

Directors' Responsibility Statement

For the Audited Financial Statements

The Directors are required by the Companies Act 2016 (CA) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Directors' Report

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals.

Details of the principal activities of the subsidiaries are set out in Note 21 to the financial statements.

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

ULTIMATE HOLDING CORPORATION

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), as the ultimate holding corporation.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before tax	115,598	59,252
Tax	(49,947)	56
Profit for the financial year	65,651	59,308
Profit for the financial year attributable to:		
Owners of the Company	51,033	59,308
Non-controlling interests	14,618	-
Profit for the financial year	65,651	59,308

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2020 are as follows:

	RM
In respect of the financial year ended 31 December 2021:	
First interim single tier dividend of 0.25 sen per share on 4,299,041,642 ordinary shares. The dividend was declared on 24 August 2021 and paid on 15 October 2021.	10,747,604
Second interim single tier dividend of 0.30 sen per share on 4,326,306,794 ordinary shares. The dividend was declared on 26 November 2021 and paid on 28 December 2021.	12,978,918
	23,726,522

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021.

Directors' Report (continued)

TREASURY SHARES

On 9 July 2020, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year.

As at 31 December 2021, the Company held a total of 162,306,700 of its 4,489,159,101 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company's issued share capital was increased by RM50,016,917 through the issuance of 47,116,365 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme ("ESOS") at an exercise price of RM0.91 per ordinary share.

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

EMPLOYEES' SHARE OPTION SCHEME

The Company implemented ESOS in 2015 for a period of 5 years for eligible employees and Directors of the Group. Details of ESOS are set out in Note 36 to the financial statements.

DIRECTORS

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

Tan Sri Dr Ali Bin Hamsa	(Chairman, appointed on 23 June 2021)
Ahmad Shahizam Bin Mohd Shariff	(Managing Director)
Dato' Yusli Bin Mohamed Yusoff	
Dato' Mohd Redza Shah Bin Abdul Wahid	
Prof Dato' Dr. Azizi Bin Haji Omar	
Mohamed Ridza Bin Mohamed Abdulla	
Khairuddin Bin Jaflus	
Rozaini Bin Mohd Sani	
Shamsul Anuar Bin Abdul Majid	
Annie Binti Rosle	(Appointed on 23 June 2021)
Hisham Bin Zainal Mokhtar	(Appointed on 23 June 2021)
Lydia Anne Abraham	(Appointed on 23 June 2021)
Christina Foo	(Retired on 22 June 2021)
Datuk Mohd Radzif Bin Mohd Yunus	(Retired on 22 June 2021)
Dato' Dr. Ngun Kok Weng	(Resigned on 23 June 2021)
Dato' Dr. Sivamohan A/L S.Namasivayam	(Resigned on 23 June 2021)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the information is deemed incorporated herein by such reference and made a part hereof.

Directors' Report (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any subsidiaries a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, debentures, warrants or options over ordinary shares in the Company or its subsidiaries or its holding corporation or subsidiaries of the holding corporation during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2021	Acquired	Disposed	At 31.12.2021
KPJ Healthcare Berhad Prof Dato' Dr. Azizi Bin Haji Omar	330,000	-	-	330,000

	Number of units			
	At 1.1.2021	Acquired	Disposed	At 31.12.2021
Al-'Aqar Healthcare REIT Ahmad Shahizam Bin Mohd Shariff	500,000	-	-	500,000

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 12 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities has been given or insurance premium paid, during or since the end of the year, for any person who is or has been director, officer and auditor of the Company.

Directors' Report (continued)**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company, had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report:
- (i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year which secures the liability of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due, as disclosed in Note 2.1 to the financial statements.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operation of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (continued)

SUBSIDIARIES

Details of subsidiaries are set out in Note 21 to the financial statements.

AUDITORS' REMUNERATION

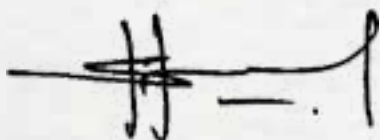
Details of auditors' remuneration are set out in Note 10 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 February 2022.



DATO' MOHD REDZA SHAH BIN ABDUL WAHID
DIRECTOR



AHMAD SHAHIZAM BIN MOHD SHARIFF
DIRECTOR

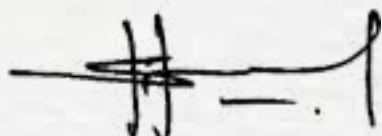
Kuala Lumpur, Malaysia

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Mohd Redza Shah Bin Abdul Wahid and Ahmad Shahizam Bin Mohd Shariff, being two of the directors of KPJ Healthcare Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 189 to 293 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 February 2022.



DATO' MOHD REDZA SHAH BIN ABDUL WAHID
DIRECTOR



AHMAD SHAHIZAM BIN MOHD SHARIFF
DIRECTOR

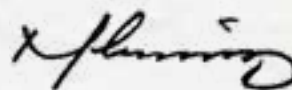
Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Norhaizam Binti Mohammad, Malaysian Institute of Accountants No. 45153, being the officer primarily responsible for the financial management of KPJ Healthcare Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 189 to 293 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Norhaizam Binti Mohammad
at Kuala Lumpur in the Federal Territory
on 18 February 2022



NORHAIZAM BINTI MOHAMMAD

Before me,

COMMISSIONER FOR OATH



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur
Tel: 019-6600745

Independent Auditors' Report

To the members of KPJ Healthcare Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KPJ Healthcare Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 189 to 293.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report

To the members of KPJ Healthcare Berhad (continued)
(Incorporated in Malaysia)

REVENUE RECOGNITION FROM HEALTHCARE SERVICES

Refer to notes 2.30 and 7 to the financial statements.

Revenue recognised in respect of hospital operations and sales of pharmaceutical products ("healthcare services") for the financial year ended 31 December 2021 which amounted to approximately RM2,472 million, represented about 94% of total revenue of the Group.

The Group relies heavily on information technology systems in accounting for its revenue from healthcare services. Such information systems process large volumes of data with combinations of different products and services, which consist of individually low value transactions.

The above factors gave rise to higher risk of material misstatement in the timing and amount of revenue recognised. Accordingly, we identified revenue recognition to be an area of focus.

How our audit addressed this matter

In addressing this area of focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the management's internal controls over the timing and amount of revenue recognised;
- We tested the relevant internal controls in place to address completeness and accuracy of revenue recognised including timely updating of approved billing rate changes in the system. We also involved our information technology specialist to test the operating effectiveness of automated controls over the billing system;
- We tested the data interface between the billing system and the general ledger;
- We inspected samples of documents which evidenced the rendering of services to customers;
- We tested samples of documents to establish whether transactions were recorded in the correct accounting period; and
- Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

Independent Auditors' Report

To the members of KPJ Healthcare Berhad (continued)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (continued)

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

To the members of KPJ Healthcare Berhad (continued)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 statements 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

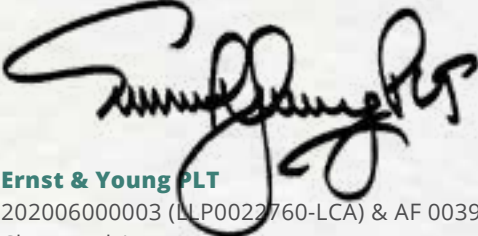
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS


In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 21 to the financial statements.

OTHER MATTERS

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



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants



Ismed Darwis Bin Bahatiar
No. 02921/04/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 February 2022

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	7	2,626,849	2,397,443	156,139	144,077
Cost of sales		(1,686,787)	(1,494,888)	-	-
Gross profit		940,062	902,555	156,139	144,077
Administrative expenses		(728,381)	(647,345)	(73,753)	(61,258)
Other income		38,811	29,776	444	482
Zakat	8	(2,144)	(1,810)	(300)	(300)
Operating profit		248,348	283,176	82,530	83,001
Finance income	9	8,683	14,164	-	-
Finance costs	9				
- Borrowings		(90,544)	(94,252)	(23,278)	(24,420)
- Lease liabilities		(76,745)	(69,224)	-	-
Finance costs - net		(158,606)	(149,312)	(23,278)	(24,420)
Share of results of associates, net of tax		25,856	16,946	-	-
Profit before tax	10	115,598	150,810	59,252	58,581
Tax	13	(49,947)	(39,998)	56	(643)
Profit for the financial year		65,651	110,812	59,308	57,938
Other comprehensive income:					
Item that may be subsequently reclassified to profit or loss:					
- Currency translation differences		212	(9,743)	-	-
Items that will not be reclassified to profit or loss:					
- Gains on revaluation of land and building		14,170	127,649	-	-
- Deferred tax on revaluation surplus	13	(2,530)	(22,943)	-	-
Other comprehensive income for the financial year, net of tax		11,852	94,963	-	-
Total comprehensive income for the financial year		77,503	205,775	59,308	57,938
Profit for the financial year attributable to:					
Owners of the Company		51,033	110,443	59,308	57,938
Non-controlling interests		14,618	369	-	-
		65,651	110,812	59,308	57,938
Total comprehensive income for the financial year attributable to:					
Owners of the Company		62,885	205,406	59,308	57,938
Non-controlling interests		14,618	369	-	-
		77,503	205,775	59,308	57,938
Earnings per share attributable to Owners of the Company:					
Basic (sen)	15(a)	1.19	2.58		
Diluted (sen)	15(b)	1.16	2.48		

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	16	2,676,238	2,863,583	1,258	1,064
Right-of-use assets	17	1,149,310	1,051,172	-	-
Investment properties	18	346,116	337,748	-	-
Intangible assets	19	220,010	235,828	-	-
Investments in subsidiaries	21	-	-	1,033,399	1,039,101
Investments in associates	22	437,052	450,794	-	-
Equity instruments classified as FVOCI	23	1,458	1,120	1,458	1,120
Deferred tax assets	24	125,218	130,921	152	152
Trade and other receivables	25	13,501	10,548	-	-
		4,968,903	5,081,714	1,036,267	1,041,437
<u>Current assets</u>					
Inventories	26	53,753	52,052	-	-
Trade and other receivables	25	481,393	446,852	892	881
Amounts due from subsidiaries	25	-	-	661,546	480,169
Tax recoverable		106,170	93,737	186	-
Deposits, bank and cash balances	27	318,011	462,234	3,642	4,137
Dividend receivable		9,248	4,842	23,496	76,695
		968,575	1,059,717	689,762	561,882
Non-current assets held for sale	28	250,163	-	-	-
		1,218,738	1,059,717	689,762	561,882
Total assets		6,187,641	6,141,431	1,726,029	1,603,319
EQUITY AND LIABILITIES					
<u>Current liabilities</u>					
Trade and other payables	29	618,260	605,055	15,688	14,368
Amounts due to subsidiaries	29	-	-	103,533	97,898
Contract liabilities	30	50,922	55,978	-	-
Current tax liabilities		18,255	19,638	-	26
Borrowings	31	860,457	505,776	206,135	112,129
Lease liabilities	32	31,178	45,531	-	-
Dividend payable		1,074	-	-	-
		1,580,146	1,231,978	325,356	224,421
Net current (liabilities)/assets		(361,408)	(172,261)	364,406	337,461

Statements of Financial Position

As at 31 December 2021 (continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities					
Trade and other payables	29	4,740	4,281	-	-
Amounts due to subsidiaries	29	-	-	286,657	343,204
Borrowings	31	968,007	1,449,231	370	505
Lease liabilities	32	1,288,083	1,153,419	-	-
Deferred tax liabilities	24	81,592	85,650	-	-
Provision for retirement benefits	33	2,355	2,786	-	-
Deposits	34	12,210	11,874	-	-
		2,356,987	2,707,241	287,027	343,709
Total liabilities		3,937,133	3,939,219	612,383	568,130
Net assets		2,250,508	2,202,212	1,113,646	1,035,189
Equity attributable to Owners of the Company					
Share capital	35	959,521	909,504	959,521	909,504
Less: Treasury shares		(155,310)	(155,310)	(155,310)	(155,310)
Reserves		1,331,219	1,295,890	309,435	280,995
		2,135,430	2,050,084	1,113,646	1,035,189
Non-controlling interests		115,078	152,128	-	-
Total equity		2,250,508	2,202,212	1,113,646	1,035,189
Total equity and liabilities		6,187,641	6,141,431	1,726,029	1,603,319

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Non-distributable		Distributable		Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Other reserves (Note 37) RM'000	Retained earnings RM'000			
Group							
At 1 January 2021	909,504	(155,310)	281,622	1,014,268	2,050,084	152,128	2,202,212
Comprehensive income:							
Profit for the financial year	-	-	-	51,033	51,033	14,618	65,651
Other comprehensive income:							
Currency translation differences of foreign subsidiaries	-	-	212	-	212	-	212
Revaluation surplus	-	-	11,640	-	11,640	-	11,640
Total other comprehensive income	-	-	11,852	-	11,852	-	11,852
	909,504	(155,310)	293,474	1,065,301	2,112,969	166,746	2,279,715
Transactions with Owners:							
Issue of share capital:							
- ESOS	50,017	-	(7,141)	-	42,876	-	42,876
Actuarial gain on defined benefit obligation	-	-	-	508	508	-	508
Disposal of interest in a subsidiary	-	-	-	2,804	2,804	(1,244)	1,560
Lapsed ESOS	-	-	(7,035)	7,035	-	-	-
Dividends on ordinary shares (Note 14)	-	-	-	(23,727)	(23,727)	-	(23,727)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(50,424)	(50,424)
Total transactions with Owners	50,017	-	(14,176)	(13,380)	22,461	(51,668)	(29,207)
At 31 December 2021	959,521	(155,310)	279,298	1,051,921	2,135,430	115,078	2,250,508

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021 (continued)

	Non-distributable		Distributable		Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Other reserves (Note 37) RM'000	Retained earnings RM'000			
Group							
At 1 January 2020	906,743	(155,310)	188,014	953,378	1,892,825	156,439	2,049,264
Comprehensive income:							
Profit for the financial year	-	-	-	110,443	110,443	369	110,812
Other comprehensive income:							
Currency translation differences of foreign subsidiaries	-	-	(9,743)	-	(9,743)	-	(9,743)
Revaluation surplus	-	-	104,706	-	104,706	-	104,706
Total other comprehensive income	-	-	94,963	-	94,963	-	94,963
	906,743	(155,310)	282,977	1,063,821	2,098,231	156,808	2,255,039
Transactions with Owners:							
Issue of share capital:							
- ESOS	2,761	-	(172)	-	2,589	-	2,589
ESOS expenses during the financial year	-	-	619	-	619	-	619
Lapsed ESOS	-	-	(1,802)	1,802	-	-	-
Dividends on ordinary shares (Note 14)	-	-	-	(51,355)	(51,355)	-	(51,355)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(4,680)	(4,680)
Total transactions with Owners	2,761	-	(1,355)	(49,553)	(48,147)	(4,680)	(52,827)
At 31 December 2020	909,504	(155,310)	281,622	1,014,268	2,050,084	152,128	2,202,212

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Non-distributable		Distributable		Total equity RM'000
	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Share option reserves RM'000	Retained earnings RM'000	
	Company				
At 1 January 2021	909,504	(155,310)	59,798	221,197	1,035,189
Profit for the financial year	-	-	-	59,308	59,308
Transactions with Owners:					
Issue of share capital:					
- ESOS	50,017	-	(7,141)	-	42,876
Dividends on ordinary shares (Note 14)	-	-	-	(23,727)	(23,727)
Lapsed ESOS	-	-	(7,035)	7,035	-
Total transactions with Owners	50,017	-	(14,176)	(16,692)	(19,149)
At 31 December 2021	959,521	(155,310)	45,622	263,813	1,113,646

	Non-distributable		Distributable		Total equity RM'000
	Ordinary share capital (Note 35) RM'000	Treasury shares RM'000	Share option reserves RM'000	Retained earnings RM'000	
	Company				
At 1 January 2020	906,743	(155,310)	61,153	212,812	1,025,398
Profit for the financial year	-	-	-	57,938	57,938
Transactions with Owners:					
Issue of share capital:					
- ESOS	2,761	-	(172)	-	2,589
Dividends on ordinary shares (Note 14)	-	-	-	(51,355)	(51,355)
ESOS - expenses during the financial year	-	-	619	-	619
Lapsed ESOS	-	-	(1,802)	1,802	-
Total transactions with Owners	2,761	-	(1,355)	(49,553)	(48,147)
At 31 December 2020	909,504	(155,310)	59,798	221,197	1,035,189

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating activities					
Profit before tax		115,598	150,810	59,252	58,581
Adjustments for:					
Share of results of associates		(25,856)	(16,946)	-	-
Finance income	9	(8,683)	(14,164)	-	-
Finance costs:	9				
- Borrowings		90,544	94,252	23,278	24,420
- Lease liabilities		76,745	69,224	-	-
Dividend income from subsidiaries	7	-	-	(84,106)	(76,695)
Dividend income from Al-Salam REIT	7	-	(50)	-	(50)
Trade receivables:					
- Impairment/(reversal) charge for the year (net)	25	11,568	(21)	-	-
Share-based payments	11	-	619	-	84
Loss on disposal of shares in subsidiaries	21	750	-	-	-
Property, plant and equipment:					
- Depreciation	16	185,782	172,699	294	139
- Written-off		702	1,067	-	-
- Gain on disposal		(561)	(342)	-	-
- Impairment		10,073	16,973	-	-
Right-of-use assets:					
- Depreciation	17	57,981	50,644	-	-
- Gain on disposal	10	(137)	-	-	-
Investment properties:					
- Gain on fair value	18	(13,410)	(464)	-	-
- Written-off	18	-	420	-	-
Intangible asset:					
- Amortisation of software development expenditure	19	11,508	15,413	-	-
- Impairment of goodwill	19	4,028	1,610	-	-
- Written-off	19	474	-	-	-
Fair value loss on quoted shares	23	160	744	160	744
Fair value loss on unquoted shares	23	2	2,814	2	2,532
Inventories written-off		627	387	-	-
Provision for retirement benefits	33	214	321	-	-
Operating profit before working capital changes		518,109	546,010	(1,120)	9,755

Statement of Cash Flows

For the financial year ended 31 December 2021 (continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Operating activities (continued)</u>					
Changes in working capital:					
Inventories		(2,328)	1,170	-	-
Receivables		(54,218)	98,493	(3)	(93)
Payables		14,791	(238,282)	1,320	(8,705)
Contract liabilities		(5,056)	(10,918)	-	-
Related companies		-	-	(55,976)	(21,778)
Cash flows generated from/(used in) operations		471,298	396,473	(55,779)	(20,821)
Income tax refund		5,095	10,071	-	2,274
Income tax paid		(64,037)	(69,487)	(156)	(2,039)
Retirement benefits paid	33	(137)	(310)	-	-
Net cash generated from/(used in) operating activities		412,219	336,747	(55,935)	(20,586)
<u>Investing activities</u>					
Additions to property, plant and equipment	16	(216,572)	(240,489)	(488)	(323)
Additions to investment properties	18	(251)	(677)	-	-
Additions to intangible assets	19	(192)	(1,516)	-	-
Additions to equity instruments classified as FVOCI	23	(500)	-	(500)	-
Proceeds from disposal of property, plant and equipment		725	680	-	-
Proceeds from disposal of interest in subsidiary	21	1,560	-	-	-
Interest received		8,683	14,164	-	-
Decrease/(increase) in deposits with licensed banks with maturity of more than 3 months	27	223,295	(34,023)	-	-
Dividends received from associates/subsidiaries		21,004	15,551	6,438	50
Investment in a subsidiary	21	-	(27,404)	-	-
Additional investments in subsidiaries	21	-	(2,000)	-	-
Net cash generated from/(used in) investing activities		37,752	(275,714)	5,450	(273)

Statement of Cash Flows

For the financial year ended 31 December 2021 (continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financing activities					
Grant income received	16	6,830	3,003	-	-
Dividends paid to non-controlling interests		(49,000)	(4,680)	-	-
Issue of shares:					
- ESOS		42,876	2,589	42,876	2,589
Borrowings:					
- Drawdown		235,285	348,177	146,000	-
- Repayments		(385,710)	(194,144)	(52,129)	(75,058)
- (Repayments)/proceeds of amounts due to subsidiaries		-	-	(39,752)	190,090
Payment of lease liabilities		(111,550)	(98,978)	-	-
Interest paid		(90,544)	(94,252)	(23,278)	(24,420)
Dividends paid to shareholders		(23,727)	(72,745)	(23,727)	(72,745)
Designated account	27	(18,283)	(269)	-	-
Net cash (used in)/generated from financing activities		(393,823)	(111,299)	49,990	20,456
NET CHANGE IN CASH AND CASH EQUIVALENTS		56,148	(50,266)	(495)	(403)
CURRENCY TRANSLATION DIFFERENCES		(1,195)	(3,076)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		215,020	268,362	4,137	4,540
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27	269,973	215,020	3,642	4,137

Statement of Cash Flows

For the financial year ended 31 December 2021 (continued)

RECONCILIATION OF LIABILITES ARISING FROM FINANCING ACTIVITES

	Cashflows				Non-cash movement			At 31.12.2021 RM'000
	At 1.1.2021 RM'000	Drawdowns RM'000	Repayments RM'000	Finance costs paid RM'000	Finance costs RM'000	Foreign exchange movement RM'000	Hire purchase/ lease RM'000	
<u>Group</u>								
Borrowings (exclude overdraft)	1,943,370	235,285	(385,710)	(89,133)	89,133	(53)	18,099	1,810,991
Lease liabilities	1,198,950	-	(111,550)	-	76,745	(1,007)	156,123	1,319,261
<u>Company</u>								
Borrowings	112,634	146,000	(52,129)	(23,278)	23,278	-	-	206,505
Amount due to subsidiaries	441,102	-	(68,619)	-	17,707	-	-	390,190

	Cashflows				Non-cash movement			At 31.12.2020 RM'000
	At 1.1.2020 RM'000	Drawdowns RM'000	Repayments RM'000	Finance costs paid RM'000	Finance costs RM'000	Foreign exchange movement RM'000	Hire purchase/ lease RM'000	
<u>Group</u>								
Borrowings (exclude overdraft)	1,754,637	348,177	(194,144)	(93,358)	93,358	680	34,020	1,943,370
Lease liabilities	1,222,149	-	(98,978)	-	69,224	4,004	2,551	1,198,950
<u>Company</u>								
Borrowings	187,000	-	(75,058)	(24,420)	24,420	-	692	112,634
Amount due to subsidiaries	251,012	-	172,063	-	18,027	-	-	441,102

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of registered office of the Company is Level 13, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur.

The address of principal place of business of the Company is Level 12, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur.

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995), as the ultimate holding corporation.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals. The details of the principal activities of the subsidiaries are disclosed in Note 21 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 18 February 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

As at 31 December 2021, the Group's current liabilities exceeded its current assets by RM361,408,000 mainly due to reclassification of borrowings amounting to RM400,000,000 which are now due and payable in the next 12 months from non-current liabilities to current liabilities. To address this, the Group has implemented its plan to refinance the borrowings as disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

For the financial year ended 31 December 2021, the Group recorded a profit for the year of RM65,651,000, operating cash inflows of RM412,219,000 and shareholders' equity of RM2,250,508,000. The directors believe that there are no material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis.

2.2 Standards, amendments to published standards and interpretations that are effective

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2021:

- Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above standards and interpretations did not give rise to significant effect on the financial performance or position of the Group and of the Company.

2.3 Standards and amendments that have been issued but not yet effective

The standards and interpretations that are issued but not yet effective are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020:	
• Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards – Subsidiary as A First-time Adopter	1 January 2022
• Amendments to MFRS 9: Financial Instruments – Fees in the '10 percent' Test for Derecognition of Financial Liabilities	1 January 2022
• Amendments to MFRS 141: Agriculture – Taxation in Fair Value Measurements	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards when they become effective. The Directors of the Company do not anticipate that the application of these standards will have a significant impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in retained earnings and attributed to Owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in the profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to the profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method except for Johor Specialist Hospital Sdn Bhd and Ipoh Specialist Hospital Sdn Bhd which were consolidated using the merger method of accounting as disclosed below. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the profit or loss.

Business combinations involving entities under common control are accounted for by applying the merger method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflects the results of the combining entities for the full financial year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss. The accounting policy for goodwill is disclosed in Note 2.10.

Gains or losses on disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2.6 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents the profit or loss after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss within 'Share of profit of an associate' in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investments in associates (continued)

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

2.8 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value less subsequent depreciation and impairment losses. Valuations are performed in every five years by external valuers to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes 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 (refer to Note 2.21 on borrowing costs).

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in other income/loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

When revalued assets are sold, the revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Buildings	2%
Renovation	8% - 20%
Medical and other equipment	7.5% - 33.33%
Furniture and fittings	10% - 20%
Vehicles	10% - 20%
Computers	10% -20%

Depreciation on assets under construction commences when the assets are ready for their intended use.

Leased assets (including leasehold land) are presented as a separate line item within right-of-use assets in statement of financial position. See accounting policy Note 2.15(a)(ii) on right-of-use assets for these assets.

2.9 Investment properties

Investment properties are initially measured at cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually according to the basis set out in Note 2.11 and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.31.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on the straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date.

Software development expenditure

Software development is stated at cost less accumulated amortisation and impairment losses. The expenditure represents development work carried out in developing specialised software packages for use in the Group's business, which includes cost to purchase the software and direct cost such as salaries and hardware usage costs specifically attributable to each project.

Software development expenditure is capitalised when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and use or sell the asset;
- the ability to use or sell the intangible asset generated;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (continued)

- (b) Other intangible assets (continued)

Software development expenditure (continued)

When development is complete and the asset is available for use, it is amortised over the straight-line basis over a period of 5 to 10 years. During the period of development, the asset is tested for impairment annually. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11. Cost incurred in software development which have ceased to be technically viable, are written off.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill of intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU").

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets

(a) Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured subsequently at amortised cost

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

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 ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost and are subject to impairment. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and recognised in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income as applicable.

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income as applicable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

- (c) Measurement (continued)

Debt instruments (continued)

- (iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial assets, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable.

- (d) Subsequent measurement - Impairment

Impairment for debt instruments and financial guarantee contracts

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company has the followings financial instruments that are subject to the ECL model:

- Trade receivables and other receivables and intercompany receivables
- Financial guarantee contracts

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

ECL 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 financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

- (d) Subsequent measurement - Impairment (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL approach can be classified into the categories below:

- (i) General 3-stage approach for other receivables, intercompany receivables (non-trade) and financial guarantee contracts issued.

At each reporting date, the Group and the Company measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 3(a)(ii) sets out the measurement details of ECL.

- (ii) Simplified approach for trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 3(a)(i) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

- (d) Subsequent measurement - Impairment (continued)

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikelihood 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 lender relating 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 instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

- (i) Collective assessment

To measure ECL, trade receivables arising from hospital operations have been grouped based on shared credit risk characteristics such as type of receivables and the days past due.

- (ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

- (i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period after schedule payment was made.

Impairment losses on trade receivables are presented as impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

- (ii) Other receivables

The Group's and the Company's assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement 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 to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.14 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under *MFRS 9: Financial instruments* and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of *MFRS 15: Revenue from Contracts with Customers*, where appropriate.

2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease term

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 options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to terminated).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(a) Accounting by lessee (continued)

(i) Lease term (continued)

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

(ii) ROU assets

ROU 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, if any.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on the straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(a) Accounting by lessee (continued)

(iii) Lease liabilities (continued)

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.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

(iv) Reassessment of lease liabilities

The carrying amount of lease liabilities is remeasured and adjusted against the ROU assets if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(v) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on the straight-line basis as an expense in profit or loss.

(b) Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an 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. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to MFRS 9 impairment (refer to Note 2.12(d) on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(b) Accounting by lessor (continued)

(ii) Operating leases

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 lease as lease income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.12 on impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Non-current assets (or disposal groups) classified as assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the statement of comprehensive income.

2.18 Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis and includes expenditure incurred in bringing the inventories to its present location and condition) and net realisable value.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

2.20 Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Borrowings and borrowing costs (continued)

(a) Borrowings (continued)

When borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Current and deferred income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. 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.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

(b) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 (and tax laws) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Current and deferred income taxes (continued)

(b) Deferred tax (continued)

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

The Group's accounting policy in respect of reinvestment allowance/investment tax allowance tax credit is to recognise the tax credit when it is utilised as a reduction of current income tax liability and no deferred tax asset is recognised when the tax credit arises.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the investor is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the investor the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income 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 tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.23 Employee benefits

(a) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals in the statement of financial position.

(b) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits (continued)

(c) Defined benefit plans

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

2.24 Share-based payments - Employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to share option reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Share-based payments - Employee options (continued)

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised together with the share option reserve. When options are not exercised and lapse, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

The Company recharges the subsidiaries the difference between the market price at the date of exercise and the exercise price. When the Company recharges its subsidiaries, it is treated as a return of the capital contribution by the subsidiaries, with a corresponding credit to profit or loss.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

The present value of future payments for surplus leased properties under non-cancellable operating leases, net of estimated sub-leasing revenue, is recognised as a liability (or, if lower, the costs of exiting from the contract) for the leased property that is no longer part of a cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.27 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Share capital and share issuance expenses

(a) Classification

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 substance of the contractual arrangement of the particular instrument. See accounting policy Note 2.21 on borrowings.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(d) Purchase of own shares

Where any company within the Group purchases the Company's equity instruments as a result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

2.29 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Revenue recognition

Revenue from contracts with customers

(a) Revenue from hospital and healthcare charges

Revenue from hospital and healthcare charges comprises inpatient and outpatient hospital charges and sales of pharmaceutical products, medical supplies and surgical products. These revenue are recognised as follows:

(i) Revenue from inpatient and outpatient hospital charges

Inpatient revenue is recognised on a daily basis, as services are provided or goods delivered to patients. These services are typically provided over a short time frame, such as the use of medical equipment, drugs, nursing procedures, room charges and others.

Outpatient cases generally do not involve surgical procedures and revenue is recognised on an individual component basis when performance obligations are satisfied. The outpatient revenue charges are identified as separate performance obligations as the services are separately identifiable.

Revenue is recognised at a point in time as services are rendered or goods delivered. Revenue will only be recognised to the extent that if it is highly probable that a significant reversal will not occur, net of discounts. A receivable is recognised upon billing net of deposits received.

(ii) Vaccine administration services

The Group has been appointed to administer Covid-19 vaccination under the Pusat Pemberian Vaksin Hospital Swasta scheme. While the vaccine is provided by the Ministry of Health, the Group incurs consumables in carrying out the services including vaccine cold chain management, vaccination pre-assessment, counseling and consent taking, vaccine administration, management and reporting of adverse event following immunisation during the post vaccination observation, and management and reporting of vaccine stock, use, wastage and disposal.

Revenue from vaccine administration services are recognised at a point of time when the vaccines are administered. The services offered are series of interdependent activities to administer vaccination services to vaccinees referred through MySejahtera application by the Malaysian Government. Revenue from vaccine administration services are recognised at RM14 per dose administered.

(iii) Wellness packages

Revenue from wellness packages are recognised as and when the performance obligations are satisfied. Each service offered in a wellness package has been identified as a separate performance obligation.

Advance payment received are recognised as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Revenue recognition (continued)

Revenue from contracts with customers (continued)

(b) Tuition fees

Revenue from tuition fees will be recognised within the semester of each courses offered to the students. Each number of semesters are identified as a performance obligation and the transaction price is allocated according to each semester based on cost plus margin. The revenue will then be recognised over time throughout the semester. Advance payment received at the commencement of the semester will be recognised as contract liabilities. Non-refundable registration fees and enrolment fees are recognised at point in time.

(c) Management fees

Management fees are recognised in the accounting period in which the services are rendered to the subsidiaries and the Group has a present right to payment for the services.

Revenue from other sources

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established. Dividends that clearly represent a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVOCI.

(e) Interest income

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

(f) Rental income

Rental income receivable under operating lease is recognised on the straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

2.31 Foreign currencies

(a) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.31 Foreign currencies (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income or expenses. All other foreign exchange gains and losses are presented in profit or loss on a net basis within finance income or expenses.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Board of Directors has appointed KPJ Group Management Committee ("KGMC") (formerly known as Executive Committee) which assesses the financial performance and position of the Group, and makes strategic decisions. The KGMC, which has been identified as being the chief operating decision maker, consists of the Key Management Personnel of the Company.

2.33 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.34 Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in the profit or loss over the periods to match the related costs for which the grants are intended to compensate.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in the profit or loss over the life of the related property, plant and equipment as a reduced depreciation expense.

2.35 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.36 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. parties are also considered related if they are subject to common control or common significant influence. related parties may be individuals including close members of the individuals, or corporate entities.

2.37 Zakat

This represents business zakat. The Group and Company recognise its obligation towards the payment of zakat on business income in the statement of profit or loss. Zakat expense is derived from the net adjusted amount of zakat assets and liabilities used for or derived from business activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises mainly from trade and other receivables, cash and cash equivalents, and deposits with financial institutions. Risk arising from these are minimised through effective monitoring of receivable accounts that exceeded the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses. The Group has no significant concentration of credit risk with any single customer.

The Group seeks to invest cash assets safely and profitability and buys insurance to protect itself against insurable risk in this regard, counterparties are assessed for credit limits that are set to minimise any potential losses. The Group's cash and cash equivalents and short-term deposits are placed with creditworthy financial institutions and the risks arising there from are minimised in view of the financial strength of these financial institutions.

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and the repayment made by the subsidiary. As at the reporting date, there is no indication that the subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition is not material.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. In addition, the Company is exposed to credit risk arising from the financial guarantee contracts as disclosed in Note 3(a)(iii).

Group impairment policy

(i) Trade receivables using simplified approach

The historical loss rates are calculated based on the percentage of revenue that will turn into bad debts at the end of the period. The expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group have identified the gross domestic product ("GDP") and credit rating of each category of customers to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Group impairment policy (continued)

(ii) Other receivables using general 3-stage approach

The Group and the Company use three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see Note 2.12(d) above)	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired (see Note 2.12(d) above)	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount (see Note 2.12(d) above)	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

Maximum exposure to credit risk

(i) Trade receivables using simplified approach

The Group recognises the ECL allowance when the amount due exceed 90 days and 365 days for individual and corporate customers respectively. The loss allowance recognised as at 31 December 2021 for individual and corporate customers is RM20,676,000 and RM11,631,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Maximum exposure to credit risk (continued)

- (i) Trade receivables using simplified approach (continued)

The remaining amount not provided are deemed recoverable, with low probability of default. This is supported after considering the historical data by each debtor category and the possibility of no credit loss may occur.

- (ii) Other receivables using general 3-stage approach

The maximum exposure to credit risk for other receivable balances is represented by the carrying amount recognised in the statement of financial position due to the balances are considered to be performing, have low risk of default and strong capacity to meet contractual cash flow.

- (iii) Financial guarantee contracts using general 3-stage approach

The following table contains an analysis of the credit risk exposure of financial guarantee contracts for which an ECL allowance is recognised. The total amount guaranteed below also represents the maximum amount that the Company has to pay if the guarantee is called on:

	Stage 1 12 month ECL RM'000	Stage 2 Lifetime ECL RM'000	Stage 3 Lifetime ECL RM'000	Total RM'000
Company's internal credit rating				
Performing	1,101,375	-	-	1,101,375
Underperforming	-	-	-	-
Non-performing	-	-	-	-
Total amount guaranteed	1,101,375	-	-	1,101,375
Loss allowance	-	-	-	-

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Cash flow forecasting is performed by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statements of financial position ratio targets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Liquidity risk (continued)**

Surplus cash held by the subsidiaries over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in financial instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>2021</u>				
<u>Group</u>				
Trade and other payables	618,260	4,740	-	623,000
Borrowings	894,969	937,097	77,135	1,909,201
Lease liabilities	100,983	413,461	1,918,051	2,432,495
Deposits	-	-	12,210	12,210
Total undiscounted financial liabilities	1,614,212	1,355,298	2,007,396	4,976,906
<u>Company</u>				
Trade and other payables	15,688	-	-	15,688
Amounts due to subsidiaries	103,533	293,646	-	397,179
Borrowings	206,135	370	-	206,505
Financial guarantee contracts*	419,571	681,804	-	1,101,375
Total undiscounted financial liabilities	744,927	975,820	-	1,720,747

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Liquidity risk (continued)**

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>2020</u>				
<u>Group</u>				
Trade and other payables	605,055	4,281	-	609,336
Borrowings	526,424	1,434,619	84,584	2,045,627
Lease liabilities	115,236	458,906	1,420,277	1,994,419
Deposits	-	-	11,874	11,874
Total undiscounted financial liabilities	1,246,715	1,897,806	1,516,735	4,661,256
<u>Company</u>				
Trade and other payables	14,368	-	-	14,368
Amounts due to subsidiaries	97,898	355,051	261	453,210
Borrowings	115,313	516	-	115,829
Financial guarantee contracts*	1,365,000	-	-	1,365,000
Total undiscounted financial liabilities	1,592,579	355,567	261	1,948,407

* Related to Islamic Medium Term Notes (Note 31)

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points (2020: 25 basis points) lower/higher, with all other variables held constant, the Group's profit before tax for the financial year would have been RM938,087 (2020: RM1,106,256) higher/lower, arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. The assumed movement in interest rate for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not face significant exposure from foreign currency exchange risk.

(e) Offsetting financial assets and financial liabilities

There is no offsetting of financial assets and financial liabilities during the year for the Group and Company.

4 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and health capital ratios in order to support its business, maximise shareholder value and comply with its financial covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gross gearing ratio, which is total borrowings divided by shareholders' funds.

The Group's gross gearing ratios as at 31 December 2021 and 2020 were as follows:

	Group	
	2021 RM'000	2020 RM'000
Current borrowings	860,457	505,776
Non-current borrowings	968,007	1,449,231
Total borrowings (Note 31) - [A]	1,828,464	1,955,007
Shareholders' funds - [B]	2,135,430	2,050,084
Gross gearing ratio (%) - [A] / [B]	0.86	0.95

Borrowings represent short-term borrowings and term loans from licensed banks, hire purchase creditors, Islamic Medium Term Notes and excludes lease liabilities.

The Group has complied with all material external financial covenants during the financial year as disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

5 FAIR VALUE DISCLOSURE

(a) Determination of fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Current asset/liability	Note
Trade and other receivables and amounts due from subsidiaries	25
Deposits, bank and cash balances	27
Trade and other payables and amounts due to subsidiaries	29
Borrowings	31
Deposits	34

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current financial liabilities, which primarily comprise advances to or from subsidiaries, borrowings and deposits, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date. The fair value of these financial liabilities are disclosed in their respective notes.

Financial instruments that are carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

The fair values of the Group's non-current fixed-rate borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of these instruments are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

5 FAIR VALUE DISCLOSURE (CONTINUED)**(b) Fair value measurement**

Qualitative disclosures fair value measurement hierarchy for assets and liabilities are as follows:

	Level 1		Level 3	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Group</u>				
Equity instruments classified as FVOCI (Note 23)	1,458	1,120	-	-
Property, plant and equipment (Note 16):				
- Freehold land	-	-	245,564	260,714
- Buildings	-	-	1,346,160	1,528,257
Investment properties (Note 18)	-	-	346,116	337,748
	1,458	1,120	1,937,840	2,126,719
<u>Company</u>				
Equity instruments classified as FVOCI (Note 23)	1,458	1,120	-	-

The Group and the Company do not have any financial liabilities carried at fair value nor any assets or liabilities classified as Level 2 as at 31 December 2021 and 31 December 2020.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty or judgements made in applying accounting policies

The key assumptions concerning the future and other key sources of estimation 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 and judgement in applying group accounting policies are discussed below.

(a) Revenue recognition

The Group relies heavily on information technology systems in accounting for its revenue from healthcare services. Such information systems process large volumes of data with combinations of different products and services, which consist of individually low value transactions. In addition, the Group's hospitals involve medical consultants in providing services to its customers. Significant judgement is required to assess the arrangements between the hospitals and its medical consultants to determine whether the Group is a principal or an agent in the provision of services to its customers, which will affect whether revenue is recognised on a gross or net basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Impairment of goodwill

The Group tests goodwill for impairment annually whether goodwill has suffered any impairment, in accordance with its accounting policy stated in Note 2.11. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell calculations. The calculations require the use of estimates as set out in Note 20.

(c) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain tax allowances for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether taxes will be claimable. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 13.

(d) Valuation of investment properties

The Group carries its investment properties at fair value. These require the use of external valuers and assumptions that are based on unobservable inputs. The key assumptions are as disclosed in Note 18 to the financial statements.

(e) Extension and termination of options as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment that is within the control of the lessee. Refer to Note 17 for details about Group's ROU assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

7 REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Revenue from contract with customers:</u>				
Revenue from hospital and healthcare charges				
- Revenue from inpatient and outpatient hospital charges				
- Revenue from hospital	2,397,312	2,190,438	-	-
- Management fees from consultants	74,793	75,238	-	-
- Wellness packages	7,080	7,486	-	-
- Vaccine administration services	15,125	-	-	-
- Aged care revenue	56,256	49,393	-	-
Tuition fees	32,848	34,157	-	-
Management fees	5,698	4,168	49,456	48,314
	2,589,112	2,360,880	49,456	48,314
<u>Revenue from other sources:</u>				
Dividend income	-	50	84,106	76,745
Interest income	-	-	22,577	19,018
Rental income	37,325	35,496	-	-
Other revenue	412	1,017	-	-
	37,737	36,563	106,683	95,763
	2,626,849	2,397,443	156,139	144,077

Hospital and healthcare charges generally relates to contracts with patients in which performance obligations are to provide healthcare services. The performance obligations for inpatient services are generally satisfied over a short period, and revenue from inpatients is recorded when the healthcare services is performed. The performance obligations for outpatient and daycare services are generally satisfied over a period of less than one day, and revenue is also recorded when the healthcare services is performed. Revenue from sales of pharmaceutical products are recognised upon delivery to customers.

There are no unsatisfied performance obligations at the end of the financial year.

Revenue from tuition fees and management fees are recognised over time.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

7 REVENUE (CONTINUED)Disaggregation of revenue from contracts with customers

The following tables show the Group's revenue disaggregated by the Group's major services and provide reconciliations of the disaggregated revenue with the major market segments.

	Hospital and healthcare charges		Others		Total
	Malaysia RM'000	Others RM'000	Malaysia RM'000	Others RM'000	RM'000
<u>2021</u>					
Segment revenue	2,980,697	112,207	341,221	33,414	3,467,539
Intersegment revenue	(542,337)	-	(297,787)	(566)	(840,690)
Revenue from external customers	2,438,360	112,207	43,434	32,848	2,626,849
<u>2020</u>					
Segment revenue	2,736,478	87,975	281,276	36,431	3,142,160
Intersegment revenue	(501,897)	-	(240,546)	(2,274)	(744,717)
Revenue from external customers	2,234,581	87,975	40,730	34,157	2,397,443

8 ZAKAT

Zakat expense is zakat provided and paid during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

9 FINANCE INCOME AND COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Finance costs</u>				
<u>Borrowings</u>				
Profit sharing on Islamic financing:				
- Islamic Medium Term Notes	59,621	64,355	-	-
- Term loans	15,742	20,015	-	-
- Revolving credits	6,782	7,370	5,547	6,380
- Hire purchase creditors	2,625	2,311	24	13
- Bank overdrafts	1,411	894	-	-
Interest expense on conventional financing:				
- Term loans	4,604	2,623	-	-
- Hire purchase creditors	23	66	-	-
- Interest on advances from subsidiaries	-	-	17,707	18,027
- Revolving credits	1,409	103	-	-
	92,217	97,737	23,278	24,420
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 16)	(1,673)	(3,485)	-	-
	90,544	94,252	23,278	24,420
Lease liabilities	76,745	69,224	-	-
	167,289	163,476	23,278	24,420
<u>Finance income</u>				
Profit sharing from deposits with licensed banks	(8,683)	(14,164)	-	-
	(8,683)	(14,164)	-	-
Net finance costs	158,606	149,312	23,278	24,420

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 5% (2020: 5%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

10 PROFIT BEFORE TAX

Profit before tax is arrived after charging/(crediting):

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:					
- Statutory audits					
- EY Malaysia		1,765	2,309	397	374
- Non-EY		785	695	-	-
- Other services					
- EY Malaysia		992	1,511	992	1,511
- PwC		14	931	14	931
- Non-EY/PwC		1,228	561	1,228	525
Trade receivables:					
- Impairment/(Reversal) charge for the year (net)	25	11,568	(21)	-	-
Contribution to Klinik Waqaf An-Nur	38	4,818	2,657	36	27
Directors' remuneration	12	4,321	7,004	4,321	6,889
Cost of medical supplies		846,624	762,279	-	-
Inventories written-off		627	387	-	-
Professional fees		7,547	3,192	3,737	2,640
Repair and maintenance		95,979	74,291	1,374	928
Investment properties:					
- Rental income		(15,365)	(15,871)	-	-
- Direct operating expenses		10,335	11,132	-	-
- Written-off	18	-	420	-	-
- Gain on fair value	18	(13,410)	(464)	-	-
Property, plant and equipment:					
- Depreciation	16	185,782	172,699	294	139
- Written-off		702	1,067	-	-
- Gain on disposal		(561)	(342)	-	-
- Impairment loss	16	10,073	16,973	-	-
Right-of-use assets:					
- Depreciation	17	57,981	50,644	-	-
- Gain on disposal		(137)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

10 PROFIT BEFORE TAX (CONTINUED)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fair value loss on quoted shares	23	160	744	160	744
Fair value loss on unquoted shares	23	2	2,814	2	2,532
Rental expense of land and buildings	17	5,301	8,902	3,791	3,015
Rental of equipment and vehicles	17	6,198	7,688	153	158
Employee benefits costs	11	832,986	688,267	44,488	28,264
Intangible assets:					
- Amortisation of software expenditure	19	11,508	15,413	-	-
- Impairment of goodwill	19	4,028	1,610	-	-
- Written-off	19	474	-	-	-

11 EMPLOYEE BENEFITS COST

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Staff costs (excluding Directors' remuneration):				
- Salaries, allowances and bonuses	744,663	604,935	38,883	24,102
- Contributions to defined contribution plan	88,109	82,392	5,605	4,078
- Share-based payments – ESOS (Note 37)	-	619	-	84
- Provision for retirement benefits (Note 33)	214	321	-	-
	832,986	688,267	44,488	28,264

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

12 DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Managing and Executive Directors:				
- Fees	-	97	-	-
- Salaries, allowances and bonuses	1,473	3,812	1,473	3,812
- Contributions to defined contribution plan	221	251	221	251
- Benefits-in-kind	24	46	24	46
	1,718	4,206	1,718	4,109
Non-Independent Non-Executive Directors:				
- Fees	653	594	653	588
- Allowances	450	596	450	596
	1,103	1,190	1,103	1,184
Independent Non-Executive Directors:				
- Fees	768	821	768	821
- Allowances	701	755	701	743
- Benefits-in-kind	31	32	31	32
	1,500	1,608	1,500	1,596
	4,321	7,004	4,321	6,889

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2021	2020
Managing and Executive Directors:		
RM1 - RM900,000	-	2
RM900,001 - RM1,000,000	-	1
RM1,500,001 - RM2,000,000	1	-
RM2,500,001 - RM3,000,000	-	1
Non-Executive Directors:		
RM1 - RM100,000	-	6
RM100,001 - RM200,000	5	3
RM200,001 - RM300,000	2	1
Independent Non-Executive Directors:		
RM1 - RM100,000	-	3
RM100,001 - RM200,000	4	4
RM200,001 - RM300,000	4	3
	16*	24

* Including 4 (2020:12) Directors that have resigned during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

13 TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian income tax:				
- In respect of current financial year	65,508	71,888	170	226
- (Over)/Under provision of prior years income tax	(15,962)	(9,419)	(226)	569
Foreign income tax:				
- In respect of current financial year	1,716	1,579	-	-
- Over provision of prior years income tax	(430)	-	-	-
	50,832	64,048	(56)	795
Deferred tax (Note 24)	(885)	(24,050)	-	(152)
Income tax expense recognised in the profit or loss	49,947	39,998	(56)	643
Deferred tax related to other comprehensive income (Note 24)	2,530	22,943	-	-

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	115,598	150,810	59,252	58,581
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	27,744	36,194	14,220	14,059
Tax effects of:				
- Different tax rates	(602)	65	-	-
- Income not subject to tax	(2,159)	(1,926)	(22,375)	(20,650)
- Expenses non-deductible for tax purposes	19,942	16,680	7,722	8,836
- Share of results of associates	(627)	(473)	-	-
- (Over)/Under provision of prior years income tax	(16,392)	(9,419)	(226)	569
- Deductible temporary differences not recognised	23,180	3,453	603	17
- Utilisation/Realisation of deductible temporary differences previously not recognised	(1,139)	(4,576)	-	(2,188)
Income tax expense	49,947	39,998	(56)	643

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

14 DIVIDENDS

	Group and Company RM'000
Declared in 2021 in respect of:	
<u>Financial year ended 31 December 2021</u>	
First interim single tier dividend of 0.25 sen per ordinary share paid on 15 October 2021	10,748
Second interim single tier dividend of 0.30 sen per ordinary share paid on 28 December 2021	12,979
	23,727
Declared in 2020 in respect of:	
<u>Financial year ended 31 December 2020</u>	
First interim single tier dividend of 0.50 sen per ordinary share paid on 20 April 2020	21,398
Second interim single tier dividend of 0.30 sen per ordinary share paid on 28 July 2020	12,839
Third interim single tier dividend of 0.40 sen per ordinary share paid on 31 December 2020	17,118
	51,355

The Directors are of the opinion that the Company is able to pay its debts, identified as at the date of the statements of financial position, as being the debts as they fall due and that the company will remain solvent for the period of twelve months after the date of declaration.

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2021.

15 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit/loss attributable to ordinary equity holders of the Company for the financial year by the average number of ordinary shares in issue during the financial year.

	Group	
	2021	2020
Profit attributable to Owners of the Company (RM'000)	51,033	110,443
Weighted average number of ordinary shares in issue ('000)	4,291,969	4,279,293
Basic earnings per share (sen)	1.19	2.58

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

15 EARNINGS PER SHARE (CONTINUED)**(b) Diluted earnings per share**

For the diluted earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group at reporting date is ESOS.

For the ESOS granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding ESOS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of ESOS. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the profit for the financial year for the ESOS calculation.

	Group	
	2021	2020
Profit attributable to Owners of the Company (RM'000)	51,033	110,443
Weighted average number of ordinary shares in issue ('000)	4,291,969	4,279,293
Assumed shares issued from the exercise of ESOS ('000)	123,805	180,510
Weighted average number of ordinary shares in issue ('000)	4,415,774	4,459,803
Diluted earnings per share (sen)	1.16	2.48

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Group</u>							
<u>2021</u>							
At 1 January							
- Cost	-	-	408,019	1,018,610	528,753	263,275	2,218,657
- Valuation	260,714	1,528,257	-	-	-	-	1,788,971
	260,714	1,528,257	408,019	1,018,610	528,753	263,275	4,007,628
Exchange differences	(1,077)	(875)	107	478	197	-	(1,170)
Additions	-	16,577	17,437	65,647	36,221	98,789	234,671
Disposals	-	-	-	(3,190)	(1,452)	-	(4,642)
Written-off	-	-	(2,467)	(2,728)	(1,584)	-	(6,779)
Reclassifications	-	52,765	12,619	-	96	(65,480)	-
Transfer from right-of- use assets (Note 17)	3,050	-	-	-	-	-	3,050
Transfer to investment property (Note 18)	-	(762)	-	-	-	-	(762)
Transfer to non-current assets held for sale (Note 28)	(19,021)	(211,089)	-	-	-	-	(230,110)
Revaluation surplus	4,998	2,279	-	-	-	-	7,277
Impairment loss (Note 10)	(3,100)	(6,973)	-	-	-	-	(10,073)
Elimination of accumulated depreciation on revaluation	-	(5,469)	-	-	-	-	(5,469)
	245,564	1,374,710	435,715	1,078,817	562,231	296,584	3,993,621
At 31 December							
- Cost	-	-	435,715	1,078,817	562,231	296,584	2,373,347
- Valuation	245,564	1,374,710	-	-	-	-	1,620,274
	245,564	1,374,710	435,715	1,078,817	562,231	296,584	3,993,621
Less: Government grant received	-	(6,830)	-	-	-	-	(6,830)
	245,564	1,367,880	435,715	1,078,817	562,231	296,584	3,986,791

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
Group							
2021							
Accumulated depreciation							
At 1 January	-	-	(199,333)	(585,317)	(359,395)	-	(1,144,045)
Exchange differences	-	214	(30)	(3)	(30)	-	151
Charge for the financial year (Note 10)	-	(30,502)	(34,421)	(71,668)	(49,191)	-	(185,782)
Disposals	-	-	-	3,155	1,323	-	4,478
Written-off	-	-	2,467	2,711	899	-	6,077
Elimination of accumulated depreciation on revaluation	-	5,469	-	-	-	-	5,469
Transfer to non-current assets held for sale (Note 28)	-	3,099	-	-	-	-	3,099
At 31 December	-	(21,720)	(231,317)	(651,122)	(406,394)	-	(1,310,553)
Net carrying amounts							
- Cost	-	-	204,398	427,695	155,837	296,584	1,084,514
- Valuation	245,564	1,346,160	-	-	-	-	1,591,724
At 31 December	245,564	1,346,160	204,398	427,695	155,837	296,584	2,676,238

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Group</u>							
<u>2020</u>							
At 1 January							
- Cost	-	-	342,403	954,217	473,595	310,971	2,081,186
- Valuation	228,958	1,340,733	-	-	-	-	1,569,691
	228,958	1,340,733	342,403	954,217	473,595	310,971	3,650,877
Exchange differences	(456)	(5,828)	-	(290)	(90)	-	(6,664)
Additions	-	26,783	28,537	81,608	41,180	96,401	274,509
Disposals	-	-	-	(10,669)	(745)	-	(11,414)
Written-off	-	-	(265)	(11,373)	(2,557)	-	(14,195)
Reclassifications	-	83,937	37,344	5,117	17,370	(143,768)	-
Acquisition of a subsidiary (Note 21)	5,092	77,262	-	-	-	-	82,354
Transfer to investment property (Note 18)	(7,200)	-	-	-	-	(329)	(7,529)
Revaluation surplus	50,510	62,731	-	-	-	-	113,241
Impairment loss (Note 10)	(16,190)	(783)	-	-	-	-	(16,973)
Elimination of accumulated depreciation on revaluation	-	(53,575)	-	-	-	-	(53,575)
	260,714	1,531,260	408,019	1,018,610	528,753	263,275	4,010,631
At 31 December							
- Cost	-	-	408,019	1,018,610	528,753	263,275	2,218,657
- Valuation	260,714	1,531,260	-	-	-	-	1,791,974
	260,714	1,531,260	408,019	1,018,610	528,753	263,275	4,010,631
Less: Government grant received	-	(3,003)	-	-	-	-	(3,003)
	260,714	1,528,257	408,019	1,018,610	528,753	263,275	4,007,628

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Group</u>							
<u>2020</u>							
<u>Accumulated depreciation</u>							
At 1 January	-	(33,870)	(160,935)	(543,488)	(313,898)	-	(1,052,191)
Exchange differences	-	2,739	-	276	51	-	3,066
Charge for the financial year (Note 10)	-	(23,242)	(38,239)	(63,628)	(47,590)	-	(172,699)
Disposals	-	-	-	10,457	619	-	11,076
Written-off	-	-	264	11,106	1,758	-	13,128
Elimination of accumulated depreciation on revaluation	-	53,575	-	-	-	-	53,575
Reclassifications	-	798	(423)	(40)	(335)	-	-
At 31 December	-	-	(199,333)	(585,317)	(359,395)	-	(1,144,045)
<u>Net carrying amounts</u>							
- Cost	-	-	208,686	433,293	169,358	263,275	1,074,612
- Valuation	260,714	1,528,257	-	-	-	-	1,788,971
At 31 December	260,714	1,528,257	208,686	433,293	169,358	263,275	2,863,583

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company		
	Motor vehicle RM'000	Computer RM'000	Total RM'000
2021			
<u>Cost</u>			
At 1 January	787	486	1,273
Additions	-	488	488
At 31 December	787	974	1,761
<u>Accumulated depreciation</u>			
At 1 January	(73)	(136)	(209)
Charge for the financial year (Note 10)	(157)	(137)	(294)
At 31 December	(230)	(273)	(503)
<u>Net carrying amounts</u>			
At 31 December	557	701	1,258
2020			
<u>Cost</u>			
At 1 January	-	258	258
Additions	787	228	1,015
At 31 December	787	486	1,273
<u>Accumulated depreciation</u>			
At 1 January	-	(70)	(70)
Charge for the financial year (Note 10)	(73)	(66)	(139)
At 31 December	(73)	(136)	(209)
<u>Net carrying amounts</u>			
At 31 December	714	350	1,064

Revaluation of land and buildings

The Group's land and buildings were fully revalued as at 31 December 2020. As at year end, the Group assess whether there is an indication that the carrying values of these assets have differ materially from its fair value. Where an indication exists, revaluations were carried out and the carrying value of these assets were updated to reflect its fair value based on independent valuation. Certain land and buildings that were completed and commenced operations during the year were also revalued as at year end.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)Revaluation of land and buildings (continued)

Land and buildings comprise mainly those that are used by the Group as purpose-built private specialist hospitals. The lands were valued by reference to transactions of similar land in the surrounding with adjustments made for difference in accessibility, terrain, size and shape of the land, tenure, title restrictions if any and other relevant characteristics. The buildings were valued by reference to their depreciated replacement costs, i.e. the replacement cost now less appropriate adjustments for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The book values of the land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve. These were all Level 3 in the fair value hierarchy.

In current financial year, the impairment loss of RM10,073,000 (2020: RM16,973,000) represented the write-down of certain freehold land and buildings mainly in the Malaysia (2020: others) segment to the recoverable amount as a result of revaluation carried out during the year. This was recognised in the statement of comprehensive income of the Group as administrative expenses.

The revaluations were made with reference to valuations carried out by independent firms of professional valuers, Messrs Appraisal (Malaysia) Sdn Bhd, Messrs Raine & Horne International Zaki + Partners Sdn Bhd and Messrs CBRE Valuations Pty Limited ("the Valuers").

If the total amounts of the land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	Group	
	2021	2020
	RM'000	RM'000
<u>Cost</u>		
Freehold land	67,698	86,719
Buildings	602,701	710,043
	670,399	796,762
<u>Accumulated depreciation</u>		
Buildings	(49,791)	(48,625)
Net carrying amounts	620,608	748,137

The net book value of assets under hire purchase creditors as at 31 December 2021 is RM13,655,000 (2020: RM15,640,000).

The net book value of property, plant and equipment pledged for borrowing facilities as at 31 December 2021 is RM498,213,000 (2020: RM534,515,000) as disclosed in Note 31.

During the financial year, a subsidiary received a government grant in relation to the construction of a hospital building amounting to RM6,830,000 (2020: RM3,003,000). The amount has been set-off against the cost of building.

Capitalisation of borrowing costs

The capital work-in-progress includes borrowing costs arising from general and specific borrowings from licensed banks and related companies within KPJ Group. During the financial year, borrowing costs capitalised as part of capital work-in-progress amounted to RM1,673,000 (2020: RM3,485,000) as disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

17 RIGHT-OF-USE ASSETS

The majority of the Group's leasing activities are lease of hospital buildings and land with Al-`Aqar Healthcare REIT. The rental contracts are typically made for a period of 15 years with an option to extend for another 15 years. The lease terms are negotiated with the lessor, such that similar terms are set for properties with similar characteristics. These terms are used to maximise operational efficiencies in terms of managing contracts. The terms of certain leases were modified during the year resulting in a change in consideration payable. There are no covenants attached to these leases and the properties may not be used as security for borrowing purposes.

	Group		
	Leasehold land RM'000	Land and buildings RM'000	Total RM'000
2021			
At 1 January	181,071	870,101	1,051,172
Lease modifications	-	165,993	165,993
Depreciation (Note 10)	(3,208)	(54,773)	(57,981)
Revaluation surplus	6,893	-	6,893
Transfer to property, plant and equipment (Note 16)	(3,050)	-	(3,050)
Transfer to investment properties (Note 18)	(4,480)	-	(4,480)
Transfer to non-current assets held for sales (Note 28)	(11,977)	-	(11,977)
Exchange differences	1,284	1,456	2,740
At 31 December	166,533	982,777	1,149,310
2020			
At 1 January	170,688	913,471	1,084,159
Additions	-	2,551	2,551
Depreciation (Note 10)	(4,025)	(46,619)	(50,644)
Revaluation surplus	14,408	-	14,408
Exchange differences	-	698	698
At 31 December	181,071	870,101	1,051,172

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Expenses related to short-term leases (included in cost of sales and administrative expenses) (Note 10)	(5,301)	(8,902)	(3,791)	(3,015)
Expenses relating to lease of low-value assets (included in cost of sales and administrative expenses) (Note 10)	(6,198)	(7,688)	(153)	(158)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

18 INVESTMENT PROPERTIES

	Group	
	2021 RM'000	2020 RM'000
At fair value:		
At 1 January	337,748	328,582
Additions	251	677
Written-off (Note 10)	-	(420)
Exchange differences	640	916
Gain on fair value recognised during the year (Note 10)	13,410	464
Transfer from property, plant and equipment (Note 16)	762	7,529
Transfer from right-of-use assets (Note 17)	4,480	-
Transfer to non-current assets held for sale (Note 28)	(11,175)	-
At 31 December	346,116	337,748

The valuations were carried out by third party valuers, Messrs Appraisal (Malaysia) Sdn Bhd. In prior year, the valuations were carried out by third party valuers, Messrs Raine & Horne International Zaki + Partners Sdn Bhd and Messrs CBRE Valuations Pty Limited.

The fair value of investment property pledged for borrowing facilities as at 31 December 2021 is RM253,500,000 (2020: RM244,000,000).

The fair value of the properties was estimated at RM346,116,000 (2020: RM337,748,000) based on valuations performed by independent professionally qualified valuers, using the comparison method as described below. In the prior year comparison and investment method were used in the valuation.

Fair value hierarchy disclosures for investment properties are in Note 5.

Description of valuation techniques used and key inputs to valuation on investment properties.

	Valuation technique	Significant unobservable inputs	Range	
			2021	2020
Land and buildings	Comparison method	Location, visibility, size and tenure Estimated value per sq ft	RM27 - RM607	RM22 - RM505
(Carrying value as at 31 December 2021 of RM346,116,000 (2020: RM93,748,000)).				
Office properties	Investment method	Estimated rental value per sq ft per month	-	RM3.00 - RM7.50
		Outgoings per sq ft per month	-	RM1.89
		Void rate	-	8%
		Term yield	-	6%

(Carrying value as at 31 December 2020: RM244,000,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

18 INVESTMENT PROPERTIES (CONTINUED)Inter-relationship between significant unobservable inputs and fair value measurement(a) Comparison method

Generally a location and visibility that is relatively more prominent will result in a higher fair value. A longer tenure will have the same effect.

A sensitivity analysis has been performed on the value per sq ft which was determined based on proprietary databases of prices of transactions for properties of similar nature, with adjustment made to the location, visibility and tenure, that impact the fair value of the land and buildings. Arising thereof, the impact of a 10% increase/decrease in the value per sq ft will result in a higher/lower fair value change by RM34.3 million.

(b) Investment method

Increases/decreases in estimated rental value per sq ft in isolation would result in a higher/lower fair value of the properties. Increases/decreases in the long-term vacancy rate (void rate) and discount rate (term yield) in isolation would result in a lower/higher fair value.

In prior year, a sensitivity analysis had been performed on the significant assumptions that impact the fair value of the office properties. Arising thereof, the impact of a 25 basis points increase/decrease in the term yield would result in a lower/higher fair value change by RM9.4 million/RM10.6 million, while an increase in void rate to 10% would result in a lower fair value change by RM4.4 million.

19 INTANGIBLE ASSETS

	Goodwill RM'000	Software expenditure RM'000	Software expenditure under development RM'000	Total RM'000
<u>Group</u>				
<u>2021</u>				
<u>Cost</u>				
At 1 January	211,455	70,655	3,438	285,548
Additions	-	192	-	192
Written-off	-	(334)	(140)	(474)
Reclassifications	-	3,298	(3,298)	-
At 31 December	211,455	73,811	-	285,266
<u>Accumulated amortisation</u>				
At 1 January	-	(31,754)	-	(31,754)
Amortisation charge for the year (Note 10)	-	(11,508)	-	(11,508)
At 31 December	-	(43,262)	-	(43,262)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

19 INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Software expenditure RM'000	Software expenditure under development RM'000	Total RM'000
<u>Group</u>				
<u>2021</u>				
<u>Accumulated impairment</u>				
At 1 January	(17,966)	-	-	(17,966)
Impairment loss for the year (Note 10)	(4,028)	-	-	(4,028)
At 31 December	(21,994)	-	-	(21,994)
<u>Net carrying amount</u>				
At 31 December	189,461	30,549	-	220,010
<u>2020</u>				
<u>Cost</u>				
At 1 January	195,522	40,420	32,157	268,099
Additions	15,933	-	1,516	17,449
Reclassifications	-	30,235	(30,235)	-
At 31 December	211,455	70,655	3,438	285,548
<u>Accumulated amortisation</u>				
At 1 January	-	(16,341)	-	(16,341)
Amortisation charge for the year (Note 10)	-	(15,413)	-	(15,413)
At 31 December	-	(31,754)	-	(31,754)
<u>Accumulated impairment</u>				
At 1 January	(16,356)	-	-	(16,356)
Impairment loss for the year (Note 10)	(1,610)	-	-	(1,610)
At 31 December	(17,966)	-	-	(17,966)
<u>Net carrying amount</u>				
At 31 December	193,489	38,901	3,438	235,828

In current financial year, the impairment loss of RM4,028,000 (2020: RM1,610,000) represented the write-down of goodwill arose from the acquisitions of certain subsidiaries in the Malaysia (2020: others) segment due to change in business plan. The impairment charge is recorded within administrative expenses in the statement of comprehensive income of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

20 IMPAIRMENT OF INTANGIBLE ASSETS

Impairment tests for goodwill and software expenditure under development

	Group	
	2021 RM'000	2020 RM'000
Malaysia:		
- Goodwill	189,461	193,489
- Software expenditure under development	-	3,438
	189,461	196,927

Recoverable amount based on value-in-use

Malaysia

The recoverable amount of the cash-generating unit ("CGU") is determined based on fair value less cost to sell calculation (level 3 fair value hierarchy). These calculations use cash flow projections based on financial budgets approved by the Directors covering a five-year period.

The key assumptions used are as follows:

	2021 %	2020 %
Revenue growth rate ¹	9 - 22	7 - 11
EBITDA margin ²	25.8 - 27.8	23.5 - 28.3
Discount rate ³	13	13
Terminal growth rate ⁴	5	5

Assumptions:

- 1 Revenue growth rate over the budget period
- 2 EBITDA margin over the budget period
- 3 Pre-tax discount rate applied to the cash flow projections
- 4 Terminal growth rate used to extrapolate cash flows beyond the budget period

The Directors have determined the revenue growth rate and EBITDA margin based on expectations of market development. The pre-tax discount rate used is based on comparable healthcare companies and adjusted for projection risk. The terminal growth rate does not exceed the long-term average growth rate for the relevant group of CGUs.

Management believes that any reasonable change to the above key assumptions would not cause the carrying value of the CGU to materially exceed its reasonable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are made up as follows:

	Company	
	2021 RM'000	2020 RM'000
Cost	965,024	965,024
Preference shares	300	300
Capital contribution reserve relating to share-based payments	68,075	73,777
Unquoted shares	1,033,399	1,039,101

The following are subsidiaries of the Company:

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2021 %	2020 %	
Kumpulan Perubatan (Johor) Sdn Bhd	Malaysia	100	100	Managing and investment holding company for medical sector
Point Zone (M) Sdn Bhd	Malaysia	100	100	Providing treasury management services to the companies within the group
Tawakal Holdings Sdn Bhd *	Malaysia	100	100	Investment holding company
Johor Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Pusat Pakar Tawakal Sdn Bhd +	Malaysia	100	100	Operating as a specialist hospital
Ipoh Specialist Hospital Sdn Bhd	Malaysia	99	99	Operating as a specialist hospital
Puteri Specialist Hospital (Johor) Sdn Bhd #	Malaysia	100	100	Dormant
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd</u>				
Ampang Puteri Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Bandar Baru Klang Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Kajang Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Maharani Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Pasir Gudang Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2021 %	2020 %	
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)</u>				
Penang Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Pusat Pakar Kluang Utama Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Rawang Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Sentosa Medical Centre Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
SMC Healthcare Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Kuching Specialist Hospital Sdn Bhd	Malaysia	93	70	Operating as a specialist hospital
Miri Specialist Hospital Sdn Bhd *	Malaysia	84	70	Operating as a specialist hospital
PT Khidmat Perawatan Jasa Medika *	Indonesia	80	80	Operating as a specialist hospital
PT Khasanah Putera Jakarta Medica *	Indonesia	75	75	Operating as a specialist hospital
Pahang Specialist Hospital Sdn Bhd	Malaysia	70	70	Operating as a specialist hospital
Perdana Specialist Hospital Sdn Bhd	Malaysia	61	61	Operating as a specialist hospital
Perlis Specialist Hospital Sdn Bhd	Malaysia	60	60	Operating as a specialist hospital
Selangor Specialist Hospital Sdn Bhd *	Malaysia	60	60	Operating as a specialist hospital
Advanced Health Care Solutions Sdn Bhd	Malaysia	100	100	Providing healthcare information system services
BDC Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a building management company
Crossborder Aim (M) Sdn Bhd *	Malaysia	100	100	Investment holding company
Crossborder Hall (M) Sdn Bhd *	Malaysia	100	100	Investment holding company
Healthcare IT Solutions Sdn Bhd	Malaysia	100	100	Providing healthcare information technology services
Kota Kinabalu Wellness Sdn Bhd	Malaysia	100	100	Operating as an assisted living care, after birth care and rehabilitation centre

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2021 %	2020 %	
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)</u>				
KPJ Ambulatory Care Centre Sdn Bhd *	Malaysia	100	100	Management and operation of ambulatory care centre
KPJ Dhaka (Pte) Ltd *	Bangladesh	100	100	Providing management services to a specialist hospital
KPJ Eyecare Specialist Sdn Bhd *	Malaysia	100	100	Providing medical and consultancy services in eye care
KPJ Healthcare University College Sdn Bhd	Malaysia	100	100	Operating as a private university college of nursing and allied health
KPJ HealthShoppe Sdn Bhd *	Malaysia	100	100	Operating as pharmacy retail outlet
KPJ MedikTV Sdn Bhd *	Malaysia	100	100	Operating as medical service provider
Kuantan Wellness Center Sdn Bhd	Malaysia	100	100	Operating as a dialysis and aged care centre
Massive Hybrid Sdn Bhd *	Malaysia	100	100	To be operating as a specialist hospital
PharmaCARE Sdn Bhd *	Malaysia	100	100	Providing human resource, training services and rental of human resource information system
Pharmaserv Alliances Sdn Bhd	Malaysia	100	100	Marketing and distributing medical and pharmaceutical products
Sibu Geriatric Health & Nursing Centre Sdn Bhd	Malaysia	100	100	Operating and managing an aged care facilities
Sterile Services Sdn Bhd *	Malaysia	100	100	Providing sterile services
UTM KPJ Specialist Hospital Sdn Bhd *	Malaysia	100	100	To be operating as a specialist hospital
Fabricare Laundry Sdn Bhd *	Malaysia	98	98	Providing laundry services
DTI Resources Sdn Bhd	Malaysia	94	94	Providing information technology related services and rental of software
Pride Outlet Sdn Bhd *	Malaysia	75	75	Providing maintenance services for medical equipment
Total Meal Solution Sdn Bhd *	Malaysia	70	70	Providing central kitchen services

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2021 %	2020 %	
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)</u>				
Jeta Gardens (Qld) Pty Ltd *	Australia	57	57	Providing retirement village and aged care facilities
Lablink (M) Sdn Bhd	Malaysia	51	51	Providing pathology and laboratory services
Healthcare Technical Services Sdn Bhd *	Malaysia	51	51	Providing management and engineering maintenance services for specialist hospital
Bayan Baru Specialist Hospital Sdn Bhd *	Malaysia	100	100	Dormant
Damansara Specialist Hospital Sdn Bhd	Malaysia	100	100	Dormant
Energy Excellent Sdn Bhd *	Malaysia	100	100	Dormant
KPJ Education Services Sdn Bhd *	Malaysia	100	100	Dormant
Pharmacare Surgical Technologies (M) Sdn Bhd *	Malaysia	100	100	Dormant
Seremban Specialist Hospital Sdn Bhd	Malaysia	100	100	Dormant
Skop Yakin (M) Sdn Bhd *	Malaysia	100	100	Dormant
Taiping Medical Centre Sdn Bhd	Malaysia	100	100	Dormant
Freewell Sdn Bhd *	Malaysia	80	80	Dormant
Teraju Farma Sdn Bhd	Malaysia	-	65	Marketing and distributing medical and pharmaceutical products
<u>Subsidiary of Johor Specialist Hospital Sdn Bhd</u>				
Bandar Dato Onn Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Kluang Specialist Hospital Sdn Bhd *	Malaysia	100	100	Operating as a building management company
<u>Subsidiary of Ipoh Specialist Hospital Sdn Bhd</u>				
Sri Manjung Specialist Centre Sdn Bhd *	Malaysia	100	100	Operating as a specialist hospital

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company: (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2021 %	2020 %	
<u>Subsidiary of Selangor Specialist Hospital Sdn Bhd</u>				
Pusrawi SMC Sdn Bhd *	Malaysia	52	52	Operating as a polyclinic
<u>Subsidiary of SMC Healthcare Sdn Bhd</u>				
Amity Development Sdn Bhd	Malaysia	100	100	Operating as a property holding company
<u>Subsidiaries of Pharmaserv Alliances Sdn Bhd</u>				
Malaysian Institute of Healthcare Management Sdn Bhd *	Malaysia	75	75	Dormant
<u>Subsidiary of KPJ Healthcare University College Sdn Bhd</u>				
KPJ Education (M) Sdn Bhd	Malaysia	100	100	Operating as a college and training centre
<u>Subsidiaries of Jeta Gardens (Qld) Pty Ltd</u>				
Jeta Gardens Aged Care (Qld) Pty Ltd *	Australia	100	100	Operating and managing an aged care facility
Jeta Gardens Management (Qld) Pty Ltd *	Australia	100	100	Dormant
<u>Subsidiaries of Crossborder Aim (M) Sdn Bhd and Crossborder Hall (M) Sdn Bhd</u>				
PT Al-Aqar Bumi Serpong Damai *	Indonesia	100	100	Operating as building management company
PT Al-Aqar Permata Hijau *	Indonesia	100	100	Operating as building management company

Direct equity holding by the Company is 84% (2020: 84%)

+ Direct equity holding by the Company is 68% (2020: 68%)

* Audited by firms other than EY PLT, Malaysia

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**Acquisition of additional interest in subsidiaries in 2021:**

- (i) On 1 November 2021, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") acquired additional 18,330,000 new shares in Miri Specialist Hospital Sdn Bhd ("MSH"), representing 14% equity interest in MSH, for a total consideration of RM18,330,000. With this acquisition, the Group now holds 84% shareholding of MSH.
- (ii) On 24 December 2021, KPJSB acquired additional 15,300,000 new shares in Kuching Specialist Hospital Sdn Bhd ("KcSH"), representing 23% equity interest in KcSH, for a total consideration of RM15,300,000. With this acquisition, the Group now holds 93% shareholding of KcSH.

Disposal of interest in a subsidiary in 2021:

On 15 November 2021, KPJSB disposed its entire equity interest in a subsidiary, Teraju Farma Sdn Bhd for a cash consideration of RM1,560,000. The effects of the disposal of the subsidiary gave rise to a loss of RM750,412 and the effects on cash flows were as follows:

	2021 RM'000
Current assets	7,951
Current liabilities	(4,397)
Net assets disposed	3,554
Loss on disposal	(750)
Carrying amount of equity interest disposed	2,804
Less: Non-controlling interests	(1,244)
Disposal proceed	1,560
Cash inflow arising from disposal:	
Cash consideration	1,560
Cash and cash equivalents of subsidiary disposed	-
Net cash inflows from disposal of a subsidiary	1,560

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**Acquisition of a subsidiary in 2020:**

On 2 November 2020, KPJSB acquired 100% equity interest in Kluang Specialist Hospital Sdn Bhd (“KSHSB”) for a total cash consideration of RM27,475,000.

	Acquiree's carrying amounts RM'000	Fair value at date of acquisition RM'000
Property, plant and equipment (Note 16)	82,354	82,354
Receivables, deposits and prepayments	3,788	3,788
Deposits, bank and cash balances	71	71
Payables	(74,671)	(74,671)
Fair value of net assets acquired	11,542	11,542
Less: Purchase consideration settled in cash		27,475
Goodwill		15,933
Purchase consideration settled in cash		27,475
Less: Cash and cash equivalents acquired		(71)
Cash outflow of the Group on acquisition		27,404

The amounts of net loss of KSHSB since the acquisition date included in the consolidated statement of comprehensive income for the reporting period is RM707,000. The net profit of KPJ Group for the current reporting period had the acquisition occurred on 1 January 2020 would be RM109,334,000.

Acquisition of additional interest in a subsidiary in 2020:

On 9 October 2020, KPJSB acquired additional 2,000,000 new shares in Fabricare Laundry Sdn Bhd (“FLSB”), representing 3% equity interest in FLSB, for a total consideration of RM2,000,000. With this acquisition, the Group now holds 98% shareholding of FLSB.

Disposal of interest in a subsidiary in 2020:

On 29 July 2020, KPJSB, entered into two the Shares Sale and Purchase Agreements (“SSPA”) with Mr Irfan Jasri and Ms Annie Trisusilo (“new shareholders”) for the disposal of 80% of KPJSB’s entire stake in PT Khidmat Perawatan Jasa Medika (“KPJ Medika”) for a total consideration of RM28,000,000 (IDR96.0 billion). The transfer of shares of KPJ Medika was completed on 21 October 2020, which was the date of the confirmation letter from Indonesia’s Ministry of Law and Human Rights.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of interest in a subsidiary in 2020: (continued)

The Group continues to control and consolidate KPJ Medika due to the following:

- Each of the new shareholders gives Power of Attorney to Vote and Power of Attorney to Sell (collectively referred to as "Power of Attorney") to the Group. The Power of Attorney gives the authorisation over 80% shares in KPJ Medika. In this regard, since most of the corporate actions of a company will require a shareholders' resolution, the Group is able to obtain majority votes and hence control KPJ Medika.
- Most of the members of the Board of Directors and the Board of Commissioners of KPJ Medika are appointed by the Group. Therefore, the Group is able to control KPJ Medika at the management and operation level.
- The Power of Attorney does not stipulate any granting of the shares ownership or assert that the shares of ownership transferred to the new shareholders are still belong to the Group. In that regard, the arrangement does not circumvent the Article 33 in Investment Law in Indonesia.

Summarised financial information of Perdana Specialist Hospital Sdn Bhd, Selangor Specialist Hospital Sdn Bhd, Lablink (M) Sdn Bhd and Jeta Gardens (Qld) Pty Ltd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other subsidiaries are not material to the Group.

- Summarised statements of financial position

	Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Lablink (M) Sdn Bhd		Jeta Gardens (Qld) Pty Ltd		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-controlling interests percentage of ownership interest and voting interest	39%	39%	40%	40%	49%	49%	43%	43%		
Non-current assets	89,915	93,540	208,728	190,152	26,536	27,700	35,326	163,720	360,505	475,112
Current assets	21,561	17,651	57,228	54,251	151,154	198,233	104,919	37,278	334,862	307,413
Current liabilities	(20,964)	(19,525)	(39,953)	(47,001)	(17,080)	(20,341)	(151,110)	(202,506)	(229,107)	(289,373)
Non-current liabilities	(41,507)	(44,113)	(83,733)	(59,665)	(836)	(1,212)	(64,795)	(61,016)	(190,871)	(166,006)
Net assets	49,005	47,553	142,270	137,737	159,774	204,380	(75,660)	(62,524)	275,389	327,146
Net equity attributable	49,005	47,553	142,270	137,737	159,774	204,380	(75,660)	(62,524)	275,389	327,146
Equity attributable to:										
Owners of the Company	29,893	29,007	85,362	82,642	81,485	104,234	(43,126)	(35,639)	153,614	180,244
Non-controlling interests	19,112	18,546	56,908	55,095	78,289	100,146	(32,534)	(26,885)	121,775	146,902

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(ii) Summarised statements of comprehensive income

	Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Lablink (M) Sdn Bhd		Jeta Gardens (Qld) Pty Ltd		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	68,515	71,558	128,123	116,497	184,850	140,079	54,178	49,393	435,666	377,527
Profit for the year	3,324	6,280	13,305	10,380	55,605	38,683	(14,730)	(24,691)	57,504	30,652
Profit attributable to:										
Owners of the Company	2,028	3,831	7,983	6,228	28,359	19,728	(8,396)	(14,074)	29,974	15,713
Non-controlling interest	1,296	2,449	5,322	4,152	27,246	18,955	(6,334)	(10,617)	27,530	14,939
Total net profit	3,324	6,280	13,305	10,380	55,605	38,683	(14,730)	(24,691)	57,504	30,652
Total comprehensive income attributable to:										
Owners of the Company	2,028	3,759	4,833	6,018	28,359	20,649	(8,668)	(14,074)	26,552	16,352
Non-controlling interest	1,296	2,403	3,222	4,012	27,246	19,839	(6,539)	(10,617)	25,225	15,637
Total comprehensive income	3,324	6,162	8,055	10,030	55,605	40,488	(15,207)	(24,691)	51,777	31,989
Dividends paid to non-controlling interest	-	830	1,400	1,760	49,000	-	-	-	50,400	2,590

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(iii) Summarised statements of cash flows

	Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Lablink (M) Sdn Bhd		Jeta Gardens (Qld) Pty Ltd		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net cash generated from operating activities	2,386	6,005	18,974	18,083	24,019	26,235	(2,740)	2,527	42,639	52,850
Net cash (used in)/ generated from investing activities	(1,857)	(3,213)	(5,856)	(8,588)	76,086	(26,904)	(334)	(779)	68,039	(39,484)
Net cash (used in)/ generated from financing activities	(2,182)	(1,936)	(16,548)	(12,337)	(100,167)	(184)	996	8	(117,901)	(14,449)
Net changes in cash and cash equivalents	(1,653)	856	(3,430)	(2,842)	(62)	(853)	(2,078)	1,756	(7,223)	(1,083)
Cash and cash equivalents at the beginning of the year	3,055	2,199	6,810	9,652	448	1,301	16,660	13,920	26,973	27,072
Currency translation differences	-	-	-	-	-	-	141	984	141	984
Cash and cash equivalents at the end of the year	1,402	3,055	3,380	6,810	386	448	14,723	16,660	19,891	26,973

22 INVESTMENTS IN ASSOCIATES

	Group	
	2021 RM'000	2020 RM'000
Quoted ordinary shares in Al-`Aqar Healthcare REIT, at cost	225,469	225,469
Unquoted ordinary shares, at cost	65,091	65,091
Group's share of post-acquisition reserves	146,492	160,234
	437,052	450,794
Market value of quoted ordinary shares in Al-`Aqar Healthcare REIT	312,127	352,488

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

22 INVESTMENTS IN ASSOCIATES (CONTINUED)

The associates of the Group are as follows:

	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
<u>Associates of Company</u>				
Damansara REIT Managers Sdn Bhd#	Malaysia	-	-	Manager of Al-`Aqar Healthcare REIT
Al-`Aqar Healthcare REIT^	Malaysia	37	37	Real estate investment trust
<u>Associates of KPJSB</u>				
Kedah Medical Centre Sdn Bhd*	Malaysia	46	46	Operating as a specialist hospital
Vejthani Public Company Limited*	Thailand	23	23	Operating as an international specialist hospital

^ Listed on the Main Market of Bursa Malaysia Securities Berhad.

* Audited by a firm other than EY PLT, Malaysia.

Entity over which the Company exercises significant influence by virtue of its board representation in Damansara REIT Managers Sdn Bhd, which controls Al-`Aqar Healthcare REIT.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the statutory financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	Al-`Aqar Healthcare REIT	
	2021 RM'000	2020 RM'000
Non-current assets	1,538,210	1,539,874
Current assets	126,523	108,112
Total assets	1,664,733	1,647,986
Current liabilities	20,613	583,371
Non-current liabilities	699,118	121,125
Total liabilities	719,731	704,496
Net assets	945,002	943,490

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

22 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the statutory financial statements of the associate and not the Group's share of those amounts. (continued)

(ii) Summarised statement of comprehensive income

	Al-`Aqar Healthcare REIT	
	2021	2020
	RM'000	RM'000
Revenue	114,073	115,710
Profit before tax	72,782	13,624
Total comprehensive income for the financial year	71,062	24,573
Dividends received and receivables from associates during the year	25,428	14,476

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in material associate

	Al-`Aqar Healthcare REIT	
	2021	2020
	RM'000	RM'000
Net assets at 1 January	943,490	958,513
Profit for the financial year	71,062	24,573
Dividend declared during the year	(69,550)	(39,596)
Net assets at 31 December	945,002	943,490
Interest in associates	37%	37%
Carrying value of Group's interest	349,651	349,091

(iv) Aggregate information of associates that are not individually material

	2021	2020
	RM'000	RM'000
The Group's share of profit before tax	12,220	3,766
The Group's share of profit after tax	9,473	1,797
The Group's share of total comprehensive income	9,473	1,797

(v) Commitments and contingent liabilities

There are neither commitment nor contingent liabilities relating to the Group's interest in the associates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

23 EQUITY INSTRUMENTS CLASSIFIED AS FVOCI

Equity investments at FVOCI comprise of the following individual investments:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Quoted shares:				
Al-Salam Real Estate Investment Trust	960	1,120	960	1,120
Unquoted shares:				
PMB-An-Nur Waqf Income Fund	498	-	498	-
Intrapreneur Value Creation Sdn Bhd	-	-	-	-
AHCS Advanced HealthCare Solutions AG	-	-	-	-
	1,458	1,120	1,458	1,120

The Group and the Company have irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group and the Company consider this equity instruments classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purpose.

Refer to Note 5 for disclosure of fair value information on the quoted and unquoted shares.

24 DEFERRED TAX

Deferred tax assets and liabilities were offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown on the statements of financial position.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	125,218	130,921	152	152
Deferred tax liabilities	(81,592)	(85,650)	-	-
At 31 December	43,626	45,271	152	152

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

24 DEFERRED TAX (CONTINUED)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follow:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	45,271	44,164	152	-
(Charged)/credit to profit or loss (Note 13)				
- Property, plant and equipment	(3,646)	(23,445)	-	152
- Investment properties	(697)	7,264	-	-
- Trade and other receivables	3,303	20,682	-	-
- Unutilised tax losses	(4,442)	1,921	-	-
- Unutilised capital allowance	7,242	24,325	-	-
- Contract liabilities	(2,004)	3,678	-	-
- Leases	(2,222)	(2,717)	-	-
- Trade and other payables	3,351	(7,658)	-	-
	885	24,050	-	152
Charged to other comprehensive income (Note 13)				
- Deferred tax on revaluation surplus during the year	(2,530)	(22,943)	-	-
At 31 December	43,626	45,271	152	152
Subject to income tax:				
Deferred tax assets (before offsetting):				
- Unutilised tax losses	21,115	25,557	-	-
- Unabsorbed capital allowance	31,567	24,325	-	-
- Contract liabilities	10,178	12,182	-	-
- Leases	68,476	70,698	-	-
- Trade and other payables	10,445	7,094	-	-
- Trade and other receivables	553	-	-	-
	142,334	139,856	-	-
Offsetting	(17,116)	(8,935)	152	152
Deferred tax assets (after offsetting)	125,218	130,921	152	152
Deferred tax liabilities (before offsetting):				
- Property, plant and equipment	(85,596)	(79,420)	(152)	(152)
- Investment properties	(13,112)	(12,415)	-	-
- Trade and other receivables	-	(2,750)	-	-
	(98,708)	(94,585)	(152)	(152)
Offsetting	17,116	8,935	152	152
Deferred tax liabilities (after offsetting)	(81,592)	(85,650)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

24 DEFERRED TAX (CONTINUED)

The amount of unabsorbed capital allowance, unutilised tax losses and investment tax allowance (“ITA”) for which no deferred tax asset are recognised on the statements of financial position are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unabsorbed capital allowances	35,636	28,362	231	99
Unutilised tax losses	214,608	146,322	7,642	3,444
Unutilised ITA	197,157	197,157	-	-
Other temporary differences	30,011	13,734	3,287	5,102

No deferred tax assets are recognised from the above due to uncertainties of their recoverability. The unutilised tax losses will substantially expire in year 2025. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The Group was granted approval on ITA from Malaysian Investment Development Authority, which provides income tax exemption in the form of 100% on the qualifying capital expenditure incurred within a period of 5 years for new private healthcare facility projects, expansion, modernisation and refurbishment projects for existing facilities. The unabsorbed capital allowances and unutilised ITA do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

25 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current:				
Other receivables	389	276	-	-
Deposits	13,112	10,272	-	-
	13,501	10,548	-	-
Current:				
Trade receivables	377,243	331,209	-	-
Less: Impairment of trade receivables	(32,307)	(34,836)	-	-
Trade receivables (net)	344,936	296,373	-	-
Amount due from ultimate holding corporation	1,358	1,924	13	13
Amounts due from related companies	1,816	2,292	8	8
Amounts due from associates	2,356	1,916	56	35
Other receivables	61,394	86,008	742	742
Deposits	49,684	39,675	26	26
Prepayments	19,849	18,664	47	57
	481,393	446,852	892	881
Amounts due from subsidiaries	-	-	661,546	480,169
Total	494,894	457,400	662,438	481,050

Credit terms of trade receivables range from 30 to 60 days (2020: 30 to 60 days).

Amounts due from ultimate holding corporation and related companies are non-trade, interest free and repayable on demand.

Amount due from subsidiaries are unsecured, bearing interest rate of 5.85% (2020: 5.85%) per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

25 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

As at 31 December 2021, trade receivables of RM32,307,000 (2020: RM34,836,000) were impaired and provided for. Movement in allowance accounts are as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	34,836	39,678
Impairment charge/(reversal) for the year (net) (Note 10)	11,568	(21)
Written-off	(14,097)	(4,821)
At 31 December	32,307	34,836

The other classes do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The currency exposure profile of the receivables and deposits (excluding prepayments) are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	452,651	406,362	662,391	480,993
Indonesian Rupiah	9,806	13,518	-	-
Bangladesh Taka	990	1,410	-	-
Australian Dollar	11,598	17,446	-	-
	475,045	438,736	662,391	480,993

26 INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At cost:		
Pharmaceutical products	31,449	31,064
Medical supplies	18,426	16,962
Laboratory chemicals	1,356	1,413
Consumables and disposable items	339	344
Other supplies	2,183	2,269
	53,753	52,052

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

27 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks	84,325	232,868	-	-
Cash and bank balances	233,686	229,366	3,642	4,137
Total cash and bank balances	318,011	462,234	3,642	4,137
Less: Bank overdrafts (Note 31)	(17,473)	(11,637)	-	-
Deposits with licensed banks with maturity of more than 3 months	(3,544)	(226,839)	-	-
Designated account (FSRA & DSRA)	(27,021)	(8,738)	-	-
Cash and cash equivalents	269,973	215,020	3,642	4,137

Included in the deposits with licensed banks of the Group is an amount of RM27,020,639 (2020: RM8,738,000) being minimum balance required in the Financial Service Reserve Account ("FSRA") and Deposit Service Reserve Account ("DSRA") for loans purposes (Note 31).

The weighted average interest rate of deposits with licensed banks of the Group during the financial year is 2.48% (2020: 2.40%) per annum. Bank balances are deposits held at call with banks and earn no interest.

Deposits of the Group and of the Company have maturity period that ranges from 1 to 365 days (2020: 1 to 365 days).

Deposits, cash and bank balances as at end of the reporting period are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	288,244	432,521	3,642	4,137
Indonesia Rupiah	11,689	9,591	-	-
Bangladesh Taka	1,193	470	-	-
Australian Dollar	16,885	19,652	-	-
	318,011	462,234	3,642	4,137

28 NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2021, the non-current assets held for sale relate to the properties which the Directors had resolved to dispose under proposal to sell and subsequently leaseback to Al-`Aqar Healthcare REIT ("Al-`Aqar") ("Proposal"). The properties under this Proposal are in relation to the properties of the following subsidiaries:

- Pasir Gudang Specialist Hospital Sdn Bhd
- Penang Specialist Hospital Sdn Bhd
- Maharani Specialist Hospital Sdn Bhd
- Jeta Gardens (Qld) Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

28 NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The Directors had also approved a proposal to dispose a land belonged to Jeta Gardens (Qld) Pty Ltd to a third party which has been identified as at year end.

The Directors are of the view that the above transactions are expected to be completed within the next 12 months.

The non-current assets held for sale are as follows:

	Group	
	2021 RM'000	2020 RM'000
Land and buildings		
At 1 January	-	-
Transfer from property, plant and equipment (Note 16)	227,011	-
Transfer from right-of-use assets (Note 17)	11,977	-
Transfer from investment properties (Note 18)	11,175	-
At 31 December	250,163	-

29 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO SUBSIDIARIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current:				
Amounts due to subsidiaries	-	-	286,657	343,204
Other payables	4,740	4,281	-	-
	4,740	4,281	286,657	343,204
Current:				
Trade payables	234,525	247,024	-	-
Other payables	151,275	154,330	2,157	1,651
Accruals	198,394	180,090	12,822	12,373
Amount due to ultimate holding corporation	1,094	425	659	294
Amounts due to related companies	2,274	1,275	50	50
Amounts due to associates	30,698	21,911	-	-
	618,260	605,055	15,688	14,368
Amounts due to subsidiaries	-	-	103,533	97,898
Total	623,000	609,336	405,878	455,470

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

29 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO SUBSIDIARIES (CONTINUED)

Non-current other payables comprises of retention sum that is payable later than 1 year and not later than 3 years.

Included in amounts due to subsidiaries are advances from subsidiaries which are unsecured, bear an effective average interest rate of 4.48% (2020: 4.48%) per annum and are repayable on demand after 2021.

Amounts due to ultimate holding corporation, subsidiaries and other related companies are unsecured, interest free and repayable on demand.

Credit terms of trade payables ranges from 30 to 60 days (2020: 30 to 60 days). Payables are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	463,864	440,259	405,878	455,470
Indonesian Rupiah	12,173	11,091	-	-
Bangladesh Taka	2,996	3,159	-	-
Australian Dollar	143,967	154,827	-	-
	623,000	609,336	405,878	455,470

30 CONTRACT LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
At 1 January	55,978	66,896
Revenue recognised that was included in contract liability balance at the beginning of the year	(48,401)	(55,951)
Increases due to cash received, excluding amounts recognised as revenue during the year	43,345	45,033
At 31 December	50,922	55,978

Contract liabilities which consist of the amount of deposit received from patients, the wellness subscription fees and tuition fees at the inception of the contract which services have not been rendered. Revenue is recognised as and when the performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Current</u>				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	400,000	250,000	-	-
- Term loans (secured)	85,844	75,818	-	-
- Revolving credits (unsecured)	279,000	136,500	206,000	112,000
- Hire purchase creditors (secured)	15,584	13,650	135	129
- Bank overdrafts (unsecured)	17,473	11,637	-	-
	797,901	487,605	206,135	112,129
Conventional financing				
- Term loans (secured)	6,885	11,898	-	-
- Hire purchase creditors (secured)	56	539	-	-
- Revolving credits (unsecured)	55,615	5,734	-	-
	62,556	18,171	-	-
	860,457	505,776	206,135	112,129
<u>Non-current</u>				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	650,000	1,050,000	-	-
- Term loans (secured)	232,749	302,778	-	-
- Hire purchase creditors (secured)	35,367	44,420	370	505
	918,116	1,397,198	370	505
Conventional financing				
- Term loans (secured)	49,758	52,008	-	-
- Hire purchase creditors (secured)	133	25	-	-
	49,891	52,033	-	-
	968,007	1,449,231	370	505
	1,828,464	1,955,007	206,505	112,634

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total borrowings				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	1,050,000	1,300,000	-	-
- Term loans (secured)	318,593	378,596	-	-
- Revolving credits (unsecured)	279,000	136,500	206,000	112,000
- Hire purchase creditors (secured)	50,951	58,070	505	634
- Bank overdrafts (unsecured)	17,473	11,637	-	-
Conventional financing				
- Term loans (secured)	56,643	63,906	-	-
- Hire purchase creditors (secured)	189	564	-	-
- Revolving credits (unsecured)	55,615	5,734	-	-
	1,828,464	1,955,007	206,505	112,634
The maturity profile of borrowings is as follows:				
Less than 1 year	860,457	505,776	206,135	112,129
Between 1 and 5 years	893,834	1,367,867	370	505
More than 5 years	74,173	81,364	-	-
	968,007	1,449,231	370	505
	1,828,464	1,955,007	206,505	112,634

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Hire purchase creditors</u>				
Gross hire purchase creditors - minimum lease payments:				
- due not later than 1 year	16,052	14,560	154	153
- due later than 1 year and not later than 5 years	36,434	45,608	389	543
	52,486	60,168	543	696
Future finance charges	(1,346)	(1,534)	(38)	(62)
Present value of hire purchase creditors	51,140	58,634	505	634
The present value of hire purchase creditors is analysed as follows:				
<u>Current</u>				
Due not later than 1 year	15,640	14,189	135	129
<u>Non-current</u>				
Due later than 1 year and not later than 5 years	35,500	44,445	370	505
Present value of hire purchase creditors	51,140	58,634	505	634
The borrowings are denominated as follows:				
Ringgit Malaysia	1,809,151	1,923,549	206,505	112,634
US Dollar	8,678	15,651	-	-
Australian Dollar	10,635	15,807	-	-
	1,828,464	1,955,007	206,505	112,634

	Finance rate	Effective finance rate at reporting date (% p.a)	
		2021	2020
Term loans	Fixed / Floating	4.50	4.41
Hire purchase creditors	Fixed	2.63	2.62
Islamic Medium Term Notes	Fixed	5.23	5.33
Bank overdrafts	Floating	5.00	4.81
Revolving credits	Floating	2.95	2.82

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

Stated below are the fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Group			
	Carrying value		Fair value	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Term loans	282,507	354,786	228,647	290,887
Hire purchase creditors	35,500	44,445	34,596	43,316
Islamic Medium Term Notes	650,000	1,050,000	604,300	941,041
	968,007	1,449,231	867,543	1,275,244

	Company			
	Carrying value		Fair value	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Hire purchase creditors	370	505	360	492

The borrowings are secured by:

- (a) The property, plant and equipment and investment property with carrying amount as at 31 December 2021 of RM751,713,000 (2020: RM778,515,000);
- (b) a Letter of Undertaking cum Awareness;
- (c) negative pledge;
- (d) an assignment of the proceeds to be received from the disposal of the building and lease/rentals;
- (e) fixed and floating charge over certain present and future assets;
- (f) corporate Guarantee;
- (g) assignment of all Rights & Benefits or its equivalent over the relevant Takaful cover;
- (h) a charge on the specific Finance Service Reserve Account ("FSRA"), Debt Service Reserve Account ("DSRA"), Finance Reserve Account ("FRA") and all monies standing to the credit of certain subsidiaries;
- (i) specific debenture charge over assets;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

31 BORROWINGS (CONTINUED)

In connection with certain borrowings, the Group and its subsidiaries have to comply with the following significant covenants:

At Group level:

- (i) Gearing ratio to not exceed 1.50 times for Islamic Medium Term Notes;

At subsidiaries level:

- (i) Dividend declared or paid not more than fifty percent (50%) of profit after tax;
(ii) Debt service coverage ratio to be more than 2.00 times;
(iii) Debt service coverage ratio to be more than 1.25 times;
(iv) Gearing ratio to not exceed 3.50 times;
(v) Gearing ratio to not exceed 2.50 times;
(vi) Gearing ratio to not exceed 2.00 times.

As at 31 December 2021, tranches of the IMTN amounting to RM300 million and RM100 million will mature in April and June 2022 respectively. During the current financial year, the Group has implemented its plan to refinance the IMTN. At the date of the financial statements, the Group has completed the lodgement of the Sukuk Wakalah Programme with the Securities Commission Malaysia and received indicative offers from potential investors.

32 LEASE LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
Amount due for settlement within 12 months	31,178	45,531
Amount due for settlement after 12 months	1,288,083	1,153,419
	1,319,261	1,198,950
Maturity analysis – lease payments		
Less than 1 year	100,983	115,236
Between 1 and 5 years	413,461	458,906
Later than 5 years and not later than 10 years	496,523	513,268
Later than 10 years and not later than 20 years	927,834	771,420
Later than 20 years and not later than 30 years	493,694	135,589
	2,331,512	1,879,183
	2,432,495	1,994,419

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

33 PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded lump-sum benefit plan for eligible employees at a subsidiary.

The movements during the financial year in the amount recognised in the statement of financial position are as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	2,786	2,775
Charged to profit or loss (Note 11)	214	321
Remeasurement loss on defined benefit obligation	(508)	-
Retirement benefits paid	(137)	(310)
	2,355	2,786
The amount recognised in profit or loss is as follows:		
Current service cost	106	155
Interest cost on benefit obligation	108	166
	214	321

The principal assumptions used in respect of the defined benefit plan of the Group are as follows:

	Group	
	2021 %	2020 %
Discount rate ¹	4.4	5.0
Expected rate of salary increase		
- Non-management staff ²	6.0	6.0
- Management staff ²	6.0	5.0
Turnover ³	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50

- Discount rate is reflective of 10 - 15 year yield for AA (2020: AAA) rated bond
- Expected rate of salary increase is as per industry average
- Turnover rate is relatively influenced by average employee age

The above assumptions were derived from the latest actuarial valuation report dated 31 December 2021. The valuation was carried out by third party actuaries, Nicholas Actuarial Solutions Sdn Bhd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

33 PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

Sensitivity analysis on present value of defined benefit obligation:

	Group	
	2021 RM'000	2020 RM'000
1. A 1% increase in salary increment rate		
a Increase on defined benefit obligation	2,512	3,089
b Increase in net defined liability	157	303
2. A 1% decrease in discount rate		
a Increase on defined benefit obligation	2,517	3,095
b Increase in net defined liability	162	309

34 DEPOSITS

Deposits represent amounts received from consultants, which are repayable on death, retirement (at age 65) or disability of the consultants. Deposits are forfeited on termination of a consultant's practice either by the Group due to events of breach or on early termination by the consultant unless approval to refund is obtained from the Board of Directors.

35 SHARE CAPITAL

	Group/Company			
	2021 Units'000	2021 RM'000	2020 Units'000	2020 RM'000
Issued and fully paid ordinary shares:				
At 1 January	4,442,043	909,504	4,439,197	906,743
Issued during the financial year:				
- ESOS	47,116	50,017	2,846	2,761
At 31 December	4,489,159	959,521	4,442,043	909,504

Treasury shares

On 9 July 2020, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year.

As at 31 December 2021, the Company held a total of 162,306,700 of its 4,489,159,101 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

36 SHARE-BASED PAYMENTS

An Employees' Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS was initially be in-force for a period of 5 years. However, upon approval from KPJ's Board of Directors on 3 December 2019, it has been resolved that ESOS's period is extended to another 3 years, whereby no additional options will be granted. The options will expire on 27 February 2023.

The fair value of each share option on the grant date is RM0.25. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives. The exercise price of the share options granted under the ESOS is RM0.91 each. The options granted remained dividable into 5 equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates.

Movement of share options during the financial year

	2021 Units'000	2020 Units'000
Number of share options at exercise price of RM0.91 each:		
Outstanding as at 1 January	180,510	188,403
- Exercised	(47,116)	(2,846)
- Lapsed	(9,589)	(5,047)
Outstanding as at 31 December	123,805	180,510
Exercisable at end of financial year	123,805	180,510

The fair value of the ESOS granted in which MFRS 2 applies, were determined using the Black-Scholes valuation model. The significant inputs in the model are as follows:

Description of ESOS

Fair value per option	RM0.25
Exercise price	RM0.91
Option life	5 years
Weighted average share price at grant date	RM1.01
Expected dividend yield	1.90%
Risk free interest rates	3.35% to 3.62%
Expected volatility	20%

The amounts recognised in the financial statements is as disclosed in Note 11 to the financial statements arising from the ESOS granted to Directors and employees of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

37 OTHER RESERVES (NON-DISTRIBUTABLE)

	Merger reserve	Exchange reserve	Revaluation reserve	Share option reserve	Total
	(Note b)	(Note c)	(Note d)	(Note e)	
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
At 1 January 2021	(3,367)	(937)	226,128	59,798	281,622
Other comprehensive income:					
Translation of foreign subsidiaries	-	212	-	-	212
Revaluation surplus	-	-	11,640	-	11,640
Total other comprehensive income	-	212	11,640	-	11,852
	(3,367)	(725)	237,768	59,798	293,474
Transactions with Owners:					
Issue of share capital:					
- ESOS	-	-	-	(7,141)	(7,141)
	-	-	-	(7,141)	(7,141)
Lapsed ESOS	-	-	-	(7,035)	(7,035)
Total transactions with Owners	-	-	-	(14,176)	(14,176)
At 31 December 2021	(3,367)	(725)	237,768	45,622	279,298
Group					
At 1 January 2020	(3,367)	8,806	121,422	61,153	188,014
Other comprehensive income:					
Translation of foreign subsidiaries	-	(9,743)	-	-	(9,743)
Revaluation surplus	-	-	104,706	-	104,706
Total other comprehensive income	-	(9,743)	104,706	-	94,963
	(3,367)	(937)	226,128	61,153	282,977
Transactions with Owners:					
Issue of share capital:					
- ESOS	-	-	-	(172)	(172)
ESOS expenses during the financial year (Note 11)	-	-	-	619	619
Lapsed ESOS	-	-	-	(1,802)	(1,802)
Total transactions with Owners	-	-	-	(1,355)	(1,355)
At 31 December 2020	(3,367)	(937)	226,128	59,798	281,622

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

37 OTHER RESERVES (NON-DISTRIBUTABLE) (CONTINUED)

- (a) Warrant reserve is a reserve arising from the fair value of the warrants issue net of issuance cost. When the warrants are exercised, the related amounts are transferred to share capital. When the warrants are not exercised and lapsed, the related warrant reserve is transferred to retained earnings.
- (b) The difference between the issue price and the nominal value of shares issued that arose from a merger was classified as merger reserve.
- (c) Exchange reserve is used to record exchange differences arising from the translation of financial statements of subsidiaries/associate whose functional currency differs from the Group's presentation currency.
- (d) Revaluation reserve (non-distributable):

	Group	
	2021 RM'000	2020 RM'000
At 1 January	226,128	121,422
Revaluation surplus, net of tax	11,640	104,706
At 31 December	237,768	226,128

The revaluation reserve represents surplus from the revaluation of the Group's land and buildings.

- (e) Share option reserve is a reserve created arising from the fair value of the employee services provided. When the ESOS options are exercised, the related amounts are transferred to share capital. When options are not exercised and lapsed, the related share option reserve is transferred to retained earnings.

38 SIGNIFICANT RELATED PARTY DISCLOSURES

The Group is a subsidiary of Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995). During the ordinary course of business, the Group transacts with various state related government agencies and departments, mainly relating to land premiums, utilities payments and administrative services. These are based on normal commercial terms and are individually immaterial to warrant separate disclosure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to the related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on negotiated terms.

(a) Significant related party transactions

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Group and Company</u>				
Rental paid to an associate*	100,221	98,978	-	-
Rebate on rental paid to an associate*	5,488	9,515	-	-
Management fee from subsidiaries	-	-	49,456	48,314
Dividend received (net) from subsidiaries	-	-	84,106	76,745
Interest income from subsidiaries	-	-	22,577	19,018
Interest expense to subsidiaries	-	-	17,707	18,027
Dividends received and receivables from associates	25,428	14,476	-	-
* Al-`Aqar Healthcare REIT				
<u>Johor Corporation group of companies</u>				
Housekeeping contract fees	14,483	15,561	-	-
Security service fees	4,990	5,630	-	-
Medical service rendered	2,404	5,288	-	-
Insurance premiums	1,325	4,844	4	10
Contribution to Klinik Waqaf An-Nur	4,818	2,657	36	27
Car park rental income	2,288	2,266	-	-
Rental fees to Al-Salam REIT	-	2,041	-	-
Building management service fees	1,272	1,713	-	-
Purchase of food and beverage consumables	291	1,342	-	-
Secretarial fee	38	429	3	65
Training and seminar	14	278	14	277
Car park fees	264	240	-	-
Consultants' car park fees	177	189	-	-
Landscape	122	171	-	-
Registrar fees	243	164	243	164
Dividend paid	-	-	9,104	18,560

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

Management fees charged to subsidiaries are in respect of operational and administrative function of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the financial year end are disclosed in Note 25 and 29.

(b) Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The key management personnel of the Company comprise Directors and the Executive Committee of the Company. Details on the compensation for these key management personnel are disclosed as below:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' remuneration (Note 12)	4,321	7,004	4,321	6,889
Salaries, allowances and bonuses	6,701	4,239	6,701	4,239
Contributions to defined contribution plan	771	852	771	852
Share-based payments	-	5	-	5
	11,793	12,100	11,793	11,985

39 CONTINGENT LIABILITIES

The Group is subject to litigations in the ordinary course of business, mainly arising from its subsidiaries hospital operations. The Directors are of the opinion that, based on legal advice and malpractice insurance taken by the Group, no significant exposure will arise that requires recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

40 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	Group	
	2021	2020
	RM'000	RM'000
Approved by the Directors and contracted	266,478	206,154
Approved by the Directors but not contracted	260,199	199,882
	526,677	406,036
Analysed as follows:		
- Buildings	77,767	126,609
- Medical equipment	219,563	154,472
- Other property, plant and equipment	229,347	124,955
	526,677	406,036

41 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the KPJ Group Management Committee ("KGMC"). The KGMC considers the business by geographical location. The reportable segments for the financial year have been identified as follows:

- (i) Malaysia - All healthcare activities including the private hospitals, pathology and laboratory services and distribution of pharmaceutical, medical and consumer healthcare products.
- (ii) Others - Operating segments involved in provision of hospital and aged care services in Indonesia, Thailand, Bangladesh and Australia, private university college of nursing and allied health and sale of hospital merchandise and other similar activities, none of which are individually significant to warrant separate disclosure per quantitative thresholds required by MFRS 8.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The KGMC assesses the performance of the operating segments based on EBITDA and profit before tax.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

41 SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Total RM'000
<u>Year ended 31 December 2021</u>					
<u>Revenue</u>					
Revenue from external customers	2,494,341	145,341	2,639,682	(12,833)	2,626,849
<u>Results</u>					
Gain on fair value of investment properties	13,410	-	13,410	-	13,410
Depreciation and amortisation	(231,214)	(24,536)	(255,750)	479	(255,271)
Impairment loss on:					
- Property, plant and equipment	(10,073)	-	(10,073)	-	(10,073)
- Intangible assets	(4,028)	-	(4,028)	-	(4,028)
Finance costs (net)	(143,208)	(27,030)	(170,238)	11,632	(158,606)
Share of result of associates	25,492	364	25,856	-	25,856
Profit/(loss) before tax	168,266	(52,696)	115,570	28	115,598
Tax	(46,454)	(3,493)	(49,947)	-	(49,947)
Profit/(loss) after tax	121,812	(56,189)	65,623	28	65,651
EBITDA*	542,688	(1,130)	541,558	(12,083)	529,475
Total assets	5,915,288	512,443	6,427,731	(240,090)	6,187,641
Total liabilities	3,555,019	622,285	4,177,304	(240,171)	3,937,133
Addition to property, plant and equipment	232,231	2,440	234,671	-	234,671

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

41 SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Total RM'000
<u>Year ended 31 December 2020</u>					
Revenue					
Revenue from external customers	2,285,390	122,698	2,408,088	(10,645)	2,397,443
Results					
Gain on fair value of investment properties	464	-	464	-	464
Depreciation and amortisation	(217,904)	(21,331)	(239,235)	479	(238,756)
Impairment loss on:					
- Property, plant and equipment	(783)	(16,190)	(16,973)	-	(16,973)
- Intangible assets	(1,610)	-	(1,610)	-	(1,610)
Finance costs (net)	(126,574)	(32,114)	(158,688)	9,376	(149,312)
Share of result of associates	16,708	238	16,946	-	16,946
Profit/(loss) before tax	212,750	(61,993)	150,757	53	150,810
Tax	(41,934)	1,936	(39,998)	-	(39,998)
Profit/(loss) after tax	170,816	(60,057)	110,759	53	110,812
EBITDA*	557,228	(8,548)	548,680	(9,802)	538,878
Total assets	5,798,780	596,733	6,395,513	(254,082)	6,141,431
Total liabilities	3,544,399	648,902	4,193,301	(254,082)	3,939,219
Addition to property, plant and equipment	270,685	3,824	274,509	-	274,509

* Earnings before interest, tax, depreciation and amortisation ("EBITDA")

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021 (continued)

41 SEGMENTAL REPORTING (CONTINUED)

	Group	
	2021 RM'000	2020 RM'000
Reconciliation of profit before tax		
Segment profit before tax	115,570	150,757
Intercompanies	28	53
Profit before tax	115,598	150,810
Reconciliation of assets		
Segment total assets	6,427,731	6,395,513
Intercompanies	(240,090)	(254,082)
Total assets	6,187,641	6,141,431
Reconciliation of liabilities		
Segment total liabilities	4,177,304	4,193,301
Intercompanies	(240,171)	(254,082)
Total liabilities	3,937,133	3,939,219

Shareholdings Statistics

as at 11 April 2022

SHARE CAPITAL

Number of issued shares	: 4,342,734,981 (excluding 162,306,700 treasury shares)
Class of shares	: Ordinary shares
Voting rights on a poll	: One (1) vote per ordinary share held

BREAK DOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	300	4.00	11,490	-
100 – 1000	1,386	18.48	703,755	0.02
1,001 – 10,000	2,823	37.65	14,563,700	0.34
10,001 – 100,000	2,248	29.98	75,160,505	1.73
100,001 to less than 5% of Issued Capital	736	9.81	2,250,073,027	51.81
5% and above of Issued Capital	6	0.08	2,002,222,504	46.10
TOTAL	7,499	100.00	4,342,734,981	100.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Shares	%
1 Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation	425,560,000	9.80
2 CitiGroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	410,495,480	9.45
3 RHB Capital Noms (T) Sdn Bhd - A/C RHB Islamic Bank Berhad Pledged Securities Account For Johor Corporation (PHOENIXPROG)	380,161,291	8.75
4 Waqaf An-Nur Corporation Berhad	308,355,936	7.10
5 RHB Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation	252,028,247	5.80
6 Kumpulan Wang Persaraan (Diperbadankan)	225,621,550	5.20
7 AmanahRaya Trustees Berhad - A/C Amanah Saham Bumiputera	214,973,400	4.95
8 Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation (551016692898)	140,000,000	3.22
9 RHB Capital Noms (T) Sdn Bhd - A/C Pledged Securities Account For Johor Corporation (PERMODALTERAS)	129,500,000	2.98
10 Lembaga Tabung Haji	128,019,400	2.95
11 CitiGroup Noms (T) Sdn Bhd - A/C Exempt An For AIA Bhd.	121,840,500	2.80
12 Johor Corporation	107,999,780	2.49
13 RHB Noms (T) Sdn Bhd - A/C Pledged Securities Account For JCorp Capital Solutions Sdn. Bhd.	88,000,000	2.03
14 Johor Corporation	75,800,978	1.75
15 CitiGroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (AFFIN-HWG)	68,882,500	1.59
16 CIMsec Noms (T) Sdn Bhd - A/C CIMB For Siva Kumar A/L M Jeyapalan (PB)	55,555,000	1.28
17 AmanahRaya Trustees Berhad - A/C Public Itikal Sequel Fund	53,465,064	1.23
18 AmanahRaya Trustees Berhad - A/C Public Islamic Select Treasures Fund	51,335,572	1.18
19 AmanahRaya Trustees Berhad - A/C Public Islamic Dividend Fund	41,958,140	0.97
20 Cartaban Noms (A) Sdn Bhd - A/C Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	41,786,100	0.96
21 Cartaban Noms (T) Sdn Bhd - A/C PAMB For Prulink Equity Fund	34,861,500	0.80
22 CIMB Group Noms (A) Sdn. Bhd. - A/C Exempt An For DBS Bank Ltd (SFS)	34,665,600	0.80
23 Johor Corporation	34,565,248	0.80
24 HSBC Noms (A) Sdn Bhd - A/C JPMCB NA For Vanguard Emerging Markets Stock Index Fund	32,898,600	0.76
25 AmanahRaya Trustees Berhad - A/C Amanah Saham Malaysia 3	26,431,300	0.61
26 HSBC Noms (A) Sdn Bhd - A/C JPMCB NA For Vanguard Total International Stock Index Fund	24,939,167	0.57
27 AmanahRaya Trustees Berhad - A/C Amanah Saham Malaysia	23,857,000	0.55
28 AmanahRaya Trustees Berhad - A/C Public Islamic Equity Fund	23,376,544	0.54
29 CitiGroup Noms (T) Sdn Bhd - A/C Urusharta Jamaah Sdn. Bhd. (2)	20,020,635	0.46
30 Kulim (Malaysia) Berhad	18,938,600	0.44

Shareholdings Statistics

as at 11 April 2022

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1 Johor Corporation - 9 a/cs	1,545,915,544	35.60	417,759,676	9.62
2 CitiGroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board - 10 a/cs	528,422,580	12.17	-	-
3 Waqaf An-Nur Corporation Berhad	308,355,936	7.10	-	-
4 Kumpulan Wang Persaraan (Diperbadankan) 225,621,550 CitiGroup Noms (T) Sdn Bhd - Kumpulan Wang 9,208,400 Persaraan (Diperbadankan) - 2 a/cs	234,829,950	5.41	-	-

ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	2,309	30.79	3,030,537,541	69.78
- Others	4,964	66.20	1,002,618,359	23.09
Foreigners	226	3.01	309,579,081	7.13
TOTAL	7,499	100.00	4,342,734,981	100.00

DIRECTORS' SHAREHOLDING AS AT 11 APRIL 2022

Name of Directors'	No. of Shares	%
1 Datuk Md Arif Bin Mahmood	-	-
2 Dato' Mohd Shukrie Bin Mohd Salleh	-	-
3 Prof Dato' Azizi Bin Haji Omar	330,000	0.01
4 Mohamed Ridza Bin Mohamed Abdulla	-	-
5 Dato' Mohd Redza Shah Bin Abdul Wahid	-	-
6 Khairuddin Bin Jaflus	-	-
7 Rozaini Bin Mohd Sani	-	-
8 Shamsul Anuar Bin Abdul Majid	-	-
9 Hisham Bin Zainal Mokhtar	-	-
10 Annie Binti Rosle	-	-
11 Lydia Anne Abraham	-	-
Total Directors' Holdings	330,000	0.01

Shareholdings Statistics

as at 11 April 2022

CLASSIFICATION OF SHAREHOLDERS

ROD	TOTAL		BUMIPUTRA		NON-BUMIPUTRA		FOREIGN	
	Holder	Shares	Holder	Shares	Holder	Shares	Holder	Shares
Government Bodies	17	1,966,405,220	17	1,966,405,220	-	-	-	-
Finance	33	845,859,734	32	845,849,034	1	10,700	-	-
Investment Trust	4	764,312	4	764,312	-	-	-	-
Nominees	1,907	1,285,722,509	1,176	148,912,233	587	832,617,663	144	304,192,613
Private Limited Company								
- Retail Body Corporates	53	14,947,692	9	6,243,476	44	8,704,216	-	-
- Institutional Body Corporate	-	-	-	-	-	-	-	-
Limited Company								
- Retail Body Corporates	6	613,928	6	613,928	-	-	-	-
- Institutional Body Corporate	33	8,854,900	33	8,854,900	-	-	-	-
Clubs / Association	2	1,920,000	1	1,770,000	1	150,000	-	-
Co-Operatives	2	30,000	2	30,000	-	-	-	-
Others	1	40	-	-	1	40	-	-
Individuals	5,441	217,616,646	1,029	51,094,438	4,330	161,135,740	82	5,386,468
Total	7,499	4,342,734,981	2,309	3,030,537,541	4,964	1,002,618,359	226	309,579,081
%	100.00	100.00	30.79	69.78	66.20	23.09	3.01	7.13

List of KPJ Top 10 Properties

No	Company	Location	Description	Latest date of valuation	NBV as at 31.12.2021 RM million	Tenure & expiry date	Area (in sq metre)	Age of building
1	Bandar Dato Onn Specialist Hospital Sdn Bhd	Lot PTD 163189, HSD 501209, Mukim Tebrau, 81100 Johor Bahru, Johor.	Land and hospital building	31-Dec-20	284.1	Freehold land	104,646	3 years
2	Kumpulan Perubatan (Johor) Sdn Bhd	Lot 405, Seksyen 87A, Geran 52130, Menara KPJ, No. 238, Jalan Tun Razak, 50400 Kuala Lumpur.	Land and office building	31-Dec-21	253.5	Freehold land	97,350	23 years
3	SMC Healthcare Sdn Bhd	TL 017553221, Off Jalan Damai, 88300 Kota Kinabalu, Sabah.	Hospital building	31-Dec-20	181.3	NA	42,211	8 years
4	BDC Specialist Hospital Sdn Bhd	Lot 18807, Block 11, Muara Tebas Land District, Jalan Stutong, 93350, Kuching, Sarawak.	Land and hospital building	31-Dec-21	164.5	Leasehold land (60 years expiring on 8 August 2072)	18,990	2 years
5	Ampang Puteri Specialist Hospital Sdn Bhd	PT 25119, HSM 26550, Mukim Empang, District of Hulu Langat, 68000 Ampang, Selangor.	Hospital building	31-Dec-20	128.6	NA	49,780	2 years
6	Pahang Specialist Hospital Sdn Bhd	Lot 140885, Pajakan Mukim 32008, Mukim Kuala Kuantan, 26060 Kuantan, Pahang.	Land and hospital building	31-Dec-20	110.6	Leasehold land (99 years expiring on 17 April 2106)	52,312	6 years
7	Miri Specialist Hospital Sdn Bhd	Lot 8836, Block 11 (TRN: 04-LCLS-005-011-08836), Kuala Baram Land District, 98000 Miri, Sarawak.	Land and hospital building	31-Dec-20	85.3	Leasehold land (99 years expiring on 26 May 2114)	28,794	2 years
8	Seremban Specialist Hospital Sdn Bhd	Lot 50604, Seksyen 2, GRN 277698, 70200 Seremban, Negeri Sembilan.	Hospital building	31-Dec-20	82.9	NA	20,053	3 years
9	Rawang Specialist Hospital Sdn Bhd	PT 4156, section 16, HSD 52121, Bandar Rawang, 48000 Rawang, Selangor.	Land and hospital building	31-Dec-20	82.3	Leasehold land (99 years expiring on 7 September 2103)	34,955	8 years
10	Pasir Gudang Specialist Hospital Sdn Bhd	Lot 198635, PN 70767 (PTD 204781, HSD 478087), Mukim Plentong, 81700 Pasir Gudang, Johor.	Land and hospital building	31-Dec-20	78.8	Leasehold land (99 years expiring on 28 December 2108)	31,695	9 years

Group Network and Directory

MSQH & JCI ACCREDITED HOSPITALS

KPJ AMPANG PUTERI SPECIALIST HOSPITAL
 1, Jalan Mamanda 9
 Taman Dato' Ahmad Razali
 68000 Ampang, Selangor
 Tel: 603-4289 5000
 Website: www.kpjhealth.com.my/ampang/
 Email: apsh@kpjampang.com

KPJ SEREMBAN SPECIALIST HOSPITAL
 Lot 6219 & 6220, Jalan Toman 1
 Kemayan Square
 70200 Seremban, Negeri Sembilan
 Tel: 606-768 6000
 Emergency: 606-763 6900
 Website: www.kpjhealth.com.my/seremban/
 Email: ssh@kpjseremban.com

KPJ PENANG SPECIALIST HOSPITAL
 570, Jalan Perda Utama
 Bandar Baru Perda
 14000 Bukit Mertajam
 Seberang Perai, Pulau Pinang
 Tel: 604-548 6688
 Website: www.kpjhealth.com.my/penang/
 Email: inquiry@kpjpenang.com

KPJ JOHOR SPECIALIST HOSPITAL
 39B, Jalan Abdul Samad, Kolam Ayer
 80100 Johor Bahru, Johor
 Tel: 607-225 3000
 Website: www.kpjhealth.com.my/johor/
 Email: jsh@jsh.kpjhealth.com.my

MQSH ACCREDITED HOSPITALS

KPJ IPOH SPECIALIST HOSPITAL
 26, Jalan Raja Dihilir
 30350 Ipoh, Perak
 Tel: 605-240 8777
 Website: www.kpjhealth.com.my/ipoh/
 Email: kpjipoh@kpjipoh.com

KPJ DAMANSARA SPECIALIST HOSPITAL
 119, Jalan SS20/10
 Damansara Utama
 47400 Petaling Jaya, Selangor
 Tel: 603-7718 1000
 Website: www.kpjhealth.com.my/damansara/
 Email: prdsh@kpjdamansara.com

KPJ SELANGOR SPECIALIST HOSPITAL
 Lot 1, Jalan Singa 20/1
 Section 20
 40300 Shah Alam, Selangor
 Tel: 603-5543 1111
 Website: www.kpjhealth.com.my/selangor/

KPJ PERDANA SPECIALIST HOSPITAL
 PT 37 & 600 Dan Lot 684 (Level 1, 2 & 3)
 Seksyen 14, Jalan Bayam
 Bandar Kota Bharu
 15200 Kota Bharu, Kelantan
 Tel: 609-745 8000
 Website: www.kpjhealth.com.my/perdana/
 Email: feedbackkpj@perdana.kpjhealth.com.my

KPJ KAJANG SPECIALIST HOSPITAL
 Jalan Cheras
 Kampung Sungai Kantan
 43000 Kajang, Selangor
 Tel: 603-8769 2999
 Website: www.kpjhealth.com.my/kajang/
 Email: cs.kjsh@kpjkajang.com

KEDAH MEDICAL CENTRE
 Mukim Alor Merah
 Jalan Kampung Pumpang
 05250 Alor Setar, Kedah
 Tel: 604-730 8878
 Website: www.kpjhealth.com.my/kedah/
 Email: kmccustcare@kpjkmc.com

KPJ TAWAKKAL KL SPECIALIST HOSPITAL
 1, Jalan Pahang Barat, Pekeliling
 53000 Kuala Lumpur
 Tel: 603-4026 7777
 Website: www.kpjhealth.com.my/tawakkal/
 Email: tawakkal@kpktawakkal.com

KPJ PUTERI SPECIALIST HOSPITAL
 33, Jalan Tun Abdul Razak (Susur 5)
 Larkin Jaya
 80350 Johor Bahru, Johor
 Tel: 607-225 3222
 Website: www.kpjhealth.com.my/puteri/
 Email: psh@psh.kpjhealth.com.my

KPJ SENTOSA KL SPECIALIST HOSPITAL
 Kompleks Damai, 36, Jalan Cemur
 50400 Kuala Lumpur
 Tel: 603-4043 7166
 Website: www.kpjhealth.com.my/sentosa/
 Email: kpjsentosa@kpjsentosa.com

KPJ KLANG SPECIALIST HOSPITAL
 102, Persiaran Rajawali/KU1
 Bandar Baru Klang
 41150 Klang, Selangor
 Tel: 603-3377 7888
 Website: www.kpjhealth.com.my/klang/
 Email: customer@kpjklang.com

KPJ PASIR GUDANG SPECIALIST HOSPITAL
 Persiaran Dahlia 2, Taman Bukit Dahlia
 81700 Pasir Gudang, Johor
 Tel: 607-257 3999
 Website: www.kpjhealth.com.my/pasirgudang/
 Email: info@kpjgsh.com

KPJ BANDAR MAHARANI SPECIALIST HOSPITAL
 73-1, Jln Stadium
 Kampung Baharu
 84000 Muar, Johor
 Tel: 606-956 4500
 Website: www.kpjhealth.com.my/maharani/
 Email: maharani@kpjmaharani.com

KPJ RAWANG SPECIALIST HOSPITAL
 Jalan Rawang, Bandar Baru
 48000 Rawang, Selangor
 Tel: 603-6099 8999
 Website: www.kpjhealth.com.my/rawang/
 Email: customer.s@kpjrawang.com

KPJ SABAH SPECIALIST HOSPITAL
 Lot No.2, Off Jalan Damai
 Luyang Commercial Centre
 88300 Kota Kinabalu, Sabah
 Tel: 6088-322 000
 Website: www.kpjhealth.com.my/sabah/
 Email: prsmckk@kpjsabah.com

KPJ PAHANG SPECIALIST HOSPITAL
 Jalan Tanjung Lumpur
 26060 Kuantan, Pahang
 Tel: 609-511 2692
 Website: www.kpjhealth.com.my/pahang/
 Email: kphg@kpjpahang.com



MOVING TOWARDS ACCREDITATION

TAIPING MEDICAL CENTRE
 45-49, Jalan Medan Taiping 2
 Medan Taiping
 34000 Taiping, Perak
 Tel: 605-807 1049
 Website: www.kpjhealth.com.my/taiping/
 Email: tmc@kpjtaiping.com

KPJ KUCHING SPECIALIST HOSPITAL
 Lot 18807, Block 11
 Muara Tebas Land District
 Jln Stutong, 93350 Kuching, Sarawak
 Tel: 6082-365 777
 Website: www.kpjhealth.com.my/kuching/
 Email: kcsh@kcsh.kpjhealth.com.my

KPJ SIBU SPECIALIST MEDICAL CENTRE
 52A-G, Persiaran Brooke, Pekan Sibu
 96000 Sibu, Sarawak
 Tel: 6084-329 900
 Website: www.kpjhealth.com.my/sibu/
 Email: enquiry@kpjsibu.com

KPJ KLUANG SPECIALIST HOSPITAL
 PTD 91374, Jalan Saujana Utama
 Taman Saujana
 86000 Kluang, Johor
 Tel: 607-771 8999
 Website: www.kpjhealth.com.my/kluang/

KPJ SRI MANJUNG SPECIALIST HOSPITAL
 Lot 14777, Jalan Lumut
 32000 Sitiawan, Perak
 Tel: 605-691 8153
 Website: www.kpjhealth.com.my/srimanjung/
 Email: kpjsrimanjung@kpjsrimanjung.com

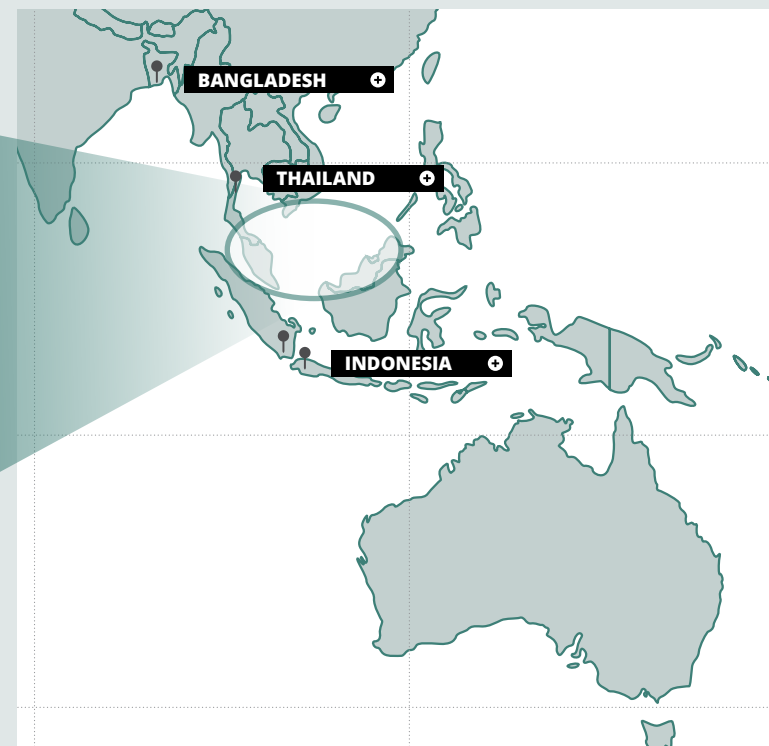
KPJ BANDAR DATO' ONN SPECIALIST HOSPITAL
 Jalan Bukit Mutiara, Dato' Onn Utama
 81100 Johor Bahru, Johor
 Tel: 607-301 1000
 Website: www.kpjhealth.com.my/bdo/
 Email: bdo@kpjbdo.com

KPJ PERLIS SPECIALIST HOSPITAL
 No. 77, Jalan Dato Wan Ahmad
 01000 Kangar, Perlis
 Tel: 604-970 7777
 Website: www.kpjhealth.com.my/perlis/
 Email: prm.kpjperlis@gmail.com

KPJ BATU PAHAT SPECIALIST HOSPITAL
 No 1, Jalan Mutiara Gading 1
 Taman Mutiara Gading, Sri Gading
 83000 Batu Pahat, Johor
 Tel: 607-459 1000
 Website: www.kpjhealth.com.my/batupahat/
 Email: bps@kpjbatupahat.com

KPJ MIRI SPECIALIST HOSPITAL
 Lot 8836, Block 11
 Kuala Baram By Pass Rd
 Bandar Baru Permyjaya
 98000 Miri, Sarawak
 Tel: 6085-649 999
 Website: www.kpjhealth.com.my/miri/
 Email: inquiry.miri@kpjmiri.com

Group Network and Directory



KPJ INTERNATIONAL NETWORK

RUMAH SAKIT PERMATA HIJAU

Jl. Raya Kby. Lama No.64
RW.8, Sukabumi Sel.
Kec. Kb. Jeruk, Kota Jakarta Barat
Daerah Khusus Ibukota
Jakarta 11560, Indonesia
Tel: 62021-537 2296
Fax: 62021-530 5291
Emergency: 62021-530 5288
Website: www.rsmph.co.id
Email: mph-mkt@rad.net.id

VEJTHANI HOSPITAL

1 Soi Lat Phrao 111
Khlong Chan, Bang Kapi District
Bangkok 10240, Thailand
Tel: 662-734 0000
Fax: 662-734 0044
Emergency: 66(0)-2734 0001
Website: www.vejthani.com
Email: service@vejthani.com

RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI

JL. Letnan Soetopo, No. 7, BSD Serpong
Kavling Komplek 3A, Lengkong Wetan
Tangerang, Kec. Serpong
Kota Tangerang Selatan
Banten 15310, Indonesia
Tel: 62021-537 8609
Website: rs-medikabsd.co.id
Email: marketing@rs-medikabsd.co.id

SHEIKH FAZILATUNNESSA MUJIB MEMORIAL KPJ SPECIALIZED HOSPITAL & NURSING COLLEGE

C/12, Nabinagar - Chandra Road
Near DEPZ Tetuibari
Kasimpur, Bangladesh
Tel: 088-017 0378 8561
Fax: 088-017 0378 8562
Website: www.sfmmpkjsh.com
Email: info@sfmmpkjsh.com

AMBULATORY CARE AND WELLNESS CENTRES

KPJ AMBULATORY CARE CENTRE

33, 35 & 37, Jalan BK 5A/2
Bandar Kinrara
47100 Puchong, Selangor
Tel: 603-8090 7070
Website: www.kpjkinrara.com
Email: marketing@kpjkinrara.com

KPJ KUANTAN CARE CENTRE & WELLNESS CENTRE

No 51, Jalan Alor Akar
Taman Kuantan
25250 Kuantan, Pahang
Tel: 609-567 8588
Website: www.kpjhealth.com.my/kcwc/
Email: info@kpjkcwc.com

JETA GARDENS

Retirement and Aged Care Resort
27 Clarendon Ave
Queensland 4205 Australia
Tel: 1800-227-818
Website: www.jetagardens.com

TAWAKKAL HEALTH CENTRE

202A, Jalan Pahang, Pekeliling
53000 Kuala Lumpur
Tel: 603-4023 3599
Website: www.kpjhealth.com.my/thc/
Email: info@kpjhealthcentre.com

SIBU GERIATRIC HEALTH & NURSING CENTRE

No. 52A-G, Brooke Drive
96000 Sibu, Sarawak
Tel: 6084-329 900
Email: enquiry@kpjsibu.com

LABORATORY SERVICES

LABLINK (M) SDN BHD

14(129), Jalan Pahang Barat
Off, Jalan Pahang
53000 Kuala Lumpur
Tel: 603-4023 4588
Website: www.kpjhealth.com.my/laboratoryservices/

EDUCATION

KPJ HEALTHCARE UNIVERSITY COLLEGE (KPJUC)

Website: www.kpjuc.edu.my
Email: info@kpjuc.edu.my

Main Campus (Nilai, Negeri Sembilan)

Lot PT 17010, Persiaran Seriemas
Kota Seriemas
71800 Nilai, Negeri Sembilan
Tel: 1-300-88-5758
Fax: 606-794 2662

Branch Campus (Johor Bahru, Johor)

No. 1, Jalan Dato' Onn 1
Bandar Dato' Onn
81100 Johor Bahru, Johor
Tel: 607-360 1907
Fax: 607-360 1988
Email: infojb@kpjuc.edu.my

Branch Campus (Penang)

565, Jalan Sungai Rambai
Taman Manggis Indah
14000 Bukit Mertajam, Pulau Pinang
Tel: 604-538 2692
Fax: 604-530 8695
Email: penang@kpjuc.edu.my

EYE SPECIALIST CENTRE

KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT

1-1, Jalan SS 23/15
Taman SEA
47400 Petaling Jaya, Selangor
Tel: 603-7880 8222
Fax: 603-7804 6052
Website: www.kpjhealth.com.my/cfs/
Email: info@kpjcfcs.com

Rawang Branch

No. 88, Jalan Bandar Rawang 1
Pusat Bandar Rawang
48000 Rawang, Selangor
Tel: 603-6093 1051
Fax: 603-6093 1052
Website: www.kpjhealth.com.my/cfs/
Email: info@kpjcfcs.com

Kuala Lumpur Branch

Lot 100-102, Level 4,
Tawakkal Health Centre, 202A,
Jalan Pahang,
53000 Kuala Lumpur
Tel: 603-4022 6222
Fax: 603-4021 1409
Website: www.kpjhealth.com.my/cfs/
Email: infokl@kpjcfcs.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth (“29th”) Annual General Meeting (“AGM”) of KPJ Healthcare Berhad (“KPJ” or the “Company”) will be conducted virtually using the remote participation and voting (“RPV”) facilities of TIIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: D1A282781) on Tuesday, 28 June 2022 at 10:00 a.m. to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A.

2. To re-elect the following Directors of the Company who retire in accordance with the Constitution of the Company:-

(i) Datuk Md Arif Bin Mahmood	- Rule 96	(Ordinary Resolution 1)
(ii) Dato’ Mohd Shukrie Bin Mohd Salleh	- Rule 96	(Ordinary Resolution 2)
(iii) Annie Binti Rosle	- Rule 96	(Ordinary Resolution 3)
(iv) Hisham Bin Zainal Mokhtar	- Rule 96	(Ordinary Resolution 4)
(v) Lydia Anne Abraham	- Rule 96	(Ordinary Resolution 5)
(vi) Prof Dato’ Dr Azizi Bin Omar	- Rule 95(i)	(Ordinary Resolution 6)
(vii) Khairuddin Bin Jaflus	- Rule 95(i)	(Ordinary Resolution 7)

Please refer to Explanatory Note B.

3. To ratify the payment of Fees of up to RM800,000 for the Non-Executive Directors (“NEDs”) from 1 January 2022 until the conclusion of the 29th AGM of the Company.
Please refer to Explanatory Note C. **(Ordinary Resolution 8)**

4. To approve the payment of Fees of up to RM1,600,000 for the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.
Please refer to Explanatory Note C. **(Ordinary Resolution 9)**

5. To approve the payment of Other Remuneration comprising Committee Fees, Committee Allowances and Meeting Allowances of up to RM1,800,000 for the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.
Please refer to Explanatory Note C. **(Ordinary Resolution 10)**

6. To approve the Benefits payable to the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.
Please refer to Explanatory Note C. **(Ordinary Resolution 11)**

7. To re-appoint Ernst & Young PLT as Auditor of the Company for the ensuing financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 12)**

Notice of Annual General Meeting

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company’s Constitution and approval of the relevant governmental and/or regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 to allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company or allot shares under an agreement or option or offer at any time and grant rights to subscribe for shares in the Company, convert any security into shares in the Company or allot shares under an agreement or option or offer at any time and from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares allotted pursuant to this resolution during the preceding 12 months does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted on the Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.”

Please refer to Explanatory Note D.

(Ordinary Resolution 13)

9. **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE**

“THAT approval be and is hereby given to the Company and/or its subsidiaries (the **“Group”**) to enter into any of the transactions falling within the classes of recurrent related party transactions of revenue or trading nature (**“RRPTs”**) as set out in the Circular to Shareholders dated 29 April 2022 with the related parties as described therein, provided that such transactions are:-

- (a) recurrent transactions of revenue or trading nature;
- (b) necessary for the day-to-day operations of the Group;
- (c) carried out in the ordinary course of business of the Group, made on arm’s length basis and on normal commercial terms not more favourable to the related parties than those generally available to the public; and
- (d) not detrimental to the minority shareholders of the Company;

Notice of Annual General Meeting

THAT such authority shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are authorised to complete and to do all acts, deeds and things, including execute all documents as they may consider expedient or necessary to give effect to the RRPTs contemplated and/or authorised by this ordinary resolution with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be imposed or permitted by the relevant regulatory authorities and/or deemed fit by the Directors in the best interest of the Company."

(Ordinary Resolution 14)

Please refer to Explanatory Note E.

By Order of the Board,

TEH PENG PENG (MAICSA 7021299) (SSM Practising Certificate 202008000736)

HANA BINTI AB RAHIM @ ALI (MAICSA 7064336) (SSM Practising Certificate 202008003378)

Company Secretaries

Kuala Lumpur

Dated: 29 April 2022

Notice of Annual General Meeting

NOTES:

Remote participation and voting

1. The 29th AGM of the Company will be conducted virtually using the RPV facilities of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities. No members/proxies/corporate representatives from the public will be allowed to be physically present at the premises of the Company, the poll administrator or the venue where the Chairman will be for the purpose of the 29th AGM.

Record of Depositors

2. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 21 June 2022 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Appointment of Proxy

3. A member of the Company, who is entitled to attend, participate and vote at the AGM, is entitled to appoint a proxy or attorney or in the case of a corporation, a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company is entitled to appoint more than one (1) proxy to attend, participate and vote at the AGM.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the AGM must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures for the RPV in the Administrative Guide for the 29th AGM.
9. The appointment of proxy may be made in hard copy form or by electronic means in the following manner, and must be deposited with and received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM:-
 - (a) In hard copy form
In the case of appointment made in hard copy form, the Proxy Form must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic form
The Proxy Form can be electronically lodged with the poll administrator of the Company via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide on the procedures for electronic lodgement of Proxy Form via TIIH Online.
10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
11. Last date and time for lodging the Proxy Form is Sunday, 26 June 2022 at 10:00 a.m.
12. Any authority pursuant to which such appointment is made by a power of attorney must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Notice of Annual General Meeting

13. For a corporate member who has appointed a representative, please deposit the certificate of appointment at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at <https://tjih.online>. The certificate of appointment should be executed in the following manner:
- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (b) If the corporate member does not have a common seal, the certificate of appointment is to be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) at least two (2) authorised officers, one (1) of whom shall be a director; or
 - (ii) a director and/or authorised officer(s) in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES:

A. Agenda 1 – Audited Financial Statements

The audited financial statements together with the Reports of the Directors and Auditors thereon are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

B. Agenda 2 – Re-election of Directors who retire in accordance with Rules 95(i) and 96 of the Company's Constitution

The profiles of the Directors who are standing for re-election are set out in the "Who Governs Us" section from pages 110 to 120 of the Integrated Annual Report 2021.

The Board, having considered the views and recommendations of the Nomination & Remuneration Committee, supports the re-election of all the Directors standing for re-election.

The NRC and the Board, save for the retiring Directors who have respectively abstained from the deliberation and voting on their own re-election, had recommended the re-election of the Directors standing for re-election under the proposed Ordinary Resolutions 1 and 2 above, as they have profiles of strong corporate background, competence and experience to contribute to the Board. They were both recently appointed to the Board on 1 April 2022 and have yet to attend any Board meeting as at the point of deliberation of the support statement.

As for the Directors standing for re-election under the proposed Ordinary Resolutions 3 to 7 above, the NRC and the Board, save for the retiring Directors who have respectively abstained from the deliberation and voting on their own re-election, had expressed that they were satisfied with their active participation and contributions during deliberations at Board and Board Committee meetings. They had imparted their knowledge and experience in carrying out their roles and responsibilities as Directors.

C. Agendas 3 to 6

Pursuant to Section 230(1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company shall be approved at a general meeting.

Ordinary Resolution 8: Fees for NEDs from 1 January 2022 until the conclusion of the 29th AGM

Ordinary Resolution 9: Fees for NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company to be held in 2023 (the "Relevant Period")

Ordinary Resolution 10: Other Remuneration comprising Committee Fees, Committee Allowances and Meeting Allowances for NEDs for the Relevant Period

At the previous year's AGM, shareholders' mandate was for the payment of Directors' Fees for the financial year ended 31 December 2021, while the payment of Other Directors' Remuneration comprising Committee Fees and Meeting Allowances, was mandated for the period 23 June 2021 until the conclusion of the next AGM of the Company for the year 2022.

Notice of Annual General Meeting

To streamline the period covered under the shareholders' mandates for the payment of Directors' Fees and Other Directors' Remuneration, the shareholders' mandates sought at the forthcoming 29th AGM for the payment of Directors' Fees are broken down to cover the period 1 January 2022 until the conclusion of the 29th AGM (as per proposed Ordinary Resolution 8), and the Relevant Period (as per the proposed Ordinary Resolution 9).

The shareholders' mandate sought for the payment of Directors' Fees for the Relevant Period will allow the payment of Directors' Fees for the months of January 2023 until the next AGM in 2023 on a monthly/quarterly basis, without needing a shareholders' ratification, or without holding payment until after obtaining the shareholders' mandate at the next AGM in 2023.

The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' Fees and Other Directors' Remuneration, or be given/allowed the Benefits on a monthly/quarterly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

In the event the Directors' Fees, Other Directors' Remuneration and Benefits proposed are insufficient (e.g. due to more meetings or enlarged Board/Committee size), shareholders' mandate will be sought at the next AGM for additional remuneration to meet the shortfall.

The Directors' Fees, as well as the Other Directors' Remuneration comprising Committee Fees, Committee Allowances and Meeting Allowances for NEDs, are estimated based on the rates below. There are no changes to the rates as compared with those of the previous year's.

Directors' Fees

Directors' Fees	Chairman of the Board (RM per annum)	Member of the Board (RM per annum)
NED	220,000	120,000

NOTE:

- (i) The payment of the Directors' Fees for nominee Directors representing and are employees of Johor Corporation will be paid to Johor Corporation as Corporate Fees.

Committee Fees

Board Committee Fees/ Clinical Committee Fees	Chairman of Committee (RM per annum)	Member of Committee (RM per annum)
Audit Committee	35,000	25,000
Risk & Governance Committee	20,000	15,000
Nomination & Remuneration Committee	20,000	15,000
Investment Committee	20,000	15,000
Tender Committee	20,000	15,000
Medical Advisory Committee	20,000	15,000

NOTE:

- (i) The payment of the Committee Fees for nominee Directors representing and are employees of Johor Corporation will be paid to Johor Corporation as Corporate Fees.
- (ii) The payment of the Committee Fees will be paid to all Directors in the Committees except for the Managing Director of the Company.

Committee Allowances

Committee Allowances	Chairman of Committee (RM per month)	Member of Committee (RM per month)
Advisory Committee (for 6 months only)	7,700	5,300

Notice of Annual General Meeting

Meeting Allowances

Meeting Allowances	Chairman of the Board and Committee (RM per meeting)	Member of the Board and Committee (RM per meeting)
Board of KPJ Healthcare Bhd	4,000	3,000
Audit Committee	4,000	3,000
Risk & Governance Committee	3,000	2,000
Nomination & Remuneration Committee	3,000	2,000
Investment Committee	3,000	2,000
Tender Committee	3,000	2,000
Medical Advisory Committee	4,000	3,000

NOTE:

- (i) *The payment of the Meeting Allowances will be extended to all Directors in the Board and Committees except for the Managing Director of the Company.*

Ordinary Resolution 11: Benefits payable to NEDs for the Relevant Period

Benefits	Chairman of the Board	Member of the Board
NED	Medical benefits from KPJ Hospitals only, company car and driver	Medical benefits from KPJ Hospitals only

D. Agenda 8 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 13, if passed, will empower the Directors of the Company to issue and allot up to ten percent (10%) of the total number of issued shares in the Company speedily without having to convene a general meeting. This authority will, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

- (i) The general mandate sought under the proposed Ordinary Resolution 13 is to renew the existing general mandate granted to the Directors at the 28th AGM held on 22 June 2021 to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. As at the date of this notice, no new shares in the Company were issued under the existing general mandate, which will lapse at the conclusion of the 29th AGM and hence, no proceeds were raised. (The authority to issue and allot shares upon the exercise of the options under the Employee Share Option Scheme of the Company was mandated by the shareholders at the Extraordinary General Meeting of the Company held on 25 November 2014.)
- (ii) The authority will provide flexibility for the Company to raise funds under the general mandate sought, through issuance and allotment of new shares, grant of rights to subscribe for shares, conversion of any security into shares or allotment of shares under an agreement or option or offer for purposes of funding future investment(s), project(s), working capital and/or acquisitions.

E. Agenda 9 - Proposed Renewal of the Existing Shareholders' Mandate for RRPTs of Revenue or Trading Nature

The proposed Ordinary Resolution 14, if passed, will empower the Group to enter into RRPTs of revenue or trading nature, the particulars of which are set out in the Circular to Shareholders dated 29 April 2022 in relation to the Proposed Renewal of the Existing Shareholders' Mandate for RRPTs of Revenue or Trading Nature. The said Circular to Shareholders is available on our corporate website at <https://kpj.listedcompany.com/ar.html>.

The procurement of the above proposed shareholders' mandate will substantially reduce administrative time, effort and expenses associated with the convening of separate general meetings to seek shareholders' approval as and when potential RRPTs arise.

Please refer to the details in the Circular to Shareholders dated 29 April 2022 for the proposed renewal of the existing shareholders' mandate for RRPTs of Revenue or Trading Nature.

Proxy Form



KPJ HEALTHCARE BERHAD
199201015575 (247079-M)

I/We

Full Name (in block capitals):	CDS account no.:	No. of shares held:
Address:	NRIC/Passport/Company no.:	Contact no.:

being a member of KPJ Healthcare Berhad, do hereby appoint:

Full name (in block as per NRIC/Passport):	NRIC/Passport no.:	Proportion of Shareholdings	
		No. of shares held	%
Address:			

and/or (please delete as appropriate)

Full name (in block as per NRIC/Passport):	NRIC/Passport no.:	Proportion of Shareholdings	
		No. of shares held	%
Address:			

and/or failing him/her, the Chairperson of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 29th Annual General Meeting ("AGM") of the Company to be conducted virtually using the remote participation and voting ("RPV") facilities of TIIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: D1A282781) on Tuesday, 28 June 2022 at 10:00 a.m. or any adjournment thereof.

No.	Description of Resolution	For	Against
	To receive the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.		
Ordinary Resolution 1	To re-elect Datuk Md Arif Bin Mahmood as Director.		
Ordinary Resolution 2	To re-elect Dato' Mohd Shukrie Bin Mohd Salleh as Director.		
Ordinary Resolution 3	To re-elect Annie Binti Rosle as Director.		
Ordinary Resolution 4	To re-elect Hisham Bin Zainal Mokhtar as Director.		
Ordinary Resolution 5	To re-elect Lydia Anne Abraham as Director.		
Ordinary Resolution 6	To re-elect Prof Dr Azizi Bin Omar as Director.		
Ordinary Resolution 7	To re-elect Khairuddin Bin Jaflus.		
Ordinary Resolution 8	To ratify the payment of Directors' Fees from 1 January 2022 until the conclusion of the 29 th AGM.		
Ordinary Resolution 9	To approve the payment of Directors' Fees from the conclusion of the 29 th AGM until the conclusion of the next AGM.		
Ordinary Resolution 10	To approve the payment of Other Directors' Remuneration.		
Ordinary Resolution 11	To approve the Directors' Benefits payable.		
Ordinary Resolution 12	To re-appoint Ernst & Young PLT as Auditor and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 13	To authorise Directors to issue and allot shares of up to 10% of the total number of issued shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 14	To renew the existing shareholders' mandate for recurrent related party transactions of revenue and trading nature.		

Signed this _____ day of _____ 2022

Signature and/or Seal

NOTES:

Remote participation and voting

1. The 29th AGM of the Company will be conducted virtually using the RPV facilities of TIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the **Administrative Guide** in order to register, participate and vote remotely via the RPV facilities. No members/proxies/corporate representatives from the public will be allowed to be physically present at the premises of the Company, the poll administrator or the venue where the Chairman will be for the purpose of the 29th AGM.

Record of Depositors

2. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 21 June 2022 shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Appointment of Proxy

3. A member of the Company, who is entitled to attend, participate and vote at the AGM, is entitled to appoint a proxy or attorney or in the case of a corporation, a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company is entitled to appoint more than one (1) proxy to attend, participate and vote at the AGM.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the AGM must request his/her proxy to register himself/herself for RPV at TIH Online website at <https://tjih.online>. Please follow the procedures for the RPV in the Administrative Guide for the 29th AGM.

9. The appointment of proxy may be made in hard copy form or by electronic means in the following manner, and must be deposited with and received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM:-
 - (a) In hard copy form
In the case of appointment made in hard copy form, the Proxy Form must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic form
The Proxy Form can be electronically lodged with the poll administrator of the Company via TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide on the procedures for electronic lodgement of Proxy Form via TIH Online.
10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
11. Last date and time for lodging the Proxy Form is Sunday, 26 June 2022 at 10:00 a.m.
12. Any authority pursuant to which such appointment is made by a power of attorney must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIH Online website at <https://tjih.online> not less than forty-eight (48) hours before the time appointed for holding the AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed a representative, please deposit the certificate of appointment at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIH Online website at <https://tjih.online>. The certificate of appointment should be executed in the following manner:
 - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (b) If the corporate member does not have a common seal, the certificate of appointment is to be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) at least two (2) authorised officers, one (1) of whom shall be a director; or
 - (ii) a director and/or authorised officer(s) in accordance with the laws of the country under which the corporate member is incorporated.

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Affix
stamp

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
UNIT 32.01, LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE, AVENUE 3
BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR
MALAYSIA

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WWW.KPJHEALTH.COM.MY

KPJ HEALTHCARE BERHAD (199201015575 (247079-M))

Level 12, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

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