

BIOALPHA HOLDINGS BERHAD

Registration No. 201101021398 (949536-X)
(Incorporated in Malaysia under the Companies Act, 1965)
Stock name and code : BIOHLDG (0179)



**ANNUAL
REPORT
2024**

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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 and distribution. 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.

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.

MISSION

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

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.

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.

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

Independent Non-Executive Chairman	Managing Director/ Chief Executive Officer	Executive Director
Dato' Haji Mohd Yazid Bin Haji Mustafa	Datuk Dr. Hon Tian Kok @ William	Ho Tze Hiung
Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Koo Kien Yoon	Kang Jimmi	Yee Yit Yang
		Tan Su Ning

AUDIT COMMITTEE

Kang Jimmi (Chairman)
Yee Yit Yang
Tan Su Ning

REMUNERATION COMMITTEE

Tan Su Ning (Chairperson)
Kang Jimmi
Yee Yit Yang

RISK MANAGEMENT COMMITTEE

Yee Yit Yang (Chairman)
Ho Tze Hiung
Tan Su Ning

INVESTMENT COMMITTEE

Ho Tze Hiung (Chairman)
Yee Yit Yang
Tan Su Ning

NOMINATION COMMITTEE

Kang Jimmi (Chairman)
Yee Yit Yang
Tan Su Ning

SHARE ISSUANCE SCHEME ("SIS") OPTION COMMITTEE

Kang Jimmi (Chairman)
Hon Tian Kok @ William
Ho Tze Hiung

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) 2201 7774

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
Lot 507 & 508, 5th Floor, Tower 2,
Faber Towers, Jalan Desa Bahagia,
Taman Desa, 58100 Kuala Lumpur
Tel. No. : (603) 7984 8988
Email : enquiry@chengco.asia

SHARE REGISTRAR

Prosec Share Registration Sdn Bhd
DF2-09-02, Level 9, Persoft Tower,
6B, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor
Tel. No. : (6012) 766 8921
Email : sharereg@prosec.com.my

STOCK EXCHANGE LISTING

Ordinary Shares

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

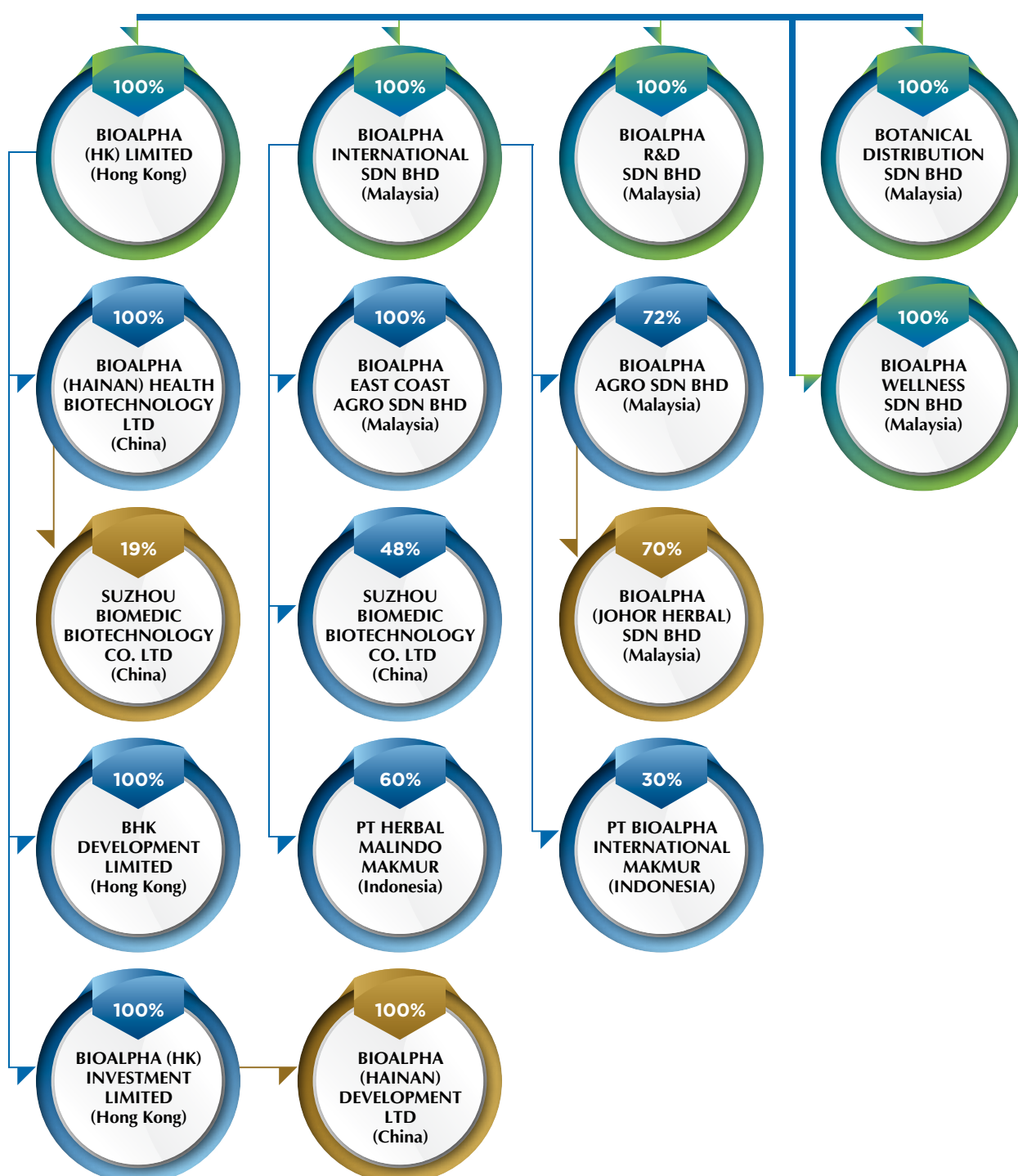
Warrants B

Stock Name: BIOHLDG-WB
Stock Code: 0179-WB

ICPS

Stock Name: BIOHLDG-PA
Stock Code: 0179PA

CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

	For Financial Year Ended 31/12/24 RM	For Financial Year Ended 31/12/23 RM	For Financial Year Ended 31/12/22 RM
Financial Results			
Revenue	81,237,569	46,086,810	35,796,829
EBITDA	(40,412,398)	(33,353,317)	(36,418,300)
Loss before taxation	(52,016,401)	(45,278,759)	(48,829,663)
Loss after taxation	(50,494,337)	(43,653,769)	(48,793,678)
Net loss attributable to:			
Owners of the parent	(48,553,393)	(42,000,116)	(47,830,550)
Non-controlling interests	(1,940,944)	(1,653,653)	(963,128)
Financial Position			
Assets			
Property, plant and equipment	32,874,735	54,378,157	59,427,489
Goodwill on consolidation	-	5,334,030	5,334,030
Intangible assets	37,634,758	47,382,981	51,810,908
Biological assets	94,908	100,000	175,000
Other assets	48,386,487	56,030,405	83,902,177
Total assets	118,990,888	163,225,573	200,649,604
Equity			
Share capital	186,191,208	186,191,208	179,939,010
ICPS	2,889,371	2,889,371	9,141,569
Reserves	(90,736,553)	(61,713,732)	(21,222,103)
Total equity attributable to owners of the company	98,344,026	127,366,847	167,858,476
Non-controlling interests	(628,440)	2,265,246	128,601
Liabilities			
Loan and borrowings	982,675	6,098,477	6,951,968
Lease liabilities	4,345,490	5,793,071	4,723,945
Deferred tax liabilities	3,863,585	5,520,389	7,310,126
Other liabilities	12,083,552	16,181,543	13,676,488
Total equity and liabilities	118,990,888	163,225,573	200,649,604
Weighted average no. of ordinary shares	1,263,892,799	1,263,892,799	1,260,849,697
Financial Indicators			
Earnings per share (sen)	(3.84)	(3.32)	(3.80)
Net assets per share (RM)	0.08	0.10	0.13
Return on equity (%)	(49.37)	(32.98)	(28.49)
Share price as at financial year end (RM)	0.065	0.110	0.105

PROFILES OF DIRECTORS

DATO' HAJI MOHD YAZID BIN HAJI MUSTAFA

*Independent
Non-Executive Chairman*

AGE

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NATIONALITY



GENDER



Dato' Haji Mohd Yazid Bin Haji Mustafa ("Dato' Haji") was appointed to our Board on 4 September 2023.

A High Court Judge for more than 15 years, Dato' Haji retired from the Judiciary service in December 2022.

Prior to his judgeship, Dato' Haji served in various capacities both in courts and the Attorney Generals Chambers as Sessions Court Judge, Magistrate, Senior Assistant Registrar of High Court, Deputy Public Prosecutor, Senior Federal Counsel, Chairman of the Cooperative Tribunal and Registrar of High Court.

Post-retirement, Dato' Haji continues to serve as a Court of Appeal judge of the Terengganu Syariah Courts.

Dato' Haji offers broad range of legal services including counsel work, advisory and strategies.

Dato' Haji currently sits on the Board of LKL International Berhad.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest or potential conflict of interest, including any interest in any competing business with Bioalpha and its subsidiaries.

DATUK DR. HON TIAN KOK @ WILLIAM

*Managing Director/
Chief Executive Officer
Member of
SIS Option Committee*

AGE

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NATIONALITY



GENDER



Datuk Dr. Hon Tian Kok @ William ("Datuk Dr. William Hon") is our Founder 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. Datuk Dr. 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. He also holds a PhD in Business Administration from Asia e University in 2024.

Datuk Dr. 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 few companies, including companies in the healthcare industry, during which he gained further knowledge of the biotechnology industry and enabled him to establish Bioalpha 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. He has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest or potential conflict of interest, including any interest in any competing business with Bioalpha and its subsidiaries.

PROFILE OF DIRECTORS (CONT'D)

HO TZE HIUNG

Executive Director

Chairman of Investment Committee

Member of Risk Management Committee and SIS Option Committee

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NATIONALITY



GENDER



Mr. Ho Tze Hiung ("Mr. Ho") 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 a member of the Risk Management Committee and SIS Option Committee and the Chairman of the Investment Committee.

Mr. Ho 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. He has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest or potential conflict of interest, including any interest in any competing business with Bioalpha and its subsidiaries.

KOO KIEN YOON

Executive Director

AGE

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NATIONALITY



GENDER



Mr. Koo Kien Yoon ("Mr. Koo") was appointed to our Board on 4 April 2025.

Mr. Koo has 23 years of extensive and varied working experience in public relations and managing business activity. Mr. Koo served as a Public Relations Officer of Ipoh Specialist Centre from 1996 to 1997.

He served as a Product Manager of Amer Sports Malaysia Sdn. Bhd. from November 2011 to November 2012 and Business Development Director of VRC Sdn. Bhd. and VRC ENT from June 2010 to March 2012. He was a Freelance Consultant of Soo Minn Korea from 2008 to 2010, Business Development Manager of Polyflo Sdn. Bhd. from 2004 to 2007, Product Manager of Radcoflex Sdn. Bhd. from 2000 to 2004 and Sales & Marketing Executive of Polyflo Sdn. Bhd. from 1997 to 2000. Mr. Koo had been a Director at Jeratek Sdn. Bhd. from December 2012 until 2013. He had been an Executive Director at Biosis Group Berhad from 5 March 2013 until 2016. He had been managing a retail chain since 2016.

Currently, Mr. Koo is the Executive Director of Lambo Group Berhad and Vsolar Group Berhad, the public listed companies on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), JOE Holding Berhad and Sinaran Advance Group Berhad on the Main Market of Bursa Securities.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest or potential conflict of interest, including any interest in any competing business with Bioalpha and its subsidiaries.

PROFILE OF DIRECTORS (CONT'D)

KANG JIMMI

Independent Non-Executive Director

Chairman of Audit Committee, Nomination Committee and SIS Option Committee

Member of Remuneration Committee

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NATIONALITY



GENDER



Mr. Kang Jimmi was appointed to our Board as Independent Non-Executive Director on 22 May 2020. He graduated with Bachelor of Science from Binus University, Jakarta. He is a member of the Remuneration Committee and the Chairman of Audit Committee, Nomination Committee and SIS Option Committee.

Currently, Mr. Kang Jimmi as a founder and leads a company listed in the Indonesian Stock Exchange, which is responsible for the operation and maintenance for Powerplant Company with total capacity 42 MW including Diesel Power plant and Mini hydro Power plant. He possesses leadership skill in IPP Development Processes which require experience in cross-functional management skills with hundreds of employees, in addition to deep knowledge of utility power plant infrastructure system as well as to produce 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. He has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest or potential conflict of interest, including any interest in any competing business with Bioalpha and its subsidiaries.

YEE YIT YANG

Independent Non-Executive Director

Chairman of Risk Management Committee

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

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NATIONALITY



GENDER



Mr. Yee Yit Yang ("Mr. Yee") was appointed to our Board as an Independent Non-Executive Director on 1 June 2022. He is a member of Audit Committee, Remuneration Committee, Investment Committee and Nomination Committee and the Chairman of the Risk Management 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 retail chain 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 healthcare 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. He has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. He has no conflict of interest or potential conflict of interest, including any interest in any competing business with Bioalpha and its subsidiaries.

PROFILE OF DIRECTORS (CONT'D)

TAN SU NING

Independent Non-Executive Director

Chairperson of Remuneration Committee

Member of Audit Committee, Risk Management Committee, Investment Committee and Nomination Committee

AGE

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NATIONALITY



GENDER



Ms. Tan Su Ning ("Ms. Tan") was appointed to our Board as an Independent Non-Executive Director on 4 September 2023. She is a member of Audit Committee, Risk Management Committee, Investment Committee and Nomination Committee and the Chairperson of Remuneration Committee.

She graduated with a LLB (Hons.) degree from University of London (external) and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2018.

Ms. Tan started her legal practice with an established law firm in 2018. Subsequently, she joined Messrs Lim Chong Phang & Amy and Messrs Chong+Kheng Hoe in 2019. Ms. Tan's practice primarily focuses on corporate and commercial disputes including breach of directors' duties, shareholders' dispute as well as litigation concerning capital market and securities laws. Besides, she also advises public and private corporation on legal and regulatory compliance. She is currently a partner of Messrs Terrence & Co.

Ms. Tan currently sits on the Board of Jadi Imaging Holdings Berhad, LKL International Berhad, Sersol Berhad and Fast Energy Holdings Berhad.

She has no family relationship with any Director and/or major shareholder of the Company. She has no conviction of any offence within the past 5 years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year. She has no conflict of interest or potential conflict of interest, including any interest in any competing business with Bioalpha and its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

***Dear esteemed
shareholders,***

I am delighted to present the Management Discussion and Analysis (“MD&A”) report for Bioalpha Holdings Berhad (“Bioalpha” or the “Group”) for the financial year ended 31 December 2024 (“FY2024”). This report offers a review of our financial and operational achievements in Fiscal Year 2024, alongside our strategic directions for 2025.



ECONOMIC LANDSCAPE IN 2024

In 2024, the global economy faced significant headwinds, mirroring the difficulties encountered in the prior year. Supply chain issues, high inflation, and weakened consumer sentiment presented key challenges to businesses. Compounding this, trade tensions between major economies contributed further uncertainty to the operating landscape. The elevated risk environment halted some business expansions, and investor confidence remained subdued. Against this backdrop, the International Monetary Fund (“IMF”) forecasts a moderate global economic growth of 3.2% in 2024, below the pre-pandemic historical average of 3.7% of between 2000 and 2019.

Back home in Malaysia, our economy exhibited resilience in 2024, achieving economic growth of 5.1%, compared to 3.6% in 2023. Despite the headline growth, the economy was met with various challenges. Heightened inflation eroded consumer purchasing power and squeezed household budgets, driven by rising food and energy prices. This dampened consumer sentiments, with many Malaysians needing to allocate more income to cover basic needs.

Our weak currency compounded these challenges as imported goods (including raw materials) were more expensive, which strained consumers and pressured businesses relying on foreign-sourced components. Coupled with the ongoing supply chain issues for certain materials, the situation hindered business operations and profitability. These disruptions led to production issues and inefficiencies, as well as increased costs, challenging both consumers and businesses.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS AND OPERATIONAL OVERVIEW

Bioalpha, a nutraceutical and health supplement group in Malaysia founded in 2005, operates a multi-faceted value chain that includes agricultural development, research and development ("R&D"), and the manufacturing of functional food and supplement products on an Original Design Manufacturer ("ODM") basis.

Herbal Farming



Bioalpha operates two herbal parks, one in Pasir Raja, Terengganu, while the other in Desaru, Johor. Both parks are accredited with the Malaysian Good Agricultural Practices ("MyGAP") certification by the Ministry of Agriculture and Food Security ("MAFS"), attesting to our commitment to quality, safety, and sustainability.

At these parks, we cultivate a broad range of herbs and spices, including Tongkat Ali, Kacip Fatimah, Misai Kucing, Hempedu Bumi, roselle, and soursop, to name a few. We source raw materials from own farms for our downstream supplement products to ensure quality and maintain competitiveness.

As a responsible corporate entity, we are committed to environmental sustainability by integrating rigorous standard operating procedures ("SOPs") into our practices. For instance, we adhere to stringent guidelines on harvesting methods, fertilizer selection, and organic pest control.

Research & Development ("R&D")

Understanding the dynamic nature of consumer preferences in healthcare, we invest in R&D to develop and tailor product formulations to meet evolving customer requirements. Our R&D activities are conducted in-house at our laboratory, which is accredited to the internationally recognized ISO 9001 quality management standards. To date, Bioalpha has developed over 300 proprietary formulations for our health supplement lineup.



We are committed to addressing the growing awareness of health and the demand for supplement products, particularly those related to respiratory health, immunity, and anti-ageing.

Processing and Manufacturing

Bioalpha provides a diverse range of health products, including herbal and non-herbal supplements, as well as functional foods. Through our ODM partnerships, we tailor health solutions to meet our customers' specific needs. Our supplements are designed to support various health areas, such as general well-being, children's nutrition, beauty and skincare, anti-ageing, as well as men and women's health.

Presently, we operate two manufacturing facilities with our main plant located in Bangi, Selangor and our second plant in Semenyih, Selangor. Our primary manufacturing facility in Bangi is equipped with seven production lines, designed to accommodate a wide range of output formats, including sachet powder, liquids, teabags, capsules, tablets, blister packs, and bottled products.



The Group prioritises quality assurance in every aspect of our operations, as evidenced by our accreditations to Good Manufacturing Practices ("GMP"), Hazard Analysis and Critical Control Points ("HACCP"), Makanan Selamat Tanggungjawab Industri ("MeSTI"), and Halal certification from the Department of Islamic Development Malaysia ("JAKIM"). In addition,

our facility is also registered with the United States Food and Drug Administration ("US FDA") to ensure our product quality adheres to international standards.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS AND OPERATIONAL OVERVIEW (CONT'D)

Processing and Manufacturing (Cont'd)

In addition, we operate two Collection, Processing & Packaging Centre ("CPPC"), namely at our Pasir Raja, Terengganu and Desaru, Johor farms. This ensures the freshness and quality of our ingredients while enhancing the efficiency of raw material handling from our farms.

Strategic Realignment Initiatives

In 2024, Bioalpha undertook a strategic realignment to sharpen focus on our core manufacturing operations. As part of this shift, the Group made decisive changes to our business portfolio, including exiting from the retail pharmacy segment and a reassessment of our presence in China. These measures were driven by the need to enhance operational efficiency and ensure sustainable growth amid evolving market dynamics.

During the year, we streamlined our operations by divesting our retail pharmacy business, which operated under the brand Constant Pharmacy ("Constant"). This decision was prompted by the increasingly competitive and saturated market. The disposal exercise was subsequently completed in January 2025.

In China, we are re-evaluating our strategy and business model in response to the taxing operating environment and low profitability. These challenges stem from economic uncertainties and trade complexities in the Chinese market, which have impacted our health food supply business. Meanwhile, we maintain a conservative approach to safeguard our capital resources while actively seeking sustainable opportunities.

Meanwhile, Bioalpha's development of the Langkawi Agro Park, is currently still pending regulatory approvals, with the progress slower than expected, causing delays in the project's implementation. The Langkawi Agro Park is an agro-tourism park which features attractions showcasing the entire health supplement supply chain.

FINANCIAL PERFORMANCE REVIEW

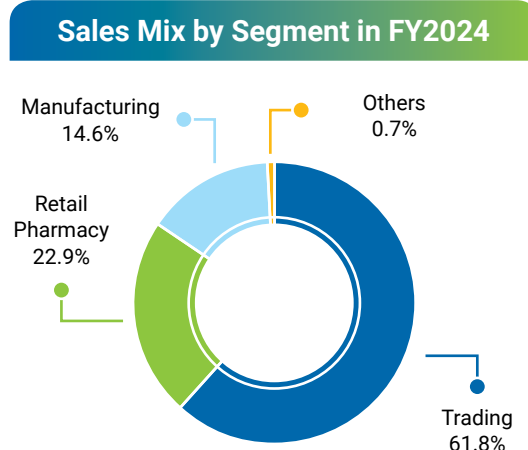
Revenue

The Group's revenue increased to RM81.2 million in FY2024, marking a 76.3% surge from the RM46.1 million reported in the previous financial year ended 31 December 2023 ("FY2023").

In FY2024, the manufacturing business segment reported RM11.8 million in revenue, compared to RM14.1 million in FY2023. The performance was primarily attributed to lower order volume in response to softer consumer sentiments and demand. Within this segment, domestic sales accounted for 98.3%, amounting to RM11.6 million.

The trading segment generated revenue of RM50.2 million in FY2024, as compared to RM16.6 million in FY2023. The jump was bolstered by a spike in delivery volume following higher orders from customers.

Meanwhile, the retail pharmacy segment recorded revenue of RM18.6 million in FY2024, up from RM14.1 million a year ago, supported by new store openings and higher sales volume.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

Revenue (Cont'd)

The trading business segment was the primary revenue driver for the Group, accounting for 61.8% of total turnover. This is followed by the retail pharmacy segment at 22.9%, the manufacturing arm at 14.6%, and others at 0.7%.

Profitability

Despite the increase in revenue, the Group posted a gross loss RM1.4 million, against a gross profit of RM0.1 million in the preceding year. The contrasting performance was primarily due to significant rise in cost of sales, particularly within our trading segment where the increased costs were not sufficiently offset by adequate gross profit margin.

During the year under review, the Group recorded several impairments related to our financial assets; property, plant, and equipment; intangible assets; investment in associate; as well as goodwill, totalling RM40.1 million. These actions, taken after careful deliberation and consultation with external auditor, reflect our prudent financial management.

Given the abovementioned factors, Bioalpha closed the fiscal year with a net loss attributable to the owners of the parent ("net loss") of RM48.6 million in FY2024.

Financial Position

Bioalpha maintained a healthy financial position with cash and cash equivalents at RM10.8 million as of December 31, 2024, vis-à-vis RM11.4 million a year ago. Meanwhile, total borrowings reduced to RM1.0 million from RM6.1 million at the end of FY2023 after partial repayment of term loans. The Group continued to be in a net cash position with net cash per share of 0.9 sen. Following the FY2024 net loss, shareholders' equity now stood at RM98.3 million against RM127.4 million in FY2023.

Going forward, Bioalpha strives to maintain a balanced approach on capital resource management, ensuring operational commitments are met while enhancing our financial position.

ANTICIPATED RISKS

Supply Chain Disruptions

Our business operations rely on a multi-stage supply chain, which is inherently vulnerable to various factors. External events, such as weather changes, natural disasters, pandemics, and civil unrest, pose significant risks of disruption to Bioalpha's daily operations. These unforeseen events could lead to increased input costs and reduced sales, ultimately impacting our profit margins.

To mitigate these risks, we proactively implement strategies to ensure smooth operations. These include maintaining sufficient insurance coverage for fire hazards and workplace accidents, as well as providing employee trainings to address potential disruptions.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED RISKS (CONT'D)

Changes in Economic, Political and Regulatory Conditions

Bioalpha is susceptible to shifts in economic, political, and regulatory policies, where changes may be unfavourable to the Group. For instance, the rise in minimum wage to RM1,700 per month in February 2025 has resulted in increased operational expenditures. This could possibly compromise our competitiveness and resilience against external risks.

To effectively manage these challenges, Bioalpha keeps abreast with the latest developments and policy changes by authorities, and implements proactive compliance initiatives. This approach ensures adherence to the latest regulations, minimising risks to both operations and financial performance. This demonstrates our commitment to regulatory compliance and risk management.

Product Liability Risk

Our Group operates within the nutraceutical and health supplement sector, where product integrity is paramount. Any deviation from quality standards, such as defects or contamination, carries a threat to our reputation and financial performance. Hence, such occurrences could potentially trigger product recalls and legal actions, jeopardising public as well as customers' confidence towards our products.

We are pleased to share Bioalpha has not experienced any personal injury claims related to product defects. This is credited to our robust quality control checks and strict adherence to SOPs. Our primary manufacturing facility in Bangi is certified with both GMP and HACCP standards. In addition, we have also secured comprehensive product liability insurance to safeguard against any potential claims.

DIVIDEND

In consideration of the challenging operating environment and the current financial performance of the Group, the Board of Directors (the "Board") has resolved to prioritise financial prudence by conserving cash reserves. Therefore, the Board has decided not to propose a dividend payment for the year under review. This decision supports our commitment to maintaining adequate capital reserves for long-term sustainability amidst ongoing global economic uncertainties.

PROSPECTS

The IMF projects a global economic growth of 3.3% for 2025. Meanwhile, Bank Negara Malaysia ("BNM") had forecasted Malaysia's economy to expand between 4.5% and 5.5% in 2025, underpinned by sustained domestic demand, increased foreign and local investments, alongside the implementation of major infrastructure projects, which will boost employment and stimulate private consumption. Furthermore, the recent hike in minimum wage to RM1,700 since February 2025 is expected to strengthen consumer purchasing power and bolster economic growth. Nevertheless, the United States ("U.S.") government's recent announcement on 2 April 2025, of a 24% tariff on Malaysian exports, has prompted BNM to reassess its growth projection, as higher export costs and disrupted trade flows could temper momentum.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECTS (CONT'D)

On a positive note, the global healthcare sector is undergoing rapid transformation, driven by population ageing, increasing urbanisation, and technological advancements, according to the World Economic Forum. Additionally, rising public awareness of healthcare and increased reliance on supplements to address busy urban lifestyles present solid growth opportunities within the nutraceutical and health supplement sector. According to Grand View Research, the global dietary supplement market value reached USD192.7 billion in 2024, and is projected to grow by 9.1% on compounded basis to USD327.4 billion by 2030.



In Malaysia, the vitamins and supplements market hit RM5.4 billion in 2023, according to a report by the Euromonitor International. It projects that the industry will grow to RM7.9 billion by 2028, driven by rising demand for dietary supplements to address specific deficiencies, particularly those related to immunity.

At Bioalpha, we remain confident in our long-term prospects in the manufacturing of health supplement products, underpinned by the aforementioned favourable industry trends. However, external headwinds are significant in the near term, especially with the recent tariff announcement by the U.S. government that may affect trade nations globally, including Malaysia. As such, we step into FY2025 with cautious outlook, recognising the potential challenges and obstacles ahead.

Following our exit from the retail pharmacy segment, we have refined our strategy to focus on enhancing operational resilience and streamlining resources within our manufacturing segment, while leveraging growth opportunities in the Malaysian market.

Given the escalating global geopolitical tensions, including new trade barriers like the U.S. tariffs, we have strategically shifted our focus to our home market, stepping back from overseas expansion. We are broadening our product portfolio, with a particular emphasis on respiratory and immunity-related healthcare products offerings and acquiring new ODM customers to expand our domestic market share.

Looking ahead, Bioalpha is reinforcing our position as a health supplement group in Malaysia. We are capitalizing on our expertise and core competencies in nutraceuticals and health supplements, complemented by our herbal parks, in-house R&D, and manufacturing facilities, to ensure quality and efficiency control throughout our business value chain.

SUSTAINABILITY MATTERS

Sustainability has been a core value at Bioalpha. We are committed to operating our business without compromising environmental responsibility, social well-being, and strong governance practices. We pay utmost attention to minimising our carbon footprint, conserving natural resources, fostering diversity and inclusion, and engaging with stakeholders to cultivate robust and resilient communities. Our Group acknowledges that sustainability is a dynamic process, and we are dedicated towards continuous advancement, refining our milestones, and ensuring transparent reporting of our progress to stakeholders. Bioalpha is committed to creating enhanced value for all stakeholders and fostering advanced development for the future. For a detailed view of our sustainability journey, please refer to Bioalpha's standalone Sustainability Report FY2024.



Datuk Dr. Hon Tian Kok @ William
Managing Director/Chief Executive Officer

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 2021 (**"MCCG 2021"**) 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 2021 in the best interest of the shareholders of the Company.

Below is an overview statement and description in general of how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG 2021 throughout the financial year ended 31 December 2024 (**"FYE 2024"**) pursuant to Rule 15.25 of the ACE Market Listing Requirements (**"AMLR"**) of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and it 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 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 of primary importance to the Board.

The Board is leading and managing the Group effectively and responsibly. 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 how 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 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

Dato' Haji Mohd Yazid Bin Haji Mustafa was appointed as the Independent Non-Executive Chairman since 4 September 2023.

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. Dato' Haji Mohd Yazid Bin Haji Mustafa is the Independent Non-Executive Chairman whilst Datuk Dr. 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 to ensure no one individual can influence the Board's discussions and decision 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 the 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 2021, 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 guiding 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.

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.

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)

1.5 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 ensuing year are scheduled in advance before the end of the current financial year, 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 before 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 before 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 on an ongoing basis to enable them to make informed decisions.

1.6 Sustainability Governance

The Board recognises the fundamental importance of sustainable business practices in creating long-term value and believes that operating the business in a responsible manner is closely linked to achieving operational excellence. The Board holds the primary responsibility for overseeing sustainability-related matters, including the development of strategies, setting priorities, and establishing targets. Operational execution pertaining to economic, sustainability and social ("ESS") factors, as part of the Group's corporate strategies, falls within the purview of the Management.

The Board is committed to upholding exemplary corporate governance practices that prioritise ethics, integrity, and corporate responsibility. Moreover, the Board ensures that both internal and external stakeholders are well-informed about the Group's sustainability strategies, priorities, targets, and overall performance.

A comprehensive account of these efforts can be found in Bioalpha's standalone Sustainability Report FY2024. The Board also incorporated the assessment of the Board's understanding of sustainability issues in the annual performance evaluation process. This is critical to the Company's performance and reflects the Board's ongoing commitment to sustainability.

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. To achieve the aim of 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 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 promoting 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 practices 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 MCGG 2021, 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 MCGG 2021 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 a wide range of business, technical and financial backgrounds. This brings diversity and insightful depth to the company leadership and management.

As of the date of this Statement, the Board consists of seven (7) members, as designated below:
one (1) Independent Non-Executive Chairman;
one (1) Managing Director/Chief Executive Officer;
two (2) Executive Directors; and
three (3) Independent Non-Executive Directors.

The present composition of the Board is in compliance with Rule 15.02 of the AMLR and MCGG 2021 Practice 4.1 which 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 2024 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 2024.

Following the amendment to AMLR of Bursa Securities, tenure of an Independent Director had been restricted 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 does not have a policy which limits the tenure of its independent directors to nine (9) years. However, the Board takes note that the MCG 2021 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 the 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. If the Board intends to retain the Independent Directors who have 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 MCG 2021.

As of the date of this Statement, none of the Independent Directors has exceeded 9 years of tenure.

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 provides 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 backgrounds and specialisations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities.

In assessing the 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 matters.

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 members 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 MCG 2021's target.

The Board currently has one female director among its six members, namely Ms Tan Su Ning. 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 attain the threshold as stipulated in MCG 2021.

The NC evaluates and matches the criteria of the candidate, 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 women 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 the 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 to assess and recommend 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 suitable new candidates, the NC will not solely rely on recommendations from existing Board members, Management or Major Shareholders, but will consider utilising independent sources.

As at the date of this Statement, there was a new appointment of Mr. Koo Kien Yoon as Executive Director of the Company on 4 April 2025.

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, Mr. Kang Jimmi and Mr. Yee Yit Yang are subject to retirement by rotation pursuant to Clause 105 of the Company's Constitution at the forthcoming Thirteenth Annual General Meeting ("14th AGM") and Mr. Kang Jimmi and Mr. Yee Yit Yang has expressed their willingness to seek re-election. The profiles of retiring Directors standing for re-election are set out in the Directors' Profile in the Annual Report 2024.

The NC and the Board have considered the results of the annual assessment for Mr. Kang Jimmi and Mr. Yee Yit Yang and agreed that they can each meet the criteria of character, experience, integrity, competence, and time required to effectively discharge their roles as Director.

Clause 114 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. Mr. Koo Kien Yoon was appointed on 4 April 2025 as Executive Director of the Company. Hence, he subject to retire by casual vacancy pursuant to Clause 114 of the Company's Constitution at the 14th AGM and Mr. Koo Kien Yoon has expressed his willingness to seek for re-election.

The Board approved the NC's recommendation that these directors who retire following 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 balanced composition of Board members, nominating 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	Chairman	<i>Independent Non-Executive Director</i>
Yee Yit Yang	Member	<i>Independent Non-Executive Director</i>
Tan Su Ning	Member	<i>Independent Non-Executive Director</i>

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 2024 are as follows:

- i) Reviewed the size, structure and composition of the Board;
- ii) Assessed and reviewed the effectiveness of the Board as a whole, the Board Committees and the contributions of the individual directors;
- iii) Assessed and reviewed the independence of the independent directors;
- iv) Assessed and reviewed the performance of AC and members of the AC;
- v) Reviewed and recommended the adoption of the Directors' Fit and Proper Policy;
- vi) Recommended the re-election of the Directors who are due for retirement by rotation at the 14th AGM; and
- vii) Assessed and reviewed the profile of the proposed new Executive Director, Mr. Koo Kien Yoon and make recommendation to the Board for approval.

The NC had undertaken a review and assessment of the Independent Directors during FYE 2024 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 an 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 NC, conducted the following annual assessments in the FYE 2024:

- a) Directors' self-assessment;
- b) Evaluation of 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 the AC and each of its members.

The annual assessment of individual Directors, Board as a whole and Board Committees commences with the completion of a set of self-assessment forms detailing all assessment criteria to be completed by all Directors for evaluation by the NC. Criteria for the self-assessment include 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 FYE 2024, 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 appointments 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 fulfil 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.

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 and 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.

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)

During FYE 2024, there were five (5) Board Meetings were held and the attendance record of the current Board members is reflected as follows:

Name of Directors	Attendance
Dato' Haji Mohd Yazid Bin Haji Mustafa (appointed on 4 September 2024)	5/5
Datuk Dr. Hon Tian Kok @ William	5/5
Ho Tze Hiung	5/5
Yee Yit Yang	5/5
Kang Jimmi	5/5
Tan Su Ning	5/5
Datuk Choong Loong Men (resigned 10 May 2024)	2/2
Goh Siow Cheng (resigned on 31 July 2024)	3/3

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 Directors 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)

Details of seminars/conferences/training programmes attended by the Board members during FYE 2024 are listed below:

Director	Seminars / Conferences / Training Programmes Attended
Dato' Haji Mohd Yazid Bin Haji Mustafa	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Datuk Dr. Hon Tian Kok @ William	MIA Webinar Series: All You Need To Know About Personal Income Tax
Ho Tze Hiung	1. 2024 JCI Asia Pacific Conference 2. 2024 JCI World Congress 3. 2024 JCI KL Local Officer Academy
Yee Yit Yang	1. MIA Town Hall 2024/2025 (Session 1) 2. MIA Webinar Series: MPERS: Issue in Financial Instruments 3. E-Invoicing Full Day Workshop: Latest Requirement & Essential of Implementation
Kang Jimmi	Pembinaan Pengawasan Norma Keselamatan dan Kesehatan Kerja
Tan Su Ning	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

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.

Part III - Remuneration

The Board acknowledges the level and composition of remuneration of directors and senior management taking 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 this aim, the Board has established a Remuneration Committee and developed the remuneration policy to assist the Board in discharging its duties and responsibilities in matters relating to the remuneration of the Board and senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENTS (CONT'D)

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

Part III - Remuneration (Cont'd)

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
Tan Su Ning	Chairperson	<i>Independent Non-Executive Director</i>
Kang Jimmi	Member	<i>Independent Non-Executive Director</i>
Yee Yit Yang	Member	<i>Independent Non-Executive Director</i>

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 2024 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	–	1,447,664	1,447,664
Non-Executive Directors	216,000	27,300	243,300

* 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 2024 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

Mr. Kang Jimmi, who is an Independent Non-Executive Director, is the Chairman of the AC. The Company complied with Practice 8.1 of the MCCG 2021 which stipulates that the Chairman of the AC is not the Chairman of the Board as Mr. Kang Jimmi is not the Chairman of the Board.

8.2 Former Key Audit Partner

None of the Board members 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 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 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 the Executive Director and members of the 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.

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 2025.

8.4 Composition of the AC

The AC consists entirely of three (3) Independent Non-Executive Directors. During FYE 2024, the composition of the AC is Mr. Kang Jimmi (Chairman), Mr. Yee Yit Yang and Ms. Tan Su Ning. 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 and respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of an external professional Internal Audit firm adopted ongoing monitoring and review of 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 are elaborated in pages 36 to 38 of the Statement on Risk Management and Internal Control of this Annual Report 2024, which has been reviewed by the External Auditors.

9.1 RMC

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

Chairman:	Yee Yit Yang (<i>Independent Non-Executive Director</i>)
Members:	Ho Tze Hiung (<i>Executive Director</i>)
	Tan Su Ning (<i>Independent Non-Executive Director</i>)

10. Internal Audit Function

The details of the Group's internal audit function are elaborated in pages 40 to 41 on the AC Report of this Annual Report 2024.

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 developments 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 to effective communication with shareholders, the Group embraces 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 at 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 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

The 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 practising sending a Notice of AGM to shareholders at least 28 days prior to the meeting and the Notice is also advertised in nationally circulated English daily newspapers. The Board recognises that a longer notice allows ample time for shareholders to consider the resolutions before exercising their voting rights, and to make arrangements 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 the 13th AGM dated 30 April 2024 to shareholders at least 28 days before the 13th AGM held on 7 June 2024, which is in line with Practice 12.1 of the MCGG 2021. This is to enable the shareholders to have sufficient time to read and understand the Company's financial and non-financial performance before the meeting.

The 13th AGM of the Company held on 7 June 2024 was conducted on a fully virtual basis via live streaming and through the Remote Participation and Voting ("RPV") facilities. Shareholders who attended the 13th 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 13th AGM to engage directly with shareholders and respond to all questions raised and provide 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 14th 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.

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 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 meetings to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the 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 (Cont'd)

13. Attendance of the Chair of the Board Committees at the AGM (Cont'd)

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 13th AGM of the Company held on 7 June 2024, the Board members attended the fully virtual 13th AGM, and the representatives of the Management and the external auditors 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 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. An 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 the Chairman of the 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 the 13th 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 MCGG 2021, AMLR and all applicable laws and regulations throughout the FYE 2024.

This Corporate Governance Overview Statement was approved by the Board of Directors on 28 April 2025.

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 2024, 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 28 April 2025.

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 the 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 2021 ("MCCG 2021").

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 Audit Committee ("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 Audit and Risk Management Committee ("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 is 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 RM15,000 for the financial year ended 31 December 2024.

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 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 35 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 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 2024 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 28 April 2025.

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 2024 in accordance with Rule 15.15 of the AMLR of Bursa Securities.

COMPOSITION

The current composition of the AC is set out below:

- 1) Kang Jimmi (Chairman, Independent Non-Executive Director)
- 2) Yee Yit Yang (Member, Independent Non-Executive Director)
- 3) Tan Su Ning (Member, Independent Non-Executive Director)

Mr. Yee Yit Yang, being a member of the 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 2024. Details of attendance of the AC members are as follows:

Name of Members	Total Meetings Attended
Kang Jimmi (Chairman)	5/5
Yee Yit Yang	5/5
Tan Su Ning	5/5

The composition of the AC is in compliance with Practice 1.4 of the MCCG 2021. 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 act 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 on relevant and salient issues with the recommendations of the AC for the Board's consideration and approval.

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, ad-hoc 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.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY ACTIVITIES OF THE AC (CONT'D)

The activities of the AC during the financial year ended 31 December 2024 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 2024;
- 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 their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and the Management's response to these recommendations;
- e) Evaluated the performance of the External Auditors for the financial year ended 31 December 2024 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 re-appointment of External Auditors, Messrs ChengCo PLT for the financial year ending 31 December 2024 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 situations 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.

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 an independent, objective assessment of 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.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTIONS (CONT'D)

The Internal Auditors reports directly to the AC quarterly by presenting their audit reports which include 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 action 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 15 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 carries out a Conflict of Interest Declaration yearly to ensure their independence. The Internal Auditors adopt the International Professional Practices Framework for their audit works.

The cost incurred for the Internal Audit Function during financial year ended 31 December 2024 is approximately RM15,000.

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

i) Safety, Health and Environment ("SHE") review

- To ensure policies and procedures are in place and consistently practised.
- To ensure SHE Committee is established and consist of qualified personnel.
- To ensure safety training and seminar are regularly carried out to all personnel (including Contractors).
- To ensure employees and contractors are equipped with required personal protective equipment.
- To assess the sufficiency of safety equipment and periodically inspected of its conditions and properly maintained.
- To ensure engaged Contractors are complied and meet Company's SHE policy.
- To ensure hazardous goods/flammable items/chemicals are being stored at designated area under lock and key.
- To ensure periodic inspection are performed to identify potential hazards and appropriate actions taken accordingly.
- To ensure non-conformance/accident are timely reported to the Management immediately and prevention method is executed in a timely manner.
- To assess the adequacy of insurance coverage for all risks during construction period.

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

For further details on risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control on pages 36 to 38 in this Annual Report 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company has undertaken a Renounceable Rights Issue of Warrants which was completed on 14 February 2024 following the listing and quotation of 526,099,537 Warrants on the Ace Market of Bursa Securities and has raised gross proceeds of RM18,413,494.

No.	Purpose	Proposed Usage RM'000	Actual Utilisation RM'000	Balance as at 31 Dec 2024 RM'000	Intended time Frame for Utilisation
(a)	Expansion of our Group's pharmacy business	5,500	5,500	–	Within 24 months
(b)	Launching of new products	3,500	1,420	2,080	Within 24 months
(c)	Repayment of bank borrowing	6,000	6,000	–	Within 12 months
(d)	Working capital	2,663	2,663	–	Within 12 months
(e)	Estimate expenses in relation to the Right Issue of Warrants	750	750	–	Within 1 month
	Total	18,413	16,333	2,080	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the firm or corporation affiliated with the External Auditors by the Company and the Group for the financial year ended 31 December 2024 are as follows:

		Company (RM)	Group (RM)
Audit Services Rendered		85,000	316,815
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	31,000	31,000

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 By-laws 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 9 November 2023 extended the duration of its existing SIS, which is expiring on 11 January 2024, for another 3 years from 12 January 2024 to 11 January 2027 in accordance with Clause 21 of the SIS By-laws.

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

Date of Offer	Exercise Price (RM)	Number of options over Ordinary Shares			
		At 1.1.2024 ('000)	Exercised ('000)	Lapsed ('000)	At 31.12.2024 ('000)
27 February 2017	0.205	1,989	–	–	1,989
16 April 2020	0.105	2,276	–	–	2,276
11 October 2022	0.090	125,000	–	–	125,000

Please refer to pages 121 to 122 of the Annual Report 2024 for the further details on the Share Issuance Scheme.

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Notes to the Financial Statements

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

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	(50,494,337)	(113,019,583)
Attributable to:		
Owners of the Company	(48,553,393)	(113,019,583)
Non-controlling interest	(1,940,944)	–
	(50,494,337)	(113,019,583)

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

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

WARRANTS

The Warrants B were constituted under the Deed Pool dated 22 December 2023.

The salient terms of the warrants are disclosed in Note 20(a) to the financial statements.

Details of the warrants issued to Directors are disclosed in the section of Directors' Interest in this report.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

At extraordinary general meeting held on 19 August 2016, the Company's shareholders approved the establishment of Share Issuance Scheme ("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. On 9 November 2023, the Company further extended the existing SIS which expired on 11 January 2024 for another 3 years from 12 January 2024 to 11 January 2027.

The salient feature and other term are disclosed in the Note 20(b) to the financial statements.

As at 31 December 2024, the SIS offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of offer	Exercise Price RM	At 1.1.2024	Cancellation	Number of options Granted	Exercised	At 31.12.2024
27 February 2017	0.205	1,988,899	–	–	–	1,988,899
16 April 2020	0.105	2,275,863	–	–	–	2,275,863
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:

Hon Tian Kok @ William *	
Datuk Chong Loong Men	(resigned on 10 May 2024)
Ho Tze Hiung *	
Kang Jimmi	
Yee Yit Yang	
Goh Siow Cheng	(resigned on 31 July 2024)
Dato' Haji Mohd Yazid Bin Haji Mustafa	
Tan Su Ning	
Koo Kien Yoon	(appointed on 4 April 2025)

* *Director of the Company and of its subsidiaries*

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 Kow (alternative Director to Ng Yau Loong)
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' REPORT (CONT'D)

DIRECTORS' INTERESTS

The interest and deemed interest in the shares, options 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:

	At	Number of ordinary shares		At
	1.1.2024	Bought	Sold	31.12.2024
Interest in the Company				
Direct Interest				
Hon Tian Kok @ William	46,000,000	–	–	46,000,000
		Number of Warrants B		
	At			At
	1.1.2024	Bought	Sold	31.12.2024
Interest in the Company				
Direct Interest				
Hon Tian Kok @ William	–	60,110,000	–	60,110,000

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 36(c) to the financial statements.

Neither during, nor at the end of the financial year, 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	
	2024 RM	2023 RM	2024 RM	2023 RM
Executive Directors				
Salaries and other emoluments	1,316,160	1,474,389	836,632	987,213
Social security contributions	3,294	3,119	2,618	3,119
Defined contribution plan	128,210	159,212	98,139	115,154
	1,447,664	1,636,720	937,389	1,105,486
Non-executive Directors				
Salaries and other emoluments	27,300	29,500	27,300	29,500
Fee	216,000	151,373	216,000	151,373
	243,300	180,873	243,300	180,873
Total directors' remuneration	1,690,964	1,817,593	1,180,689	1,286,359

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION (CONT'D)

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	
	2024	2023
	RM	RM
Executive directors:		
RM150,001 - RM200,000	1	–
RM250,001 - RM300,000	1	2
RM300,001 - RM350,000	1	–
RM500,001 - RM550,000	–	1
RM550,001 - RM600,000	–	1
RM650,001 - RM700,000	1	–
Non-executive directors:		
RM1 - RM50,000	3	6
RM100,001 - RM150,000	1	–

OTHER STATUTORY INFORMATION

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

- 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
- 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.

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

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or
- which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading; or
- 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
- 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:

- 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
- 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.

**DIRECTORS' REPORT
(CONT'D)****OTHER STATUTORY INFORMATION (CONT'D)**

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 RM7,075 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 RM316,815 and RM85,000 (2023: RM330,134 and RM70,000) 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 41 to the financial statements.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

The detail of the significant events after the financial year are disclosed in Note 42 to the financial statements.

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 55 to 154 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 2024 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

Kuala Lumpur
Date:

HO TZE HIUNG
Director

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 55 to 154, 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,

HON TIAN KOK @ WILLIAM
Director

SAMUEL JOHN A/L PONNIAH
Membership no.: B437

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 2024 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 material accounting policy information, as set out on pages 55 to 154.

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 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

Key Audit Matters (Cont'd)

1. Impairment assessment of property, plant and equipment

As at 31 December 2024, the carrying amount of the Group's property, plant and equipment on consolidation amounted to RM32,874,735. Based on the assessments performed, the Group has recognized impairment losses of RM10,644,879 relating to property, plant and equipment. Due to the inherently estimation uncertainty and requires significant judgement, we identified this as a key audit matter.

Our audit procedures included the following:

- We assessed the appropriateness of the methodology adopted by the Group for impairment assessments in accordance with MFRS 136 Impairment of Assets;
- We tested the mathematical accuracy of the impairment assessment;
- We evaluated the reasonableness of key assumptions used by the management in the approved cash flow projections by comparing revenue growth rates and gross profit margin to historical results and industry data;
- We discussed with management assumptions underlying the cash flow projections;
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount;
- We assessed the adequacy and reasonableness of the disclosures in the financial statements.

2. Impairment assessment of intangible assets

As at 31 December 2024, the carrying amount of the Group's intangible assets on consolidation amounted to RM37,634,758. The intangible assets included development expenditure, patents, and software. The risk arising from the potential impairment of intangible assets.

Our audit procedures included the following:

- We reviewed the appropriateness of the estimated useful lives with reference to its industry and nature of the assets;
- We assessed the reasonableness of the amortisation charges for selected asset categories during the financial year;
- We reviewed and determined whether any indicators of impairment for intangible assets existed. Where impairment losses were identified, verified that they were properly accounted for and disclosed;
- We assessed the management's determination of the discount rate by evaluating the appropriateness of the models used and the reasonableness of the inputs thereon;
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount; and
- We assessed the adequacy and reasonableness of the disclosures in the financial statements.

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 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 this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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.

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

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)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the of Companies Act 2016 in Malaysia, we 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.

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

Kuala Lumpur
Date:

VOON XUAM MING
03738/05/2025 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
	Notes	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	32,874,735	54,378,157	–	300,000
Investment in subsidiaries	5	–	–	11,473,961	13,716,436
Investment in an associate	6	–	3,294,380	–	–
Goodwill on consolidation	7	–	5,334,030	–	–
Intangible assets	8	37,634,758	47,382,981	–	–
		70,509,493	110,389,548	11,473,961	14,016,436
Current assets					
Biological assets	9	94,908	100,000	–	–
Inventories	10	3,698,510	6,742,895	–	–
Trade receivables	11	1,044,254	5,635,502	–	–
Other receivables	12	1,649,887	7,053,100	12,500	13,676
Other investments	13	25,966,375	21,477,010	–	–
Amount due from subsidiaries	14	–	–	95,438,661	190,439,739
Tax recoverable		297,425	386,394	40,844	48,905
Fixed deposits with licensed banks	15	3,630,620	1,017,551	2,200,000	–
Cash and cash equivalents	16	7,159,572	10,423,573	966,827	482,801
		43,541,551	52,836,025	98,658,832	190,985,121
Assets of disposal group classified as held for sale	17	4,939,844	–	–	–
TOTAL ASSETS		118,990,888	163,225,573	110,132,793	205,001,557

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group		Company	
	Notes	2024 RM	2023 RM	2024 RM	2023 RM
EQUITY AND LIABILITIES					
Equity attribute to owners of the Company					
Share capital	18	186,191,208	186,191,208	186,191,208	186,191,208
ICPS	19	2,889,371	2,889,371	2,889,371	2,889,371
Reserves	20	(90,736,553)	(61,713,732)	(92,451,561)	2,154,528
		98,344,026	127,366,847	96,629,018	191,235,107
Non-controlling interests		(628,440)	2,265,246	–	–
TOTAL EQUITY		97,715,586	129,632,093	96,629,018	191,235,107
LIABILITIES					
Non-current liabilities					
Loan and borrowings	21	595,323	2,103,963	–	–
Lease liabilities	22	3,727,511	4,247,294	–	–
Deferred tax liabilities	23	3,863,585	5,520,389	–	–
		8,186,419	11,871,646	–	–
Current liabilities					
Contract liabilities	24	1,532,769	1,388,760	–	–
Trade payables	25	1,917,565	4,114,291	–	–
Other payables	26	3,873,374	10,678,492	563,902	826,577
Amount due to subsidiaries	14	–	–	12,939,873	12,939,873
Loan and borrowings	21	387,352	3,994,514	–	–
Lease liabilities	22	617,979	1,545,777	–	–
		8,329,039	21,721,834	13,503,775	13,766,450
Liabilities of disposal group classified as held for sale	17	4,759,844	–	–	–
TOTAL LIABILITIES		21,275,302	33,593,480	13,503,775	13,766,450
TOTAL EQUITY AND LIABILITIES		118,990,888	163,225,573	110,132,793	205,001,557

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 2024

		Group		Company	
	Notes	2024 RM	2023 RM	2024 RM	2023 RM
Continuing operations					
Revenue	27	62,024,718	46,086,810	3,700,000	6,000,000
Cost of sales		(65,801,998)	(45,962,751)	–	–
Gross (loss)/profit		(3,777,280)	124,059	3,700,000	6,000,000
Other operating income	28	850,690	5,457,039	172,174	448,088
Administration expenses		(42,062,846)	(43,889,483)	(4,920,324)	(2,467,673)
Net loss on impairment of financial assets		(12,516,314)	(6,283,370)	(111,928,765)	(1,232,455)
(Loss)/Profit from operation		(57,505,750)	(44,591,755)	(112,976,915)	2,747,960
Finance costs	29	(370,933)	(687,004)	–	–
(Loss)/Profit before tax	30	(57,876,683)	(45,278,759)	(112,976,915)	2,747,960
Share of loss of equity accounted associate		(57,027)	(5,620)	–	–
Taxation	31	1,595,652	1,630,610	(42,668)	(14,844)
(Loss)/Profit for the financial year from continuing operations		(56,338,058)	(43,653,769)	(113,019,583)	2,733,116
Profit after taxation from discontinued operations	32	5,843,721	–	–	–
(Loss)/Profit for the financial year		(50,494,337)	(43,653,769)	(113,019,583)	2,733,116
Items that are may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		1,344,436	1,562,879	–	–
Other comprehensive income for the financial year, net of tax		1,344,436	1,562,879	–	–
Total comprehensive (loss)/income for the financial year		(49,149,901)	(42,090,890)	(113,019,583)	2,733,116

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

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

		Group		Company	
	Notes	2024 RM	2023 RM	2024 RM	2023 RM
(Loss)/Profit for the financial year attributable to:					
Owners of the Company:					
- continuing operations		(54,397,114)	(42,000,116)	(113,019,583)	2,733,116
- discontinued operations		5,843,721	–	–	–
Non-controlling interests		(1,940,944)	(1,653,653)	–	–
		(50,494,337)	(43,653,769)	(113,019,583)	2,733,116
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the Company:					
- continuing operations		(53,280,036)	(40,491,629)	(113,019,583)	2,733,116
- discontinued operations		5,843,721	–	–	–
Non-controlling interests		(1,713,586)	(1,599,261)	–	–
		(49,149,901)	(42,090,890)	(113,019,583)	2,733,116
Loss per share:					
Basic (in sen)					
- continuing operations	33 (a)	(4.30)	(3.32)		
- discontinued operations	33 (a)	0.46	–		
		(3.84)	(3.32)		
Diluted (in sen)					
- continuing operations	33 (b)	(3.54)	(2.73)		
- discontinued operations	33 (b)	0.38	–		
		(3.16)	(2.73)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Notes	Attributable to owners of the Company									
	Non-distributable					Foreign currency translation reserve				
	Share Capital RM	ICPS RM	SIS option reserve RM	Merger deficits RM	Accumulated losses RM	Total RM	Non- controlling interest RM	Total equity RM		
Group										
At 1 January 2023	179,939,010	9,141,569	803,081	(4,569,128)	(19,874,032)	167,858,476	128,601	167,987,077		
Loss for the financial year	-	-	-	-	(42,000,116)	(42,000,116)	(1,653,653)	(43,653,769)		
Foreign exchange translation reserve	-	-	-	-	240,364	1,508,487	54,392	1,562,879		
Total comprehensive income/ (loss) for the financial year	-	-	-	-	(41,759,752)	(40,491,629)	(1,599,261)	(42,090,890)		
Transaction with owners:										
Conversion of ICPS	6,252,198	(6,252,198)	-	-	-	-	-	-		
Dilution in a subsidiary	-	-	-	-	-	-	3,735,906	3,735,906		
Transaction with owners	6,252,198	(6,252,198)	-	-	-	-	3,735,906	3,735,906		
At 31 December 2023	186,191,208	2,889,371	803,081	(4,569,128)	(61,633,784)	127,366,847	2,265,246	129,632,093		

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					Foreign currency translation reserve				
	Share Capital RM	ICPS RM	Warrant reserve RM	SIS option reserve RM	Merger deficits RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total equity RM	
Group										
At 1 January 2024	186,191,208	2,889,371	-	803,081	(4,569,128)	(61,633,784)	127,366,847	2,265,246	129,632,093	
Continuing operations										
Loss for the financial year	-	-	-	-	-	(54,397,114)	(54,397,114)	(1,666,509)	(56,338,058)	
Disposal of a subsidiary	-	-	-	-	-	-	-	(96,627)	(96,627)	
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(1,083,473)	(1,083,473)	
Foreign exchange translation reserve	-	-	-	-	-	-	1,117,078	227,358	1,344,436	
Total comprehensive income/ (loss) for the financial year	-	-	-	-	-	(54,397,114)	(53,280,036)	(2,893,686)	(56,173,722)	
Discontinuing operations										
Profit for the financial year	-	-	-	-	-	5,843,721	5,843,721	-	5,843,721	
Total comprehensive income for the financial year	-	-	-	-	-	5,843,721	5,843,721	-	5,843,721	
Transaction with owners:										
Issuance of warrants	-	-	18,413,494	-	-	-	18,413,494	-	18,413,494	
Transaction with owners	-	-	18,413,494	-	-	-	18,413,494	-	18,413,494	
At 31 December 2024	186,191,208	2,889,371	18,413,494	803,081	(4,569,128)	(110,187,177)	98,344,026	(628,440)	97,715,586	

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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	(Accumulated losses)/ Retained earnings RM	Total equity RM
Company							
At 1 January 2023		179,939,010	9,141,569	-	803,081	(1,381,669)	188,501,991
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	2,733,116	2,733,116
Transaction with owners:							
Conversion of ICPS		6,252,198	(6,252,198)	-	-	-	-
Transaction with owners		6,252,198	(6,252,198)	-	-	-	-
At 31 December 2023 and 1 January 2024		186,191,208	2,889,371	-	803,081	1,351,447	191,235,107
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(113,019,583)	(113,019,583)
Transaction with owners:							
Issuance of warrants	20	-	-	18,413,494	-	-	18,413,494
Transaction with owners		-	-	18,413,494	-	-	18,413,494
At 31 December 2024		186,191,208	2,889,371	18,413,494	803,081	(111,668,136)	96,629,018

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Notes	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities				
(Loss)/Profit before tax				
- Continued operation	(57,876,683)	(45,278,759)	(112,976,915)	2,747,960
- Discontinued operation	5,860,282	-	-	-
Adjustments for:				
Amortisation of intangible assets	2,731,650	2,618,056	-	-
Amortisation of deferred capital grant	(24,521)	(37,160)	-	-
Bad debts written off	377,171	14,248	262	-
Deposits written off	-	11,463	-	-
Depreciation of property, plant and equipment	8,531,366	8,915,160	-	806
Dividend income	-	-	(3,700,000)	(6,000,000)
Gain on disposal of property, plant and equipment	(5,280,403)	(130,537)	-	-
Gain on disposal of quoted shares	-	(561,300)	-	-
Gain on dilution of a subsidiary	-	(65,972)	-	-
Gain on disposal of subsidiaries	(674,508)	-	-	-
Fair value loss on biological assets	5,092	75,000	-	-
Fair value loss on quoted shares investments	8,338,653	13,553,153	-	-
Allowance of expected credit losses				
- Trade receivables	1,659,789	3,533,754	-	-
- Other receivables	6,947,289	5,193,863	-	-
- Amount due from subsidiaries	-	-	111,928,764	1,232,455
Reversal of allowance for expected credit losses				
- Trade receivables	(101,621)	(2,444,247)	-	-
- Other receivables	(3,261,819)	-	-	-
Waiver of debts				
- Trade payables	(4,262,341)	-	-	-
- Other payables	(98,890)	-	-	-
Impairment losses on				
- Property, plant and equipment	10,644,879	1,133,411	300,000	-
- Intangible assets	8,145,767	1,423,023	-	-
- Investment in associates	3,237,353	-	-	-
- Goodwill	4,449,356	-	-	-
- Investment in subsidiary	-	-	2,242,475	-
Interest expenses	607,444	687,004	-	-
Interest income	(241,937)	(257,798)	(172,174)	(74,858)
Reversal of provision of slow-moving inventories	(580,770)	(10,236)	-	-
Inventories written off	-	18,101	-	-

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

STATEMENTS OF CASH FLOWS
(CONT'D)

		Group		Company	
	Notes	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities					
(cont'd)					
Gain on early termination of lease contract		(91,404)	–	–	–
Property, plant and equipment written off		410,328	388,600	–	–
Intangible assets written off		–	1,316,199	–	–
Unrealised loss/(gain) on foreign exchange		396,044	(235,071)	2,320	(372,928)
Operating loss before working capital changes		(10,152,433)	(10,140,045)	(2,375,268)	(2,466,565)
Change in working capital:					
Inventories		2,396,386	1,746,778	–	–
Receivables		4,719,762	6,615,050	915	38,692
Payables		3,172,376	2,981,057	(262,675)	407,342
		10,288,524	11,342,885	(261,760)	446,034
Cash from/(used in) operations		136,091	1,202,840	(2,637,028)	(2,020,531)
Tax refund		8,862	295,825	8,862	–
Tax paid		(52,609)	(278,587)	(43,469)	(39,917)
Net cash from/(used in) operating activities		92,344	1,220,078	(2,671,635)	(2,060,448)
Cash flows from investing activities					
Acquisition of intangible assets	A	(1,063,849)	(388,132)	–	–
Purchase of property, plant and equipment	B	(1,229,197)	(2,966,939)	–	–
(Increase)/Decrease in short-term placement		(12,828,018)	16,485,950	–	–
Placement of fixed deposit		(500,000)	–	–	–
Addition investment in associate companies		–	(3,300,000)	–	–
Net cash outflows from loss of control of subsidiary companies		(109,854)	–	–	–
Net cash inflows arising from acquisition from non-controlling interest ("NCI")		–	3,856,268	–	–
Proceeds from disposal of property, plant and equipment		6,083,600	185,000	–	–
Acquisition of other investments		–	(41,927,987)	–	–
Interest received		241,937	257,798	172,174	74,858
Dividend received		–	–	3,700,000	6,000,000
Net cash (used in)/from investing activities		(9,405,381)	(27,798,042)	3,872,174	6,074,858

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

STATEMENTS OF CASH FLOWS (CONT'D)

		Group		Company	
	Notes	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from financing activities					
Repayments to subsidiaries		–	–	(16,927,687)	(11,229,734)
Withdrawal in fixed deposits pledged and maturity more than 3 months		86,931	7,845,236	–	7,500,000
Placement in fixed deposits pledged and maturity more than 3 months	C	(2,200,000)	(217,779)	(2,200,000)	–
Proceed from issuance of shares upon exercise of warrants		18,413,494	–	18,413,494	–
Repayments of lease liabilities	C	(1,220,101)	(1,727,707)	–	–
Repayments of term loans		(2,985,181)	(2,041,491)	–	–
Net change of banker acceptance		(1,289,510)	1,188,000	–	–
Drawdown of term loans		1,160,838	–	–	–
Interest paid		(555,033)	(687,004)	–	–
Net cash from/(used in) financing activities		11,411,438	4,359,255	(714,193)	(3,729,734)
Net increase/(decrease) in cash and cash equivalents		2,098,401	(22,218,709)	486,346	284,676
Effect of exchange translation differences		(5,314,529)	1,523,811	(2,320)	–
Cash and cash equivalents at beginning of financial year		10,423,573	31,118,471	482,801	198,125
Cash and cash equivalents under assets held for sales		(47,873)	–	–	–
Cash and cash equivalents at end of financial year		7,159,572	10,423,573	966,827	482,801
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		7,159,572	10,423,573	966,827	482,801
Fixed deposits with licensed banks		3,630,620	1,017,551	2,200,000	–
		10,790,192	11,441,124	3,166,827	482,801
Less: Fixed deposit pledged with licensed banks		(1,430,620)	(799,772)	–	–
Less: Fixed deposit with maturity more than 3 months		(2,200,000)	(217,779)	(2,200,000)	–
		7,159,572	10,423,573	966,827	482,801

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

STATEMENTS OF CASH FLOWS
(CONT'D)

NOTE TO STATEMENT OF CASH FLOWS

		Group		Company	
	Notes	2024 RM	2023 RM	2024 RM	2023 RM
A. Acquisition of intangible assets					
Total addition	8	1,063,849	388,132	–	–
Cash payment		1,063,849	388,132	–	–
B. Purchase of property, plant and equipment					
Total addition	4	3,684,110	5,441,243	–	–
Purchase through lease arrangements		(2,454,913)	(2,474,304)	–	–
Cash payment		1,229,197	2,966,939	–	–
C. Cash outflows for leases as a lessee					
<u>Included in net cash from operating activities:</u>					
Payment relating to low value assets		31,160	17,705	–	–
Payment relating to short-term leases		437,311	472,867	–	10,000
		468,471	490,572	–	10,000
<u>Included in net cash from operating activities:</u>					
Payment of lease liabilities		1,220,101	1,727,707	–	–
Payment on interest of lease liabilities		188,147	207,435	–	–
		1,408,248	1,935,142	–	–
		1,876,719	2,425,714	–	10,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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. MATERIAL ACCOUNTING POLICY INFORMATION

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 2024;

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
- Amendments to MFRS 107 and MFRS 7, Supplier Finance Arrangements
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-Current

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 and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 2025

- Amendments to MFRS 121, Lack of Exchangeability

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107, Annual Improvement to MFRS Accounting Standards – Volume 11
- Amendments to MFRS 9 and MFRS 7, Classification and Measurement of Financial Instruments
- Amendments to MFRS 9 and MFRS 7, Contract Referencing Nature-dependent Electricity

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, Presentation and Disclosure in Financial Statements
- MFRS 19, Subsidiaries without Public Accountability; Disclosure

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 Basis of consolidation (Cont'd)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (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) Associate

Associate is entity over which the Group has significant influence, but not control, to the financial and operating policies.

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

Under the equity method, the investment in an associate 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.7 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associate 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

• **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 2.17(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 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.

(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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.10 Financial instruments (Cont'd)

(c) Derecognition (Cont'd)

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.

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 purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Property, plant and equipment (Cont'd)

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:

	<u>Method</u>	<u>Useful life</u>
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
Warehouse, shoplot, factory and building	Straight-line	Over the lease term
Leasehold land	Straight-line	Over the lease term
Bearer plants		
- Herbal plants	Straight-line	3 months to 10 years
- Fruit plants	Straight-line	1 to 20 years

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.

The property, plant and equipment work in progress are not depreciated until the assets are ready for their intended use.

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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.13 Leases (Cont'd)

(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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.13 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

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.

If an entity in the Group and the Company 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 and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 Intangible asset (Cont'd)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.17 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, 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.

For trade receivables, other receivables and inter-company balance, the Group and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.17 Impairment of assets (Cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.17 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

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.

2.18 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) Irredeemable Convertible Preference Shares ("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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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 Group and 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.

2.20 Employee benefits

(a) 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.

(b) 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.20 Employee benefits (Cont'd)

(c) Equity settled share-based payment transactions (Cont'd)

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.

2.21 Revenue

(a) 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:

(i) 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.

(ii) Management fee

Management fee is recognised on accrual basis when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.21 Revenue (Cont'd)

(b) 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.

(c) Dividend income

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

(d) Interest income

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

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 their 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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 recognised 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.

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.25 Income taxes (Cont'd)

(b) *Deferred tax (Cont'd)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 initial 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)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.32 Asset held for sale

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Similarly, liabilities directly associated with the disposal groups are also presented separately from other liabilities in the statement of financial position. The individual assets and liabilities of a subsidiary acquired exclusively with a view for resale are not fair valued separately, instead, the net assets as a whole are measured at the lower of carrying amount and fair value less costs to sell with the impairment (if any) netted off against the assets.

Depreciation ceases when an asset is classified as an asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

A discontinuing/discontinued operation is a component of the Group that is classified as a disposal group and represents a separate business or geographical segment, or is a subsidiary acquired exclusively with a view for resale.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

3.1 Judgement and assumption applied (Cont'd)

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 Group and 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.

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 7 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 8 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.

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)

(c) Recoverability of development costs (Cont'd)

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 8 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.

(e) Useful lives of property, plant and equipment and right-of-use assets ("ROU")

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU 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 and ROU would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU. The carrying amount at the reporting date for property, plant and equipment and ROU 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 subsidiary companies 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.

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)

(g) Provision for expected credit loss of financial assets at amortised cost (Cont'd)

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 11, 12 and 14 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 of 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.

(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 requires 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 20(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 have 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 right-of-use 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group Cost	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	Renovation 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
At 1 January 2023	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
Additions	-	-	48,773	123,228	375,000	1,214,280	993,672	2,040	166,731	218,998	2,298,521	-	-	5,441,243
Disposals	-	-	-	-	(434,105)	(150,000)	-	-	-	-	(758,681)	-	-	(1,342,786)
Written off	-	-	(714,871)	(452,065)	-	(7,314,347)	(1,922,076)	(311,973)	(116,300)	(89,124)	-	-	-	(10,920,756)
Exchange differences	-	-	(311,407)	(215,528)	2,000	46,380	(279,462)	(40,821)	-	-	(442,651)	-	-	(1,241,489)
At 31 December 2023 and 1 January 2024	1,725,900	12,817,623	831,271	3,801,943	2,208,011	43,428,722	18,632,151	647,892	4,445,541	2,164,874	6,217,684	2,869,276	300,000	100,090,888
Additions	-	-	82,737	104,321	1,025,669	341,070	128,602	4,900	-	274,898	1,721,913	-	-	3,684,110
Disposals	-	-	(114,258)	(447,702)	(235,810)	-	(854,223)	(41,710)	-	-	-	-	-	(1,693,703)
Written off	-	-	(24,144)	(77,294)	-	(3,040,833)	(2,252,059)	-	-	(125,175)	-	-	-	(5,519,505)
Expiration of lease contract	-	-	-	-	-	-	-	-	-	-	(695,045)	-	-	(695,045)
Modification of lease term	-	-	-	-	-	-	-	-	-	-	(4,886,383)	-	-	(4,886,383)
Reclassification	-	-	-	-	-	-	-	(5,101)	(29,585)	-	-	-	29,585	(5,101)
Exchange differences	-	-	(534)	(19,960)	(2,922)	(67,765)	(36,063)	-	-	-	(13,512)	-	-	(140,756)
Classified as asset held for sale	(1,725,900)	-	(660,275)	(255,945)	(80,430)	-	(67,386)	(14,440)	-	-	(711,527)	-	-	(3,515,903)
At 31 December 2024	-	12,817,623	114,797	3,105,363	2,914,518	40,661,194	15,551,022	591,541	4,415,956	2,314,597	1,633,130	2,869,276	329,585	87,318,602

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold building	Leasehold land and building	Computer system and peripherals	Lab and office equipment, furniture and fittings	Motor vehicles	Plant and machineries	Renovation	Signage and display items	Infrastructure expenditure	Plantation expenditure (a)	Warehouse, shoplot, factory and building	Leasehold land	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation														
At 1 January 2023	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
Charge for the financial year	34,715	238,449	132,054	395,788	252,736	4,464,203	1,604,000	49,129	326,719	89,041	1,232,685	95,641	-	8,915,160
Disposals	-	-	-	-	(383,642)	(145,000)	-	-	-	-	(665,059)	-	-	(1,193,701)
Written off	-	-	(590,696)	(398,365)	-	(7,281,200)	(1,922,108)	(291,328)	(48,459)	-	-	-	-	(10,532,156)
Exchange differences	-	-	(294,247)	(215,951)	1,919	43,754	(344,625)	(40,820)	(2)	-	(487,198)	-	-	(1,337,170)
At 31 December 2023 and 1 January 2024	331,718	1,956,313	614,701	2,709,506	1,619,727	22,736,568	6,523,822	587,437	2,861,088	577,694	3,128,231	932,515	-	44,579,320
Charge for the financial year	34,424	238,449	87,461	297,015	280,102	4,101,744	1,980,648	17,335	319,345	9,682	1,069,519	95,642	-	8,531,366
Disposals	-	-	(102,919)	(243,751)	(153,277)	-	(275,028)	(23,327)	-	-	-	-	-	(798,302)
Written off	-	-	(24,144)	(77,294)	-	(3,040,833)	(1,966,906)	-	-	-	-	-	-	(5,109,177)
Expiration of lease contract	-	-	-	-	-	-	-	-	-	-	(695,045)	-	-	(695,045)
Modification of lease term	-	-	-	-	-	-	-	-	-	-	(2,649,914)	-	-	(2,649,914)
Reclassification	-	-	-	-	-	-	-	(5,101)	-	-	-	-	-	(5,101)
Exchange differences	-	-	(504)	(10,935)	(2,923)	(65,295)	446,528	-	-	-	(12,193)	-	-	354,678
Classified as asset held for sale	(366,142)	-	(502,478)	(171,181)	(80,430)	-	(24,683)	(10,924)	-	-	(387,107)	-	-	(1,542,945)
At 31 December 2024	-	2,194,762	72,117	2,503,360	1,663,199	23,732,184	6,684,381	565,420	3,180,433	587,376	453,491	1,028,157	-	42,664,880
Accumulated impairment														
At 1 January 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment for the financial year	-	-	-	154,332	-	667,073	-	-	211,942	100,064	-	-	-	1,133,411
At 31 December 2023 and 1 January 2024	-	-	-	154,332	-	667,073	-	-	211,942	100,064	-	-	-	1,133,411
Impairment for the financial year	-	1,175,567	-	201,825	-	7,469,803	-	-	756,695	681,972	59,017	-	300,000	10,644,879
Exchange differences	-	-	-	697	-	-	-	-	-	-	-	-	-	697
At 31 December 2024	-	1,175,567	-	356,854	-	8,136,876	-	-	968,637	782,036	59,017	-	300,000	11,778,987
At 31 December 2023	1,394,182	10,861,310	216,570	938,105	588,284	20,025,081	12,108,329	60,455	1,372,511	1,487,116	3,089,453	1,936,761	300,000	54,378,157
At 31 December 2024	-	9,447,294	42,680	245,149	1,251,319	8,792,134	8,866,641	26,121	266,886	945,185	1,120,622	1,841,119	29,585	32,874,735

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 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,049	6,005	300,000	307,054
Accumulated depreciation				
At 1 January 2023	840	5,408	–	6,248
Charge for the financial year	209	597	–	806
At 31 December 2023, 1 January 2024 and 31 December 2024	1,049	6,005	–	7,054
Accumulated impairment				
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–	–	–
Impairment for the financial year	–	–	300,000	300,000
At 31 December 2024	–	–	300,000	300,000
At 31 December 2023	–	–	300,000	300,000
At 31 December 2024	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Including in plantation expenditure as follows:

	Mature		Immature		
	Herbal plants	Fruit plants	Herbal plants	Fruit plants	Total
	RM	RM	RM	RM	RM
Cost					
At 1 January 2023	1,944,178	27,286	62,014	1,522	2,035,000
Additions	114,378	16,235	80,590	7,795	218,998
Written off	-	-	(80,590)	(8,534)	(89,124)
At 31 December 2023, and 1 January 2024	2,058,556	43,521	62,014	783	2,164,874
Addition	149,475	248	125,175	-	274,898
Written off	-	-	(125,175)	-	(125,175)
At 31 December 2024	2,208,031	43,769	62,014	783	2,314,597
Accumulated depreciation					
At 1 January 2023	482,399	6,254	-	-	488,653
Charge for the financial year	89,041	-	-	-	89,041
At 31 December 2023, and 1 January 2024	571,440	6,254	-	-	577,694
Charge for the financial year	9,682	-	-	-	9,682
At 31 December 2024	581,122	6,254	-	-	587,376

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Including in plantation expenditure as follows: (Cont'd)

	Mature		Immature		Total RM
	Herbal plants RM	Fruit plants RM	Herbal plants RM	Fruit plants RM	
Accumulated impairment					
At 1 January 2023	-	-	-	-	-
Impairment for the financial year	-	37,267	62,014	783	62,797
					100,064
At 31 December 2023, and 1 January 2024	-	37,267	62,014	783	100,064
Impairment for the financial year	681,972	-	-	-	681,972
At 31 December 2024	681,972	37,267	62,014	783	782,036
At 31 December 2023	1,487,116	-	-	-	1,487,116
At 31 December 2024	944,937	248	-	-	945,185

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2024 RM	Group 2023 RM
Motor vehicles	1,146,710	338,155
Warehouse, shoplot, factory and building	1,120,622	3,089,453
Leasehold land	1,841,119	1,936,761
Leasehold land and building	1,301,471	10,861,310
	5,409,922	16,225,679

(c) Depreciation charge of right-of-use assets are as follows:

	2024 RM	Group 2023 RM
Motor vehicles	203,959	129,096
Warehouse, shoplot, factory and building	1,069,519	1,232,685
Leasehold land	95,642	95,641
Leasehold land and building	68,498	238,449
	1,437,618	1,695,871

(d) Additions to the right-of-use assets are as follows:

	2024 RM	Group 2023 RM
Warehouse, shoplot, factory and building	1,721,913	2,298,521
Motor vehicles	1,025,669	325,000
	2,747,582	2,623,521

(e) Impairment losses of the right-of-use assets are as follows:

	2024 RM	Group 2023 RM
Warehouse, shoplot, factory and building	59,017	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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:

	2024 RM	Group 2023 RM
Motor vehicles	909,609	338,155

- (g) Property, plant and equipment pledged to non-financial institution as security for the lease liabilities are as follow:

	2024 RM	Group 2023 RM
Motor vehicles	237,101	–

- (h) Property, plant and equipment pledged to financial institution as security for the related term loan are as follow:

	2024 RM	Group 2023 RM
Freehold building	–	1,394,182
Leasehold land and building	–	9,491,340
	–	10,885,522

- (i) Property, plant and equipment pledged to non-financial institution as security for the related term loan are as follow:

	2024 RM	Group 2023 RM
Plant and machineries	418,899	845,125

- (j) The motor vehicle of the Group with a total cost of RM913,755 (2023: RM931,822) which carrying amount amounted to RM487,101 (2023: RM442,833) are being held in trust by Directors.

- (k) Including in net carrying amount of plantation expenditure are staff costs capitalised as follows:

	2024 RM	Group 2023 RM
Staff cost	42,634	47,013

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- (l) During the financial year, the Group has carried out a review of the recoverable amount of its production equipment because its business had been persistently making losses. An impairment loss of RM10,644,879 (2023: RM1,133,411), representing the write-down of the equipment to the recoverable amount was recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 30 to the financial statements.

(i) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of property, plant and equipment 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 (2023: five) years period;
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans for the CGU reflects on the average historical growth rate adjusted for projected market and economic conditions and internal resource efficiency and;
- (iii) Pre-tax discount rate of 10% (2023: 8%) 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

(ii) 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 CGUs' recoverable amount would not cause the CGUs' carrying amount to exceed its recoverable amount.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
At cost		
Unquoted shares		
- In Malaysia	12,719,230	12,719,230
- Outside Malaysia	997,206	997,206
	13,716,436	13,716,436
Less: Accumulated impairment losses		
- In Malaysia	(1,245,269)	-
- Outside Malaysia	(997,206)	-
	(2,242,475)	-
	11,473,961	13,716,436

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Movements in the allowance for impairment losses are as follow:

	Company	
	2024 RM	2023 RM
At 1 January	–	–
Impairment loss recognised	2,242,475	–
At 31 December	2,242,475	–

An impairment loss of RM2,242,475 (2023: Nil) was recognised in profit or loss.

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2024	2023	
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
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 Agro Sdn. Bhd. ("BECASB")	Malaysia	100	100	Planters, growers, and merchant in all kinds of herb, fruits, agricultural, agro and organic products

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 (%)		Principal activities
		2024	2023	
Held through Bioalpha International Sdn. Bhd.: (cont'd)				
PT Herbal Malindo Makmur * ("PTHMM")	Indonesia	60	60	General trade, wholesale and retail trade or pharmaceutical and traditional medicine
Suzhou Biomedic Biotechnology Co. Ltd. * ("SBBCL")	China	47.8	47.8	Import and export of medicines and edible bacteria and food selling on internet
Held through Botanical Distribution Sdn. Bhd.:				
RS Bio Sdn. Bhd. ("RSBSB")	Malaysia	–	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 Development 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) Limited * ("BHKIL")	China (Hong Kong)	100	100	Investment holding Investment
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:				
Suzhou Biomedic Biotechnology Co. Ltd. * ("SBBCL")	China	19.2	19.2	Import and export of medicines and edible bacteria and food selling on internet

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 (%)		Principal activities
		2024	2023	
Held through Bioalpha (HK) Investment Limited:				
Bioalpha (Hainan) Development Ltd * ("BHDL")	China	100	77.3	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
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	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	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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT IN SUBSIDIARIES (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 interest and voting rights held by non-controlling interest		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interest	
	2024	2023	2024	2023	2024	2023
	%	%	RM	RM	RM	RM
BASB	28	28	(1,055,854)	(113,894)	(1,558,103)	(502,249)
PTHMM	40	40	(90,767)	(745,593)	(1,237,400)	(1,146,633)
RSBSB	–	49	(70,368)	(113,077)	–	166,995
BJHSB	49.6	49.6	(361,261)	(329,906)	(2,037,572)	(1,676,311)
SBBCL	33	33	37,235	(142,522)	4,204,635	4,167,400
BHDL	–	22.7	(172,571)	(154,269)	–	1,256,044
			(1,713,586)	(1,599,261)	(628,440)	2,265,246

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
2024						
Non-current assets	–	85,804	–	105,077	5,596,853	–
Current assets	3,765	148,424	–	196,113	6,123,212	–
Non-current liabilities	–	(12,225)	–	(9,651)	–	–
Current liabilities	(5,667,998)	(3,129,286)	–	(4,551,570)	(33,108)	–
Net (liabilities)/assets	(5,664,233)	(2,907,283)	–	(4,260,031)	11,686,957	–
2023						
Non-current assets	245,032	134,283	–	532,356	6,236,520	905,640
Current assets	3,204,085	106,345	356,086	117,079	6,660,445	4,772,474
Non-current liabilities	–	–	–	(8,557)	–	–
Current liabilities	(5,342,443)	(3,136,500)	(15,276)	(4,172,560)	(25,358)	(26,862)
Net (liabilities)/assets	(1,893,326)	(2,895,872)	340,810	(3,531,682)	12,871,607	5,651,252

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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
2024						
Revenue	209,934	133,361	–	304,361	–	–
Loss for the financial year	(3,770,906)	(210,695)	–	(728,351)	(500,340)	–
Total comprehensive loss for the financial year	(3,770,906)	(210,695)	–	(728,351)	(500,340)	–
2023						
Revenue	50,648	141,668	1,175	246,425	–	–
Loss for the financial year	(506,338)	(1,863,983)	(230,770)	(817,153)	(596,693)	(679,600)
Total comprehensive loss for the financial year	(506,338)	(1,863,983)	(230,770)	(817,153)	(596,693)	(679,600)

(iii) Summarised statement of cash flows

	BASB RM	PTHMM RM	RSBSB RM	BJHSB RM	SBBCL RM	BHDL RM
2024						
Net cash generated from/(used in) operating activities	51,416	(225,296)	–	(318,972)	6,513	–
Net cash used in investing activities	–	–	–	–	–	–
Net cash (used in)/generated from financing activities	(55,874)	(4,985)	–	282,609	–	–
Net (decrease)/increase in cash and cash equivalents	(4,458)	(230,281)	–	(36,363)	6,513	–

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
2023						
Net cash (used in)/ generated from operating activities	(167,134)	217,077	(9,415)	(215,100)	(303,777)	(3,878,383)
Net cash used in investing activities	-	-	-	(185,704)	(3,197,036)	(398,246)
Net cash generated from/(used in) financing activities	159,369	(3,564)	706	428,439	323,443	6,620,286
Net (decrease)/increase in cash and cash equivalents	(7,765)	213,513	(8,709)	27,635	(3,177,370)	2,343,657

(b) Dilution of shares of a subsidiary

- (i) In previous financial year, the Group's equity interest in SBBCL via BHHBL and BISB, wholly-owned subsidiaries of the Company, decreased from 81.02% to 67% following the issuance of shares to the new shareholder of SBBCL, namely Suzhou Medicalsystem Technology Co. Ltd. ("MEDIC") to the Subscription Agreement entered into between the parties therein dated 8 May 2023.

The Group recognised a loss on dilution of equity interest amounting to RM65,972 in previous financial year.

(c) Disposal of subsidiary companies

- (i) On 19 March 2024, Botanical Distribution Sdn. Bhd. has disposed 5,100,000 ordinary shares in RS Bio Sdn. Bhd., representing 51% of the total issued share capital, for a total consideration of RM144,378.
- (ii) On 30 October 2024, Mediconstant Holding Sdn. Bhd. has disposed 80,003 ordinary shares in Mediconstant Pharmacy (Desa Tasik) Sdn. Bhd., representing 100% of the total issued share capital, for a total consideration of RM1.
- (iii) On 30 October 2024, Mediconstant Holding Sdn. Bhd. has disposed 10 ordinary shares in Mediconstant Pharmacy (Puchong) Sdn. Bhd., representing 100% of the total issued share capital, for a total consideration of RM1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of subsidiary companies (Cont'd)

(iv) Financial effect arising from disposal are as below:

	Group 2024 RM
Trade receivables	4,347
Other receivables	36,418
Cash and cash equivalents	254,302
Trade payables	(10,523)
Other payables	(277,812)
Current tax assets	12,199
Carrying amount of net assets disposed off	18,931
Net disposal proceeds	(144,380)
Loss on disposal of subsidiaries	(125,449)

(v) Cash flows arising from disposal are as below:

	Group 2024 RM
Cash proceeds from disposal	144,380
Cash and cash equivalents of subsidiary disposed off	(254,234)
Net cash outflow from the disposal of subsidiaries	(109,854)

(d) Acquisition of non-controlling interests

- (i) On 6 May 2024, Bioalpha (HK) Investment Limited entered into a share transfer agreement with an independent third party and acquired an additional 22.7% equity interests in BHDH from its non-controlling interests. The carrying amount of BHDH's net assets in the Group's financial statements on that date was RM217,570. Following the completion of the acquisition, BHDH became a 100%-owned subsidiary of the Company.
- (ii) The following summarises the effect of changes in the equity interests in BHDH that is attributable to the owners of the Company:-

	Group 2024 RM
Equity interest at 1 January	1,256,044
Effect of increase in the Company's ownership interest	(1,083,473)
Share of post acquisition loss	(172,571)
Equity interest at 31 December	—

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT IN AN ASSOCIATE

	2024 RM	Group 2023 RM
Unquoted shares, at cost		
Outside Malaysia	3,300,000	3,300,000
Share of post-acquisition reserves	(62,647)	(5,620)
Less: impairment of investment in associates	(3,237,353)	–
	–	3,294,380

Details of a material associate is as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2024	2023	
<i>Held through Bioalpha International Sdn. Bhd.:</i>				
PT Bioalpha International Makmur * ("PTBIM")	Indonesia	30	30	General trade, wholesale and retail trade or pharmaceutical and traditional medicine

* Not audited by CHENGCO PLT

(a) Acquisition of an associate

On 1 August 2023, BISB, a wholly-owned subsidiary of the Company, entered into the following agreements for the acquisition of PTBIM:

As at the date of the agreement, PT Alfa Sehat Indonesia Group of Companies ("PTAS") indebted to BISB a sum of US Dollars Seven Hundred Ninety-Three Thousand Nine Hundred Ninety-Three and Thirty-Two Cent Only (USD793,993.32), equivalent to Ringgit Malaysia Three Million Three Hundred Twenty-Eight Thousand Six Hundred Sixty-Eight and Twenty Two Sen Only (RM3,328,668.22) ("Settlement Amount") being amount owing to BISB for goods sold.

In the case of full and final settlement, PTAS shall pay to BISB the Settlement Amount by transferring the shares of PTAS into a newly incorporated company, PT Bioalpha International Makmur ("PTBIM") and to allot 30% of the shares in PTBIM to BISB and to pay BISB Ringgit Malaysia Twenty-Eight Thousand Six Hundred Sixty-Eight and Twenty-Two Sen Only (RM28,668.22) upon execution of the agreement.

The acquisition had been completed in previous financial year. Consequently, PTBIM became 30% owned associated of BISB.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

(b) Summarised financial information of the Group's material associate is set out below:

Summarised statements of financial position

	PTBIM	
	2024 RM	2023 RM
Non-current assets	24,354	–
Current assets	2,226,978	4,297,083
Current liabilities	(237,677)	(619,217)
Net assets	2,013,655	3,677,866

Summarised statements of profit or loss and other comprehensive income

	PTBIM	
	2024 RM	2023 RM
Loss for the financial year	(190,092)	(18,740)
Total comprehensive loss for the financial year	(190,092)	(18,740)

7. GOODWILL ON CONSOLIDATION

	Group	
	2024 RM	2023 RM
At 1 January	5,334,030	5,891,157
Accumulated impairment losses	(4,449,356)	(557,127)
Classified as asset held for sale	(884,674)	–
At 31 December	–	5,334,030

The carrying amount of goodwill allocated to the Group's cash-generating units ("CGU") are as follows:

	Group	
	2024 RM	2023 RM
Mediconstant Holding Sdn. Bhd.	–	5,334,030

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. GOODWILL ON CONSOLIDATION (CONT'D)

(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 nil (2023: five) year period;
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU reflects on the average historical growth rate adjusted for projected market and economic conditions and internal resource efficiency; and
- (iii) Pre-tax discount rate of nil (2023: 8%) 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.

During the financial year, the Group had recognised an impairment loss on goodwill of RM4,449,356 as the subsidiary incurred business losses during the financial year.

(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)

8. INTANGIBLE ASSETS

	Development expenditures RM	Patents RM	Software RM	Total RM
Group Cost				
At 1 January 2023	72,218,540	3,513,926	65,553	75,798,019
Additions	388,132	–	–	388,132
Written off	(1,889,896)	–	–	(1,889,896)
Exchange differences	242,040	33,177	593	275,810
At 31 December 2023 and 1 January 2024	70,958,816	3,547,103	66,146	74,572,065
Additions	905,640	158,209	–	1,063,849
Exchange differences	(175,127)	477,977	(1,613)	301,237
At 31 December 2024	71,689,329	4,183,289	64,533	75,937,151
Accumulated amortisation				
At 1 January 2023	23,460,569	483,118	43,424	23,987,111
Charge for the financial year	2,114,170	493,656	10,230	2,618,056
Written off	(573,697)	–	–	(573,697)
Exchange differences	–	(263,142)	559	(262,583)
At 31 December 2023 and 1 January 2024	25,001,042	713,632	54,213	25,768,887
Charge for the financial year	2,114,171	610,319	7,160	2,731,650
Written off	–	–	–	–
Exchange differences	–	237,587	(1,613)	235,974
At 31 December 2024	27,115,213	1,561,538	59,760	28,736,511
Accumulated impairment				
At 1 January 2023	–	–	–	–
Impairment for the financial year	1,423,023	–	–	1,423,023
Exchange differences	(2,826)	–	–	(2,826)
At 31 December 2023 and 1 January 2024	1,420,197	–	–	1,420,197
Impairment for the financial year	7,026,608	1,119,159	–	8,145,767
Exchange differences	(82)	–	–	(82)
At 31 December 2024	8,446,723	1,119,159	–	9,565,882
At 31 December 2023	44,537,577	2,833,471	11,933	47,382,981
At 31 December 2024	36,127,393	1,502,592	4,773	37,634,758

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INTANGIBLE ASSETS (CONT'D)

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 (2023: five) years period;
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU reflects on the average historical growth rate adjusted for projected market and economic conditions and internal resource efficiency; and
- (iii) Pre-tax discount rate of 10% (2023: 8%) 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 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's principal activities and have an average remaining amortisation period of 5 years (2023: 8-15 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. BIOLOGICAL ASSETS

	Group RM
At 1 January 2023	175,000
Fair value adjustment	(75,000)
At 31 December 2023 and 1 January 2024	100,000
Fair value adjustment	(5,092)
At 31 December 2024	94,908

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 2024, the Group has 1,303 acres (2023: 1,303 acres) of herbal plantations.

10. INVENTORIES

	2024 RM	Group 2023 RM
At cost		
Raw materials	1,998,186	1,900,151
Consumables	999,161	1,215,199
Finished goods	701,163	382,211
Trading goods	–	3,245,334
	3,698,510	6,742,895
Recognised in profit or loss		
Inventories recognised as cost of sales	71,988,235	34,475,139
Inventories written off	–	18,101
Reversal of provision of slow-moving inventories	(580,770)	(10,236)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. TRADE RECEIVABLES

	2024 RM	Group 2023 RM
Trade receivables	7,151,194	22,932,710
Less: Allowance for expected credit losses ("ECLs")	(6,106,940)	(17,297,208)
	1,044,254	5,635,502

Trade receivables are non-interest bearing and are generally from cash term to 180 days (2023: 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:

	2024 RM	Group 2023 RM
At 1 January	17,297,208	15,907,577
Allowance for ECLs	1,659,789	3,533,754
Reversal of allowance for ECLs	(101,621)	(2,444,247)
Written off	(10,758,165)	(14,248)
Exchange difference	(201,339)	314,372
Classified as asset held for sale	(1,788,932)	–
At 31 December	6,106,940	17,297,208

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 2024			
Neither past due nor impaired	718,101	(99,381)	618,720
1 to 30 days past due not impaired	210,506	(4,297)	206,209
31 to 60 days past due not impaired	11,571	–	11,571
61 to 90 days past due not impaired	14,380	(128)	14,252
More than 91 days past due not impaired	5,269,762	(5,076,260)	193,502
	6,224,320	(5,180,066)	1,044,254
Individually impaired	926,874	(926,874)	–
	7,151,194	(6,106,940)	1,044,254

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:
(Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2023			
Neither past due nor impaired	3,851,768	(1,745)	3,850,023
1 to 30 days past due not impaired	370,448	–	370,448
31 to 60 days past due not impaired	30,426	(4,558)	25,868
61 to 90 days past due not impaired	653,914	(17,961)	635,953
More than 91 days past due not impaired	11,514,110	(10,760,900)	753,210
	16,420,666	(10,785,164)	5,635,502
Individually impaired	6,512,044	(6,512,044)	–
	22,932,710	(17,297,208)	5,635,502

The foreign currency profile of trade receivables are as follows:

	Group 2024 RM	2023 RM
Chinese Yuan ("CNY")	–	2,644,820
Indonesian Rupiah ("IDR")	145,750	78,451
United States Dollar ("USD")	–	437,460

12. OTHER RECEIVABLES

	Group 2024 RM	2023 RM	Company 2024 RM	2023 RM
Non-trade receivables	8,365,145	6,276,013	262	262
Deposits	557,130	4,504,421	–	–
Less: Written off	(262)	–	(262)	–
Less: Allowance for ECLs	(8,037,294)	(5,126,161)	–	–
	884,719	5,654,273	–	262
Accrued income	9,029	11,591	–	–
Prepayments	382,192	955,466	12,500	13,414
Value-added tax ("VAT") recoverable	50,215	69,284	–	–
Advance to suppliers	304,692	321,802	–	–
Advance to staffs	19,040	40,684	–	–
	1,649,887	7,053,100	12,500	13,676

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. OTHER RECEIVABLES (CONT'D)

The movement in allowance for ECLs of other receivables during the financial year is as follows:

	2024 RM	Group 2023 RM
At 1 January	5,126,161	509,694
Allowance for ECLs	6,947,289	5,193,863
Reversal	(3,261,819)	–
Written off	–	(509,694)
Exchange difference	(159,511)	(67,702)
Classified as asset held for sale	(614,826)	–
At 31 December	8,037,294	5,126,161

The currency profile of other receivables are as follows:

	2024 RM	Group 2023 RM
Hong Kong Dollar ("HKD")	4,558	6,611
Chinese Yuan ("CNY")	779,946	4,562,398
Indonesian Rupiah ("IDR")	2,312	8,668
United States Dollar ("USD")	54,731	–

13. OTHER INVESTMENTS

	2024 RM	Group 2023 RM
Current		
Fair Value Through Profit or Loss ("FVTPL"):		
Money market fund	13,081	12,663
Quoted ordinary shares	25,953,294	21,464,347
	25,966,375	21,477,010

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.

Money market fund

Money market fund represent deposits placement with investment fund management companies. The average effective interest rates of the money market fund range from 0.30% to 2.7% (2023: 0.23% to 0.30%) on monthly basis and are readily convertible to cash with insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	2024 RM	Company 2023 RM
Amount due from subsidiaries		
Non-trade related	215,319,033	198,391,347
Less: Allowance for expected credit losses ("ECLs")	(119,880,372)	(7,951,608)
	95,438,661	190,439,739
Amount due to subsidiaries		
Non-trade related		
- Current	(12,939,873)	(12,939,873)

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:

	2024 RM	Company 2023 RM
At 1 January	7,951,608	6,719,153
Allowance for ECLs	111,928,764	1,232,455
At 31 December	119,880,372	7,951,608

The foreign currency profile of amount due from subsidiaries are as follows:

	2024 RM	Company 2023 RM
Hong Kong Dollar ("HKD")	1,610,552	1,611,156
Chinese Yuan ("CNY")	22,917,937	22,956,127
United States Dollar ("USD")	15,926,333	15,926,333

15. FIXED DEPOSITS WITH LICENSED BANKS

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Fixed deposits with licensed banks				
Maturity:				
- less than 3 months	-	-	-	-
- more than 3 months	2,200,000	217,779	2,200,000	-
Fixed deposits pledged with licensed banks	1,430,620	799,772	-	-
	3,630,620	1,017,551	2,200,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)

The interest rate of fixed deposits with licensed banks of the Group and of the Company range from 2.70% to 3.05% (2023: 1.75% to 2.33%) per annum and 2.7% (2023: NIL) per annum respectively. The maturities of fixed deposits with licensed banks of the Group and of the Company are 365 days (2023: 30 to 365 days).

The fixed deposits with licensed banks of the Group amounted to RM1,430,620 (2023: RM799,772) are pledged to licensed banks and non-financial institution respectively as securities for credit facilities granted to subsidiaries as disclosed in Note 21 to the financial statements.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated other than Ringgit Malaysia ("RM")

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Hong Kong Dollar ("HKD")	486,785	525,518	124,674	145,162
Chinese Yuan ("CNY")	5,095,061	7,031,441	30,545	32,302
Indonesian Rupiah ("IDR")	3,704	28,379	–	–
Singapore Dollar ("SGD")	33,111	35,260	–	–
United States Dollar ("USD")	71,606	204,594	381	575

17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

At the end of the current reporting year, the assets and liabilities of the retail pharmacy business have been presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", and its results have also been presented separately on the consolidated statement of profit or loss and other comprehensive income as "Loss after taxation from discontinued operations". The disposal is expected to be completed by January 2025.

The assets of the disposal group are as follows:

	Group 2024 RM
Assets	
Property, plant and equipment	1,972,960
Goodwill on consolidation	884,674
Inventories	1,228,925
Trade receivables	622,787
Other receivables	94,500
Current tax assets	88,125
Cash and cash equivalents	47,873
Assets of disposal of group classified as held for sale	4,939,844

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

The liabilities of the disposal group are as follows:

	Group 2024 RM
Liabilities	
Trade payables	2,034,855
Other payables	409,975
Loan and borrowings	2,001,948
Lease liabilities	313,066
Liabilities of disposal of group classified as held for sale	4,759,844

18. SHARE CAPITAL

	Number of ordinary shares		Group and Company	
	2024	2023	2024	Amount
	Unit	Unit	RM	2023 RM
Issued and fully paid up				
At 1 January	1,406,491,096	1,378,072,011	186,191,208	179,939,010
Conversion of ICPS	–	28,419,085	–	6,252,198
At 31 December	1,406,491,096	1,406,491,096	186,191,208	186,191,208

In the previous financial year, the Company increase its share capital from RM179,939,010 to RM186,191,208 by way of:

- (a) On 30 June 2023, 14 September 2023, 18 September 2023, 21 September 2023, 21 September 2023 and 4 October 2023, issuance of 25,909,094, 1,088,963, 600,000, 15,454 and 805,574 new ordinary shares as a result of conversion of ICPS at issue price of RM0.22 to RM5,700,000, RM239,572, RM132,000, RM3,400 and RM177,226 respectively;

The new ordinary shares issued in previous 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. ICPS

	Group and Company		Amount	
	Number of ordinary shares 2024 Unit	2023 Unit	2024 RM	2023 RM
Issued and fully paid up				
At 1 January	144,468,522	457,078,472	2,889,371	9,141,569
Conversion of ICPS to Ordinary shares	–	(312,609,950)	–	(6,252,198)
At 31 December	144,468,522	144,468,522	2,889,371	2,889,371

20. RESERVES

	Notes	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Warrant reserve	(a)	18,413,494	–	18,413,494	–
SIS option reserve	(b)	803,081	803,081	803,081	803,081
Merger deficits	(c)	(4,569,128)	(4,569,128)	–	–
Foreign currency translation reserve	(d)	4,803,177	3,686,099	–	–
(Accumulated losses)/ Retained earnings		(110,187,177)	(61,633,784)	(111,668,136)	1,351,447
		(90,736,553)	(61,713,732)	(92,451,561)	2,154,528

(a) Warrant reserve

Warrants reserve represents reserve allocated to free detachable warrants issued with rights issue.

On 6 February 2024, the Company had issued 526,099,537 warrants pursuant to renounceable right issue of warrants to all the entitled shareholders of the Company on the basis of three (3) warrants for every eight (8) existing ordinary shares held in the Company.

The main features of the warrants are as follows:

	Tenure years	Issue date	Expiry date	Exercise price RM
Warrants	3	6 February 2024	5 February 2027	0.10

The movements of the warrants are as follows:

	At 1 January	Number of units			At 31 December
		Issued	Exercised	Expired	
2024					
Warrants	–	526,099,537	–	–	526,099,537
2023					
Warrants	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. 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 at 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 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. On 9 November 2023, the Company further extended the existing SIS which expired on 11 January 2024 for another 3 years from 12 January 2024 to 11 January 2027.
- (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:

Date of offer	Exercise price	Brought forward	Number of options over ordinary shares			Carried Forward
			Cancellation	Granted	Exercised	
2024						
27 February 2017	0.205	1,988,889	–	–	–	1,988,889
16 April 2020	0.105	2,275,863	–	–	–	2,275,863
11 October 2022	0.090	125,000,000	–	–	–	125,000,000
2023						
27 February 2017	0.205	1,988,889	–	–	–	1,988,889
16 April 2020	0.105	2,275,863	–	–	–	2,275,863
11 October 2022	0.090	125,000,000	–	–	–	125,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. 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 follows:

	Number of units		
	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 represents 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. LOAN AND BORROWINGS

	2024 RM	Group 2023 RM
Secured		
Bankers' acceptances	283,541	2,575,000
Revolving credit	–	1,000,000
Term loans	699,134	2,523,477
	982,675	6,098,477
	2024 RM	Group 2023 RM
Non-current		
Term loans	595,323	2,103,963
Current		
Bankers' acceptances	283,541	2,575,000
Revolving credit	–	1,000,000
Term loans	103,811	419,514
	387,352	3,994,514
	982,675	6,098,477

The above credit facilities obtained from licensed financial institution and non-financial institution are secured on the following:

- 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;
- Charge on fixed deposits with licensed banks of the Group as disclosed in Note 15 to the financial statements;
- Joint and severally guaranteed by certain of Directors of the Company; and
- Corporate guarantee by the Company.

Term loan I is repayable by 120 monthly instalments commencing from May 2018.

Term loan II is repayable by 36 monthly instalments commencing from August 2021.

Term loan III is repayable by 108 monthly instalments commencing from August 2021.

Banker's acceptance facilities are repayable within 101 days (2023: 180 days).

Revolving credit facilities are repayable within 180 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. LOAN AND BORROWINGS (CONT'D)

The non-current loan and borrowings of the Company include a secured borrowing RM595,323 (2023: RM2,103,963) which is repayable range from 36 to 120 months. The loan will be repayable on demand if the covenant is not met. The Company subject to following covenants:

- (i) Maintaining a minimum of 51% Malaysian shareholding;
- (ii) Not creating charges or encumbrances over its assets without prior lender consent;
- (iii) Obtaining the lender's prior written consent for specific corporate actions, including equity changes, establishment of subsidiaries and related party transactions; and
- (iv) Ensuring financed properties are used for own business purposes.

The Company met the covenant requirements as at 31 December 2024 and the loan and borrowings is classified as non-current.

The average effective interest rate are as follows:

	2024 %	Group 2023 %
Banker's acceptances	4.89 - 5.22	2.59 - 5.00
Revolving credit	-	3.84 - 4.12
Term loans	4.00 - 5.13	4.00 - 5.13

22. LEASE LIABILITIES

	2024 RM	Group 2023 RM
Non-current	3,727,511	4,247,294
Current	617,979	1,545,777
	4,345,490	5,793,071

The maturity analysis of lease liabilities at the end of the reporting period:

	2024 RM	Group 2023 RM
Within 1 year	748,355	1,458,584
Between 2 - 5 years	1,835,347	3,214,659
More than 5 years	3,976,639	2,347,367
	6,560,341	7,020,610
Less: Future finance charges	(2,214,851)	(1,227,539)
Present value of lease liabilities	4,345,490	5,793,071

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.

The incremental borrowing rates applied to lease liabilities as at 31 December 2024 ranged from 3.42% to 8.15% (2023: 2.33% to 8.15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. DEFERRED TAX LIABILITIES

	2024 RM	Group 2023 RM
At 1 January	5,520,389	7,310,126
Recognised in profit or loss	(2,844,325)	(1,913,062)
Under provision in prior financial years	1,187,521	123,325
At 31 December	3,863,585	5,520,389

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	2024 RM	Group 2023 RM
Deferred tax liabilities	10,170,402	12,767,781
Deferred tax assets	(6,306,817)	(7,247,392)
	3,863,585	5,520,389

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 2023	3,345,527	10,557,723	13,903,250
Recognised in profit or loss	(80,543)	(617,849)	(698,392)
Under provision in prior financial years	(288,152)	(148,925)	(437,077)
At 31 December 2023 and 1 January 2024	2,976,832	9,790,949	12,767,781
Recognised in profit or loss	(1,725,603)	(539,171)	(2,264,774)
Over provision in prior financial years	(36,212)	(296,393)	(332,605)
At 31 December 2024	1,215,017	8,955,385	10,170,402

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. DEFERRED TAX LIABILITIES (CONT'D)

The components and movement of deferred tax assets and liabilities at the end of the reporting date prior to offsetting are as follows: (cont'd)

Deferred tax assets	Unutilised tax losses RM	Unutilised capital allowances RM	Unutilised reinvestment allowances RM	Total RM
Group				
At 1 January 2023	(1,200,641)	(1,820,358)	(3,572,125)	(6,593,124)
Recognised in profit or loss	(366,614)	(848,056)	–	(1,214,670)
Under/(Over) provision in prior financial years	492,661	197,454	(129,713)	560,402
At 31 December 2023 and 1 January 2024	(1,074,594)	(2,470,960)	(3,701,838)	(7,247,392)
Recognised in profit or loss	–	(579,551)	–	(579,551)
(Over)/Under provision in prior financial years	(323,619)	1,843,745	–	1,520,126
At 31 December 2024	(1,398,213)	(1,206,766)	(3,701,838)	(6,306,817)

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Property, plant and equipment	(8,462,709)	(14,038,041)	598	1,198
Unutilised business losses	32,591,116	34,089,516	1,674,207	–
Unutilised capital allowances	7,313,611	4,487,190	600	–
	31,442,018	24,538,665	1,675,405	1,198

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. DEFERRED TAX LIABILITIES (CONT'D)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Utilisation period				
Expiring in YA 2029	703,922	2,995,870	–	–
Expiring in YA 2030	589,706	1,434,935	–	–
Expiring in YA 2031	6,672,661	8,705,320	–	–
Expiring in YA 2032	1,821,015	2,114,004	–	–
Expiring in YA 2033	12,582,163	13,609,497	–	–
Expiring in YA 2034	3,790,867	5,229,890	–	–
Expiring in YA 2035	6,430,782	–	1,674,207	–
	32,591,116	34,089,516	1,674,207	–

24. CONTRACT LIABILITIES

	Group	
	2024 RM	2023 RM
Contract liabilities		
- Current	1,532,769	1,388,760
At 31 December	1,532,769	1,388,760

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.

The Group expect revenue from unsatisfied performance obligation to be recognised in the financial years as follows:

	Group	
	2024 RM	2023 RM
Financial years ending 31 December	1,532,769	1,388,760

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2023: 30 to 90 days) depending on the term of the contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. OTHER PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-trade payables	1,078,674	1,681,486	341,239	590,961
Accruals	2,641,372	1,991,102	222,663	235,616
Deferred capital grant	3,132	27,653	–	–
Deposit received	25,500	6,845,851	–	–
Sales and service tax ("SST") payable	124,696	132,400	–	–
	3,873,374	10,678,492	563,902	826,577

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	
	2024 RM	2023 RM
At 1 January	27,653	64,813
Amortised during the financial year	(24,521)	(37,160)
At 31 December	3,132	27,653
Presented:		
Current	3,132	27,653

The foreign currency profile of the other payables are as follows:

	Group	
	2024 RM	2023 RM
Hong Kong Dollar ("HKD")	138,240	33,583
Chinese Yuan ("CNY")	181,088	127,750
Indonesian Rupiah ("IDR")	227,189	108,402

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. REVENUE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customers:				
Sales of goods	62,024,718	44,756,810	–	–
Management fee	–	1,330,000	–	–
	62,024,718	46,086,810	–	–
Revenue from other sources:				
Dividend income	–	–	3,700,000	6,000,000
	62,024,718	46,086,810	3,700,000	6,000,000
Timing of revenue recognition:				
At a point in time	62,024,718	46,086,810	3,700,000	6,000,000

Breakdown of the Group's revenue from contracts with customers:

	Major goods and services		Total RM
	Sales of goods RM	Management fee RM	
2024			
Trading	50,191,073	–	50,191,073
Manufacturing	11,833,645	–	11,833,645
	62,024,718	–	62,024,718
Geographical market:			
Malaysia	11,559,621	–	11,559,621
China	50,228,369	–	50,228,369
Others	236,728	–	236,728
	62,024,718	–	62,024,718

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. REVENUE (CONT'D)

Breakdown of the Group's revenue from contracts with customers: (cont'd)

	Sales of goods RM	Major goods and services Management fee RM	Total RM
2023			
Trading	16,553,222	–	16,553,222
Manufacturing	14,120,571	–	14,120,571
Retail pharmacy	14,083,017	–	14,083,017
Others	–	1,330,000	1,330,000
	44,756,810	1,330,000	46,086,810
Geographical market:			
Malaysia	27,607,425	1,330,000	28,937,425
China	16,553,222	–	16,553,222
Others	596,163	–	596,163
	44,756,810	1,330,000	46,086,810

28. OTHER OPERATING INCOME

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Interest from fixed deposits with licensed banks	194,230	17,778	172,174	–
Interest from other investments	38,566	240,020	–	74,858
Foreign exchange gain:				
- realised	8,543	–	–	–
- unrealised	–	235,071	–	372,928
Rental income	50,228	115,228	–	–
Grant received	–	540,061	–	–
Amortisation of deferred capital grant	24,521	37,160	–	–
Gain on dilutions of a subsidiary	–	65,972	–	–
Gain on disposal of quoted shares	–	561,300	–	–
Gain on disposal of property, plant and equipment	51,066	130,537	–	–
Net income from pre-setup cost from licensee	–	2,477,437	–	–
Waiver of debt	–	–	–	–
- Other payable	98,890	–	–	–
Other income	384,646	1,036,475	–	302
	850,690	5,457,039	172,174	448,088

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCE COSTS

	Group
	2024 RM
	2023 RM
Finance costs	
Interest on bank overdraft	9,943
Interest on bankers' acceptance	14,164
Interest on lease liabilities	188,147
Interest on term loans	158,679
Interest on revolving credit	–
	370,933
	687,004

30. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group	Company
	2024 RM	2023 RM
	2024 RM	2023 RM
Auditors' remuneration		
<i>Statutory:</i>		
- Current year	258,815	330,134
- Under provision in prior year	5,844	4,170
<i>Non-Statutory:</i>		
- Current year	36,000	36,000
- Over provision in prior year	(20,000)	–
Allowance for expected credit losses on:		
- Trade receivables	1,208,640	3,533,754
- Other receivables	6,332,463	5,193,863
- Amount due from subsidiaries	–	–
Reversal of allowance for expected credit losses:		
- Trade receivables	(101,621)	(2,444,247)
- Other receivables	(3,261,819)	–
Amortisation of intangible assets	2,731,650	2,618,056
Bad debts written off	261	14,248
Deposits written off	–	11,463
Fair value loss on quoted shares investments	8,338,653	13,553,153
Fair value loss on biological assets	5,092	75,000
Depreciation of property, plant and equipment	7,633,560	8,915,160
Inventories written off	–	18,101
Gain on disposal of subsidiary	(43,802)	–
Gain on early termination of lease contract	(760)	–
Reversal of provision of slow-moving inventories	(580,770)	(10,236)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. (LOSS)/PROFIT BEFORE TAX (CONT'D)

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items: (cont'd)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Impairment losses on				
- Property, plant and equipment	10,644,879	1,133,411	300,000	-
- Intangible assets	8,145,767	1,423,023	-	-
- Investment in an associate	3,237,353	-	-	-
- Investment in subsidiaries	-	-	2,242,475	-
- Goodwill	4,433,813	-	-	-
Intangible assets written off	-	1,316,199	-	-
Property, plant and equipment written off	410,328	388,600	-	-
Staff costs (Note 34)	8,007,094	10,535,885	1,180,689	1,286,359
Loss on foreign exchange				
- Realised	-	1,127	-	-
- Unrealised	396,044	-	2,320	-
Lease expenses relating to:				
- Low value assets (a)	10,960	17,705	-	-
- Short-term leases (a)	378,125	472,867	-	10,000

(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 recognise right-of-use assets and lease liabilities for these leases.

31. TAXATION

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Tax expenses recognised in profit or loss				
Current tax				
Current financial year provision	52,066	162,400	41,300	12,400
Under/(Over) provision in prior financial years	9,086	(3,273)	1,368	2,444
	61,152	159,127	42,668	14,844
Deferred tax liabilities				
Origination and reversal of temporary difference	(2,844,325)	(1,913,062)	-	-
Under provision in prior financial years	1,187,521	123,325	-	-
	(1,656,804)	(1,789,737)	-	-
Total tax (income)/expense	(1,595,652)	(1,630,610)	42,668	14,844

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. TAXATION (CONT'D)

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	
	2024 RM	2023 RM	2024 RM	2023 RM
(Loss)/Profit before tax	(57,876,683)	(45,278,759)	(112,976,915)	2,747,960
Income tax calculated at tax rate of 24% (2023: 24%)	(13,890,404)	(10,866,902)	(27,114,460)	659,510
Expenses not deductible for tax purposes	41,287,646	11,501,158	28,043,760	792,890
Income not subject to tax	(30,985,462)	(3,996,365)	(888,000)	(1,440,000)
Movement of deferred tax assets not recognised	795,961	1,611,447	–	–
Under/(Over) provision of tax expenses in priors financial years	9,086	(3,273)	1,368	2,444
Under provision of deferred tax in priors financial years	1,187,521	123,325	–	–
	(1,595,652)	(1,630,610)	42,668	14,844

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 17 to the financial statements, the Group is in the process of disposing of its retail pharmacy business which is expected to be completed by January 2025.

An analysis of the results of discontinued operations is as follows:

	Group 2024 RM
Profit or loss	
Revenue	19,212,851
Cost of sales	(16,877,737)
Gross profit	2,335,114
Other operating income	12,679,922
Administrative expenses	15,015,036
Net loss on impairment of financial assets	(7,852,267)
Finance costs	(1,065,975)
Profit before taxation from discontinued operations	(236,512)
Taxation	(5,860,282)
Profit after taxation from discontinued operations	(16,561)
	5,843,721

(a) Included in the results from operating activities are the following:

	Group 2024 RM
Auditors' remuneration:	
- Current year	58,000
- Under provision in prior years	3,500
Bad debts written off	376,910
Depreciation of property, plant and equipment	897,806
Gain on disposal of property, plant and equipment	(5,229,337)
Gain on disposal of subsidiary	(630,706)
Lease expenses relating to:	
- Low value assets (i)	20,200
- Short-term leases (i)	59,186
Gain on early termination of lease contract	(90,644)
Rental income	(26,650)
Staff costs (Note 34)	4,415,789
Allowance for expected credit loss on:	
- Trade receivables	451,149
- Other receivables	614,826
Waiver of debts	4,262,341
Impairment losses on goodwill	15,543
Interest expenses	236,512
Interest income	(9,141)

(i) 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)

32. LOSS FROM DISCONTINUED OPERATION (CONT'D)

(b) The income tax expenses on discontinued operations are summarised below:

	Group 2024 RM
Tax expense:	
- Current year	8,000
- Under provision in prior year	8,561
	Group 2024 RM
Profit before tax	5,860,282
Income tax calculated at tax rate of 24%	1,406,469
Expenses not deductible for tax purposes	1,048,702
Income not subject to tax	(2,120,494)
Movement of deferred tax assets not recognised	(309,463)
Under provision of tax expenses in priors financial years	8,561
Over provision of deferred tax in priors financial years	(17,214)
	16,560

(c) The cash flows attributable to the discontinued operation are as follows:

	Group 2024 RM
Net cash for operation activities	(4,110,347)
Net cash from investing activities	5,776,194
Net cash used in financing activities	(2,269,610)
Net decrease in cash and cash equivalents	(603,763)
Cash and cash equivalents at the beginning of the financial year	651,636
Cash and cash equivalents at the end of the financial year	47,873

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. 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:

	2024 RM	Group 2023 RM
Loss attributable to owners of Company	(48,553,393)	(42,000,116)
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	1,263,892,799	1,260,849,697
Effect of ordinary shares issued during the financial year	–	3,043,102
Weighted average number of ordinary shares at 31 December	1,263,892,799	1,263,892,799
Basic loss per ordinary shares (in sen)	(3.84)	(3.32)
	2024 RM	Group 2023 RM
Basic loss per ordinary shares (in sen)		
- continuing operations	(4.30)	(3.32)
- discontinued operation	0.46	–
	(3.84)	(3.32)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. LOSS PER SHARE (CONT'D)

(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:

	2024 RM	Group 2023 RM
Loss attributable to owners of Company	(48,553,393)	(42,000,116)
Weighted average number of ordinary shares	1,263,892,799	1,263,892,799
Adjustment for incremental shares from assumed conversions:		
SIS		
- Granted on 27 February 2017	1,988,889	1,988,889
- Granted on 16 April 2020	2,275,863	2,275,863
- Granted on 11 October 2022	125,000,000	125,000,000
ICPS	144,468,522	144,468,522
Weighted average number of ordinary shares 31 December (diluted)	1,537,626,073	1,537,626,073
Loss per ordinary shares (in sen)	(3.16)	(2.73)
	2024 RM	Group 2023 RM
Diluted loss per ordinary shares (in sen)		
- continuing operations	(3.54)	(2.73)
- discontinued operation	0.38	-
	(3.16)	(2.73)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. STAFF COSTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries, wages and other emoluments	11,292,592	9,525,681	1,079,932	1,168,086
Social security contributions	109,601	91,167	2,618	3,119
Defined contribution plans	1,051,011	953,663	98,139	115,154
Employment insurance scheme	12,313	12,387	–	–
- Other receivables	12,465,517	10,582,898	1,180,689	1,286,359
Less: Capitalised into:				
- Plantation expenditure (Note 4)	(42,634)	(47,013)	–	–
	12,422,883	10,535,885	1,180,689	1,286,359

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM1,447,664 and RM937,389 (2023: RM1,636,720 and RM1,105,486) respectively.

35. 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 2024	5,793,071	2,523,477
Drawdown	2,454,913	1,160,838
Repayment	(1,220,101)	(2,985,181)
Modification of lease term	(2,367,661)	–
Foreign exchange translation	(1,666)	–
Classified as asset held for sale	(313,066)	–
At 31 December 2024	4,345,490	699,134
At 1 January 2023	4,723,945	4,564,968
Drawdown	2,474,304	–
Repayment	(1,727,707)	(2,041,491)
Foreign exchange translation	322,529	–
At 31 December 2023	5,793,071	2,523,477

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. 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	
	2024 RM	2023 RM
Transaction with a subsidiary		
- Dividend income	3,700,000	6,000,000

(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.

37. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

37. SEGMENT INFORMATION (CONT'D)

Group	Note	Trading RM	Manufacturing RM	(Discontinued Operation) Retail pharmacy RM	(Discontinued Operation) Others RM	Total Segments RM	Adjustment and eliminations RM	Consolidated RM
2024								
External customer		50,191,073	11,833,645	18,586,851	626,000	81,237,569	-	81,237,569
Inter-segment		-	8,842,486	14,275,345	-	23,117,831	(23,117,831)	-
Total revenue		50,191,073	20,676,131	32,862,196	626,000	104,355,400	(23,117,831)	81,237,569
Results								
Finance income		2,274	230,522	9,141	-	241,937	-	241,937
Finance costs		-	370,933	236,512	-	607,445	-	607,445
Depreciation on property, plant and equipment		387,206	7,246,354	897,806	-	8,531,366	-	8,531,366
Amortisation on intangible asset		113,444	2,618,206	-	-	2,731,650	-	2,731,650
Other non-cash item	A	(571,233)	(6,855,584)	(5,030,311)	(2,248,369)	(14,705,497)	3,024,673	(11,680,824)
Segment loss		(2,491,034)	(53,847,024)	8,103,534	(2,259,813)	(50,494,337)	-	(50,494,337)
Assets								
Additions to non-current assets other than financial instruments	B	-	4,046,616	701,343	-	4,747,959	-	4,747,959
deferred tax assets	C	9,299,243	109,685,142	4,783,944	155,900	123,924,229	(4,933,341)	118,990,888
Segment assets								
Liabilities								
Segment liabilities	D	6,124,989	15,139,317	4,734,810	25,034	26,024,150	(4,748,848)	21,275,302

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

37. SEGMENT INFORMATION (CONT'D)

Group	Note	Trading RM	Manufacturing RM	Retail pharmacy RM	Others RM	Total Segments RM	Adjustment and eliminations RM	Consolidated RM
2023								
External customer		16,553,222	14,120,571	14,083,017	1,330,000	46,086,810	-	46,086,810
Inter-segment		-	2,444,882	9,015,555	-	11,460,437	(11,460,437)	-
Total revenue		16,553,222	16,565,453	23,098,572	1,330,000	57,547,247	(11,460,437)	46,086,810
Results								
Finance income		4,007	250,140	3,651	-	257,798	-	257,798
Finance costs		-	476,025	210,979	-	687,004	-	687,004
Depreciation on property, plant and equipment		16,915	7,912,597	985,648	-	8,915,160	-	8,915,160
Amortisation on intangible asset		118,783	2,499,273	-	-	2,618,056	-	2,618,056
Other non-cash item	A	(1,766,305)	(6,138,459)	(230,244)	(636,644)	(8,771,652)	-	(8,771,652)
Segment loss		(2,211,324)	(23,883,722)	343,217	-	(25,751,829)	(17,901,940)	(43,653,769)
Assets								
Additions to non-current assets								
other that financial instruments								
deferred tax assets	B	3,849,873	1,705,673	217,970	55,859	5,829,375	-	5,829,375
Segment assets	C	13,070,437	442,473,111	15,474,788	-	471,018,336	(307,792,763)	163,225,573
Liabilities								
Segment liabilities	D	7,231,479	262,813,670	20,382,233	-	290,427,382	(256,833,902)	33,593,480

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. 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	
	2024 RM	2023 RM
Other non-cash item:		
Amortisation of deferred capital grant	24,521	37,160
Bad debts written off	(377,171)	(14,248)
Deposits written off	–	(11,463)
Allowance for ECLs		
- Trade receivables	(1,659,789)	(3,533,754)
- Other receivables	(6,947,289)	(5,193,863)
Reversal allowance for ECLs		
- Trade receivables	101,621	2,444,247
- Other receivables	3,261,819	–
Fair value adjustment on biological assets	(5,092)	(75,000)
Intangible assets written off	–	(1,316,199)
Impairment of property, plant and equipment	(10,644,879)	(1,133,411)
Inventories written off	–	(18,101)
Gain on disposal of property, plant and equipment	5,280,403	130,537
Property, plant and equipment written off	(410,328)	(388,600)
Unrealised (loss)/gain on foreign exchange	(396,044)	235,071
Gain on early termination of lease contract	91,404	–
Gain on dilution of a subsidiary	–	65,972
	(11,680,824)	(8,771,652)

- B. Additions to non-current assets other than financial instruments consists of:

	Group	
	2024 RM	2023 RM
Property, plant and equipment	3,684,110	5,441,243
Intangible assets	1,063,849	388,132
	4,747,959	5,829,375

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. 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.

	2024 RM	Group 2023 RM
Segment assets	118,693,463	157,505,149
Tax recoverable	297,425	386,394
Goodwill	–	5,334,030
Total assets	118,990,888	163,225,573

- D. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	2024 RM	Group 2023 RM
Segment liabilities	12,083,552	16,181,543
Deferred tax liabilities	3,863,585	5,520,389
Lease liabilities	4,345,490	5,793,071
Loan and borrowings	982,675	6,098,477
Total liabilities	21,275,302	33,593,480

Geographic information

Revenue information based on the geographical location of customer is as follows:

	2024 RM	Group 2023 RM
Malaysia	30,772,472	28,937,425
China	50,228,369	16,553,222
Others	236,728	596,163
	81,237,569	46,086,810

Major customer

There are 2 (2023: 2) major customer contributing to RM46,711,562 (2023: RM15,348,430) or more of total revenue of the Group from trading segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. 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 2 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	
	2024 RM	2023 RM	2024 RM	2023 RM
At amortised cost				
Financial assets				
Trade receivables	1,044,254	5,635,502	–	–
Other receivables	1,267,695	6,097,634	–	262
Amount due from subsidiaries	–	–	95,438,661	190,439,739
Fixed deposits with licensed banks	3,630,620	1,017,551	2,200,000	–
Cash and cash equivalents	7,159,572	10,423,573	966,827	482,801
	13,102,141	23,174,260	98,605,488	190,922,802
At FVTPL				
Financial asset				
Other investments	25,966,375	21,477,010	–	–
At amortised cost				
Financial liabilities				
Loan and borrowings	982,675	6,098,477	–	–
Trade payables	1,917,565	4,114,291	–	–
Other payables	3,748,678	10,546,092	563,902	826,577
Amount due to subsidiaries	–	–	12,939,873	12,939,873
	6,648,918	20,758,860	13,503,775	13,766,450

(b) Financial risk management objectives 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 whilst managing their credit, liquidity and market risks. The Group and the Company operate 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objective and policies (Cont'd)

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 banks 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 realistic 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 off 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 3 (2023:6) major customers and accounted for approximately 78% (2023: 64%) of trade receivables outstanding.

(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 due. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objective and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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 earliest 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					
2024					
<i>Non-derivative financial liabilities</i>					
Term loans	131,776	527,105	142,758	801,639	699,134
Lease liabilities	748,355	1,835,347	3,976,639	6,560,341	4,345,490
Trade payables	1,917,565	–	–	1,917,565	1,917,565
Other payables	3,748,678	–	–	3,748,678	3,748,678
Bankers' acceptance	283,541	–	–	283,541	283,541
	6,829,915	2,362,452	4,119,397	13,311,764	10,994,408
Financial guarantee*	16,182,675	–	–	16,182,675	
2023					
<i>Non-derivative financial liabilities</i>					
Term loans	367,408	1,956,384	880,748	3,204,540	2,523,477
Lease liabilities	1,458,584	3,214,659	2,347,367	7,020,610	5,793,071
Trade payables	4,114,291	–	–	4,114,291	4,114,291
Other payables	10,546,092	–	–	10,546,092	10,546,092
Bankers' acceptance	2,575,000	–	–	2,575,000	2,575,000
Revolving credit	1,000,000	–	–	1,000,000	1,000,000
	20,061,375	5,171,043	3,228,115	28,460,533	26,551,931
Financial guarantee*	4,605,319	–	–	4,605,319	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. 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					
2024					
<i>Non-derivative financial liabilities</i>					
Other payables	563,902	–	–	563,902	563,902
Amount due to subsidiaries	12,939,873	–	–	12,939,873	12,939,873
	13,503,775	–	–	13,503,775	13,503,775
Financial guarantee*	982,675	–	–	982,675	
2023					
<i>Non-derivative financial liabilities</i>					
Other payables	826,577	–	–	826,577	826,577
Amount due to subsidiaries	12,939,873	–	–	12,939,873	826,577
	13,766,450	–	–	13,766,450	826,577
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)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objective 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 2024					
<u>Denominated in</u>					
HKD	–	4,558	(138,240)	486,785	353,103
CNY	–	779,946	(181,088)	5,095,061	5,693,919
IDR	145,750	2,312	(227,189)	3,704	(75,423)
SGD	–	–	–	33,111	33,111
USD	–	54,731	–	71,606	126,337
	145,750	841,547	(546,517)	5,690,267	6,131,047
2023					
<u>Denominated in</u>					
HKD	–	6,611	(33,583)	525,518	498,546
CNY	2,644,820	4,562,398	(127,750)	7,031,441	14,110,909
IDR	78,451	8,668	(108,402)	28,379	7,096
SGD	–	–	–	35,260	35,260
USD	437,460	–	–	204,594	642,054
	3,160,731	4,577,677	(269,735)	7,825,192	15,293,865

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objective 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			
2024			
<i>Denominated in</i>			
CNY	22,917,937	30,545	22,948,482
HKD	1,610,552	124,674	1,735,226
USD	15,926,333	381	15,926,714
	40,454,822	155,600	40,610,422
2023			
<i>Denominated in</i>			
CNY	22,956,127	32,302	22,988,429
HKD	1,611,156	145,162	1,756,318
USD	15,926,333	575	15,926,908
	40,493,616	178,039	40,671,655

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)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objective and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

		Effect on loss before tax	
		2024 RM	2023 RM
Group	Change in currency rate		
HKD	Strengthened 1% (2023: 1%)	3,531	4,985
	Weakened 1% (2023: 1%)	(3,531)	(4,985)
CNY	Strengthened 1% (2023: 1%)	56,939	141,109
	Weakened 1% (2023: 1%)	(56,939)	(141,109)
IDR	Strengthened 1% (2023: 1%)	(754)	71
	Weakened 1% (2023: 1%)	754	(71)
SGD	Strengthened 1% (2023: 1%)	331	353
	Weakened 1% (2023: 1%)	(331)	(353)
USD	Strengthened 1% (2023: 1%)	1,263	6,421
	Weakened 1% (2023: 1%)	(1,263)	(6,421)
Company			
CNY	Strengthened 1% (2023: 1%)	229,485	229,884
	Weakened 1% (2023: 1%)	(229,485)	(229,884)
HKD	Strengthened 1% (2023: 1%)	17,352	17,563
	Weakened 1% (2023: 1%)	(17,352)	(17,563)
USD	Strengthened 1% (2023: 1%)	159,267	159,269
	Weakened 1% (2023: 1%)	(159,267)	(159,269)

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objective 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:

	Group	
	2024 RM	2023 RM
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	3,630,620	1,017,551
<u>Financial liabilities</u>		
Bankers' acceptance	(283,541)	(2,575,000)
Lease liabilities	(4,345,490)	(5,793,071)
Revolving credit	–	(1,000,000)
Term loans	(699,134)	–
	(5,328,165)	(9,368,071)
Net financial liabilities	(1,697,545)	(8,350,520)
Floating rate instruments		
<u>Financial liability</u>		
Term loans	–	(2,523,477)

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	
	2024 RM	2023 RM
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	2,200,000	–

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 RMNil (2023: RM25,234), 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

(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	
	2024 RM	2023 RM
Fair value of financial instruments carried at fair value		
Level 1		
<u>Financial asset</u>		
Other investments	25,966,375	21,477,010

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL GUARANTEES

	2024 RM	Group 2023 RM
Group Unsecured		
Performance bonds in relation to the management of the Herbal Intergrated Cluster Development	200,000	200,000
Secured		
Corporate guarantee given to licensed bank for development cost granted to a subsidiary	15,000,000	–
Company Unsecured		
Corporate guarantees given to the licensed financial institution for credit facility granted to a subsidiary	982,675	4,405,319

40. 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:

	2024 RM	Group 2023 RM
Total loans and borrowings (Note 21)	982,675	6,098,477
Total lease liabilities	4,345,490	5,793,071
Less: Cash and cash equivalents	(7,159,572)	(10,423,573)
Less: Fixed deposits with licensed banks	(3,630,620)	(1,017,551)
Net cash	(5,462,027)	450,424
Total equity	97,715,586	129,632,093
Gearing ratio	(0.056)	0.003

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 14 February 2024, the Company had increased its issued and paid-up capital by way of Right Issues of 526,099,537 Warrants of RM0.10 each at an issue price of RM0.035 per Rights Share on the basis of 3 Warrants for every 8 existing ordinary shares.
- (ii) On 19 March 2024, Botanical Distribution Sdn. Bhd., a wholly owned subsidiary of the Company had disposed its all the shares in RS Bio Sdn. Bhd. for a total cash consideration of RM144,378.
- (iii) On 5 April 2024, Aluxcare Wellness Sdn. Bhd. had entered into a Sale and Purchase Agreement with Mediconstant Pharmacy (Ampang) Sdn. Bhd., a wholly owned subsidiary of the Company for the acquisition of the business of three (3) pharmacy outlets including associated rights, properties, assets and inventory for a total purchase consideration of RM4,800,000 ("Proposed Acquisition").
- (iv) On 30 October 2024, Mediconstant Holding Sdn. Bhd., a wholly owned subsidiary of the Company had disposed its all the shares in Mediconstant Pharmacy (Desa Tasik) Sdn. Bhd. for a total cash consideration of RM1.
- (v) On 30 October 2024, Mediconstant Holding Sdn. Bhd., a wholly owned subsidiary of the Company had disposed its all the shares in Mediconstant Pharmacy (Puchong) Sdn. Bhd. for a total cash consideration of RM1.

42. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

On 1 January 2025, Botanical Distribution Sdn. Bhd., a wholly owned subsidiary of the Company had entered into a Sale and Purchase Agreement with Advance Health Solutions Sdn. Bhd for the disposal of its entire business including Sale Shares in Mediconstant Holding Sdn Bhd for a total cash consideration of RM180,000. The process of disposing of its retail pharmacy business which is expected to be completed by January 2025.

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 2024 RM'000	Date of last revaluation	Age
Bioalpha International Sdn Bhd	No.10, Jalan P9/A, Seksyen 13, 43650 Bandar Baru Bangi, Selangor.	Industrial land with the following buildings erected thereon: • a semi-detached two (2)-storey building annexed with an open shed for our manufacturing facility; • two (2) utility cabins for our restroom and surau; and • a guardhouse	April 30, 2012	8,137 / 11,000	99 years expiring on 20.08.2105	3,246	December 31, 2023	81 years
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	4,900	December 31, 2023	89 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: • an administration and management building; • a fertilizer storage facility; • an equipment store cum repair and maintenance workshop; • residential buildings as follows: (i) one (1) unit of bungalow; (ii) twelve (12) units of office terrace; (iii) nine (9) units of family terrace; (iv) two (2) blocks of hostel; (v) surau; (vi) convenience store; • common facilities as follows: (i) skid tank; (ii) guardhouse; and (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 Distribution 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	9,240 per month	01.02.2025 to 31.01.2027

(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 28 MARCH 2025

Total Number of Issued Shares : 1,406,491,096 ordinary shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 MARCH 2025

(As per Records of Depositors)

Size of Holding	No. of shareholders	No. of Shares Held	%
1 to 99	781	35,785	0.0025
100 to 1,000	993	486,425	0.0346
1,001 to 10,000	3,220	20,477,939	1.4560
10,001 to 100,000	4,124	154,358,201	10.9747
100,001 to <5% of shares	1,006	845,926,824	60.1445
5% and above	3	385,205,922	27.3877
Total	10,127	1,406,491,096	100.0000

SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2025

(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		No. of Shares held	
		Direct	%	Indirect	%
1	JOE Holding (M) Investment Limited	150,000,000	10.66	–	–
2	JOE Holding Berhad [^]	–	–	150,000,000	10.66
3	Perbadanan Nasional Berhad	120,855,104	8.59	–	–
4	Malaysian Technology Development Corporation Sdn Bhd	114,350,818	8.13	–	–

Note:

[^] Deemed Interested by virtue of its interest in Joe Holding (M) Investment Limited under Section 8(4) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

DIRECTORS' INTERESTS IN SHARES AS AT 28 MARCH 2025

(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 Director	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Hon Tian Kok @ William	46,000,000	3.27	–	–

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 MARCH 2025)

No.	Name of Shareholders	No. of Shares	%
1	UOBM NOMINEES (ASING) SDN BHD (266699T) EXEMPT AN FOR SFGHK LIMITED	150,000,000	10.6648
2	PERBADANAN NASIONAL BERHAD	120,855,104	8.5927
3	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	114,350,818	8.1302
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	70,317,311	4.9995
5	APEX NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR XOY (HONG KONG) LIMITED (STA 1)	68,000,000	4.8347
6	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	45,216,100	3.2148
7	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	34,000,000	2.4174
8	PERUSAHAAN SAUDEE SDN BHD	33,000,000	2.3463
9	JADI CHEMICALS SDN BHD	32,551,100	2.3143
10	UNIK MAKMUR SDN BHD	30,316,400	2.1555
11	AFFIN HWANG NOMINEES (TEM66PATAN) SDN. BHD. EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	24,000,000	1.7064
12	CHENG CHEW GIAP	17,128,200	1.2178
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	14,726,710	1.0471
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	12,300,000	0.8745
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	12,000,000	0.8532

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D) (ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 MARCH 2025)

No.	Name of Shareholders	No. of Shares	%
16	HO HUEY CHUIN	10,261,900	0.7296
17	SEAH TIN KIM	9,490,666	0.6748
18	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SOON LAI (MY0871)	8,100,000	0.5759
19	ONG KENG SENG	7,550,000	0.5368
20	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM KOK KHONG (AA0039387)	7,500,000	0.5332
21	KHOR HSIA JOEW	7,000,000	0.4977
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HEE (E-TCS)	5,554,900	0.3949
23	CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD	5,333,333	0.3792
24	TAN TIO CHENG @ TAN CHOW CHENG	4,740,000	0.3370
25	YUNG BOON HONG @ YANG KOK CHING	4,095,066	0.2912
26	GOH KUANG WEI	3,926,666	0.2792
27	YAP KOON HUAT	3,550,000	0.2524
28	WONG SOO CHAI @ WONG CHICK WAI	3,470,300	0.2467
29	NATASHA NG EU JERN	3,400,000	0.2417
30	M & A NOMINEE (TEMPATAN) SDN BHD EXEMPT AN FOR SFGHK LIMITED (ACCOUNT CLIENT)	3,190,700	0.2269

ANALYSIS OF WARRANT B 2024/2027 HOLDINGS

AS AT 28 MARCH 2025

No of Warrant B 2024/2027 Issued : 526,099,537
Maturity Date : 5 February 2027

DISTRIBUTION OF WARRANT HOLDINGS AS AT 28 MARCH 2025

Size of Holding	No. of Warrants B Holders	No. of Warrants B held	%
1 to 99	38	1,957	0.0004
100 to 1,000	61	24,368	0.0046
1,001 to 10,000	208	1,127,059	0.2142
10,001 to 100,000	303	11,166,508	2.1225
100,001 to < 5% of shares	131	122,172,719	23.2224
5% and above	9	391,606,926	74.4359
Total	750	526,099,537	100.0000

LIST OF TOP 30 LARGEST WARRANTS B HOLDERS

(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 MARCH 2025)

No.	Name of Warrant B Holders	No. of Warrant B Held	% of Warrant B Held
1	CHUAH XUI CHENG	60,000,000	11.4047
2	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SFGHK LIMITED	56,250,000	10.6919
3	UNIK MAKMUR SDN BHD	51,368,650	9.7641
4	PERUSAHAAN SAUDEE SDN BHD	46,375,000	8.8149
5	APEX NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR XOX (HONG KONG) LIMITED (STA 1)	45,500,000	8.6486
6	PARLO TOURS SDN. BHD.	37,152,857	7.0619
7	GENERAL LABELS & LABELLING (M) SDN BHD	34,295,714	6.5189
8	SUPERNOVA INTERNATIONAL SDN. BHD.	34,295,714	6.5189
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	26,368,991	5.0122
10	M & A NOMINEE (TEMPATAN) SDN BHD EXEMPT AN FOR SFGHK LIMITED (ACCOUNT CLIENT)	16,200,000	3.0793
11	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SOON LAI (MY0871)	12,540,505	2.3837
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	9,000,000	1.7107

ANALYSIS OF WARRANT B 2024/2027 HOLDINGS (CONT'D)

LIST OF TOP 30 LARGEST WARRANTS B HOLDERS (CONT'D) (ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 MARCH 2025)

No.	Name of Warrant B Holders	No. of Warrant B Held	% of Warrant B Held
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CLSA LIMITED (CUST-NON RES)	8,583,300	1.6315
14	NATASHA NG EU JERN	8,000,000	1.5206
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	5,522,516	1.0497
16	TAN SOON LAI	5,059,000	0.9616
17	OH GAIK IM	4,500,500	0.8554
18	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM KOK KHONG (AA0039387)	4,500,000	0.8554
19	SEAH TIN KIM	3,558,900	0.6765
20	KHOR HSIA JOEW	2,625,000	0.4990
21	KU LIAN SIN	2,035,400	0.3869
22	TEE LAY JING	1,600,000	0.3041
23	YONG SIEW NGEE	1,500,000	0.2851
24	TAN TIO CHENG @ TAN CHOW CHENG	1,237,500	0.2352
25	CHONG KAR KHENG	1,228,257	0.2335
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK (E-TAI/KKR)	1,050,000	0.1996
27	YAP KAI MING	1,025,200	0.1949
28	KENANGA NOMINEES (TEMPATAN) SDN BHD CHOO CHAM YUEN (AA0039183)	1,000,000	0.1901
29	KENANGA NOMINEES (TEMPATAN) SDN BHD QUAH ENG CHUEN (023)	1,000,000	0.1901
30	MERCSEC NOMINEES (ASING) SDN BHD GENERAL RESERVE OF DIGITAL ASSETS LIMITED	984,562	0.1871

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) HOLDINGS

AS AT 28 MARCH 2025

Types of Securities : Irredeemable Convertible Preference Shares (ICPS)
Total number of ICPS issued : 144,468,522 ICPS

DISTRIBUTION OF ICPS SHAREHOLDINGS AS AT 28 MARCH 2025

(As per Records of Depositors as at 28 MARCH 2025)

Size of Holding	No. of ICPS Holders	No. of ICPS Held	%
1 to 99	144	6,444	0.0045
100 to 1,000	150	80,114	0.0554
1,001 to 10,000	656	2,956,092	2.0462
10,001 to 100,000	363	11,990,109	8.2995
100,001 to < 5% of shares	97	64,541,185	44.6749
5% and above	5	64,894,578	44.9195
Total	1,415	144,468,522	100.0000

LIST OF TOP 30 LARGEST ICPS HOLDERS

(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 MARCH 2025)

No.	Name of ICPS Holders	No. of ICPS Held	% of ICPS Held
1	VOON SZE LIN	18,583,213	12.8632
2	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD MAYBANK NOMINEES (TEMPATAN) SDN BHD	17,867,315	12.3676
3	PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	10,778,800	7.4610
4	NORHALIM BIN YUNUS	10,000,000	6.9219
5	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	7,665,250	5.3058
6	GV ASIA FUND LIMITED	6,800,300	4.7071
7	VOON JYE WAH	4,979,400	3.4467
8	LEE CHEE SIONG	3,900,500	2.6999
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	3,545,012	2.4538
10	ANG YOOK CHU @ ANG YOKE FONG	3,313,400	2.2935
11	TEO TIEW	2,600,012	1.7997
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH CHOO WEI (E-KUG)	2,530,100	1.7513
13	APEX NOMINEES (TEMPATAN) SDN. BHD. (199301006065) PLEDGED SECURITIES ACCOUNT FOR GV ASIA FUND LIMITED (STA 1)	2,025,400	1.4020

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") HOLDINGS (CONT'D)

LIST OF TOP 30 LARGEST ICPS HOLDERS (CONT'D)

(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 MARCH 2025)

No.	Name of ICPS Holders	No. of ICPS Held	% of ICPS Held
14	LEOW HO KENG	1,804,800	1.2493
15	VOON JYE WAH	1,625,100	1.1249
16	CHIN JEE YANG	1,500,000	1.0383
17	IFAST NOMINEES (TEMPATAN) SDN BHD VOON JYE YNG	1,348,800	0.9336
18	LIM POH FONG	1,262,600	0.8740
19	KHOR HSIA JOEW	1,088,300	0.7533
20	YONG YOKE FONG	1,055,000	0.7303
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN TI WOOL (ESPT/WMU)	977,600	0.6767
22	TAN POI GUAN	900,000	0.6230
23	CHAI CHEE FER	889,300	0.6156
24	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG KOK SIONG (MQ0462)	844,900	0.5848
25	CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD	833,333	0.5768
26	NENG AIK HONG	804,900	0.5571
27	AFFIN HWANG INVESTMENT BANK BERHAD IVT (YIH) CHEAH YIH JUANG	803,000	0.5558
28	KOH MEE SENG	800,000	0.5538
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK (E-TAI/KKR)	754,700	0.5224
30	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KHAI MENG (STA 2)	600,000	0.4153

NOTICE OF THE FOURTEENTH (14TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth (14th) Annual General Meeting of Bioalpha Holdings Berhad ("Bioalpha" or "the Company") will be held at Bangi Convention Center, Permata Room, Level 1, Jalan Wawasan 1, Seksyen 14, 43650 Bandar Baru Bangi, Selangor on Tuesday, 3 June 2025 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 2024 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 RM350,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 14th AGM until the conclusion of the next AGM of the Company in the year 2026. *(Ordinary Resolution 1)*
3. To re-elect the following Directors who are retiring by rotation in accordance with Clause 105(1) of the Company's Constitution and being eligible, offered themselves, for re-election:
 - i. Kang Jimmi *(Ordinary Resolution 2)*
 - ii. Yee Yit Yang *(Ordinary Resolution 3)*
4. To re-elect Mr. Koo Kien Yoon who is retiring in accordance with Clause 114 of the Company's Constitution and being eligible, offered himself for re-election. *(Ordinary Resolution 4)*
5. 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 5)*

AS SPECIAL BUSINESS:

To consider and if thought fit, pass the following Ordinary Resolution:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** *(Ordinary Resolution 6)*

"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 FOURTEENTH (14TH) ANNUAL GENERAL MEETING (CONT'D)

7. PROPOSED GRANTING OF SIS OPTIONS TO MR. KOO KIEN YOON

(Ordinary Resolution 7)

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the SIS, to offer and grant to Mr. Koo Kien Yoon, being Executive Director of the Company, options to subscribe for new ordinary shares in Bioalpha ("Bioalpha Shares") ("SIS Options") and if such options are accepted and exercised, to allot and issue such a number of new Bioalpha Shares as may be required to be issued to him under the SIS, in accordance with the provisions of the By-Laws provided that not more than ten percent (10%) of the total number of SIS Options shall be allocated to Mr. Koo Kien Yoon, as long as Mr. Koo Kien Yoon either singly or collectively through persons connected with him (as defined in the AMLR of Bursa Securities), holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of Bioalpha subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws."

BY ORDER OF THE BOARD

TAN TONG LANG (SSM PC NO. 202208000250 / MAICSA 7045482)

THIEN LEE MEE (SSM PC NO. 201908002254 / LS0010621)

Company Secretaries

Dated: 30 April 2025

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, Prosec Share Registration Sdn. Bhd. of DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 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 26 May 2025 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 FOURTEENTH (14TH) ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to Ordinary and Special Business:-

1. Item 1 of the Agenda

Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provides 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 a public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable include 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 14th AGM until the next AGM of the Company in the year 2026.

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 Resolutions 2 to 3 - Re-election of Directors who retire by rotation under 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. Kang Jimmi and Mr. Yee Yit Yang are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

To determine the eligibility of the Directors to stand for re-election at the 14th AGM, the Nomination Committee ("NC") has considered and recommended Mr. Kang Jimmi and Mr. Yee Yit Yang for re-election as Directors according to Clause 105(1) of the Company's Constitution.

4. Ordinary Resolution 4 - Re-election of Mr. Koo Kien Yoon who retires under Clause 114 of the Company's Constitution

Clause 114 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr. Koo Kien Yoon was appointed as Executive Director on 4 April 2025 and the NC has considered and recommended him to retire under Clause 114 of the Company's Constitution in view of his appointment as Executive Director on 4 April 2025 and being eligible, has offered himself for re-election.

NOTICE OF THE FOURTEENTH (14TH) ANNUAL GENERAL MEETING (CONT'D)

5. **Special Business - Ordinary Resolution 6** **Authority to Issue and Allot Shares Pursuant to Sections 75 And 76 of the Act**

The proposed Ordinary Resolution 6, 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 of the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 13th Annual General Meeting held on 7 June 2024 and which will lapse at the conclusion of the 14th Annual General Meeting.

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 6, 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.

6. **Special Business – Ordinary Resolution 7** **Proposed Granting of SIS Options to Mr. Koo Kien Yoon, the Executive Director of the Company**

Ordinary Resolution 7 seeks shareholders' approval for the Company to offer and grant SIS Options to the Executive Director, Mr. Koo Kien Yoon, who was appointed on 4 April 2025, to participate in the SIS in accordance with the AMLR of Bursa Securities.

Mr. Koo Kien Yoon is deemed interested in Ordinary Resolution 7 regarding the grant of SIS Options to him. Accordingly, he has abstained and will continue to abstain from deliberation and voting on the resolution in respect of his direct and/or indirect interest in the Company. He will also ensure that persons connected to him abstain from voting on the proposed granting of SIS Options to him, whether in respect of direct or indirect interests in the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29 OF AMLR OF BURSA SECURITIES)

The Directors who are standing for re-election at the 14th AGM are Mr. Kang Jimmi, Mr. Yee Yit Yang and Mr. Koo Kien Yoon. The profiles of the Directors are set out in the Annual Report of the Company.

No individual seeking election as a director other than the Directors are seeking re-election and retention as a director at the 14th AGM.

The Company will seek shareholders' approval at the general meeting for the issue of securities under Rule 6.04(3) of the AMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 6 as stated in the Notice of the 14th 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 Fourteenth (14th) Annual General Meeting of Bioalpha Holdings Berhad ("Bioalpha" or "the Company") will be held Bangi Convention Center, Permata Room, Level 1, Jalan Wawasan 1, Seksyen 14, 43650 Bandar Baru Bangi, Selangor on Tuesday, 3 June 2025 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 RM350,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 14th AGM until the conclusion of the next AGM of the Company in the year 2026.	Ordinary Resolution 1		
2.	Re-election of Mr. Kang Jimmi as Director	Ordinary Resolution 2		
3.	Re-election of Mr. Yee Yit Yang as Director	Ordinary Resolution 3		
4.	Re-election of Mr. Koo Kien Yoon as Director	Ordinary Resolution 4		
5.	Re-appointment of Messrs. ChengCo PLT as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6.	Authority to Allot Shares Pursuant to Sections 75 And 76 of the Companies Act, 2016.	Ordinary Resolution 6		
7.	Proposed Granting of SIS Options to Mr. Koo Kien Yoon	Ordinary Resolution 7		

* Delete if not applicable

Signed on this _____ day of _____ 2025.

Signature/ Common Seal of Shareholder

Notes:

- 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.
- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at the Company's Share Registrar, Prosec Share Registration Sdn. Bhd. of DF2-09-02, Level 9, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
- Only the members whose names appear on the Record of Depositors as at 26 May 2025 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.
- 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 Prosec Share Registration Sdn Bhd of
DF2-09-02, Level 9, Persoft Tower
6B, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor

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BIOALPHA HOLDINGS BERHAD

Registration No. 201101021398 (949536-X)
(Incorporated in Malaysia under the Companies Act, 1965)
Stock name and code : BIOHLDG (0179)

Headquarter:

No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrak
Off Jalan P1A, 43000 Kajang
Selangor Darul Ehsan, Malaysia

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