

13. ACCOUNTANTS' REPORT

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The Board of Directors
Sunway Healthcare Holdings Berhad
 No. 5, Jalan Lagoon Selatan,
 Bandar Sunway,
 47500 Subang Jaya,
 Selangor Darul Ehsan.

Date: 27 August 2025

Our ref: BDO/LWH/LKS/TKY2

Dear Sirs,

REPORTING ACCOUNTANT'S OPINION ON THE CONSOLIDATED FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF SUNWAY HEALTHCARE HOLDINGS BERHAD ("SHH" OR THE "COMPANY")

Opinion

We have audited the accompanying Consolidated Financial Statements of Sunway Healthcare Holdings Berhad and its subsidiaries as defined in Note 1 to the Consolidated Financial Statements (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024 and consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024, and notes to the Consolidated Financial Statements, including material accounting policies information as set out in this report (collectively referred to herein as "the Consolidated Financial Statements").

The Consolidated Financial Statements have been prepared for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024 and of their consolidated financial performance and consolidated cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 in accordance with Malaysian Financial Reporting Standards ("MFRS") and IFRS Accounting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

13. ACCOUNTANTS' REPORT (Cont'd)**Directors' Responsibility for the Consolidated Financial Statements**

The Directors of the Company are responsible for the preparation of the Consolidated Financial Statements of the Group so as to give a true and fair view in accordance with MFRS and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountants' Responsibility for the Audit of Consolidated Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the Consolidated Financial Statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) 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 internal control of the Group.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the Consolidated Financial Statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the Consolidated Financial Statements of the Group, including the disclosures, and whether the Consolidated Financial Statements of the Group represent the underlying transactions and events in a manner that achieve fair presentation.

13. ACCOUNTANTS' REPORT (Cont'd)**Reporting Accountants' Responsibility for the Audit of Consolidated Financial Statements (continued)**

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

- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

Other Matters

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2027 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Assets				
Non-current assets				
Property, plant and equipment	6	2,085,612	2,937,333	3,393,391
Intangible assets	7	13,112	33,491	34,774
Goodwill	8	2,349	2,349	2,349
Deferred tax assets	19	-	-	11,694
Other investments	9	22	22	22
Other receivables	12	450,000	-	-
		2,551,095	2,973,195	3,442,230
Current assets				
Inventories	10	47,496	65,571	78,276
Trade receivables	11	166,275	256,522	283,888
Other receivables	12	50,206	482,603	51,818
Other investments	9	56,202	63,669	-
Amounts due from related parties	14	38,222	49,588	51,701
Tax recoverable		4	53	2,057
Cash and bank balances	13	25,396	45,747	767,959
		383,801	963,753	1,235,699
Total assets		2,934,896	3,936,948	4,677,929
Equity and liabilities				
Current liabilities				
Borrowings	15	32,947	310,863	282,948
Trade payables	16	128,480	192,918	218,094
Other payables	17	176,292	229,970	321,500
Amounts due to related parties	14	76,775	96,423	96,553
Lease liabilities	18	2,953	3,496	6,094
Tax payable		1,311	7,500	6,337
		418,758	841,170	931,526
Non-current liabilities				
Borrowings	15	-	387,000	787,000
Deferred tax liabilities	19	32,586	54,329	60,653
Lease liabilities	18	10,666	9,183	7,474
		43,252	450,512	855,127
Total liabilities		462,010	1,291,682	1,786,653
Equity attributable to owners of the Company				
Share capital	20	2,174,189	2,174,189	2,174,189
Reserves	21	298,673	471,057	717,078
		2,472,862	2,645,246	2,891,267
Non-controlling interests		24	20	9
Total Equity		2,472,886	2,645,266	2,891,276
Total equity and liabilities		2,934,896	3,936,948	4,677,929

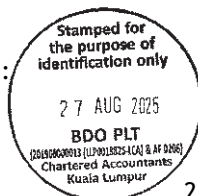


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Revenue	24	1,064,788	1,456,893	1,852,462
Cost of sales	25	(386,517)	(524,812)	(667,571)
Gross profit		678,271	932,081	1,184,891
Other income	26	84,226	36,876	60,223
Administrative expenses		(373,903)	(512,338)	(678,100)
Selling and marketing expenses		(14,891)	(17,257)	(21,598)
Other expenses		(121,727)	(178,790)	(208,142)
Net reversal/(impairment losses) on financial assets	27	138	(3,423)	(8,101)
Operating profit		252,114	257,149	329,173
Finance and other distribution income	28	7,420	7,043	17,336
Finance costs	28	(15,136)	(21,411)	(47,660)
Profit before tax	27	244,398	242,781	298,849
Income tax expense	30	(34,487)	(61,150)	(41,343)
Profit for the financial year		209,911	181,631	257,506
Other comprehensive (loss)/income				
Item that may be reclassified to profit or loss subsequently				
Foreign currency translation		(266)	(241)	41
Total other comprehensive (loss)/income for the financial year, net of tax		(266)	(241)	41
Total comprehensive income for the financial year		209,645	181,390	257,547
Profit attributable to:				
Owners of the parent		209,904	181,625	257,500
Non-controlling interests		7	6	6
		209,911	181,631	257,506
Total comprehensive income attributable to:				
Owners of the parent		209,638	181,384	257,541
Non-controlling interests		7	6	6
		209,645	181,390	257,547
Earnings per share attributable to owners of the parent (sen per share):				
Basic	31	21.15	17.08	23.80
Diluted	31	17.29	14.96	21.21

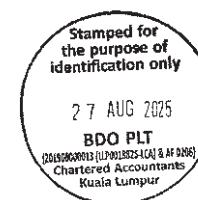


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	----- Non-distributable -----		Distributable			
	Share capital (Note 20) RM'000	Exchange translation reserve (Note 21) RM'000	Retained earnings (Note 21) RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Audited						
2022						
At beginning of financial year	2,174,189	(19)	93,566	2,267,736	20	2,267,756
Profit for the financial year	-	-	209,904	209,904	7	209,911
Other comprehensive loss, net of tax	-	(266)	-	(266)	-	(266)
Total comprehensive (loss)/income	-	(266)	209,904	209,638	7	209,645
Transactions with owners						
Dividends paid (Note 32)	-	-	(4,512)	(4,512)	-	(4,512)
Dividends paid to non-controlling interest	-	-	-	-	(3)	(3)
Total transactions with owners	-	-	(4,512)	(4,512)	(3)	(4,515)
At end of financial year	2,174,189	(285)	298,958	2,472,862	24	2,472,886

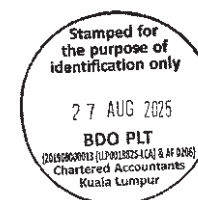


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	----- Non-distributable -----		Distributable			
	Share capital (Note 20) RM'000	Exchange translation reserve (Note 21) RM'000	Retained earnings (Note 21) RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
<u>Audited</u>						
2023						
At beginning of financial year	2,174,189	(285)	298,958	2,472,862	24	2,472,886
Profit for the financial year	-	-	181,625	181,625	6	181,631
Other comprehensive loss, net of tax	-	(241)	-	(241)	-	(241)
Total comprehensive (loss)/income	-	(241)	181,625	181,384	6	181,390
Transactions with owners						
Dividends paid (Note 32)	-	-	(9,000)	(9,000)	-	(9,000)
Dividends paid to non-controlling interest	-	-	-	-	(10)	(10)
Total transactions with owners	-	-	(9,000)	(9,000)	(10)	(9,010)
At end of financial year	2,174,189	(526)	471,583	2,645,246	20	2,645,266

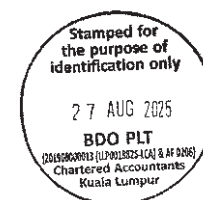


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	----- Non-distributable -----		Distributable			
	Share capital (Note 20) RM'000	Exchange translation reserve (Note 21) RM'000	Retained earnings (Note 21) RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
<u>Audited</u>						
2024						
At beginning of financial year	2,174,189	(526)	471,583	2,645,246	20	2,645,266
Profit for the financial year	-	-	257,500	257,500	6	257,506
Other comprehensive income, net of tax	-	41	-	41	-	41
Total comprehensive income	-	41	257,500	257,541	6	257,547
Transactions with owners						
Dividends paid (Note 32)	-	-	(11,520)	(11,520)	-	(11,520)
Dividends paid to non-controlling interest	-	-	-	-	(17)	(17)
Total transactions with owners	-	-	(11,520)	(11,520)	(17)	(11,537)
At end of financial year	2,174,189	(485)	717,563	2,891,267	9	2,891,276



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Cash Flows from operating activities				
Profit before tax		244,398	242,781	298,849
Adjustments for:				
Depreciation and amortisation:				
- property, plant and equipment	6	67,681	97,644	125,145
- intangible assets	7	4,661	6,196	9,901
- right-of-use assets		18,859	19,944	5,505
Finance and other distribution income	28	(7,420)	(7,043)	(17,336)
Interest expense	28	15,136	19,902	46,199
(Gain)/Loss on lease reassessment	26,27	(57,525)	(165)	5
Loss on disposal of property, plant and equipment	27	67	197	239
Impairment losses on:				
- trade receivables	11	590	4,500	8,107
- other receivables	12	-	3	17
- amounts due from related parties	14	3	8	6
- property, plant and equipment	6	-	-	740
Reversals of allowance for impairment losses of:				
- trade receivables	11	(711)	(1,088)	(29)
- other receivables	12	(4)	-	-
- amounts due from related parties	14	(16)	-	-
Net unrealised loss on foreign exchange		-	-	1,363
Write back of inventories	10	-	(184)	(6)
Write down of inventories	10	1,036	168	117
Write off of:				
- trade receivables	27	3,540	-	10
- property, plant and equipment	27	374	258	81
- inventories	10,27	509	218	126
Operating profit before working capital changes		291,178	383,339	479,039
Changes in working capital:				
Inventories		(19,281)	(18,277)	(12,942)
Trade receivables		(54,772)	(93,659)	(35,425)
Other receivables		(39,929)	17,600	(19,232)
Amount due from related parties		(7,888)	(11,373)	(2,120)
Trade payables		28,330	64,479	25,176
Other payables		38,147	6,537	49,956
Amount due to related parties		(31,463)	(21,215)	(14,105)
Cash generated from operations		204,322	327,431	470,347
Tax refunded		5	1	48
Tax paid		(6,174)	(33,269)	(49,926)
Net cash from operating activities		198,153	294,163	420,469



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Note	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Cash flows from investing activities				
Acquisitions of:				
- property, plant and equipment	6	(619,732)	(883,953)	(531,124)
- intangible assets	7	(6,654)	(7,404)	(6,916)
Interest received		7,420	7,043	17,336
Proceeds from disposals of property, plant and equipment		1,076	2,148	1,504
Net redemptions/(subscription) of units in structured entities formerly controlled by a related party		191,587	(7,467)	63,669
Net cash used in investing activities		(426,303)	(889,633)	(455,531)
Cash flows from financing activities				
Drawdowns of borrowings	15	-	697,863	681,478
Repayments of borrowings	15	(131,904)	(32,947)	(310,863)
Proceeds from settlement of previously unpaid:				
- ordinary shares	20	410,000	-	168,000
- irredeemable convertible preference shares	20	-	-	282,000
Dividends paid to non-controlling interest		(3)	(10)	(17)
Dividends paid	32	(4,512)	(9,000)	(11,520)
Interest paid		(2,179)	(18,370)	(45,233)
Payments of lease interests	18	(12,957)	(1,532)	(966)
Payments of lease liabilities	18	(18,146)	(20,183)	(5,667)
Net cash from financing activities		240,299	615,821	757,212
Net increase in cash and cash equivalents		12,149	20,351	722,150
Effects of exchange rate changes on cash and cash equivalents		-	-	62
Cash and cash equivalents at beginning of financial year		13,247	25,396	45,747
Cash and cash equivalents at end of financial year	13	25,396	45,747	767,959



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

The Company was incorporated and domiciled in Malaysia under the Companies Act 2016 on 5 January 2021 as a private limited liability company under the name of Sunway Healthcare Holdings Sdn. Bhd..

On 26 August 2025, the Company converted from a private limited liability company to a public limited liability company.

The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is engaged in investment holding activities. The principal activities of its subsidiaries are set out in Note 35 to the consolidated financial statements.

Related companies in the consolidated financial statements refer to companies within the Sunway Healthcare Holdings Berhad group of companies.

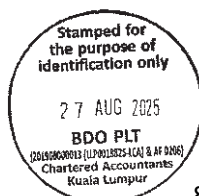
These Consolidated Financial Statements for the financial years ended ("FYEs") 31 December 2022, 31 December 2023 and 31 December 2024 are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The Accountants' Report comprises the Consolidated Financial Statements of the Company and its Subsidiaries (collectively referred to as the "Group") for the FYEs 31 December 2022, 31 December 2023 and 31 December 2024. The Consolidated Financial Statements of the Group consist of the audited financial statements of the Company and its Subsidiaries and are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad (the "Listing").

The relevant financial years of the audited financial statements used for the purpose of this Report and the statutory auditors of the respective companies within the Group are as follows:

Company	FYE/Financial Period Ended ("FPE")	Auditors
Sunway Healthcare Holdings Berhad	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway Medical Centre Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
SunMed Velocity Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway Medical Centre Penang Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Paradigm Fairview Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)**

The relevant financial years of the audited financial statements used for the purpose of this Report and the statutory auditors of the respective companies within the Group are as follows: (continued)

Company	FYE/FPE	Auditors
Sunway Medical Centre Ipoh Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway Senior Living Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway TCM Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway Specialist Centre Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
SunMed@Home Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway Healthcare Treasury Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway Healthcare Academy Sdn. Bhd.*	FPE 31 December 2024	BDO PLT
Sunway Medical Centre (Singapore) Pte. Ltd.	FYE 31 December 2022	BDO LLP
	FYE 31 December 2023	BDO LLP
	FYE 31 December 2024	BDO LLP
Sunway Iskandar Medical Centre Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Sunway Medical Centre Kota Bharu Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT
Platinum Greenway Sdn. Bhd.	FYE 31 December 2022	BDO PLT
	FYE 31 December 2023	BDO PLT
	FYE 31 December 2024	BDO PLT

* Sunway Healthcare Academy Sdn. Bhd. was incorporated as a new subsidiary of the Group on 3 May 2024. The relevant financial period of audited financial statements used for the purpose of report is from 3 May 2024 to 31 December 2024.

The audited financial statements of the Company and its subsidiaries for the relevant financial years/period reported above were not subject to any qualification or modification.

The Consolidated Financial Statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)**

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial years are disclosed in Note 3 to the Consolidated Financial Statements.

The Consolidated Financial Statements of the Group have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The preparation of Consolidated Financial Statements in conformity with MFRS and IFRS Accounting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in the Note 4 to the Consolidated Financial Statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

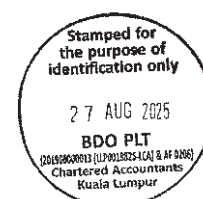
3. ADOPTION OF MFRS AND AMENDMENTS TO MFRS**(a) New MFRS and Amendment to MFRS adopted during the financial years**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group adopted the following Amendments that are mandatory during the reporting periods:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure - Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. ADOPTION OF MFRS AND AMENDMENTS TO MFRS (continued)**

- (b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**4.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

4.2 Critical judgements made in applying accounting policies

The following is judgement made by the management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that future taxable profits would be available against which the losses, capital allowances and other temporary differences could be utilised. Significant management's judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****4.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires the management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of receivables

The impairment allowances for trade and other receivables and amounts due from related parties are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, the existing market conditions including forward-looking estimates at end of the reporting period.

5 OPERATING SEGMENTS

For management purposes, the Group is organised into two (2) reportable segments based on their product and services. The reportable segments are summarised as follows:

- (i) Hospital services - operation of medical centres and provision of medical consultation services.
- (ii) Others - investment holding activities, provision of financial services, senior living care and assistance, operation of traditional and complementary medicine centre, provision of nursing care services, provision of ambulatory care services, provision of training services, leasing of properties and other related activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment revenue and expenses include transfers between business segments that are eliminated on consolidation. Segment results exclude the effects of transfers between business segments.

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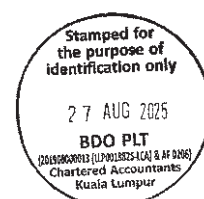
13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5 OPERATING SEGMENTS (continued)**

<u>Audited</u>	Hospital services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
At 31 December 2022				
Revenue				
Sales to external customers	1,048,082	16,706	-	1,064,788
Inter-segment sales	6,218	451	(6,669)	-
Total revenue	1,054,300	17,157	(6,669)	1,064,788
Results				
Operating profit	241,671	69,753	(59,310)	252,114
Finance and other distribution income	1,964	28,840	(23,384)	7,420
Finance costs	(14,962)	(12,783)	12,609	(15,136)
Profit before tax	228,673	85,810	(70,085)	244,398
Taxation	(32,145)	(2,417)	75	(34,487)
Net profit for the financial year	196,528	83,393	(70,010)	209,911
Non-controlling interests	-	-	(7)	(7)
Attributable to owners of the parents	196,528	83,393	(70,017)	209,904
Other segment information				
Depreciation and amortisation	86,379	4,382	440	91,201
Capital expenditure	637,048	26,654	-	663,702
Assets				
Segment assets	2,323,938	3,261,971	(2,653,362)	2,932,547
Unallocated assets				2,349
Total assets				2,934,896
Liabilities				
Segment liabilities	972,032	788,899	(1,331,507)	429,424
Unallocated liabilities				32,586
Total liabilities				462,010

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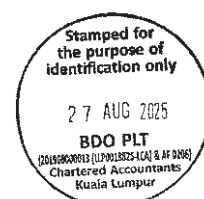
13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5 OPERATING SEGMENTS (continued)**

<u>Audited</u>	Hospital services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
At 31 December 2023				
Revenue				
Sales to external customers	1,438,218	18,675	-	1,456,893
Inter-segment sales	4,447	850	(5,297)	-
Total revenue	1,442,665	19,525	(5,297)	1,456,893
Results				
Operating profit	281,210	249,547	(273,608)	257,149
Finance and other distribution income	2,851	57,312	(53,120)	7,043
Finance costs	(32,044)	(36,727)	47,360	(21,411)
Profit before tax	252,017	270,132	(279,368)	242,781
Taxation	(55,445)	(4,192)	(1,513)	(61,150)
Net profit for the financial year	196,572	265,940	(280,881)	181,631
Non-controlling interests	-	-	(6)	(6)
Attributable to owners of the parents	196,572	265,940	(280,887)	181,625
Other segment information				
Depreciation and amortisation	115,105	8,239	440	123,784
Capital expenditure	974,412	4,950	-	979,362
Assets				
Segment assets	3,133,303	4,329,029	(3,527,733)	3,934,599
Unallocated assets				2,349
Total assets				3,936,948
Liabilities				
Segment liabilities	1,847,055	1,392,664	(2,002,366)	1,237,353
Unallocated liabilities				54,329
Total liabilities				1,291,682

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5 OPERATING SEGMENTS (continued)**

<u>Audited</u>	Hospital services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
At 31 December 2024				
Revenue				
Sales to external customers	1,818,847	33,615	-	1,852,462
Inter-segment sales	5,743	2,614	(8,357)	-
Total Revenue	1,824,590	36,229	(8,357)	1,852,462
Results				
Operating profit	347,598	443,478	(461,903)	329,173
Finance and other distribution income	2,872	94,391	(79,927)	17,336
Finance costs	(70,894)	(54,465)	77,699	(47,660)
Profit before tax	279,576	483,404	(464,131)	298,849
Taxation	(33,679)	(6,358)	(1,306)	(41,343)
Net profit for the financial year	245,897	477,046	(465,437)	257,506
Non-controlling interests	-	-	(6)	(6)
Attributable to owners of the parents	245,897	477,046	(465,443)	257,500
Other segment information				
Depreciation and amortisation	128,951	11,379	221	140,551
Capital expenditure	461,924	156,396	-	618,320
Assets				
Segment assets	3,731,309	4,862,742	(3,930,165)	4,663,886
Unallocated assets				14,043
Total assets				4,677,929
Liabilities				
Segment liabilities	2,280,218	1,411,581	(1,965,799)	1,726,000
Unallocated liabilities				60,653
Total liabilities				1,786,653

Major customers

The Group does not have major customer with revenue equal or more than ten percent (10%) of revenue of the Group.

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.1.2022 RM'000	Additions RM'000	Exchange difference RM'000	Disposals RM'000	Written offs RM'000	Transfer out RM'000	Reclassifications RM'000	Lease reassessment RM'000	Balance as at 31.12.2022 RM'000
Audited									
At 31 December 2022									
At cost									
Buildings	518,516	-	-	-	-	-	253,684	-	772,200
Freehold land	41,340	-	-	-	-	-	10,948	-	52,288
Leasehold land	109,134	110,225	-	-	-	-	-	-	219,359
Renovations	64,067	6,238	-	-	(302)	-	9,473	-	79,476
Motor vehicles	932	499	-	(154)	-	-	-	-	1,277
Equipment, furniture and fittings	427,649	51,984	-	(3,834)	(22,402)	-	43,077	-	496,474
Capital work-in-progress	602,836	488,102	-	-	-	(17)	(317,182)	-	773,739
Subtotal	1,764,474	657,048	-	(3,988)	(22,704)	(17)	-	-	2,394,813
Right-of-use									
Land and buildings	346,904	7,992	419	-	-	-	-	(336,402)	18,913
Equipment	4,214	-	-	-	-	-	-	(4,214)	-
Total	2,115,592	665,040	419	(3,988)	(22,704)	(17)	-	(340,616)	2,413,726

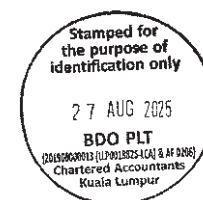


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

<u>Audited</u>	Balance as at 1.1.2022 RM'000	Depreciation charge for the year RM'000	Exchange difference RM'000	Disposals RM'000	Written offs RM'000	Lease reassessment RM'000	Balance as at 31.12.2022 RM'000
At 31 December 2022 (continued)							
Accumulated depreciation							
Buildings	36,304	11,086	-	-	-	-	47,390
Freehold land	-	-	-	-	-	-	-
Leasehold land	1,510	1,873	-	-	-	-	3,383
Renovations	10,950	5,861	-	-	(121)	-	16,690
Motor vehicles	613	142	-	(154)	-	-	601
Equipment, furniture and fittings	228,620	48,719	-	(2,691)	(22,209)	-	252,439
Capital work-in-progress	-	-	-	-	-	-	-
Subtotal	277,997	67,681	-	(2,845)	(22,330)	-	320,503
Right-of-use							
Land and buildings	143,320	18,492	193	-	-	(154,394)	7,611
Equipment	3,847	367	-	-	-	(4,214)	-
Total	425,164	86,540	193	(2,845)	(22,330)	(158,608)	328,114

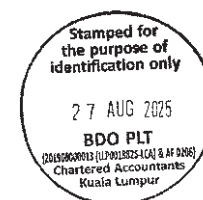


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

<u>Audited</u>	Balance as at 1.1.2023 RM'000	Additions RM'000	Exchange difference RM'000	Disposals RM'000	Written offs RM'000	Transfer out RM'000	Reclassifications RM'000	Lease reassessment RM'000	Balance as at 31.12.2023 RM'000
31 December 2023									
At cost									
Buildings	772,200	386,522	-	-	-	-	414,191	-	1,572,913
Freehold land	52,288	-	-	-	-	-	-	-	52,288
Leasehold land	219,359	82,139	-	-	-	-	-	-	301,498
Renovations	79,476	8,543	75	-	(28)	-	4,141	-	92,207
Motor vehicles	1,277	839	-	-	-	-	-	-	2,116
Equipment, furniture and fittings	496,474	125,981	29	(7,931)	(3,033)	-	53,963	-	665,483
Capital work-in-progress	773,739	367,934	-	(119)	-	(19,171)	(472,295)	-	650,088
Subtotal	2,394,813	971,958	104	(8,050)	(3,061)	(19,171)	-	-	3,336,593
Right-of-use									
Land and buildings	18,913	29,129	113	-	-	-	-	(29,149)	19,006
Equipment	-	-	-	-	-	-	-	-	-
Total	2,413,726	1,001,087	217	(8,050)	(3,061)	(19,171)	-	(29,149)	3,355,599

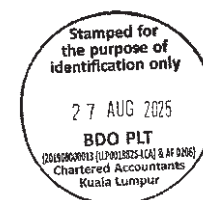


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

<u>Audited</u>	Balance as at 1.1.2023 RM'000	Depreciation charge for the year RM'000	Exchange difference RM'000	Disposals RM'000	Written offs RM'000	Lease reassessment RM'000	Balance as at 31.12.2023 RM'000
At 31 December 2023 (continued)							
Accumulated depreciation							
Buildings	47,390	23,115	-	-	-	-	70,505
Freehold land	-	-	-	-	-	-	-
Leasehold land	3,383	2,795	-	-	-	-	6,178
Renovations	16,690	6,422	26	-	(8)	-	23,130
Motor vehicles	601	310	-	-	-	-	911
Equipment, furniture and fittings	252,439	65,002	23	(5,705)	(2,795)	-	308,964
Capital work-in-progress	-	-	-	-	-	-	-
Subtotal	320,503	97,644	49	(5,705)	(2,803)	-	409,688
Right-of-use							
Land and buildings	7,611	19,944	451	-	-	(19,428)	8,578
Equipment	-	-	-	-	-	-	-
Total	328,114	117,588	500	(5,705)	(2,803)	(19,428)	418,266



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

	Balance as at 1.1.2024 RM'000	Additions RM'000	Exchange difference RM'000	Disposals RM'000	Written offs RM'000	Transfer out RM'000	Reclassifications RM'000	Reversal of accruals RM'000	Lease reassessment RM'000	Balance as at 31.12.2024 RM'000
Audited										
31 December 2024										
At cost										
Buildings	1,572,913	130,925	-	-	-	-	246,078	(24,473)	-	1,925,443
Freehold land	52,288	-	-	-	-	-	-	-	-	52,288
Leasehold land	301,498	-	-	-	-	-	-	-	-	301,498
Renovations	92,207	8,355	(27)	-	-	-	90	-	-	100,625
Motor vehicles	2,116	656	-	(85)	-	-	-	-	-	2,687
Equipment, furniture and fittings	665,483	136,631	(11)	(2,767)	(6,198)	-	82,050	-	-	875,188
Capital work-in- progress	650,088	334,837	-	-	-	(4,268)	(328,218)	-	-	652,439
Subtotal	3,336,593	611,404	(38)	(2,852)	(6,198)	(4,268)	-	(24,473)	-	3,910,168
Right-of-use										
Land and buildings	19,006	6,376	(539)	-	-	-	-	-	185	25,028
Plant and machinery	-	385	-	-	-	-	-	-	-	385
Total	3,355,599	618,165	(577)	(2,852)	(6,198)	(4,268)	-	(24,473)	185	3,935,581

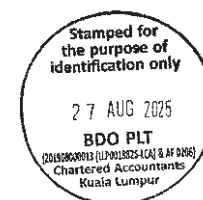


13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

<u>Audited</u>	Balance as at 1.1.2024 RM'000	Depreciation charge for the year RM'000	Exchange difference RM'000	Disposals RM'000	Written offs RM'000	Lease reassessment RM'000	Balance as at 31.12.2024 RM'000
At 31 December 2024 (continued)							
Accumulated depreciation							
Buildings	70,505	32,350	-	-	-	-	102,855
Freehold land	-	-	-	-	-	-	-
Leasehold land	6,178	3,522	-	-	-	-	9,700
Renovations	23,130	7,188	(11)	-	-	-	30,307
Motor vehicles	911	413	-	(85)	-	-	1,239
Equipment, furniture and fittings	308,964	81,672	(9)	(1,024)	(6,117)	-	383,486
Capital work-in-progress	-	-	-	-	-	-	-
Subtotal	409,688	125,145	(20)	(1,109)	(6,117)	-	527,587
Right-of-use							
Land and buildings	8,578	5,358	(343)	-	-	123	13,716
Equipment	-	147	-	-	-	-	147
Total	418,266	130,650	(363)	(1,109)	(6,117)	123	541,450



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

<u>Audited</u>	Balance as at 1.1.2024 RM'000	Impairment loss for the year RM'000	Balance as at 31.12.2024 RM'000
At 31 December 2024 (continued)			
Accumulated impairment losses			
Renovations	-	661	661
Equipment, furniture and fittings	-	79	79
Total	-	740	740
Net carrying amounts	31.12.2022 Audited RM'000	31.12.2023 Audited RM'000	31.12.2024 Audited RM'000
Buildings	724,810	1,502,408	1,822,588
Freehold land	52,288	52,288	52,288
Leasehold land	215,976	295,320	291,798
Renovations	62,786	69,077	69,657
Motor vehicles	676	1,205	1,448
Equipment, furniture and fittings	244,035	356,519	491,623
Capital work-in-progress	773,739	650,088	652,439
Subtotal	2,074,310	2,926,905	3,381,841
Right-of-use			
Land and buildings	11,302	10,428	11,312
Equipment	-	-	238
	2,085,612	2,937,333	3,393,391



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

- (a) Leasehold land, right-of-use land and buildings and right-of-use equipment represent right-of-use assets arising from lease arrangements that do not meet the definition of investment property.
- (b) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Renovations	4% - 10%
Motor vehicles	20%
Equipment, furniture and fittings:	
- Furniture and fittings	10%
- Medical equipment	10% - 15%
- Other equipment	20% - 33%

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The useful lives and residual values of property, plant and equipment (excluding right-of-use assets) are estimated based on common life expectancies and commercial factors applied in the industry.

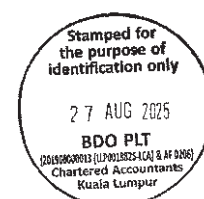
Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

- (c) During the FYE 31 December 2024, impairment loss on property, plant and equipment of the Group amounted to RM740,237 was recognised within administrative and other expenses in the statements of profit or loss due to change of business direction from health screening centre to the letting of leased property and operating as a business representative office.
- (d) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the end of the lease term. The principal depreciation periods are as follows:

Leasehold land	over the lease period of 75 to 99 years
Land and buildings	over the lease period from 1 to 10 years
Equipment	over the lease period of 5 to 6 years



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

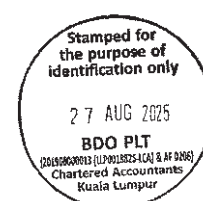
- (e) The Group made the following cash payments to purchase property, plant and equipment:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Additions of property, plant and equipment	665,040	1,001,087	618,165
Additions via lease liabilities (Note 18)	(7,992)	(29,129)	(6,762)
Amounts due to related parties	(21,226)	(40,864)	(14,234)
Unpaid and remained as other accruals	(16,090)	(47,141)	(66,045)
	<u>619,732</u>	<u>883,953</u>	<u>531,124</u>
Cash payments on purchase of property, plant and equipment	<u>619,732</u>	<u>883,953</u>	<u>531,124</u>

- (f) Certain leasehold lands and leasehold buildings of the Group have been pledged as securities to banks for bank borrowings granted to the Group as disclosed in Note 15 to the financial statements with carrying amounts as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Leasehold lands	-	81,096	79,988
Leasehold buildings	-	363,273	355,959
	<u>-</u>	<u>444,369</u>	<u>435,947</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**7 INTANGIBLE ASSETS**

<u>Audited</u>	Balance as at 1.1.2022 RM'000	Additions RM'000	Transfer from Property, plant and equipment RM'000	Write off RM'000	Exchange difference RM'000	Balance as at 31.12.2022 RM'000
At 31 December 2022						
At cost						
Software	33,853	6,654	17	(203)	-	40,321
	Balance as at 1.1.2022 RM'000		Amortisation charge for the year RM'000	Write off RM'000	Exchange difference RM'000	Balance as at 31.12.2022 RM'000
Accumulated amortisation						
Software	(22,751)		(4,661)	203	-	(27,209)
<u>Audited</u>	Balance as at 1.1.2023 RM'000	Additions RM'000	Transfer from Property, plant and equipment RM'000	Write off RM'000	Exchange difference RM'000	Balance as at 31.12.2023 RM'000
At 31 December 2023						
At cost						
Software	40,321	7,404	19,171	-	1	66,897
	Balance as at 1.1.2023 RM'000		Amortisation charge for the year RM'000	Write off RM'000	Exchange difference RM'000	Balance as at 31.12.2023 RM'000
Accumulated amortisation						
Software	(27,209)		(6,196)	-	(1)	(33,406)
<u>Audited</u>	Balance as at 1.1.2024 RM'000	Additions RM'000	Transfer from Property, plant and equipment RM'000	Write off RM'000	Exchange difference RM'000	Balance as at 31.12.2024 RM'000
At 31 December 2024						
At cost						
Software	66,897	6,916	4,268	(310)	-	77,771



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**7 INTANGIBLE ASSETS (continued)**

	Balance as at 1.1.2024 RM'000	Amortisation charge for the year RM'000	Write off RM'000	Exchange difference RM'000	Balance as at 31.12.2024 RM'000
<u>Audited</u>					
At 31 December 2024 (continued)					
Accumulated amortisation					
Software	(33,406)	(9,901)	310	-	(42,997)
			2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Net carrying amounts					
Software			<u>13,112</u>	<u>33,491</u>	<u>34,774</u>

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives.

Software

Software that does not form an integral part of the related hardware is treated as intangible asset with finite life and is amortised over its estimated useful life of three (3) to five (5) years.

8 GOODWILL

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Cost			
Goodwill	<u>2,349</u>	<u>2,349</u>	<u>2,349</u>

(a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(b) Impairment assessment on goodwill

For annual impairment assessment purposes, the recoverable amount of the Group's cash generating units ("CGUs") is based on value-in-use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a ten (10) years (2023: ten (10) years, 2022: ten (10) years) period with terminal value as approved by management. The key assumptions for the computation of value-in-use are further described in Note 8(c) to the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**8 GOODWILL (continued)****(c) Key assumptions used for value-in-use calculation**

The following table sets out the key assumptions for the computation of value-in-use:

Key Assumptions	2022 Audited %	2023 Audited %	2024 Audited %
Average revenue growth rates	4.0	16.0	11.0
Average EBITDA margins	14.6	31.5	25.3
Pre-tax discount rate	9.7	9.2	9.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- (i) The growth rate used is based on anticipated revenue growth rates of the CGU obtained from financial budgets approved by management. The financial budgets cover a period of ten (10) years (2023: ten (10) years, 2022: ten (10) years) with terminal growth rate thereafter.
- (ii) The EBITDA margin used is based on anticipated EBITDA margins of the CGU obtained from financial budgets approved by management. The financial budgets cover a period of ten (10) years (2023: ten (10) years, 2022: ten (10) years) with terminal growth rate thereafter.
- (iii) The discount rates used are pre-tax and reflect specific risks of the CGU.

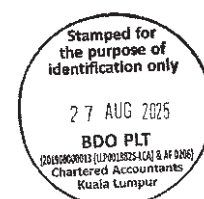
The Group has adopted the Expected Cash Flow approach in performing its impairment assessment of goodwill on consolidation during the current financial year. The cash flow projection used in determining the value-in-use calculations were probability weighted based on the following scenarios:

Scenario	Weighting	Assumptions
Base Case	75%	Based on the key assumptions above.
Best Case	10%	Revenue and cost of sales annual growth rates are forecasted to be 104% and 96% of base case respectively for a period of ten (10) years (2023: ten (10) years, 2022: ten (10) years).
Worst Case	15%	Revenue and cost of sales annual growth rates are forecasted to be 96% and 104% of base case respectively for a period of ten (10) years (2023: ten (10) years, 2022: ten (10) years).

The above key assumptions are determined based on management's assessment of future trends in the CGU. Any differences in expectations from the original estimates might impact the impairment losses amount in respect of the goodwill of the Group.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed their recoverable amounts.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**9 OTHER INVESTMENTS**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Non-current			
Unquoted corporate membership	22	22	22
Current			
Placements in funds	56,202	63,669	-

- (a) Other investments are classified as financial asset at fair value through profit or loss.
- (b) During the FYEs 31 December 2022 and 31 December 2023, placements in funds represented placements of funds in structured entities formerly controlled by a related party.

Placements in funds was classified as financial asset at fair value through profit or loss and was categorised as Level 2 in the fair value hierarchy. The fair value of quoted units in wholesale fund was determined based on net asset value of the fund at the close of business on the reporting date.

- (c) During the FYEs 31 December 2022 and 31 December 2023, the weighted average effective interest rates of placements in funds of the Group were 3.27% and 2.80% respectively.
- (d) At the end of the reporting period, the interest rate profile of placement in funds were:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Variable rate	56,202	63,669	-

For the FYEs 31 December 2022 and 31 December 2023, a change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be higher/(lower) by RM140,000 and RM159,000 respectively.

- (e) During the FYE 31 December 2024, the Group had net redemption of units in structured entities formerly controlled by a related party amounting to RM63,669,429 (2023: net subscription of RM7,467,113, 2022: net redemption of RM191,587,150).
- (f) Sensitivity analysis of market price risk

During the FYEs 31 December 2022 and 31 December 2023, a change of 1% in funds' prices, assuming all other variables remained constant, at the end of the previous reporting period would result in the profit net of tax of the Group to be higher/(lower) by RM562,023 and RM636,694 respectively.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**10 INVENTORIES**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
At cost			
Pharmacy	28,495	39,485	47,945
Medical and surgical	16,758	24,343	29,054
Specialised items	2,243	1,559	1,089
Consumables	-	184	188
	<u>47,496</u>	<u>65,571</u>	<u>78,276</u>

- (a) Costs of pharmacy products, medical and surgical products, specialised items and consumables are determined on a weighted average basis.
- (b) Inventories of the Group recognised as expenses in cost of sales during the financial years are as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Recognised as expenses in cost of sales	<u>280,389</u>	<u>389,843</u>	<u>508,534</u>

- (c) The amounts of inventories written off, written back to net realisable value and written down to net realisable value during the financial years are as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Written off	509	218	126
Written back to net realisable value	-	(184)	(6)
Written down to net realisable value	<u>1,036</u>	<u>168</u>	<u>117</u>
	<u>1,545</u>	<u>202</u>	<u>237</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11 TRADE RECEIVABLES**

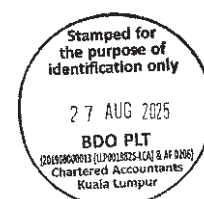
	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Third parties	182,924	276,627	312,293
Related parties	284	240	18
	183,208	276,867	312,311
Less: Allowance for impairment	(16,933)	(20,345)	(28,423)
	<u>166,275</u>	<u>256,522</u>	<u>283,888</u>

- (a) The amounts due from related parties are unsecured, non-interest bearing and the credit period is generally for a period of 30 days to 60 days (2023: 30 days to 60 days, 2022: 30 days to 60 days). The relationship with the related parties is as disclosed in Note 33 to the financial statements.
- (b) Total trade receivables are classified as financial assets measured at amortised cost.
- (c) The Group's primary exposure to credit risk arises through its trade receivables arising from corporate customers and insurers, which are mainly on credit terms. Customers may be requested to place an initial deposit or obtain a letter of guarantee at the time of admission to the hospital. The credit period is generally for a period of 30 days to 60 days (2023: 30 days to 60 days, 2022: 30 days to 60 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.
- (d) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. The Group has identified the Gross Domestic Product, unemployment rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss and other comprehensive income. On confirmation that the trade receivables would not be collected, the gross carrying value of the asset would be written off against the associated impairment.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11 TRADE RECEIVABLES (continued)**

(d) (continued)

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

The reconciliation of movements in allowance for impairment accounts of trade receivables is as follows:

	Lifetime ECL Not credit impaired RM'000	Credit impaired RM'000	Total allowance RM'000
Audited			
At 31 January 2022			
At beginning of financial year	154	16,900	17,054
Charge for the year	31	559	590
Reversal of impairment losses	(8)	(703)	(711)
At end of financial year	<u>177</u>	<u>16,756</u>	<u>16,933</u>
Audited			
At 31 January 2023			
At beginning of financial year	177	16,756	16,933
Charge for the year	270	4,230	4,500
Reversal of impairment losses	(1)	(1,087)	(1,088)
At end of financial year	<u>446</u>	<u>19,899</u>	<u>20,345</u>
Audited			
At 31 January 2024			
At beginning of financial year	446	19,899	20,345
Charge for the year	346	7,761	8,107
Reversal of impairment losses	(28)	(1)	(29)
At end of financial year	<u>764</u>	<u>27,659</u>	<u>28,423</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11 TRADE RECEIVABLES (continued)**

(d) (continued)

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

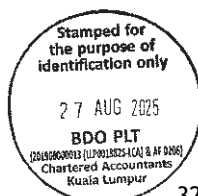
As at the end of each reporting period, the credit risk exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Maximum exposure	166,275	256,522	283,888
Collateral obtained	(152,025)	(231,867)	(245,617)
Net exposure to credit risk	<u>14,250</u>	<u>24,655</u>	<u>38,271</u>

The above collaterals are deposits received from customers and letters of undertaking from insurance companies.

(e) The ageing analysis of trade receivables of the Group are as follows:

	Gross RM'000	Lifetime ECL RM'000	Total RM'000
<u>Audited</u>			
2022			
Current	130,446	(752)	129,694
1 to 30 days past due	20,808	(347)	20,461
31 to 60 days past due	6,020	(146)	5,874
61 to 90 days past due	3,758	(55)	3,703
More than 90 days past due	22,176	(15,633)	6,543
	<u>52,762</u>	<u>(16,181)</u>	<u>36,581</u>
	<u>183,208</u>	<u>(16,933)</u>	<u>166,275</u>
<u>Audited</u>			
2023			
Current	115,381	(261)	115,120
1 to 30 days past due	64,457	(63)	64,394
31 to 60 days past due	33,605	(23)	33,582
61 to 90 days past due	11,507	(485)	11,022
More than 90 days past due	51,917	(19,513)	32,404
	<u>161,486</u>	<u>(20,084)</u>	<u>141,402</u>
	<u>276,867</u>	<u>(20,345)</u>	<u>256,522</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11 TRADE RECEIVABLES (continued)**

- (e) The ageing analysis of trade receivables of the Group are as follows: (continued)

	Gross RM'000	Lifetime ECL RM'000	Total RM'000
<u>Audited</u>			
2024			
Current	185,897	(471)	185,426
1 to 30 days past due	43,808	(114)	43,694
31 to 60 days past due	20,985	(52)	20,933
61 to 90 days past due	12,576	(197)	12,379
More than 90 days past due	49,045	(27,589)	21,456
	<u>126,414</u>	<u>(27,952)</u>	<u>98,462</u>
	<u>312,311</u>	<u>(28,423)</u>	<u>283,888</u>

- (f) The Group determines concentrations of credit risk by monitoring the types of customers of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period arose solely from healthcare services.

At the end of the reporting period, approximately 66% (2023: 69%, 2022: 80%) of trade receivables of the Group was due from 29 (2023: 17, 2022: 18) major debtors.

- (g) Exposure to credit risk

The historical experience of the Group in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the trade receivables of the Group.

- (h) The currency exposure profiles of trade receivables are as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Ringgit Malaysia	183,208	276,838	312,310
Singapore Dollar	-	29	1
	<u>183,208</u>	<u>276,867</u>	<u>312,311</u>

Sensitivity analysis for foreign currency risk of trade receivables is not presented as its exposure to foreign currencies was not material at the end of the reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**12 OTHER RECEIVABLES**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Non-current			
Other receivables	450,000	-	-
Current			
Other receivables	1,767	459,832	23,859
Deposits	40,470	15,236	17,045
Prepayments	7,970	7,538	10,935
	50,207	482,606	51,839
Less: Allowance for impairment	(1)	(3)	(21)
	50,206	482,603	51,818
Total other receivables	500,206	482,603	51,818

(a) Total other receivables, net of prepayments, are classified as financial assets measured at amortised cost.

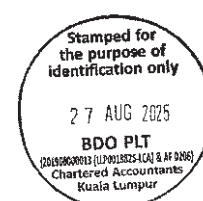
(b) During the FYEs 31 December 2022 and 31 December 2023, included in other receivables of the Group was an amount due from Greenwood of RM450,000,000 respectively, representing unpaid portion of subscription of ordinary shares and irredeemable convertible preference shares of the Company.

The amount was received during the FYE 31 December 2024.

(c) Impairment for other receivables and amounts due from related parties are recognised based on the general approach within MFRS 9 using the forward looking ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12)-month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset, while twelve (12)-month ECL are the portion of ECL that result from default events that are possible within the twelve (12) months after the end of the reporting period. The maximum period considered when estimating ECL is the maximum contractual period over which the Group are exposed to credit risk.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**12 OTHER RECEIVABLES (continued)**

(c) (continued)

The probability of non-payment by other receivables and amounts due from related parties is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve (12)-month or lifetime ECL for the other receivables and amounts due from related parties and subsidiaries. The Group have identified the Gross Domestic Product, unemployment rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information.

It requires management to exercise significant judgement in determining the probability of default by other receivables and amounts due from related parties, appropriate forward looking information and significant increase in credit risk.

The reconciliation of movements in allowance for impairment accounts of other receivables is as follows:

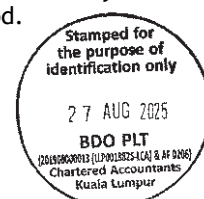
	2022 Audited RM'000	12-month ECL 2023 Audited RM'000	2024 Audited RM'000
At beginning of financial year	5	-	4
Charge for the year	-	3	17
Reversal of impairment losses	(4)	-	-
At end of financial year	<u>1</u>	<u>3</u>	<u>21</u>

(d) Total other receivables are denominated in Ringgit Malaysia.

13 CASH AND BANK BALANCES

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Cash at banks and on hand	25,396	45,747	114,319
Short term money market funds	-	-	653,640
Total cash and bank balances, representing cash and cash equivalents as reported in statement of cash flows	<u>25,396</u>	<u>45,747</u>	<u>767,959</u>

- (a) Cash and bank balances (excluding short term funds) are classified as financial assets measured at amortised cost.
- (b) No ECL were recognised arising from cash at banks because the probability of default by these financial institutions was negligible.
- (c) Short term funds represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.
- (d) Short term funds are classified as financial assets at fair value through profit or loss and are categorised as Level 1 in the fair value hierarchy. Fair value of short term funds are determined by reference to the quoted prices at the close of business at the end of each reporting period.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**13 CASH AND BANK BALANCES (continued)**

- (e) Sensitivity analysis for market price risk

Short term funds of the Group are exposed to changes in market quoted price. However, the volatility of the funds' prices are considered low, and hence, sensitivity analysis for market price risk is not presented.

- (f) There is no transfer between levels in fair value hierarchy during the FYE 31 December 2024.

- (g) The currency exposure profile of the cash and bank balances is as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Ringgit Malaysia	25,396	45,451	766,699
United States Dollar	-	53	53
Singapore Dollar	-	243	1,207
	<u>25,396</u>	<u>45,747</u>	<u>767,959</u>

Sensitivity analysis for foreign currency risk of cash and bank balances is not presented as its exposure to foreign currencies was not material at the end of the reporting period.

14 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Current assets			
Amounts due from related parties	38,225	49,599	51,718
Less: Allowance for impairment	(3)	(11)	(17)
	<u>38,222</u>	<u>49,588</u>	<u>51,701</u>
Current liabilities			
Amounts due to related parties	<u>(76,775)</u>	<u>(96,423)</u>	<u>(96,553)</u>

- (a) Amounts due from/(to) related parties are classified as financial assets/(liabilities) measured at amortised cost.
- (b) The amounts due from/(to) related parties mainly represent amounts due from/(to) related companies of Sunway City Sdn. Bhd., a major shareholder of the Company.
- (c) The amounts due from/(to) related parties are unsecured, non-interest bearing and payable upon demand or within next twelve (12) months in cash and cash equivalents except for an amount due from a related party of the Group of RM5,504,443 (2023: RM18,498,481, 2022: RM8,900,250), which bears interest at a rate of 3.05% to 3.80% (2023: 2.80% to 3.80%, 2022: 2.80% to 2.90%) per annum and repayable in the next twelve (12) months.

13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**14 AMOUNTS DUE FROM/(TO) RELATED PARTIES (continued)**

- (d) At the end of the reporting period, the interest rate profile of interest-bearing amount due from a related party of the Group was:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Fixed rate	8,900	18,498	5,504

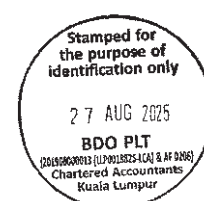
Sensitivity analysis for fixed rate amount due from a related party at the end of the reporting period is not presented as it is not affected by changes in interest rate.

- (e) Impairment for amounts due from related parties are recognised based on the general approach within MFRS 9 using the forward looking ECL model as disclosed in Note 12 to the financial statements.
- (f) The reconciliation of movements in allowance for impairment accounts of amounts due from related parties is as follows:

	2022 Audited RM'000	12-month ECL 2023 Audited RM'000	2024 Audited RM'000
At beginning of financial year	16	3	11
Charge for the year	3	8	6
Reversal of impairment losses	(16)	-	-
At end of financial year	3	11	17

- (g) Included in amounts due to related parties of the Group is retention sum for capital work-in-progress amounted to RM58,720,424 (2023: RM56,926,465, 2022: RM51,759,852).
- (h) The maturity profile of the amounts due to related parties of the Group at the end of the reporting period based on contractual undiscounted repayment obligations are repayable on demand or within the next twelve (12) months.
- (i) Amounts due from/(to) related parties are denominated in Ringgit Malaysia.

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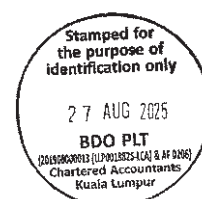
13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15 BORROWINGS**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Non-current liabilities			
Secured:			
Medium term note	-	387,000	387,000
Unsecured:			
Medium term notes	-	-	400,000
	<u>-</u>	<u>387,000</u>	<u>787,000</u>
Current liabilities			
Unsecured:			
Term loan	-	282,000	-
Receivables financing	15,000	17,000	189,357
Revolving credits	1,202	-	66,050
Bankers' acceptances	16,745	10,863	27,541
Medium term notes	-	1,000	-
	<u>32,947</u>	<u>310,863</u>	<u>282,948</u>
Total borrowings			
Secured:			
Medium term note	-	387,000	387,000
Unsecured:			
Term loan	-	282,000	-
Receivables financing	15,000	17,000	189,357
Revolving credits	1,202	-	66,050
Bankers' acceptances	16,745	10,863	27,541
Medium term notes	-	1,000	400,000
	<u>32,947</u>	<u>697,863</u>	<u>1,069,948</u>

- (a) The Group entered into a receivables financing arrangement with recourse with a financial institution where significantly all risk and rewards over the receivables under the financing arrangement remain with the Group and not transferred to the financial institution. Consequently, the receivables under the financing arrangement have not been derecognised from the trade receivables balances of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15 BORROWINGS (continued)**

- (b) The weighted average interest rate per annum of borrowings that were effective as at the end of the reporting year were as follows:

	2022 Audited %	2023 Audited %	2024 Audited %
Bankers' acceptances	3.48	3.67	3.79
Medium term notes	-	4.47	4.08
Receivables financing	4.11	4.06	3.99
Revolving credits	4.63	-	4.18
Term loan	-	4.60	-

- (c) At the end of the reporting year, the interest rate profile of the borrowings was:

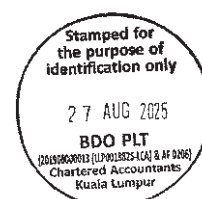
	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Fixed rate	-	-	400,000
Variable rate	32,947	697,863	669,948

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting year would result in the profit net of tax of the Group to be lower/(higher) by RM 1,272,902 (2023: RM1,325,940, 2022: RM62,599).

- (d) The maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

<u>Audited</u>	On demand or Within one (1) year RM'000	One (1) to five (5) years RM'000	Over five (5) years RM'000	Total RM'000
As at 31 December 2022	34,381	-	-	34,381
<u>Audited</u>				
As at 31 December 2023	341,516	66,874	414,864	823,254
<u>Audited</u>				
As at 31 December 2024	326,417	505,185	397,939	1,229,541

- (e) The secured borrowings of the Group are secured by the fixed charge over the leasehold lands and leasehold buildings in Note 6 to the financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15 BORROWINGS (continued)****(f) Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activity, including both cash and non-cash changes. Liabilities arising from financing activity are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activity.

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
At beginning of financial year	164,851	32,947	697,863
Cash flows:			
- Drawdowns	-	697,863	681,478
- Interest paid	(2,179)	(18,370)	(45,233)
- Repayments	(131,904)	(32,947)	(310,863)
Non-cash flows:			
- Interest expense	2,179	18,370	45,233
- Unrealised foreign exchange	-	-	1,470
At end of financial year	<u>32,947</u>	<u>697,863</u>	<u>1,069,948</u>

The carrying amounts of borrowings of the Group as at the end of the reporting period are reasonable approximations of fair values either due to the insignificant impact of discounting or that they are variable rate instruments that are repriced to market interest rates on or near the end of the reporting period.

Fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

(g) The currency profile of borrowings is as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Ringgit Malaysia	31,745	697,863	874,541
United States Dollar	-	-	195,407
Singapore Dollar	1,202	-	-
	<u>32,947</u>	<u>697,863</u>	<u>1,069,948</u>

Sensitivity analysis for foreign currency risk of borrowings at the end of the reporting period is disclosed in Note 34 to the consolidated financial statements.

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16 TRADE PAYABLES**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Third parties	66,684	97,809	111,993
Amounts due to doctors	61,796	95,109	106,101
	<u>128,480</u>	<u>192,918</u>	<u>218,094</u>

- (a) Total trade payables are classified as financial liabilities measured at amortised cost.
- (b) The normal trade credit terms granted to the Group range from 30 days to 90 days (2023: 30 days to 90 days, 2022: 30 days to 90 days).
- (c) The maturity profile of the trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within the next twelve (12) months.
- (d) Total trade payables are denominated in Ringgit Malaysia.

17 OTHER PAYABLES

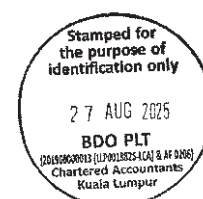
	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Accruals	141,268	177,971	221,819
Refundable deposits	17,707	20,622	28,196
Other payables	17,007	31,024	71,120
Contract liabilities	310	353	365
	<u>176,292</u>	<u>229,970</u>	<u>321,500</u>

- (a) Included in other payables is the following amount due to a related party:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Active Equity Sdn. Bhd. and its subsidiaries	<u>64</u>	<u>270</u>	<u>2,272</u>

The amount due to a related party is unsecured, non-interest bearing and payable based on credit terms granted to the Group.

- (b) Total other payables are classified as financial liabilities measured at amortised cost.
- (c) Included in accruals of the Group are amounts of RM94,423,182 (2023: RM66,718,564, 2022: RM42,654,734) accrued for the purchase of medical equipment and buildings cost.
- (d) During the FYE 31 December 2024, amount of RM24,472,320 has been reversed from accruals in relation of finalisation of account for the construction of a building, as stated in Note 6 to financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**17 OTHER PAYABLES (continued)**

- (e) Contract liabilities of the Group represent deferred health screening fee received in advance.
- (f) The maturity profile of the other payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within the next twelve (12) months.
- (g) Total other payables are denominated in Ringgit Malaysia.

18 LEASE LIABILITIES

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Non-current liabilities	10,666	9,183	7,474
Current liabilities	2,953	3,496	6,094
Total lease liabilities	13,619	12,679	13,568

- (a) The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date.

After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

The corresponding right-of-use assets of the lease liabilities are presented as property, plant and equipment as disclosed in Note 6 to the financial statements.

- (b) Included in lease liabilities are amounts due to related parties of RM6,276,392 (2023: RM4,024,395, 2022: RM3,585,677). The related parties are related companies of Sunway City Sdn. Bhd., a major shareholder of the Company.
- (c) The Group recognises lease payments associated with short term leases (leases with lease term of 12 months or less) and low value assets (leases for which the underlying asset is RM20,000 and below) in profit or loss as rental expenses as disclosed in Note 27 to the financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**18 LEASE LIABILITIES (continued)**

- (d) The maturity profile of the Group's lease liabilities at the end of the reporting period is summarised in the table below:

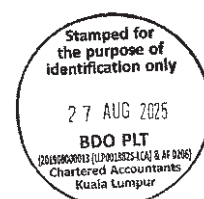
	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Not later than one (1) year	3,520	4,098	6,822
One (1) to two (2) years	3,060	3,129	3,600
Two (2) to three (3) years	2,614	2,514	2,288
Three (3) to four (4) years	2,283	2,369	744
Four (4) to five (5) years	2,144	744	650
More than five (5) years	1,832	1,585	935
	15,453	14,439	15,039
Less: Future finance charges	(1,834)	(1,760)	(1,471)
Present value of lease liabilities	13,619	12,679	13,568

- (e) Lease payments relating to lease liabilities are discounted using the Group's annual incremental borrowing rates of 4.08% to 7.64% (2023: 3.88% to 5.67%, 2022: 3.88% to 5.68%).
- (f) Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting year is not presented as it is not affected by changes in interest rates.
- (g) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
At beginning of financial year	263,306	13,619	12,679
Cash Flows			
- Payments of lease interests	(12,957)	(1,532)	(966)
- Payments of lease liabilities	(18,146)	(20,183)	(5,667)
Non-cash flows changes			
- Additions	7,992	29,129	6,762
- Interest expenses	12,957	1,532	966
- Lease reassessment	(239,533)	(9,886)	67
- Exchange differences	-	-	(273)
At end of financial year	13,619	12,679	13,568

- (h) At the end of the financial year, the Group had total cash outflow for leases of RM11,054,478 (2023: RM25,167,311, 2022: RM33,984,658).



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**19 DEFERRED TAX**

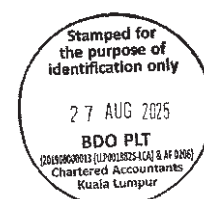
	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
At beginning of financial year	5,476	32,586	54,329
Recognised in profit or loss (Note 30)	27,110	21,743	(5,370)
At end of financial year	<u>32,586</u>	<u>54,329</u>	<u>48,959</u>
Presented after appropriate offsetting as follows:			
Deferred tax liabilities, net*	32,586	54,329	60,653
Deferred tax assets, net*	-	-	(11,694)
	<u>32,586</u>	<u>54,329</u>	<u>48,959</u>

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM32,818,269 (2023: RM25,688,304, 2022: 11,517,881).

- (a) The components and movement of deferred tax (assets)/liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

<u>Audited</u>	Unabsorbed investment tax allowances RM'000	Other temporary differences RM'000	Total RM'000
Balance as at 1 January 2022	(11,479)	(22,004)	(33,483)
Recognised in profit or loss	11,479	10,486	21,965
Balance as at 31 December 2022 / 1 January 2023	-	(11,518)	(11,518)
Recognised in profit or loss	-	(14,170)	(14,170)
Balance as at 31 December 2023 / 1 January 2024	-	(25,688)	(25,688)
Recognised in profit or loss	(20,582)	1,758	(18,824)
Balance as at 31 December 2024	<u>(20,582)</u>	<u>(23,930)</u>	<u>(44,512)</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**19 DEFERRED TAX (continued)**

- (a) The movement of deferred tax (assets)/liabilities during the financial year prior to offsetting are as follows: (continued)

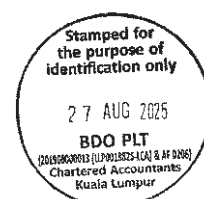
Deferred tax liabilities of the Group

Audited	Property, plant and equipment RM'000	Other temporary differences RM'000	Total RM'000
Balance as at 1 January 2022	35,174	3,785	38,959
Recognised in profit or loss	(75)	5,220	5,145
Balance as at 31 December 2022 / 1 January 2023	35,099	9,005	44,104
Recognised in profit or loss	34,843	1,070	35,913
Balance as at 31 December 2023 / 1 January 2024	69,942	10,075	80,017
Recognised in profit or loss	9,937	3,517	13,454
Balance as at 31 December 2024	79,879	13,592	93,471

- (b) The amount of temporary difference for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Unused tax losses			
- Expired by 31 December 2028	2,594	2,360	1,877
- Expired by 31 December 2029	12,320	2,211	2,211
- Expired by 31 December 2030	19,928	947	947
- Expired by 31 December 2031	1,004	1,004	1,004
- Expired by 31 December 2032	12,081	5,433	-
- Expired by 31 December 2033	-	9,962	9,962
- Expired by 31 December 2034	-	-	12,702
Unabsorbed capital allowances	3,690	13,373	15,634
Other deductible temporary differences	10,634	8,266	2,740
	62,251	43,556	47,077

During the FYE 31 December 2024, a subsidiary of the Company obtained approval from Malaysian Investment Development Authority ("MIDA") for the investment tax allowance amounted to RM122,535,439 as part of the Income Tax Investment incentive under P.U.(A) 203, Income Tax (Exemption) (No. 3) Order 2017, Income Tax Act, 1967 for the establishment of new private healthcare facilities, resulting a deferred tax asset of RM29,408,505. Management determined that future taxable profits would likely be available to utilise the allowance and has recognised the deferred tax assets in its entirety during the financial year accordingly.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20 SHARE CAPITAL**

	2022		2023		2024	
	Number of shares (‘000)	RM’000	Number of shares (‘000)	RM’000	Number of shares (‘000)	RM’000
Ordinary shares issued with no par value						
Fully paid						
At beginning of the financial year	920,519	1,285,689	1,063,379	1,695,689	1,063,379	1,695,689
Paid during the year	<u>142,860</u>	<u>410,000</u>	<u>-</u>	<u>-</u>	<u>35,897</u>	<u>168,000</u>
At end of the financial year	<u><u>1,063,379</u></u>	<u><u>1,695,689</u></u>	<u><u>1,063,379</u></u>	<u><u>1,695,689</u></u>	<u><u>1,099,276</u></u>	<u><u>1,863,689</u></u>
Unpaid						
At beginning of the financial year	199,162	606,500	56,302	196,500	56,302	196,500
Paid during the year	<u>(142,860)</u>	<u>(410,000)</u>	<u>-</u>	<u>-</u>	<u>(35,897)</u>	<u>(168,000)</u>
At end of the financial year	<u><u>56,302</u></u>	<u><u>196,500</u></u>	<u><u>56,302</u></u>	<u><u>196,500</u></u>	<u><u>20,405</u></u>	<u><u>28,500</u></u>
Irredeemable convertible preference shares ("ICPS") issued with no par value						
Fully paid						
At beginning of the financial year	-	-	-	-	-	-
Paid during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>282,000</u>
At end of the financial year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>10,000</u></u>	<u><u>282,000</u></u>



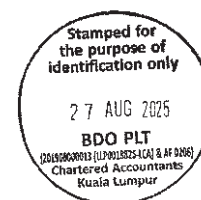
13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20 SHARE CAPITAL (continued)**

	2022		2023		2024	
	Number of shares (‘000)	RM’000	Number of shares (‘000)	RM’000	Number of shares (‘000)	RM’000
ICPS issued with no par value (continued)						
Unpaid						
At beginning of the financial year	10,000	282,000	10,000	282,000	10,000	282,000
Paid during the year	-	-	-	-	(10,000)	(282,000)
At end of the financial year	<u>10,000</u>	<u>282,000</u>	<u>10,000</u>	<u>282,000</u>	<u>-</u>	<u>-</u>
DCPS issued with no par value and fully paid	<u>-*</u>	<u>-*</u>	<u>-*</u>	<u>-*</u>	<u>-*</u>	<u>-*</u>
Summary of number of shares and carrying amount of share capital:						
Fully paid						
Ordinary shares issued with no par value	1,119,681	1,892,189	1,119,681	1,892,189	1,119,681	1,892,189
ICPS issued with no par value	10,000	282,000	10,000	282,000	10,000	282,000
DCPS issued with no par value and fully paid	<u>-*</u>	<u>-*</u>	<u>-*</u>	<u>-*</u>	<u>-*</u>	<u>-*</u>
	<u>1,129,681</u>	<u>2,174,189</u>	<u>1,129,681</u>	<u>2,174,189</u>	<u>1,129,681</u>	<u>2,174,189</u>

*Represent 1 DCPS amounting to RM1.



13. ACCOUNTANTS' REPORT (Cont'd)

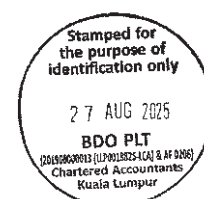
Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20 SHARE CAPITAL (continued)**

- (a) The holders of fully paid ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per ordinary share at meetings of the Company. All fully paid ordinary shares rank equally with regards to the residual assets of the Company.

The holders of unpaid ordinary shares are entitled to one (1) vote per ordinary share at meetings of the Company.

- (b) The salient features of the ICPS are as follows:
- (i) The ICPS holder shall not, in respect of such ICPS, be entitled to receive notice of, attend, speak at or vote at, general meetings of the Company and on a poll or on a written resolutions, each such holder shall have no votes for its ICPS, save for the following circumstances:
 - (a) at the date of the notice convening the meeting, any dividend on the ICPS has been declared but remains unpaid for 12 months;
 - (b) the business of the meeting includes the consideration of a resolution that varies or abrogates the rights attached to the ICPS; or
 - (c) the business of the meeting includes the consideration of a resolution to wind up the Company.
 - (ii) Each ICPS (solely to the extent that it is fully paid up) shall rank, on an as converted basis, (subject to any adjustment pursuant to paragraph (vi) below) pari passu on any dividends (whether in cash or in-kind) declared on ordinary shares.
 - (iii) Each ICPS shall be initially convertible into 9.4225017 ordinary shares (subject to any adjustment pursuant to paragraph (vi) below, and subject to paragraph (vii) below).
 - (iv) Subject to paragraph (viii) below, each ICPS shall be convertible upon the election of its holder, provided that:
 - (a) there has not been, immediately prior to and upon such conversion, the successful enforcement of the security agreement entered with the ICPS holder ("SA") in respect of the charged ICPS;
 - (b) immediately upon such conversion, the charged ICPS are released from all security created over them pursuant to the SA;
 - (c) such ICPS is fully paid up; and
 - (d) an initial filing has been made to the relevant regulators in respect of an initial public offering of the Company or the ICPS conversion notice is submitted or after 1 January 2026.
 - (v) The ICPS holder shall give written notice to the Company to exercise its right to convert all and not some only of its ICPS (a "ICPS Conversion Notice"). Immediately upon receipt of a ICPS Conversion Notice, and in any event within five (5) business days after the date of a ICPS Conversion Notice, the Company shall cause all required or necessary corporate and regulatory procedures, formalities and requirements to be completed for the purposes of effecting the conversion. The Company shall notify the ICPS holder as soon as it has satisfied such requirements and the conversion date shall be the date falling two (2) business days after the Company has issued the aforementioned notification.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

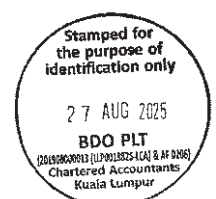
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20 SHARE CAPITAL (continued)**

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

- (vi) If the Company (i) pays a dividend or make a distribution on the outstanding ordinary shares by way of shares or other securities of the Company; (ii) subdivides the outstanding ordinary shares into a larger number of ordinary shares; (iii) combines the outstanding ordinary shares into a smaller number of ordinary shares; (iv) issues any securities in a reclassification of the ordinary shares; or (v) is consolidated, amalgamated or merged with or into another entity (other than a consolidation, amalgamation or merger following which the Company is the surviving entity and which does not result in any reclassification of, or change in the ordinary shares), the conversion ratio shall be adjusted so that the holders of the ICPS, upon conversion, receive the kind and amount of ordinary shares and other securities of the Company which they would have received in connection with such event had their ICPS been converted in accordance with the SA entered with the ICPS holder immediately prior to such subdivision, combination or reclassification, consolidation, amalgamation or merger (as applicable).
- (vii) Subject to paragraph (viii) below, the ICPS shall cease to be convertible upon the successful enforcement of the SA in respect of all of the charged ICPS.
- (viii) 'Notwithstanding anything to the contrary herein, if the ICPS holder transfers all of the ICPS to Sunway City Sdn. Bhd. pursuant to the terms of the SA and Sunway City Sdn. Bhd. becomes the holder of all of the ICPS, paragraphs (iv) and (vii) shall cease to apply and such ICPS as held by Sunway City Sdn. Bhd. shall be convertible at any time at the election of Sunway City Sdn. Bhd. in accordance with paragraph (iii).
- (ix) The ICPS shall be irredeemable.
- (x) Each fully paid-up ICPS ranks pari passu with each other fully paid up ICPS and ahead of any non-fully paid up ICPS.
- (xi) On a liquidation, each fully paid ICPS shall participate on an as converted basis with each ordinary share. Otherwise, the ICPS shall have no rights to participate in the profits or other distributions of the Company except to the extent of the amount paid up on the ICPS.

(c) The salient features of the DCPS are as follows:

- (i) The DCPS holder shall not, in respect of the DCPS, be entitled to receive notice of, attend, speak at or vote at, general meetings of the Company and on a poll or on a written resolution, each such holder shall have no votes for the DCPS, save for the following circumstances:
 - (a) at the date of the notice convening the meeting, any dividend on the DCPS has been declared but remains unpaid for 12 months;
 - (b) the business of the meeting includes the consideration of a resolution that varies or abrogates the rights attached to the DCPS; or
 - (c) the business of the meeting includes the consideration of a resolution to wind up the Company.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20 SHARE CAPITAL (continued)**

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

- (ii) A fixed, cumulative preferential dividend equal to the Shortfall Amount (as calculated by the formula below) shall accrue on the DCPS if held by the DCPS holder (the "Preference Dividend") from the date as agreed with the DCPS holder ("First Closing") and shall be due and payable on the date falling six (6) months after the First Closing and every six (6) months thereafter (each a "Preference Dividend Date").

Shortfall Amount = A - B where

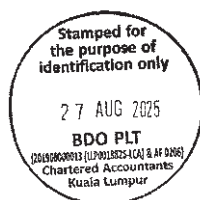
A = In relation to a Preference Dividend Date, the amount in the fourth column of Schedule 9 of the Shareholders' Agreement as agreed with the DCPS holder in the row corresponding to such Preference Dividend Date;

B = In relation to a Preference Dividend Date, the amount of Distributions actually received by the DCPS holder in respect of its ordinary shares during the six-month period ending on the Preference Dividend Date.

- (iii) The DCPS shall be convertible into one fully paid ordinary share upon the election of the DCPS holder. The DCPS holder shall give written notice to the Company to exercise its right to convert the DCPS (a "DCPS Conversion Notice").
- (iv) Immediately upon receipt of a DCPS Conversion Notice, and in any event within five (5) Business Days after the date of a DCPS Conversion Notice, the Company shall cause all required or necessary corporate and regulatory procedures, formalities and requirements to be completed for the purposes of effecting the conversion. The Company shall notify the DCPS Holder as soon as it has satisfied such requirements and the conversion date shall be the date falling two (2) business days after the Company has issued the aforementioned notification.
- (v) The DCPS shall automatically convert upon (or as close as possible to completion of) an initial public offering of the Company.
- (vi) The DCPS shall be irredeemable.
- (vii) On a liquidation, the DCPS has no rights to participate in the profits of the Company save in respect of any unpaid Preference Dividend.

21 RESERVES

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Non-distributable:			
Exchange translation reserve	(285)	(526)	(485)
Distributable:			
Retained earnings	298,958	471,583	717,563
	<u>298,673</u>	<u>471,057</u>	<u>717,078</u>



The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**22 OPERATING LEASE AGREEMENTS****The group as lessor**

The Group has entered into various non-cancellable operating lease agreements on properties with third parties.

The future minimum lease payments receivable under the above non-cancellable operating leases as at the end of the reporting period but not recognised as receivables, are as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Less than one (1) year	4,270	9,375	13,212
One (1) to two (2) years	2,495	5,927	6,927
Two (2) to three (3) years	978	873	3,338
Three (3) to four (4) years	32	4	875
Four (4) to five (5) years	-	-	706
More than five (5) years	-	-	3,178
	<u>7,775</u>	<u>16,179</u>	<u>28,236</u>

23 CAPITAL COMMITMENTS

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Capital expenditure:			
- property, plant and equipment	649,101	296,923	364,083
- intangible assets	9,584	6,420	5,655
Approved but not contracted for:			
- property, plant and equipment	942,272	1,091,448	909,224
- intangible assets	13,409	17,231	20,670
	<u>1,614,366</u>	<u>1,412,022</u>	<u>1,299,632</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**24 REVENUE**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Revenue from contracts with customers:			
Medical services rendered	591,199	755,177	957,128
Other services	-	2,039	14,600
Sales of goods	586,381	830,847	1,089,457
	1,177,580	1,588,063	2,061,185
Less: Discount given	(112,792)	(131,170)	(208,723)
	<u>1,064,788</u>	<u>1,456,893</u>	<u>1,852,462</u>

Sale of goods and services

Revenue from sale of products and services rendered is recognised at a point in time when the products have been transferred or the services have been rendered to the customer and coincide with the delivery of products and services and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of products and services rendered.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

Disaggregation of revenue from contracts with customers

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Malaysia	1,063,410	1,455,414	1,852,223
Singapore	1,378	1,479	239
	<u>1,064,788</u>	<u>1,456,893</u>	<u>1,852,462</u>

25 COST OF SALES

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Cost of sales from:			
Medical services rendered	(106,128)	(134,200)	(156,355)
Other services	-	(567)	(2,444)
Sale of goods	(280,389)	(390,045)	(508,772)
	<u>(386,517)</u>	<u>(524,812)</u>	<u>(667,571)</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**26 OTHER INCOME**

Included in other income are as following:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Realised gain on foreign exchange	-	2	1,777
Unrealised gain on foreign exchange	-	-	80
Recovery of bad debts	-	408	416
Gain on lease reassessment	57,525	165	-
Rental income from:			
- clinics	7,075	8,607	10,450
- retail spaces	1,860	2,121	2,410
- car parks	3,409	4,980	7,581
- others	3,020	3,375	3,586
Write back of inventories	-	184	6

Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

27 PROFIT BEFORE TAX

- (a) Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Auditors' remuneration	195	250	263
Management fees	1,135	2,609	3,885
Realised loss on foreign exchange	97	237	332
Impairment losses on property, plant and equipment	-	-	740
Loss on disposal of property, plant and equipment	67	197	239
Loss on lease reassessment	-	-	5
Unrealised loss on foreign exchange	-	-	1,443
Write down of inventories	1,036	168	117
Write off of:			
- Trade receivables	3,540	-	10
- Property, plant and equipment	374	258	81
- Inventories	509	218	126
Rental expenses:			
- Low value assets	579	1,074	2,185
- Short term leases	2,303	2,378	2,237



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27 PROFIT BEFORE TAX (continued)**

- (b) Net (reversal of impairment losses)/impairment losses on financial assets on financial assets recognised in profit or loss were as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Impairment losses on:			
- Trade receivables (Note 11)	590	4,500	8,107
- Other receivables (Note 12)	-	3	17
- Amounts due from related parties (Note 14)	3	8	6
	<u>593</u>	<u>4,511</u>	<u>8,130</u>
Reversals of impairment losses on:			
- Trade receivables (Note 11)	(711)	(1,088)	(29)
- Other receivables (Note 12)	(4)	-	-
- Amounts due from related parties (Note 14)	(16)	-	-
	<u>(731)</u>	<u>(1,088)</u>	<u>(29)</u>
Net (reversal of impairment losses)/impairment losses on financial assets	<u>(138)</u>	<u>3,423</u>	<u>8,101</u>

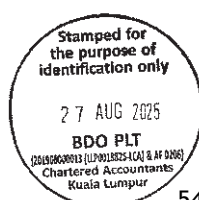
28 FINANCE AND OTHER DISTRIBUTION INCOME AND FINANCE COSTS

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Finance and other distribution income			
Finance and other distribution income from:			
- Advances to a related party (Note 33)	238	1,234	595
- Structured entities formerly controlled by a related party	7,094	4,054	9,684
- Other financial institution	88	1,755	7,057
	<u>7,420</u>	<u>7,043</u>	<u>17,336</u>

Finance costs

Interest expense in relation to:

- Term loan	-	11,835	12,830
- Bankers' acceptances	445	581	806
- Medium term notes	-	5,611	27,115
- Overdraft interest	8	-	-
- Receivables financing	807	333	2,670
- Revolving credits	919	10	1,812
- Lease liabilities	12,957	1,532	966
Total interest expense	15,136	19,902	46,199
Fees and commissions	-	1,509	1,461
	<u>15,136</u>	<u>21,411</u>	<u>47,660</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28 FINANCE AND OTHER DISTRIBUTION INCOME AND FINANCE COSTS (continued)****(a) Interest income**

Interest income from short term deposits, advances and structured entities formerly controlled by a related party is recognised on the accrual basis, using the effective interest method.

29 EMPLOYEE BENEFITS

The total amounts of employee benefits included in administrative expenses and other operating expenses during the financial years are as follows:

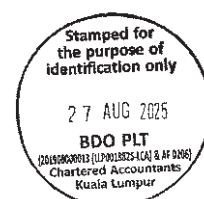
	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Wages, salaries and bonuses	243,421	336,433	447,233
Social security contributions	2,695	4,064	5,386
Contributions to defined contribution plan	29,902	40,447	54,531
Other benefits	55,229	69,666	106,569
	<u>331,247</u>	<u>450,615</u>	<u>613,719</u>

Included in employee benefits of the Group are Directors' remuneration as follows:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Emoluments, representing total Executive Directors' remuneration (excluding benefits-in-kind)	3,277	3,911	6,149
Estimated money value of benefits-in-kind	17	18	15
Total Executive Directors' remuneration including benefits-in-kind	<u>3,294</u>	<u>3,929</u>	<u>6,164</u>
Total Directors' remuneration	<u>3,294</u>	<u>3,929</u>	<u>6,164</u>

30 INCOME TAX EXPENSE

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Malaysian income tax:			
Current year	7,386	37,956	52,369
(Over)/Under provision in prior years	(9)	1,451	(5,656)
	<u>7,377</u>	<u>39,407</u>	<u>46,713</u>



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**30 INCOME TAX EXPENSE (continued)**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Deferred tax (Note 19):			
Relating to origination and reversal of temporary differences	27,110	21,641	(8,687)
Under provision in prior years	-	102	3,317
	<u>27,110</u>	<u>21,743</u>	<u>(5,370)</u>
Income tax expense	<u>34,487</u>	<u>61,150</u>	<u>41,343</u>

- (a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%, 2022: 24%) of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.
- (b) A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows.

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Profit before tax	<u>244,398</u>	<u>242,781</u>	<u>298,849</u>
Tax at Malaysian statutory tax rate of 24% (2023: 24%, 2022: 24%)	58,656	58,267	71,724
Different tax rate in other countries	-	144	102
Income not subject to tax	(22,315)	(3,278)	(6,029)
Expenses not deductible for tax purposes	6,081	10,288	6,449
Recognition of previously unrecognised investment tax allowances	-	-	(29,409)
Deferred tax assets not recognised	-	3,488	926
Utilisation of previously unrecognised deferred tax assets	(7,926)	(9,312)	(81)
(Over)/Under provision of tax expense in prior year	(9)	1,451	(5,656)
Under provision of deferred tax	<u>-</u>	<u>102</u>	<u>3,317</u>
Income tax expense	<u>34,487</u>	<u>61,150</u>	<u>41,343</u>

- (c) There is no tax effect on other comprehensive income of the Group during the financial year.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31 EARNINGS PER SHARE****(a) Basic**

	2022 Audited	2023 Audited	2024 Audited
Profit attributable to owners of the parent (RM'000)	<u>209,904</u>	<u>181,625</u>	<u>257,500</u>
Weighted average number of outstanding ordinary shares ('000)	<u>992,489</u>	<u>1,063,379</u>	<u>1,081,916</u>
Basic earnings per share (sen)	<u>21.15</u>	<u>17.08</u>	<u>23.80</u>

(b) Diluted

	2022 Audited	2023 Audited	2024 Audited
Profit attributable to owners of the parent (RM'000)	<u>209,904</u>	<u>181,625</u>	<u>257,500</u>
Weighted average number of outstanding ordinary shares ('000)	992,489	1,063,379	1,081,916
Effects of dilution due to unpaid ordinary shares	127,192	56,302	37,765
Effects of dilution due to ICPS and DCPS	<u>94,225</u>	<u>94,225</u>	<u>94,225</u>
	<u>1,213,906</u>	<u>1,213,906</u>	<u>1,213,906</u>
Diluted earnings per share (sen)	<u>17.29</u>	<u>14.96</u>	<u>21.21</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32 DIVIDENDS**

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
In respect of FYE 31 December 2022:			
Interim single tier dividend of RM0.035 per fully paid ordinary share, declared and paid on 23 June 2022	1,512	-	-
Interim single tier dividend of RM0.047 per fully paid ordinary share, declared and paid on 23 December 2022	3,000	-	-
In respect of FYE 31 December 2023:			
Interim single tier dividend of RM0.0702 per fully paid ordinary share, declared and paid on 23 June 2023	-	4,500	-
Interim single tier dividend of RM0.0702 per fully paid ordinary share, declared and paid on 22 December 2023	-	4,500	-
In respect of FYE 31 December 2024:			
Interim single tier dividend of RM0.0702 per fully paid ordinary share, declared and paid on 21 June 2024	-	-	4,500
Interim single tier dividend of RM0.0702 per fully paid ordinary share, declared and paid on 23 December 2024	-	-	7,020
	<u>4,512</u>	<u>9,000</u>	<u>11,520</u>

Pursuant to Clause 10.6 of the SA, Sunway City Sdn. Bhd. had waived their entitlement to the distribution of dividends. The above single tier dividends were declared and paid only to Greenwood Capital Pte. Ltd. ("Greenwood"), pursuant to Clause 10.5 of the SA. The SA was entered between Sunway Berhad, Sunway City Sdn. Bhd., Greenwood and the Company on 23 December 2021.

Subsequent to financial year end, the dividends declared and paid by the Company were as follows:

- (a) The Company has on 20 June 2025 declared and on 23 June 2025 paid a single-tier interim dividend of RM11,250,000 to Greenwood pursuant to Clause 10.5 of the SA. Pursuant to Clause 10.6 of the SA, Sunway City Sdn. Bhd. had waived their entitlement to the distribution of this dividend.
- (b) The Company has on 10 July 2025 declared and on 16 July 2025 paid a single-tier interim dividend of RM600,000,000 to all members who are registered in the Register of Members as at 14 July 2025 in respect of the financial year ending 31 December 2025.

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13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33 RELATED PARTY DISCLOSURES****(a) Identities of related parties**

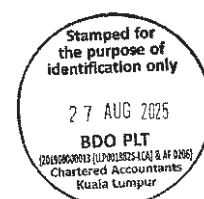
Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common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

The Group have controlling related party relationships with its corporate shareholders, related companies and related parties.

(b) Significant transactions with related parties

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the financial years:

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Transactions with companies in which certain Directors have substantial financial interests			
Acquisition of land	110,142	430,000	2,066
Building facility audit services	-	31	54
Building repair and maintenance services	4	-	-
Car park rental expenses	42	43	45
Compensation received	-	-	(11,219)
Corporate guarantee commission	250	99	33
Event fees	61	1,387	1,987
Hotel and related expenses	243	608	2,600
Human resource services	779	1,095	1,385
Insurance premium paid	87	93	74
Interest received	(238)	(1,234)	(595)
Interior design consultancy services and renovation services	1,495	1,396	1,838
Internet and broadband related services and equipment	3,908	1,412	5,082
IT related services	2,824	2,194	4,284
IT support services	1,723	1,724	2,893
Management fees and other expenses paid	2,726	3,053	3,096
Oversea remittance fee	1	1	5
Parking and rental	2,080	2,134	2,704
Payroll and accounting services	33	35	29
Placement of funds	8,900	17,085	5,505
Project management fees	10,045	3,399	8,365
Provision of branding, marketing, communications and others	1,617	1,302	1,783
Provision of diagnostic test services	-	-	(15)
Provision of paving services	-	-	5
Provision of treated water	-	-	2
Provision of Wi-Fi and telecommunication	592	588	505
Purchase of consumable items	-	15	17
Purchase of credit report	-	-	4
Purchase of electrical appliances	1	-	-
Purchase of food and beverage supplies	-	-	183
Purchase of office equipment	4	47	134
Purchase of pharmaceutical products	32	2	34



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33 RELATED PARTY DISCLOSURES (continued)****(b) Significant transactions with related parties (continued)**

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the financial years: (continued)

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Transactions with companies in which certain Directors have substantial financial interests (continued)			
Purchase of renovation products and fittings	2	6	7
Renovation and design works	319,739	293,269	282,918
Rental income	(251)	(267)	(651)
Rental of parcel lockers	-	2	4
Rental of property	31,289	22,407	6,299
Sale and provision of medical services	(3,339)	(891)	(1,237)
Secretarial fees	41	38	42
Shared services fees	792	892	975
Sunway Pals Loyalty Programme	208	68	38
Trademark fees	1	2	3
Training expenses	188	113	559
Travelling and transportation services	381	578	1,115
Vehicle repair and maintenance services	52	46	69

The related party transactions described above were carried out on negotiated terms and conditions mutually agreed with the related parties of the Group.

Information regarding outstanding balances arising from related party transactions as at 31 December 2022, 31 December 2023 and 31 December 2024 are disclosed in Notes 14 to the combined financial statements.

(c) Compensation of key management personnel

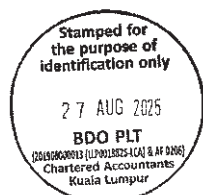
Key management personnel are the persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group.

The key management personnel are the executive Directors of the Group and their remuneration are disclosed in Note 29 to the financial statements.

34 CAPITAL AND FINANCIAL RISK MANAGEMENT**(a) Capital management**

The primary objective of the capital management of the Group is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

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. No changes were made in the objective, policies or processes during the FYEs 31 December 2022, 31 December 2023 and 31 December 2024.



13. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34 CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)****(a) Capital management (continued)**

The Group monitors capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's debt level, hence its capital structure. The ratio is calculated as net debt divided by total equity. Net debt includes total borrowings with financial institutions less cash and bank balances.

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Borrowings	32,947	697,863	1,069,948
Less: Cash and bank balances	(25,396)	(45,747)	(767,959)
Net debt	<u>7,551</u>	<u>652,116</u>	<u>301,989</u>
Total Equity	<u>2,472,886</u>	<u>2,645,266</u>	<u>2,891,276</u>
Gearing ratio (%)	- *	25%	10%

* Negligible

(b) Financial risk management objectives and policies

The financial risk management policy of the Group seek to ensure that adequate financial resources are available for the development of the business of the Group whilst managing its interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and market risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the policy of the Group that no trading in derivative financial instruments shall be undertaken.

(i) Interest rate risk

The income and operating cash flows of the Group is substantially independent of changes in market interest rates. The interest-bearing financial assets of the Group is mainly short term in nature.

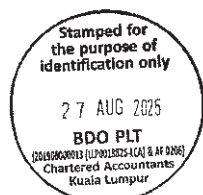
The interest rate risk of the Group arise primarily from placement in funds, amount due from a subsidiary, amount due from a related party, interest bearing borrowings and lease liabilities.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 14, 15 and 18 to the financial statements.

(ii) Foreign currency risk

The Group is not significantly exposed to foreign currency risk as majority of the transactions of the Group, assets and liabilities are denominated in Ringgit Malaysia ("RM") except for foreign currency risk arising from certain borrowings and a country in which a foreign subsidiary operate. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency exposures in transactional currencies other than functional currency of the operating entities are kept to an acceptable level.

The Group also has borrowing denominated in foreign currency for working capital purposes. The foreign currency balances of the Group amounted to RM195,406,995 (2023: Nil, 2022: RM1,202,347).



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34 CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)****(b) Financial risk management objectives and policies (continued)****(ii) Foreign currency risk (continued)**

The sensitivity analysis of foreign currency risk of the Group is not presented as its exposure to foreign currency risk was not material at the end of the reporting period, except for foreign currency borrowings.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, which are material to the Group, with all other variables held constant.

	2022 Audited RM'000	2023 Audited RM'000	2024 Audited RM'000
Profit net of tax			
SGD/RM			
- strengthen 0.9% (2023: 1.4%, 2022: 2.7%)	(24)	-	-
- weaken 0.9% (2023: 1.4%, 2022: 2.7%)	24	-	-
USD/RM			
- strengthen 1.7% (2023: 2.0%, 2022: 5.0%)	-	-	(2,540)
- weaken 1.7% (2023: 2.0%, 2022: 5.0%)	-	-	2,540

(iii) Liquidity risk

The Group manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raise committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

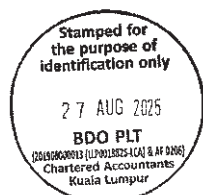
The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 14, 15, 16, 17 and 18 to the financial statements.

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group to credit risk arises primarily from trade receivables, other receivables and financial guarantee contracts. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

Receivables

The objective of the Group is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trade only with recognised and creditworthy third parties. It is the policy of the Group that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure of the Group to bad debts is not significant.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34 CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)****(c) Financial risk management objectives and policies (continued)****(iv) Credit risk (continued)**Financial guarantee contracts

The Group provides financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Group monitors on an ongoing basis the financial performance of the subsidiaries and the repayments made by the subsidiaries to the banks.

The credit risk concentration profiles have been disclosed in Notes 11 and 12 to the financial statements.

(v) Market risk

Market risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

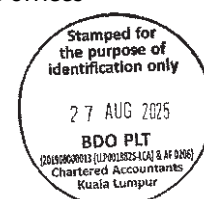
The Group are exposed to market risk arising from placements in quoted funds and borrowings. These instruments are classified as financial assets designated at fair value through profit or loss.

The sensitivity analysis of market risk has been disclosed in Notes 9 and 13 to the financial statements.

35 LIST OF SUBSIDIARIES

The subsidiaries of Sunway Healthcare Holdings Berhad are as follows:

Name of company	[---Effective interest in equity held---]			Principal activities
	2022 %	2023 %	2024 %	
Paradigm Fairview Sdn. Bhd.	100	100	100	Operation of medical centre
Platinum Greenway Sdn. Bhd.	100	100	100	Dormant
Sunway Iskandar Medical Centre Sdn. Bhd.	100	100	100	Dormant
Sunway Medical Centre (Singapore) Pte. Ltd.*	100	100	100	Letting of self-owned or leased real estate property except food courts, coffee shops and canteens (e.g. office/exhibition space, shopping mall, self-storage facilities) and business representative offices



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**35 LIST OF SUBSIDIARIES (continued)**

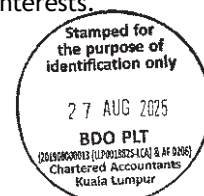
The subsidiaries of Sunway Healthcare Holdings Berhad are as follows: (continued)

Name of company	[---Effective interest in equity held---]			Principal activities
	2022 %	2023 %	2024 %	
Sunway Medical Centre Ipoh Sdn. Bhd.	100	100	100	Provision of specialised medical services and engage in hospital activities
Sunway Medical Centre Kota Bharu Sdn. Bhd.	100	100	100	Dormant
Sunway Medical Centre Sdn. Bhd.	99.99	99.99	99.99	Operation of medical centre
SunMed Velocity Sdn. Bhd.	100	100	100	Operation of medical centre
Sunway Senior Living Sdn. Bhd.	100	100	100	Provision of a wide range of facilities and services for persons in need of senior living care and assistance
Sunway Specialist Centre Sdn. Bhd.	100	100	100	Provision of ambulatory care services
Sunway Medical Centre Penang Sdn. Bhd.	100	100	100	Operation of medical centre
Sunway Healthcare Treasury Sdn. Bhd.	100	100	100	Provision of financial and treasury services to its related companies
SunMed@Home Sdn. Bhd.	100	100	100	Provision of nursing manpower and nursing care services
Sunway TCM Sdn. Bhd.	100	100	100	Operation and provision of traditional and complementary medicine centre
Sunway Healthcare Academy Sdn. Bhd. #	-	-	100	Provision of training services and other related activities

* Audited by BDO Member Firm

New subsidiary incorporated on 3 May 2024

During the financial years, the Group did not have subsidiaries that has material non-controlling interests.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
Accountants' Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS**

- (a) **Acceptance of a loan facility granted to a subsidiary, Sunway Healthcare Treasury Sdn. Bhd. ("SHT") by Mizuho Bank (Malaysia) Berhad**

On 21 December 2022, SHT has accepted a loan facility of up to an aggregate of USD75,000,000 or equivalent of up to RM282 million granted by Mizuho Bank (Malaysia) Berhad for the sole purpose of financing the capital expenditure and working capital of the Group.

- (b) **Acquisition of Tower A and B of Sunway Medical Centre Sunway City**

On 29 December 2022, Sunway Medical Centre Sdn. Bhd. ("SMCSB"), a 99.99%-owned subsidiary of Sunway Healthcare Holdings Berhad had entered into a conditional sale and purchase agreement ("SPA") with RHB Trustee Berhad ("RHB Trustees") for the acquisition of lands and buildings known as "Tower A & B of Sunway Medical Centre", together with the plant and machinery and all fixtures and fittings affixed or located or used in the buildings ("Property") for a total purchase consideration of RM430 million. The Property was leased and used by SMCSB to operate a medical centre. The acquisition was completed on 30 August 2023 upon the fulfilment of all conditions precedent of the SPA and authorities' approval.

SMCSB has previously recognised the lease liabilities of Tower A & B of Sunway Medical Centre with the assumption that the lease term, will be extended upon its maturity on 30 December 2022. Following the Proposed Acquisition, SMCSB has reassessed the lease term and has taken the short term lease exemption upon the lease maturity on 30 December 2022. The lease reassessment had resulted in a gain of RM53,690,082 being recognised in the financial statements of the Group during the FYE 31 December 2022.

- (c) **Registration of RM5 billion Sukuk Programme with Securities Commission Malaysia (SC) by a subsidiary, SHT**

On 19 January 2023, SHT lodged a RM5 billion nominal value Islamic medium-term note Sukuk Wakalah programme ("Sukuk Programme") with SC. The proceeds from the Sukuk Programme will be used to finance the Group's healthcare and related business, capital expenditure, general corporate purposes, working capital, and the refinancing of existing and future syariah-compliant or conventional borrowings. Proceeds raised from the Sukuk Programme shall be used for projects that meet the criteria of the sustainability financing framework.

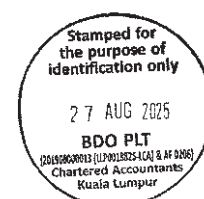
- (d) **Issuance of Sustainable Islamic Medium Term Note ("iMTN") and appointment of Joint Lead Managers ("JLMs") by a wholly-owned subsidiary, SHT**

On 18 March 2024, the Board of Directors has approved SHT's issuance of iMTN of RM300,000,000, with the option of upsizing to RM400,000,000 and the appointment of Maybank Investment Bank Berhad, CIMB Bank Investment Berhad and HSBC Bank Amanah Berhad as the JLMs to run the book-building exercise, marketing and the issuance process.

- (e) **Acceptance of banking facilities offered to a wholly-owned subsidiary, SHT by Hong Leong Bank Berhad ("HLB")**

On 27 March 2024, the Board of Directors has approved SHT to accept the banking facilities, revolving credit and onshore foreign currency loan amounting to USD15,000,000 and USD60,000,000 or equivalent of up to approximately RM68,895,000 and RM275,580,000 respectively offered by HLB for the sole purpose of financing the working capital of the Group.

The banking facilities are secured by joint corporate guarantee of USD82,500,000 issued by the Company and a subsidiary, SMCB to HLB as security for the banking facilities granted to SHT.



13. ACCOUNTANTS' REPORT (Cont'd)

Sunway Healthcare Holdings Berhad (202101000296 (1400594-U))
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS

- (f) Issuance of rated Islamic Medium Term Notes ("Sukuk Wakalah") pursuant to rated Islamic Medium Term Notes Programme of up to RM5.0 billion in nominal value based on the Shariah Principle of Wakalah Bi Al-Istithmar ("Sukuk Programme")

On 10 March 2025, the Company has approved and endorsed SHT's proposed issuance of rated Sukuk Wakalah of up to RM500,000,000 under Sukuk Programme to fund capital expenditure and proposed acquisition of investments projects to support its long-term expansion strategy.



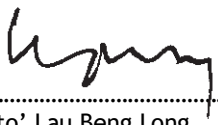
13. ACCOUNTANTS' REPORT (Cont'd)


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STATEMENT BY DIRECTORS

We, Dato' Lau Beng Long and Tan Sri Sir Dr. Jeffrey Cheah Fook Ling KBE AO, two of the Directors of Sunway Healthcare Holdings Berhad, state that, in the opinion of the Directors, the consolidated financial statements set out on pages 1 to 66 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024 and of the financial performance and cash flows of the Group for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 27 August 2025.


.....
Dato' Lau Beng Long
Director


.....
Tan Sri Sir Dr. Jeffrey Cheah Fook Ling KBE AO
Director