BIO alpha
Health Through Biotech

# BIOALPHA HOLDINGS BERHAD

Registration No. 201101021398 (949536-X)
(Incorporated in Malaysia under the Companies Act, 1965)










## ANNUAL REPORT

# 2022

# CONTENTS


| | |
|---|---|
| 2 | About Bioalpha |
| 4 | Bioalpha's Core Values |
| 5 | Corporate Information |
| 6 | Corporate Structure |
| 7 | Financial Highlights |
| 9 | Profiles of Directors |
| 17 | Management Discussion and Analysis |
| 25 | Sustainability Statement |
| 32 | Corporate Governance Overview Statements |
| 49 | Statement of Directors' Responsibility |
| 50 | Statement on Risk Management and Internal Control |
| 53 | Audit Committee Report |
| 56 | Additional Compliance Information |
| 58 | Financial Statements |
| 166 | List of Properties |
| 168 | Analysis of Shareholdings |
| 171 | Analysis of ICPS Shareholdings |
| 174 | Notice of Twelfth (12th) Annual General Meeting |
| Enclosed | Proxy Form |



# ABOUT BIOALPHA

**Bioalpha Holdings Berhad ("Bioalpha" or "the Company") is an investment holding company with its subsidiaries ("the Group") principally involved in manufacturing and sale of health supplement products. Founded in 2005, Bioalpha has grown to become an integrated health supplement company with businesses comprising all segments of the supply chain, including the cultivation of herbal plants as a source of raw materials for the in-house production of its products, research and development ("R&D"), manufacturing, distribution and operating a retail pharmacy chain under the brand "Constant". The Group's health supplement products are manufactured and sold under original design manufacturing ("ODM") basis to its clients as well as under its own proprietary house brands. All of Bioalpha's health supplement products are Halal-certified and are sold in Malaysia with Indonesia and China as main export markets.**

# ABOUT BIOALPHA
(CONT'D)

## VISION

As a regional health supplement group to improve the total well-being of people through innovative culture, and the adoption of technology and best practices in research, products and human capital development.

### Agriculture
To secure the quality, supply and pricing of our raw materials via ownership of herb farms and undertaking related R&D activities.

### Shareholders
To build industry leading shareholder value through revenue diversification, cost optimisation and appropriate investment policies.

### Corporate Governance
To be a responsible corporate citizen that embraces integrity, ethics and exemplary corporate governance to deliver value to our stakeholders.

### Products
To continuously improve and expand the quality and range of our products for total health and wellness.

### Distribution & Retail
To develop our competency in health supplements retail via strategic partnerships and investments. To engage with customers through various channels.

### People
To create a conducive and rewarding working environment by promoting teamwork, creativity, integrity and performance.

### Customers
To address our customers' needs by being proactive, innovative and exceeding all expectations.

To be commercially-minded and customer-driven in the area of product development.

### Certification & Accreditation
To achieve international recognition in product R&D, herb planting and production processes.

### R&D
To continuously improve our extraction methodologies and to discover new medicinal mushroom species and herbs for commercialisation.

### R&D (cont'd)
To reinforce research collaboration and strategic partnerships with local and regional experts in the fields of biotechnology and herbal supplements related research.

To be technologically-driven, innovative and cost-conscious in the development of new fermentation techniques, production and cultivation methods.

### Regional Expansion
To expand our regional footprint via strategic partnerships and mergers & acquisitions.

### Branding
To strengthen our brand by delivering effective and innovative products, building consumer awareness and appropriate market positioning.

## MISSION

To increase the breadth and depth of our integrated business model by capitalising on emerging opportunities and being risk-sensitive.

# BIOALPHA'S CORE VALUES

BIOALPHA'S CORE VALUES

## iACT



### INNOVATION

Think ahead and offer new ideas.

### ACCOUNTABILITY

Ownership towards our task and ensuring the best results for ourselves and others.

### CUSTOMER FOCUS

Deliver products & services with benefits to customers for maximal satisfaction.

### TEAMWORK

Inter-department working relationship to be smooth in order to achieve the target. Communication is essential to our organisation.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim**
Independent Non-Executive Chairman

**Hon Tian Kok @ William**
Managing Director/ Chief Executive Officer

**Datuk Chong Loong Men**
Executive Director

**Ho Tze Hiung**
Executive Director

**Mohd Nasir Bin Abdullah**
Independent Non-Executive Director

**Kang Jimmi**
Independent Non-Executive Director

**Yee Yit Yang**
Independent Non-Executive Director

**Goh Siow Cheng**
Group Chief Financial Officer/ Finance Director

### AUDIT COMMITTEE

Mohd Nasir Bin Abdullah (Chairman)
Kang Jimmi
Yee Yit Yang

### REMUNERATION COMMITTEE

Kang Jimmi (Chairman)
Mohd Nasir Bin Abdullah
Yee Yit Yang

### RISK MANAGEMENT COMMITTEE

Yee Yit Yang (Chairman)
Ho Tze Hiung
Mohd Nasir Bin Abdullah

### INVESTMENT COMMITEE

Ho Tze Hiung (Chairman)
Datuk Chong Loong Men
Goh Siow Cheng

### NOMINATION COMMITTEE

Kang Jimmi (Chairman)
Mohd Nasir Bin Abdullah
Yee Yit Yang

### SHARE ISSUANCE SCHEME ("SIS") OPTION COMMITTEE

Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim (Chairman)
Hon Tian Kok @ William
Ho Tze Hiung
Goh Siow Cheng

### COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
(PC No. 202208000250)
Thien Lee Mee (LS0010621)
(PC No. 201908002254)

### REGISTERED OFFICE

B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
Tel. No. : (603) 9770 2200
Fax No. : (603) 9770 2239

### PRINCIPAL BANKER

OCBC Bank (Malaysia) Berhad
Menara OCBC,
18, Jalan Tun Perak,
50050 Kuala Lumpur
Tel. No. : (603) 2034 5251
Fax No. : (603) 2698 4363

### HEAD OFFICE

No. 1, Jalan Perindustrian Suntrack,
Hub Perindustrian Suntrack,
Off Jalan P1A, Seksyen 13,
Bandar Baru Bangi, 43000 Kajang,
Selangor Darul Ehsan
Tel. No. : (603) 8922 2286
Fax. No. : (603) 8922 2287
Email : info@bioa.com.my
Website : www.bioa.com.my

### AUDITORS

CHENGCO PLT
Wisma Cheng & Co,
No 8-2 & 10-2, Jalan 2/114,
Kuchai Business Centre,
58200 Kuala Lumpur
Tel. No. : (603) 2242 3780
Fax. No. : (603) 2242 2780

### SHARE REGISTRAR

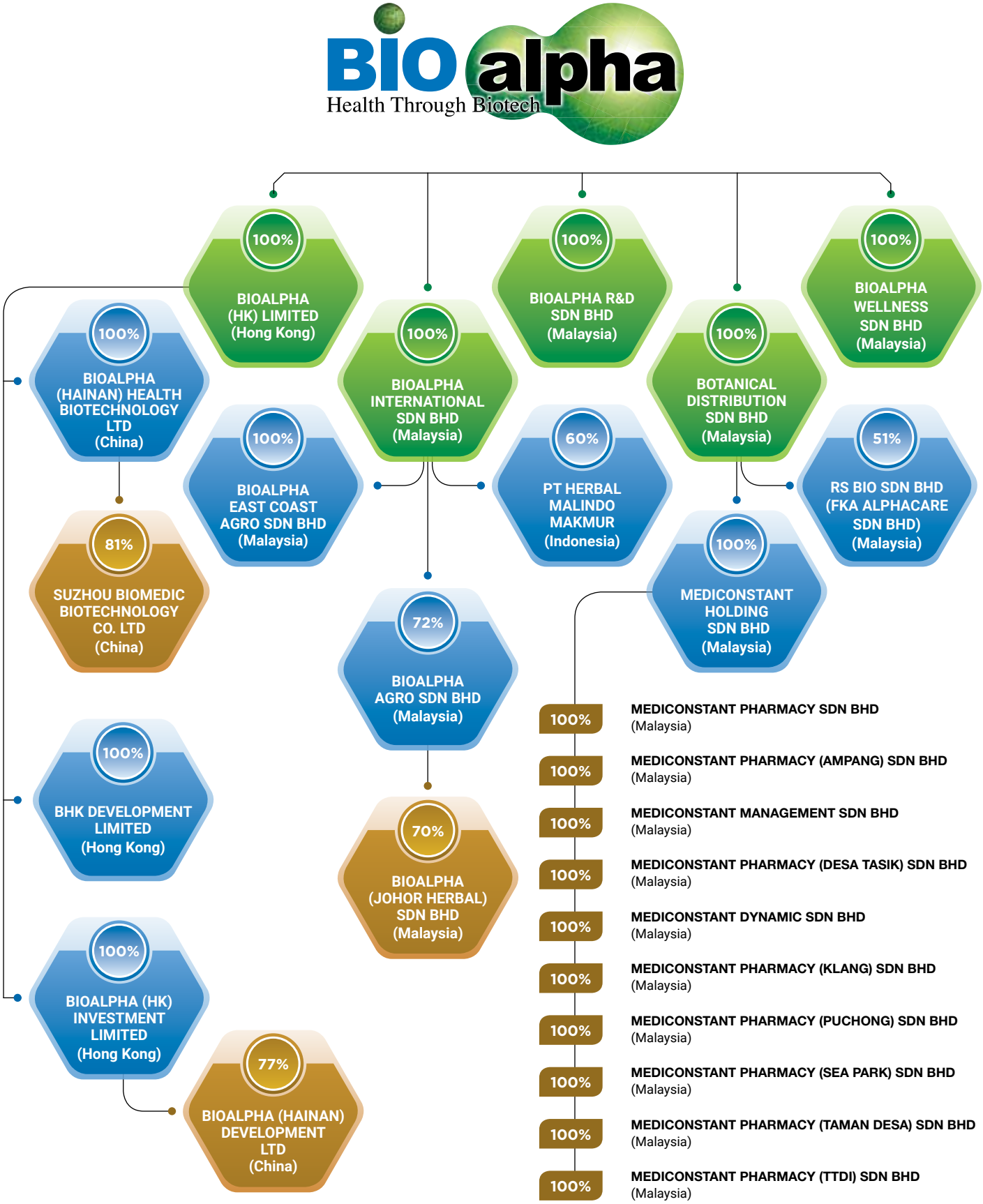
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor
Tel. No. : (603) 7890 4700
Fax. No. : (603) 7890 4670

### STOCK EXCHANGE LISTING

Ordinary Shares
ACE Market of Bursa Malaysia Securities Berhad
Stock Name: BIOHLDG
Stock Code: 0179

ICPS
Stock Name: BIOHLDG-PA
Stock Code: 0179PA

# CORPORATE STRUCTURE



# FINANCIAL HIGHLIGHTS

| | For Financial Year Ended 31/12/22 RM | For Financial Year Ended 31/12/21 RM | For Financial Year Ended 31/12/20 RM |
|---|---|---|---|
| **Financial Results** | | | |
| Revenue | 35,796,829 | 96,719,364 | 36,462,419 |
| EBITDA | (36,418,300) | 9,631,282 | (28,306,919) |
| Loss before taxation | (48,829,663) | (2,772,090) | (41,452,433) |
| Loss after taxation | (48,793,678) | (1,524,496) | (42,224,447) |
| Net loss attributable to: | | | |
| Owners of the parent | (47,830,550) | (1,286,499) | (41,148,447) |
| Non-controlling interests | (963,128) | (237,997) | (1,076,000) |
| **Financial Position** | | | |
| **Assets** | | | |
| Property, plant and equipment | 59,427,489 | 71,587,396 | 63,604,405 |
| Goodwill on consolidation | 5,334,030 | 5,334,030 | 5,384,030 |
| Intangible assets | 51,810,908 | 50,938,236 | 46,623,238 |
| Biological assets | 175,000 | 691,731 | 693,391 |
| Other assets | 83,902,177 | 88,912,099 | 69,838,378 |
| Total assets | 200,649,604 | 217,463,492 | 186,143,442 |
| **Equity** | | | |
| Share capital | 179,939,010 | 153,233,258 | 135,824,495 |
| ICPS | 9,141,569 | 9,141,569 | - |
| Reserves | (21,222,103) | 24,299,391 | 25,096,474 |
| Total equity attributable to owners of the company | 167,858,476 | 186,674,218 | 160,920,969 |
| **Non-controlling interests** | 128,601 | (335,548) | (1,380,060) |
| **Liabilities** | | | |
| Deferred tax liabilities | 7,310,126 | 7,455,396 | 8,713,379 |
| Lease liabilities | 4,723,945 | 5,204,224 | 5,376,233 |
| Bank borrowings | 6,951,968 | 9,343,023 | 6,277,659 |
| Other liabilities | 13,676,488 | 9,122,179 | 6,235,262 |
| Total equity and liabilities | 200,649,604 | 217,463,492 | 186,143,442 |
| **Weighted average no. of ordinary shares** | 1,260,849,697 | 1,155,508,426 | 973,498,643 |
| **Financial Indicators** | | | |
| Earnings per share (sen) | (3.80) | (0.11) | (4.23) |
| Net assets per share (RM) | 0.13 | 0.16 | 0.16 |
| Return on equity (%) | (28.49) | (0.69) | (25.57) |
| Share price as at financial year end (RM) | 0.105 | 0.190 | 0.280 |

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STAMINA ENHANCE



## MALE

# PROFILES OF DIRECTORS

## TAN SRI DATO' DR. SYED JALALUDIN BIN SYED SALIM

| Aged | Nationality | Gender |
|---|---|---|
| 79 | Malaysian | Male |

*Independent Non-Executive Chairman*

*Chairman and Share Issuance Scheme ("SIS") Option Committee*

**Academician Emeritus Professor Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim ("Tan Sri Dato' Dr. Syed Jalaludin")** was appointed to our Board on 8 July 2014. Subsequently, he re-designated from Independent Non-Executive Director to Independent Non-Executive Chairman on 25 January 2022. He is also the Chairman of SIS Option Committee and the Chairman of Risk Management Committee.

He graduated with a Bachelor's of Veterinary Science from the University of Punjab in 1967, followed by a Master of Philosophy and a Doctor of Philosophy (PhD) from the University of London, United Kingdom in 1969 and 1977 respectively. He was also conferred seven (7) honorary degrees, namely Doctor of Science from University of Hull in 1999, Doctor, Honoraris Causa from Soka University in 2000, Doctor of Agriculture Technology from Thaksin University in 2005, Doctor of Science from Open Universiti Malaysia in 2007, Doctor of Engineering from Universiti Malaysia Perlis in 2008, Doctor of Veterinary Medicine University of Malaysia Kelantan in 2015 and Doctor of Arts, Eastern Asia University in 2020.

Tan Sri Dato' Dr. Syed Jalaludin began his career as an assistant lecturer in the Faculty of Agriculture in University of Malaya in 1969. He later joined Universiti Putra Malaysia ("UPM") as a lecturer in the Faculty of Veterinary Medicine and Animal Science in 1975 before retiring as Vice Chancellor of UPM in 2001. During his academic career, he was bestowed with the National Science Laureate in 1993 and National Academic Laureate in 2008. He is also a founder and senior fellow (which carries the title of academician) of the Academy of Sciences Malaysia. Tan Sri Dato' Dr. Syed Jalaludin has also been conferred Emeritus Professorship by Universiti Terengganu Malaysia and UPM. He is still active in the academic sector as Pro Chancellor of the Board of Directors of UPM and Chairman of Asia eUniversity. In addition, he is the Chairman of Board of Governors of University College Fairview and he is also the Chancellor of Taylor's University. He is a member of the Executive Committee and Governing Board of the International Centre for Education in Islamic Finance ("INCEIF").

He is also an Independent Non-Executive Chairman of SL Innovation Capital Berhad and PT Resources Holdings Berhad.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

*He has informed the Company that he does not wish to seek for re-election. He will retain office until the conclusion of the 12th Annual General Meeting and will retire in accordance with Clause 105(1) of the Company's Constitution.*

# PROFILES OF DIRECTORS
(CONT'D)

## HON TIAN KOK @ WILLIAM

*Managing Director/ Chief Executive Officer*

*Member of SIS Option Committee*

| Aged | Nationality | Gender |
|---|---|---|
| 47 | Malaysian | Male |

**Mr. Hon Tian Kok @ William ("Mr. William Hon")** is our Founder, Substantial Shareholder, Promoter and Managing Director/Chief Executive Officer. He was appointed to our Board on 21 June 2011 and also a member of SIS Option Committee. He is responsible for overseeing our Group's performance and strategic direction. Mr. William Hon obtained his qualification from the Association of Chartered Certified Accountants in 1998 and has been a member of the Malaysia Institute of Accountants since 2002.

Mr. William Hon has an extensive background and experience in Finance, Audit, Strategic Planning, Marketing, International Business Relations and Biotechnology industry.

He began his career as an Auditor with an accounting firm in 1995 and later joined commercial company as an Assistant Finance Manager in the same year. In 1998, he joined an educational and business consultancy firm, as a Consultant. He subsequently left and joined a public listed company in 2000 as Vice President of Business Development, where he was responsible for identifying and/or assessing new business opportunities for the group in the property investment and development industry as well as other new ventures such as biotechnology. In 2003, he worked as a freelance consultant with a few companies, including companies in the healthcare industry, during which he gained further knowledge of the biotechnology industry and enabled him to establish Bialpha International Sdn. Bhd. ("BISB") in 2005.

He does not hold any directorship in any other public companies and listed issuers.

He has no family relationship with any Director and/ or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

# PROFILES OF DIRECTORS
(CONT'D)

## DATUK CHONG LOONG MEN

*Executive Director*

*Member of Investment Committee*

| Aged | Nationality | Gender |
|---|---|---|
| 44 | Malaysian | Male |

**Datuk Chong Loong Men ("Datuk Chong")** was appointed to the Board on 1 June 2022 as an Executive Director. He is also a member of Investment Committee. Datuk Chong graduated from the University of London (external) with a Bachelor in Law (LLB). In addition, he possessed a Certificate of Legal Practice and a higher diploma in Quantity Surveying.

Datuk Chong started his career with the Attorney General's Chambers as Deputy Public Prosecutor before joining the Enforcement Division of the Securities Commission Malaysia in 2007. He started his private practice as a lawyer in 2011 with Messrs. Lim, Chong, Phang & Amy, Advocates & Solicitors, a legal firm that he co-founded. Subsequently, he had also co-founded Messrs. Chong + Kheng Hoe. He was a partner of Messrs. Chong + Kheng Hoe until he took a sabbatical leave from legal practice since 30 July 2022.

He has vast experience in commercial crimes including corporate and accounting fraud, market manipulation, corruption and criminal breach of trust and corporate disputes. He also has vast experience in advising listed companies on foreign and local stock exchange in listing, rights issues, private placements, acquisitions and other corporate transactions. Datuk Chong experiences include helping clients who may be facing significant and unusual challenges, including governance disputes, regulatory and other business crises.

Datuk Chong currently sits on the Board of LKL International Berhad, Vizione Holdings Berhad and Parlo Berhad.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

# PROFILES OF DIRECTORS
(CONT'D)

## HO TZE HIUNG

*Executive Director*

*Chairman of Investment Committee*

*Member of Risk Management Committee and SIS Option Committee*

| Aged | Nationality | Gender |
|---|---|---|
| 46 | Malaysian | Male |

**Mr. Ho Tze Hiung** is our Executive Director and was appointed to our Board on 21 June 2011. As our Operations Director, he is responsible overseeing the Group's production operations. He is the member of the SIS Option Committee and Risk Management Committee and the Chairman of the Investment Committee.

Mr. Ho Tze Hiung completed his Bachelor of Business, majoring in Business and Management from Oxford Brooks University in 1999 and began his career as a Marketing Executive in the same year. In 2000, he joined a seafood processing industry as a Sales Supervisor. In 2002, he became a Operations Manager in a grocery and frozen food wholesale company. He subsequently joined a multinational insurance company as a Trainer in 2003. In 2004, he joined a health supplement company as a Marketing Manager. Subsequently in 2005, he joined Bioalpha International Sdn. Bhd. ("BISB") as a Marketing Director and was promoted to Operations Director in 2012.

He does not hold any directorship in any other public companies and listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

# PROFILES OF DIRECTORS
(CONT'D)

## MOHD NASIR BIN ABDULLAH

*Independent Non-Executive Director*

*Chairman of Audit Committee*

*Member of Nomination Committee, Remuneration Committee and Risk Management Committee*

| Aged | Nationality | Gender |
|---|---|---|
| 57 | Malaysian | Male |

**En. Mohd Nasir Bin Abdullah ("En. Mohd Nasir")** was appointed to our Board on 12 February 2015. He is the Chairman of the Audit Committee and member of the Nomination Committee and Risk Management Committee.

En. Mohd Nasir obtained his Diploma in Accountancy from Universiti Teknologi MARA in 1989 and subsequently graduated with a Bachelor of Accountancy (Hons) from the same university in 1996. He is a member of the Malaysian Institute of Accountants since 1996 and the Malaysian Association of Tax Accountants since 2012. He is a licensed tax agent from Ministry of Finance since 2017. En. Mohd Nasir began his career with Sahir & Co, an accounting firm, as an Audit Associate in 1989 where he gained his first audit experience. He later joined Lembaga Tabung Angkatan Tentera as Finance Officer in 1992 and Arastu Sdn Bhd as Finance Manager in 1997. In 1998, he left to join Kuantan Port Consortium Sdn Bhd as a Finance Manager and later assumed the role of Internal Audit Manager in 2000. In 2005, he joined NACC Corporate Services Sdn Bhd as a Director where he was responsible for the accounting, secretarial and management services. He subsequently joined two (2) accounting firms, Wan Ali Jaafar & Associates as a Senior Associate in 2008 and AT Konsortium as an Audit Manager in 2012, to further gain his audit experience. With his accounting and audit background, En. Mohd Nasir established MN Associates, an accounting firm which provides accounting, secretarial and management services, in 2013.

He does not hold any directorship in any other public companies and listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

*He has informed the Company that he does not wish to seek for re-election. He will retain office until the conclusion of the 12th Annual General Meeting and will retire in accordance with Clause 105(1) of the Company's Constitution.*

# PROFILE OF DIRECTORS
(CONT'D)

## KANG JIMMI

*Independent Non-Executive Director*

*Chairman of Nomination Committee and Remuneration Committee*

*Member of Audit Committee*

| Aged | Nationality | Gender |
|---|---|---|
| 43 | Indonesian | Male |

**Mr. Kang Jimmi** was appointed to our Board as Independent Non-Executive Director on 22 May 2020 and subsequently, he was appointed as Chairman of Nomination and Remuneration Committee on 1 June 2022. He graduated with Bachelor of Science from Binus University, Jakarta.

Currently, Mr. Kang Jimmi as a founder and lead a company listed in the Indonesian Stock Exchange. He leads for operation and maintenance for Powerplant Company with total capacity 42 MW including Diesel Powerplant and Minihydro Powerplant. He is experienced as a leader in IPP Development Processes which require experience in cross-functional management skills with hundreds of employees, in addition with deep knowledge of utility power plant infrastructure system as well as producing good financial results for the company. His background focus established strategic partnership with others party and/or company.

He does not hold any directorship in any other public companies and listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

# PROFILES OF DIRECTORS
(CONT'D)

## YEE YIT YANG

*Independent Non-Executive Director*

*Chairman of Risk Management Committee*

*Member of Audit Committee, Nomination Committee and Remuneration Committee*

| Aged | Nationality | Gender |
|---|---|---|
| 56 | Malaysian | Male |

**Mr. Yee Yit Yang ("Mr. Yee")** was appointed to our Board as an Independent Non-Executive Director on 1 June 2022. He also a member of Audit Committee, Nomination Committee and Remuneration Committee.

He is a member of the Australian CPA and Malaysia Institute of Accountants. He graduated with Bachelor of Economics (Major: Accounting & Finance) from Latrobe University, Australia.

He began his career with Deloitte Tohmatsu, an international accounting firm upon his graduation in Australia in 1990. After spending approximately 3 years with them, he joined the corporate finance division of Affin Investment Bank in which he was involved in various assignments, such as IPO, regional mergers and acquisitions as well as fund raising for both listed and non-listed companies. After approximately 7 years with Affin Investment Bank, he left to join a leading listed supermarket chain stores in Malaysia as Head of Corporate Planning. During his tenure with them, he was instrumental in raising the corporate profile by raising funds for the purpose of acquisition of related businesses. In 2008, he left the Group to join another listed company, which is principally involved in property investment and health care business as Head of Corporate Finance. During his stay with them, he had completed a fund-raising exercise for the purpose of consolidating the property investment division as well as the acquisition of a renowned healthcare company based in USA.

Currently, Mr. Yee is involved in a private corporate consultancy business. He also sits on the board of AE Multi Holdings Berhad, Key Alliance Group Berhad, Brahim's Holdings Berhad and Joe Holding Berhad as Independent and Non-Executive Director.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

# PROFILES OF DIRECTORS
(CONT'D)

## GOH SIOW CHENG

*Group Chief Financial Officer/Finance Director*

*Member of SIS Option Committee and Investment Committee*

| Aged | Nationality | Gender |
|---|---|---|
| 41 | Malaysian | Female |

**Ms. Goh Siow Cheng ("Ms. Goh")** was appointed to our Board on 6 March 2020. Ms Goh is the Group Chief Financial Officer of Bioalpha and has been working with the Group since 2014. She also a member of SIS Option Committee and Investment Committee.

She graduated with Bachelor of Business (Accounting & Finance) from University of Technology Sydney, Australia and a member of CPA Australia.

She is one of the key senior staff who is involved in the listing exercise of the Group. She has responsibly and effectively led her team to take on various corporate exercises, investment and acquisition projects for the Group.

Ms. Goh has more than 10 years of experience in audit and assurance from a large international accounting firm where she was involved in audits for both private limited companies and public listed companies across various industries, including manufacturing, trading, property development, information technology and plantation.

She does not hold any directorship in any other public companies and listed issuers.

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS



**Dear Valued Shareholders,**

**I am pleased to present the Management Discussion and Analysis ("MD&A") of Bioalpha Holdings Berhad ("Bioalpha" or "the Group") for the financial year ended 31 December 2022 ("FY2022"), providing insights into Bioalpha's financial and operational performance during the year, as well as our prospects for 2023.**

## ECONOMIC LANDSCAPE

In 2022, global economies started to recover and regained momentum as the effects of the COVID-19 dissipated with countries re-opening borders and adapting to the new normal. Nonetheless, the onset of the Russia-Ukraine conflict disrupted global supply chains, pushing energy and goods prices upwards. This presented a new set of challenges for businesses, contributing to a soft macroeconomic landscape. Against this backdrop, the global economy grew by an estimated 3.4% in 2022 according to the International Monetary Fund ("IMF").

Zooming into Malaysia, we entered the transition-into-endemic phase from 1 April 2022 onwards with the easing of lockdown restrictions, which saw the re-opening of international borders and resumption of most businesses. As a result of the increased activities, Malaysia's gross domestic product ("GDP") expanded by 8.7% in 2022, exceeding the previous year's economic growth of 3.1%.

# MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

## ECONOMIC LANDSCAPE (CONT'D)

Over in China, which is Bioalpha's other key market, GDP grew by 3.0% in 2022 based on figures published by the National Bureau of Statistics of China. This was lower than the initial forecast of 5.5%, mainly due to the implementation of strict COVID-19 measures with restricted travel and business activities across the country. On a brighter note, China began relaxing its restrictions in December 2022, before reversing its zero-COVID policy altogether in January 2023, allowing economic sectors to resume operations.

## BUSINESS OVERVIEW AND HIGHLIGHTS

Founded in 2015, Bioalpha is an integrated nutraceutical and health supplement group with businesses covering all segments of the value chain, from the cultivation of herbal raw materials to research & development ("R&D"), manufacturing of nutritional and healthcare products, trading, distribution, and retail pharmacy operations under Constant Pharmacy chain.

### Herbal Farming

Bioalpha engages in upstream planting activities to ensure a consistent supply of raw materials for the Group's in-house production of herbal-based health supplements offerings. Our farming operations are undertaken at the Group's two herbal parks in Pasir Raja, Terengganu, and Desaru, Johor. Both parks are accredited with the Malaysian Good Agriculture Practices ("MyGAP") certification by the Ministry of Agriculture and Food Security ("MAFS"), confirming that our processes meet the required standard of quality, safety and sustainability.

A wide variety of herbs and spices are grown at the herbal parks, including *Tongkat Ali, Kacip Fatimah, Misai Kucing, Hempedu Bumi*, roselle, and soursop, to name a few. By sourcing raw materials from our own parks, we are able to maintain strict quality control standards, from planting to harvesting and processing.

The Group's planting activities are carried out according to the established standard operating procedures ("SOPs"), encompassing various aspects such as the type of fertilisers used, harvesting methods and avoiding pesticide usage, among others. We also make a conscious effort to minimise environmental impact by using organic alternatives for chemicals used in the farming process.

### Research & Development ("R&D")

R&D is at the heart of what we do at Bioalpha. Our in-house R&D team is committed to creating and customising formulations to meet the specific needs of the Group's customers. These R&D activities are conducted at the Group's laboratory, which boasts internationally recognised ISO 9001 standards. To date, we have produced more than 300 proprietary formulations that serve as the foundation to develop the Group's health supplement products.



In the wake of the COVID-19 pandemic, we are seeing greater awareness amongst the public on the importance of maintaining good health. Recognising this shift in consumer behaviour, Bioalpha focused on rolling out new formulations in sought-after categories, including immunity. This allows us to capture the growing demand for health products, whilst contributing to improving public health.

At the same time, we continue to pursue commercialisation of formulations in China to leverage on the significant market potential there.

### Processing and Manufacturing

The Group's manufacturing operations are conducted at our main manufacturing plant in Bangi, Selangor, as well as at our second plant in Semenyih, Selangor.

# MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

## BUSINESS OVERVIEW AND HIGHLIGHTS (CONT'D)

### Processing and Manufacturing (Cont'd)

The primary plant in Bangi has the capacity to manufacture a diverse range of products, from health supplements to functional foods. It boasts seven production lines with various output formats including sachet or liquid in sachets, teabag, capsule, tablet, blister, and bottle. Designed according to international standards, the Bangi facility ensures our products meet rigorous health and safety standards and are of the highest quality.

The facility has been awarded several accreditations, including Good Manufacturing Practices ("GMP"), Hazard Analysis and Critical Control Points ("HACCP") and Makanan Selamat Tanggungjawab Industri ("MeSTI"), along with the Halal certification from the Department of Islamic Development Malaysia ("JAKIM"). The plant is also registered with the United States Food and Drug Administration ("US FDA"), besides being accredited as a "Quality and Safe Plant" by CAIQTEST Malaysia Sdn. Bhd. The latter validates that products manufactured at this plant is safe and of quality to be exported to China.

In addition to our manufacturing operations, we also operate a Collection, Processing & Packaging Centre ("CPPC") at our herbal farm in Pasir Raja, and a primary processing plant in Desaru. These facilities allow us to process the raw materials sourced from our own farms.

### Trading

Bioalpha is involved in the supply of health food ingredients to Guizhou province, China. These ingredients are utilised for the preparation of nutritional meals to be distributed to the public and private sectors in the province. Following China's relaxation of COVID-19 restrictions beginning of December 2022, the Group has gradually resumed the delivery to customers.

The Group has localised operations in China to improve and streamline our processes in the country. We have established an office in the Yangpu Economic Development Zone in the Hainan province to facilitate orders; a warehouse and processing centre in Guizhou to store and expedite deliveries to customers; as well as procurement teams in Guizhou and Hainan to source for high-quality ingredients. Through these efforts, we aim to deepen our presence in the Chinese market and provide the best service to customers.

### Products and Distribution

At Bioalpha, we produce a wide array of product offerings comprising herbal and non-herbal health supplements, along with functional food products. These are mostly sold on Original Design Manufacturing ("ODM") basis to our commercial customers. Besides that, the Group has its own proprietary house brand, Apotec, where the products are available for sale through our own retail pharmacy chain.

**Malaysia**

Locally, our priority remains on meeting the demands of our ODM customers, who are primarily renowned multinational corporations in the health supplement industry. In 2022, we catered to our customers' requirements and commercialised a number of new products targeting various categories including general health; men's and women's health; children's nutrition; beauty & skin health; as well as anti-ageing.

**China**

We are committed on strengthening our presence in China with the planned commercialisation of new health formulations to stimulate market demand. We remain positive on potential opportunities in China and intend to leverage on our resources and infrastructure in the country to gain a foothold.

# MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

## BUSINESS OVERVIEW AND HIGHLIGHTS (CONT'D)

### Retail Pharmacy

Bioalpha operates a retail pharmacy chain under the brand Constant Pharmacy ("Constant"). With 10 outlets across Malaysia as at end-2022, Constant Pharmacy is a full-fledged pharmacy chain serving the surrounding local communities. At our pharmacies, we offer a broad range of healthcare products, including prescription and over-the-counter medications, vitamins and supplements, and personal care items. A licensed pharmacist is also available in every outlet to provide personalised advice to customers. With a focus on convenience and accessibility, Constant is committed to serve the communities we operate in.

## FINANCIAL PERFORMANCE REVIEW

### Revenue

The operating landscape in FY2022 was rife with challenges, such as the prevailing geopolitical tensions, supply chain disruptions, rising inflationary pressures and escalating raw material costs, among others. These factors had, unfortunately, resulted in an adverse impact on the Group's performance for the year under review.

For the year under review, Group revenue amounted to RM35.8 million, as compared to RM96.7 million in the preceding year ("FY2021"), on the back of lower contributions across the Group's three key segments.

**Group Revenue FY2022**
**RM35.8 million**

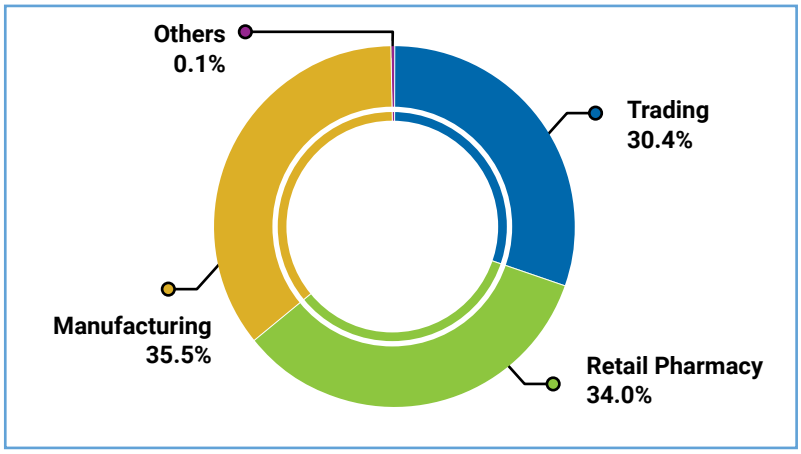
The Group's manufacturing of nutritional products segment generated turnover of RM12.7 million in FY2022, against RM26.8 million in FY2021. The slower performance was mainly attributed to cautious order volume by customers amid the uncertain economic environment. Within this segment, domestic manufacturing revenue came in at RM10.7 million in FY2022.

Meanwhile, sales for our trading operations stood at RM10.9 million for the year under review (FY2021: RM55.5 million), as deliveries of health food ingredients to customers were hampered by China's stringent COVID-19 restrictions.

As for our retail pharmacy business, revenue dipped to RM12.2 million in FY2022 from RM14.4 million a year ago. This is primarily due to major shortages in various prescription and over-the-counter drugs in Malaysia, which affected our pharmacy sales.

In terms of segmental breakdown, contributions from the three divisions are fairly balanced. The Group's manufacturing arm made up 35.5% of FY2022 revenue, followed closely by the retail pharmacy operations at 34.0%, with the trading division contributing 30.4%, and the remaining 0.1% is from other services.

**Sales Mix by Segment**



# MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

## FINANCIAL PERFORMANCE REVIEW (CONT'D)

### Gross Loss

In FY2022, the Group recorded a gross loss of RM6.0 million, as compared to a gross profit of RM14.1 million in the prior year. Besides the lower revenue base, our financial performance was also dragged by higher cost of sales amounting to RM41.8 million during the year.

### Net Loss Attributable to Owners of the Company ("Net Loss")

During the year, we conducted a review on the economic value of our assets and in consultation with our auditors, made a careful decision to recognize several one-time impairments to reflect more accurately the revenue-generating ability of the assets. This was also in accordance with current accounting practice. We believe such efforts are necessary to reset our financial position and create a more stable foundation for future growth.

All these aforementioned factors culminated in Bioalpha registering a net loss of RM47.8 million in FY2022 against a net loss of RM1.3 million a year ago. The one-off impairments amounted to RM19.2 million, which included the allowance for expected credit losses on trade receivables; property, plant and equipment ("PPE"), bad debts, as well as inventories written off; fair value adjustment of biological assets, and plantation expenditure; the impairment of PPE; and also provision of slow-moving inventories.

Despite posting a loss for FY2022, we are encouraged by the Group's operating performance in the fourth quarter of FY2022, which showed improvements across all key segments. Barring unforeseen circumstances, we anticipate 2023 to be a recovery year for Bioalpha.

## FINANCIAL POSITION

Bioalpha's balance sheet remained robust as deposit, cash and bank balances amounted to RM39.8 million as at 31 December 2022. At the same time, the Group's total borrowings had reduced to RM7.0 million from RM9.3 million as at end-2021 as we pared down our debts. We are in a net cash position with net cash per share of 3.2 sen as at end-2022. Meanwhile, shareholders' equity amounted to RM167.9 million, while net assets per share was 13.3 sen.







As we progress, we continue to take a prudent approach to managing our capital resources and expenditures, while carefully considering our operating commitments. Our focus is on maintaining financial stability and maximizing returns for our stakeholders through effective allocation of resources.

## ANTICIPATED RISKS

### Operational Disruptions

The continued success of Bioalpha relies heavily on the seamless and efficient execution of our operations. External factors, such as pandemics, natural disasters, and civil unrest, to name a few, are beyond our control and could potentially cause disruptions that may adversely impact our business. These disturbances might lead to supply chain issues and an increase in raw material costs, which could ultimately affect our profit margins.

Nonetheless, other risks that could influence our business operations, such as fire hazard and workplace accidents, are mitigated with appropriate measures put in place. For example, we have established sufficient insurance coverage and conducted regular employee trainings to reduce the risks associated with fires and workplace injuries respectively. These efforts demonstrate our dedication to minimizing potential disruptions to our business operations arising from such hazards.

# MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

## ANTICIPATED RISKS (CONT'D)

### Changes in Regulatory Frameworks and Public Policies

Considering the specific nature of our business, which encompasses the production and distribution of functional foods and health supplements, we are subject to rigorous oversight by regulatory bodies compared to many other sectors. Furthermore, our operations span multiple countries, including Malaysia and China, necessitating compliance with their respective legal frameworks that may vary. As a result, any substantial shifts in these regulations could influence our capacity to function, distribute, or market our products.

To address these regulatory challenges, we engage in consistent communication with relevant authorities to stay informed about the regulatory environment and any foreseeable changes that could impact our industry. Additionally, we implement cautious strategies to ensure adherence to current regulations, thereby reducing any potential negative consequences on our operations and financial performance.

### Product Liability Risk

Being in the nutraceutical and health supplement industry, we are exposed to the potential risks associated with product liability. Any flaws or unintentional contamination of our health supplement products may result in legal action and extensive product recalls. These events not only have financial repercussions in the short to medium term but also jeopardise Bioalpha's brand and reputation, significantly hindering our capacity to market future products effectively.

To manage these risks, we have implemented comprehensive SOPs pertaining to our formulation and manufacturing processes. Our primary manufacturing facility in Bangi holds GMP and HACCP certifications. Moreover, we have secured adequate product liability insurance coverage to protect us from potential financial damage. As of now, we have not encountered any personal injury claims resulting from alleged product defects.

## DIVIDENDS

Bioalpha aims to balance providing returns to shareholders and retaining capital to guarantee the long-term viability of our business. In view of current uncertainties surrounding the full recovery of the global economy, and in light of our ongoing strategic endeavours, the Board of Directors (the "Board") has opted not to recommend any dividend payments for the year under review after a long deliberation.

## MOVING AHEAD

The nutraceutical and health supplements sector has seen significant growth in recent years as consumers are increasingly health-conscious and prioritize their well-being. Looking ahead, the global dietary supplement market is projected to expand at a compound annual growth rate ("CAGR") of 6.3% from 2022 to 2030 to reach USD620.8 billion, based on the findings by research and consulting firm Grand View Research. The growth is expected to be driven by various factors, including increasing health awareness with rising dependence on supplements to fulfil nutrients requirements.

In Malaysia, we see similar uptrend with more consumers taking preventive health measures as they seek supplements that boost immune system. According to the Malaysian Dietary Supplement Association, Malaysia presents significant growth prospects with less than 30% of the population currently consuming dietary supplements. This indicates that there is considerable potential for growth, as compared to other Asian counterparts, such as South Korea (60% - 70%) and Taiwan (40% - 50%). Meanwhile, the nutritional supplements industry in China is forecasted to grow to USD87.7 billion at a CAGR of 14.5% from 2020 to 2027, according to Research Nester.

At Bioalpha, we are riding the wave on these emerging opportunities, while remaining resilient in navigating external headwinds. For our domestic manufacturing operations, we are enhancing our offerings with more immunity-related products to capitalise on the rising health awareness among the masses. We anticipate demand to continue to pick up in tandem with improving consumer sentiment. In line with this, we are also actively expanding our clientele base.

# MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

## MOVING AHEAD (CONT'D)

As for the Group's trading activities in China, our efforts are centred on maintaining smooth delivery of health food ingredients to customers in Guizhou. Our focus is to ensure timely order fulfilment while also offering premium products that provide higher profit margins. In fact, we have set up a procurement team in Foshan, Guangdong province to source for high-quality ingredients. With China having lifted its COVID-19 restrictions and reopened its economy, we expect this division to chart more meaningful contribution in 2023.

In addition to our health supply venture, Bioalpha plans to develop a Malaysian Agricultural Hub (the "Hub") in Hainan, China. Spanning across 21 acres of land, the Hub will focus on the upstream and downstream activities such as formulation, manufacturing and commercialisation of functional food products using Malaysian indigenous and tropical herbs. We are pleased to update that a development plan has been endorsed by the local authority, and we are working on the next steps to kick off the project.

In view of the Group's increased activities in China, we have expanded our headcount and recruited new experienced talents in the country. As we invest in our capabilities, we can better position Bioalpha for growth in China.

For the Group's retail pharmacy business, we aim to expand Constant's physical reach in line with the anticipated recovery in the retail market. Our plan is to open up 20 new outlets this year via the franchise model, undertaken by the Group's master franchise partners. We are targeting newer townships and areas with rapid population growth, such as Setia Alam, Paramount, Bukit Raja, Puncak Alam, Rimbayu, Cyberjaya, Sri Serdang, Kajang and Cheras.

All in all, we remain vigilant and adaptable to the ever-changing market landscape, as we continue to focus on expanding capabilities and offerings to maintain our competitiveness. As we forge ahead, we are committed to delivering value to our stakeholders and enhancing the quality of life for individuals through our products and services.

## SUSTAINABILITY MATTERS

Sustainability is at the forefront of Bioalpha's business practices. Recognising the importance of conducting business in a way that supports environmental protection, social responsibility, and economic viability. Through the Group's sustainability initiatives, we strive to reduce our carbon footprint, conserve natural resources, promote diversity and inclusion, and engage with our stakeholders to build stronger, more resilient communities. We recognize that sustainability is an ongoing journey, and we are committed to continually improving our practices and reporting on our progress. By embedding sustainability into our operations, we seek to create long-term value for all our stakeholders and contribute to a more sustainable future. For more information on our sustainability progress, please refer to the Sustainability Statement of this Annual Report.

## APPRECIATION

On behalf of the management team, I would like to conclude my message by expressing my deepest gratitude for the dedication demonstrated by everyone at Bioalpha throughout the past year. Undoubtedly, it has been a year filled with numerous challenges both externally and internally. However, the unwavering support and hard work from each of you has made this journey possible.

My heartfelt appreciation also goes out to our stakeholders, including but not limited to our shareholders, clients, suppliers, bankers, regulators, and government agencies, for their steadfast support.

To the Board of Directors, I express my sincere gratitude for your valuable counsel and insights throughout 2022.

I would like to welcome Yang Berbahagia Datuk Chong Loong Men as the Executive Director and Mr. Yee Yit Yang as the Independent Non-Executive Director. Their extensive experience and expertise in their respective fields will undoubtedly enhance the value of Bioalpha. We look forward to their contributions to our organization.

# MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

## APPRECIATION (CONT'D)

On behalf of the Board, I would like to extend a special recognition to Yang Berbahagia Tan Sri Abdul Rahman bin Mamat, who stepped down from his position as Independent Non-Executive Chairman in January 2022, after serving with us for nine years. We appreciate his invaluable guidance during his tenure. In the same spirit, we would also like to acknowledge Yang Berbahagia Dato' Norhalim Bin Yunus, who resigned from his position as a Non-Independent Non-Executive Director, for his contribution. We wish both of them the best in their future endeavours.

**Hon Tian Kok @ William**
Managing Director/Chief Executive Officer

# SUSTAINABILITY STATEMENT

Bioalpha Holdings Berhad ("Bioalpha") is pleased to present our Sustainability Statement. This statement encompasses our material Environment, Economy and Social ("EES") matters for the financial year. Our sustainability initiatives reflect our continuous drive towards maximising opportunities for strong fiscal growth and optimising operational efficiency in tandem with long-term value creation based on EES considerations.

Bioalpha is committed to building a sustainable business with integrity. As an integrated health supplement company in healthcare supplement sectors, we are mindful of good sustainability practices are integral to our long-term business growth. To this end, the Board strives to embed a strong governance culture, socially responsible values and sound environmental practices throughout the Group.

## STAKEHOLDER ENGAGEMENT

We recognise that our stakeholders are important to the Group's long-term growth and success. Although external stakeholders were not engaged specifically to examine most material EES factors, we have regular interactions with them which allow us to glean information on areas they may have the most concerns. Our key stakeholders and their areas of interest based on our various engagements with them and are set out below:

| Stakeholders | Engagement methods |
|---|---|
| **Investors and shareholders** | • Annual Report<br>• Quarterly Bursa announcements<br>• AGM for shareholders<br>• Corporate website with Investor Relation updates<br>• Media News/ releases<br>• Analyst Reports/ Interview<br>• Email communications – investorrelations@bioa.com.my |
| **Employees** | • Employee handbook-code of conduct<br>• New Staff Orientation<br>• Trainings, teambuilding and company event<br>• Whistle blowing policy<br>• Anti-Bribery Policy |
| **Customers** | • Engagement with sales personnel<br>• Factory visits<br>• Exhibition/ Trade show<br>• Awareness programmes and health forums |
| **Suppliers** | • Supplier selection process<br>• Suppliers' assessment<br>• Meetings with suppliers |
| **Regulators** | • Seminar/ updates received from local government agencies<br>• Internal processes in place to ensure compliance with local government laws and regulations |
| **Local communities** | • Compliance with local government laws and regulations such as pollution at surrounding factory areas, chemical discharge to drainage, etc. |

# SUSTAINABILITY STATEMENT
(CONT'D)

## OUR COMMITMENT

We perceived corporate sustainability as our commitment to create long term value to our shareholders, environment and society through innovation and overall operational excellence. We understand our choices today have an impact on our stakeholder i.e. customers and suppliers and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave in an ethical manner in accordance with our policies, code of conduct and guidelines.

Mindful of the need to be a corporately responsible organisation, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. The Group recognises that for long term sustainability, its strategic orientation will need to look beyond the financial parameters.

Within this context we have defined our commitment to corporate sustainability across three material areas:

## ENVIRONMENTAL INITIATIVES

### Manufacturing Process

We understand that our operations and activities have an environmental footprint and it is our responsibility to minimise these through continuous improvement of our manufacturing facilities. We ensure that our manufacturing processes comply with GMP, HACCP, MeSTI and ISO requirements. To meet these requirements, quality assurance principal is to ensure the quality and safety of our products and we believe that this commitment can best be delivered through the following policies:

- To comply with all relevant environmental laws and regulations.
- To prevent environmental pollution whenever possible and implement waste minimization through 3'R principles (Reduce, Reuse and Recycle)
- To raise awareness among employees towards the environment and encourage them to act in a more responsible manner towards the environment.
- To improve and enhance environmental care responsibilities in this company from time to time
- To implement an effective emergency response plan to address any incidents involving pollution to the environment.

Our processes and equipment used for fermentation of medicinal mushrooms and manufacturing of products have been inspected by JAKIM, which have enabled us to obtain Halal certifications for our products in relation to the manufacturing process.

Our manufacturing facilities adhere to strict regulations and procedures to ensure that materials and energy resources are used efficiently to minimise waste. These include monitoring energy consumption, materials planning and waste management. Such resulted in reduction in energy consumption of approximately 39,000 kWh or 10% comparing FYE2022 with that of FYE2021.

## ECONOMY INITIATIVES

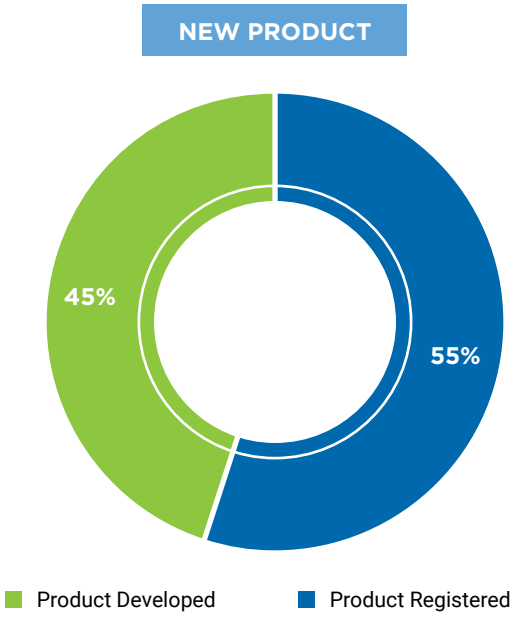
We remain committed and maintain open dialogue with shareholders, the investment community and stakeholders. Annual general meetings are the principal forum for dialogue with shareholders and provide them the opportunity to raise questions and seek clarifications on the Group's operations, performance and strategies. All Directors were present in person to engage virtually with the shareholders of the Company during the annual general meetings held in 2022.

## ECONOMY INITIATIVES (CONT'D)

### Research & Development (R&D)

Given our reach in the pharmaceutical arena, we are dedicated to maintaining the affordability and accessibility of health supplement while upholding our standards of safety, quality and efficacy. We are able to ensure this through our commitment to R&D into high quality and cost competitive health supplement products for various segments.

As such, we continuously developed and register new product in year 2022 as shown below.




### Marketplace

The Group is continuously committed to promote and maintain transparency, accountability and ethics in the conduct of its business and operations with the stakeholders, including Malaysian government and authorities, shareholders and investors, customers, suppliers, employees and communities. This includes the implementation of internal control systems such as a financial authority framework and risk management framework.

The Group strive to continuously improve our relationships, trust, mutual respect, understanding with our stakeholders who have an effect on, or is affected by our businesses. The Group has introduced various channels to engage with our stakeholders to understand and respond to their expectations and interests with regard to our services and operations.

The Group works closely with the suppliers to create a high-quality, reliable supply chain that meets our standards. The Group has had regular engagement sessions with suppliers to identify areas and methods for improvement and to resolve issues.

# SUSTAINABILITY STATEMENT
(CONT'D)

## ECONOMY INITIATIVES (CONT'D)

### Business Expansion

***Collaboration Agreement***

Bioalpha (Hainan) Development Ltd, a wholly owned subsidiary of Bioalpha Holdings Berhad had entered into a Collaboration Agreement with Gaolin Village Council to jointly develop Gaolin Village in Hainan Province, China into Malaysian Agricultural Hub. Gaolin Village is strategically located with easy accessibility to Hainan's capital city of Haikou and central of Ding'an county via various expressways. Persuant to the Agreement, 21 acres of land within Gaolin Village hall be earmarked for the development of Malaysian Agricultural Hub with the purpose of development of the overall rural village and to be spearheaded by Bioalpha.

The initial phase focuses on the upstream and downstream activities with local and international accreditation with complete integrated process for high-value products using Malaysian indigenous plant. Concurrently, the Hub aims to assist prospective Malaysian companies involving in the production of local products seeking to expand their products to China market by providing relevant assistance.

## SOCIAL INITIATIVES

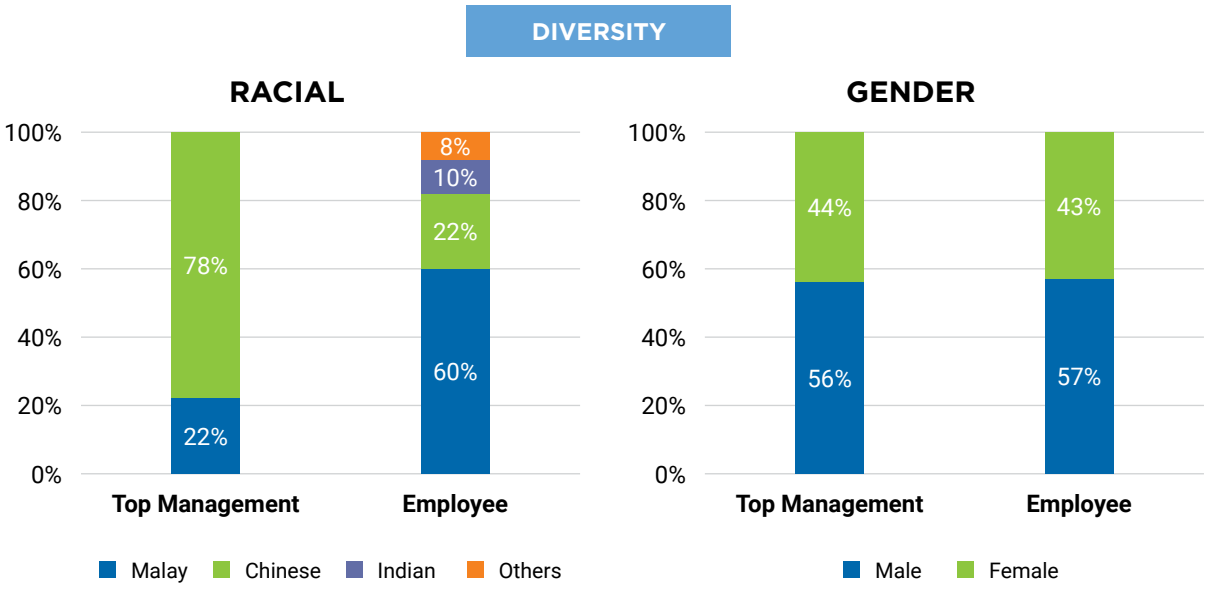
### Our People

We believe we are only as good as our people, hence our employees has essential roles in ensuring the sustainability and success of the Group. As such, we are focused on attracting and retaining a highly skilled workforce while prioritising the wellbeing of our people.

We believe in the inherent strength of a diversified workforce. Hence, we take into account the current diversity and strive for equality in the gender, age and race/ethnicity of the existing workforce. This is integral to our employee value proposition and helps to attract the best talents.

Besides that, we believe providing equal remuneration regardless of gender inspires our employees to feel valued and trusted to the group and in return are more engaged with their work. Hence, we embedded equal remuneration into the business culture as a core and business function.

The brief information of the Company's workforce for Year 2022 is tabulated below:



## SOCIAL INITIATIVES (CONT'D)

### Training and Development

The Group believe in providing continuous learning and development opportunities towards career development for the employees through inhouse training, attending seminar, workshops and talks to help them realise their true potential, as well as to benefit from better performance and productivity. This will equip them with the latest job-related updates and knowledge/know-how. The total budget allocated for training on year 2023 is RM251,800 which included training for directors among the employees.

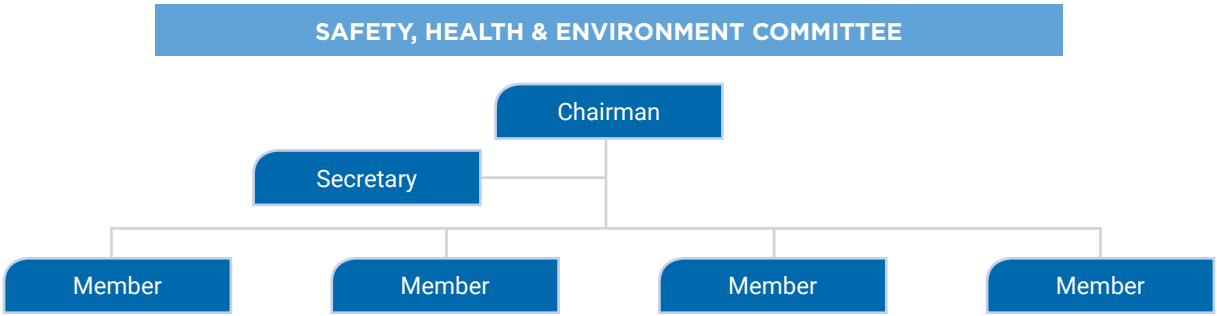
### Festive Celebrations 2022

| Program | Date |
|---|---|
| Festival Open House | |
| - CNY Festival Celebration | 12th Feb 2022 |
| - Hari Raya Festival Celebration | 14th May 2022 |
| - Deepavali Festival Celebration | 31st Oct 2022 |

### Occupational Safety and Health

We recognise that the very nature of our business itself involves occupational health and safety risks. The safety and health of our employees as well as the safety of our contractors, service providers and visitors to our manufacturing facilities remain a priority through our commitment to:

- Comply with local Occupational Safety and Health regulations.
- Comply with all applicable environmental laws and regulations.
- Implement Safety, Health & Environment (SHE) training programs to ensure adequate training of all employees and contractors.
- Continue to identify potential hazards and implement appropriate measures.
- Investigate all incidents, diseases and dangerous occurrences and ensure appropriate action to prevent recurrence.
- Communicate and update all employees and contractors on worker safety and asset protection.
- Ensure that appropriate Emergency Response Plans are in place.
- Continuously improve our environment management system.



# SUSTAINABILITY STATEMENT
(CONT'D)

## SOCIAL INITIATIVES (CONT'D)

### Community

As an organisation with its business deeply rooted in the community that it serves, Bioalpha is aware of its social obligations to the community. Bioalpha is privileged to have been able to support communities in need and make a difference in their lives.

During the year under the review, the Group initiated several cultural and welfare activities as follows:-

1. Donation to Charity Bodies

| Welfare | Items | Date |
|---|---|---|
| i. St. John Ambulance Malaysia (Kawasan Selangor Selatan) | Kid Supplements | March 2022 |
| ii. Lions Education Assistance for the Needy (LERrN) Fund | Cash Donations | September 2022 |
| iii. Openhands Fellowship Care Center, Kajang (Orphanage) | Christmas Gift | December 2022 |
| iv. Shephards Center Foundation Malaysia, Selangor (Orphanage) | Health supplement, groceries, and household products | November 2022 to December 2022 |
| v. Rumah Sejahtera, Batu Pahat (Old Folks Home) | Daily necessities & birthday cake monthly | January 2022 to December 2022 |
| vi. Batu Pahat Orphanage | Health supplement, daily necessities & birthday cake monthly | January 2022 to December 2022 |

### Moving Forward

The Board will work progressively towards improving the Group's sustainability reporting in relation to the management of our Economic, Environment and Social risks and opportunities.

This Sustainability Statement is prepared in accordance with the resolution of the Board of Directors dated 25 April 2023.

# CONSTANT

Lifestyle and Wellness Pharmacy

## CONSTANT RETAIL OUTLETS

### KUALA LUMPUR

**CHERAS:**

83, Jalan 34/154,
Taman Dahlia, Cheras,
56000 Kuala Lumpur.
Tel: 03-9101 7018
Whatsapp/SMS: 016-886 1679

**SETAPAK:**

33, Jalan 45A/26,
Taman Sri Rampai,
Setapak, 53300 Kuala Lumpur.
Tel: 03-4149 7018
Whatsapp/SMS: 016-886 1845

**SUNGAI BESI:**

24, Jalan Tasik Selatan 20C/146,
Taman Desa Tasik, Sungai Besi,
57000 Kuala Lumpur.
Tel: 03-9059 2018
Whatsapp/SMS: 016-886 1842

**GENTING KELANG:**

195-G, Ground Floor,
Jalan Genting Kelang,
53300 Kuala Lumpur.
Tel: 03-4031 7018
Whatsapp/SMS: 012-321 6773

### SELANGOR

**PUNCAK ALAM:**

No 40-G, Jalan Eco Grandeur 1/19A,
Eco Grandeur, Puncak Alam,
42300 Selangor.
Tel : 03-58713015
Whatsapp/SMS : 012-363 7018

**RIMBAYU, TELOK PANGLIMA GARANG:**

No 16-G, Ground Floor, Jalan Flora 1/1,
Blossom Square, Bandar Rimbayu,
42500 Telok Panglima Garang, Selangor.
Tel : 03-51316723
Whatsapp /SMS : 012-295 7018

**BUKIT RAJA , KLANG**

No 6, Ground Floor, Jalan Astaka 1C/KU2,
Bandar Bukit Raja,
41050 Klang, Selangor.
Tel : 03-33595759
Whatsapp /SMS : 012-290 7018

**PUCHONG:**

Pusat Perdagangan Puchong Prima,
F-01-04, Blok F, Jalan Prima 5/3,
Taman Puchong Prima,
47100 Selangor.
Tel: 03-8061 4018
Whatsapp/SMS: 016-886 1840

**AMPANG POINT, AMPANG:**

89, Lorong Mamanda 1,
Ampang Point, Jalan Ampang,
68000 Ampang, Selangor.
Tel: 03-4252 8018

**MERU, KLANG:**

145, Jalan Susur, Off Jalan Meru,
41050 Klang, Selangor.
Tel: 03-3343 6579
Whatsapp/SMS: 016-886 1792

**PERSIARAN RAJA MUDA MUSA, KLANG:**

2984, Persiaran Raja Muda Musa,
41100 Klang, Selangor.
Tel: 03-3372 8891
Whatsapp/SMS: 016-886 1795

**SERI KEMBANGAN:**

No. 88-GF, Jalan PUJ 3/2,
Taman Puncak Jalil, Bandar Putra Permai,
43300 Sri Kembangan, Selangor.
Tel/ Fax: 03-8082 4018

D-G-35, Pusat Perdagangan Bukit Serdang,
Jalan BS 14/1, Taman Bukit Serdang,
Seksyen 14, Seri Kembangan,
43300 Selangor.
Tel: 03-8938 5219

# CORPORATE GOVERNANCE **OVERVIEW STATEMENTS**

The Board of Bioalpha Holdings Berhad ("**the Company**") recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance ("**MCCG**") to enhance business prosperity and maximize shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is an overview statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2022 ("**FYE 2022**") pursuant to Rule 15.25 of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and its is to be read together with the Corporate Governance Report of the Company which is available at the Company's website at www.bioa.com.my.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

**Part I - Board Responsibilities**

The Board is collectively responsible for the long-term success of our Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board governs and sets strategic directions for the Company whilst exercising an oversight on management. The Board plays a critical role in setting the appropriate supervision at the top, providing uncompromising leadership and championing good governance and ethical practices throughout the Company.

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS

#### 1.1 Set Strategic Aims, Values and Standards for the Company

The Board has full control of and is responsible for, the Group's overall strategy, acquisition and divestment policies, capital expenditure, annual budget, review of financial and operational performance, and internal controls as well as investment and risk management processes. The Group's overall strategic direction, development, implementation and control remain as primary importance to the Board.

The Board is leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interests of the Group. The Directors, individually and collectively, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develop corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware of and are responsible for achieving.

The details of the roles and responsibilities of the Board and matters reserved for the Board for decision are defined in the Board Charter, which is available on the Company at www.bioa.com.my.

In discharging its fiduciary duties, the Board has delegated specific tasks to six (6) Board Committees namely the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), Risk Management Committee ("RMC"), Share Issuance Scheme ("SIS") Option Committee and Investment Committee ("IC"). The primary functions of which are to assist the Board in overseeing the affairs of the Company. These Committees have been entrusted with specific responsibilities and authority, the authorities and functions of these Board committees are properly set out in their respective Terms of Reference.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part I - Board Responsibilities (Cont'd)**

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.2 Appointment of Chairman

Tan Sri Tan Sri Abdul Rahman Bin Mamat has decided to step down as Independent Non-Executive Chairman of the Company on 25 January 2022 after having served the Company for almost 9 years and in place thereof, Tan Sri Dato' Dr Syed Jalaludin Bin Syed Salim has been re-designated as Independent Non-Executive Chairman.

The Chairman leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates any discussion. Together with the other Independent Non-Executive Directors, he leads the discussion on the strategies and policies recommended by Management. He chairs the meetings of the Board and the shareholders thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

The Chairman of the Board is not a member of the Board Committees.

The Chairman holds an Independent Non-Executive role and his roles and responsibilities have been clearly specified in the Board Charter, which is available on the Company's website at www.bioa.com.my.

#### 1.3 The Positions of Chairman and Managing Director/Chief Executive Officer are held by Different Individuals

The positions of the Chairman and the Managing Director/Chief Executive Officer are held by different individuals. Tan Sri Dato' Dr Syed Jalaludin Bin Syed Salim was the Independent Non-Executive Chairman during the period under review whilst Mr Hon Tian Kok @ William is the Managing Director/ Chief Executive of the Company.

The Board recognises the importance of having a clear separation of responsibilities between the Chairman and the Managing Director/Chief Executive Officer to promote accountability, ensure an appropriate balance of roles, and facilitate the division of responsibilities between them so as to ensure no one individual can influence the Board's discussions and decison making. The distinct and separate roles of the Chairman and Managing Director/Chief Executive Officer ensure an appropriate balance of roles, responsibilities and accountability at Board level.

The roles and responsibilities of the Chairman and Managing Director/Chief Executive Officer are provided in the Board Charter, which is available on the Company's website at www.bioa.com.my.

#### 1.4 Qualified and competent Company Secretaries

In compliance with MCCG, the Board is supported by qualified and competent Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act 2016. The Company Secretaries have been providing guidance to the Board, particularly on corporate governance issues and compliance with relevant policies and procedures, rules, and regulatory requirements and ensuring good information flow within the Board, Board Committees and Management.

The Company Secretaries attend all meetings of the Board and Board Committees and ensure that all Board and Board Committee meetings are properly convened, and that accurate and proper records of proceedings and resolutions passed are recorded and maintained in the statutory register.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part I - Board Responsibilities (Cont'd)**

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.4 Qualified and competent Company Secretaries (Cont'd)

The Company Secretaries also keep abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training and guide the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016, AMLR, etc.

The Company Secretaries shall continue to guide the Directors on the requirements to be observed arising from new regulations and guidelines issued by authorities.

#### 1.5 Access to information and advice

All Directors may seek independent professional advice at the Company's expense on specific issues to enable them to discharge their duties, where necessary. Board Meetings for the ensuring year are scheduled in advance before the end of the current financial year, in order for the Directors to plan ahead and ensure full attendance. The notice of agenda, together with minutes of the previous meeting and other relevant information, will be circulated to the Board at least five (5) days before the meetings.

Notices of the closed periods for trading in the Company's securities in accordance with Chapter 14 of the AMLR are served on the Directors prior to the commencement of the closed periods.

The Board papers contain all relevant information and reports on financial, operational, corporate, regulatory, and market developments, as well as minutes of meetings. These documents are comprehensive and include qualitative and quantitative information to enable the Board members to make informed decisions.

The Company Secretaries are entrusted to record the Board's deliberations, in terms of issues discussed, ensure that the deliberations at Board and Board Committee meetings are documented, and subsequently communicate those deliberations to Management for appropriate actions.

The minutes of the previous Board and Board Committee meetings are distributed to the Directors/ Board Committees prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following Board and Board Committee meeting.

To facilitate productive and meaningful deliberations, the Directors will comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. The Management provides Directors with complete and timely information prior to meetings and an ongoing basis to enable them to make informed decisions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part I - Board Responsibilities (Cont'd)**

### 2. DEMARCATION OF RESPONSIBILITIES

The Board acknowledges the importance of the demarcation of responsibilities between the Board, Board Committees and management. In order to achieve the aim of the clarity in the authority of the Board, Board Committees and individual directors, the Board has formalised and adopted a Board Charter.

#### 2.1 Board Charter

The Board Charter was adopted by the Board sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter will be reviewed when necessary and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the corporate website - www.bioa.com.my.

### 3. GOOD BUSINESS CONDUCT AND CORPORATE CULTURE

The Board is committed to promote good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The Board, management, employees and other stakeholders of the Group are clear on what is considered acceptable behaviour and practice in Bioalpha Group.

#### 3.1 Code of Ethics & Conduct

The Group is committed to achieving and monitoring high standards of behaviour at work.

The Board adhered strictly to the Code of Ethics and Conduct for Company Directors ("the Codes") in discharging its oversight role effectively. The Board will review the Codes when necessary to ensure they remain relevant and appropriate.

The Codes require all Directors and Employees to observe high ethical business standards, to apply these values to all aspects of the Group's business and professional practice, and to act in good faith in the best interests of the Group and its shareholders.

The details of the Code of Conduct and Ethics are available for reference on the Company's website at www.bioa.com.my.

#### 3.2 Whistle Blowing Policy

The Board has adopted a Whistle Blowing Policy for the Group as a measure to promote the highest standard of corporate governance. The whistleblowing policy outlines the avenues for the Directors, employees and stakeholders to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective action and measures to resolve them effectively. The Whistle Blowing Policy can be assessed at the Company's website at www.bioa.com.my.

#### 3.3 Anti-Bribery Management System Policy

The Company had adopted the Anti-Bribery Management System Policy that set out the policies and adequate procedures against bribery and corruption activities in the conduct of its business under the gazetted Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The said Policy can be assessed at the Company's website at www.bioa.com.my.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part II - Board Composition**

In order to achieve the intended outcome of the MCCG, the Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights, our Group has met most of the good practices recommended by the MCCG as follows: -

### 4. BOARD'S OBJECTIVITY

#### 4.1 Composition of the Board

The Company is managed by a well-balanced Board which consists of members with wide range of business, technical and financial background. This brings diversity and insightful depth to the company leadership and management.

The Board consists of eight (8) members, as designated below:
one (1) Independent Non-Executive Chairman;
one (1) Managing Director/Chief Executive Officer;
two (2) Executive Directors;
one (1) Group Chief Financial Officer/Finance Director; and
three (3) Independent Non-Executive Directors.

The present composition of the Board is in compliance with Rule 15.02 of the AMLR and MCCG Practice 4.1 that requires at least half of the Board members to be Independent Directors. The profile of each Director is set out in the Profiles of Directors of this Annual Report.

The Board is aware of the importance of independence and objectivity in relation to the decision-making process and the effectiveness of the Board's function. The Board, therefore, has adopted the same criteria for "independence" in tandem with the definition of "Independent Director" as prescribed by the AMLR.

The Board members are persons of high calibre and integrity, and provide a wealth of knowledge, experience, and skills in the key areas of accountancy, business operations and development, finance and risk management amongst others.

#### 4.2 Tenure of Independent Directors

The NC carries out the evaluation of independence for each Independent Director annually.

The NC has undertaken a review and assessment of the level of independence of the Independent Directors during FYE 2022 and is satisfied that they are able to discharge their responsibilities in an independent manner. The independence of Directors is measured based on the criteria prescribed under the AMLR of Bursa Securities, in which a director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

The Independent Directors have also declared their independence to the Board under the annual Board evaluation process during the FYE 2022.

Following the amendment to AMLR of Bursa Securities, which restricts the tenure of an Independent Director to twelve (12) years. Consequent thereto, none of the Independent Directors has exceeded a cumulative term of twelve (12) years as at the date of this Statement.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part II - Board Composition (Cont'd)**

### 4. BOARD'S OBJECTIVITY (CONT'D)

#### 4.2 Tenure of Independent Directors (Cont'd)

The Company do not have a policy which limits the tenure of its independent directors to nine (9) years. However, the Board takes note that the MCCG recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Director. The Company has adopted approach that upon completion of nine (9) years, an Independent Directors may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. In the event, the Board intends to retain the Independent Directors who has served the Company exceeding a cumulative term of nine (9) years, the Board will need to justify and seek shareholders' approval at the AGM through a two-tier voting process in accordance with the MCCG.

Tan Sri Dato' Dr Syed Jalaludin Bin Syed Salim who has served the Independent Director for a cumulative term of nine (9) years since his appointed as Independent Director on 8 July 2014. He has decided not to seek for re-election. He will retain office until the conclusion of the 12th Annual General Meeting and will retire in accordance with Clause 105(1) of the Company's Constitution.

#### 4.3 Diverse Board and Senior Management Team

The members of the Board are professionals with calibre and entrepreneurs equipped with industry specific knowledge and experience. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives. The Board is of the opinion that the directors, with their different background and specialisations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities.

In assessing suitability of candidates to the Board and Senior Management Team, consideration will be given based on core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of professional knowledge, skills, experience and diversity (including gender diversity). Understanding of the Business, the Market and the Industry in which the Group operates and the accounting, finance and legal matter.

#### 4.4 Gender Diversity

The Board has not set gender diversity target as of the reporting period. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the MCCG's target.

The Board currently has one female director among its seven members, namely Ms Goh Siow Cheng. The Board opined that gender should not be the basis of evaluation and given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills, knowledge, experience and expertise on the Board rather than to attaining the threshold as stipulated in MCCG.

The NC evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment. In its effort to promote boardroom diversity, the NC has taken various steps to ensure that women candidates are sought from various sources as part of its recruitment exercise.

Nevertheless, the Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board, henceforth, the Board is on the look for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified. No timeframe has been set for the search concerned.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part II - Board Composition (Cont'd)**

**4. BOARD'S OBJECTIVITY (CONT'D)**

**4.5 Appointment of Directors**

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NC. As a whole, the Company maintains an adequate number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NC will help assesses and recommends to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In identifying of suitable new candidates, the NC will not solely rely on recommendations from existing Board members, Management or Major Shareholders, but will consider of utilising independent sources.

**4.6 Re-election of retiring Director**

In accordance with the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. The Directors to retire each year are the Directors who have been longest in office since their last appointment on re-election.

Pursuant to Clause 105(1) of the Company's Constitution, Tan Sri Dato' Dr. Syed Jalaluddin, Mohd Nasir Bin Abdullah and Mr Hon Tian Kok @ William are subject to retirement by rotation pursuant to Clause 105 of the Company's Constitution at the forthcoming Twelfth Annual General Meeting ("12th AGM") and Mr Hon Tian Kok @ William has expressed his willingness to seek re-election. The profiles of retiring Director standing for re-election are set out in the Directors' Profile in the Annual Report 2022.

Tan Sri Dato' Dr. Syed Jalaluddin and Mohd Nasir Bin Abdullah have expressed their intention not to seek for re-election. They will retain office until the conclusion of the 12th Annual General Meeting and will retire in accordance with Clause 105(1) of the Company's Constitution.

The NC and the Board have considered the results of the annual assessment for Mr. Hon Tian Kok @ William and agreed that they can each meet the criteria of character, experience, integrity, competence, and time required to effectively discharge his roles as Director.

The Board approved the NC's recommendation that these Director who retire in accordance with the Company's Constitution are eligible to stand for re-election.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part II - Board Composition (Cont'd)**

### 4. BOARD'S OBJECTIVITY (CONT'D)

#### 4.7 NC

The Company has established the NC comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis. The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NC. The NC is aware of their duties and responsibilities.

The composition of NC comprised three (3) Non-Executive Directors. The present members of the NC are as follows:

| Name | Designation | Directorship |
|---|---|---|
| Kang Jimmi (re-designated as Chairman of NC on 1 June 2022) | Chairman | *Independent Non-Executive Director* |
| Mohd Nasir Bin Abdullah | Member | *Independent Non-Executive Director* |
| Yee Yit Yang (appointed on 1 June 2022) | Member | *Independent Non-Executive Director* |

The Terms of Reference of the NC can be viewed on the Company's website at www.bioa.com.my.

The summary activities undertaken by the NC in the discharge of its duty for FYE 2022 are as follows:

i) Reviewed and recommended the appointment of new Executive Director and Independent Non-Executive Director to the Board for approval;
ii) Reviewed the size, structure and composition of the Board;
iii) Assessed and reviewed the effectiveness of the Board as a whole, the Board Committees and the contributions of the individual directors;
iv) Assessed and reviewed the independent of the independent directors;
vi) Assessed and reviewed the performance of AC and members of the AC;
v) Recommended the re-election of the Directors who are due for retirement by rotation at the 12th AGM.

The NC had undertaken a review and assessment of the Independent Directors during FYE 2022 based on the independence criteria as defined in the AMLR and is satisfied that they are able to discharge their responsibilities in an independent manner.

The NC was satisfied that the Board has the right size and the Board composition is well balanced having considered the appropriate mix of skills, experience, strength and independence and the diversity required to meet the current and future needs of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part II - Board Composition (Cont'd)**

### 5. OVERALL BOARD EFFECTIVENESS

#### 5.1 Annual assessment of the Directors, Board as a whole and Board Committees

The NC is required to assess the Board's effectiveness in terms of its composition, roles and responsibilities, and whether the Board Committees have discharged their functions and duties in accordance with the terms of reference. The NC assesses on annual basis the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision making. All assessments and evaluations carried out by the NC in discharging its functions have been well documented.

The Board has, through the NC, conducted the following annual assessments in the FYE 2022:-

a) Directors' self-assessment;
b) Evaluation on the effectiveness of the Board as a whole and Board Committees;
c) Assessment of Independent Directors; and
d) Review of the term of office and performance of Audit Committee and each of its members.

The annual assessment of individual Directors, Board as a whole and Board Committees which commences with the completion of a set of self-assessment form detailing all assessment criteria to be completed by all Directors for evaluation by the NC. Criteria for the self-assessment includes self-ratings on the Director's knowledge, support of the goals of the Company, time commitment, and active participation on the Board.

Based on the assessments conducted for the FYE 2022, the NC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

##### 5.1.1 Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board members at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/ her duty as a Director of the Company. To ensure that the Directors have time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Rule 15.06 of the AMLR of Bursa Securities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part II - Board Composition (Cont'd)**

### 5. OVERALL BOARD EFFECTIVENESS (CONT'D)

#### 5.1 Annual assessment of the Directors, Board as a whole and Board Committees (Cont'd)

##### 5.1.1 Time Commitment and Directorship in Other Public Listed Companies (Cont'd)

Each Board member is required to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/ or Company Secretaries, where applicable.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors as set out in the section below.

During FYE 2022, there were seven (7) Board Meetings were held and the attendance record of the current Board members is reflected as follows:-

| Name of Directors | Attendance |
|---|---|
| Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim *(re-designated as Independent Non-Executive Chairman on 25 January 2022)* | 7/7 |
| Hon Tian Kok @ William | 7/7 |
| Datuk Choong Loong Men *(appointed on 1 June 2022)* | 2/3 |
| Ho Tze Hiung | 7/7 |
| Mohd Nasir Bin Abdullah | 7/7 |
| Kang Jimmi | 7/7 |
| Yee Yit Yang *(appointed on 1 June 2022)* | 3/3 |
| Goh Siow Cheng | 7/7 |
| Dato' Norhalim Bin Yunus *(Resigned on 1 August 2022)* | 4/4 |
| Tan Sri Abd Rahman Bin Mamat *(Resigned on 25 January 2022)* | 1/1 |

##### 5.1.2 Continuing Education Programs/ Directors' Training

All Directors save for newly appointed Director have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/ conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each of the Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part II - Board Composition (Cont'd)**

**5. OVERALL BOARD EFFECTIVENESS (CONT'D)**

**5.1 Annual assessment of the Directors, Board as a whole and Board Committees (Cont'd)**

**5.1.2 Continuing Education Programs/ Directors' Training (Cont'd)**

All Directors save for newly appointed Director have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/ conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each of the Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

Details of seminars / conferences / training programmes attended by the Board members during FYE 2022 are as listed below:

| Director | Seminars / Conferences / Training Programmes Attended |
|---|---|
| Datuk Choong Loong Men | 1. Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appoinment, Independence and Other Amendments.<br>2. Briefing on the Amendments to ACE Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework<br>3. The Secrets Behind Corporate Actions |
| Mohd Nasir Bin Abdullah | 1. LHDN Audit & Capital Statement Workshop<br>2. SSM National Conference 2022 - Corporate Governance And Sustainability |
| Yee Yit Yang | 1. Baker Tilly Malaysia Tax & Budget<br>2. MIA Webinar Series : Accounting for Biological Assets: MFRS and MPERS<br>3. Compliance with LR - Reporting of Financial Statements<br>4. Updated Malaysian Code On Corporate Governance 2021<br>5. Key Amendments to The Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appointment, Independence and Other Amendments |
| Goh Siow Cheng | 1. Value Proposition Canvas<br>2. Standard Chartered Global Research Briefing 1H2023: A year of two halve |

Save as disclosed above, Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim, Hon Tian Kok @ William, Ho Tze Hiung and Kang Jimmi were not able to attend any seminars and/or training programmes during the financial year due to their busy work schedule. However, they have kept themselves abreast on financial and business matters through readings and attending overseas meetings to enable them to contribute to the Board. They are also aware of their duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with new regulatory developments and requirements in compliance with the AMLR on continuing education.

In addition to the above, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Board Committee and/or Board meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part III - Remuneration**

The Board acknowledges the level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives. In order to achieve the aim, the Board has established Remuneration Committee and developed the remuneration policy to assist the Board in discharging its duties and responsibilities in the matters relating to the remuneration of the Board and senior management.

### 6. LEVEL AND COMPOSITION OF REMUNERATION

#### 6.1 Remuneration Policies and Procedures

The Board believes the remuneration policy fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted based on the experience and levels of responsibilities undertaken by the particular Non-Executive Director concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on the recommendations by the Board.

#### 6.2 RC

The RC consists of entirely Independent Non-Executive Directors in order to assist the Board in determining Directors' remuneration. The present members of the RC are as follow: -

| Name | Designation | Directorship |
|---|---|---|
| Kang Jimmi *(re-designated as Chairman of RC on 1 June 2022)* | Chairman | *Independent Non-Executive Director* |
| Mohd Nasir Bin Abdullah | Member | *Independent Non-Executive Director* |
| Yee Yit Yang *(appointed on 1 June 2022)* | Member | *Independent Non-Executive Director* |

The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The RC held a meeting during FYE 2022 to review the proposed remuneration package of the Executive Directors and the Director fee payable to the Non-Executive Directors and recommended the remuneration packages and fees to the Board for approval. The RC also reviews the remuneration package of the Managing Director/Chief Executive Officer and recommends adjustments in remuneration and/or reward payments that reflect the respective contributions for the year and achievement goals and/or quantified organisational targets established by the Company.

The Terms of Reference of the RC can be viewed at the Company's website at www.bioa.com.my.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

**Part III - Remuneration (Cont'd)**

### 7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

#### 7.1 Details of Directors' Remuneration

The details of Director's remuneration are set out below:

| | Fees | Salaries and Other Emoluments | Total |
|---|---|---|---|
| Executive Directors | – | 1,922,186 | 1,922,186 |
| Non-Executive Directors | 169,750 | 39,748 | 209,498 |

* *Other emoluments include the meeting allowance for the Directors' attendance in Board and Board's Committee Meetings.*

The breakdown of the detailed Directors' fees and other benefits paid during FYE 2022 is disclosed in the Corporate Governance Report which is accessible to the public for reference at the Company's website at www.bioa.com.my.

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

**Part I – AC**

### 8. EFFECTIVE AND INDEPENDENT AC

#### 8.1 Chairman of AC

Mohd Nasir Bin Abdullah, who is an Independent Non-Executive Director, is the Chairman of the AC. He is a member of Malaysian Institute of Accountants. The Company complied with Practice 8.1 of the MCCG which stipulates that the Chairman of the AC is not the Chairman of the Board as Mohd is not the Chairman of the Board.

#### 8.2 Former Key Audit Partner

None of the Board member is the former key audit partner of the External Auditors and the Directors do not foresee any new appointment of former key audit partner to the Board. However, the Board will observe the cooling-off period before appointing the former key audit partner, if any.

#### 8.3 Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the AC and Board of Directors on matters that require the Board's attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

**Part I – AC (Cont'd)**

**8. EFFECTIVE AND INDEPENDENT AC (Cont'd)**

**8.3 Assessment of Suitability and Independence of External Auditors (Cont'd)**

In assessing or determining the suitability and independence of the External Auditors, the AC has taken into consideration of the following:

i) the adequacy of the experience and resources of the External Auditors;
ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Every year, the AC will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries.

On 19 October 2022, the Company's External Auditors has resigned as Auditors of the Company and in place by Messrs. ChengCo PLT as the external auditors of the Company with effect from the date of their consent to act dated 8 November 2022.

The Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting ("AGM") on the re-appointment of Messrs. ChengCo PLT as the External Auditors of the Company for the financial year ending 31 December 2023.

**8.4 Composition of the AC**

The AC consists entirely of three (3) Independent Non-Executive Directors. During FYE 2022, the composition of the AC are Mohd Nasir Bin Abdullah (Chairman), Kang Jimmi and Yee Yit Yang. This composition of the AC complied with the requirement of Rule 15.09(1)(a) and (b) of the AMLR.

The terms of reference and summary of activities of the AC are set out in the AC Report.

**Part II – Risk Management and Internal Control Framework**

**9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the AC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

**Part II – Risk Management and Internal Control Framework (Cont'd)**

### 9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

The details of the Group's risk management and internal control framework is elaborated in page 50 to 52 of the Statement on Risk Management and Internal Control of this Annual Report 2022, which has been reviewed by the External Auditors.

#### 9.1 RMC

The Board has set up a RMC with effect from 20 April 2018 and the present members of the RMC are as follow: -

Chairman: Yee Yit Yang (appointed on 1 June 2022) *(Independent Non-Executive Director)*
Members: Ho Tze Hiung *(Executive Director)*
Mohd Nasir Bin Abdullah *(Independent Non-Executive Director)*

### 10. INTERNAL AUDIT FUNCTION

The details of the Group's internal audit function is elaborated in page 55 on the AC Report of this Annual Report 2022.

## PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

**Part I – Communication with Stakeholders**

There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

### 11. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The Company's website at www.bioa.com.my incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public. Shareholders and investors may also forward their queries to the Company via email to investorrelations@bioa.com.my.

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

**Part II – Conduct of General Meetings**

General meetings serve as important and effective platforms for directors and the senior management to communicate with the shareholders. Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

### 12. SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

General meeting serves as a principal platform for the Board and Senior Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests.

The Company has been practicing sending Notice of AGM to shareholders at least 28 days prior to the meeting and the Notice is also advertised in nationally circulated English daily newspaper. The Board recognises that a longer notice allows ample time for shareholders to consider the resolutions before exercising their voting rights, and to make arrangement to attend AGM either personally, through proxy or corporate representative.

The Notice of an AGM also provides information to the shareholders with regard to, amongst others their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

The Company dispatched its notice of 11th AGM dated 28 April 2022 to shareholders at least 28 days before 11th AGM held on 28 June 2022, which is in line with Practice 12.1 of the MCCG. This is to enable the shareholders have sufficient time to read and understand the Company's financial and non-financial performance before the meeting.

The 11th AGM of the Company held on 28 June 2022 was conducted on a fully virtual basis via live streaming and through the Remote Participation and Voting ("RPV") facilities. Shareholders who attended the 11th AGM could submit their questions during the meeting, which would be addressed by the Board and/or the Management during the AGM.

All the Directors were present at the 11th AGM to engage directly with shareholders and responded to all questions raised and provided clarification as required by the shareholders. The Chairman of the Board ensured that sufficient opportunities were given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses were given.

In line with good corporate governance practice, the notice of the forthcoming 12th AGM, the Form of Proxy and the Annual Report would be issued to the shareholders at least twenty-eight (28) days before the AGM.

This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved. All the Directors of the Company will endeavour to attend all general meetings and the Chair of the Board Committee will provide a meaningful response to questions addressed to them.

# CORPORATE GOVERNANCE OVERVIEW STATEMENTS
(CONT'D)

## PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

**Part II – Conduct of General Meetings (Cont'd)**

### 13. ATTENDANCE OF THE CHAIR OF THE BOARD COMMITTEES AT THE AGM

The general meeting also serves as an avenue for the Chairman and the Board members to engage in a two-way communication with shareholders where the shareholders are encouraged to participate in the question-and-answer session with the Board personally and exercise their right to vote on the proposed resolutions.

The Board will ensure that all Board members, particularly the chairperson of each Board committee will make their endeavours to attend general meeting to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the shareholders.

The external auditors will be present at the AGM to respond to any queries from shareholders on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.

At the fully virtual 11th AGM of the Company held on 28 June 2022, all members of the Board attended the fully virtual 11th AGM, the representatives of the management and the external auditors were attended the meeting to respond to the questions raised by the shareholders or proxies.

### 14. POLL VOTING

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder presents in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. Independent scrutineer is appointed to validate the votes cast at the meeting.

In line with Rule 8.31A of the AMLR of Bursa Securities, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) independent scrutineer to validate the votes cast at the general meeting.

As for voting in absentia and remote shareholders' participation, the existing proxy form authorizing proxies or Chairman of meeting is an alternative measure adopted by the Company. Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.

All resolutions set out in the Notice of 11th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meeting is announced to Bursa Securities at the end of the meeting day.

## COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers and is satisfied that the Company has fulfilled its obligation under MCCG, AMLR and all applicable laws and regulations throughout the FYE 2022.

This Corporate Governance Overview Statement was approved by the Board of Directors on 25 April 2023.

# STATEMENT OF DIRECTORS' RESPONSIBILITY **IN RELATION TO THE AUDITED FINANCIAL STATEMENTS**

Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standard in Malaysia.

The Directors are responsible to ensure that the financial statements is given a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have observed the following criteria:

- overseeing the overall conduct of the company's business and that of the group;
- identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- reviewing the adequacy and integrity of internal controls system and management information system in the company and within the group;
- adopting suitable accounting policies and apply them consistently;
- making judgments and estimates that are reasonable and prudent; and
- ensuring that the financial statements were prepared on a going concern basis and in compliance with all applicable approved accounting standard in Malaysia subject to any material departures, if any, were disclosed.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2022, appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimize fraud and other irregularities.

This Statement was approved by the Board of Directors on 25 April 2023.

# STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

## A. INTRODUCTION

The Board of Directors ("Board") of Bioalpha Holdings Berhad ("Bioalpha" or the "Group") is pleased to make the following statement which outlines the key elements of the internal control system within the Group. The Risk Management and Internal Control Statement is made in compliance with Rule 15.26(b) of Ace Market Listing Requirements ("AMLR") and Statement of Risk Management and Internal Control: Guidelines for Directors of listed Issuers ("Internal Control Guideline").

## B. BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management to maintain a sound system of internal control to safeguard shareholders 'investments and the Group's assets and also for reviewing the adequacy and integrity of the system. Notwithstanding, due to the limitations that are inherent in any system of internal control, Group's internal control system is designed to manage, rather than eliminate, the risk of not adhering to the Group's policies, and achieving objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute assurance against the occurrence of any material misstatement, loss or fraud.

## C. RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. the Board is thus committed to continually promote the culture of risk awareness and builds the necessary knowledge in identifying, evaluating, mitigating, monitoring and managing the significant risks on an on-going basis. In discharging its responsibilities, the Board has taken into account the guidance of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017").

The key risk management initiatives undertaken include among others:

(i) The responsibilities of the Board and the Management are clearly defined in the organisational structure to ensure the effective discharge of the roles and responsibilities of the parties in overseeing the conduct of the Group's business;

(ii) Formation of operational policies and procedures by the Management with a view of establishing group wide operational standards in order for all operating units to work cohesively towards achieving the business objectives of the Group. For accounting systems and financial processes, efforts are being taken to ensure consistency in the Group as a whole;

(iii) Frequent on-site visits to the operating units by senior management so as to acquire a first-hand view on various operational matters and addressing the issues accordingly;

(iv) The Board gathers and reviews key financial and operating statistics on a monthly basis and constantly keep track and monitor the achievement of the Group's performance;

(v) Regular visit by internal auditors which provide independent assurance on the effectiveness of the Group's system of internal control and advising the Management on the areas for further improvement;

(vi) The AC reviews on a quarterly basis the quarterly unaudited financial results to monitor the Group's progress towards achieving the Group's business objectives. Authority is given to the AC members to investigate and report on any areas of improvement for the betterment of the Group; and

(vii) Regular interactive meetings between the external and internal auditors to identify and rectify any weakness in the system of internal controls. The Board on a timely basis would be informed of any matters brought up in the ARMC meetings.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

## D. SYSTEM OF INTERNAL CONTROLS

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides assurance of effective and efficient operations and compliance with laws and regulations and also its internal procedures and guidelines. The size and complexity of the operations may give rise to risks of unanticipated or unavoidable losses.

The Board outsources the internal audit function to an independent professional firm. The firm is appointed by AC and reports directly to the AC. Its role us to provide the AC with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

The system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, frauds or losses occurring. AC reviews the effectiveness of the system of internal controls, which covers financial, operational and compliance controls, and also risk management.

The total cost incurred by the IA function is at RM27,000 for the financial year ended 31 December 2022.

## E. ACCOUNTABILITY & AUDIT

The Board endeavours to present a balance and clear assessment of the Group's financial position and prospects through unaudited quarterly financial reporting via the Bursa Malaysia Securities Berhad, annual audited financial statements, the Chairman Statement and Management Review in the annual reports.

The AC reviews the quarterly financial statements and the annual financial statements before they are submitted to the Board for approval. A statement of the Directors' responsibilities for preparing the financial statements is set out on page 49 of this annual report.

## F. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's System of internal control are:

**a) Management Structure**

The Group maintains a formal organisation structure with clear lines of accountability and responsibility. The daily running of the businesses is entrusted to the executive Directors and their Management teams. The heads of each operating subsidiary and department of the Group are empowered with the responsibility of managing their respective operations.

**b) Strategic Business Plan and Annual Budget**

The Board constructively challenges and contributes to the development of the Group's strategic directions and annually reviews the Group's strategic business plan. The Board probes the Management to ensure the Management has taken into consideration the varying opportunities and risks whilst developing the strategic business plan.

The Group's annual strategic business plan and budget is reviewed, deliberated and approved by the Board.

The expectations of the Board are clearly discussed with, and understood by, the Management. The Board is also responsible for monitoring the implementation of the strategic business plan and for assessing the actual performance of the Group against the annual strategic business plan and budget as well as to provide guidance to the Management.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

## F. OTHER KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

**c) Reporting and Review**

Periodic operational and financial reports are prepared and presented to the Board for discussion and review based on the established reporting hierarchy within the Group. Ad-hoc and scheduled meetings are held at operational and management levels to identify operational issues, discuss and review the business plans, budgets, financial and operational performances of the Group, and etc.

**d) Quality Compliance**

The Group's plant is certified as Good Manufacturing Practice ("GMP") compliance by the Ministry of Health, Malaysia, which affirms that the Group has adopted the required standards in the manufacturing processes and facilities, i.e. production of health supplements. Moreover, the GMP and the products are Certified Halal by the Department of Islamic Development Malaysia.

**e) Internal Policies and Procedures**

Policy and procedures, handbook, guidelines and authority limits have been established to guide personnel on day-to-day operational activities.

**f) Related Party Transactions**

Related party transactions (if any) are disclosed, reviewed and monitored by the ARMC and presented to the Board on a periodical basis.

## G. ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL

The Board has received assurance from the Managing Director/Chief Executive Officer and Group Chief Financial Officer of the Company that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

## H. REVIEW OF THIS STATEMENT

Pursuant to Rule 15.23 of the AMLR, the external Auditors have reviewed this Risk Management and Internal Control Statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2022 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

## I. BOARD CONCLUSIONS

The Board is satisfied that, during the year under review, the existing system of internal controls and risk management is sound and adequate to safeguard the Group's assets at the existing level of operations of the Group. The Board recognises that the development of internal control system is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to further enhance the Group's system of internal control.

This statement is made in accordance with the resolution of the Board dated 25 April 2023.

# AUDIT COMMITTEE **REPORT**

## AC REPORT

The Board of Directors is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2022 in accordance with Rule 15.15 of the AMLR of Bursa Securities.

## COMPOSITION

The current composition of the AC is set out below:

1) Mohd Nasir Bin Abdullah (Chairman, Independent Non-Executive Director)
2) Kang Jimmi (Member, Independent Non-Executive Director)
3) Yee Yit Yang (Member, Independent Non-Executive Director)(appointed on 1 June 2022)

Mohd Nasir Bin Abdullah, being a member of Malaysian Institute of Accountants, fulfils the requirement of Rule 15.09(1)(c) of the AMLR.

## TERMS OF REFERENCE

The terms and reference of the AC is made available on the Company's website at www.bioa.com.my.

## ATTENDANCE OF MEETINGS

A total of five (5) meetings were held in FYE 2022. Details of attendance of the AC members are as follows:

| Name of Members | Total Meetings Attended |
|---|---|
| Mohd Nasir Bin Abdullah | 5/5 |
| Kang Jimmi | 5/5 |
| Yee Yit Yang (appointed on 1 June 2022) | 2/2 |

Tan Sri Dato' Dr Syed Jalaludin Bin Syed Salim has been re-designated as the Chairman of the Board on 1 June 2022 and hence, he has relinquished his office as Member of the AC in compliance with Practice 1.4 of the MCCG 2021. Subsequent thereto, Mr Yee Yit Yang was appointed as the member of the AC with effect from 1 June 2022.

At the invitation of the AC, the Managing Director/Chief Executive Officer, relevant Management, External and Internal Auditors attended the AC meetings and presented their reports on financial results, audit findings and other matters for the information and/or approval of the AC.

The Company Secretaries acts as Secretary to the AC and shall circulate the minutes of meetings of the AC to all members of the AC. Detailed audit reports by the Internal Auditors and the respective management response are circulated to the members of the AC before each Meeting at which the said reports are tabled. The AC Chairman later updated the Board relevant and salient issues with the recommendations of the AC for Board's consideration and approval.

# AUDIT COMMITTEE REPORT
(CONT'D)

## SUMMARY ACTIVITIES OF THE AC

The AC met at scheduled times during the year, with due notices of meetings issued, and with agendas planned and itemised so that matters were deliberated and discussed in a detailed manner. Apart from the scheduled meetings, adhoc meetings were also called at the discretion of the AC. The minutes of each meeting held were distributed to each member of the Board at subsequent Board Meetings. The AC Chairman reported on each meeting to members of the Board.

The activities of the AC during the financial year ended 31 December 2022 include the following:

a) Reviewed the quarterly unaudited financial results of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

b) Reviewed with External Auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2022;

c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

e) Evaluated the performance of the External Auditors for the financial year ended 31 December 2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

f) Reviewed the proposed appointment of new External Auditors, Messrs. ChengCo PLT in place of Messrs. TGS TW PLT for the financial year ending 31 December 2022 and recommended to the Board's for approval;

g) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

h) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

i) Reviewed the effectiveness of the Group's system of internal control;

j) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

k) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

l) Reviewed the Company's compliance with the AMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

m) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and

n) Report to the Board on its activities and significant findings and results.

# AUDIT COMMITTEE REPORT
(CONT'D)

## INTERNAL AUDIT FUNCTIONS

The Group has outsourced its internal audit function to Governanceadvisory.com Sdn Bhd ("GA"), an independent professional firm engaged in risk advisory and internal audit services. The primary responsibility of the internal audit function is to provide independent, objective assessment on the adequacy and effectiveness of governance, risk and processes implemented by the management. The internal auditor adopts a risk-based approach to plan and prioritise audit work on high risk auditable areas.

The Internal Auditors reports directly to the AC quarterly by presenting their audit reports which included their findings and recommendations for improvements to the AC for review and deliberation. The AC evaluated the adequacy of the responses, actions and measures taken by the management within the required timeframe in resolving the audit issues reported. The Internal Auditors also carried out follow-up reviews to monitor the implementation of the said actions plans and measures reported to the AC. The AC Chairman then briefed the Board on the internal audit reports on any major findings.

Presently, there are 10 internal auditors with relevant qualifications within GA. Mr Jason Tee who has 14 years' experience and reports directly to the AC to ensure impartiality and independence leads the head of GA. Being an external internal audit firm, all internal auditors are free from any relationships and conflict of interest with the Group which could impair their objectivity and independence, GA carried out Conflict of Interest Declaration yearly to ensure their independence. The Internal Auditors adopts International Professional Practices Framework for their audit works.

The cost incurred for the Internal Audit Function during FYE 2022 is approximately RM27,000.

During the financial year, the following activities were carried out by the internal auditors in discharge of its responsibilities:

**i) Human Resource Management**

- To ensure manpower requirements are planned/ budgeted for; and approved by the Management.
- To ensure suitable candidates are recruited/ employed accordance to requester requirement and budget.
- To ensure the resigning employee's last working date is communicated to the respective departments for amongst others, return of company's assets, timely deactivation of user access in application system(s), etc.
- To ensure salary and benefits incurred are supported and are for valid employee working with the company.
- To ensure salary, benefits and claims are checked and approved by the authorised personnel prior to remittance.
- To confirm statutory contributions and deduction are timely remitted to the statutory body (i.e., EPF and SOCSO).

**ii) Standard Operating Policy and Procedure**

- To review documented policies & procedures for China operations.
- To make recommendations for overall operational control and improvements

The AC and the Board agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control on pages 50 to 52 in this Annual Report 2022.

# ADDITIONAL **COMPLIANCE INFORMATION**

## 1. UTILISATION OF PROCEEDS

**July 2020 Placement**

The Company has issued a total of 94,309,700 new Bioalpha Shares at RM0.105 each and raised proceeds approximately RM9.90 million and was completed on 17 July 2020.

The status of utilisation of proceeds is as follows:

| No. | Purpose | Proposed Usage RM'000 | Actual Utilisation RM'000 | Balance as at 31 Dec 2022 RM'000 | Intended time Frame for Utilisation |
|---|---|---|---|---|---|
| (a) | Digitalisation expenses | 3,000 | (2,000) | 1,000 | Within 24 months |
| (b) | Development expenditure | 3,762 | (3,762) | – | Within 24 months |
| (c) | Marketing and advertising expenses | 3,037 | (2,237) | 800 | Within 24 months |
| (d) | Expenses for the private placement | 104 | (104) | – | Within 1 month |
| | **Total** | **9,903** | **8,103** | **1,800** | |

## 2. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amount of audit and non-audit fees paid to the firm or corporation affiliated to the External Auditors by the Company and the Group for the financial year ended 31 December 2022 are as follows:

| | | Company (RM) | Group (RM) |
|---|---|---|---|
| **Audit Services Rendered** | | 61,500 | 212,289 |
| **Non-Audit Services Rendered** | | | |
| (a) | Review of Statement on Risk Management and Internal Control | 5,000 | 5,000 |
| (b) | Review of foreign subsidiaries report for consolidation purpose | 19,000 | 19,000 |

## 3. MATERIAL CONTRACTS OR LOANS INVOLVING THE INTERESTS OF THE DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts or loans between the Company and its subsidiary that involve the interests of the Directors, Chief Executive who is not a Director or Major Shareholders.

# ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

## 4. SHARE ISSUANCE SCHEME

The Share Issuance Scheme of the Company ("SIS") is governed by the SIS By-Laws and was approved by shareholders on 19 August 2016 and shall be in force for a period of five (5) years and may be extended for such further period, at the sole and absolute discretion of the Board upon the recommendation by the SIS Committee, provided always that the Initial Scheme Period above and such extension of the scheme made pursuant to the Bylaws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the SIS.

The Company had on 6 January 2022 extended the existing SIS which expired on 11 January 2022 for another 2 years from 12 January 2022 to 11 January 2024 in accordance with the Clause 21 of the SIS Bylaws.

The Company had on 24 March 2022 cancelled unexercised 153,000 SIS Options at exercise price of RM0.225 per share, which was granted to eligible persons on 10 September 2021 and on 6 October 2022, the Company further cancelled outstanding SIS Options amounting to 75,000,000 SIS Options at an exercise price of RM0.14 per share which was granted to eligible persons on 17 May 2022.

Movement of the number of share options and the weighted average exercise prices are as follows: -

| | | Number of options over Ordinary Shares | | | | |
|---|---|---|---|---|---|---|
| Date of offer | Exercise Price (RM) | At 1.1.2022 ('000) | Adjustment# ('000) | Granted ('000) | Exercised ('000) | At 31.12.2022 ('000) |
| 27 February 2017 | 0.205 | 1,989 | – | – | – | 1,989 |
| 16 April 2020 | 0.105 | 2,276 | – | – | – | 2,276 |
| 10 September 2021 | 0.225 | 153,000 | (153,000) | – | – | – |
| 17 May 2022 | 0.140 | – | (75,000) | 243,000 | (168,000) | – |
| 11 October 2022 | 0.090 | – | – | 125,000 | – | 125,000 |

*# Adjustment on options unit due to the cancellation of SIS during the financial year*

Please refer to page 135 and page 136 of the Annual Report 2022 for the further details on the Share Issuance Scheme.

# FINANCIAL STATEMENTS


**59** Directors' Report

**66** Statement by Directors

**66** Statutory Declaration

**67** Independent Auditors' Report

**72** Statements of Financial Position

**74** Statements of Profit or Loss and Other Comprehensive Income

**76** Statements of Changes in Equity

**80** Statements of Cash Flows

**84** Notes to the Financial Statements

# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are detailed in Note 5 to the financial statements.

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

## RESULTS

| | Group RM | Company RM |
|---|---|---|
| Net loss for the financial year | (46,664,827) | (905,520) |
| Attributable to: | | |
| Owners of the Company | (45,689,355) | (905,520) |
| Non-controlling interest | (975,472) | – |
| | (46,664,827) | (905,520) |

## DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increase its share capital from RM153,233,258 to RM179,939,010 by way of:

(a) On 3 January 2022 and 6 January 2022, issuance of 12,921,886 and 10,700 new ordinary shares as a result of exercise of warrants by the registered holders of Warrant at issue price of RM0.22 to RM2,842,815 and RM2,354 respectively;

(b) On 13 June 2022, issuance of 168,000,000 new ordinary shares as a result of the exercise of SIS at issue price of RM0.1420 amounted to RM23,860,583.

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

The Company did not issue any new debentures during the financial year.

# DIRECTORS' REPORT
(CONT'D)

## WARRANTS

The warrants were constituted under the Deed Pool dated 23 November 2016 as disclosed in the Note 18(b) to the financial statements.

The movement of the warrants during the financial year is as follows:

| | Number of units | | | |
|---|---|---|---|---|
| | At 1.1.2022 | Exercised | Expired | At 31.12.2022 |
| Warrants | 123,547,041 | (12,932,586) | (110,614,455) | – |

## OPTIONS GRANTED OVER UNISSUED SHARES

At extraordinary general meeting held on 19 August 2016, the Company's shareholders approved the establishment of SIS of not more than 30% of the issued share capital of the Company at any point of time throughout the duration of the SIS to eligible Directors and employees of the Group.

The SIS shall be in force for a period of 5 years from 12 January 2017 to 10 January 2022. The Company had on 6 January 2022 extended the existing SIS which expired on 11 January 2022 for another 2 years from 12 January 2022 to 11 January 2024 in accordance with the Clause 21 of the SIS Bylaws.

The salient feature and other term are disclosed in the Note 18(b) to the financial statements.

As at 31 December 2022, the SIS offered to take up unissued ordinary shares and the exercise prices are as follows:

| Date of offer | Exercise price RM | At 1.1.2022 | Number of options Cancellation | Granted | Exercised | At 31.12.2022 |
|---|---|---|---|---|---|---|
| 27 February 2017 | 0.205 | 1,988,899 | – | – | – | 1,988,899 |
| 16 April 2020 | 0.105 | 2,275,863 | – | – | – | 2,275,863 |
| 10 September 2021 | 0.225 | 153,000,000 | (153,000,000) | – | – | – |
| 17 May 2022 | 0.140 | – | (75,000,000) | 243,000,000 | (168,000,000) | – |
| 11 October 2022 | 0.090 | – | – | 125,000,000 | – | 125,000,000 |

## DIRECTORS

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

Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim
Hon Tian Kok @ William *
Datuk Chong Loong Men (appointed on 1 June 2022)
Ho Tze Hiung *
Mohd Nasir Bin Abdullah
Kang Jimmi
Yee Yit Yang (appointed on 1 June 2022)
Goh Siow Cheng
Tan Sri Abdul Rahman Bin Mamat (resigned on 25 January 2022)
Dato' Norhalim Bin Yunus (resigned on 1 August 2022)

* *Director of the Company and of its subsidiaries*

## DIRECTORS (CONT'D)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Abd Rahman Bin Yasir
Dato' Ng Ah Know (alternative Director to Ng Yau Loong)
Haji Ahmad Bin Haji Ma'in (resigned on 1 July 2022)
Ng Yau Loong

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

## DIRECTORS' INTERESTS

The interest and deemed interest in the shares, options, warrants and ICPS over shares of the Company and of its related corporation of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1.1.2022 | Bought/ Conversion | Sold | At 31.12.2022 |
| **Interest in the Company** | | | | |
| Direct Interest | | | | |
| Hon Tian Kok @ William | 112,538,464 | 173,361,635 | (235,549,900) | 50,350,199 |
| Ho Tze Hiung | – | 8,000,000 | (8,000,000) | – |
| Mohd Nasir Bin Abdullah | 100,000 | – | – | 100,000 |
| Goh Siow Cheng | – | 8,000,000 | (8,000,000) | – |
| **Indirect Interest** | | | | |
| Hon Tian Kok @ William | 9,020,800 | 5,079,200 | (14,100,000) | – |

| | Number of warrants | | | |
|---|---|---|---|---|
| | At 1.1.2022 | Bought | Exercised | At 31.12.2022 |
| **Interest in the Company** | | | | |
| Direct Interest | | | | |
| Goh Siow Cheng | 64 | – | (64) | – |

# DIRECTORS' REPORT
(CONT'D)

## DIRECTORS' INTERESTS (CONT'D)

The interest and deemed interest in the shares, options, warrants and ICPS over shares of the Company and of its related corporations of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows: (cont'd)

| | Number of ICPS | | | |
|---|---|---|---|---|
| | At 1.1.2022 | Bought | Sold | At 31.12.2022 |
| **Interest in the Company** | | | | |
| Direct Interest | | | | |
| Hon Tian Kok @ William | 131,361,736 | 139,800,000 | (34,000,000) | 237,161,736 |
| Goh Siow Cheng | 10,000,000 | – | – | 10,000,000 |
| **Indirect Interest** | | | | |
| Hon Tian Kok @ William | 105,000,000 | – | (105,000,000) | – |

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in directors' remuneration in this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 32(c) to the financial statements.

Neither during, nor at the end of the financial period, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Executive Directors** | | | | |
| Salaries and other emoluments | 1,272,260 | 994,762 | 759,063 | 885,930 |
| Social security contributions | 3,216 | 2,504 | 2,214 | 2,504 |
| Defined contribution plan | 130,972 | 77,960 | 87,038 | 77,960 |
| Share based payment | 515,738 | 287,317 | 515,738 | 287,317 |
| | 1,922,186 | 1,362,543 | 1,364,053 | 1,253,711 |

## DIRECTORS' REMUNERATION (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Non-executive Directors** | | | | |
| Salaries and other emoluments | 44,100 | 44,500 | 44,100 | 44,500 |
| Fee | 169,750 | 184,493 | 157,750 | 184,493 |
| Share based payment | (4,352) | 22,985 | (4,352) | 22,985 |
| | 209,498 | 251,978 | 197,498 | 251,978 |
| Total directors' remuneration | 2,131,684 | 1,614,521 | 1,561,551 | 1,505,689 |

The numbers of directors of the Group whose total remuneration during the financial year fell within the following bands is analysed below:

| | Number of directors | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Executive directors:** | | |
| RM150,001 - RM200,000 | 1 | – |
| RM250,001 - RM300,000 | 1 | – |
| RM450,001 - RM500,000 | 2 | – |
| **Non-executive directors:** | | |
| RM1 - RM50,000 | 3 | – |
| RM50,001- RM100,000 | 1 | – |

## OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and the adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and the Company have been written down to an amount which the current assets might be expected so to realise.

# DIRECTORS' REPORT
(CONT'D)

## OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extend in the financial statements of the Group and the Company; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

(a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction, or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

## INDEMNITIES TO DIRECTORS, OFFICERS OR AUDITORS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for all directors and certain officers of the Company were RM1,000,000 and RM5,500 respectively.

No indemnity was given to or insurance effected for auditors of the Group during the financial year.

## AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company are amounted to RM212,289 and RM61,500 (2021: RM173,302 and RM60,000) during the financial year.

## SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 5 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The detail of the significant events during the financial year are disclosed in Note 39 to the financial statements.

# DIRECTORS' REPORT
(CONT'D)

## AUDITORS

The auditors, CHENGCO PLT, have expressed their willingness to continue in office.

Signed on behalf of the board of directors in accordance with a resolution of the directors,

**HON TIAN KOK @ WILLIAM**
Director

**HO TZE HIUNG**
Director

Kuala Lumpur
Date:

# STATEMENT **BY DIRECTORS**

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

We, Hon Tian Kok @ William and Ho Tze Hiung, being the two of the directors of Bioalpha Holdings Berhad, do hereby state that in opinion of directors, the financial statements set out on pages 72 to 165 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the results of its financial performance and its cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the board of directors in accordance with a resolution of the directors,

**HON TIAN KOK @ WILLIAM**
Director

**HO TZE HIUNG**
Director

Kuala Lumpur
Date:

# STATUTORY **DECLARATION**

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

I, Hon Tian Kok @ William (MIA Membership No: 32907), being the director primarily responsible for the financial management of Bioalpha Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 165, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at )
)
on this )

Before me,

**SAMUEL JOHN A/L PONNIAH**
**Membership no.: B437**

**HON TIAN KOK @ WILLIAM**
Director

# INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF BIOALPHA HOLDINGS BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

*Opinion*

We have audited the financial statements of BIOALPHA HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statement of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 165.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

*Basis for Opinion*

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

*Independence and Other Ethical Responsibilities*

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

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

# INDEPENDENT AUDITORS' REPORT
(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

*Key Audit Matters (Cont'd)*

**1. Goodwill impairment review**

As at 31 December 2022, the carrying amount of the Group's goodwill on consolidation amounted to RM5,334,030 mainly arising from acquisition of Mediconstant Holding Sdn. Bhd.. The risk arise from the potential impairment of goodwill.

In addressing this, we have involved the group auditors in performing, amongst others, the following audit procedures:

- We reviewed the measurement method adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets;
- We tested the mathematical accuracy of the impairment assessment;
- We obtained and assessed the discounted cash flow by comparing the cash flow projections to available business plan; and comparing the actual results with previous budget to assess the performance of the business and reliability of forecasting process.

**2. Intangible assets impairment review**

As at 31 December 2022, the carrying amount of the Group's intangible assets on consolidation amounted to RM51,810,908. The intangible assets included development expenditure, patent, and software. The risk arising from the potential impairment of intangible assets.

In addressing this, we have involved the group auditors in performing, amongst others, the following audit procedures:

- We reviewed the appropriateness of the estimated useful lives in relation to its industry and nature of the assets;
- We checked reasonableness of the amortisation charge during the financial year for the selected categories; and
- We have review and determine whether the indication that the intangible assets may be impaired exists. Where impairment losses are identified, ascertain that they are accounted for and disclosed.

**3. Trade receivables impairment review**

The Group's trade receivables amounting to RM8,944,684, representing approximately 10.6% of the Group's total current assets as at 31 December 2022. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.

In addressing this, we have involved the group auditors in performing, amongst others, the following audit procedures:

- We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures; and
- We assessed the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections; and
- We have reviewed the appropriateness of the disclosures made in the financial statements.

# INDEPENDENT AUDITORS' REPORT
(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

*Information Other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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

*Responsibilities of the Directors for the Financial Statements*

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

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

# INDEPENDENT AUDITORS' REPORT
(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

*Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)*

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

# INDEPENDENT AUDITORS' REPORT
(CONT'D)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Section 266(2)(c) of Companies Act, 2016 in Malaysia, we also report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5. to the financial statements.

## OTHER MATTERS

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

The financial statements for the financial year ended 31 December 2021 were audited by another firm of Chartered Accountants whose report dated 25 April 2022 expressed an unqualified opinion on those statements.

**CHENGCO PLT**
201806002622
(LLP0017004-LCA) & AF0886
Chartered Accountants

Kuala Lumpur
Date:

**HOO DE WEI**
03625/12/2023 J
Chartered Accountant

# STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

| | Notes | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current asset** | | | | | |
| Property, plant and equipment | 4 | 59,427,489 | 71,587,396 | 300,806 | 242,112 |
| Investment in subsidiaries | 5 | – | – | 13,716,436 | 13,716,436 |
| Goodwill on consolidation | 6 | 5,334,030 | 5,334,030 | – | – |
| Intangible assets | 7 | 51,810,908 | 50,938,236 | – | – |
| Amount due from subsidiaries | 8 | – | – | 104,068,533 | 73,973,895 |
| | | 116,572,427 | 127,859,662 | 118,085,775 | 87,932,443 |
| **Current assets** | | | | | |
| Biological assets | 9 | 175,000 | 691,731 | – | – |
| Inventories | 10 | 8,497,538 | 10,132,081 | – | – |
| Trade receivables | 11 | 8,944,684 | 23,966,989 | – | – |
| Other receivables | 12 | 16,668,049 | 18,390,396 | 52,369 | 41,204 |
| Amount due from subsidiaries | 8 | – | – | 84,001,000 | 90,100,000 |
| Tax recoverable | | 1,001,601 | 472,349 | 23,832 | 19,834 |
| Other investments | 13 | 9,026,826 | 11,906 | – | – |
| Fixed deposits with licensed banks | 14 | 22,791,034 | 11,624,318 | 7,500,000 | 9,500,000 |
| Cash and cash equivalents | 15 | 16,972,445 | 24,314,060 | 198,125 | 2,486,835 |
| | | 84,077,177 | 89,603,830 | 91,775,326 | 102,147,873 |
| **TOTAL ASSETS** | | 200,649,604 | 217,463,492 | 209,861,101 | 190,080,316 |

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

# STATEMENTS OF FINANCIAL POSITION
(CONT'D)

| | Notes | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attribute to owners of the Company** | | | | | |
| Share capital | 16 | 179,939,010 | 153,233,258 | 179,939,010 | 153,233,258 |
| ICPS | 17 | 9,141,569 | 9,141,569 | 9,141,569 | 9,141,569 |
| Reserves | 18 | (21,222,103) | 24,299,391 | (578,588) | 159,071 |
| | | 167,858,476 | 186,674,218 | 188,501,991 | 162,533,898 |
| Non-controlling interests | | 128,601 | (335,548) | – | – |
| **TOTAL EQUITY** | | 167,987,077 | 186,338,670 | 188,501,991 | 162,533,898 |
| **LIABILITIES** | | | | | |
| **Non-current liability** | | | | | |
| Loan and borrowings | 19 | 2,965,804 | 4,519,302 | – | – |
| Lease liabilities | 20 | 4,171,162 | 4,093,384 | – | – |
| Deferred tax liabilities | 21 | 7,310,126 | 7,455,396 | – | – |
| Contract liabilities | 22 | – | 30,000 | – | – |
| Other payables | 23 | – | 171,020 | – | – |
| | | 14,447,092 | 16,269,102 | – | – |
| **Current liabilities** | | | | | |
| Contract liabilities | 22 | 1,189,840 | 1,084,269 | – | – |
| Trade payables | 24 | 4,789,633 | 4,508,043 | – | – |
| Other payables | 23 | 7,258,173 | 3,309,515 | 419,237 | 696,545 |
| Amount due to subsidiaries | 8 | – | – | 20,939,873 | 26,849,873 |
| Loan and borrowings | 19 | 3,986,164 | 4,823,721 | – | – |
| Lease liabilities | 20 | 552,783 | 1,110,840 | – | – |
| Tax payable | | 438,842 | 19,332 | – | – |
| | | 18,215,435 | 14,855,720 | 21,359,110 | 27,546,418 |
| **TOTAL LIABILITIES** | | 32,662,527 | 31,124,822 | 21,359,110 | 27,546,418 |
| **TOTAL EQUITY AND LIABILITIES** | | 200,649,604 | 217,463,492 | 209,861,101 | 190,080,316 |

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

# STATEMENTS OF PROFIT OR LOSS **AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Notes | Group (Restated) 2022 RM | Group (Restated) 2021 RM | Company 2022 RM | Company (Restated) 2021 RM |
|---|---|---|---|---|---|
| Revenue | 25 | 35,796,829 | 96,719,364 | 5,000,000 | 4,000,000 |
| Cost of sales | | (41,778,647) | (82,666,093) | – | – |
| Gross profit | | (5,981,818) | 14,053,271 | 5,000,000 | 4,000,000 |
| Other operating income | 26 | 1,242,381 | 1,683,822 | 308,816 | 414,578 |
| Administration expenses | | (31,858,381) | (18,936,919) | (2,177,398) | (3,103,134) |
| Net (loss)/gain on impairment of financial assets | | (11,462,167) | 995,181 | (3,974,350) | (1,913,257) |
| **Loss from operation** | | (48,059,985) | (2,204,645) | (842,932) | (601,813) |
| Finance costs | 27 | (769,678) | (567,445) | – | – |
| **Loss before tax** | 28 | (48,829,663) | (2,772,090) | (842,932) | (601,813) |
| Taxation | 29 | 35,985 | 1,247,594 | (62,588) | (35,742) |
| **Loss for the financial year** | | (48,793,678) | (1,524,496) | (905,520) | (637,555) |

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONT'D)

| | Notes | Group 2022 RM | Group (Restated) 2021 RM | Company 2022 RM | Company (Restated) 2021 RM |
|---|---|---|---|---|---|
| **Items that are may be reclassified subsequently to profit or loss** | | | | | |
| Exchange differences on translation of foreign operation | | 2,128,851 | 52,392 | – | – |
| **Other comprehensive income for the financial year, net of tax** | | 2,128,851 | 52,392 | – | – |
| **Total comprehensive loss for the financial year** | | (46,664,827) | (1,472,104) | (905,520) | (637,555) |
| **Loss for the financial year attributable to:** | | | | | |
| Owners of the Company | | (47,830,550) | (1,286,499) | (905,520) | (637,555) |
| Non-controlling interests | | (963,128) | (237,997) | – | – |
| | | (48,793,678) | (1,524,496) | (905,520) | (637,555) |
| **Total comprehensive loss for the financial year attributable to:** | | | | | |
| Owners of the Company | | (45,689,355) | (1,236,248) | (905,520) | (637,555) |
| Non-controlling interests | | (975,472) | (235,856) | – | – |
| | | (46,664,827) | (1,472,104) | (905,520) | (637,555) |
| **Loss per share:** | | | | | |
| Basic (sen) | 30 (a) | (3.80) | (0.11) | | |
| Diluted (sen) | 30 (b) | (2.74) | (0.11) | | |

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

# STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | | | | | | |
| | Notes | Share capital RM | ICPS RM | Warrant reserve RM | SIS option reserve RM | Merger deficits RM | Foreign currency translation reserve RM | Other reserve RM | Retained earnings RM | Total RM | Non-controlling interests RM | Total equity RM |
| **Group** | | | | | | | | | | | | |
| **At 1 January 2021** | | 135,824,495 | – | 16,853,263 | 227,925 | (4,569,128) | 226,530 | (16,853,263) | 29,211,147 | 160,920,969 | (1,380,060) | 159,540,909 |
| Loss for the financial year | | – | – | – | – | – | – | – | (1,286,499) | (1,286,499) | (237,997) | (1,524,496) |
| Foreign exchange translation reserve | | – | – | – | – | – | 50,251 | – | – | 50,251 | 2,141 | 52,392 |
| Total comprehensive income/(loss) for the financial year | | – | – | – | – | – | 50,251 | – | (1,286,499) | (1,236,248) | (235,856) | (1,472,104) |
| **Transation with owners:** | | | | | | | | | | | | |
| Issuance of ordinary shares | 16 | 14,806,278 | – | – | – | – | – | – | – | 14,806,278 | – | 14,806,278 |
| Share options granted under SIS | 18 | – | – | – | 439,595 | – | – | – | – | 439,595 | – | 439,595 |
| Exercised of SIS | 18 | 262,300 | – | – | (32,300) | – | – | – | – | 230,000 | – | 230,000 |
| Exercsised of warrants | 18 | 2,340,185 | – | (1,336,010) | – | – | – | 1,336,010 | – | 2,340,185 | – | 2,340,185 |
| Issuance of ICPS | 17 | – | 9,141,569 | – | – | – | – | – | – | 9,141,569 | – | 9,141,569 |
| Acquisition from NCI | | – | – | – | – | – | – | – | 31,870 | 31,870 | (66,370) | (34,500) |
| Incorporation of a subsidiary | | – | – | – | – | – | – | – | – | – | 616,930 | 616,930 |
| Dilution in a subsidiary | | – | – | – | – | – | – | – | – | – | 729,808 | 729,808 |
| Transaction with owners | | 17,408,763 | 9,141,569 | (1,336,010) | 407,295 | – | – | 1,336,010 | 31,870 | 26,989,497 | 1,280,368 | 28,269,865 |
| **At 31 December 2021** | | 153,233,258 | 9,141,569 | 15,517,253 | 635,220 | (4,569,128) | 276,781 | (15,517,253) | 27,956,518 | 186,674,218 | (335,548) | 186,338,670 |

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

# STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

| | Notes | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | | | | | | |
| | | Share capital RM | ICPS RM | Warrant reserve RM | SIS option reserve RM | Merger deficits RM | Foreign currency translation reserve RM | Other reserve RM | Retained earnings/ (Accumulated losses) RM | Total RM | Non-controlling interests RM | Total equity RM |
| **Group** | | | | | | | | | | | | |
| **At 1 January 2022** | | 153,233,258 | 9,141,569 | 15,517,253 | 635,220 | (4,569,128) | 276,781 | (15,517,253) | 27,956,518 | 186,674,218 | (335,548) | 186,338,670 |
| Loss for the financial year | | – | – | – | – | – | – | – | (47,830,550) | (47,830,550) | (963,128) | (48,793,678) |
| Foreign exchange translation reserve | | – | – | – | – | – | 2,141,195 | – | – | 2,141,195 | (12,344) | 2,128,851 |
| Total comprehensive income/(loss) for the financial year | | – | – | – | – | – | 2,141,195 | – | (47,830,550) | (45,689,355) | (975,472) | (46,664,827) |
| **Transation with owners:** | | | | | | | | | | | | |
| Share options granted under SIS | 18 | – | – | – | 1,100,085 | – | – | – | – | 1,100,085 | – | 1,100,085 |
| Exercised of SIS | 18 | 23,860,583 | – | – | (340,583) | – | – | – | – | 23,520,000 | – | 23,520,000 |
| Cancellation of SIS | 18 | – | | – | (591,641) | – | – | – | – | (591,641) | – | (591,641) |
| Exercsised of warrants | 18 | 2,845,169 | – | (1,634,679) | – | – | – | 1,634,679 | – | 2,845,169 | – | 2,845,169 |
| Expired of warrant | | – | – | (13,882,574) | – | – | – | 13,882,574 | – | – | – | – |
| Dilution in a subsidiary | | – | – | – | – | – | – | – | – | – | 1,439,621 | 1,439,621 |
| Transaction with owners | | 26,705,752 | – | (15,517,253) | 167,861 | – | – | 15,517,253 | – | 26,873,613 | 1,439,621 | 28,313,234 |
| **At 31 December 2022** | | 179,939,010 | 9,141,569 | – | 803,081 | (4,569,128) | 2,417,976 | – | (19,874,032) | 167,858,476 | 128,601 | 167,987,077 |

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

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

| | Notes | Share capital RM | ICPS RM | Warrant reserve RM | option reserve RM | SIS Other reserve RM | (Accumulated losses)/ Retained earnings RM | Total equity RM |
|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | |
| **At 1 January 2021** | | 135,824,495 | – | 16,853,263 | 227,925 | (16,853,263) | 161,406 | 136,213,826 |
| Loss for the financial year, representing total comprehensive loss for the financial year | | – | – | – | – | – | (637,555) | (637,555) |
| **Transation with owners:** | | | | | | | | |
| Issuance of ordinary shares | 16 | 14,806,278 | – | – | – | – | – | 14,806,278 |
| Share options granted under SIS | 18 | – | – | – | 439,595 | – | – | 439,595 |
| Exercised of SIS | 18 | 262,300 | – | – | (32,300) | – | – | 230,000 |
| Exercsised of warrants | 18 | 2,340,185 | – | (1,336,010) | – | 1,336,010 | – | 2,340,185 |
| Issuance of ICPS | 17 | – | 9,141,569 | – | – | – | – | 9,141,569 |
| Transaction with owners | | 17,408,763 | 9,141,569 | (1,336,010) | 407,295 | 1,336,010 | – | 26,957,627 |
| At 31 December 2021 | | 153,233,258 | 9,141,569 | 15,517,253 | 635,220 | (15,517,253) | (476,149) | 162,533,898 |

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

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

| | Notes | Share capital RM | ICPS RM | Warrant reserve RM | SIS option reserve RM | Other reserve RM | (Accumulated losses)/ Retained earnings RM | Total equity RM |
|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | |
| **At 1 January 2022** | | 153,233,258 | 9,141,569 | 15,517,253 | 635,220 | (15,517,253) | (476,149) | 162,533,898 |
| Loss for the financial year, representing total comprehensive loss for the financial year | | – | – | – | – | – | (905,520) | (905,520) |
| **Transation with owners:** | | | | | | | | |
| Share options granted under SIS | | – | – | – | 1,100,085 | – | – | 1,100,085 |
| Exercised of SIS | | 23,860,583 | – | – | (340,583) | – | – | 23,520,000 |
| Cancellation of SIS | | – | – | – | (591,641) | – | – | (591,641) |
| Exercsised of warrants | | 2,845,169 | – | (1,634,679) | – | 1,634,679 | – | 2,845,169 |
| Expired of warrant | | – | – | (13,882,574) | – | 13,882,574 | – | – |
| Transaction with owners | | 26,705,752 | – | (15,517,253) | 167,861 | 15,517,253 | – | 26,873,613 |
| **At 31 December 2022** | | 179,939,010 | 9,141,569 | – | 803,081 | – | (1,381,669) | 188,501,991 |

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

# STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Notes | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Loss before tax | | (48,829,663) | (2,772,090) | (842,932) | (601,813) |
| Adjustments for: | | | | | |
| Amortisation of intagible assets | | 2,417,572 | 2,342,080 | – | – |
| Amortisation of deferred capital grant | | (405,019) | (368,391) | – | – |
| Bad debts written off | | 356,705 | 796,910 | – | – |
| Biological assets written off | | – | 1,660 | – | – |
| Depreciation of property, plant and equipment | | 10,156,011 | 10,238,215 | 1,306 | 1,305 |
| Dividend income | | – | – | (5,000,000) | (4,000,000) |
| Share based payment | | 508,444 | 439,595 | 508,444 | 439,595 |
| Loss on disposal of property, plant and equipment | | 2,522 | 10,400 | – | – |
| Loss on dilution of a subsidiary | | 1,439,621 | 239,808 | – | – |
| Fair value loss on plantation expenditure | | 2,114,958 | – | – | – |
| Fair value loss on biological assets | | 516,731 | – | – | – |
| Allowance of expected credit losses | | | | | |
| - Trade receivables | | 10,930,843 | 12,411 | – | – |
| - Other receivables | | – | 659,279 | – | – |
| - Amount due from subsidiaries | | – | – | 3,974,350 | 1,913,257 |
| Reversal of allowance for expected credit losses | | | | | |
| - Trade receivables | | (293,785) | (1,666,871) | – | – |
| - Other receivables | | (47,725) | – | – | – |
| Impairment losses on goodwill on consolidation | | – | 50,000 | – | – |
| Impairment of property, plant and equipment | | 620,520 | – | – | – |
| Interest expenses | | 769,678 | 567,445 | – | – |
| Interest income | | (526,879) | (375,977) | (307,992) | (250,103) |
| Provision of slow-moving inventories | | 580,730 | 75,548 | – | – |
| Reversal of provision of slow-moving inventories | | – | (617,181) | – | – |
| Inventories written off | | 758,789 | 246,016 | – | – |
| Gain on modification of lease contract | | – | (1,600) | – | – |
| Gain on early termination of lease contract | | (83,717) | – | – | – |

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

# STATEMENTS OF CASH FLOWS (CONT'D)

| | Notes | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Cash flows from operating activities (cont'd)** | | | | | |
| Property, plant and equipment written off | | 3,289,959 | 814,742 | – | – |
| Rent concession related to COVID-19 | | – | (40,540) | – | – |
| Unrealised loss/(gain) on foreign exchange | | 981,193 | (269,967) | 147,815 | (164,475) |
| Operating (loss)/profit before working capital changes | | (14,742,512) | 10,381,492 | (1,519,009) | (2,662,234) |
| Change in working capital: | | | | | |
| Bill payables | | – | (504,000) | – | – |
| Contract liabilities | | – | 559,336 | – | – |
| Revolving credit | | – | 1,000,000 | – | – |
| Inventories | | 295,024 | (2,521,265) | – | – |
| Receivables | | 6,302,195 | (15,151,106) | (11,164) | 6,924 |
| Payables | | 4,539,818 | 2,818,393 | (277,307) | 246,494 |
| | | 11,137,037 | (13,798,642) | (288,471) | 253,418 |
| **Cash used in operations** | | (3,605,475) | (3,417,150) | (1,807,480) | (2,408,816) |
| Interest paid | | – | (61,542) | – | – |
| Tax refund | | – | 50,307 | – | – |
| Tax paid | | (219,025) | (278,698) | (66,586) | (29,326) |
| **Net cash used in operating activities** | | (3,824,500) | (3,707,083) | (1,874,066) | (2,438,142) |
| **Cash flows from investing activities** | | | | | |
| Acquisition of intangible assets | A | (3,696,202) | (5,910,846) | – | – |
| Purchase of property, plant and equipment | B | (3,128,431) | (9,910,261) | (60,000) | (240,000) |
| Acquisition of biological assets | | – | – | – | – |
| Increased in short-term placement | | (9,014,920) | – | – | – |
| Proceed from diluted of shares in invesmtent in subsidiary | | 1 | – | – | – |
| Net cash outflows arising from acquisition from non-controlling interest (""NCI"") | | – | (34,500) | – | – |
| Proceeds from disposal of property, plant and equipment | | 42,150 | 47,000 | – | – |
| Proceeds from issuance of shares in subsidiaries to NCI | | – | 1,106,930 | – | – |
| Placement of other investments | | – | (227) | – | – |
| Interest received | | 526,879 | 379,520 | 307,992 | 251,904 |
| Dividend received | | – | – | 5,000,000 | 4,000,000 |
| **Net cash (used in)/from investing activities** | | (15,270,523) | (14,322,384) | 5,247,992 | 4,011,904 |

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

# STATEMENTS OF CASH FLOWS
(CONT'D)

| | Notes | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | |
| Repayments to subsidiaries | | – | – | (33,879,988) | (27,575,935) |
| Withdrawal/(Placement) in fixed deposits pledged and maturity more than 3 months | | – | 7,476,208 | – | – |
| Proceed from exercise of SIS | | 23,520,000 | 230,000 | 23,520,000 | 230,000 |
| Proceed from issuance of shares | | – | 14,806,278 | – | 14,806,278 |
| Proceed from issuance of shares upon exercise of warrants | | 2,845,167 | 2,340,185 | 2,845,167 | 2,340,185 |
| Proceed from issues of ICPS | | – | 9,141,569 | – | 9,141,569 |
| Decrease in short-term deposits pledged with licensed bank | | (20,690) | – | – | – |
| Repayments of lease liabilities | C | (1,290,651) | (1,222,168) | – | – |
| Repayments of term loans | | (2,391,055) | (710,436) | – | – |
| Drawdown of term loans | | – | 2,300,000 | – | – |
| Interest paid | | (769,678) | (505,903) | – | – |
| **Net cash from/(used in) financing activities** | | 21,893,093 | 33,855,733 | (7,514,821) | (1,057,903) |
| **Net increase/(decrease) in cash and cash equivalents** | | 2,798,070 | 15,826,266 | (4,140,895) | 515,859 |
| Effect of exchange translation differences | | 1,006,341 | (197,370) | (147,815) | – |
| Cash and cash equivalents at beginning of financial year | | 27,314,060 | 11,685,164 | 4,486,835 | 3,970,976 |
| **Cash and cash equivalents at end of financial year** | | 31,118,471 | 27,314,060 | 198,125 | 4,486,835 |
| **Cash and cash equivalents at the end of the financial year comprises:** | | | | | |
| Cash and bank balances | | 16,972,445 | 24,314,060 | 198,125 | 2,486,835 |
| Fixed deposits with licensed banks | | 22,791,034 | 11,624,318 | 7,500,000 | 9,500,000 |
| | | 39,763,479 | 35,938,378 | 7,698,125 | 11,986,835 |
| Less: Fixed deposit pledged with licensed banks | | (1,145,008) | (1,124,318) | – | – |
| Less: Fixed deposit maturity more than 3 months | | (7,500,000) | (7,500,000) | (7,500,000) | (7,500,000) |
| | | 31,118,471 | 27,314,060 | 198,125 | 4,486,835 |

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

# STATEMENTS OF CASH FLOWS
(CONT'D)

## NOTE TO STATEMENT OF CASH FLOWS

| | Notes | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **A. Acquisition of intagible assets** | | | | | |
| Total addition | 7 | 3,696,202 | 6,644,994 | – | – |
| Transferred from other receivables | | – | (734,148) | – | – |
| Cash payment | | 3,696,202 | 5,910,846 | – | – |
| **B. Purchase of property, plant and equipment** | | | | | |
| Total addition | 4 | 4,902,489 | 18,923,056 | 60,000 | 240,000 |
| Purchase through lease arrangements | | (1,774,058) | (1,127,683) | – | – |
| Purchase through term loans receivables | | – | (979,800) | – | – |
| Transferred from other receivables | | – | (6,905,312) | – | – |
| Cash payment | | 3,128,431 | 9,910,261 | 60,000 | 240,000 |
| **C. Cash outflows for leases as a lessee** | | | | | |
| Included in net cash from operating activities: | | | | | |
| Payment relating to low value assets | 28 | – | 13,520 | – | – |
| Payment relating to short-term leases | 28 | – | 391,196 | – | – |
| | | – | 404,716 | – | – |
| Included in net cash from operating activities: | | | | | |
| Payment of lease liabilities | | 1,290,651 | 1,222,168 | – | – |
| Payment on interest of lease liabilities | | 162,891 | 145,046 | – | – |
| | | 1,453,542 | 1,367,214 | – | – |
| | | 1,453,542 | 1,771,930 | – | – |

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

# NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of the Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack, Off Jalan P1A, Seksyen 13, Bandar Baru Bangi, 43000 Kajang, Selangor Darul Ehsan and the registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur Wilayah Persekutuan.

The Company is principally engaged in investment holding. There have been no significant changes in the nature of these activities of the Company. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

### 2.2 Basis of measurement

The financial statements, which are expressed in Ringgit Malaysia ("RM"), have been prepared under the historical cost basis except as disclosed in the accounting policies below.

### 2.3 Adoption of new and amended standards

The Group and the Company has adopted the following MFRS and Interpretations (collectively referred to as "MFRSs'), issued by the Malaysian Accounting Standards Board ("MASB") and effective for the financial periods beginning on or after 1 January 2022;

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Reference to the Conceptual Framework, (Business Combinations)
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- MFRS 116, Property, Plant and Equipment – Proceeds Before Intended Use
- Amendments to MFRS 137, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued as of the reporting date but are not yet effective:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Estimates
- Amendments to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Non-current Liabilities with Covenants

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

### 2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

### 2.6 Basis of consolidation

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

#### (a) Subsidiaries and business combination

Subsidiaries are entities (including structure entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Basis of consolidation (Cont'd)

#### (a) Subsidiaries and business combination (Cont'd)

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 2.31 to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Basis of consolidation (Cont'd)

**(a) Subsidiaries and business combination (Cont'd)**

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

**(b) Non-controlling interests**

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

**(c) Associates**

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

**(d) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 2.17(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

### 2.8 Foreign currency transactions and operations

#### (a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

#### (b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Foreign currency transactions and operations (Cont'd)

**(b) Translation of foreign operations (Cont'd)**

When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

### 2.9 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification.

An asset is current when it is:

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

A liability is current when:

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

All other assets and liabilities are classified as non-current.

### 2.10 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (Cont'd)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

**(a) Subsequent measurement**

The Group and the Company categorise the financial instruments as follows:

**(i) Financial assets**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 2.17(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (Cont'd)

**(a) Subsequent measurement (Cont'd)**

The Group and the Company categorise the financial instruments as follows: (Cont'd)

**(i) Financial assets (Cont'd)**

Debt instruments (Cont'd)

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments: (Cont'd)

- **Fair value through other comprehensive income ("FVOCI")**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 2.18(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss. The Group and the Company have not designated any financial asset as financial assets at FVOCI.

- **Fair value through profit or loss ("FVPL")**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group and the Company have not designated any equity instruments designated as FVOCI.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (Cont'd)

**(a) Subsequent measurement (Cont'd)**

The Group and the Company categorise the financial instruments as follows (Cont'd):

**(ii) Financial liabilities**

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 Financial Instruments are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

**(b) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (Cont'd)

**(c) Derecognition**

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire; or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(d) Offsetting of financial instruments**

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Property, plant and equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purpose or for rental to others are recognised as property, plant and equipment when the Company obtains control of the asset. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on the nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchases price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses All plant and equipment are depreciated by allocating the depreciable amount over the remaining useful life. The depreciation methods used and useful lives of the respective classes of property, plant and equipment are as follows:

| | Method | Useful life |
|---|---|---|
| Freehold building | Straight-line | 50 years |
| Leasehold land and building | Straight-line | 50 years |
| Computer system and peripherals | Straight-line | 5 to 10 years |
| Lab and office equipment, furniture and fittings | Straight-line | 5 to 10 years |
| Motor vehicles | Straight-line | 5 years |
| Plant and machineries | Straight-line | 5 to 10 years |
| Renovations | Straight-line | 5 to 10 years |
| Signage and display items | Straight-line | 5 to 10 years |
| Infrastructure expenditure | Straight-line | 10 years |
| Plantation expenditure | Straight-line | 9 months - 15 years |
| Warehouse, shoplot, factory and building | Straight-line | Over the lease term |
| Leasehold land | Straight-line | Over the lease term |

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current financial year.

### 2.12 Biological assets

Biological assets comprise living herbal plantation and produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gain or losses arising from changes in fair value less costs disposal net of transfer to produce stocks are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested and livestock that are expected to be sold or used for production on a date not more than 12 months after the reporting date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 Leases

**(a) Definition of lease**

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

**(b) Lessee accounting**

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.17(b) to the financial statements.

Long term leasehold land is measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the long-term leasehold land does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 Leases (Cont'd)

**(b) Lessee accounting (Cont'd)**

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(c) Lessor accounting**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 2.13(b), then it classifies the sub-lease as an operating lease.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 Leases (Cont'd)

**(c) Lessor accounting (Cont'd)**

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

### 2.14 Intangible asset

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

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

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Intangible asset (Cont'd)

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Refers accounting policy Note 2.17(b) to the financial statements on impairment of non-financial assets for intangible assets.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw material, consumables, finished goods, seedlings, trading goods and work-in-progress consists of the expenditure incurred in bringing the inventories and other costs in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.16 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

### 2.17 Impairment of assets

**(a) Impairment of financial assets**

Financial assets measured at amortised cost, lease receivables, contract assets, and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 Financial Instruments which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Impairment of assets (Cont'd)

#### (a) Impairment of financial assets (Cont'd)

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Impairment of assets (Cont'd)

**(a) Impairment of financial assets (Cont'd)**

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

**(b) Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Share capital

**(a) Ordinary shares**

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(b) ICPS**

Preference share is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expenses in profit or loss as accrued.

**(c) Warrants**

Warrants are classified as equity instruments and its value is allocated based on the Black-Scholes model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants. Upon exercise of warrants the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

**(d) Treasury shares**

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity

### 2.19 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Company has no further payment obligations.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the Group in the PRC is required to contribute a certain percentage of the basic salaries of their employees to the Scheme to fund its retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions maybe used to reduce future contributions.

(iii) Equity settled share-based payment transactions

The Group and the Company operate an equity-settled, share-based compensation plan for the employees of the Group and of the Company. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiaries, the fair value of the options granted is recognised as cost of investment in the subsidiaries over the vesting period with a corresponding adjustment to equity in the Group's and the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting period, the Group and the Company revise their estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 Revenue

(i) Revenue from contract with customers

Revenue is recognised when the Company satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Company recognises revenue from the following major sources:

(a) Sales of goods

The Company produces and sells the good in local and oversea markets. Revenue from sales of goods is recognised when control of the products has transferred, being the products are delivered to the customers.

Following delivery of the goods to the customers' location, the customers have full discretion over the manner of distribution and price to sell the goods, and bear the risk of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract net of the rebates, discount and taxes.

A receivable is recognised by the Company when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 90 to 180 day, which is consistent with market practice.

(b) Management fee

Management fee is recognised on accrual basis when services are rendered.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

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

(iv) Interest income

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

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Company receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

### 2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for their intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

### 2.24 Contract liabilities

A contract liability is the obligation to transfer good services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfer goods or services to the customer, a contract liability is recognise when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group perform under the contract.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 Income taxes

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

*(a) Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*(b) Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of taxable temporary differences associated with investments in associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 Income taxes (Cont'd)

*(b) Deferred tax (Cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.26 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 2.27 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decisionmakers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### 2.28 Contingent

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### 2.29 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- has control or joint control over the Company; or
- has significant influence over the Company; or
- is a member of the key management personnel of the Company or of a parent of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.29 Related parties (Cont'd)

A related party is defined as follows: (Cont'd)

(b) An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same Company (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of the third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or joint-controlled by a person identified in (a) above.
- The entity or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

### 2.30 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the financial year.

### 2.31 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.17(b) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

### 3.1 Judgement and assumption applied

The following are the accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Management has assessed those prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

Determining the lease term of contracts with renewal and termination options Group and Company as lessee

The Group and the Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if they are reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if they are reasonably certain to be exercised.

The Group and the Company apply judgement in evaluating whether they are reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

### 3.2 Key sources of estimation uncertainty

The measurement of some assets and liabilities requires directors to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring:

**(a) Impairment of goodwill on consolidation**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 6 to the financial statements.

**(b) Development costs**

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development costs is disclosed in Note 7 to the financial statements.

**(c) Recoverability of development costs**

During the financial year, the Directors considered the recoverability of the Group's development cost arising from its on-going development of 2 high-value herbal products for diabetes and hormone replacement therapy, and the products development for the formulation of health supplement products. The Group had completed the required submission documents to the National Pharmaceutical Regulatory Agency to obtain for the commencement of phase 1 clinical studied on the botanical drugs.

The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed the Directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the Directors to reconsider their assumptions regarding future market share and anticipated margins of this product. Detailed sensitivity analysis has been carried out and the Directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if market activity indicates that such adjustments are appropriate. The carrying amount at the reporting date for development costs is disclosed in Note 7 to the financial statements.

**(d) Deferred tax assets**

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

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

### 3.2 Key sources of estimation uncertainty (Cont'd)

The measurement of some assets and liabilities requires directors to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring: (Cont'd)

**(e) Useful lives of property, plant and equipment**

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments, Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4 to the financial statements.

**(f) Inventories valuation**

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10 to the financial statements.

**(g) Provision for expected credit loss of financial assets at amortised cost**

The Group and the Company reviews the recoverability of its receivables, include trade and other receivables and amount due from immediate holding company at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates.

The Group and the Company use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every report date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss in a significant estimate. Information about the expected credit loss is disclosed in Notes 8, 11 and 12 to the financial statements.

**(h) Determination of transaction prices**

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no significant financing as the period between the transfer of control or good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

### 3.2 Key sources of estimation uncertainty (Cont'd)

The measurement of some assets and liabilities requires directors to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring: (Cont'd)

**(i) Employee share options**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 18(b) to the financial statements.

**(j) Discount rate used in leases**

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would has to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the value to the right0of0use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

**(k) Income taxes**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Freehold building RM | Leasehold land and building RM | Computer system and peripherals RM | Lab and office equipment, furniture and fittings RM | Motor vehicles RM | Plant and machineries RM | Renovations RM | Signage and display items RM | Infrastructure expenditure RM | Plantation expenditure (a) RM | Warehouse, shoplot, factory and building RM | Leasehold land RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | | | | |
| At 1 January 2021 | 1,725,900 | 7,667,130 | 2,349,399 | 4,242,970 | 3,053,142 | 48,330,978 | 18,837,614 | 1,301,560 | 7,076,309 | 1,814,024 | 4,653,242 | 2,869,276 | 1,506,967 | 105,428,511 |
| Additions | – | – | 162,134 | 965,380 | 113,105 | 7,714,961 | 5,585,906 | 12,104 | 160,015 | 2,841,768 | 1,127,683 | – | 240,000 | 18,923,056 |
| Disposals | – | – | (102,589) | (11,715) | (123,000) | – | – | – | – | – | – | – | – | (237,304) |
| Written off | – | – | (8,099) | (91,464) | – | (3,907,521) | (311,118) | (9,680) | – | (505,834) | – | – | – | (4,833,716) |
| Expiration of lease contract | – | – | – | – | – | – | – | – | – | – | (377,528) | – | – | (377,528) |
| Modification of lease term | – | – | – | – | – | – | – | – | – | – | (101,553) | – | – | (101,553) |
| Reclassification | – | 5,150,493 | – | – | – | – | (3,643,526) | – | – | – | – | – | (1,506,967) | – |
| Exchange differences | – | – | 184 | (994) | 1,004 | 21,554 | 165,064 | – | – | – | 49,939 | – | – | 236,751 |
| At 31 December 2021 and 1 January 2022 | 1,725,900 | 12,817,623 | 2,401,029 | 5,104,177 | 3,044,251 | 52,159,972 | 20,633,940 | 1,303,984 | 7,236,324 | 4,149,958 | 5,351,783 | 2,869,276 | 240,000 | 119,038,217 |
| Additions | – | – | 51,229 | 156,226 | 201,286 | 904,733 | 1,692,557 | – | 62,400 | – | 1,774,058 | – | 60,000 | 4,902,489 |
| Disposals | – | – | – | (9,996) | (74,490) | – | – | (79,661) | – | – | – | – | – | (164,147) |
| Written off | – | – | (643,218) | (929,025) | (904,539) | (3,400,000) | (2,486,480) | (225,677) | (2,903,614) | – | – | – | – | (11,492,553) |
| Fair value adjustment | – | – | – | – | – | – | – | – | – | (2,114,958) | – | – | – | (2,114,958) |
| Expiration of lease contract | – | – | – | – | – | – | – | – | – | – | (2,016,772) | – | – | (2,016,772) |
| Reclassification | – | – | – | – | – | (18,660) | – | – | – | – | – | – | – | (18,660) |
| Exchange differences | – | – | (264) | 24,926 | (1,392) | (13,636) | – | – | – | – | 11,426 | – | – | 21,060 |
| At 31 December 2022 | 1,725,900 | 12,817,623 | 1,808,776 | 4,346,308 | 2,265,116 | 49,632,409 | 19,840,017 | 998,646 | 4,395,110 | 2,035,000 | 5,120,495 | 2,869,276 | 300,000 | 108,154,676 |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold building RM | Leasehold land and building RM | Computer system and peripherals RM | Lab and office equipment, furniture and fittings RM | Motor vehicles RM | Plant and machineries RM | Renovations RM | Signage and display items RM | Infrastructure expenditure RM | Plantation expenditure (a) RM | Warehouse, shoplot, factory and building RM | Leasehold land RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | | | | | | |
| At 1 January 2021 | 227,156 | 609,488 | 1,773,584 | 2,770,194 | 2,085,172 | 22,237,964 | 5,519,442 | 1,002,861 | 2,644,952 | 367,104 | 1,940,602 | 645,587 | – | 41,824,106 |
| Charge for the fhe financial year | 34,929 | 169,951 | 169,307 | 538,225 | 388,360 | 5,122,799 | 1,656,426 | 101,939 | 718,111 | 121,824 | 1,120,700 | 95,644 | – | 10,238,215 |
| Disposals | – | – | (102,589) | (11,715) | (65,600) | – | – | – | – | – | – | – | – | (179,904) |
| Written off | – | – | (6,138) | (24,209) | – | (3,907,521) | (77,788) | (3,043) | – | (275) | – | – | – | (4,018,974) |
| Expiration of lease contract | – | – | – | – | – | – | – | – | – | – | (377,528) | – | – | (377,528) |
| Modification of lease term | – | – | – | – | – | – | – | – | – | – | (61,181) | – | – | (61,181) |
| Reclassification | – | 699,976 | – | – | – | – | (699,976) | – | – | – | – | – | – | – |
| Exchange differences | – | – | 124 | 631 | 541 | 13,935 | 6,625 | – | – | – | 4,231 | – | – | 26,087 |
| At 31 December 2021 and 1 January 2022 | 262,085 | 1,479,415 | 1,834,288 | 3,273,126 | 2,408,473 | 23,467,177 | 6,404,729 | 1,101,757 | 3,363,063 | 488,653 | 2,626,824 | 741,231 | – | 47,450,821 |
| Charge for the fhe financial year | 34,918 | 238,449 | 151,373 | 585,660 | 279,311 | 4,933,890 | 2,138,001 | 51,376 | 605,022 | – | 1,042,368 | 95,643 | – | 10,156,011 |
| Disposals | – | – | – | (6,338) | (33,476) | – | – | (79,661) | – | – | – | – | – | (119,475) |
| Written off | – | – | (617,849) | (921,813) | (904,539) | (2,720,000) | (1,450,122) | (203,016) | (1,385,255) | – | – | – | – | (8,202,594) |
| Expiration of lease contract | – | – | – | – | – | – | – | – | – | – | (624,577) | – | – | (624,577) |
| Reclassification | – | – | – | – | – | (18,660) | – | – | – | – | – | – | – | (18,660) |
| Exchange differences | – | – | (222) | (2,601) | (1,055) | (7,596) | 93,947 | – | – | – | 3,188 | – | – | 85,661 |
| At 31 December 2022 | 297,003 | 1,717,864 | 1,367,590 | 2,928,034 | 1,748,714 | 25,654,811 | 7,186,555 | 870,456 | 2,582,830 | 488,653 | 3,047,803 | 836,874 | – | 48,727,187 |
| At 31 December 2021 | 1,463,815 | 11,338,208 | 566,741 | 1,831,051 | 635,778 | 28,692,795 | 14,229,211 | 202,227 | 3,873,261 | 3,661,305 | 2,724,959 | 2,128,045 | 240,000 | 71,587,396 |
| At 31 December 2022 | 1,428,897 | 11,099,759 | 441,186 | 1,418,274 | 516,402 | 23,977,598 | 12,653,462 | 128,190 | 1,812,280 | 1,546,347 | 2,072,692 | 2,032,402 | 300,000 | 59,427,489 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Office equipment RM | Computer system and peripherals RM | Capital work -in-progress RM | Total RM |
|---|---|---|---|---|
| **Company** | | | | |
| **Cost** | | | | |
| At 1 January 2021 | 1,049 | 6,005 | – | 7,054 |
| Additions | – | – | 240,000 | 240,000 |
| At 31 December 2021 and 1 January 2022 | 1,049 | 6,005 | 240,000 | 247,054 |
| Additions | – | – | 60,000 | 60,000 |
| At 31 December 2022 | 1,049 | 6,005 | 300,000 | 307,054 |
| **Accumulated depreciation** | | | | |
| At 1 January 2021 | 735 | 2,902 | – | 3,637 |
| Charge for the fhe financial year | 105 | 1,200 | – | 1,305 |
| At 31 December 2021 and 1 January 2022 | 840 | 4,102 | – | 4,942 |
| Charge for the fhe financial year | – | 1,306 | – | 1,306 |
| At 31 December 2022 | 840 | 5,408 | – | 6,248 |
| At 31 December 2021 | 209 | 1,903 | 240,000 | 242,112 |
| At 31 December 2022 | 209 | 597 | 300,000 | 300,806 |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

*(a) Including in plantation expenditure as follows:*

| | Mature | | | Immature | | | |
|---|---|---|---|---|---|---|---|
| | Herbal plants RM | Fruit plants RM | Total RM | Herbal plants RM | Fruit plants RM | Total RM | Total RM |
| **Cost** | | | | | | | |
| At 1 January 2021 | 1,650,387 | 29,184 | 1,679,571 | 132,316 | 2,137 | 134,453 | 1,814,024 |
| Additions | – | – | – | 2,840,876 | 892 | 2,841,768 | 2,841,768 |
| Written off | (3,091) | (2,656) | (5,747) | (499,338) | (749) | (500,087) | (505,834) |
| Reclassification | 2,390,029 | 758 | 2,390,787 | (2,390,029) | (758) | (2,390,787) | – |
| At 31 December 2021 and 1 January 2022 | 4,037,325 | 27,286 | 4,064,611 | 83,825 | 1,522 | 85,347 | 4,149,958 |
| Written off | (2,114,958) | – | (2,114,958) | – | – | – | (2,114,958) |
| At 31 December 2022 | 1,922,367 | 27,286 | 1,949,653 | 83,825 | 1,522 | 85,347 | 2,035,000 |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2021 | 362,900 | 4,204 | 367,104 | – | – | – | 367,104 |
| Charge for the fhe financial year | 119,499 | 2,325 | 121,824 | – | – | – | 121,824 |
| Written off | – | (275) | (275) | – | – | – | (275) |
| At 31 December 2021, 1 January 2022 and 31 December 2022 | 482,399 | 6,254 | 488,653 | – | – | – | 488,653 |
| At 31 December 2021 | 3,554,926 | 21,032 | 3,575,958 | 83,825 | 1,522 | 85,347 | 3,661,305 |
| At 31 December 2022 | 1,439,968 | 21,032 | 1,461,000 | 83,825 | 1,522 | 85,347 | 1,546,347 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

*(b) Including in net carrying amount of plantation expenditure are staff costs capitalised as follows:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Staff cost | – | 178,259 |

*(c) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Motor vehicles | 246,276 | 399,033 |
| Warehouse, shoplot, factory and building | 2,072,692 | 2,724,959 |
| Leasehold land | 2,032,402 | 2,128,045 |
| Leasehold land and building | 11,099,759 | 11,338,208 |
| | 15,451,129 | 16,590,245 |

*(d) Depreciation charge of right-of-use assets are as follows:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Motor vehicles | 152,757 | 239,469 |
| Warehouse, shoplot, factory and building | 1,042,368 | 1,120,700 |
| Leasehold land | 95,643 | 95,644 |
| Leasehold land and building | 238,449 | 169,951 |
| | 1,529,217 | 1,625,764 |

*(e) Additions to the right-of-use assets are as follows:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Warehouse, shoplot, factory and building | 1,774,058 | 1,127,683 |

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

*(f) Property, plant and equipment pledged to licensed bank as security for the related lease liabilities are as follow:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Motor vehicles | 70,148 | 210,385 |

*(g) Property, plant and equipment pledged to non-financial institution as security for the lease liabilities are as follow:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Motor vehicles | 176,128 | 188,648 |

*(h) Property, plant and equipment pledged to financial institution as security for the related term loan are as follow:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Freehold building | 1,428,897 | 1,463,815 |
| Leasehold land and building | 9,661,291 | 9,831,241 |
| | 11,090,188 | 11,295,056 |

*(i) Property, plant and equipment pledged to non-financial institution as security for the related term loan are as follow:*

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Plant and machineries | 270,000 | 300,000 |

*(j)* The motor vehicle of the Group with a total cost of RM579,728 (2021: RM929,728) which carrying amount amounted to RM230,796 (2021: RM352,576) are being held in trust by Directors.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **At cost** | | |
| Unquotes share | | |
| - In Malaysia | 12,719,230 | 12,719,230 |
| - Outside Malaysia | 997,206 | 997,206 |
| | 13,716,436 | 13,716,436 |

Details of the subsidiaries are as follows:

| Name of company | Place of business / Country of incorporation | Effective interest (%) 2022 | Effective interest (%) 2021 | Principal activities |
|---|---|---|---|---|
| Bioalpha International Sdn. Bhd. ("BISB") | Malaysia | 100 | 100 | Research and development and manufacturers, importers, exporters, distribution and traders of nutritional and healthcare products |
| Bioalpha R&D Sdn. Bhd. ("BRDSB") | Malaysia | 100 | 100 | Research and development and manufacturers, suppliers, distributions, wholesales or retailers of healthcare and nutritional products |
| Botanical Distribution Sdn. Bhd. ("BDSB") | Malaysia | 100 | 100 | Suppliers, distributors, direct selling agents, wholesaler, retailer or conduct advertising and promotion activities which related to health supplements and nutrition products |
| Bioalpha (HK) Limited * ("BHKL") | China (Hong Kong) | 100 | 100 | Research and development, manufacturers, importers, exporters, distribution and traders of nutritional and healthcare products |
| Bioalpha Wellness Sdn. Bhd. ("BWSB") | Malaysia | 100 | 100 | Distributing and trading, research and development activities, manufacturing, importing and exporting of personal care and healthcare products, conduct advertising and promotional activities related to personal care and healthcare products |

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

| Name of company | Place of business / Country of incorporation | Effective interest (%) 2022 | Effective interest (%) 2021 | Principal activities |
|---|---|---|---|---|
| ***Held through Bioalpha International Sdn. Bhd.:*** | | | | |
| Bioalpha Agro Sdn. Bhd. ("BASB") | Malaysia | 72 | 72 | Import, export, cultivate, manufacture, distribute and trade in variety of agro products and medical herbs |
| Bioalpha East Coast Argo Sdn. Bhd. ("BECASB") | Malaysia | 100 | 100 | Planters, growers, and merchant in all kinds of herb, fruits, agricultural, agro and organic products |
| PT Herbal Malindo Makmur * ("PTHMM") | Indonesia | 60 | 60 | General trade, wholesale and retail trade or pharmaceutical and traditional medicine |
| ***Held through Botanical Distribution Sdn. Bhd.:*** | | | | |
| RS Bio Sdn. Bhd. (Formerly known as Alphacare Sdn.Bhd.) ("RSBSB") | Malaysia | 51 | 51 | Concept shop operators, general merchants, online trading agents franchisors, whole saler or retailer of healthcare, nutritional products, food & beverages |
| Mediconstant Holding Sdn. Bhd. ("MHSB") | Malaysia | 100 | 100 | Investment holding and provision of management services |
| ***Held through Bioalpha (HK) Limited .:*** | | | | |
| Bioalpha (Hainan) Health Biotechnology Limited *@ ("BHHBL") | China | 100 | 100 | Procurement and sales of agricultural products |
| BHK Developent Limited * ("BHKDL") | China (Hong Kong) | 100 | 100 | Research and development and activities, manufacturing, import and export and trading of goods including functional foods or healthcare products and land development which included the construction of a new facility for processing and warehousing facilities |
| Bioalpha (HK) Investment Limited * ("BHKIL") | China (Hong Kong) | 100 | 100 | Investment holding |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

| Name of company | Place of business / Country of incorporation | Effective interest (%) 2022 | Effective interest (%) 2021 | Principal activities |
|---|---|---|---|---|
| ***Held through Bioalpha Agro Sdn. Bhd.:*** | | | | |
| Bioalpha (Johor Herbal) Sdn. Bhd. ("BJHSB") | Malaysia | 50.4 | 50.4 | Planters, growers, and merchant in all kinds of herbs, fruits, agricultural, agro and organic products |
| ***Held through Bioalpha (Hainan) Health Biotechnology Limited:*** | | | | |
| Bioalpha (Guizhou) Supply Chain Co. Ltd. # ("BGSCCL") | China | – | 100 | Supply chain management services that involved food processing and productions, food management, general trading which includes import and exports, agricultural related services and warehousing |
| Suzhou Biomedic Biotechnology Co. Ltd. *@ ("SBBCL") | China | 81.02 | 81.02 | Import and export of medicines and edible bacteria and food selling on internet |
| ***Held through Bioalpha (HK) Investment Limited:*** | | | | |
| Bioalpha (Hainan) Development Ltd *@ ("BHDL") | China | 77.3 | 100 | Research and development activities, manufacturing, import and export and trading of goods including functional foods or healthcare products and land development which included the construction of a new facility for processing and warehousing facilities |
| ***Held through Mediconstant Holding Sdn. Bhd.:*** | | | | |
| Mediconstant Pharmacy Sdn.Bhd. ("MPSB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |
| Mediconstant Pharmacy (Ampang) Sdn. Bhd. ("MPASB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

| Name of company | Place of business / Country of incorporation | Effective interest (%) 2022 | Effective interest (%) 2021 | Principal activities |
|---|---|---|---|---|
| ***Held through Mediconstant Holding Sdn. Bhd.: (cont'd)*** | | | | |
| Mediconstant Management Sdn. Bhd. ("MMSB") | Malaysia | 100 | 100 | Provision of management and consulting services, and trading of pharmaceutical, healthcare and nutrition products |
| Mediconstant Pharmacy (Desa Tasik) Sdn. Bhd. ("MPDTSB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |
| Mediconstant Dynamic Sdn. Bhd. ("MDSB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |
| Mediconstant Pharmacy (Klang) Sdn. Bhd. ("MPKSB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |
| Mediconstant Pharmacy (Puchong) Sdn. Bhd. ("MPPSB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |
| Mediconstant Pharmacy (Sea Park) Sdn. Bhd. ("MPSPSB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |
| Mediconstant Pharmacy (Taman Desa) Sdn. Bhd. ("MPTDSB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |
| Mediconstant Pharmacy (TTDI) Sdn. Bhd. ("MPTTDISB") | Malaysia | 100 | 100 | Pharmacy, druggist and chemicals |

* *Subsidiaries not audited by CHENGCO PLT*
\# *Subsidiary is under strike off process, the date of Gazette at 21 April 2022*
@ *Special audit by CHENGCO PLT for consolidation purposes*

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

### (a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interest:

| Name of company | Proportion of ownership interests and voting rights held by non-controlling interests | | Profit allocated to non-controlling interests | | Accumulated non-controlling interests | |
|---|---|---|---|---|---|---|
| | 2022 % | 2021 % | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| BASB | 28 | 28 | (103,007) | (21,368) | (388,355) | (285,348) |
| PTHMM | 40 | 40 | (126,215) | (140,185) | (401,040) | (274,825) |
| RSBSB | 49 | 49 | (253,803) | (200,544) | 280,072 | 533,875 |
| BJHSB | 49.6 | 49.6 | (415,566) | 124,333 | (1,346,405) | (930,839) |
| SBBCL | 18.98 | 18.98 | (47,573) | (233) | 574,016 | 621,589 |
| BHDL | 22.7 | – | (29,308) | – | 1,410,313 | – |
| | | | (975,472) | (237,997) | 128,601 | (335,548) |

Summarised financial information for each subsidiary that has non-controlling interest that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

| | BASB RM | PTHMM RM | RSBSB RM | BJHSB RM | SBBCL RM | BHDL RM |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Non-current assets | 437,301 | 171,917 | 223,037 | 767,967 | – | 507,394 |
| Current assets | 3,107,605 | 1,493,584 | 364,795 | 273,600 | 6,208,050 | 5,719,435 |
| Non-current liabilities | – | – | – | – | – | – |
| Current liabilities | (4,931,894) | (2,668,106) | (16,252) | (3,756,096) | (3,183,900) | (13,989) |
| Net (liabilities)/assets | (1,386,988) | (1,002,605) | 571,580 | (2,714,529) | 3,024,150 | 6,212,840 |
| **2021** | | | | | | |
| Non-current assets | 553,358 | 346,506 | 301,255 | 1,068,077 | – | – |
| Current assets | 3,296,783 | 1,385,780 | 837,734 | 569,680 | 3,274,786 | – |
| Non-current liabilities | (11,511) | (4,485) | – | (109,392) | – | – |
| Current liabilities | (4,857,735) | (2,414,867) | (49,443) | (3,405,058) | – | – |
| Net (liabilities)/assets | (1,019,105) | (687,066) | 1,089,546 | (1,876,693) | 3,274,786 | – |

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (a) Material partly-owned subsidiaries (Cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

| | BASB RM | PTHMM RM | RSBSB RM | BJHSB RM | SBBCL RM | BHDL RM |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Revenue | 253,188 | 9,868 | – | 349,455 | – | – |
| Loss for the financial year | (367,883) | (315,539) | (517,966) | (837,836) | (250,636) | (129,105) |
| Other comprehensive income/(loss) for the financial year | – | 10,382 | – | – | (19,938) | (2,788) |
| Total comprehensive loss for the financial year | (367,883) | (305,157) | (517,966) | (837,836) | (270,574) | (131,893) |
| **2021** | | | | | | |
| Revenue | 500,050 | 126,206 | 498,511 | 1,175,548 | – | – |
| (Loss)/Profit for the financial year | (76,315) | (350,463) | (383,666) | 250,669 | (1,225) | – |
| Other comprehensive (loss)/income for the financial year | – | (6,878) | – | – | 25,771 | – |
| Total comprehensive (loss)/income for the financial year | (76,315) | (357,341) | (383,666) | 250,669 | 24,546 | – |

(iii) Summarised statement of cash flows

| | BASB RM | PTHMM RM | RSBSB RM | BJHSB RM | SBBCL RM | BHDL RM |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Net cash (used in)/generated from operating activities | (245,047) | (360,910) | (53,444) | (256,475) | 3,013,367 | (137,984) |
| Net cash used in investing activities | – | – | – | – | – | (507,394) |
| Net cash generated from financing activities | 79,484 | 345,814 | – | 224,876 | – | 6,481,000 |
| Net (decrease)/increase in cash and cash equivalents | (165,563) | (15,096) | (53,444) | (31,599) | 3,013,367 | 5,835,622 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (a) Material partly-owned subsidiaries (Cont'd)

(iii) Summarised statement of cash flows (Cont'd)

| | BASB RM | PTHMM RM | RSBSB RM | BJHSB RM | SBBCL RM | BHDL RM |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Net cash generated from/(used in) operating activities | 29,901 | 976,611 | (682,733) | 321,588 | (30,709) | – |
| Net cash used in investing activities | – | (63,798) | – | (302,290) | – | – |
| Net cash generated from/(used in) financing activities | 139,034 | (934,824) | 1,000,110 | 56,395 | 3,250,240 | – |
| Net increase/(decrease) in cash and cash equivalents | 168,935 | (22,011) | 317,377 | 75,693 | 3,219,531 | – |

### (b) Dilution of shares of a subsidiary

On 30 August 2022, BHKIL, a wholly-owned subsidiary of the Company entered into a share transfer agreement with an independent third party and disposed of 22.7% equity interest in BHDL to that independent third party at a cash consideration of RMB1.

The effect of the dilution of shares of BHDL on the financial position of the Group as at the date of dilution was as follows:

| | RM |
|---|---|
| Property, plant and equipment | 517,938 |
| Cash and cash equivalent | 5,815,039 |
| Trade and other receivables | 24,150 |
| Trade and other payables | (15,182) |
| Net assets | 6,341,945 |
| Non-controlling interest's share of net assets | 1,439,622 |
| Proceed from issuance of shares in a subsidiary of NCI | 1 |
| Loss on dilution of a subsidiary | 1,439,621 |

## 6. GOODWILL ON CONSOLIDATION

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| At 1 January | 5,891,157 | 5,891,157 |
| Accumulated impairment losses | (557,127) | (557,127) |
| At 31 December | 5,334,030 | 5,334,030 |

The carrying amount of goodwill allocated to the Group's cash-generating units ("CGU") are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Mediconstant Holding Sdn. Bhd. | 5,334,030 | 5,334,030 |

**(a) Recoverable amount on value in use**

For the purpose of impairment testing, the recoverable amount of goodwill at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of cash generated unit ("CGU") and was based on following assumptions:

(i) Pre-tax cash flow projection based on the most recent financial budgets covering a five (2021: five) year period;

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 4.9% (2021: 5.6%); and

(iii) Pre-tax discount rate of 7.75% (2021: 18.76%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was based estimated based on the Group's weighted average cost of capital.

The value assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amount.

**(b) Sensitivity to changes in assumptions**

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 7. INTANGIBLE ASSETS

| | Development expenditures RM | Patents RM | Software RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Cost** | | | | |
| At 1 January 2021 | 65,783,081 | 920,777 | 54,231 | 66,758,089 |
| Additions | 4,635,105 | 2,001,211 | 8,678 | 6,644,994 |
| Exchange differences | 25,358 | (15,314) | 1,154 | 11,198 |
| At 31 December 2021 and 1 January 2022 | 70,443,544 | 2,906,674 | 64,063 | 73,414,281 |
| Additions | 3,036,367 | 657,442 | 2,393 | 3,696,202 |
| Written off | (1,538,016) | – | – | (1,538,016) |
| Exchange differences | 276,645 | (50,190) | (903) | 225,552 |
| At 31 December 2022 | 72,218,540 | 3,513,926 | 65,553 | 75,798,019 |
| **Accumulated depreciation** | | | | |
| At 1 January 2021 | 20,062,145 | 67,247 | 5,459 | 20,134,851 |
| Charge for the financial year | 2,139,697 | 186,128 | 16,255 | 2,342,080 |
| Exchange differences | – | (1,009) | 123 | (886) |
| At 31 December 2021 and 1 January 2022 | 22,201,842 | 252,366 | 21,837 | 22,476,045 |
| Charge for the financial year | 2,176,223 | 220,551 | 20,798 | 2,417,572 |
| Written off | (917,496) | – | – | (917,496) |
| Exchange differences | – | 10,201 | 789 | 10,990 |
| At 31 December 2022 | 23,460,569 | 483,118 | 43,424 | 23,987,111 |
| At 31 December 2021 | 48,241,702 | 2,654,308 | 42,226 | 50,938,236 |
| At 31 December 2022 | 48,757,971 | 3,030,808 | 22,129 | 51,810,908 |

Development expenditures

Development expenditure represents the cost incurred in respect of the on-going development of 2 high value herbal products for diabetes and hormone replacement therapy, and the products development for the formulation of health supplement products.

**(a) Recoverable amount on value in use**

For the purpose of impairment testing, the recoverable amount of development expenditures at the end of the financial year was determined based on a value in use calculation by discounting the future cash flows generated from the continuing use of the cash generated unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projection based on the most recent financial budgets covering five (2021: five) years period;
(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is range from 4.90% to 5.50% (2021: 6.00% to 6.10%); and
(iii) Pre-tax discount rate of 7.65% (2021:18.80%) per annual has been applied in determining the recoverable amount of the CGU. The discount rate was based estimated based on the Group's weighted average cost of capital.

## 7. INTANGIBLE ASSETS (CONT'D)

Development expenditures (Cont'd)

**(b) Sensitivity to changes in assumptions**

The management believes that a reasonably possible change in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

Patents

Patents relate to the Group in principal activities and have an average remaining amortisation of 15 years (2021: 15 years).

Software

Software are assessed to have finite life of 2 years upon commercialisation. The amortisation period and amortisation method are review at least annually for appropriateness.

## 8. AMOUNT DUE FROM/(TO) SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Amount due from subsidiaries** | | |
| Non-trade related | | |
| - Non-current | 110,787,686 | 76,718,698 |
| - Current | 84,001,000 | 90,100,000 |
| | 194,788,686 | 166,818,698 |
| Less: Allowance for expected credit losses ("ECLs") | | |
| - Non-current | (6,719,153) | (2,744,803) |
| | 188,069,533 | 164,073,895 |
| **Amount due to subsidiaries** | | |
| Non-trade related | | |
| - Current | (20,939,873) | (26,849,873) |

Amount due from/(to) subsidiaries are unsecured and non-interest bearing.

The movement in allowance for ECLs of amount due from subsidiaries during the financial year is as follows:

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| At 1 January | 2,744,803 | 831,546 |
| Allowance for ECLs | 3,974,350 | 1,913,257 |
| At 31 December | 6,719,153 | 2,744,803 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 8. AMOUNT DUE FROM/(TO) SUBSIDIARIES (CONT'D)

The foreign currency profile of amount due from subsidiaries are as follows:

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Hong Kong Dollar ("HKD") | 1,693,274 | 17,770,237 |
| Chinese Yuan ("CNY") | 28,311,674 | 15,321,246 |
| United States Dollar ("USD") | 17,827,665 | 12,360,025 |

## 9. BIOLOGICAL ASSETS

| | Group RM |
|---|---|
| At 1 January 2021 | 693,391 |
| Written off | (1,660) |
| At 31 December 2021 and 1 January 2022 | 691,731 |
| Fair value adjustment | (516,731) |
| At 31 December 2022 | 175,000 |

Biological assets comprise living herbal plantation and produce growing on bearer plants. On maturity, the plantations are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the profit or loss. Point-of-sales costs included all costs that would be necessary to sell the assets.

The biological assets have been stated at cost and accumulated impairment losses, if any, as there is currently no active market of the biological asset nor reliable alternative estimates of fair value available.

At 31 December 2022, the Group has 1,303 acres (2021: 1,303 acres) of herbal plantations.

## 10. INVENTORIES

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **At cost** | | |
| Raw materials | 2,516,162 | 3,710,345 |
| Consumables | 1,268,209 | 1,301,783 |
| Finished goods | 667,640 | 450,225 |
| Trading goods | 4,045,527 | 4,152,842 |
| Work-in-progress | – | 516,886 |
| | 8,497,538 | 10,132,081 |
| **Recognised in profit or loss** | | |
| Inventories recognised as cost of sales | 27,820,818 | 27,822,385 |
| Inventories written off | 758,789 | 246,016 |
| Provision of slow-moving inventories | 580,730 | 75,548 |
| Reversal of provision of slow-moving inventories | – | (617,181) |

## 11. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Trade receivables | 24,852,261 | 29,610,598 |
| Less: Allowance for expected credit losses ("ECLs") | (15,907,577) | (5,643,609) |
| | 8,944,684 | 23,966,989 |

Trade receivables are non-interest bearing and are generally from cash term to 180 days (2021: cash term to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movement in allowance for ECLs of trade receivables during the financial year is as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| At 1 January | 5,643,609 | 7,286,915 |
| Allowance for ECLs | 10,930,843 | 12,411 |
| Reversal of allowance for ECLs | (293,785) | (1,666,871) |
| Written off | (381,736) | – |
| Exchange difference | 8,646 | 11,154 |
| At 31 December | 15,907,577 | 5,643,609 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 11. TRADE RECEIVABLES (CONT'D)

The following table provide information about the exposure to credit risk and ECLs for trade receivables:

| | Gross amount RM | Loss allowance RM | Net amount RM |
|---|---|---|---|
| **Group** | | | |
| **2022** | | | |
| Neither past due nor impaired | 722,894 | (1,083) | 721,811 |
| 1 to 30 days past due not impaired | 354,145 | – | 354,145 |
| 31 to 60 days past due not impaired | 487,397 | – | 487,397 |
| 61 to 90 days past due not impaired | 6,732,214 | (2,594,125) | 4,138,089 |
| More than 91 days past due not impaired | 4,602,205 | (1,358,963) | 3,243,242 |
| | 12,898,855 | (3,954,171) | 8,944,684 |
| Individually impaired | 11,953,406 | (11,953,406) | – |
| | 24,852,261 | (15,907,577) | 8,944,684 |
| **Group** | | | |
| **2021** | | | |
| Neither past due nor impaired | 4,736,951 | (76,670) | 4,660,281 |
| 1 to 30 days past due not impaired | 7,587,917 | (63,165) | 7,524,752 |
| 31 to 60 days past due not impaired | 1,607,016 | (6,851) | 1,600,165 |
| 61 to 90 days past due not impaired | 3,140,525 | (8,669) | 3,131,856 |
| More than 91 days past due not impaired | 7,263,101 | (213,166) | 7,049,935 |
| | 24,335,510 | (368,521) | 23,966,989 |
| Individually impaired | 5,275,088 | (5,275,088) | – |
| | 29,610,598 | (5,643,609) | 23,966,989 |

The foreign currency profile of trade receivables are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Chinese Yuan ("CNY") | 3,730,594 | 7,239,140 |
| Indonesian Rupiah ("IDR") | 2,670 | 5,393 |
| United States Dollar ("USD") | 3,564,920 | 10,248,073 |

## 12. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Non-trade receivables | 6,575,371 | 7,162,252 | 261 | 260 |
| Deposits | 971,070 | 7,702,019 | – | – |
| Less: Allowance for ECLs | (509,694) | (673,188) | – | – |
| | 7,036,747 | 14,191,083 | 261 | 260 |
| Accrued income | 72,710 | 41,578 | 47,983 | 36,819 |
| Prepayments | 7,441,478 | 3,085,149 | 4,125 | 4,125 |
| Goods and service tax ("GST") recoverable | – | 103,887 | – | – |
| Value-added tax ("VAT") recoverable | 64,173 | 67,139 | – | – |
| Advance to suppliers | 2,028,295 | 881,160 | – | – |
| Advance to staffs | 24,646 | 18,800 | – | – |
| Accrued rental income | – | 1,600 | – | – |
| | 16,668,049 | 18,390,396 | 52,369 | 41,204 |

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

The movement in allowance for ECLs of other receivables during the financial year is as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| At 1 January | 673,188 | 13,909 |
| Allowance for ECLs | – | 659,279 |
| Reversal of allowance for ECLs | (47,725) | |
| Written off | (115,769) | – |
| At 31 December | 509,694 | 673,188 |

The currency profile of other receivables are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Hong Kong Dollar ("HKD") | 4,103 | – |
| Chinese Yuan ("CNY") | 6,834,072 | 5,754,059 |
| Indonesian Rupiah ("IDR") | 1,606,042 | 1,426,693 |
| United States Dollar ("USD") | 4,552,840 | 7,140,886 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 13. OTHER INVESTMENTS

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Current** | | |
| FVTPL: | | |
| Money market fund | 9,026,826 | 11,906 |

The fair value of the financial asset at FVTPL is classified as at Level 1 fair value item for the purpose of fair value hierarchy disclosures.

## 14. FIXED DEPOSITS WITH LICENSED BANKS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Fixed deposits with lisenced banks | | | | |
| Maturity: | | | | |
| - less than 3 months | 14,146,026 | 3,000,000 | – | 2,000,000 |
| - more than 3 months | 7,500,000 | 7,500,000 | 7,500,000 | 7,500,000 |
| Fixed deposits pledged with licensed banks | 1,145,008 | 1,124,318 | – | – |
| | 22,791,034 | 11,624,318 | 7,500,000 | 9,500,000 |

The interest rate of fixed deposits with licensed banks of the Group and of the Company range from 1.60% to 2.32% (2021: 1.60% to 1.80%) per annum and 1.60% to 2.32% (2021:1.60% to 1.80%) per annum respectively. The maturities of fixed deposits with licensed banks of the Group and of the Company range from 30 to 365 days (2021:30 to 365 days).

The fixed deposits with licensed banks of the Group amounted to RM1,145,008 (2021: RM1,124,318) are pledged to licensed banks and non-financial institution respectively as securities for credit facilities granted to subsidiaries as disclosed in Note 19 to the financial statements.

## 15. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Hong Kong Dollar ("HKD") | 565,442 | 589,882 | 20 | 20 |
| Chinese Yuan ("CNY") | 14,518,488 | 15,980,587 | – | – |
| Indonesian Rupiah ("IDR") | 13,281 | 53,174 | – | – |
| Singapore Dollar ("SGD") | 33,984 | 32,564 | – | – |
| United States Dollar ("USD") | 615,001 | 3,901,388 | 761 | 971 |

## 16. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of ordinary shares | | Amount | |
| | 2022 Unit | 2021 Unit | 2022 RM | 2021 RM |
| **Issued and fully paid up** | | | | |
| At 1 January | 1,197,139,425 | 1,110,470,832 | 153,233,258 | 135,824,495 |
| Issuance of shares | | | | |
| - Rights issue | – | 74,031,388 | – | 14,806,278 |
| - Exercise of SIS | 168,000,000 | 2,000,000 | 23,860,583 | 262,300 |
| - Exercise of warrants | 12,932,586 | 10,637,205 | 2,845,169 | 2,340,185 |
| At 31 December | 1,378,072,011 | 1,197,139,425 | 179,939,010 | 153,233,258 |

During the financial year, the Company increase its share capital from RM153,233,258 to RM 179,939,010 by way of:

(a) On 3 January 2022 and 6 January 2022, issuance of 12,921,886 and 10,700 new ordinary shares as a result of exercise of warrants by the registered holders of Warrant at issue price of RM0.22 to RM2,842,815 and RM2,354 respectively;

(b) On 13 June 2022, issuance of 168,000,000 new ordinary shares as a result of the exercise of SIS at issue price of RM0.1420 amounted to RM23,860,583.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings for the Company. All ordinary shares rank equally with regards to the Company's residual assets.

## 17. ICPS

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of ordinary shares | | Amount | |
| | 2022 Unit | 2021 Unit | 2022 RM | 2021 RM |
| **Issued and fully paid up** | | | | |
| At 1 January | 457,078,472 | – | 9,141,569 | – |
| Issuance of shares | – | 457,078,472 | – | 9,141,569 |
| At 31 December | 457,078,472 | 457,078,472 | 9,141,569 | 9,141,569 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 18. RESERVES

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| Warrant reserve | (a) | – | 15,517,253 | – | 15,517,253 |
| SIS option reserve | (b) | 803,081 | 635,220 | 803,081 | 635,220 |
| Merger deficits | (c) | (4,569,128) | (4,569,128) | – | – |
| Foreign currency translation reserve | (d) | 2,417,976 | 276,781 | – | – |
| Other reserve | (e) | – | (15,517,253) | – | (15,517,253) |
| Retained earnings/ (Accumulated losses) | | (19,874,032) | 27,956,518 | (1,381,669) | (476,149) |
| | | (21,222,103) | 24,299,391 | (578,588) | 159,071 |

**(a) Warrant reserve**

Warrants reserve represents reserve allocated to free detachable warrants issued with rights issue.

On 10 January 2017, the Company issued renounceable rights issue of up to 133,333,131 new ordinary shares ("Rights Shares") together with up to 133,333,131 free detachable warrants ("Warrants") on the basis of one (1) Rights Share together with one (1) Warranty for every one (1) existing Rights Share held.

The main features of the warrants are as follows:

| | Tenure years | Issue date | Expiry date | Exercise price RM |
|---|---|---|---|---|
| Warrants | 5 | 10 January 2017 | 5 January 2022 | 0.22 |

The movements of the warrants are as follows:

| | Number of units | | | | |
|---|---|---|---|---|---|
| | At 1 January | Adjustment* | Exercised | Expired | At 31 December |
| **2022** | | | | | |
| Warrants | 123,547,041 | – | (12,932,586) | (110,614,455) | – |
| **2021** | | | | | |
| Warrants | 133,332,785 | 851,461 | (10,637,205) | – | 123,547,041 |

* Adjustment on warrant unit due to the rights issue in last financial year.

## 18. RESERVES (CONT'D)

### (b) SIS option reserve

At an extraordinary general meeting held on 19 August 2016, the Company's shareholders approved the establishment of SIS for eligible Directors and employees of the Group.

The salient features of the SIS Options are as follows:

(a) Any employee of the Group shall be eligible if as ta the date of offer, the employee:

(i) Has attained at least eighteen (18) years of age;
(ii) Is an employee in a company within the Group, which is not dormant belonging to such categories of employment as determined by the Option Committee; and
(iii) Who falls under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.

(b) Any Director of the Group shall be eligible if as at the date of offer, the Director:

(i) Is at least eighteen (18) years of age; and
(ii) Has been appointed as a Director of a company within the Group, which is not dormant

(c) The maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS Shares shall not exceed thirty percent (30%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the SIS.

(d) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer.

(e) The SIS shall be in force for a period of five (5) years from 12 January 2017 to 10 January 2022. The Company had on 6 January 2022 extended the existing SIS which expired on 11 January 2022 for another two (2) years from 12 January 2022 to 11 January 2024 in accordance with the Clause 21 of the SIS Bylaws.

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.

Movement in the number of share options and the weighted average exercise prices are as follows:

| | | Number of options over ordinary shares | | | | |
|---|---|---|---|---|---|---|
| Date of offer | Exercise price | Brought forward | Cancellation | Granted | Exercised | Carried forward |
| **2022** | | | | | | |
| 27 February 2017 | 0.205 | 1,988,889 | – | – | – | 1,988,889 |
| 16 April 2020 | 0.105 | 2,275,863 | – | – | – | 2,275,863 |
| 10 September 2021 | 0.225 | 153,000,000 | (153,000,000) | – | – | – |
| 17 May 2022 | 0.140 | – | (75,000,000) | 243,000,000 | (168,000,000) | – |
| 11 October 2022 | 0.090 | – | – | 125,000,000 | – | 125,000,000 |

| Date of offer | Exercise price | Brought forward | Adjustment* | Granted | Exercised | Carried forward |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| 27 February 2017 | 0.205 | 2,175,000 | 13,889 | – | (200,000) | 1,988,889 |
| 16 April 2020 | 0.105 | 4,050,000 | 25,863 | – | (1,800,000) | 2,275,863 |
| 10 September 2021 | 0.225 | – | – | 153,000,000 | – | 153,000,000 |

* Adjustment on options due to the right issue in last financial year

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 18. RESERVES (CONT'D)

### (b) SIS option reserve (Cont'd)

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follow:

| | 27 February 2017 RM | 16 April 2020 RM | 11 October 2022 RM |
|---|---|---|---|
| Fair value | 0.0909 | 0.0079 | 0.0060 |
| Weighted average share price | 0.225 | 0.110 | 0.090 |
| Weighted average exercise price | 0.205 | 0.105 | 0.090 |
| Expected volatility | 39.88% | 28.20% | 70.75% |
| Expected life (years) | 5 years | 1.18 years | 5 years |
| Risk free rate(%) | 3.70 | 2.52 | 2.67 |
| Expected dividend yield (%) | Nil | Nil | Nil |

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural consideration. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long-term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

### (c) Merger deficits

The merger deficit represents the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries accounted for rising the merger method.

### (d) Foreign currency translation reserve

The foreign currency translation reserve represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### (e) Other reserve

This represents fair value allocated to the detachable warrants issued in conjunction with right issue refer to Note 18(a) to the financial statements.

## 19. LOAN AND BORROWINGS

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Secured** | | |
| Bankers' acceptances | 1,387,000 | 1,387,000 |
| Revolving credit | 1,000,000 | 1,000,000 |
| Term loans | 4,564,968 | 6,956,023 |
| | 6,951,968 | 9,343,023 |

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Non-current** | | |
| Term loans | 2,965,804 | 4,519,302 |
| **Current** | | |
| Bankers' acceptances | 1,387,000 | 1,387,000 |
| Revolving credit | 1,000,000 | 1,000,000 |
| Term loans | 1,599,164 | 2,436,721 |
| | 3,986,164 | 4,823,721 |
| | 6,951,968 | 9,343,023 |

The above credit facilities obtained from licensed financial institution and non-financial institution are secured on the following:

(a) Charge over certain freehold land and building, leasehold land and building, and plant and machineries of the Group as disclosed in Note 4 to the financial statements;
(b) Charge on fixed deposits with licensed banks of the Group as disclosed in Note 14 to the financial statements;
(c) Joint and severally guaranteed by certain of Directors of the Company; and
(d) Corporate guarantee by the Company.

Term loan I is repayable by 240 monthly instalments commencing from January 2014.

Term loan II is repayable by 72 monthly instalments commencing from December 2016.

Term loan III is repayable by 120 monthly instalments commencing from May 2018.

Term loan IV is repayable by 36 monthly instalments commencing from August 2021.

Term loan V is repayable by 114 monthly instalments commencing from August 2021.

Banker's acceptance facilities are repayable within 120 days.

Revolving credit facilities are repayable within 180 days.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 19. LOAN AND BORROWINGS (CONT'D)

The average effective interest rate are as follows:

| | Group | |
|---|---|---|
| | 2022 % | 2021 % |
| Banker's acceptances | 2.59 - 5.00 | 2.11 - 3.80 |
| Revolving credit | 3.84 - 4.12 | 3.80 - 3.90 |
| Term loans | 4.00 - 5.13 | 4.50 - 5.13 |

## 20. LEASE LIABILITIES

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Non-current | 4,171,162 | 4,093,384 |
| Current | 552,783 | 1,110,840 |
| | 4,723,945 | 5,204,224 |

The maturity analysis of lease liabilities at the end of the reporting period:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Within 1 year | 1,401,143 | 1,256,595 |
| Between 2 - 5 years | 1,827,605 | 2,052,222 |
| More than 5 years | 2,676,821 | 3,281,381 |
| | 5,905,569 | 6,590,198 |
| Less: Future finance charges | (1,181,624) | (1,385,974) |
| Present value of lease liabilities | 4,723,945 | 5,204,224 |

The Group leases various property, land and building and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different term and conditions.

## 21. DEFERRED TAX LIABILITIES

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| At 1 January | 7,455,396 | 8,713,379 |
| Recognised in profit or loss | (2,229,865) | (515,688) |
| Under/(Over) provision in prior financial years | 2,084,595 | (742,295) |
| At 31 December | 7,310,126 | 7,455,396 |

## 21. DEFERRED TAX LIABILITIES (CONT'D)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Deferred tax liabilities | 13,903,250 | 13,313,485 |
| Deferred tax assets | (6,593,124) | (5,858,089) |
| | 7,310,126 | 7,455,396 |

The components and movement of deferred tax assets and liabilities at the end of the reporting date prior to offsetting are as follows:

| Deferred tax liabilities | Accelerated capital allowances RM | Development expenditure RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| At 1 January 2021 | 2,545,871 | 8,340,536 | 10,886,407 |
| Recognised in profit or loss | (737,056) | (130,098) | (867,154) |
| Under provision in prior financial years | 958,998 | 2,335,234 | 3,294,232 |
| At 31 December 2021 and 1 January 2022 | 2,767,813 | 10,545,672 | 13,313,485 |
| Recognised in profit or loss | 51,833 | (183,704) | (131,871) |
| Under provision in prior financial years | 525,881 | 195,755 | 721,636 |
| At 31 December 2022 | 3,345,527 | 10,557,723 | 13,903,250 |

| Deferred tax assets | Unutilised tax losses RM | Unutilised capital allowances RM | Unutilised reinvestment allowances RM | Others RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 1 January 2021 | (92,144) | – | (2,080,884) | – | (2,173,028) |
| Recognised in profit or loss | 159,032 | 668,997 | (847,393) | 370,830 | 351,466 |
| Under provision in prior financial years | (777,013) | (1,110,625) | (529,399) | (1,619,490) | (4,036,527) |
| At 31 December 2021 and 1 January 2022 | (710,125) | (441,628) | (3,457,676) | (1,248,660) | (5,858,089) |
| Recognised in profit or loss | (693,848) | (1,404,146) | – | – | (2,097,994) |
| Over/(Under) provision in prior financial years | 203,332 | 25,416 | (114,449) | 1,248,660 | 1,362,959 |
| At 31 December 2022 | (1,200,641) | (1,820,358) | (3,572,125) | – | (6,593,124) |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 21. DEFERRED TAX LIABILITIES (CONT'D)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Property, plant and equipment | (14,531,200) | (793,250) | (238) | – |
| Unutilised business losses | 9,278,415 | 12,921,883 | – | – |
| Unutilised capital allowances | 2,330,301 | 3,520,427 | – | – |
| Provisions | – | 6,372,224 | – | 2,744,803 |
| | (2,922,484) | 22,021,284 | (238) | 2,744,803 |

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment and the unused reinvestment allowance could be carried forward for a maximum of seven consecutive years of assessment after the expiry of the qualifying periods. Any balance of the unutilised business losses and reinvestment allowance at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

## 22. CONTRACT LIABILITIES

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Contract liabilities | | |
| - Non-current | – | 30,000 |
| - Current | 1,189,840 | 1,084,269 |
| At 31 December | 1,189,840 | 1,114,269 |

The contract liabilities refer to advance received from a franchisee and customer for purchases of goods which will be set off against future revenue made with the Group.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 22. CONTRACT LIABILITIES (CONT'D)

The Group expect revenue from unsatisfied performance obligation to be recognised in the financial years as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Financial years ending 31 December** | | |
| - 2022 | – | 1,084,269 |
| - 2023 | 1,189,840 | 10,000 |
| - 2024 | – | 10,000 |
| - 2025 | – | 10,000 |
| | 1,189,840 | 1,114,269 |

## 23. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Non-current** | | | | |
| Deferred capital grant | – | 171,020 | – | – |
| **Current** | | | | |
| Non-trade payables | 2,100,023 | 1,799,377 | 230,777 | 526,491 |
| Accruals | 1,842,658 | 1,140,441 | 188,460 | 170,054 |
| Deferred capital grant | 64,813 | 298,812 | – | – |
| Deposit received | 3,171,215 | 2,872 | – | – |
| Sales and service tax ("SST") payable | 79,464 | 68,013 | – | – |
| | 7,258,173 | 3,309,515 | 419,237 | 696,545 |
| | 7,258,173 | 3,480,535 | 419,237 | 696,545 |

Deferred capital grant refers to government grant received from Malaysian Bioeconomy Development Corporation Sdn. Bhd. ("MBDC") and Malaysia Technology Development Corporation ("MTDC") for the acquisition of equipment for research activities. There are no unfulfilled conditions or contingencies attached to this grant. The grant is being amortised over the useful life of the plant as recognised in profit or loss.

The movement of deferred capital grant is as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| At 1 January | 469,832 | 838,223 |
| Amortised during the financial year | (405,019) | (368,391) |
| At 31 December | 64,813 | 469,832 |
| **Presented:** | | |
| Non-current | – | 171,020 |
| Current | 64,813 | 298,812 |
| | 64,813 | 469,832 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 23. OTHER PAYABLES (CONT'D)

The foreign currency profile of the other payables are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Hong Kong Dollar ("HKD") | 29,514 | 11,513 |
| Chinese Yuan ("CNY") | 4,440,681 | 138,558 |
| Indonesian Rupiah ("IDR") | 60,705 | 72,828 |
| United States Dollar ("USD") | – | 253,454 |

## 24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2021: 30 to 90 days) depending on the term of the contracts.

## 25. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Revenue from contracts with customers:** | | | | |
| Sales of goods | 35,754,329 | 96,671,133 | – | – |
| Franchise fee | 42,500 | 15,500 | – | – |
| Management fee | – | 32,731 | – | – |
| | 35,796,829 | 96,719,364 | – | – |
| **Revenue from other sources:** | | | | |
| Dividend income | – | – | 5,000,000 | 4,000,000 |
| | 35,796,829 | 96,719,364 | 5,000,000 | 4,000,000 |
| **Timing of revenue recognition:** | | | | |
| At a point in time | 35,796,829 | 96,719,364 | 5,000,000 | 4,000,000 |

## 25. REVENUE (CONT'D)

Breakdown of the Group's revenue from contracts with customers:

| | Major goods and services | | | |
|---|---|---|---|---|
| | Sales of goods RM | Franchise fee RM | Management fee RM | Total RM |
| **2022** | | | | |
| Trading | 10,871,085 | – | – | 10,871,085 |
| Manufacturing | 12,694,470 | – | – | 12,694,470 |
| Retail phamacy | 12,188,774 | – | – | 12,188,774 |
| Others | – | 42,500 | – | 42,500 |
| | 35,754,329 | 42,500 | – | 35,796,829 |
| **Geographical market:** | | | | |
| Malaysia | 22,845,689 | 42,500 | – | 22,888,189 |
| China | 10,868,954 | – | – | 10,868,954 |
| Indonesia | 382,586 | – | – | 382,586 |
| Others | 1,657,100 | – | – | 1,657,100 |
| | 35,754,329 | 42,500 | – | 35,796,829 |
| **2021** | | | | |
| Trading | 55,498,042 | – | – | 55,498,042 |
| Manufacturing | 26,791,172 | – | – | 26,791,172 |
| Retail phamacy | 14,381,919 | – | – | 14,381,919 |
| Others | – | 15,500 | 32,731 | 48,231 |
| | 96,671,133 | 15,500 | 32,731 | 96,719,364 |
| **Geographical market:** | | | | |
| Malaysia | 32,782,753 | 15,500 | 32,731 | 32,830,984 |
| China | 57,554,337 | – | – | 57,554,337 |
| Indonesia | 5,894,711 | – | – | 5,894,711 |
| Others | 439,332 | – | – | 439,332 |
| | 96,671,133 | 15,500 | 32,731 | 96,719,364 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 26. OTHER OPERATING INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Interest from fixed deposits with licensed banks | 526,879 | 375,750 | 307,992 | 250,103 |
| Interest from other investments | – | 227 | – | – |
| Foreign exchange gain: | | | | |
| - realised | 824 | 1,098 | 824 | – |
| - unrealised | – | 269,967 | – | 164,475 |
| Rental income | 27,600 | 27,600 | – | – |
| Wages subsidies | – | 181,600 | – | – |
| Amortisation of deferred capital grant | 405,019 | 368,391 | – | – |
| Gain on disposal of fixed assets | 164 | – | – | – |
| Rent concession related COVID-19 | – | 40,540 | – | – |
| Other income | 281,895 | 418,649 | – | – |
| | 1,242,381 | 1,683,822 | 308,816 | 414,578 |

## 27. FINANCE COSTS

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Finance costs** | | |
| Interest on bank overdraft | 5,266 | 1,676 |
| Interest on bankers' acceptance | 21,636 | 47,124 |
| Interest on lease liabilities | 162,891 | 145,046 |
| Interest on term loans | 551,158 | 359,181 |
| Interest on revolving credit | 28,727 | 14,418 |
| | 769,678 | 567,445 |

## 28. LOSS BEFORE TAX

Loss before tax is determined after charging/(crediting) amongst other, the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Auditors' remuneration | | | | |
| - Current year | 212,289 | 173,302 | 61,500 | 60,000 |
| - Non-audit | 24,000 | 43,000 | 24,000 | 43,000 |
| Allowance for expected credit losses on: | | | | |
| - Trade receivables | 10,930,843 | 12,411 | – | – |
| - Other receivables | – | 659,279 | – | – |
| - Amount due from subsidiaries | – | – | 3,974,350 | 1,913,257 |
| Reversal of allowance for expected credit losses: | | | | |
| - Trade receivables | (293,785) | (1,666,871) | – | – |
| - Other receivables | (47,725) | – | – | – |
| Amortisation of intagible assets | 2,417,572 | 2,342,080 | – | – |
| Bad debts written off | 356,705 | 796,910 | – | – |
| Biological assets written off | – | 1,660 | – | – |
| Fair value adjustment of biological assets | 516,731 | – | – | – |
| Depreciation of property, plant and equipment | 10,156,011 | 10,238,215 | 1,306 | 1,305 |
| Loss on disposal of property, plant and equipment | 2,522 | 10,400 | – | – |
| Impairment losses on goodwill on consolidation | – | 50,000 | – | – |
| Inventories written off | 758,789 | 246,016 | – | – |
| Gain on early termination of lease contract | (83,717) | – | – | – |
| Fair value adjustment on plantation expenditure | 2,114,958 | – | – | – |
| Provison of slow-moving inventories | 580,730 | 75,548 | – | – |
| Reversal of provision of slow-moving inventories | – | (617,181) | – | – |
| Impairment of property, plant and equipment | 620,520 | – | – | – |
| Property, plant and equipment written off | 3,289,959 | 814,742 | – | – |
| Staff costs (Note 31) | 8,896,701 | 9,207,446 | 1,558,609 | 1,639,854 |
| Loss/(Gain) on foreign exchange | | | | |
| - Realised | 824 | (1,098) | – | – |
| - Unrealised | 981,193 | (269,967) | 147,815 | (164,475) |
| Lease expenses relating to: | | | | |
| - Low value assets (a) | – | 13,520 | – | – |
| - Short-term leases (a) | – | 391,196 | – | – |
| Share based payment | 508,444 | 439,595 | 508,444 | 439,595 |
| Loss on dilution of a subsidiary | 1,439,621 | 239,808 | – | – |

(a) The Group leases a number of properties and equipment with contract terms of not more than one year. These leases are short-term or leases of low value assets. The Group has elected not to recognised right-of-use assets and lease liabilities for these leases.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 29. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Tax expenses recognised in profit or loss** | | | | |
| **Current tax** | | | | |
| Current financial year provision | 60,900 | 81,244 | 55,000 | 42,048 |
| Under/(Over) provision in priors | 48,385 | (70,855) | 7,588 | (6,306) |
| | 109,285 | 10,389 | 62,588 | 35,742 |
| **Deferred tax liabilities** | | | | |
| Origination and reversal of temporary difference | (2,229,865) | (515,688) | – | – |
| Under/(Over) provision in priors financial years | 2,084,595 | (742,295) | – | – |
| | (145,270) | (1,257,983) | – | – |
| Total tax (income)/expense | (35,985) | (1,247,594) | 62,588 | 35,742 |

A reconciliation of income tax expenses applicable to loss before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Loss before tax | (48,829,663) | (2,772,090) | (842,932) | (601,813) |
| Income tax calculated at tax rate of 24% (2021: 24%) | (11,719,119) | (665,302) | (202,304) | (144,435) |
| Expenses not deductible for tax purposes | 7,086,089 | 3,147,389 | 1,457,135 | 687,301 |
| Income not subject to tax | (1,318,414) | (1,021,121) | (1,200,000) | (960,000) |
| Income exempted under pioneer status | – | (68,826) | – | – |
| Deferred tax assets not utilised in respect of reinvestment allowance | – | (847,393) | – | – |
| Movement of deferred tax assets not recognised | 3,782,479 | (979,191) | 169 | 459,182 |
| Under/(Over) provision of tax expenses in priors financial years | 48,385 | (70,855) | 7,588 | (6,306) |
| Under/(Over) provision of deferred tax in priors financial years | 2,084,595 | (742,295) | – | – |
| | (35,985) | (1,247,594) | 62,588 | 35,742 |

A subsidiary has received an approval letter dated 20 December 2013 from Ministry of Agriculture and Agro-Based Industry Malaysia in relation to its application for exemption of tax under paragraph 127(3)(b) of the Income Tax Act 1967 for carrying out of herbs project. Pursuant to paragraph 127(3)(b), it has been granted a 100% tax exemption of the statutory income for a period of 10 years commencing from its first statutory income. As such, it is eligible for tax exemption on 100% of its statutory business income (if any) for the year of assessment 2018 to year of assessment 2027.

## 30. LOSS PER SHARE

### (a) Loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Loss attributable to owners of Company | (47,830,550) | (1,286,499) |
| Weighted average number of ordinary shares in issue: | | |
| Issued ordinary shares at 1 January | 1,155,508,426 | 1,110,470,832 |
| Effect of ordinary shares issued during the financial year | 105,341,271 | 45,037,594 |
| Weighted average number of ordinary shares at 31 December | 1,260,849,697 | 1,155,508,426 |
| Basic loss per ordinary shares (in sen) | (3.80) | (0.11) |

### (b) Diluted loss per share

The diluted loss per share has been calculated based on the adjusted consolidated loss for the financial year attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Loss attributable to owners of Company | (47,830,550) | (1,286,499) |
| Weighted average number of ordinary shares | 1,260,849,697 | 1,155,508,426 |
| Adjustment for incremental shares from assumed conversions: | | |
| Warrants | – | 12,564,677 |
| SIS | | |
| - Granted on 27 February 2017 | 1,988,899 | 324,084 |
| - Granted on 16 April 2020 | 2,275,863 | 1,300,122 |
| - Granted on 10 September 2021 | – | 3,850,171 |
| - Granted on 17 October 2022 | 25,684,932 | – |
| ICPS | 457,078,472 | 22,561,555 |
| Weighted average number of ordinary shares 31 December (diluted) | 1,747,877,863 | 1,196,109,035 |
| Loss per ordinary shares (in sen) | (2.74) | (0.11) |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 31. STAFF COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Salaries, wages and other emoluments | 7,612,662 | 8,120,446 | 960,913 | 1,119,795 |
| Social security contributions | 74,914 | 79,046 | 2,214 | 2,417 |
| Defined contribution plans | 682,985 | 740,162 | 87,038 | 77,960 |
| Employment insurance scheme | 17,696 | 6,456 | – | 87 |
| Share based payment | 508,444 | 439,595 | 508,444 | 439,595 |
| | 8,896,701 | 9,385,705 | 1,558,609 | 1,639,854 |
| Less: Capitalised into: | | | | |
| - Plantation expenditure (Note 4) | – | (178,259) | – | – |
| | 8,896,701 | 9,207,446 | 1,558,609 | 1,639,854 |

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM1,922,186 and RM1,364,053 (2021: RM1,362,543 and RM1,253,711) respectively.

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

| | Lease liabilities RM | Term loans RM |
|---|---|---|
| **Group** | | |
| At 1 January 2022 | 5,204,224 | 6,956,023 |
| Drawdown | 1,756,021 | – |
| Repayment | (1,240,849) | (2,391,055) |
| Modification of lease term | (963,685) | – |
| Foreign exchange translation | (31,766) | – |
| At 31 December 2022 | 4,723,945 | 4,564,968 |
| **Group** | | |
| At 1 January 2021 | 5,376,233 | 4,386,659 |
| Drawdown | 1,127,683 | 3,279,800 |
| Repayment | (1,222,168) | (710,436) |
| Modification of lease term | (41,972) | – |
| Rent concession related to COVID-19 | (40,540) | – |
| Foreign exchange translation | 4,988 | – |
| At 31 December 2021 | 5,204,224 | 6,956,023 |

## 33. RELATED PARTY DISCLOSURES

### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control or join 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 Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

### (b) Significant related party transactions

Related party transactions have been entered into the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Company are as follows:

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Transaction with a subsidiary | | |
| - Dividend income | 5,000,000 | 4,000,000 |

### (c) Compensation of key management personnel

The Group considers the directors to be the key management personnel. Disclosure of their remuneration is made in directors' remuneration to the directors' report.

## 34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, has three reportable segments as follows:

| | |
|---|---|
| Trading | : Procurement and sales of health food products |
| Manufacturing | : Research, development, manufacture, importer, exporter, distribution and trader of nutritional and health care products. |
| Retail pharmacy | : Pharmacist, druggist and chemicals |
| Others | : Investment holding and provision of management |

Management monitors the operating result of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

## 34. SEGMENT INFORMATION (CONT'D)

| | Note | Trading RM | Manufacturing RM | Retail pharmacy RM | Others RM | Total Segments RM | Adjustment and eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2022** | | | | | | | | |
| External customer | | 10,871,085 | 12,694,470 | 12,188,774 | 42,500 | 35,796,829 | – | 35,796,829 |
| Inter-segment | | – | 1,085,501 | 410,855 | 5,000,000 | 6,496,356 | (6,496,356) | – |
| Total revenue | | 10,871,085 | 13,779,971 | 12,599,629 | 5,042,500 | 42,293,185 | (6,496,356) | 35,796,829 |
| **Results** | | | | | | | | |
| Finance income | | 10,528 | 206,471 | 1,888 | 307,992 | 526,879 | – | 526,879 |
| Finance costs | | – | (627,690) | (141,928) | (60) | (769,678) | – | (769,678) |
| Depreciation on property, plant and equipment | | (439,432) | (8,932,381) | (772,671) | (11,527) | (10,156,011) | – | (10,156,011) |
| Amortisation on intangible asset | | (127,860) | (2,289,712) | – | – | (2,417,572) | – | (2,417,572) |
| Other non-cash item | A | (4,283,191) | (14,885,421) | (558,330) | (1,543,827) | (21,270,769) | – | (21,710,937) |
| Segment loss | | (2,926,367) | (36,676,142) | (3,851,529) | (1,338,757) | (44,792,795) | (4,553,715) | (49,346,510) |
| **Assets** | | | | | | | | |
| Additions to non-current assets other that financial intruments deferred tax asssets | B | 567,803 | 7,626,974 | 321,519 | 82,395 | 8,598,691 | – | 8,598,691 |
| Segment assets | C | 18,297,837 | 255,039,530 | 4,777,035 | 193,604,076 | 471,718,478 | (271,068,874) | 200,649,604 |
| **Liabilities** | | | | | | | | |
| Segment liabilities | D | 10,370,957 | 244,843,370 | 12,264,356 | 2,659,033 | 270,137,716 | (237,475,189) | 32,662,527 |

## 34. SEGMENT INFORMATION (CONT'D)

| | Note | Trading RM | Manufacturing RM | Retail pharmacy RM | Others RM | Total Segments RM | Adjustment and eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| External customer | | 55,498,042 | 26,791,172 | 14,381,919 | 48,231 | 96,719,364 | – | 96,719,364 |
| Inter-segment | | – | 2,955,734 | 9,391,144 | 4,244,121 | 16,590,999 | (16,590,999) | – |
| Total revenue | | 55,498,042 | 29,746,906 | 23,773,063 | 4,292,352 | 113,310,363 | (16,590,999) | 96,719,364 |
| **Results** | | | | | | | | |
| Finance income | | 11,321 | 114,553 | – | 250,103 | 375,977 | – | 375,977 |
| Finance costs | | – | (415,915) | (151,530) | – | (567,445) | – | (567,445) |
| Depreciation on property, plant and equipment | | (513,220) | (8,909,650) | (803,444) | (11,901) | (10,238,215) | – | (10,238,215) |
| Amortisation on intangible asset | | (120,305) | (2,221,775) | – | – | (2,342,080) | – | (2,342,080) |
| Other non-cash item | A | 112,704 | 1,340,782 | (1,095,111) | (275,120) | 83,255 | (465,074) | (381,819) |
| Segment loss | | (1,656,264) | (18,772,079) | (13,527,886) | (2,663,957) | (36,620,186) | 35,095,690 | (1,524,496) |
| **Assets** | | | | | | | | |
| Additions to non-current assets other that financial intruments deferred tax asssets | B | 1,688,351 | 22,678,668 | 956,031 | 245,000 | 25,568,050 | – | 25,568,050 |
| Segment assets | C | 19,864,895 | 242,543,824 | 14,174,395 | 194,226,203 | 470,809,317 | (259,152,204) | 211,657,113 |
| **Liabilities** | | | | | | | | |
| Segment liabilities | D | 9,348,400 | 192,749,240 | 25,294,320 | 28,837,200 | 256,229,160 | (247,126,313) | 9,102,847 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 34. SEGMENT INFORMATION (CONT'D)

Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries.

Inter-segment revenues are eliminated on consolidation.

A. Other non-cash items consist of the following as presented in the respective notes to the financial statements:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Other non-cash item:** | | |
| Amortisation of deferred capital grant | 405,019 | 368,391 |
| Bad debts written off | (356,705) | (796,910) |
| Biological assets written off | – | (1,660) |
| Share based payment | (508,444) | (439,595) |
| Allowance for ECLs | | |
| - Trade receivables | (10,930,843) | (12,411) |
| - Other receivables | – | (659,279) |
| Reversal allowance for ECLs | – | – |
| - Trade receivables | 293,785 | 1,666,871 |
| - Other receivables | 47,725 | – |
| Fair value adjustment on plantation expenditure | (2,114,958) | – |
| Fair value adjustment on biological assets | (516,731) | – |
| Impairment losses on goodwill on consolidation | – | (50,000) |
| Impairment of property, plant and equipment | (620,520) | – |
| Inventories written off | (758,789) | (246,016) |
| Provision of slow-moving inventories | (580,730) | (75,548) |
| Reversal of provision of slow-moving inventories | – | 617,181 |
| Loss on disposal of property, plant and equipment | (2,522) | (10,400) |
| Propety, plant and equipment written off | (3,289,959) | (814,742) |
| Rent concession related to COVID-19 | – | 40,540 |
| Unrealised (loss)/gain on foreign exchange | (981,193) | 269,967 |
| Gain on early termination of lease contract | 83,717 | – |
| Gain on modification of lease contract | – | 1,600 |
| Loss on dilution of a subsidiary | (1,439,621) | (239,808) |
| | (21,270,769) | (381,819) |

B. Additions to non-current assets other than financial instruments consists of:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Property, plant and equipment | 4,902,489 | 18,923,056 |
| Intangible assets | 3,696,202 | 6,644,994 |
| | 8,598,691 | 25,568,050 |

## 34. SEGMENT INFORMATION (CONT'D)

Adjustments and eliminations (Cont'd)

C. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Segment assets | 194,313,973 | 211,657,113 |
| Tax recoverable | 1,001,601 | 472,349 |
| Goodwill | 5,334,030 | 5,334,030 |
| Total assets | 200,649,604 | 217,463,492 |

D. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Segment liabilities | 13,237,646 | 9,102,847 |
| Deferred tax liabilities | 7,310,126 | 7,455,396 |
| Lease liabilities | 4,723,945 | 5,204,224 |
| Loan and borrowings | 6,951,968 | 9,343,023 |
| Tax payable | 438,842 | 19,332 |
| Total liabilities | 32,662,527 | 31,124,822 |

Geographic information

Revenue information based on the geographical location of customer is as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Malaysia | 22,888,189 | 32,830,984 |
| China | 10,868,954 | 57,554,337 |
| Indonesia | 382,586 | 5,894,711 |
| Others | 1,657,100 | 439,332 |
| | 35,796,829 | 96,719,364 |

Major customer

There are 1 (2021: 1) major customer contributing to RM10,855,997 (2021: RM36,873,402) or more of total revenue of the Group from trading segment.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 35. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **At amortised cost** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 8,944,684 | 23,966,989 | – | – |
| Other receivables | 7,134,103 | 14,253,061 | 48,244 | 37,079 |
| Amount due from subsidiaries | – | – | 188,069,533 | 164,073,895 |
| Fixed deposits with licensed banks | 22,791,034 | 11,624,318 | 7,500,000 | 9,500,000 |
| Cash and cash equivalents | 16,972,445 | 24,314,060 | 198,125 | 2,486,835 |
| | 55,842,266 | 74,158,428 | 195,815,902 | 176,097,809 |
| **At FVTPL** | | | | |
| **Financial asset** | | | | |
| Other investments | 9,026,826 | 11,906 | – | – |
| **At amortised cost** | | | | |
| **Financial liabilities** | | | | |
| Loan and borrowings | 6,951,968 | 9,343,023 | – | – |
| Trade payables | 4,789,633 | 4,508,043 | – | – |
| Other payables | 7,178,709 | 3,412,522 | 419,237 | 696,545 |
| Amount due to subsidiaries | – | – | 20,939,873 | 26,849,873 |
| | 18,920,310 | 17,263,588 | 21,359,110 | 27,546,418 |

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objective and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations. The Group's exposure to credit risk arises principally from the trade receivables, other receivables, fixed deposits with licensed bank and cash and bank balances. The Company's exposure to credit risk arises principally from the other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances. There are no significant changes as compared to previous financial year.

The Group and the Company have adopted a policy of only with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with bank and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiaries. It also provides financial guarantee to banks for banking facilities granted to certain subsidiary. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realisctic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and that are written of could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities.

There are no significant changes as compared to previous financial year.

As at the end of the finance year, the Group has 2 (2021:3) major customers and accounted for approximately 57% (2021: 52%) of trade receivables outstanding

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objective and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall die. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirement and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earlies date on which the Group and the Company can be required to pay.

| | On demand or within 1 year RM | 2 to 5 years RM | More than 5 years RM | Contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2022** | | | | | |
| *Non -derivative financial liabilities* | | | | | |
| Term loans | 1,891,163 | 2,409,205 | 1,160,340 | 5,460,708 | 4,564,968 |
| Lease liabilities | 1,401,143 | 1,827,605 | 2,676,821 | 5,905,569 | 4,723,945 |
| Trade payables | 4,789,633 | – | – | 4,789,633 | 4,789,633 |
| Other payables | 7,178,709 | – | – | 7,178,709 | 7,178,709 |
| Bankers' acceptance | 1,387,000 | – | – | 1,387,000 | 1,387,000 |
| Revolving credit | 1,000,000 | – | – | 1,000,000 | 1,000,000 |
| | 17,647,648 | 4,236,810 | 3,837,161 | 25,721,619 | 23,644,255 |
| Financial guarantee* | 200,000 | – | – | 200,000 | |
| **2021** | | | | | |
| *Non -derivative financial liabilities* | | | | | |
| Term loans | 2,727,452 | 3,710,375 | 1,472,985 | 7,910,812 | 6,956,023 |
| Lease liabilities | 1,256,595 | 2,052,222 | 3,281,381 | 6,590,198 | 5,204,224 |
| Trade payables | 4,508,043 | – | – | 4,508,043 | 4,508,043 |
| Other payables | 3,241,502 | 171,020 | – | 3,412,522 | 3,412,522 |
| Bankers' acceptance | 1,387,000 | – | – | 1,387,000 | 1,387,000 |
| Revolving credit | 1,000,000 | – | – | 1,000,000 | 1,000,000 |
| | 14,120,592 | 5,933,617 | 4,754,366 | 24,808,575 | 22,467,812 |
| Financial guarantee* | 200,000 | – | – | 200,000 | |

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objective and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

| | On demand or within 1 year RM | 2 to 5 years RM | More than 5 years RM | Contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2022** | | | | | |
| *Non -derivative financial liabilities* | | | | | |
| Other payables | 419,237 | – | – | 419,237 | 419,237 |
| Amount due to subsidiaries | 20,939,873 | – | – | 20,939,873 | 20,939,873 |
| | 21,359,110 | – | – | 21,359,110 | 21,359,110 |
| Financial guarantee* | 4,000,000 | – | – | 4,000,000 | |
| **2021** | | | | | |
| *Non -derivative financial liabilities* | | | | | |
| Other payables | 696,545 | – | – | 696,545 | 696,545 |
| Amount due to subsidiaries | 26,849,873 | – | – | 26,849,873 | 26,849,873 |
| | 27,546,418 | – | – | 27,546,418 | 27,546,418 |
| Financial guarantee* | 4,405,319 | – | – | 4,405,319 | |

* Based on the maximum amount that can be called for under the financial guarantee contract.

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At end of the financial year, there was no indication that the subsidiaries would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting on the credit facilities is remote.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are CNY, HKD, IDR, SGD and USD.

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

| | Trade receivables RM | Other receivables RM | Other payables RM | Cash and bank balances RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2022** | | | | | |
| Denominated in | | | | | |
| HKD | – | 4,103 | (29,514) | 565,442 | 540,031 |
| CNY | 3,730,594 | 6,834,072 | (4,440,681) | 14,518,488 | 20,642,473 |
| SGD | – | – | – | 33,984 | 33,984 |
| IDR | 2,670 | 1,606,042 | (60,705) | 13,281 | 1,561,288 |
| USD | 3,564,920 | 4,552,840 | – | 615,001 | 8,732,761 |
| | 7,298,184 | 12,997,057 | (4,530,900) | 15,746,196 | 31,510,537 |
| **2021** | | | | | |
| Denominated in | | | | | |
| HKD | – | – | (11,513) | 589,882 | 578,369 |
| CNY | 7,239,140 | 5,754,059 | (138,558) | 15,980,587 | 28,835,228 |
| SGD | – | – | – | 32,564 | 32,564 |
| IDR | 5,393 | 1,426,693 | (72,828) | 53,174 | 1,412,432 |
| USD | 10,248,073 | 7,140,886 | (253,454) | 3,901,388 | 21,036,893 |
| | 17,492,606 | 14,321,638 | (476,353) | 20,557,595 | 51,895,486 |

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows: (Cont'd)

| | Amount due from subsidiaries RM | Cash and bank balances RM | Total RM |
|---|---|---|---|
| **Company** | | | |
| **2022** | | | |
| *Denominated in* | | | |
| CNY | 28,311,674 | – | 28,311,674 |
| HKD | 1,693,274 | 20 | 1,693,294 |
| USD | 17,827,665 | 761 | 17,828,426 |
| | 47,832,613 | 781 | 47,833,394 |
| **2021** | | | |
| *Denominated in* | | | |
| CNY | 15,321,246 | – | 15,321,246 |
| HKD | 17,770,237 | 20 | 17,770,257 |
| USD | 12,360,025 | 971 | 12,360,996 |
| | 45,451,508 | 991 | 45,452,499 |

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's loss before tax for the financial year to a reasonably possible change in the CNY, HKD, IDR, SGD and USD exchange rates against the functional currencies of the Group and of the Company, with all other variables held constant.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

| | Change in currency rate | Effect on loss before tax 2022 RM | Effect on loss before tax 2021 RM |
|---|---|---|---|
| **Group** | | | |
| HKD | Strengthened 1% (2021: 1%) | 5,400 | 5,784 |
| | Weakened 1% (2021: 1%) | (5,400) | (5,784) |
| CNY | Strengthened 1% (2021: 1%) | 206,425 | 288,352 |
| | Weakened 1% (2021: 1%) | (206,425) | (288,352) |
| IDR | Strengthened 1% (2021: 1%) | 15,613 | 14,124 |
| | Weakened 1% (2021: 1%) | (15,613) | (14,124) |
| SGD | Strengthened 1% (2021: 1%) | 340 | 326 |
| | Weakened 1% (2021: 1%) | (340) | (326) |
| USD | Strengthened 1% (2021: 1%) | 87,328 | 210,369 |
| | Weakened 1% (2021: 1%) | (87,328) | (210,369) |
| **Company** | | | |
| CNY | Strengthened 1% (2021: 1%) | 283,117 | 153,212 |
| | Weakened 1% (2021: 1%) | (283,117) | (153,212) |
| HKD | Strengthened 1% (2021: 1%) | 16,933 | 177,703 |
| | Weakened 1% (2021: 1%) | (16,933) | (177,703) |
| USD | Strengthened 1% (2021: 1%) | 178,284 | 123,610 |
| | Weakened 1% (2021: 1%) | (178,284) | (123,610) |

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group and the Company manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor their interest rates by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Fixed rate intruments** | | |
| Financial asset | | |
| Fixed deposits with licensed banks | 22,791,034 | 11,624,318 |
| Financial liabilities | | |
| Bankers' acceptance | (1,387,000) | (1,387,000) |
| Lease liabilities | | (351,050) |
| Revolving credit | (1,000,000) | (1,000,000) |
| Term loans | (85,022) | (519,986) |
| | (2,472,022) | (3,258,036) |
| Net financial assets | 20,319,012 | 8,366,282 |
| **Floating rate intruments** | | |
| Financial liability | | |
| Term loans | (4,479,946) | (6,436,037) |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Fixed rate intruments** | | |
| Financial asset | | |
| Fixed deposits with licensed banks | 7,500,000 | 9,500,000 |

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before tax by RM44,799 (2021: RM64,360), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### (c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and significant impact of discounting.

The table below analyses financial instruments carried at fair value and carrying amounts shown in the statements of financial positions.

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Fair value of financial intruments carried at fair value** | | |
| **Level 1** | | |
| Financial asset | | |
| Other investment | 9,026,826 | 11,906 |

## 35. FINANCIAL INSTRUMENTS (CONT'D)

**(c) Fair value of financial instruments (Cont'd)**

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

The following table shows the value techniques used in the determination of fair values within level 3, as well as key unobservable inputs used in the valuation method.

## 36. CAPITAL COMMITMENT

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Capital expenditure** | | |
| Authorised and contracted for: | | |
| Property, plant and equipment | – | 31,200 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 37. FINANCIAL GUARANTEES

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Group** | | |
| **Unsecured** | | |
| Performance bonds in relation to the management of the Herbal Intergrated Cluster Development | 200,000 | 200,000 |
| **Company** | | |
| **Unsecured** | | |
| Corporate guarantees given to the licensed financial institution for credit facility granted to a subsidiary | 4,000,000 | 4,405,319 |

## 38. CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Total loans and borrowings (Note 19) | 6,951,968 | 9,343,023 |
| Total lease liabilites | 4,723,945 | 351,050 |
| Less: Cash and cash equivalents | (16,972,445) | (24,314,060) |
| Less: Fixed deposits with licensed banks | (22,791,034) | (11,624,318) |
| Net cash | (28,087,566) | (26,244,305) |
| Total equity | 167,987,077 | 186,338,670 |
| Gearing ratio | N/A | N/A |

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

## 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 6 January 2022, the Company has resolved to extended the duration of its existing SIS< which expiring on 11 January 2022, for another 2 years from 12 January 2022 to 11 January 2024 in accordance with the Clause 21 of the SIS By-Laws.

On 24 March 2022, the Company has cancelled 153,000,000 SIS Options offered on 10 September 2021 at exercised price of RM0.225 per share upon mutual agreements with respective SIS Option holders.

## 40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current financial period presentation.

| | For the financial year ended 31 December 2021 | |
|---|---|---|
| **Group** | **As previously reported RM** | **As reclassified RM** |
| *Statement of profit or loss and other comprehensive income* | | |
| Other operating income | 1,307,845 | 1,683,822 |
| Administrative expenses | (17,139,812) | (18,936,919) |
| Other expenses | (1,797,107) | – |
| Finance income | 375,977 | – |
| **Company** | | |
| *Statement of profit or loss and other comprehensive income* | | |
| Other operating income | 164,475 | 414,578 |
| Finance income | 250,103 | – |

# LIST OF **PROPERTIES**

## OWNED

| Registered owner | Location | Description and Existing Use | Date of Certificate of Fitness | Built-Up Area/ Land Area Sq. ft. | Tenure | Carrying Amount as at 31 December 2022 RM'000 | Date of last revaluation | Age |
|---|---|---|---|---|---|---|---|---|
| Bioalpha International Sdn Bhd | No.10, Jalan P9/A, Seksyen 13, Bandar Baru Bangi, Selangor. | Industrial land with the following buildings erected thereon:<br>• a semi-detached two (2)-storey building annexed with an open shed for our manufacturing facility;<br>• two (2) utility cabins for our restroom and surau; and<br>• a guardhouse | April 30, 2012 | 8,137 / 11,000 | 99 years expiring on 20.08.2105 | 3,388 | March 10, 2013 | 83 years |
| Mediconstant Pharmacy Sdn Bhd | 83, Jalan 34/154, Taman Dahlia, Cheras, 56000, Kuala Lumpur. | Two (2) units of adjoining double storey shop lots for our retail pharmacy | N/A | 1,647 | Freehold | 1,429 | Sept 27, 2016 | (1) |
| Bioalpha International Sdn Bhd | No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack, Off Jalan P1A, Seksyen 13, Bandar Baru Bangi, 43000 Kajang, Selangor. | Units of 3 Storey Semi-detached Factory with Office | July 07, 2014 | 6,966 / 10,606 | 99 years expiring on 20.08.2113 | 6,274 | March 09, 2018 | 91 years |

# LIST OF PROPERTIES
(CONT'D)

## LEASED

| Tenant | Landlord | Location | Description and Existing Use | Built-Up Area/ Land Area | Rental RM | Rental/ Lease Period |
|---|---|---|---|---|---|---|
| Bioalpha Holdings Berhad, Bioalpha International Sdn Bhd and Bioalpha East Coast Agro Sdn Bhd | Lembaga Tabung Amanah Warisan Negeri Terengganu | Lot PT 1748, H. S. (D) 1966, Mukim Pasir Raja, Daerah Dungun, Terengganu. | Agricultural land for the cultivation and farming of herbal plants with the following infrastructure erected thereon:<br>• an administration and management building;<br>• a fertilizer storage facility;<br>• an equipment store cum repair and maintenance workshop;<br>• residential buildings as follows:<br>(i) one (1) unit of bungalow;<br>(ii) twelve (12) units of office terrace;<br>(iii) nine (9) units of family terrace;<br>(iv) two (2) blocks of hostel;<br>(v) surau;<br>(vi) convenience store;<br>• common facilities as follows:<br>(i) skid tank;<br>(ii) guardhouse; and<br>(iii) water storage tank. | [2] / 123.5 to 1,003 acres | 152,527.50 per annum | 07.04.2014 to 06.04.2044 |
| Bioalpha (Johor Herbal) Sdn Bhd | Perbadanan Setiausaha Kerajaan Johor | PTD 4825 H.S.(D) 31408 and PTD 5140 H.S.(D) 34765 Mukim Pantai Timur, Daerah Kota Tinggi, Johor. | Agricultural land for cultivation and farming of herbal and non-herbal plants | 300 acres | [3] | [3] |
| Botanical Distrubution Sdn Bhd | Dewina LSG Sdn Bhd | No. 12, Jalan P/9A, Seksyen 13, Kawasan Perindustrian Bandar Baru Bangi, 43650, Bandar Baru Bangi, Selangor. | Industrial land with a semi-detached one (1) ½-storey building for our manufacturing facility | 5,600 / 11,000 | 8,800 per month | 01.02.2023 to 31.01.2025 |
| Mediconstant Pharmacy Sdn Bhd | Natural Options Sdn Bhd | Unit No. 548 & 550, Block A, Kelana Center Point, 3, Jalan Ss7/19, 47301, Petaling Jaya, Selangor. | Two (2) units of office lots for Mediconstant HQ office | 3,057 | 4,000 per month | 01.08.2022 to 31.07.2024 |

(1) Not available as the building is freehold.
(2) Not available as the leased buildings and infrastructures are of different types and sizes.
(3) On 27 June 2019, State Secretary (Incorporated) Johor has through Bio Desaru Sdn Bhd (who has been duly granted the power to deal with and undertake the development activities of Desaru Land under the POA registered with the land office Johor on 27 February 2014) has submitted the relevant lease registration documents for Plot 1 and Plot 2 of Desaru Land to the land office. To date, the said lease registration documents in relation to the Desaru Land is being process by the land office.

# ANALYSIS OF **SHAREHOLDINGS**

AS AT 31 MARCH 2023

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 1,378,072,011 ordinary shares |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | One vote for each ordinary share held |

## DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2023

(As per Records of Depositors as at 31 March 2023)

| Size of Holding | No. of shareholders | % | No. of Shares Held | % |
|---|---|---|---|---|
| 1 to 99 | 703 | 6.139 | 32,971 | 0.002 |
| 100 to 1,000 | 1,013 | 8.846 | 514,887 | 0.037 |
| 1,001 to 10,000 | 3,750 | 32.745 | 24,078,804 | 1.747 |
| 10,001 to 100,000 | 4,872 | 42.543 | 181,753,764 | 13.189 |
| 100,001 to 68,903,600 | 1,110 | 9.693 | 716,544,352 | 51.996 |
| 69,903,601 to 5% and above of issued shares | 4 | 0.034 | 455,147,233 | 33.029 |
| **Total** | **11,452** | **100.000** | **1,378,072,011** | **100.000** |

## LIST OF SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

| No. | Name of Substantial Shareholder | No. of Shares held Direct | % | No. of Shares held Indirect | % |
|---|---|---|---|---|---|
| 1 | Joe Holdings (M) Investment Limited | 150,000,000 | 10.885 | – | – |
| 2 | Perbadanan Nasional Berhad | 120,855,104 | 8.770 | – | – |
| 3 | Malaysian Technology Development Corporation Sdn Bhd | 114,350,818 | 8.298 | – | – |
| 4 | Ooi Keng Thye | 69,941,311 | 5.075 | – | – |
| 5 | Joe Holding Berhad | – | – | 150,000,000* | 10.885* |

** Deemed interested by virtue of its interest in Joe Holding (M) Investment Limited pursuant to Section 8(4) of the Companies Act 2016 ("Act").*

# ANALYSIS OF SHAREHOLDINGS
(CONT'D)

## LIST OF DIRECTORS' SHAREHOLDINGS
(As per Register of Directors' Shareholdings)

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows: -

| No. | Name of Directors | No. of Shares held Direct | % | No. of Shares held Indirect | % |
|---|---|---|---|---|---|
| 1 | Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim | – | – | – | – |
| 2 | Hon Tian Kok @ William | 20,000,099 | 1.451 | – | – |
| 3 | Datuk Chong Loong Men | – | – | – | – |
| 4 | Ho Tze Hiung | – | – | – | – |
| 5 | Mohd Nasir Bin Abdullah | 100,000 | 0.007 | – | – |
| 6 | Kang Jimmi | – | – | – | – |
| 7 | Yee Yit Yang | – | – | – | – |
| 8 | Goh Siow Cheng | – | – | – | – |

## LIST OF TOP 30 SHAREHOLDERS
(As per Records of Depositors as at 31 March 2023)

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR FINEXIA SECURITIES LTD | 150,000,000 | 10.885 |
| 2 | PERBADANAN NASIONAL BERHAD | 120,855,104 | 8.770 |
| 3 | MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD | 114,350,818 | 8.298 |
| 4 | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE | 69,941,311 | 5.075 |
| 5 | UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED | 68,000,000 | 4.934 |
| 6 | CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD | 49,057,600 | 3.560 |
| 7 | PERUSAHAAN SAUDEE SDN BHD | 33,000,000 | 2.395 |
| 8 | ACE EDIBLE OIL INDUSTRIES SDN BHD | 30,316,400 | 2.200 |
| 9 | AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR LAZARUS SECURITIES PTY LTD | 24,000,000 | 1.742 |
| 10 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (GCHK-LAZARUS) | 22,888,800 | 1.661 |

# ANALYSIS OF SHAREHOLDINGS
(CONT'D)

## LIST OF TOP 30 SHAREHOLDERS (CONT'D)
(As per Records of Depositors as at 31 March 2023)

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 11 | TA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM | 17,480,000 | 1.268 |
| 12 | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT) | 12,300,000 | 0.893 |
| 13 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP | 10,999,910 | 0.798 |
| 14 | HO HUEY CHUIN | 10,261,900 | 0.745 |
| 15 | SEAH TIN KIM | 9,190,666 | 0.667 |
| 16 | ONG KENG SENG | 7,550,000 | 0.548 |
| 17 | KHOR HSIA JOEW | 6,485,310 | 0.471 |
| 18 | CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD | 5,333,333 | 0.387 |
| 19 | VOON SZE LIN | 4,327,811 | 0.314 |
| 20 | YUNG BOON HONG @ YANG KOK CHING | 4,095,066 | 0.297 |
| 21 | GOH KUANG WEI | 3,926,666 | 0.285 |
| 22 | TAN HAN CHONG | 3,500,000 | 0.254 |
| 23 | AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT) | 3,190,700 | 0.232 |
| 24 | KUA HOCK LAI | 3,150,000 | 0.229 |
| 25 | TAN TIO CHENG @ TAN CHOW CHENG | 3,000,000 | 0.218 |
| 26 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK (E-TAI/KKR) | 2,793,400 | 0.203 |
| 27 | AW KHENG TONG | 2,700,000 | 0.196 |
| 28 | VANI A/P SUBRAMANIAM | 2,700,000 | 0.196 |
| 29 | CHONG KWEE SIONG | 2,650,000 | 0.192 |
| 30 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHEN YOON FONG (E-JBU) | 2,630,000 | 0.191 |

# ANALYSIS OF **ICPS SHAREHOLDINGS**

AS AT 31 MARCH 2023

## SHARE CAPITAL

| | | |
|---|---|---|
| Types of Securities | : | Irredeemable Convertible Preference Shares (ICPS) |
| Total number of ICPS Issued | : | 457,078,472 |

## DISTRIBUTION OF ICPS SHAREHOLDINGS AS AT 31 MARCH 2023

(As per Records of Depositors as at 31 March 2023)

| Size of Holding | No. of ICPS holders | % | No. of ICPS Held | % |
|---|---|---|---|---|
| 1 to 99 | 99 | 6.676 | 4,537 | 0.001 |
| 100 to 1,000 | 156 | 10.519 | 84,412 | 0.018 |
| 1,001 to 10,000 | 722 | 48.685 | 3,280,167 | 0.718 |
| 10,001 to 100,000 | 411 | 27.714 | 13,908,458 | 3.043 |
| 100,001 to 22,853,923 | 93 | 6.271 | 127,390,862 | 27.871 |
| 22,853,924 to 5% and above of issued ICPS | 2 | 0.135 | 312,410,036 | 68.349 |
| **Total** | **1,483** | **100.000** | **457,078,472** | **100.000** |

## LIST OF DIRECTORS' ICPS HOLDINGS

(As per Register of Directors' ICPS Holdings)

The Directors' ICPS holdings based on the Register of Directors' ICPS holdings of the Company are as follows: -

| No. | Name of Directors | No. of ICPS held Direct | % | No. of ICPS held Indirect | % |
|---|---|---|---|---|---|
| 1 | Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim | – | – | – | – |
| 2 | Hon Tian Kok @ William | 285,000,036 | 62.353 | – | – |
| 3 | Datuk Chong Loong Men | – | – | – | – |
| 4 | Ho Tze Hiung | – | – | – | – |
| 5 | Mohd Nasir Bin Abdullah | – | – | – | – |
| 6 | Kang Jimmi | – | – | – | – |
| 7 | Yee Yit Yang | – | – | – | – |
| 8 | Goh Siow Cheng | – | – | – | – |

# ANALYSIS OF ICPS SHAREHOLDINGS
(CONT'D)

## LIST OF TOP 30 ICPS HOLDERS
(As per Records of Depositors as at 31 March 2023)

| No. | Name | No. of ICPS | % |
|---|---|---|---|
| 1 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM | 285,000,036 | 62.353 |
| 2 | UOB KAY HIAN NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS) | 27,410,000 | 5.997 |
| 3 | VOON SZE LIN | 18,583,213 | 4.066 |
| 4 | MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD | 17,867,315 | 3.909 |
| 5 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE | 10,778,800 | 2.358 |
| 6 | DATO' NORHALIM BIN YUNUS | 10,000,000 | 2.188 |
| 7 | TAN SRI ABD RAHMAN BIN MAMAT | 8,583,333 | 1.878 |
| 8 | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>ICAPITAL.BIZ BERHAD | 7,665,250 | 1.677 |
| 9 | GV ASIA FUND LIMITED | 6,800,300 | 1.488 |
| 10 | VOON JYE WAH | 4,979,400 | 1.089 |
| 11 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP | 3,505,012 | 0.767 |
| 12 | ANG YOOK CHU @ ANG YOKE FONG | 3,313,400 | 0.725 |
| 13 | TEO TIEW | 2,600,012 | 0.569 |
| 14 | CHONG KAM CHOY | 2,442,100 | 0.534 |
| 15 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LOH CHOO WEI (E-KUG) | 2,030,700 | 0.444 |
| 16 | APEX NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR GV ASIA FUND LIMITED (STA 1) | 2,025,400 | 0.443 |
| 17 | VOON JYE WAH | 1,625,100 | 0.356 |
| 18 | IFAST NOMINEES (TEMPATAN) SDN BHD<br>VOON JYE YNG | 1,348,800 | 0.295 |

# ANALYSIS OF ICPS SHAREHOLDINGS
(CONT'D)

## LIST OF TOP 30 ICPS HOLDERS (CONT'D)
(As per Records of Depositors as at 31 March 2023)

| No. | Name | No. of ICPS | % |
|---|---|---|---|
| 19 | CHIN JEE YANG | 1,260,000 | 0.276 |
| 20 | KHOR HSIA JOEW | 1,088,300 | 0.238 |
| 21 | YONG YOKE FONG | 1,055,000 | 0.231 |
| 22 | LIM BOON HIAN | 1,022,900 | 0.224 |
| 23 | CHAI CHEE FER | 889,300 | 0.195 |
| 24 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHENG KOK SIONG (MQ0462) | 844,900 | 0.185 |
| 25 | CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD | 833,333 | 0.182 |
| 26 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK (E-TAI/KKR) | 754,700 | 0.165 |
| 27 | TAN FHEE CHIN | 598,200 | 0.131 |
| 28 | GOH KUANG WEI | 566,666 | 0.124 |
| 29 | POH SIN EE | 550,000 | 0.120 |
| 30 | TAN HAN CHONG | 501,000 | 0.110 |

# NOTICE OF THE TWELFTH (12TH) **ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the Twelfth (12th) Annual General Meeting of Bioalpha Holdings Berhad ("Bioalpha" or "the Company") will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack, Off Jalan P1A, Seksyen 13, Bandar Baru Bangi, 43000 Kajang, Selangor Darul Ehsan via the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at https://web.vote2u.my on Wednesday, 7 June 2023 at 10.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

**AS ORDINARY BUSINESS:**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To approve the payment of Directors' fees and other benefits payable up to RM500,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 12th AGM until the conclusion of the next AGM of the Company in year 2024. (Ordinary Resolution 1)

3. To re-elect the following Director who is retiring by rotation in accordance with Clause 105(1) of the Company's Constitution and being eligible, offered himself, for re-election: (Ordinary Resolution 2)

   i. Hon Tian Kok @ William

4. To re-appoint Messrs. ChengCo PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Ordinary Resolution 3)

**AS SPECIAL BUSINESS:**
To consider and if thought fit, to pass the following as resolutions:

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** (Ordinary Resolution 4)

   "THAT approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 ("the Act") read together with Clause 61 of the Company's Constitution.

   THAT pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad ("Bursa Securities") allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

   AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

# NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING
(CONT'D)

6. To transact any other business of which due notices shall have been given in accordance with the Act. (Ordinary Resolution 5)

BY ORDER OF THE BOARD

**TAN TONG LANG (SSM PC NO. 202208000250 / MAICSA 7045482)**
**THIEN LEE MEE (SSM PC No. 201908002254 / LS0010621)**
Company Secretaries

Date: 28 April 2023

*Notes:-*

1. *A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*

2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.*

3. *Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*

6. *Only the members whose names appear on the Record of Depositors as at 31 May 2023 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.*

7. *Pursuant to Rule 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

# NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING
(CONT'D)

## EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:-

**1. Item 1 of the Agenda**

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

**2. Ordinary Resolution 1: To approve the payment of Directors' Fees and other benefits payable**

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 12th AGM until the next AGM of the Company in year 2024.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

**3. Ordinary Resolution 2 - Re-election of Directors who retire by rotation in accordance with Clause 105(1) of the Company's Constitution**

Clause 105(1) of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Mr Hon Tian Kok @ William is standing for re-election as Directors of the Company and being eligible, has offered himself for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 12th AGM, the Nomination Committee has considered and recommended Mr Hon Tian Kok @ William for re-election as Director pursuant to Clause 105(1) of the Company's Constitution.

**4. Retirement of Directors**

Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim and Encik Mohd Nasir Bin Abdullah who are retiring pursuant to Clause 105(1) of the Company's Constitution at the forthcoming 12th AGM of the Company, they have expressed their intention not to seek re-election at the forthcoming 12th AGM of the Company. Hence, they will retain office until the conclusion of the 12th AGM and will retire as the Directors of the Company until the conclusion of the 12th AGM.

# NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING
(CONT'D)

## EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:- (CONT'D)

**5. Special Business - Ordinary Resolution 4**
**Authority to Issue and Allot Shares Pursuant to Sections 75 And 76 of the Act**

*The proposed Ordinary Resolution 4, if passed, will empower the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.*

*As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 11th Annual General Meeting held on 28 June 2022 and which will lapse at the conclusion of the 12th Annual General Meeting.*

*As at the date of this Notice, no new ordinary shares were issued and allotted pursuant to the mandate granted to the Directors at the 10th AGM held on 28 June 2021 which will lapse at the conclusion of this 11th AGM.*

*Section 85(1) of the Companies Act 2016 provides as follows:*

*"85. Pre-emptive rights to new shares*
*1) Subject to the Constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."*

*Clause 61 of the Company's Constitution provides as follows:*

*"Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause."*

*By voting in favour of the proposed ordinary resolution 4, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act, 2016 and Clause 61 of the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company which will result in a dilution of their shareholding percentage in the Company.*

# STATEMENT ACCOMPANYING **NOTICE OF ANNUAL GENERAL MEETING**

(PURSUANT TO RULE 8.29 OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

The Director who is standing for re-election at the 12th AGM is Mr Hon Tian Kok @ William. The profiles of the Director is set out in the Annual Report of the Company.

No individual seeking for election as a director other than the Directors are seeking for re-election and retention as a director at the 12th AGM.

The Company will seek shareholders' approval on the general meting for issue of securities in accordance with Rule 6.04(3) of the AMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 4 as stated in the Notice of the 12th AGM of the Company for details.

**BIOALPHA HOLDINGS BERHAD**
[Registration No. 201101021398 (949536-X)]
**(Incorporated in Malaysia)**

# PROXY FORM

| Number of shares held | CDS Account No. |
|---|---|
| | |

I/We,..... (NRIC/Company No.) .....
(Full Name in Block Letters)

of .....
(Full Address)

Email Address: .....Tel No.....being a member of **Bioalpha Holdings Berhad** (Registration No. 201101021398 (949536-X)), hereby appoint:

| Name of Proxy 1 (Full Name) | NRIC No./Passport No. | % of Shareholding to be represented (refer to Note 2 set out below) |
|---|---|---|
| Address | Email Address | Contact No. |

or failing him/her

| Name of Proxy 2 (Full Name) | NRIC No./Passport No. | % of Shareholding to be represented (refer to Note 2 set out below) |
|---|---|---|
| Address | Email Address | Contact No. |

Or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twelfth (12th) Annual General Meeting of Bioalpha Holdings Berhad ("Bioalpha" or "the Company") will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack, Off Jalan P1A, Seksyen 13, Bandar Baru Bangi, 43000 Kajang, Selangor Darul Ehsan via the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at https://web.vote2u.my on Wednesday, 7 June 2023 at 10.00 a.m., as indicated below:

*Please indicate with a (x) in the appropriate box against the resolution how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.*

| No. | Resolutions | | FOR | AGAINST |
|---|---|---|---|---|
| 1. | To approve the payment of Directors' fees and other benefits payable up to RM500,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 12th AGM until the conclusion of the next AGM of the Company in year 2024. | Ordinary Resolution 1 | | |
| 2. | Re-election of Mr Hon Tian Kok @ William as Director | Ordinary Resolution 2 | | |
| 3. | Re-appointment of Messrs. ChengCo PLt as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 3 | | |
| 4. | Authority to Allot Shares Pursuant to Sections 75 And 76 of the Companies Act, 2016. | Ordinary Resolution 4 | | |

* *Delete if not applicable*

Signed on this _____ day of _____ 2023.

_____
Signature/ Common Seal of Shareholder

*Notes:*

1. *A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.*
3. *Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*
6. *Only the members whose names appear on the Record of Depositors as at 31 May 2023 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.*
7. *Pursuant to Rule 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
**BIOALPHA HOLDINGS BERHAD**
[Registration No. 201101021398 (949536-X)]
*c/o BOARDROOM SHARE REGISTRARS SDN BHD*
[Registration No. 199601006647 (378993-D)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor

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# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

## BIOALPHA HOLDINGS BERHAD – 12th Annual General Meeting

| | | |
|---|---|---|
| Virtual Meeting accessible at | : | Vote2U Online website at https://web.vote2u.my |
| Day, Date | : | Wednesday, 7 June 2023 |
| Time | : | 10.00 a.m. or at adjournment thereof |
| Broadcast Venue | : | No. 1, Jalan Perindustrian Suntrack,<br>Hub Perindustrian Suntrack,<br>Off Jalan P1A, Seksyen 13, Bandar Baru Bangi,<br>43000 Kajang, Selangor |

In light of the the encouragement of the Securities Commission Malaysia, as well as in the best interest of public health and the health and safety of our Board of Directors, employees and shareholders, the 12th Annual General Meeting ("**12th AGM**") will be held virtually and online remote voting using the Remote Participation and Voting Facilities ("**RPV**").

We strongly encourage our shareholders whose names appear on the Record of Depositors as at 31 May 2023 and holders of proxy for those shareholders to participate in the virtual AGM and vote remotely at this AGM. In line with the Malaysian Code on Corporate Governance, this virtual AGM will facilitate greater shareholder's participation (including posting questions to the Board of Directors and/or Management of the Company) and vote at the AGM without being physically present at the venue. For shareholders who are unable to participate in this virtual AGM, you may appoint proxy(ies) *or* the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Agmo Digital Solutions Sdn. Bhd. ("**AGMO**") via its **Vote2U Online** website at https://web.vote2u.my

### PROCEDURES TO PARTICIPATE IN RPV

Please follow the Procedure to Participate in RPV as summarized below:

**BEFORE AGM DAY**

**A: REGISTRATION**

**Individual Shareholders**

| | Description | Procedure |
|---|---|---|
| i. | Shareholders to register with Vote2U online | The registration will open from the day of notice<br><br>a. Access website at https://web.vote2u.my<br>b. Click "***Sign Up***" to sign up as a user.<br>c. Read the 'Privacy Policy' and 'Terms & Conditions' and indicate your acceptance of the 'Privacy Policy' and 'Terms & Conditions' on a small box ☐. Then click "***Next***".<br>d. *Fill-in your details (note: create your own password). Then click "***Continue***".<br>e. Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian). |

| | | |
|---|---|---|
| | | f. Click "***Submit***" to complete the registration<br>g. Your registration will be verified and an email notification will be sent to you. Please check your email.<br><br><u>Note:</u><br>If you have registered as a user with Vote2U Online previously, you are not required to register again.<br><br>*Check your email address is keyed in correctly.<br>*Remember the password you have keyed-in. |

**B: REGISTER PROXY**

**Individual Shareholder / Corporate Shareholder / Nominees Company**

| | **Description** | **Procedure** |
|---|---|---|
| i. | Submit Form of Proxy (hardcopy) | The closing time to submit your hardcopy Form of Proxy is at **10.00 a.m., Monday, 5 June 2023**<br>a. *Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information:<br>o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxy<br>o *Email address of the Proxy<br>b. Submit/Deposit the hardcopy Form of Proxy to **Boardroom Share Registrars Sdn Bhd of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.**<br><br><u>Note:</u><br>After verification, an email notification will be sent to the Proxy and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U.<br><br>*Check the email address of Proxy is written down correctly. |

Shareholders who appoint Proxy(ies) to participate the virtual AGM must ensure that the hardcopy Form of Proxy is submitted not less than 48 hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

**ON AGM DAY**

## A: WATCH LIVE STREAMING

**Individual Shareholders & Proxies**

| | Description | Procedures |
|---|---|---|
| i. | Login to virtual meeting portal - Vote2U online & watch Live Streaming. | The Vote2U online portal will open for log in starting from **9.00 a.m., Wednesday, 7 June 2022** one (1) hour before the commencement of the AGM.<br><br>a. Login with your email and password<br>b. Select the General Meeting event (for example, "Bioalpha 12th AGM").<br>c. Check your details.<br>d. Click "***Watch Live***" button to view the live streaming. |

## B: ASK QUESTION

**Individual Shareholders & Proxies**

| | Description | Procedures |
|---|---|---|
| i. | Ask Question during AGM (real-time) | Questions submitted online using typed text will be moderated before being forwarded to the Chairman to avoid repetition. Every question and message will be presented with the full name of the shareholder or proxy raising the question.<br><br>a. Click "***Ask Question***" button to post question(s).<br>b. Type in your question and click "***Submit***".<br><br>The Chairperson / Board of Director will endeavor to respond to questions submitted by remote shareholders and proxies during the AGM. |

## C: VOTING REMOTELY

**Individual Shareholders & Proxies**

| | Description | Procedures |
|---|---|---|
| i. | Online Remote Voting | Once the Chairman announces the opening of remote voting:<br>a. Click "***Confirm Details & Start Voting***".<br>b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "***Next***" to continue voting for all resolutions.<br>c. To change your vote, click "***Back***" and select another voting choice.<br>d. After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click "***Confirm***" to submit your vote.<br><br>**[**Please note that you are not able to change your voting choices after you have confirmed and submitted your votes.**]** |

**ADDITIONAL INFORMATION**

**Voting Procedure**

Pursuant to Paragraph 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

**Broadcast Venue**

Broadcast Venue means the place where the broadcasting is taking place to transmit or air the meeting online. It could be a studio or a meeting room.

Shareholders and proxies are not advisable to go to the broadcast venue as it is only a place where the meeting is broadcast for transmission online in the present of Chairman, Directors, Auditors, Company Secretary and senior management. No seating and refreshment will be arranged for shareholders and proxies at the broadcast venue when it is a fully virtual meeting.

If shareholders and proxies arrive at the broadcast venue, the management has the right to ask you to leave the broadcast venue in order to comply with the government decrees and S.O.Ps.

**No Door Gift or e-Voucher or Food Voucher**

There will be no door gift or e-Voucher or food voucher given at this AGM.

**Enquiry**

a. If you have enquiry relating to the AGM Administrative Guide for Shareholders, please contact our **Investor Relation** during office hours:

   Contact no. (603) 8922 2286
   Email: info@bioa.com.my

b. If you have enquiry relating to the RPV or encounters issues with the log in, steps to connect to live streaming and online voting:

   Email: vote2u@agmostudio.com




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## Exclusive for Shareholder

Prima Tongkat Ali

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ABOUT US

**BIOALPHA HOLDINGS BERHAD**
(949536-X)

Headquarter:
No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack
Off Jalan P1A, Seksyen 13
Bandar Baru Bangi, 43000 Kajang
Selangor Darul Ehsan, Malaysia
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Fax: +603 8922 2287
Email: info@bioa.com.my

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