100	100	Property investment holding
Metro IVF Sdn. Bhd.	Malaysia	100	100	100	100	Provision of fertility, obstetrics and gynaecology healthcare services

1. **General Information (Continued)**

The Group is principally involved in the provision of healthcare services related to fertility as well as obstetrics and gynaecology services. Details of the subsidiary companies of the Company are as follows (continued):

Name of entity	Country of incorporation and place of business	Effective ownership and voting interest (%)				Principal activities
		31.12.2021	31.12.2022	31.12.2023	30.6.2024	
Vision One Diagnostic Sdn. Bhd.	Malaysia	100	100	100	100	Provision of diagnostic imaging services
SSH Care Sdn. Bhd.[3]	Malaysia	100	-	-	-	Dormant

[1] Metro Medical Centre Sdn. Bhd. ("MMC") had ceased its operations as dental clinic on 1 January 2022. During the financial year ended 31 December 2022, the Directors of the Company have determined that the Company has lost its control over MMC following the member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 in Malaysia. As such, MMC had been deconsolidated from the Group.

[2] K.W. Tee Sdn. Bhd. ("K.W. Tee") had ceased operations and became a property investment holding company during the financial year ended 31 December 2019.

[3] Audited by firm others than HLB Ler Lum Chew PLT. During the financial year ended 31 December 2022, the Directors of the Company have determined that the Company has lost its control over SSH Care Sdn. Bhd. ("SSH Care") following the member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 in Malaysia. As such, SSH Care had been deconsolidated from the Group.

2. **Basis of Preparation and Material Accounting Policy Information**

(a) Basis of preparation

The consolidated financial statements of the Group for the FYE 31 December 2021, 2022, 2023 and FPE 30 June 2024 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in material accounting policy information.

The preparation of consolidated 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 consolidated 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 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 consolidated financial statements are disclosed in Note 2(c).

Amendments to accounting standards that are effective for the Group's financial year beginning on or after 1 January 2024 are as follows:

- 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)

The above amendments to accounting standards effective during the financial period ended 30 June 2024 do not have any significant impact to the financial results and position of the Group.

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

Annual periods beginning on/after 1 January 2025

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

Annual periods beginning on/after 1 January 2027

- MFRS 18, Presentation and Disclosure in Financial Statements

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 abovementioned amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group.

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

(b) Functional and presentation currency

Items included in the consolidated 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the consolidated financial statements. They affect the application of the Group'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 Policy Information (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.

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.

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

(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 the 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 includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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:

• Buildings	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.

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

(g) Property, plant and equipment (continued)

(ii) Depreciation and impairment (continued)

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.

(h) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

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

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

(i) Impairment of non-financial assets (continued)

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); 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 Policy Information (Continued)**

(j) Financial assets (continued)

(iii) Subsequent measurement

Debt instruments

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

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

  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.

- FVTPL

  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

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, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's right to receive payments is established.

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

(j) Financial assets (continued)

(iv) Impairment

The Group assesses 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 expects to receive, over the remaining life of the financial instrument.

For trade receivables and contract assets, 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 and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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 defines 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 considers the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group 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.

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

The Group writes 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 may write-off financial assets that are still subject to enforcement activity

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

(k) 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 though 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 categorised as fair value through profit or loss.

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

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(m) 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.

(n) 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 in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

(o) 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.

(p) 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.

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 consolidated 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.

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

(q) 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.

(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.

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

(r) Provisions

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

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) 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.

<u>Rendering of services</u>

Revenue from services rendered represents inpatient and outpatient charges and ambulatory care charges. The provision of inpatient and outpatient services and ambulatory care is recognized 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:

<u>Dividend income</u>

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

<u>Rental income</u>

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

<u>Interest income</u>

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

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

(t) 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.

In determining the lease term, the Group considers 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 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.

(ii) Accounting by lessor

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

<u>Operating leases</u>

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

13. ACCOUNTANTS' REPORT *(Cont'd)*

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
Cost							
At 1 January 2021	5,414,387	5,855,987	387,824	2,684,363	2,132,506	3,442,793	19,917,860
Additions	-	2,283,929	144,634	130,710	1,586,194	752,983	4,898,450
Reclassification	-	245,607	-	-	1,862,003	(2,107,610)	-
Disposal	-	-	(1)	-	-	-	(1)
Written-off	-	(320,000)	-	(4,500)	(150,560)	-	(475,060)
At 31 December 2021/1 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)
As 31 December 2022/1 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 2023/1 January 2024	5,414,387	11,534,314	618,362	3,071,448	7,000,710	3,905,280	31,544,501
Additions	-	1,851,519	-	252,578	353,215	396,335	2,853,647
Reclassification	-	671,350	-	6,900	2,040,347	(2,718,597)	-
At 30 June 2024	5,414,387	14,057,183	618,362	3,330,926	9,394,272	1,583,018	34,398,148

13. ACCOUNTANTS' REPORT *(Cont'd)*

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
Accumulated depreciation							
At 1 January 2021	216,828	1,921,808	191,589	943,487	838,886	-	4,112,598
Charge for the year	108,413	1,003,793	93,578	355,270	444,174	-	2,005,228
Written-off	-	(194,667)	-	(2,375)	(30,983)	-	(228,025)
At 31 December 2021/1 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 2022/1 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 2023/1 January 2024	542,069	5,280,789	318,690	1,990,099	2,893,117	-	11,024,764
Charge for the period	54,207	716,945	38,273	169,325	534,391	-	1,513,141
At 30 June 2024	596,276	5,997,734	356,963	2,159,424	3,427,508	-	12,537,905
Accumulated impairment loss							
At 1 January 2021	-	-	-	-	-	-	-
Impairment loss for the year	-	168,958	-	-	-	-	168,958
At 31 December 2021/1 January 2022	-	168,958	-	-	-	-	168,958
Disposal	-	(168,958)	-	-	-	-	(168,958)
At 31 December 2022/1 January 2023/ 31 December 2023/1 January 2024/30 June 2024	-	-	-	-	-	-	-

13. ACCOUNTANTS' REPORT *(Cont'd)*

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
Carrying amount							
At 31 December 2021	5,089,146	5,165,631	247,290	1,514,191	4,178,066	2,088,166	18,282,490
At 31 December 2022	4,980,732	6,670,226	175,353	1,345,585	4,859,034	2,057,494	20,088,424
At 31 December 2023	4,872,318	6,253,525	299,672	1,081,349	4,107,593	3,905,280	20,519,737
At 30 June 2024	4,818,111	8,059,449	261,399	1,171,502	5,966,764	1,583,018	21,860,243

Freehold land and building with carrying amount of RM4,980,732 and RM5,089,146 as at 31 December 2022 and 31 December 2021 respectively was pledged to a licensed bank as security for borrowing as disclosed in Note 13 to the financial statements. As at 31 December 2023, the borrowing had been fully repaid and there was no property, plant and equipment pledged to any licensed bank.

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

	Premises RM
Cost	
At 1 January 2021	8,224,974
Additions	6,548,701
Completion of right-of-use assets	(3,394,477)
At 31 December 2021/1 January 2022	11,379,198
Addition	3,407,851
Completion of right-of-use assets	(3,314,043)
Termination of lease	(240,708)
At 31 December 2022/1 January 2023	11,232,298
Addition	10,680,912
Completion of lease	(194,741)
Termination of lease	(1,803,633)
At 31 December 2023/1 January 2024/30 June 2024	19,914,836
Accumulated depreciation	
At 1 January 2021	1,026,560
Charge for the year	3,562,870
Completion of right-of-use assets	(3,394,477)
At 31 December 2021/1 January 2022	1,194,953
Charge for the financial year	4,105,221
Completion of right-of-use assets	(3,314,043)
Termination of lease	(240,708)
At 31 December 2022/1 January 2023	1,745,423
Charge for the financial year	2,218,454
Completion of lease	(194,741)
Termination of lease	(577,640)
At 31 December 2023/1 January 2024	3,191,496
Charge for the financial period	1,109,463
At 30 June 2024	4,300,959
Carrying amount	
At 31 December 2021	10,184,245
At 31 December 2022	9,486,875
At 31 December 2023	16,723,340
At 30 June 2024	15,613,877

During the financial year ended 31 December 2021 and 31 December 2022, the Group had terminated certain leases of premises and arising thereon, the depreciation for the right-of-use assets was accelerated and recognised as other operating expenses. The net impact of the lease termination is illustrated in Note 14 to the financial statements.

5. **Other Investment**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Fair Value through Profit or Loss				
Quoted shares in Malaysia	2,651,898	3,147,366	3,075,156	3,674,404

6. **Goodwill**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Cost				
At 1 January	712,528	712,528	-	-
Deemed disposal of a subsidiary	-	(712,528)	-	-
At 31 December/30 June	712,528	-	-	-
Accumulated impairment				
At 1 January	712,528	712,528	-	-
Charge for the financial year/period	-	-	-	-
Deemed disposal of a subsidiary	-	(712,528)	-	-
At 31 December/30 June	712,528	-	-	-
Carrying amount				
At 31 December/30 June	-	-	-	-

7. **Deferred Tax Liabilities**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Deferred tax liabilities	(467,100)	(1,042,534)	(655,208)	(681,910)

Movement on the net deferred tax liabilities are as follows:

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
At 1 January	(410,814)	(467,100)	(1,042,534)	(655,208)
Recognised in profit or loss (Note 18):				
- Property, plant and equipment	(371,611)	(704,919)	464,117	149,054
- Unutilised tax losses	-	-	-	
- Right-of-use assets	128,012	36,215	110,180	65,730
- Deferred revenue	187,313	93,270	(186,971)	(241,486)
	(56,286)	(575,434)	387,326	(26,702)
At 31 December/30 June	(467,100)	(1,042,534)	(655,208)	(681,910)

7. **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:

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Deferred tax assets				
- Right-of-use assets	(128,012)	(164,227)	(274,407)	(340,137)
- Deferred revenue	(537,918)	(631,188)	(444,217)	(202,731)
	(665,930)	(795,415)	(718,624)	(542,868)
Offsetting	665,930	795,415	718,624	542,868
Net deferred tax assets	-	-	-	-
Deferred tax liabilities				
- Property, plant and equipment	(1,133,030)	(1,837,949)	(1,373,832)	(1,224,778)
Offsetting	665,930	795,415	718,624	542,868
Net deferred tax liabilities	(467,100)	(1,042,534)	(655,208)	(681,910)

8. **Inventories**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
At cost				
Trading merchandise	1,449,949	1,597,505	1,907,162	2,140,167

The Group's cost of inventories recognised as expenses and included in cost of sales amounted to RM2,986,307 (31.12.2023: RM5,506,470; 31.12.2022: RM5,554,014; 31.12.2021: RM4,784,740).

9. **Trade and Other Receivables**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Trade receivables	388,307	94,160	110,295	33,304
Other receivables	155,659	423,993	56,357	1,247,305
Deposits	781,759	765,216	765,258	783,268
Prepayments	844,571	168,484	277,416	376,249
	2,170,296	1,451,853	1,209,326	2,440,126

The Group's trade credit terms are 30 days (31.12.2023: 30 days; 31.12.2022: 30 days; 31.12.2021: 30 days). Other credit terms are assessed and approved on a case-by-case basis.

9. **Trade and Other Receivables (Continued)**

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

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Neither past due nor impaired	78,256	18,056	8,158	7,008
Past due but not individually impaired				
- Between 1 - 180 days	293,966	26,195	89,753	18,657
- Between 181 - 365 days	16,085	13,126	5,934	1,590
- More than 365 days	-	36,783	6,450	6,049
	310,051	76,104	102,137	26,296
	388,307	94,160	110,295	33,304

The Group's trade receivables of RM26,296 (31.12.2023: RM102,137; 31.12.2022: RM76,104; 31.12.2021: RM310,051) 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 are amounts of RM66,000 and RM330,000 (31.12.2023: RM66,000 and RM330,000; 31.12.2022: RM66,000 and RM327,000; 31.12.2021: RM72,000 and RM277,500) paid to Directors and companies in which certain Directors have substantial financial interest respectively.

Included in other receivables of the Group is an amount of RM6,207 (31.12.2023: RM6,189; 31.12.2022: RM343,425; 31.12.2021: Nil) relating to deemed consideration receivables from disposal of subsidiaries and an amount of RM1,157,482 (31.12.2023: Nil; 31.12.2022: Nil; 31.12.2021: Nil) owing by medical professionals arising from excess payment for the Guaranteed Professional Fee Scheme for their professional fees.

10. **Cash and Cash Equivalents**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Cash and bank balances	12,515,712	10,487,771	11,797,025	9,189,084
Fixed deposits placed with a licensed bank	2,744,116	3,797,745	3,361,455	2,120,654
	15,259,828	14,285,516	15,158,480	11,309,738

Interest rates deposits placed with a licensed bank ranges from 2.55% to 2.60% (31.12.2023: 2.50% to 2.65% per annum; 31.12.2022: 2.10% to 2.20% per annum; 31.12.2021: 1.50% to 1.70% per annum) per annum have a maturity period of range from 30 to 92 days (31.12.2023: 30 to 92 days; 31.12.2022: 30 to 92 days; 31.12.2021: 31 to 365 days).

11. **Share Capital (Continued)**

	31.12.2021 Units	31.12.2022 Units	31.12.2023 Units	30.06.2024 Units
Issued and fully paid				
At 1 January	202,270,000	616,710,000	616,710,000	616,710,000
Issuance of ordinary shares				
- Private placement	3,300,000	-	-	-
- Bonus issues	411,140,000	-	-	-
At 31 December/30 June	616,710,000	616,710,000	616,710,000	616,710,000

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.06.2024 RM
Issued and fully paid				
At 1 January	15,042,728	18,163,699	18,163,699	18,163,699
Issuance of ordinary shares				
- Private placement	3,120,971	-	-	-
At 31 December/30 June	18,163,699	18,163,699	18,163,699	18,163,699

During FYE 31 December 2021, the Company increased its issued and paid-up share capital from 202,270,000 to 616,710,000 ordinary shares by way of the issuance of:

(i) 3,300,000 new ordinary shares pursuant to private placement at RM0.95 per ordinary share amounting to RM3,120,971 (net of transaction costs) mainly for business expansion and working capital purpose; and
(ii) 411,140,000 new ordinary shares by way of bonus issues on the basis of two (2) new ordinary share for every one (1) existing ordinary share held.

The newly issued ordinary shares ranked *pari-passu* in all respect with the then existing ordinary shares of the Company.

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

On 10 June 2021, the shareholders of Metro 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 Bursa Securities to the ACE Market of Bursa Securities. All ESOS options shall become null and void upon termination.

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

Details of share options granted are as follows:

Grant date	No. of ESOS 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 ESOS options is subject to the fulfillment of vesting conditions by eligible Directors and employees. When exercisable, each option is convertible into one ordinary share.

The salient features of the ESOS are as follows:

(a) Maximum number of new shares available under ESOS

The maximum number of ordinary shares of the Company which may be allotted and issued under the 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 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 the Group (excluding dormant subsidiaries);

(iv) such Employee in a company within the 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 Group;

(v) if such Director or employee is employed by a company which is acquired by the 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 Company.

12. **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 ordinary shares of the Company 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 deemed relevant, subject to the following:

(i) the aggregate number of ordinary shares of the Company 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 ordinary shares of the Company to be issued under the 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 ordinary shares of the Company to be issued under the 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.

12. **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
Expected volatility (%)	10

12. **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 1.1.2021	Movement during the year Vested	Exercised	Forfeited	Outstanding as at 31.12.2021	Exercisable as at 31.12.2021
20 October 2021	-	3,596,000	-	(5,000)	3,591,000	3,591,000

Vesting date	Outstanding as at 1.1.2022	Movement during the year Vested	Exercised	Forfeited	Outstanding as at 31.12.2022	Exercisable as at 31.12.2022
20 October 2021	3,591,000	-	-	(386,000)	3,205,000	3,205,000
20 October 2022	-	180,000	-	-	180,000	180,000
	3,591,000	180,000	-	(386,000)	3,385,000	3,385,000

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

13. **Borrowing**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
Non-current				
Term loan - secured	423,839	32,094	-	-
Maturity of borrowing				
More than five years	423,839	32,094	-	-

The above credit facility obtained from a licensed bank is secured by the following:

(a) The principal instrument, a facilities agreement for the sum of RM4,409,180;

(b) A registered open all monies first party charge stamped nominally over the freehold land and building as disclosed in Note 3 to the financial statements;

(c) Joint 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 (31.12.2023: Nil; 31.12.2022: 1.90%; 31.12.2021: 2.12%) per annum.

14. **Lease Liabilities**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
Repayable within twelve months	748,961	764,591	1,844,892	1,896,032
Repayable after twelve months	9,968,670	9,406,563	15,982,307	15,082,846
	10,717,631	10,171,154	17,827,199	16,978,878

As disclosed in Note 4 to the financial statements, during the financial year ended 31 December 2021 and 31 December 2022, the Group had terminated certain leases of premises and arising thereon, the lease liabilities was remeasured and recognised as other operating expenses.

13. ACCOUNTANTS' REPORT *(Cont'd)*

14. Lease Liabilities (Continued)

The net impact of termination of leases is illustrated as follows:

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Other operating expenses:					
- Depreciation of right-of-use assets	2,724,111	3,069,145	-	-	-
Other operating income:					
- Remeasurement of lease liabilities	(3,007,902)	(3,213,795)	-	-	-
- Termination of leases	-	-	(160,709)	-	-
Other operating income:					
- Termination of leases	(283,791)	(144,650)	(160,709)	-	-

15. **Trade and Other Payables**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
Trade payables	962,305	945,927	627,201	2,100,404
Other payables	277,676	1,000,211	1,223,749	540,192
Deposits received	2,058,783	2,439,667	1,746,855	802,339
Accruals	242,154	203,132	218,679	268,197
Contract liabilities relating to ambulatory care services:				
- Deferred revenue	182,550	190,650	104,054	42,375
	3,723,468	4,779,587	3,920,538	3,753,507

The trade credit terms granted to the Group range from 30 to 60 days (31.12.2023: 30 to 60 days; 31.12.2022: 30 to 60 days; 31.12.2021: 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/period end.

16. **Revenue**

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

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Revenue recognised from contracts with customers:					
Outpatient services	15,482,788	17,072,576	19,466,307	9,203,971	10,300,054
Inpatient services	5,628,182	4,917,308	5,843,164	3,259,043	2,805,238
Ambulatory care	21,146,201	18,282,842	19,376,557	9,238,795	11,378,970
	42,257,171	40,272,726	44,686,028	21,701,809	24,484,262
Geographical market					
Malaysia	42,257,171	40,272,726	44,686,028	21,701,809	24,484,262
Timing of revenue recognition					
Over time	42,257,171	40,272,726	44,686,028	21,701,809	24,484,262

17. **Other Operating Income**

Included in other operating income are:

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Dividend income	74,361	100,447	103,497	61,343	104,120
Rental income	31,800	24,132	23,417	12,066	9,260
Interest income	34,550	71,542	106,973	53,082	49,779
Educational seminar	199,285	156,060	122,612	99,962	90,980
Net fair value gain on investment in quoted shares	-	78,002	-	-	208,068
Gain on disposal of property, plant and equipment	22,999	220,541	34,964	34,964	-
Gain on disposal of investment in quoted shares	794,569	4,240	-	-	-
Remeasurement of lease liabilities	3,007,902	3,213,795	-	-	-
Termination of lease	-	-	160,709	-	-
Waiver of rental	66,717	4,800	-	-	-
Others	110,920	15,460	60,314	5,382	43,955
	4,343,103	3,889,019	612,486	266,799	506,162

18. Profit Before Taxation

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

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Auditors' remuneration					
- statutory audit:					
- current year	104,000	85,000	95,000	-	100,000
- under/(over) provision in prior year	(5,000)	-	5,500	4,500	10,000
- non-statutory audit	-	81,500	74,700	-	-
Depreciation of property, plant and equipment	2,005,228	2,675,765	2,794,658	1,383,648	1,513,141
Depreciation of right-of-use assets	3,562,870	4,105,221	2,218,454	1,102,383	1,109,463
Impairment loss on property, plant and equipment	168,958	-	-	-	-
Finance cost					
- lease liabilities	344,107	398,417	732,401	361,124	357,209
- term loan	27,558	-	-	-	-
Short-term leases of premises	1,487,400	1,313,800	12,100	27,900	-
Loss on disposal of investment in quoted shares	-	-	-	-	34,139
Trade and other receivables written-off	47,780	3,917	-	-	-
Property, plant and equipment written-off	247,035	64,846	254,821	-	-
Net fair value loss on investment in quoted shares	218,831	-	72,210	208,161	-
Share-based payment under ESOS	425,025	(35,083)	198,562	198,652	-

Included in FYE 31 December 2021 and 31 December 2022 depreciation of right-of-use assets is amount of accelerated depreciation arising from lease termination amounting to RM2,724,111 and RM3,069,145 respectively.

19. **Taxation**

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Current taxation:					
- Current year	3,128,385	1,825,118	2,333,098	1,271,865	1,349,108
- (Over)/Under provision in prior financial year/period	(18,373)	(38,884)	349,079	276,693	238,396
	3,110,012	1,786,234	2,682,177	1,548,558	1,587,504
Deferred taxation:					
- Origination and reversal of temporary differences	31,727	168,967	102,522	(155,343)	133,278
- Under/(Over) provision in prior financial year/period	24,559	406,467	(489,848)	(453,337)	(106,576)
	56,286	575,434	(387,326)	(608,680)	26,702
Taxation for the financial year/period	3,166,298	2,361,668	2,294,851	939,878	1,614,206

Malaysian income tax is calculated at the statutory tax rate of 24% (30.6.2023; 24%; 31.12.2023: 24%; 31.12.2022: 24%; 31.12.2021: 24%) of the estimated assessable profit for the financial year/period.

19. **Taxation (Continued)**

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 is as follows:

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Profit before taxation	12,603,947	7,377,435	8,542,443	3,779,108	5,148,742
Taxation at statutory tax rate of 24% (30.6.2023; 24%; 31.12.2023; 24%; 31.12.2022: 24%; 31.12.2021: 24%)	3,024,947	1,770,585	2,050,187	906,986	1,235,698
Changes in unrecognised temporary difference	(9,361)	(56,187)	-	-	-
Non-taxable income	(278,434)	(25,125)	(24,839)	(14,722)	(74,730)
Non-deductible expenses	422,960	304,812	410,272	224,258	321,418
(Over)/Under provision of current taxation in prior financial year/period	(18,373)	(38,884)	349,079	276,693	238,396
Under/(Over) provision of deferred taxation in prior financial year/period	24,559	406,467	(489,848)	(453,337)	(106,576)
Taxation for the financial year/period	3,166,298	2,361,668	2,294,851	939,878	1,614,206

19. **Taxation (Continued)**

Deferred tax assets have not been recognised in respect of the following:

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Provision	128,870	-	-	-	-
Unutilised tax losses	358,001	283,487	-	-	-
Unabsorbed capital allowances	166,469	135,742	-	-	-
	653,340	419,229	-	-	-
Deferred tax assets not recognised at 24% (30.6.2023: 24%; 31.12.2023: 24%; 31.12.2022: 24%; 31.12.2021: 24%)	156,802	100,615	-	-	-

The Group's unutilised tax losses brought forward from year of assessment 2018 and before can be carried forward for 10 consecutive years of assessment (i.e from year of assessments 2018 to 2028). Unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of 10 consecutive years.

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/period.

	1.1.2021 to 31.12.2021	**1.1.2022 to 31.12.2022**	**1.1.2023 to 31.12.2023**	**1.1.2023 to 30.6.2023 Unaudited**	**1.1.2024 to 30.6.2024**
Profit attributable to owners of the company (RM)	9,437,649	5,015,767	6,247,592	2,839,230	3,534,536
Weighted average number of ordinary shares in issue	292,451,643	616,710,000	616,710,000	616,710,000	616,710,000
Basic earnings per share (sen)	3.23	0.81	1.01	0.46	0.57

20. **Earnings Per Share (Continued)**

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/period, adjusted for the dilutive effects of all potential ordinary shares.

For the FYE 31 December 2021 and 31 December 2022, the potential conversion of ESOS is included as the exercise price is lower than the average market price of the Company for the FYE 31 December 2021 and 31 December 2022 respectively. The dilutive effect arising from the potential conversion of ESOS is as follows:

	1.1.2021 to 31.12.2021	**1.1.2022 to 31.12.2022**	**1.1.2023 to 31.12.2023**	**1.1.2023 to 30.6.2023 Unaudited**	**1.1.2024 to 30.6.2024**
Profit attributable to owners of the company (RM)	9,437,649	5,015,767	6,247,592	2,839,230	3,534,536
Weighted average number of ordinary shares in issue	292,451,643	616,710,000	616,710,000	616,710,000	616,710,000
Adjusted for assumed conversion of ESOS options	3,591,000	3,385,000	-	-	-
Adjusted weighted average number of ordinary shares in issue	296,042,643	620,095,000	616,710,000	616,710,000	616,710,000
Diluted earnings per share (sen)	3.19	0.81	1.01	0.46	0.57

21. **Dividend**

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
Interim single-tier tax exempt dividend of 0.72 sen per share in respect of financial year ended 31 December 2024, paid on 5 April 2024	-	-	-	4,440,312
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	-	-
Interim single-tier tax exempt dividend of 0.65 sen per share in respect of financial year ended 31 December 2021, paid on 25 March 2021	1,336,205	-	-	-

22. **Staff Costs**

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Salary, bonus and other emoluments (excluding Directors)	6,144,849	7,054,632	8,057,774	4,185,775	4,980,281
Contribution to Employees Provident Fund	617,289	720,020	847,369	442,177	524,175
Share-based payment under ESOS	314,906	(265)	165,876	165,876	-
	7,077,044	7,774,387	9,071,019	4,793,828	5,504,456

Included in total staff costs of the Group are amounts charged to cost of sales and other operating expenses amounting to RM4,420,275 and RM1,084,181 (30.6.2023: RM3,819,446 and RM974,382; 31.12.2023: RM7,351,962 and RM1,719,057; 31.12.2022: RM6,386,787 and RM1,387,600; 31.12.2021: RM5,491,541 and RM1,585,503) respectively.

23. Related Party Disclosures

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

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

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Leases of premises paid to:					
- Directors	372,000	351,400	324,000	162,000	162,000
- Related companies	1,050,000	933,000	822,000	411,000	411,000

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

The key management personnel compensation is as follows:

	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2023 to 30.6.2023 RM Unaudited	1.1.2024 to 30.6.2024 RM
Remuneration of Directors:					
- fees, salaries, allowances and bonus	842,446	889,695	911,001	424,451	428,038
- contributions to Employees Provident Fund	28,306	27,786	29,277	15,645	11,760
- share-based payment under ESOS	110,119	(34,818)	32,776	32,776	-
	980,871	882,663	973,054	472,872	439,798
Remuneration of other key management personnel:					
- salaries, allowances and bonus	473,050	468,758	500,081	266,392	331,762
- contributions to Employees Provident Fund	58,478	56,464	60,188	32,048	35,741
- share-based payment under ESOS	35,508	15,803	43,701	43,701	-
	567,036	541,025	603,970	342,141	367,503
	1,547,907	1,423,688	1,577,024	815,013	807,301

24. **Segment Information**

The principal businesses of the Group are to provide inpatient services, outpatient services and ambulatory care for healthcare services related to fertility as well as obstetrics and gynaecology services 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 consolidated 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/period.

25. **Financial Instruments**

The following table analyses the financial assets and financial liabilities of the Group 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 asset at FVTPL RM	Total RM
31.12.2021			
Financial assets			
Other investment	-	2,651,898	2,651,898
Trade and other receivables	1,325,725	-	1,325,725
Cash and cash equivalents	15,259,828	-	15,259,828
	16,585,553	2,651,898	19,237,451
Financial liabilities			
Trade and other payables	3,540,918	-	3,540,918
Borrowing	423,839	-	423,839
Lease liabilities	10,717,631	-	10,717,631
	14,682,388	-	14,682,388
31.12.2022			
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
	15,568,885	3,147,366	18,716,251
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
	14,792,185	-	14,792,185

25. **Financial Instruments (Continued)**

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

	Financial assets and liabilities at amortised cost RM	**Financial asset at FVTPL RM**	**Total RM**
31.12.2023			
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
	16,090,390	3,075,156	19,165,546
Financial liabilities			
Trade and other payables	3,816,484	-	3,816,484
Lease liabilities	17,827,199	-	17,827,199
	21,643,683	-	21,643,683
30.06.2024			
Financial assets			
Other investment	-	3,674,404	3,674,404
Trade and other receivables	2,063,877	-	2,063,877
Cash and cash equivalents	11,309,738	-	11,309,738
	13,373,615	3,674,404	17,048,019
Financial liabilities			
Trade and other payables	3,711,132	-	3,711,132
Lease liabilities	16,978,878	-	16,978,878
	20,690,010	-	20,690,010

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

Cash flow forecasting is performed by monitoring the Group'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 summarises the maturity profile of the Group'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
31.12.2021						
Trade and other payables	3,540,918	-	3,540,918	3,540,918	-	-
Borrowing	423,839	3.27	545,223	-	-	545,223
Lease liabilities	10,717,631	-	10,766,507	1,134,158	3,452,134	6,180,215
	14,682,388		14,852,648	4,675,076	3,452,134	6,725,438
31.12.2022						
Trade and other payables	4,588,937	-	4,588,937	4,588,937	-	-
Borrowing	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
	14,792,185		17,363,024	5,748,928	4,346,060	7,268,036
31.12.2023						
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
	21,643,683		25,339,766	6,246,687	10,078,718	9,014,361
30.6.2024						
Trade and other payables	3,711,132	-	3,711,132	3,711,132	-	-
Lease liabilities	16,978,878	-	20,444,496	2,554,026	9,489,852	8,400,618
	20,690,010		24,155,628	6,265,158	9,489,852	8,400,618

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 financial position and cash flows. As at the end of the reporting period, the Group is 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 borrowing. 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 instrument, based on carrying amount as at the end of the financial year/period are as follows:

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
Floating rate instruments				
Fixed deposits placed with a licensed bank	2,744,116	3,797,745	3,361,455	2,120,654
Borrowing	(423,839)	(32,094)	-	-
	2,320,277	3,765,651	3,361,455	2,120,654

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.

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
Floating rate instruments				
Increase by 100 basis points	17,634	28,619	25,547	16,117
Decrease by 100 basis points	(17,634)	(28,619)	(25,547)	(16,117)

25. **Financial Instruments (Continued)**

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 borrowing 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.

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 instrument carried at fair value in the statements of financial position:

	Financial assets at FVTPL			
	31.12.2021	**31.12.2022**	**31.12.2023**	**30.6.2024**
	RM	**RM**	**RM**	**RM**
Financial asset				
-Other investment				
Level 1 Fair value	2,651,898	3,147,366	3,075,156	3,674,404
Carrying amount	2,651,898	3,147,366	3,075,156	3,674,404

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**

	Borrowing RM	Lease liabilities RM
At 1 January 2021	3,658,500	7,730,404
Net cash flows used in financing activities	(3,234,661)	(830,962)
Finance cost	-	344,107
Additions	-	6,548,701
Remeasurement of lease liabilities	-	(3,007,902)
Waiver of rental	-	(66,717)
Total non-cash changes	-	3,818,189
At 31 December 2021	423,839	10,717,631
At 1 January 2022	423,839	10,717,631
Net cash flows used in financing activities	(391,745)	(1,124,150)
Finance cost	-	398,417
Additions	-	3,407,851
Remeasurement of lease liabilities	-	(3,213,795)
Rental deposit	-	(10,000)
Waiver of rental	-	(4,800)
Total non-cash changes	-	577,673
At 31 December 2022	32,094	10,171,154
At 1 January 2023	32,094	10,171,154
Net cash flows used in financing activities	(32,094)	(2,370,566)
Finance cost	-	732,401
Addition	-	10,680,912
Termination of lease	-	(1,386,702)
Total non-cash changes	-	10,026,611
At 31 December 2023	-	17,827,199
At 1 January 2024	-	17,827,199
Net cash flows used in financing activities	-	(1,205,530)
Finance cost	-	357,209
At 30 June 2024	-	16,978,878

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 shareholders' 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.

	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	30.6.2024 RM
Total interest-bearing borrowing	423,839	32,094	-	-
Less: Cash and cash equivalents	(15,259,828)	(14,285,516)	(15,158,480)	(11,309,738)
Net liquidity	(14,835,989)	(14,253,422)	(15,158,480)	(11,309,738)
Equity attributable to owners of the Company	34,335,613	35,246,011	37,375,285	36,469,509
Gearing ratio	N/A	N/A	N/A	N/A

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

28. **Approval of Historical Consolidated Financial Statements**

The historical consolidated financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 19 September 2024.

14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we have only 1 class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(b) Save for 9,789,200 Shares under the Pink Form Allocations as disclosed in **Section 4.3.4** of this Prospectus,

(i) no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and

(ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save for the new Shares pursuant to the Public Issue and Bonus Issue as disclosed in **Sections 4.3.4** and **4.3.1** of this Prospectus, respectively, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Save for our Public Issue and Bonus Issue as disclosed in **Sections 4.3.4** and **4.3.1** of this Prospectus, there is no intention on the part of our Directors to further issue any Shares.

(e) As at the date of this Prospectus, neither our Company or our subsidiaries have any outstanding warrant, option, convertible debt securities or uncalled capital in respect of our Shares.

(f) As at the date of this Prospectus, none of our Group's capital is under option, or agreed conditionally or unconditionally to be put under option.

(g) No securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of this Prospectus.

14.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here, or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the current ACE Market Listing Requirements and the Act.

(1) Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Remuneration of Directors

<u>Clause 97 – Directors' remuneration</u>

The fees of the Directors and any benefits payable to the Directors shall from time to time, and in any event, subject to an annual shareholders' approval, be determined by way of an ordinary resolution of the Company in a general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office PROVIDED ALWAYS that:-

(i) salaries, benefits and other emoluments payable to executive Director(s) pursuant to an employment contract or a contract of service need not be determined by the Company in a general meeting but such salaries may not include a commission on or percentage of turnover;

(ii) fees payable to non-executive Directors shall be by a fixed sum and not by way of a commission on or percentage of profits or turnover; and

(iii) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Directors' voting powers

The provisions in our Constitution in respect of the voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested in, are as follows:

Clause 120 – Power to vote

A Director may vote in respect of:-

(i) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;

(ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of security;

(iii) any contract by a Director to subscribe for or underwrite shares or debentures of the Company; or

(iv) any contract or arrangement with any other company in which he is interested only as an officer of the Company or as a holder of shares or other securities in that company.

Clause 119 – Restriction on voting

Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Clause 116 – Votes by majority and Chairman to have a casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes of the Directors present and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where at the meeting only two (2) Directors form a quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue.

Directors' borrowing powers

Clause 102 – Directors' borrowing powers

(a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company (as defined under Section 7 of the Act) as may be thought fit subject always to the Act and/or the ACE Market Listing Requirements.

(b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(2) Changes to Share Capital

The provisions in our Constitution dealing with changes to share capital and variation of class rights are as follows:

Variation of rights

Clause 9 – Variation of class rights

Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:-

(i) the consent in writing of the holders of not less than seventy-five per centum (75%) of the total voting rights of the shareholders in that class; or

(ii) the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons holding or representing by proxy at least one-third of the number of the issued shares of the class excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. For adjourned meetings, the quorum is one (1) person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Alteration of Capital

Clause 55 – Power to increase capital

The Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increases its share capital by the issuance of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as to the Company by the resolution authorising such increase may direct.

Clause 6 – Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act, any Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:-

(i) in the case of shares, other than ordinary shares, no special rights shall be attached until the same has been expressed in this Constitution and in the resolution creating the same;

(ii) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meetings;

(iii) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director; and

(iv) except in the case of an issue of Securities on a pro-rata basis to all Members, placements undertaken in compliance with the ACE Market Listing Requirements or issuance pursuant to a dividend reinvestment scheme, there shall be no issue of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the Members in a general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive" and "person connected with any Director, major shareholder or chief executive" shall have the meaning ascribed thereto in the ACE Market Listing Requirements.

Clause 5 – Class of shares and alteration of share capital

The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise. The Company shall have the power to increase or reduce the capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to issue all or any part of the original or any additional capital as fully paid or partly paid shares, and with any special or preferential rights or privileges, or subject to any special terms or conditions and either with or without any special designation and also from time to time to alter, modify, commute, abrogate or deal with any such privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company.

Clause 58 – Power to alter capital

Subject to the provisions of this Constitution and the Act, the Company may by ordinary resolution:

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) subdivide its share capital or any part thereof into shares of smaller amount by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;

(iii) convert and/or re-classify any class of shares into any other class of shares; or

(iv) cancel shares which at the date of the passing of the resolution on that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 59 – Power to reduce capital

The Company may by special resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Act and the Applicable Laws.

(3) Transfer and Transmission of securities

Transfers of Securities

Clause 29 – Transfer in writing

Subject to this Constitution, the Central Depositories Act and the Rules of the Central Depository, any Member may transfer all or any of his Securities (except those Deposited Securities which are for the time being designated as securities in suspense) by an instrument in writing in the form prescribed and approved by the Stock Exchange upon which the Company is listed on the Exchange. The instrument shall have been executed by or on behalf of the transferor and the transferee and the transferor shall remain the holder of the Securities transferred until the transfer is registered and the name of the transferee is entered in the Record of Depositors.

Clause 30 – Transfer of Securities

The transfer of any Deposited Securities shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

Clause 31 – No restriction on the transfer of fully paid Securities

Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.

Clause 33 – Suspension of registration

Subject to the provisions of the Act, the Central Depositories Act, the Rules of the Central Depository and the ACE Market Listing Requirements, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine PROVIDED ALWAYS that such registration shall not be suspended for more than thirty (30) days in any year or such number of days as may be prescribed by Stock Exchange. At least ten (10) Market Days' notice (or such other period as may from time to time be prescribed by Bursa Securities) prior to such closure shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the period and purpose or purposes of such closure. The Company shall give notice in accordance with the requirements of the Rules to the Depository to prepare the appropriate Record of Depositors.

Clause 35 – Renunciation

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Transmission of Securities

Clause 42 – Transmission of securities

Where :-

(a) the Securities of the Company are listed on another stock exchange; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit the transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

(4) Rights, preferences, and restrictions attached to each class of securities relating to voting, dividend, liquidation, and any special rights

The provisions in our Constitution dealing with rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation, and any special rights are as follows:

Clause 7 – Rights of preference shareholders

Subject to the Act and the ACE Market Listing Requirements, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have:

(i) the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company; and

(ii) the right to vote at any meeting convened for the purpose of reducing the capital of the Company or on a proposal to wind up or during the winding up of the Company, or sanctioning a sale of the whole of the Company's undertaking, property or business, or where any resolution to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares or part of the dividend is in arrears for more than six (6) months.

14.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise their voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers, and privileges and be subject to all liabilities, duties, and obligations in respect of, or rising from, such Shares.

14.4 GENERAL INFORMATION

(a) Save for the Directors' remuneration as disclosed in **Section 5.2.4**, dividends paid to our shareholders as disclosed in **Section 12.9**, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Directors or Substantial Shareholders.

(b) Save as disclosed in **Section 10.1**, none of our Directors or Substantial Shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in **Section 15**.

(d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.5 MATERIAL CONTRACTS

Save for the Underwriting Agreement, our Group has not entered into any material contract which is not in the ordinary course of our Group's business during the Financial Years Under Review, FPE 2024 and up to the date of the Prospectus.

14.6 MATERIAL LITIGATIONS

As at the LPD, our Group is not engaged in any material litigation and / or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

14.7 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year up to the LPD:

(i) public take-over offers by third parties in respect of our Shares; and

(ii) public take-over offers by us in respect of other company's shares.

14.8 EXCHANGE CONTROLS

All corporations in Malaysia are required to adopt a single-tier system. As such, all dividends distributed by Malaysian corporations under this system are not taxable. Further, the Malaysian Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian corporations. There is no Malaysian capital gains tax arising from the disposal of listed shares. However, in the event the capital gain arising from the disposal of listed shares is revenue in nature, such gain can be subject to income tax.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

14.9 CONSENTS

(a) The respective written consents of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Company Secretaries, Governance, Risk and Internal Control Consultant, Share Registrar, and Issuing House for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear have been given before the issue of this Prospectus, and such consents have not subsequently been withdrawn;

(b) The written consent of the Reporting Accountants for the inclusion in this Prospectus of its name, Accountants' Report and Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2024 and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn; and

(c) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

14.10 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) Constitution of our Company;

(b) The audited financial statements of the Metro Group for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024;

(c) The audited financial statements of the subsidiaries of Metro for the FYE 2021, FYE 2022 and FYE 2023;

(d) The Accountants' Report as set out in **Section 13** of this Prospectus;

(e) The Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2024 as set out in Section **12.10** of this Prospectus;

(f) The IMR Report as set out in **Section 8** of this Prospectus;

(g) The material contract as set out in **Section 14.5** of this Prospectus; and

(h) The letters of consent as set out in **Section 14.9** of this Prospectus.

14.11 RESPONSIBILITY STATEMENTS

Our Directors and Promoter have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

MIDF Investment being our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO and Transfer of Listing.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., ON 24 OCTOBER 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., ON 4 NOVEMBER 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and make an announcement on Bursa Securities' website accordingly.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with the terms of our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

15.2.2 Private Placement

Types of Application	Application Method
Applications by:	
Bumiputera Investors approved by MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted for the Applications.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT MUST CONTACT THE FINANCIAL INSTITUTION HANDLING THE APPLICATIONS TO ENSURE THAT THE NAME ON THE JOINT BANK ACCOUNT MATCHES THE NAME ON THEIR CDS ACCOUNT. THIS STEP MINIMISES THE RISK OF REJECTION OF IPO APPLICATIONS DUE TO NAME DISCREPANCIES. OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUES ARISING THEREAFTER.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

(i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form;

(ii) Electronic Share Application; or

(iii) Internet Share Application.

15.3.3 Application by the Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation. All duly completed Pink Application Forms should be submitted to our Group through the Human Resources or Finance Department.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application. All duly completed Pink Application Forms should be submitted to our Group through the Human Resources or Finance Department.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions printed therein or which are illegible will not be accepted.

The FULL amount payable is RM 0.25 for each IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. 655"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) **DELIVER BY HAND AND DEPOSIT** in the issuing house drop-in box provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan so as to arrive not later than 5.00 p.m. on 4 November 2024 or by such other time and date specified in any change to the time or date for the closing of the applications for our IPO Shares.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

The abovementioned methods are not applicable to the submission of Pink Application Forms. All duly completed Pink Application Forms should be submitted to our Group through the Human Resources or Finance Department.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the following Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Sdn Bhd, Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

(i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(ii) are illegible, incomplete or inaccurate; or

(iii) are accompanied by an improperly drawn up, or improper form of, remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** of this Prospectus below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at www.mih.com.my within 1 business day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in **Section 4.3.5** of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

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15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

(d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot.

(d) For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution or Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution or Internet Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. +603-7890 4700
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application at the Issuing House's website at www.mih.com.my, by entering your CDS Account Number on the site after the allotment date. The status of your Application will be available by 3:00 p.m. Alternatively, you may contact any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.