



## BIOALPHA HOLDINGS BERHAD

Registration No. 201101021398 (949536-X)

(Incorporated in Malaysia under the Companies Act, 1965)

# ANNUAL REPORT 2021





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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, distribution and operating a retail pharmacy chain under the brand “Constant”. The Group’s health supplement products are manufactured and sold under original design manufacturing (“ODM”) basis to its clients as well as under its own proprietary house brands. All of Bioalpha’s health supplement products are Halal-certified and are sold in Malaysia with Indonesia and China as main export markets.



## About Bioalpha (Cont'd)

# VISION

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

### Agriculture

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

### Shareholders

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

### Corporate Governance

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

### Products

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

### Distribution & Retail

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

### People

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

### Customers

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

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

### Certification & Accreditation

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

### R&D

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

### R&D (cont'd)

To reinforce research collaboration and strategic partnerships with local and regional experts in the fields of biotechnology and herbal supplements related research.

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

### Regional Expansion

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

### Branding

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

# MISSION

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

## BIOALPHA'S CORE VALUES

### BIOALPHA'S CORE VALUES

# iACT



#### INNOVATION

Think ahead and offer new ideas.



#### ACCOUNTABILITY

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



#### CUSTOMER FOCUS

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



#### TEAMWORK

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

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim**

Independent Non-Executive Chairman

**Hon Tian Kok @ William**

Managing Director/ Chief Executive Officer

**Ho Tze Hiung**

Executive Director

**Dato' Norhalim Bin Yunus**

Non-Independent Non-Executive Director

**Mohd Nasir Bin Abdullah**

Independent Non-Executive Director

**Kang Jimmi**

Independent Non-Executive Director

**Goh Siow Cheng**

Group Chief Financial Officer/Finance Director

### AUDIT COMMITTEE

Mohd Nasir Bin Abdullah  
(Chairman)

Tan Sri Dato' Dr. Syed Jalaludin  
Bin Syed Salim

Kang Jimmi

### REMUNERATION COMMITTEE

Tan Sri Dato' Dr. Syed Jalaludin  
Bin Syed Salim (Chairman)

Dato' Norhalim Bin Yunus

Kang Jimmi

### RISK MANAGEMENT COMMITTEE

Kang Jimmi (Chairman)

Mohd Nasir Bin Abdullah

Ho Tze Hiung

### NOMINATION COMMITTEE

Tan Sri Dato' Dr. Syed Jalaludin  
Bin Syed Salim (Chairman)

Kang Jimmi

Mohd Nasir Bin Abdullah

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

Tan Sri Dato' Dr. Syed Jalaludin  
Bin Syed Salim (Chairman)

Hon Tian Kok @ William

Ho Tze Hiung

Goh Siow Cheng

### COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)  
(PC No. 202208000250)

Thien Lee Mee (LS0009760)  
(PC No. 201908002254)

### REGISTERED OFFICE

Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150, Shah Alam,  
Selangor Darul Ehsan  
Tel. No. : (603) 7890 0638  
Fax. No. : (603) 7890 1032

### 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

TGS TW PLT [202106000004  
(LLP0026851-LCA) & AF002345]  
E-5-4, Megan Avenue 1  
189, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel No. : (603) 9771 4326  
Fax No. : (603) 9771 4327

### SHARE REGISTRAR

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

### STOCK EXCHANGE LISTING

#### Ordinary Shares

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

#### ICPS

Stock Name: BIOHLDG-PA  
Stock Code: 0179PA

## CORPORATE STRUCTURE



## FINANCIAL HIGHLIGHTS

	For Financial Year Ended 31/12/21 RM	For Financial Year Ended 31/12/20 RM	For Financial Year Ended 31/12/19 RM
<b>Financial Results</b>			
Revenue	96,719,364	36,462,419	63,667,826
EBITDA	9,631,282	(28,306,919)	21,979,841
(Loss)/Profit before taxation	(2,772,090)	(41,452,433)	10,521,115
(Loss)/Profit after taxation	(1,524,496)	(42,224,447)	8,324,358
Net (loss)/profit attributable to:			
Owners of the parent	(1,286,499)	(41,148,447)	8,315,531
Non-controlling interests	(237,997)	(1,076,000)	8,827
<b>Financial Position</b>			
<b>Assets</b>			
Property, plant and equipment	71,587,396	63,604,405	62,019,088
Goodwill on consolidation	5,334,030	5,384,030	5,891,157
Intangible assets	50,938,236	46,623,238	44,538,650
Biological assets	691,731	693,391	582,433
Other assets	88,912,099	69,838,378	80,824,471
Total assets	217,463,492	186,143,442	193,855,799
<b>Equity</b>			
Share capital	153,233,258	135,824,495	99,763,799
ICPS	9,141,569	-	-
Reserves	24,299,391	25,096,474	65,783,181
Total equity attributable to owners of the company	186,674,218	160,920,969	165,546,980
<b>Non-controlling interests</b>	(335,548)	(1,380,060)	(283,393)
<b>Liabilities</b>			
Deferred tax liabilities	7,455,396	8,713,379	8,107,680
Lease liabilities	5,204,224	5,376,233	6,532,386
Bank borrowings	9,343,023	6,277,659	5,467,264
Other liabilities	9,122,179	6,235,262	8,484,882
Total equity and liabilities	217,463,492	186,143,442	193,855,799
<b>Weighted average no. of ordinary shares</b>	1,155,508,426	973,498,643	859,783,259
<b>Financial Indicators</b>			
Earnings per share (sen)	(0.11)	(4.23)	0.97
Net assets per share (RM)	0.16	0.16	0.19
Return on equity (%)	(0.69)	(25.57)	5.02
Share price as at financial year end (RM)	0.190	0.280	0.185



# B-LIGNO COMPLEX

The elements of Tiger Milk Mushroom

调

**Recondition**  
*Memulihkan*

护

**Protect**  
*Melindungi*

清

**Cleanse**  
*Membersihkan*

补

**Repair**  
*Memperbaiki*

*Improve Respiratory Functions*

*Reduce Coughing*

*Strengthen Lung Health*

*Enhance Immunity*

*Anti-asthmatic Activity*



apotec

**B-Ligno  
Complex**

500mg

Traditionally used  
for health maintenance  
and strengthening  
the body



apotec

# OMEGA-3 FISH OIL

**EPA**  
650mg

**DHA**  
260mg



**Enteric  
Coated**



New Zealand

**EXCLUSIVE FOR SHAREHOLDERS**



Scan QR to purchase  
Omega-3 Fish Oil with  
**RM99**  
(NP: RM168)

**FREE**  
30's capsule  
(worth RM60)





**apotec**

# **Chlorophyllin**

## **100mg Liquid**

**Improve  
Oral Health**

**Eliminating  
Body Odor**

**Prevent  
Pimples**

**Enhanced  
Metabolism**

**Detoxifies  
Blood**

**Strengthen  
Immune  
System**



## PROFILES OF DIRECTORS

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

78 Years

Malaysian, Male

*Independent Non-Executive Chairman  
Chairman of Nomination Committee, Remuneration  
Committee and SIS Option Committee  
Member of Audit Committee*



**Academician Emeritus Professor Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim** was appointed to our Board on 8 July 2014 and subsequently, he re-designated from Independent Non-Executive Director to Independent Non-Executive Chairman on 25 January 2022.

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

Tan Sri Dato' Dr. Syed Jalaludin began his career as an assistant lecturer in the Faculty of Agriculture in University of Malaya in 1969. He later joined Universiti Putra Malaysia ("UPM") as a lecturer in the Faculty

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

He is also an Independent Non-Executive Chairman of SL Innovation Capital Berhad.

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.



## PROFILES OF DIRECTORS (Cont'd)

### HON TIAN KOK @ WILLIAM

46 Years

Malaysian, Male

Managing Director/ Chief Executive Officer

Member of SIS Option Committee



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

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

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

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

## PROFILES OF DIRECTORS (Cont'd)

### HO TZE HIUNG

*45 Years*

*Malaysian, Male*

*Executive Director*

*Member of Risk Management Committee  
and SIS Option Committee*



**Mr. Ho Tze Hiung** is our Executive Director and was appointed to our Board on 21 June 2011. As our Operations Director, he is responsible overseeing the Group's production operations.

Mr. Ho Tze Hiung completed his Bachelor of Business, majoring in Business and Management from Oxford Brooks University in 1999 and began his career as a Marketing Executive in the same year. In 2000, he joined a seafood processing industry as a Sales Supervisor. In 2002, he joined

wholesale from grocery and frozen food as an Operations Manager. He subsequently joined a multinational insurance company as a Trainer in 2003. In 2004, he joined a health supplement company as a Marketing Manager. Subsequently in 2005, he joined Bioalpha International Sdn. Bhd. ("BISB") as a Marketing Director and was promoted to Operations Director in 2012.

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

## PROFILES OF DIRECTORS (Cont'd)

### DATO' NORHALIM BIN YUNUS

59 Years

Malaysian, Male

Non-Independent Non-Executive Director

Member of Remuneration Committee



**Dato' Norhalim Bin Yunus** was appointed to our Board on 30 June 2011. He graduated with a Bachelor of Science from UKM in 1986 and is the Chief Executive Officer ("CEO") of Malaysian Technology Development Corporation ("MTDC"), a wholly-owned subsidiary of Khazanah.

Dato' Norhalim joined MTDC shortly after its formation in 1993 and was subsequently appointed as Chief Executive Officer of MTDC in 2008.

During his tenure with MTDC, he was extensively involved in the Malaysian innovation ecosystem development, including the commercialisation

of public sector universities' R&D results, early stage technology ventures, innovation policy development and fund management. He is one of the pioneers in the commercialisation of public universities/research institutes' R&D results in Malaysia and has played various roles relating to the overall development of the Malaysian technology commercialisation ecosystem, as a venture capital fund manager, government grant manager, incubator manager and industry expert in various public-sector innovation related committees.

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.



## PROFILES OF DIRECTORS (Cont'd)

### MOHD NASIR BIN ABDULLAH

56 Years

Malaysian, Male

Independent Non-Executive Director

Chairman of Audit Committee

Member of Nomination Committee and  
Risk Management Committee



**En. Mohd Nasir Bin Abdullah** was appointed to our Board on 12 February 2015. He is also the Chairman of the Audit Committee of the Company. En. Mohd Nasir obtained his Diploma in Accountancy from Universiti Teknologi MARA in 1989 and subsequently graduated with a Bachelor of Accountancy (Hons) from the same university in 1996. He is a member of the Malaysian Institute of Accountants since 1996 and the Malaysian Association of Tax Accountants since 2012. He holds licensed tax agent from Ministry of Finance since 2017. En. Mohd Nasir began his career with Sahir & Co, an accounting firm, as an Audit Associate in 1989 where he gained his first audit experience. He later joined Lembaga Tabung

Angkatan Tentera as Finance Officer in 1992 and Arastu Sdn Bhd as Finance Manager in 1997. In 1998, he left to join Kuantan Port Consortium Sdn Bhd as a Finance Manager and later assumed the role of Internal Audit Manager in 2000. In 2005, he joined NACC Corporate Services Sdn Bhd as a Director where he was responsible for the accounting, secretarial and management services. He subsequently joined two (2) accounting firms, Wan Ali Jaafar & Associates as a Senior Associate in 2008 and AT Konsortium as an

Audit Manager in 2012, to further gain his audit experience. With his accounting and audit background, En. Mohd Nasir established MN Associates, an accounting firm which provides accounting, secretarial and management services, in 2013.

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.



## PROFILES OF DIRECTORS (Cont'd)

### KANG JIMMI

42 Years

Indonesian, Male

Independent Non-Executive Director

Chairman of Risk Management Committee

Member of Audit Committee, Nomination Committee and Remuneration Committee



**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.

Currently, Mr. Kang Jimmi as a founder and leading one of Public Company listed in Indonesia Stock Exchange. He leads for operation and maintenance for Powerplant Company with total capacity 42 MW including Diesel Powerplant and Minihydro Powerplant. He has an experience as a leader for a new

IPP Development Process, leading for cross-functional management and hundreds of employee, knowing deeply for utility power plant infrastructure system and mechanical and performing good financial evaluation as a company results. His background focus established strategic partnership with others party and/or company.

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

## PROFILES OF DIRECTORS (Cont'd)

### GOH SIOW CHENG

40 Years

Malaysian, Female

Group Chief Financial Officer/Finance Director

Member of SIS Option Committee



**Ms. Goh Siow Cheng** was appointed to our Board on 6 March 2020. Ms Goh is the Group Chief Financial Officer of Bioalpha and has been working with the Group since 2014.

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

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

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

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

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

## PROFILES OF KEY SENIOR MANAGEMENT

### LOW CHEN KONG

*49 Years, Malaysian, Male  
Malaysian, Male  
Group General Manager*

**Mr. Low Chen Kong** is responsible for overseeing the business operations of Production, R&D and Agriculture Division in Bioalpha Holdings Berhad. He is graduated with a Master of Science in Engineering Business Management from University of Warwick, United Kingdom.

He began his career with Siemens Telecommunication System Ltd, in Taipei, Taiwan as a Technical Project Consultant (Pre-Sales) from April 2000 to January 2003. He joined Comverse Network System Asia Pacific, Taipei, Taiwan as an Account Manager in January 2003 and subsequently left to join Motorola Corporation, Taipei, Taiwan as a Product Marketing Manager in 2004. He was promoted to be the Regional Product Management Manager in year 2008. In 1 November 2016, he joined Bioalpha Holdings Berhad as a Group General Manager.

Mr. Low has strong technical background in embedded and telecommunications with proven track record of consistently exceeding company goals through strategic planning, business development, and project execution. He is also a business-savvy leader accomplished at reconciling tactical considerations with strategic goals.

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

### SHAHRIZAL BIN SHARUDIN

*43 Years, Malaysian, Male  
Regulatory Compliance Manager*

**Encik Shahrizal Bin Sharuddin** is our Regulatory Compliance Manager. He is responsible for the factory certifications and accreditations, and responsible for ensuring a company's policies and procedures comply with the regulatory requirements.

He graduated with a Bachelor of Science in Chemistry from UPM in 2001 and became a Registered Chemist with Malaysian Institute of Chemistry ("IKM") since 2010. Encik Shahrizal Sharuddin began his career in Pharmaniaga Berhad as a Junior Chemist in 2002. He later left to join Innovax Sdn Bhd as a Senior Chemist in 2006. He joined our Company in 2012 as a Senior Chemist, and was promoted to Quality Assurance Manager in 1 January 2017. Over the years, he has garnered more than fifteen (15) years of experience in Research & Development and Quality Management.

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

He has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. He has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

## PROFILES OF KEY SENIOR MANAGEMENT (Cont'd)

### MAPLE HOW WAI CHENG

*47 Years, Malaysian, Female  
Group Human Resources & Admin*

**Ms. Maple How Wai Cheng** is responsible for all aspects of human resource related functions which includes manpower planning and recruitment, establishment and uphold of human resource policies, compliance with employee labour laws, staff discipline, staff welfare, staff development and training, employee relations and industry relations. She graduated with a Bachelor in Business Administration (Hons) from University of Wolverhampton, United Kingdom in 1997. Maple How Wai Cheng began her career with S & P Food Industries (M) Bhd as an Administrative & Account Assistant from July 1997. In March 2006, she started working in Healthcare company DBC Spine & Rehabilitation Centre for a period of 2 years.

Her first managerial role was with Suez Top Ventures Sdn Bhd which is the owners of Food & Beverage franchise Madam Kwan's Restaurants where she was Human Resource Manager for 8 years between March 2006 to March 2014. She held the position of Group Human Resource & Admin Manager in construction company Dindings Consolidated Group of Companies between March 2014 to May 2017. On 1st June 2017, she joined the Company as Group Human Resources & Admin. Manager. Overall, she has more than 20 years of experience specialising in Human Resources & Administration, ranging across different fields from construction, food & beverage, healthcare, electronics and manufacturing.

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

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

### HO SOO LING

*46 Years, Malaysian, Female  
General Manager, Pharmacy Division*

**Ms. Ho Soo Ling** oversees the operations of all our pharmacies with added focus on the marketing and branding functions. She plays a key role in our team to develop and implement innovative strategies and processes to grow our business of pharmacies and people. Soo Ling believes that a strong operations team who is empowered in planning, problem-solving and decision-making will better serve customers.

Graduating from University Putra Malaysia with the Bachelor of Economics, majoring in Industrial Economics, Soo Ling has more than 20 years of experience in the retail sector of the healthcare/health products industry, Soo Ling is recognised for her ability to ensure strategic goals are met by setting operational policies, creating and maintaining budgets, managing employees, and ensuring individual departments and stores are effective in achieving their goals. She is also a leader who is passionate about her team and how they play an important role in building a business that achieves its objectives to bring value to its stakeholders.

Soo Ling started her career in Guardian Pharmacy (M) Sdn Bhd, rising to the managerial level of a store manager. After almost 7 years there, she then joined the pioneer team at Embun Elit Sdn Bhd, the distributor of Himalaya Herbal Healthcare, where she spearheaded the growth of the boutique sector of the business from 6 outlets to 45 outlets, and finally overseeing more than 120 staff in this division of the business in November 2020.

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

She has no family relationship with any Director and/or major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, and does not have any conflict of interest with the Company. She has never been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.



## CHAIRMAN'S STATEMENT



***Dear Valued Shareholders, on behalf of the Board of Directors (the “Board”) of Bioalpha Holdings Berhad (“Bioalpha” or the “Group”), it is my honour to present to you the Annual Report and Audited Financial Statements of Bioalpha for the financial year ended 31 December 2021 (“FY2021”).***

### **YEAR IN REVIEW**

#### **Economic Landscape**

The challenges presented in 2021 were arguably more demanding than the year before. The uncertainties arising from the constantly mutating COVID-19 strain was just one of the many reasons. The initial pandemic shock along with the ensuing economic stoppages in 2020 and 2021 ultimately developed into a major supply chain havoc, while geopolitical tension between the world's two economic powerhouses further exacerbated the condition. Though global gross domestic product (“GDP”) surged by an estimated 5.9% in 2021 according to the International Monetary Fund (“IMF”), it is noteworthy to mention that the growth was from a low base in the previous year, where GDP contracted by 3.3%.

## CHAIRMAN'S STATEMENT (Cont'd)

### YEAR IN REVIEW (CONT'D)

#### Economic Landscape (Cont'd)

Back home in Malaysia, our recovery roadmap was derailed due to two lockdowns - the Movement Control Order ("MCO") 2.0 in January 2021 and the Full Movement Control Order ("FMCO") in June 2021. Against all odds, our economy still managed to chalk up a growth of 3.1% in GDP in 2021 as reported by Bank Negara Malaysia ("BNM"). While this was lower than the initial growth forecast of above 5%, it was nonetheless an improvement when compared to the contraction of 5.6% in 2020.

Switching attention to other countries where Bioalpha has interests in, China's GDP grew by 8.1% in 2021 based on figures published by the National Bureau of Statistics of China. Meanwhile, Indonesia recorded an 3.7% improvement in 2021 according to its Ministry of Finance.

#### Operational and Financial Overview

During the FMCO, the Group's local operations experienced partial disruption. Being classified as an essential service business by the Ministry of International Trade and Industry ("MITI"), our manufacturing plants were able to run at 60% capacity during the period. Despite the limitations, the Group continued to fulfil demand from customers to its best ability. The pharmacy business, however, took a toll as overall foot traffic decreased following the movement restriction order.

Under the zero-COVID policy, China has imposed stringent restrictions, which ultimately resulted in lower demand for our supply of health food and nutritional meals to private and public sectors (schools) in Guizhou province due to closure of these institutions. During this period, we channelled our focus towards strengthening the local operations in China and streamlining processes to enhance efficiencies, in addition to developing strategic partnerships to grow our footprint there. At the same time, activities in Indonesia too were faced with certain constraints throughout the year, as marketing endeavours were impeded by COVID-19 movement restrictions.

On financial performance, Bioalpha reported revenue of RM96.7 million in FY2021, which was more than twice the amount of last year's revenue. The top-line growth was primarily attributed to the Group's health food supply contract to China. The Group's manufacturing business also registered improvement across our key markets, largely driven by Malaysia, along with higher contributions from China and Indonesia. Despite the higher revenue, the Group registered a net loss

of RM1.3 million in FY2021. Stricter containment measures in China and the Omicron wave in Malaysia in the fourth quarter of FY2021 ("4QFY21") dragged our overall performance. Nevertheless, the bottom line has improved much given the narrower loss as compared to the RM41.1 million net loss in FY2020.

#### MARKET OUTLOOK

With an ever-increasing number of people getting their booster doses and children receiving their first doses of vaccine in Malaysia, we should see the Omicron wave taper off soon. Furthermore, the country is transitioning into endemicity with the reopening of international borders and other easing of restrictions in April 2022. Labour shortages issue may soon see improvement as well with the Government currently working on bringing in new foreign labours after almost two years of sanction due to the pandemic. With that, we are optimistic that the new year will bring a strong but even growth. The Ministry of Finance ("MoF") of Malaysia has projected GDP to grow between 5.5% to 6.5% in 2022.

Over in China, the Chinese government has forecasted slower GDP expansion of 5.5% in 2022 amid headwinds such as the downturn in its property market. In Indonesia, its central bank has set a GDP growth target of 4.7% to 5.5%.

As for the global dietary supplements market, market research and consulting firm, Grand View Research, has forecasted a compound annual growth rate ("CAGR") of 8.9% from 2022 to 2030. The growth is driven by increasing interest in health products as more consumers lean towards preventive health practices following the COVID-19 pandemic.

In Malaysia, demand for dietary supplements is on an upward trajectory in line with global trends, underpinned by heightened personal health awareness and evolving eating habits. According to the Malaysian Dietary Supplement Association, Malaysia holds huge growth potential as the country lags behind its Asian counterparts with only less than 30% of its population consuming dietary supplements, as compared to South Korea (60% - 70%) and Taiwan (40% - 50%). Meanwhile in China, the nutritional supplements industry is predicted to expand to USD87.7 billion at a CAGR of 14.5% from 2020 to 2027, according to Research Nester. The growth is on the back of shifting diet and physical activity patterns, as well as the rise of online shopping in the country. Similarly, in Indonesia, the nutraceutical market is expected to reach USD3.4 billion by 2027 based on the findings of Research Nester, boosted by increasing health-conscious trends as cases of non-communicable diseases are on the rise.

## CHAIRMAN'S STATEMENT (Cont'd)

### FORGING AHEAD

A strong foundation has been laid in 2021 at Bioalpha, which will set us up nicely for the coming years. One of our many breakthroughs was the approval from Malaysia's National Pharmaceutical Regulatory Agency ("NPRA") to conduct human clinical trials for a botanical drug candidate for the treatment of type 2 diabetes. We are confident of making further progress in 2022 as we work towards the eventual commercialisation of the drug. At the same time, our domestic manufacturing arm remains committed in meeting customers' demand as we expand our product pipeline to include more immunity-related offerings.

As for our export markets, we look forward to improve contribution underpinned by the re-opening of borders. In China, we are upbeat about our recently formed partnership with Shanghai-listed Suzhou Medicalsystem Technology Co. Ltd. ("MEDIC"). Our joint venture entity, Suzhou BioMedic Biotechnology Co. Ltd. ("BioMedic"), has been making good headways towards the commercialisation of our proprietary herbal formulations and products in China. With regards to our health food supply contract, we are taking steps to enhance the number of deliveries to our customers. While we execute our plans in China, we remain vigilant of the evolving COVID-19 situation there which may impact our progress. We expect to see greater growth in China when the Chinese Government eases restrictions as COVID-19 cases stabilise.

By and large, we are positive that the recovery trajectory of Bioalpha would be sustained as we journey through 2022. The improved global economic environment should result in a much better showing for our existing businesses. Apart from that, the anticipated developments of our many exciting ventures such as those mentioned above are set to further boost the performance of the Group in FY2022.

### TOWARDS A SUSTAINABLE FUTURE

We make sure that our business growth is not one-dimensional, therefore we also prioritise creating a green and sustainable future as we expand. Our Environmental, Economy, and Social ("EES") framework is not just a nice window dressing but sits at the centre of our day-to-day operation. We constantly work towards instilling and reinforcing sustainability awareness in all our employees from the top management to business associates to workers at our plants and farms, ensuring that we move in sync as an organisation towards a sustainable future. For more information about our sustainability initiatives, please refer to our Sustainability Report on pages 30 to 35.

### APPRECIATION

On behalf of the Board, our appreciation extends to the management and employees for your contribution to Bioalpha in the past year. Through collective efforts from the team, the Group has managed to narrow its net loss in FY2021 under an exacting business environment. Your unrelenting support has certainly made a difference.

At Bioalpha, we place high emphasis on fostering strong bonds with not only our shareholders but all stakeholders alike. Since the pandemic, it has become increasingly obvious to us how important these relationships are in ensuring long-term growth for the Group. During this period, we have strived to keep product prices at reasonable levels for our customers, work closely with our suppliers in tackling rising costs issues, and look after the well-being of our employees. A note of gratitude to all of you, as well as the bankers, regulators, and government agencies, for your support and collaborative spirit in FY2021.

Last but not least, the Board would like to express our deepest gratitude to Tan Sri Abdul Rahman bin Mamat, who has in January 2022, resigned from his position as Non-Executive Chairman to pursue other interests. Throughout his 9-year tenure, the contribution he made has been instrumental in lifting the Group to where it is now.

On that note, I would also like to thank the Board for redesignating me as your new Independent Non-Executive Chairman. I promise to give my best to the Group and not take the responsibility that has been placed upon me for granted. Along with my faithful members of the Board, we will continue to work in the best interest of Bioalpha as we steer the Group to a bigger and brighter future.

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

## MANAGEMENT DISCUSSION AND ANALYSIS



***Dear Valued Shareholders, I am pleased to present the Management Discussion and Analysis (“MD&A”) of Bioalpha Holdings Berhad (“Bioalpha” or “the Group”) for the financial year ended 31 December 2021 (“FY2021”), providing insights into Bioalpha’s financial and operational performance during the year, as well as our prospects for 2022.***

In 2021, the COVID-19 pandemic persisted and presented a host of challenges to businesses and communities worldwide. Here at Bioalpha, we persevered and worked hard to maintain smooth operations in adherence to the government’s standard operating procedures (“SOPs”). As we navigated these headwinds, we continued to fulfil customers’ demands while positioning the Group to seize arising opportunities.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### KEY BUSINESS HIGHLIGHTS

Established in 2005, Bioalpha is an integrated nutraceutical and health supplement group with principal activities spanning across all segments of the value chain, including farming of herbal raw materials, research & development ("R&D"), manufacturing of nutritional and healthcare offerings, trading and distribution of health food products, as well as operating a retail pharmacy chain, Constant Pharmacy.

#### Herbal Farming

Bioalpha is involved in the upstream herbal farming activities that provide the Group with a continuous supply of raw materials for our in-house production of herbal-based health supplement products. Our planting endeavours are undertaken at our two herbal parks located in Pasir Raja, Terengganu and Desaru, Johor, with a combined acreage of 1,303 acres. Both parks are accredited with the Malaysian Good Agriculture Practices ("MyGAP") certification by the Ministry of Agriculture and Food Industries ("MAFI").

Sourcing from our own parks enables us to ensure the quality of products is kept at the highest standard. At our parks, we follow proper planting SOPs in line with industry best practices. These cover various areas including types of fertilisers used, harvesting methods, and adhering to strict no pesticide usage, among others. In our planting activities, all chemicals are substituted with organic alternatives, minimising the impact on the environment.

At the moment, the Group has planted a variety of herbs and spices, including *Tongkat Ali*, *Kacip Fatimah*, *Misai Kucing*, *Hempedu Bumi*, roselle, and soursop, to name a few. We also undertake intercropping efforts by adding more high-yield crops such as coconuts.

In 2021, we continued to obtain supplies of raw materials from our parks for our herbal-based health products. Nonetheless, due to the containment measures implemented by the government, the developments of our parks were temporarily put on hold, as we focused on the recovery of the Group.

#### Research & Development

Being in the health supplement industry, R&D plays a vital role in the expansion of the Group's product offerings. We have our own in-house R&D team dedicated to creating formulations for our house brand and Original Design Manufacturing ("ODM") supplements. Equipped with our own laboratory and skilled personnel, we possess the expertise to customise formulations according to customers' requirements. Moreover, the Group's laboratory is certified with ISO 9001, demonstrating the high competency of our laboratory operations in line with international standards. Since our inception, the Group has produced over 300 proprietary formulations. We aim to develop 30 new formulations every year to enhance the Group's competitiveness.

Since the emergence of the COVID-19 pandemic, consumers' interest in immune health and wellness products has soared following heightened health awareness. At Bioalpha, we remain focused on introducing new formulations that cater to the rising demand, especially for immunity-related offerings.

During the year, Bioalpha's wholly-owned subsidiary, Bioalpha (Hainan) Health Biotechnology Co. Ltd. ("Bioalpha Hainan") entered into a joint venture ("JV") agreement with Shanghai-listed Suzhou Medicalsystem Technology Co. Ltd. ("MEDIC") to form a JV company, Suzhou BioMedic Biotechnology Co. Ltd. ("BioMedic") with an initial paid-up capital of RMB5.0 million. BioMedic's principal activities involve conducting R&D and clinical trials to substantiate the efficacy of Bioalpha's proprietary herbal formulations as well as products, and subsequently, registering them with China's National Medical Products Administration ("NMPA") for commercialisation. These include our popular offerings for immunity-boosting, obesity-care, anti-ageing, and longevity, including the  $\beta$ -nicotinamide mononucleotide or NMN supplement. Our JV partner, MEDIC, meanwhile, is a leading total solutions provider of clinical medical management information system in China. Its software is being used in hospitals across 32 provinces in China, with connections to 80% of China's Triple-A Grade hospitals.

As for the Group's biotechnology-related ventures, we are involved in the formulation of 2 botanical drugs, namely for the treatment of type 2 diabetes and hormone replacement therapy ("HRT") for menopausal syndrome management.

We are delighted to share that we have obtained approval from Malaysia's National Pharmaceutical Regulatory Agency ("NPRA") to commence human clinical trials in Malaysia for the botanical drug candidate in relation to the treatment of type 2 diabetes. There are 3 phases of clinical trials, and once the drug successfully completes all 3 phases, the Group will submit all necessary documentation to the Drug Control Authority to seek approval for commercialisation. The advancement from the pre-clinical to clinical trials is a reflection of our commitment to bring safe and efficacious herbal treatments to the masses. We hope to be the first to roll out botanical drug in Malaysia.

With the results from the pre-clinical trials done earlier, Bioalpha has also been using the findings to create health supplement products. So far, we have registered a total of 9 patents in Malaysia and Taiwan, with more pending approval.

As for the HRT botanical drug, pre-clinical studies have also concluded in Malaysia, Taiwan and India, and we are now moving towards the next step of conducting human clinical trials.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### KEY BUSINESS HIGHLIGHTS (CONT'D)

#### Processing and Manufacturing

Our manufacturing activities are undertaken at the Group's main manufacturing plant located in Bangi, Selangor. This facility is capable of producing a wide array of products, from health supplements to functional foods, and is equipped with 7 production lines offering comprehensive product packaging forms including sachet powder and liquid, teabag, capsule, tablet, blister, and bottle.

Our facility has been designed in accordance to international standards to ensure our products are safe and of high quality. It is registered with the United States Food and Drug Administration ("USFDA"), deeming our products are safe to enter the United States market. Apart from that, the plant is accredited with Good Manufacturing Practices ("GMP"), Hazard Analysis and Critical Control Points ("HACCP") and Makanan Selamat Tanggungjawab Industri ("MeSTI"). It also holds the Halal certification from the Department of Islamic Development Malaysia ("JAKIM"), enabling our offerings to be labelled as Halal.

In the latest development, our Bangi plant was recently accredited as a "Quality and Safe Plant" by CAIQTEST Malaysia Sdn. Bhd. ("CAIQTEST"). This validates that our processes meet the standards of China's Chinese Academy of Inspection and Quarantine ("CAIQ") and that products manufactured in this plant are safe and of quality to be exported to China. We are proud to state that we are the first functional health food processing plant in Malaysia to be awarded this accreditation. This endorsement assures that our products fulfil the Chinese standards prior to shipment to China, as well as hastens the application process for product listing with China's regulatory agencies.

CAIQ is a national institute in China that undertakes R&D activities of science and technology for inspection and quarantine purposes. It acts as an intermediary between companies and the respective regulatory authority, integrating services such as testing, training, and registration services, among others. Meanwhile, CAIQTEST is a national level Research and Testing Centre in Malaysia appointed by the China Consumer Association to provide consultation, training, testing, inspection, filing, and traceability services for food and cosmetic products made locally.

Apart from the main plant in Bangi, the Group has set up a second manufacturing plant in Semenyih, Selangor. With a size of 1,375 square meters, this new 3-story facility is equipped with 2 production lines and has recently commenced operations. With the new factory, Bioalpha is well-positioned to cater for increasing demands from customers.

As for our agricultural processes, the Group operates a Collection, Processing & Packaging Centre ("CPPC") at Pasir Raja, and a primary processing plant in Desaru, to handle harvested crops.

Over in Indonesia, Bioalpha manufactures functional foods and health supplement products from a contract manufacturing plant located in Kampar, Riau province.

#### Trading

Bioalpha's trading segment encompasses the supply of health food ingredients for the preparation of health food and nutritional meals to be distributed to the public and private sectors in Guizhou, China. This health food supply venture is progressing, albeit at a slower-than-expected pace due to China's strict COVID-19 policies. With the rising infections in China, the government implemented stringent containment measures which led to delays in the reopening of schools and prolonged holidays. Furthermore, the offices of the regulatory agency handling nutritional meals operated on a restricted basis with limited operating hours during the year.

These aforementioned factors have affected our deliveries to customers and in turn, resulted in our orders yet to reach the optimal level over the past 2 years. Notwithstanding the temporary setback, we are working hard to strengthen our operations in China as we explore avenues to increase efficiencies and deliveries.

As part of our efforts, the Group has localised operations in China to facilitate processing of orders more effectively. Bioalpha Hainan had established an office in the Yangpu Economic Development Zone in Hainan province. With our office located in this zone, Bioalpha Hainan is eligible for several tax and trade incentives such as exemption or reduction in value-added tax and reduction in corporate income tax, to name a few. Additionally, we have set up a warehouse and processing centre located in Guiyang City in Guizhou province to store and expedite deliveries to customers.

At the same time, our operations in Hainan continued to carry out deliveries where feasible, while stakeholder meetings and sourcing activities of high-value ingredients from other provinces were conducted virtually due to inter-province travel restrictions.

#### Products and Distribution

Bioalpha's broad range of offerings include herbal and non-herbal health supplements, in addition to functional food products. Presently, the Group's offerings are mostly sold on ODM basis to our commercial customers. We do have our own proprietary house brand, Apotec, as well, where the products are used to showcase our latest formulations to ODM customers, besides being made available for sale to end-consumers through our own pharmacy chain. In 2021, our performance across the Group's key markets encompassing Malaysia, China, and Indonesia, bounced back soundly with healthy recovery in sales.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### KEY BUSINESS HIGHLIGHTS (CONT'D)

#### Products and Distribution (Cont'd)

##### Malaysia

On the domestic front, we strived to fulfil our ODM customers' demand amid a tough operating backdrop in 2021. At the same time, our marketing team continued its efforts to expand our clientele base. Orders from customers were robust in 2021 with our products being well-received by consumers. In fact, one of our customers' health supplements that Bioalpha produced has garnered its spot as a top-selling item on Malaysian e-commerce shopping portals such as Lazada and Shopee.

Looking ahead, we plan to introduce more products in sought-after categories, such as immunity and longevity, to further stimulate market interest. With the initiatives in place, we expect contributions to pick up in line with improving consumer sentiment as fear of the Omicron variant gradually subsides.

##### China

In China, we remain steadfast in fortifying our operations to penetrate the market there as the Group continued to promote our health products there.

Besides this, we are also intensifying our efforts to expand our range of offerings with the planned commercialisation of our health formulations through the JV with MEDIC.

##### Indonesia

Over in Indonesia, we are seeing a moderate rebound in demand in line with the resumption of marketing and promotional activities following the easing of lockdown restrictions. Bioalpha is also in the process of obtaining regulatory approvals for more products in the health supplement category to grow our range of offerings there.

##### Other Countries

In July 2021, Bioalpha entered into a Memorandum of Agreement ("MoA") with Crawford Laboratory Limited of the Republic of South Sudan ("Crawford") to exclusively undertake COVID-19 screening services at two locations in South Sudan over a two-year period. To this end, the Group has commenced the supply of test kits and assisted the South Sudan Government in setting up screening centres at two of the country's entry points, namely the Juba International Airport and Nimule border crossing. The screening activities undertaken at these locations use test kits supplied exclusively by Bioalpha. We are happy to note that this project has started contributing to the Group during the year.

Beyond South Sudan, this venture provides a platform for us to expand our delivery of COVID-19 screening solutions to the rest of the East African Community ("EAC") nations, namely Kenya, Uganda, Tanzania, Burundi, and Rwanda. With a population of 180 million people, the EAC presents plenty of trade and investment potential for us to tap into.

#### Retail Pharmacy

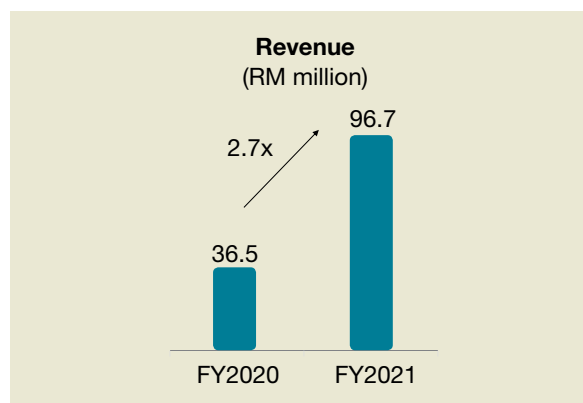
Bioalpha is involved in the downstream operations of a retail pharmacy chain under the brand Constant Pharmacy. With 11 stores nationwide, Constant Pharmacy is a full-fledged pharmacy chain serving the communities we are in. Concurrently, our outlets also act as a channel to market our house brand products.

In 2021, consumer sentiment remained subdued as we received reduced foot traffic at the outlets following the various phases of Movement Control Order ("MCO"). Considering the intense competition, we have embarked on a restructuring exercise to strengthen the value proposition and competitiveness of Constant Pharmacy.

### FINANCIAL PERFORMANCE REVIEW

#### Revenue

In FY2021, Group revenue soared 2.7-fold to RM96.7 million from RM36.5 million in the preceding year ("FY2020"). Turnover for the Group's trading operations grew 5.6 times to RM55.5 million, as compared to RM10.0 million a year ago, driven by a surge in contribution from the health food supply contract to China. Meanwhile, revenue for our manufacturing business expanded 2.6-fold to RM26.8 million from RM10.1 million in FY2020, following the rebound in sales of health products across our key markets, namely Malaysia, China and Indonesia.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### FINANCIAL PERFORMANCE REVIEW

#### Revenue (Cont'd)

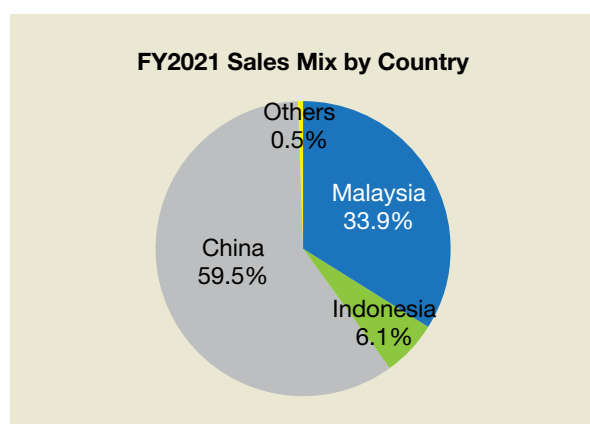
Geographically, our domestic manufacturing sales increased 2.1-fold to RM18.4 million (FY2020: RM8.9 million) on the back of higher orders from customers, with heightened interest in immunity-related products. As for our export markets, manufacturing turnover jumped 7-fold to RM8.4 million from RM1.2 million in FY2020. In China, revenue climbed 9.3 times to RM2.1 million from RM0.2 million in the previous year, while in Indonesia, sales picked up from pandemic lows as turnover recovered to RM5.9 million versus RM0.9 million in FY2020.

As for our overseas ventures elsewhere, revenue amounted to RM0.4 million. We are pleased to update that we are already seeing contributions come in from the supply of COVID-19 screening solutions to South Sudan during the year.

For the period under review, Bioalpha's retail pharmacy arm posted revenue of RM14.4 million, against RM16.3 million in FY2020, impacted by lower foot traffic at Constant Pharmacy outlets following the various phases of the MCO during the year. This was exacerbated by the Klang Valley flood in December 2021, affecting thousands of households in the area.

In FY2021, the Group's trading segment emerged as the largest revenue contributor with 57.4% of FY2021 Group revenue. Our manufacturing division, meanwhile, contributed 27.7%, with our pharmacy business making up the balance 14.9%.

In terms of geographical breakdown, China is now the largest contributor, making up 59.5% of total revenue, followed by Malaysia (33.9%), Indonesia (6.1%) and other countries (0.5%).



#### Gross Profit

The Group posted a gross profit ("GP") of RM14.1 million in FY2021, as compared to a gross loss of RM10.9 million in FY2020. The turnaround was mainly

due to the larger revenue base as well as the absence of one-off expenses recorded last year. GP margin stood at 14.5% in FY2021.

#### Administrative Expenses

In FY2021, the Group's administrative expenses trimmed by 23.9% to RM17.1 million from RM22.5 million a year ago, despite the huge jump in revenue. This is attributed to our effective cost control measures, along with lower impairment loss on trade receivables of RM0.01 million (FY2020: RM6.7 million) and bad debts written off totalling RM0.8 million (FY2020: RM3.1 million).

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

Bioalpha posted a net loss of RM1.3 million, as compared to a net loss of RM41.1 million in FY2020. The narrower loss is on the back of improved top-line performance, as well as the absence of one-off impairments and write-offs recorded in FY2020.

The Group's recovery in FY2021 was derailed by the emergence of the Omicron variant in the fourth quarter of 2021, which impacted our progress. However, we anticipate these setbacks to gradually dissipate as the Omicron wave subsides and the country transitions into the endemic phase. Against such backdrop, we will continue to build on the progress we have made so far and gain further traction to propel us back into the black in FY2022.

### FINANCIAL POSITION

Bioalpha's deposit, cash and bank balances grew to RM35.9 million as at 31 December 2021, on the back of proceeds from the Group's fund-raising exercises amounting to RM26.2 million during the year.



**2.27 sen**

Net cash per share  
FY2021



**RM35.9 million**

Deposits, cash  
and bank balances  
FY2021

The Group's total borrowings stood at RM9.3 million as at end-2021, vis-à-vis RM6.3 million a year ago, due to a drawdown of term loan to fund expansion plans. Nonetheless, the Group sustained its net cash position with net cash per share of 2.27 sen as at 31 December 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### FINANCIAL POSITION (CONT'D)

As at end-2021, shareholder's equity increased from RM160.9 million to RM186.7 million, while net assets per share was 16.1 sen.

Moving forward, Bioalpha continues to manage our capital resources prudently, maintaining a balance between sustaining our financial resilience and growing the business.

### ANTICIPATED RISKS

#### Operational Disruptions

Bioalpha's viability is dependent on the ability to run our operations smoothly and efficiently. Therefore, any interruptions to the Group's operations may have an adverse impact on the business. External risks such as pandemics, natural disasters and riots, among others, are beyond our control and could affect our operational and financial performance. For example, due to the COVID-19 pandemic, lockdowns were implemented across our key markets with border controls, which impacted the Group's business and trade activities. The restrictions had also caused a lot of disruptions to the supply chain, that in turn, led to escalating prices of raw materials, and thus, impacting our profit margins.

On the other hand, certain risks, such as fire and workplace accidents, are mitigated by having adequate insurance coverage, on top of having periodical trainings and ensuring adherence to operational SOPs. As for operational risks relating to external factors such as COVID-19, we make sure that all employees are fully compliant with the SOPs imposed by the Government and are taking precautionary measures to ensure minimal disruptions.

#### Changes in Regulations and Government Policies

Given the nature of our business which involves the manufacturing and distribution of functional food and health supplements, we are subjected to relatively stricter scrutiny from relevant regulators and authorities than most other industries. Additionally, we have operations in different geographical locations including Malaysia, China, and Indonesia. Each of these countries has its respective set of laws and regulations which may differ from one another. Thus, any drastic changes to the aforementioned regulations may impact the Group's ability to operate, distribute, or sell its products. For instance, the Malaysian Government has recently announced the increase in minimum wage to RM1,500 per month starting from 1 May 2022, and this may add further cost pressure to the Group.

In mitigation, we are constantly engaging with relevant authorities to keep abreast with the current regulatory environment, as well as any anticipated changes pertaining to our industry. Beyond that, we adopt prudent measures to ensure that our processes are in adherence with the current laws to avoid any operational disruptions and negative financial impacts.

### Product Liability Risk

As a manufacturer of health supplement products, we are subjected to risks of product liability. Any defects or accidental contamination to our health supplement products could lead to lawsuits, as well as widespread product recalls. These would not only impact us financially in the short to medium term but jeopardises the brand and reputation of Bioalpha, severely dwarfing our ability to effectively market any future products.

As part of our risk management, we have put in place elaborate and strict SOPs with respect to our formulation and manufacturing process. The Group's primary manufacturing plant in Bangi is accredited with GMP and HAACP certifications. Apart from that, we have purchased sufficient product liability insurance coverage to cushion us from severe financial damage. To date, we have not received any claims for personal injury resulting from allegedly defective products.

### DIVIDENDS

At Bioalpha, we strive to maintain a balance between rewarding our shareholders and conserving funds to ensure business sustainability. Due to the unprecedented pandemic, the full global economic recovery is still uncertain. In view of this and the continuation of our strategic plans, the Board does not recommend any dividend payments for the year under review.

### MOVING AHEAD

As we move ahead, we are strengthening the foundation for Bioalpha to withstand external headwinds. Amid challenging times, the Group has risen to the occasion and maintained business continuity with strict safety SOPs in place. Although we are not entirely out of the woods yet, we are encouraged by the progress we have achieved so far and remain resolute in solidifying our core operations and pursuing earnings-accretive business opportunities.

In Malaysia, we expect consumer sentiment to gradually improve with the relaxation of SOPs and the reopening of international borders. For our domestic manufacturing arm, Bioalpha endeavours to develop more health supplements targeting in-demand areas such as immunity-boosting offerings, to capitalise on the heightened interest arising from the pandemic. At the same time, marketing efforts are ongoing in order to acquire more customers.

Over in China, the operating landscape is envisaged to remain challenging given the prolonged movement restrictions enforced by the Chinese Government to combat the rising COVID-19 cases there. Against such backdrop, our team is managing the situation to the best of our ability with regards to the health food supply contract.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### MOVING AHEAD (CONT'D)

Meanwhile, Bioalpha is reinforcing its efforts to commercialise our house brand health supplements in China. With the accreditation from CAIQTEST, the approval for the commercialisation of our products in China will be greatly accelerated, with faster customs clearance and product registration in China. For now, our product “Apotec Chocoactiv” has been approved by CAIQTEST to be in compliance with China’s national standards for prepacked food exports. We have received approval from the respective authorities in China to commercialise our product with many more in the pipeline.

This endorsement also allows us to assist the Group’s ODM clients to export their products to China. Essentially, in addition to manufacturing the products for our customers, we can facilitate their product application to CAIQTEST, which will assure that their offerings meet China’s tight supervision and safety requirements. With this, the prospects of their products entering the Chinese market will be greatly enhanced.

Concurrently, Bioalpha is working with MEDIC to bring our products to the market in China. MEDIC’s broad reach and familiarity with the healthcare regulatory environment in China will add immense value as it can assist in hastening the conduct of clinical trials and facilitation of product registration there. Furthermore, we can leverage on its strong connection to China’s top-tier hospitals to market our health products.

As for the development of a botanical drug for the treatment of type 2 diabetes, we look forward to commencing clinical trials for human. There is huge market potential as the global type 2 diabetes industry is expected to reach USD58.7 billion by 2025 according to GlobalData. Diabetes cases are also estimated to grow to more than 320 million in the next 10 years based on findings of the International Diabetes Foundation.

Across the straits in Indonesia, we anticipate demand to steadily recover in 2022 as we step up our marketing efforts. The outlook for Indonesia remains encouraging in the long run and we strive to roll out new products to drive demand.

In the meantime, we foresee the demanding landscape of the retail pharmacy industry to persist in the near future. As mentioned earlier, the Group’s retail pharmacy operations are currently undergoing a restructuring exercise to gain firmer footing in preparation for the road ahead.

Heading into 2022, we remain cautiously positive about our future prospects. We believe that the Group is on the road to recovery as we advance our strategic plans across all our key markets. With our unyielding focus, we are confident that we have taken the steps to position Bioalpha as a stronger entity to capitalise on the growth opportunities and ultimately, deliver greater value to our shareholders.

### APPRECIATION

On behalf of the management team, I would like to end my note by commending everyone at Bioalpha for your amazing service to the Group in the past year. Filled with countless challenges both externally and internally, it was certainly not the easiest year to navigate through. But with the unwavering support of each one of you, the journey has been made possible.

I would also like to extend my appreciation to our stakeholders, including our shareholders, clients, suppliers, bankers, regulators and government agencies, for their unwavering support.

A special acknowledgement to Tan Sri Abdul Rahman Bin Mamat, who has left his position as Independent Non-Executive Chairman in January 2022. Your wise counsel over the past nine years have been invaluable to all of us and we wish you the best in your future endeavours. To the Board of Directors, now chaired by Tan Sri Dato’ Dr. Syed Jalaludin, thank you for the advice and insights in 2021. With the collective wisdom from the Board, alongside support from management and staff, we shall thrive and deliver better performance in the coming year.

**Hon Tian Kok @ William**

Managing Director/Chief Executive Officer

## SUSTAINABILITY STATEMENT

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

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

### STAKEHOLDER ENGAGEMENT

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

Stakeholders	Engagement methods
Investors and shareholders	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Quarterly Bursa announcements</li> <li>• AGM for shareholders</li> <li>• Corporate website with Investor Relation updates</li> <li>• Media News/ releases</li> <li>• Analyst Reports/ Interview</li> <li>• Email communications – <a href="mailto:investorrelations@bioa.com.my">investorrelations@bioa.com.my</a></li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee handbook-code of conduct</li> <li>• New Staff Orientation</li> <li>• Trainings, teambuilding and company event</li> <li>• Whistle blowing policy</li> <li>• Anti-Bribery Policy</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Engagement with sales personnel</li> <li>• Factory visits</li> <li>• Exhibition/ Trade shows</li> <li>• Awareness programmes and health forums</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier selection process</li> <li>• Suppliers assessment</li> <li>• Meetings with suppliers</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Seminar/ updates received from local government agencies</li> <li>• Internal processes in place to ensure compliance with local government laws and regulations</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• Compliance with local government laws and regulations such as pollution at surrounding factory areas, chemical discharge to drainage, etc.</li> </ul>

## SUSTAINABILITY STATEMENT (Cont'd)

### OUR COMMITMENT

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

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

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

### ENVIRONMENTAL INITIATIVES

#### Manufacturing Process

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

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

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

With the pandemic cases still consistently contributing to the daily news, we are taking active and necessary precautions to make sure that work within the premises would be carried out in a safe manner, which included daily body temperature and symptoms screening, Rapid Test Kit ("RTK") tests being done every two weeks and daily cleaning and disinfection process at specified workplaces. The abovementioned steps is in adherence to the recommendations provided by the Ministry of Health ("MOH").

Our manufacturing facilities adhere to strict regulations and procedures to ensure that materials and energy resources are used efficiently to minimise waste. These include monitoring energy consumption, materials planning and waste management. Such resulted in approximate energy saving of 74,000 kWh in FYE 2021.

### ECONOMY INITIATIVES

We remain committed and consistently maintain avenues for open dialogue with shareholders, the investment community and stakeholders. Annual general meetings are the principal forum for dialogue with shareholders and provide them the opportunity to raise questions and seek clarifications on the Group's operations, performance and strategies. All Directors were present in person to engage virtually with the shareholders of the Company during the annual general meetings held in 2021.



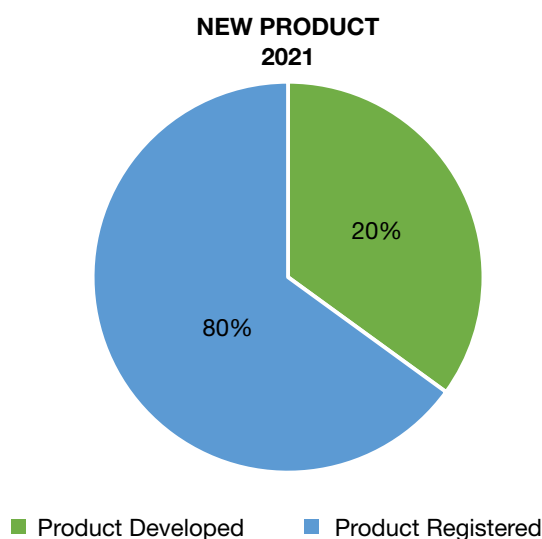
## SUSTAINABILITY STATEMENT (Cont'd)

### ECONOMY INITIATIVES (CONT'D)

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

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

As such, despite of COVID-19 pandemic, we continuously develop and register new product in year 2021 as shown below.



#### Marketplace

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

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

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

#### Business Expansion

##### *New-indirect wholly owned subsidiary*

Bioalpha (Hainan) Health Biotechnology Limited had acquired Bioalpha (Guizhou) Supplies Chain Co. Ltd. to facilitate trading activities in Guizhou. The expansion of the business has resulted in greater positive impacts and meeting international agendas by creating additional business opportunities through new markets, products, and services. The expansion abroad provided our company access to a pool of potential workers with unique skill sets. As an added bonus, local talent with these skills allows our company to have an edge over the competition.

## SUSTAINABILITY STATEMENT (Cont'd)

### ECONOMY INITIATIVES (CONT'D)

#### Joint Venture

Bioalpha International Sdn. Bhd. ("BISB") entered into a Joint Venture with Suzhou Medical System Co. Ltd. on September 2021 to form Suzhou BioMedic Biotechnology Co. Ltd. for the purpose of conducting R&D and clinical trials to substantiate efficacy of Bioalpha's herbal formulations and products and to register Intellectual Properties ("IPs") with China's NMPA for the ultimate purpose of commercialisation of Bioalpha's herbal formulation and products.

#### Memorandum of Agreement

Bioalpha (HK) Limited entered a Memorandum of Agreement with Crawford Laboratory of South Sudan on July 2021 to exclusively supply COVID-19 screening solutions to 2 locations within the country. Crawford is the provider of COVID-19 test diagnosis in South Sudan and the only laboratory in South Sudan offering online applications for COVID-19 tests. This partnership is to establish presence in South Sudan and serve as a platform for further opportunities to supply other healthcare and pharmaceutical products and services within the East African region.

### SOCIAL INITIATIVES

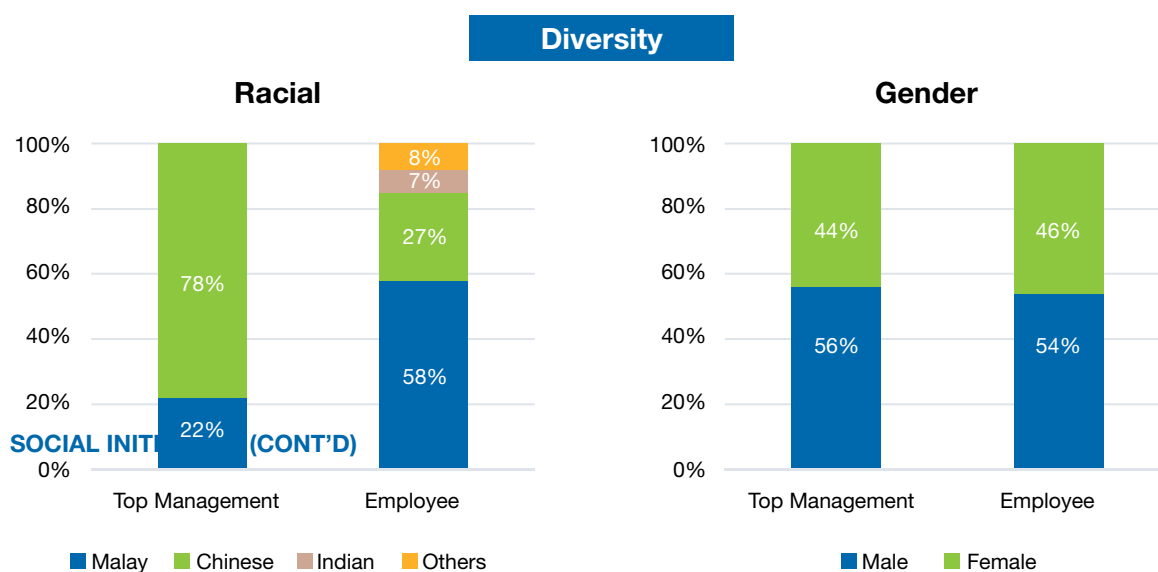
#### Our People

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

We believe in the inherent strength of a diversified workforce. Hence, we take into account the current diversity in the gender, age and race/ethnicity of the existing workforce.

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

The brief information of the Company's workforce for Year 2021 is tabulated below:



## SUSTAINABILITY STATEMENT (Cont'd)

### SOCIAL INITIATIVES (CONT'D)

#### Training and Development

The Group career development and progression opportunities for the employees through inhouse training, attending seminar, workshops and talks. This will equip them with the latest job-related updates and knowledge/ know-how. The total budget allocated for training on year 2022 is RM156,000 which included training for directors among the employees.

#### Festive Celebrations 2021

Program	Date
Festival Open House	
- CNY Festival Celebration*	9 <sup>th</sup> & 15 <sup>th</sup> Feb 2021
- Hari Raya Festival Celebration*	19 <sup>th</sup> May 2021
- Deepavali Festival Celebration *	10 <sup>th</sup> Nov 2021

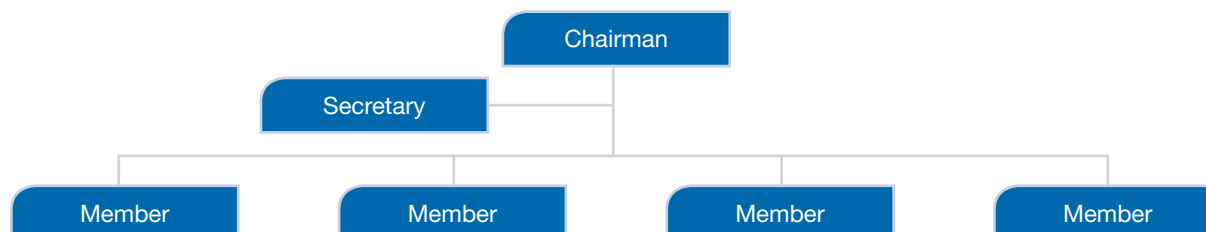
\* Social Distance is strictly practised where individual packed meal is provided to adhere to the SOPs in place during the various stages of Movement Control Order ("MCO") imposed by the government throughout 2021.

#### Occupational Safety and Health

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

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

#### SAFETY, HEALTH & ENVIRONMENT COMMITTEE





## SUSTAINABILITY STATEMENT (Cont'd)

### SOCIAL INITIATIVES (CONT'D)

#### Community

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

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

#### 1. Corporate Social Responsibility (CSR) for Flood Victims

On 29th December 2021, Bioalpha had donated essential products such as various drugs and medicines through Selangor Southern District branch of St. John Ambulance Malaysia to the flood victims from the flash flood that affected most areas within Selangor in the end of December the same year.

With employees of Bioalpha and Mediconstant staying in areas affected by the flood, Bioalpha had donated RM7,200 to those that are affected by the flood to ease their burden of rebuilding and making necessary repairs to their home.

#### 2. Donation to Charity Bodies

Welfare	Items	Date
i. St. John Ambulance Malaysia Mobile Clinic Programme	Health Supplements & Instant Beverages	24 June 2021
ii. Ronald McDonald House (HCTM-UKM)	RTK Test Kits	18 August 2021
ii. Rumah Shalom (Orphanage)	Christmas Gifts	29 December 2021

#### Moving Forward

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

This Sustainability Statement is prepared in accordance with the resolution of the Board of Directors dated 25 April 2022.

# CONSTANT

Lifestyle and Wellness Pharmacy



## CONSTANT RETAIL OUTLETS

### KUALA LUMPUR

#### CHERAS:

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

#### SETAPAK:

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

#### SUNGAI BESI:

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

#### GENTING KELANG:

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

### PAHANG

#### CAMERON HIGHLANDS:

B-G 32, Presint 1,  
Cameron Centrum, Brinchang  
39100 Cameron Highlands,  
Pahang Darul Makmur.  
Tel: 011-11229288

### SELANGOR

#### PUCHONG:

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

#### AMPANG POINT, AMPANG:

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

#### MERU, KLANG:

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

#### PERSIARAN RAJA MUDA MUSA, KLANG:

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

#### SERI KEMBANGAN:

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENTS

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

Below is an overview statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2021 (“FYE 2021”) pursuant to Rule 15.25 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and its is to be read together with the Corporate Governance Report of the Company which is available at the Company’s website at [www.bioa.com.my](http://www.bioa.com.my).

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

#### Part I - Board Responsibilities

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

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

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

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

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

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

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

In discharging its fiduciary duties, the Board has delegated specific tasks to five (5) Board Committees namely the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”), Risk Management Committee (“RMC”) and Share Issuance Scheme (“SIS”) Option Committee. The primary functions of which are to assist the Board in overseeing the affairs of the Company. These Committees have been entrusted with specific responsibilities and authority, the authorities and functions of these Board committees are properly set out in their respective Terms of Reference.

## CORPORATE GOVERNANCE OVERVIEW STATEMENTS (Cont'd)

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

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

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

##### 1.2 Appointment of Chairman

Tan Sri Abdul Rahman Bin Mamat was appointed as the Independent Non-Executive Chairman of the Company and on 25 January 2022, he had decided to step down as Independent Non-Executive Chairman of the Company after having served the Company for almost 9 years to pursue other corporate interests. On 25 January 2022, Tan Sri Dato' Dr Syed Jalaludin Bin Syed Salim was re-designated from Independent Non-Executive Director to Independent Non-Executive Chairman of the Company.

He has been acting as the facilitator during meetings of the Board to ensure that discussion takes place effectively and constructively, the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decisions.

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](http://www.bioa.com.my).

##### 1.3 The Positions of Chairman and Managing Director are held by Different Individuals

The positions of Chairman and Managing Director are separated and clearly defined. The Board believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively. As at FYE 2021, the Board is chaired by Tan Sri Abd Rahman Bin Mamat and from 25 January 2022 onwards, Tan Sri Dato' Dr Syed Jalaludin Bin Syed Salim is the Chairman of the Board who is able to provide effective leadership, strategic direction and necessary governance to the Group.

The roles and responsibilities of the Chairman and Managing Director are provided in the Board Charter, which is available on the Company's website at [www.bioa.com.my](http://www.bioa.com.my).

##### 1.4 Qualified and competent Company Secretaries

In compliance with Practice 1.4 of the MCCG, the Board is supported by two (2) External Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 ("the Act"). The Company Secretaries provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regard to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, MCCG, guidance and legislation.

The Company Secretaries keep the Board abreast with the latest regulatory updates and ensure that deliberations at Board and Board Committee meetings are well documented.

The Board is satisfied with the performance and support rendered by the two (2) qualified and experienced Company Secretaries to the Board in discharge of its functions.



## CORPORATE GOVERNANCE OVERVIEW STATEMENTS (Cont'd)

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

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

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

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

The Company Secretaries are accountable to the Board on all matters connected with the proper functioning of the Board and responsibility includes:

- assisting the Chairman and the Chairmen of the Board Committees in developing the agendas for the meetings;
- administering, attending and preparing the minutes of meetings of the Board, Board Committees and shareholders;
- acting as liaison to ensure good information flow within the Board, between the Board and its Committees as well as between management and the Directors;
- advising on statutory and regulatory requirements and the resultant implication of any changes that have bearing on the Company and the Directors;
- advising on matters of corporate governance and ensuring Board policies and procedures are adhered to;
- monitoring compliance with the Act, the AMLR and the Constitution of the Company;
- facilitating orientation of new director; and
- disseminating suitable training courses and arranging for Directors to attend such courses when requested.

##### 1.5 Access to information and advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek clarification as and when they may need advices or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the AC, NC, RC, RMC and SIS Option Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the cost involved.

## CORPORATE GOVERNANCE OVERVIEW STATEMENTS (Cont'd)

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

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

#### 2. DEMARCATION OF RESPONSIBILITIES

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

##### 2.1 Board Charter

The Board Charter was adopted by the Board sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter would be periodically reviewed 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](http://www.bioa.com.my).

#### 3. GOOD BUSINESS CONDUCT AND CORPORATE CULTURE

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

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

##### 3.1 Code of Ethics & Conduct

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment. The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference on the Company's website at [www.bioa.com.my](http://www.bioa.com.my).

##### 3.2 Whistle Blowing Policy and Procedures

The Group has in place a Whistle Blowing Policy designed to create a positive environment in which employees or external parties can raise genuine concerns without fear of recrimination and enable prompt correction action to be taken where appropriate. The Whistle Blowing Policy can be assessed at the Company's website at [www.bioa.com.my](http://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](http://www.bioa.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENTS (Cont'd)

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

#### **Part II - Board Composition**

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

#### **4. BOARD'S OBJECTIVITY**

##### **4.1 Composition of the Board**

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

The Board consists of seven (7) members, as designated below:

one (1) Independent Non-Executive Chairman;  
one (1) Managing Director/Chief Executive Officer;  
one (1) Executive Director;  
one (1) Group Chief Financial Officer/Finance Director;  
one (1) Non-Independent Non-Executive Director; and  
two (2) Independent Non-Executive Directors.

The present composition of the Board is in compliance with Rule 15.02 of the AMLR that requires at least 2 or one-third 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.

##### **4.2 Tenure of Independent Directors**

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 MCCG recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Director. The NC will assess the independence of the Independent Director based on the assessment criteria developed by the NC, and recommend to the Board for recommendation to the shareholders. Justification for the approval would be provided.

The NC carries out the evaluation of independent on each Independent Director annually.

The NC has undertaken a review and assessment of the level of independence of the Independent Directors during the FYE 2021 and is satisfied that they are able to discharge their responsibilities in an independent manner. The Independent Directors have also declared their independence to the Board under the annual Board evaluation during the FYE 2021.

As at the date of this Statement, no independent directors have exceeded a cumulative term of nine (9) years.

##### **4.3 Diverse Board and Senior Management Team**

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

## 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)

##### 4.3 Diverse Board and Senior Management Team (Cont'd)

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

##### 4.4 Gender Diversity

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

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

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

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

##### 4.5 Appointment of Directors

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

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

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



## 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)

##### 4.6 Re-election of retiring Director

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, Ms. Goh Siow Cheng and Mr. Kang Jimmi are subject to retirement by rotation at the forthcoming Eleventh Annual General Meeting ("11<sup>th</sup> AGM") and they have expressed their willingness to seek for re-election at the 11<sup>th</sup> AGM.

##### 4.7 NC

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

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

Name	Designation	Directorship
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	Chairman	<i>Independent Non-Executive Director</i>
Mohd Nasir Bin Abdullah	Member	<i>Independent Non-Executive Director</i>
Kang Jimmi	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](http://www.bioa.com.my).

The summary activities undertaken by the NC in the discharge of its duty for FYE 2021 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 AC members and its corresponding performance; and
- v) Recommended the re-election of the Directors who are due for retirement by rotation at the 11<sup>th</sup> AGM.

The NC had undertaken a review and assessment of the Independent Directors during FYE 2021 based on the independence criteria as defined in the AMLR and is satisfied that they are able to discharge their responsibilities in an independent manner.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENTS (Cont'd)

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

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

#### 5. OVERALL BOARD EFFECTIVENESS

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

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

The Board has, through the NC, conducted the following annual assessments in the FYE 2021:

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

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

Based on the assessments conducted for the FYE 2021, the NC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

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

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

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

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

## 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)

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

During FYE 2021, there were seven (7) Board Meetings were held and the attendance record of the current Board members is reflected as follows:

Name of Directors	Attendance
Tan Sri Abd Rahman Bin Mamat (Resigned on 25 January 2022)	7/7
Hon Tian Kok @ William	7/7
Ho Tze Hiung	7/7
Dato' Norhalim Bin Yunus	7/7
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	7/7
Mohd Nasir Bin Abdullah	7/7
Kang Jimmi	7/7
Goh Siow Cheng	7/7

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

Details of seminars / conferences / training programmes attended by the Board members during FYE 2021 are as listed below:

Director	Seminars / Conferences / Training Programmes Attended
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	TFF SEA Advisor - Message recording for Rising Star Agri-Food Innovation Challenge 2021
	Webinar - Innovating for the Halal Food System
	Webinar - Innovation Potential of Southeast Asia's Food System
Hon Tian Kok @ William	Russia -Ukraine Tensions & Market Implications (Webinar)
Ho Tze Hiung	Smart Financing Seminar
Dato' Norhalim Bin Yunus	Malaysian Institute of Corporate Governance (MICG) (Online)
	ICLIF Executive Education Center
	Association of Development Finance Institutions of Malaysia (ADFIM) (Online)

## 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)

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

Details of seminars / conferences / training programmes attended by the Board members during FYE 2021 are as listed below (Cont'd):

Director	Seminars / Conferences / Training Programmes Attended
Mohd Nasir Bin Abdullah	Bengkel Cukai Pendapatan Individu (Bengkel Maya)
	Bengkel Cukai Pendapatan Syarikat (Bengkel Maya)
	Bengkel Cukai Pendapatan Perniagaan & Perbelanjaan Dibenarkan (Bengkel Maya)
	Seminar on "MBRS - Annual Return"
	Bengkel "Beneficial Owner" (BO)" (Bengkel Maya)
	Seminar on "Guidelines For Reporting Framework For Beneficial Ownership of Legal Person In Malaysia"
	Seminar on "Guidelines For Reporting Framework For Beneficial Ownership of Legal Person In Malaysia"
	Persidangan Cukai Kebangsaan 2021 (Persidangan Maya)
Kang Jimmi	Sosialisasi Contractor Safety Management System (CSMS) Mitra Kerja PT PLN (Persero) UIKL Kalimantan
	Webinar - Peran Energi Baru dan Terbarukan dan Inisiatif Strategis Indonesia dalam Program Zero Carbon Neutral Dunia
	Webinar - Employee Value Proposition Attracting & Engaging Your Future Leaders
Goh Siow Cheng	Leveraging on Cross Boarder E Commerce through Wechat in China (Webinar)

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 Committee and/or Board meetings.

##### 5.1.3 Sustainability

The Board believes that sustainable business practices are essential to the creation of long-term value and that running the business in a responsible manner is intrinsically tied to achieving operational excellence. The Board provides the oversight on the Group's sustainability and is assisted by the Management who oversees the implementation of its measures. The representatives from each of the department of the Company would meet regularly to discuss material issues, including sustainability-related matters to ensure sustainability is considered and integrated throughout the Group.

The Board is aware that stakeholder engagement is vital in ensuring continued business sustainability whereby engagement with stakeholders enable the Company to obtain meaningful feedbacks on their interests and needs, which facilitate the identification and prioritisation of key sustainability matters. The Board had engaged with the stakeholders proactively such as customers, shareholders/investors, suppliers, employees, regulatory authorities, and local communities accordingly, to ensure that the Board meet the stakeholders' expectation and satisfaction is met for the Company's sustainability growth.

The Company had also disclosed the sustainability measures and forms of engagement with the stakeholder in the sustainability statement which is also part of the Annual Report 2021 to the stakeholders.



## 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)

##### 5.1.3 Sustainability (Cont'd)

The Board had identified and highlighted several of the risks factors that associated with the business such as the rules and regulations, market inflation and the competitive market which may affect the Company's core values and competitive advantages in the market.

Further, the Board had also look forward to the opportunity in future business prospects by expanding the production lines in different areas or countries and taking into the consideration on modernisation in manufacturing processes to reduce the high dependency on the labour force.

#### Part III - Remuneration

The Board acknowledges the level and composition of directors and senior management for their remuneration allocation while fully 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 the aim, the Board has established Remuneration Committee and developed the remuneration policy to assist the Board in discharging its duties and responsibilities in the matters relating to the remuneration of the Board and senior management.

#### 6. LEVEL AND COMPOSITION OF REMUNERATION

##### 6.1 Remuneration Policies and Procedures

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

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

##### 6.2 RC

The RC comprises of a majority of 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 Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	Chairman	<i>Independent Non-Executive Director</i>
Dato' Norhalim Bin Yunus	Member	<i>Non-Independent Non-Executive Director</i>
Kang Jimmi	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 Terms of Reference of the RC can be viewed at the Company's website at [www.bioa.com.my](http://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	–	1,075,226	1,075,226
Non-Executive Directors	184,493	44,500	228,993

\* 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 2021 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](http://www.bioa.com.my).

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Part I – AC

#### 8. EFFECTIVE AND INDEPENDENT AC

##### 8.1 Chairman of AC

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

##### 8.2 Former Audit Partner

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENTS (Cont'd)

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

#### Part I – AC (Cont'd)

#### 8. EFFECTIVE AND INDEPENDENT AC (CONT'D)

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

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

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

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

The AC is satisfied with the competence and independence of the External Auditors for FYE 2021. Having regard to the outcome of the annual assessment of the External Auditors, 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 TGS TW PLT as the External Auditors of the Company for the financial year ending 31 December 2022.

##### 8.4 Composition of the AC

The AC comprises three (3) Independent Non-Executive Directors. During FYE 2021, the composition of the AC are Mohd Nasir Bin Abdullah (Chairman), Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim and Kang Jimmi. This composition of the AC complied with the requirement of Rule 15.09(1)(a) and (b) of the AMLR.

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

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

#### 9. Effective Risk Management and Internal Control Framework

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

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

## 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)

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.

The details of the Group's risk management and internal control framework is elaborated in page 54 to 56 of the Statement on Risk Management and Internal Control of this Annual Report, which has been reviewed by the External Auditors.

##### 9.1 RMC

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

Chairman:	Kang Jimmi ( <i>Independent Non-Executive Director</i> )
Members:	Mohd Nasir Bin Abdullah ( <i>Independent Non-Executive Director</i> ) Ho Tze Hiung ( <i>Executive Director</i> )

#### 10. Internal Audit Function

The details of the Group's internal audit function is elaborated in page 58 to 59 on the AC Report of this Annual Report.

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

#### Part I – Communication with Stakeholders

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

#### 11. Continuous Communication between Company and Stakeholders

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

In order to maintain its commitment of effective communication with shareholders, the Group 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](http://www.bioa.com.my) incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

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

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENTS (Cont'd)

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

#### **Part II – Conduct of General Meetings**

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

#### **12. Shareholder Participation at General Meetings**

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

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

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

The Company dispatched its notice of 10<sup>th</sup> AGM dated 28 May 2021 to shareholders at least 28 days before 10<sup>th</sup> AGM held on 28 June 2021, which is in line with Practice 13.1 of the MCCG. This enables the shareholders to have sufficient time to read and understand the Company's financial and non-financial performance before the meeting.

The notice of the coming 11<sup>th</sup> AGM of the Company which is scheduled to be held on 28 June 2022 will be sent to the shareholders at least twenty-eight (28) days before the date of 11<sup>th</sup> AGM.

All resolutions set out in the Notice of 10<sup>th</sup> 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.

#### **13. Attendance of the Chair of the Board Committees at the AGM**

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

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

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

All members of the Board attended both fully virtual meetings of the Extraordinary General Meeting ("EGM") and the 10<sup>th</sup> AGM of the Company held on 6 April 2021 and 28 June 2021 respectively, the representatives of the management and the external auditors attended the meeting to respond to the questions raised by the shareholders and proxies.

## 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)

##### **14. Poll Voting**

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

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

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

All resolutions set out in the Notice of 10<sup>th</sup> AGM and the Notice of the EGM 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 to be 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 considered and is satisfied that the Company has fulfilled its obligation under MCCG, AMLR and all applicable laws and regulations throughout the FYE 2021.

This Corporate Governance Overview Statement was approved by the Board of Directors on 25 April 2022.

## 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 of the Company for the financial year ended 31 December 2021, 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 minimise fraud and other irregularities.

This Statement was approved by the Board of Directors on 25 April 2022.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## A. INTRODUCTION

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

## B. BOARD RESPONSIBILITY

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

## C. RISK MANAGEMENT

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

The key risk management initiatives undertaken include among others:

- (i) The responsibilities of the Board and the Management are clearly defined in the organisational structure to ensure the effective discharge of the roles and responsibilities of the parties in overseeing the conduct of the Group's business;
- (ii) Formation of operational policies and procedures by the Management with a view of establishing group wide operational standards in order for all operating units to work cohesively towards achieving the business objectives of the Group. For accounting systems and financial processes, efforts are being taken to ensure consistency in the Group as a whole;
- (iii) Frequent on-site visits to the operating units by senior management so as to acquire a first-hand view on various operational matters and addressing the issues accordingly;
- (iv) The Board gathers and reviews key financial and operating statistics on a monthly basis and constantly keep track and monitor the achievement of the Group's performance;
- (v) Regular visit by internal auditors which provide independent assurance on the effectiveness of the Group's system of internal control and advising the Management on the areas for further improvement;
- (vi) The AC reviews on a quarterly basis the quarterly unaudited financial results to monitor the Group's progress towards achieving the Group's business objectives. Authority is given to the AC members to investigate and report on any areas of improvement for the betterment of the Group; and
- (vii) Regular interactive meetings between the external and internal auditors to identify and rectify any weakness in the system of internal controls. The Board on a timely basis would be informed of any matters brought up in the ARMC meetings.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### D. SYSTEM OF INTERNAL CONTROLS

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

The Board outsources the internal audit function to an independent professional firm. The firm is appointed by AC and reports directly to the AC. Its role 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 RM13,000 for the financial year ended 31 December 2021.

### E. ACCOUNTABILITY & AUDIT

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

The AC reviews the quarterly financial statements and the annual financial statements before they are submitted to the Board for approval. A statement of the Directors' responsibilities for preparing the financial statements is set out on page 53 of this annual report.

### F. OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

#### a) Management Structure

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

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

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

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

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

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

#### c) Reporting and Review

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

#### d) Quality Compliance

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

#### e) Internal Policies and Procedures

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

#### f) Related Party Transactions

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

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

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

### H. REVIEW OF THIS STATEMENT

Pursuant to Rule 15.23 of the AMLR, the external Auditors have reviewed this Risk Management and Internal Control Statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2021 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

### I. BOARD CONCLUSIONS

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

This statement is made in accordance with the resolution of the Board dated 25 April 2022.

## AUDIT COMMITTEE REPORT

The AC is pleased to present the AC Report for the financial year ended 31 December 2021.

### COMPOSITION

The current composition of the AC is set out below:

- 1) Mohd Nasir Bin Abdullah (*Chairman, Independent Non-Executive Director*)
- 2) Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim (*Member, Independent Non-Executive Director*)
- 3) Kang Jimmi (*Member, Independent Non-Executive Director*)

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

### TERMS OF REFERENCE

The terms and reference of the AC is made available on the Company's website at [www.bioa.com.my](http://www.bioa.com.my).

### ATTENDANCE OF MEETINGS

A total of five (5) meetings were held in FYE 2021. Details of attendance of the AC members are as follows:

Name of Members	Total Meetings Attended
Mohd Nasir Bin Abdullah	5/5
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	5/5
Kang Jimmi	5/5

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

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

### SUMMARY ACTIVITIES OF THE AC

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

The activities of the AC during the financial year ended 31 December 2021 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 2021;

## AUDIT COMMITTEE REPORT (Cont'd)

### SUMMARY ACTIVITIES OF THE AC (CONT'D)

The activities of the AC during the financial year ended 31 December 2021 include the following: (Cont'd)

- c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
- e) Evaluated the performance of the External Auditors for the financial year ended 31 December 2021 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 and assessed the adequacy of the scope and functions of the internal audit plan;
- g) 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;
- h) Reviewed the effectiveness of the Group's system of internal control;
- i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Group and the Company;
- j) Reviewed related party transactions and conflict of interest situation that may arise within the Group or the Company;
- k) Reviewed the Company's compliance with the AMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- l) 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
- m) 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 independent, objective assessment on the adequacy and effectiveness of governance, risk and processes implemented by the Management. The internal auditor adopts a risk-based approach to plan and prioritise audit work on high risk auditable areas.

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

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



## AUDIT COMMITTEE REPORT (Cont'd)

### INTERNAL AUDIT FUNCTIONS (CONT'D)

The cost incurred for the Internal Audit Function during FYE 2021 is approximately RM13,000.

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

- i) Purchasing Review
  - Minimise purchase cost
  - Ensure suppliers are paid on time
  - Ensure the correct products are ordered
  - Proper lead scheduling to ensure no stock out
  - Avoid unnecessary purchases

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

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control on pages 54 to 56 in this Annual Report.

## ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Rule 9.25 of the AMLR of Bursa Securities as set out in Appendix 9C thereto:

### 1. UTILISATION OF PROCEEDS

Renounceable Rights Issue of Shares, Renounceable Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") and Placement of ICPS

The Company has undertaken a Renounceable Rights Issue of Shares, Renounceable Rights Issue of ICPS and Placement ICPS with Warrants B which was completed on 28 May 2021 following the listing and quotation of 74,031,388 Rights Shares and 457,078,472 ICPS on the Ace Market of Bursa Securities and has raised gross proceeds of RM23,947,847.

The status of utilisation of proceeds is as follows:

No.	Purpose	Proposed Usage RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000	Intended time Frame for Utilisation
(a)	Working Capital	23,198	23,198	–	Within 12 months
(b)	Expenses in relation to the Proposals	750	750	–	Within 2 weeks
<b>Total</b>		<b>23,948</b>	<b>23,948</b>	<b>–</b>	

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

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2021 were as follows:

	Company (RM)	Group (RM)
<b>Audit Services Rendered</b>	60,000	173,302
<b>Non-Audit Services Rendered</b>	43,000	43,000

### 3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There were no material contracts entered into by the Company or its subsidiaries involving the Company's Directors' and/or major shareholders' interests, during the FYE 2021.

## ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

### 4. SHARE ISSUANCE SCHEME

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

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

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

Date of offer	Date of expiry	Exercise Price (RM)	Number of options over Ordinary Shares				At 31.12.2021 ('000)
			At 1.1.2021 ('000)	Adjustment <sup>#</sup> ('000)	Granted ('000)	Exercised ('000)	
27 February 2017	10 January 2022	0.205	2,175	14	–	(200)	1,989
16 April 2020	10 January 2022	0.105	4,050	26	–	(1,800)	2,276
10 September 2021	10 January 2022	0.225	–	–	153,000	–	153,000

<sup>#</sup> Adjustment on options unit due to the right issue during the financial year

Please refer to page 132 to 133 of the Annual Report 2021 for the further details on the Share Issuance Scheme.



# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

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

### FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(1,524,496)	(637,555)
Attributable to:		
Owners of the Company	(1,286,499)	(637,555)
Non-controlling interests	(237,997)	–
	(1,524,496)	(637,555)

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

### DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors do not recommend any dividend in respect of the current financial year.

### ISSUANCE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

- (a) 74,031,388 new ordinary shares at RM0.200 each for a total cash consideration of RM14,806,278 from renounceable rights issue;
- (b) 1,800,000 new ordinary shares at RM0.105 each for total cash consideration of RM189,000 from the exercise of Share Issuance Scheme ("SIS");
- (c) 200,000 new ordinary shares at RM0.205 each for total cash consideration of RM41,000 from the exercise of SIS; and
- (d) 10,637,205 new ordinary shares at RM0.220 each for total cash consideration of RM2,340,185 from the exercise of warrants.

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

There was no issuance of debentures during the financial year.



## DIRECTORS' REPORT (Cont'd)

### WARRANTS

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

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

	Number of units		
	At 1.1.2021	Adjustment <sup>#</sup>	At 31.12.2021
Warrants	133,332,785	851,461	(10,637,205)
			123,547,041

<sup>#</sup> Adjustment on warrants unit due to the rights issue during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

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

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

As at 31 December 2021, the SIS offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of offer	Exercise price RM	Number of options			
		At 1.1.2021	Adjustment <sup>#</sup>	Granted	At 31.12.2021
27 February 2017	0.205	2,175,000	13,899	–	(200,000)
16 April 2020	0.105	4,050,000	25,863	–	(1,800,000)
10 September 2021	0.225	–	–	153,000,000	–
					153,000,000

<sup>#</sup> Adjustment on options unit due to the rights issue during the financial year.

### IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

During the financial year, the Company issued:

- (a) 185,078,472 ICPS arising from the subscription of ICPS pursuant to the renounceable rights issue of new ICPS at an issue price of RM0.020 per ICPS on the basis of 1 ICPS for every 6 existing ordinary shares held in the Company; and
- (b) 272,000,000 ICPS arising from the subscription of ICPS pursuant to the renounceable private placement of new ICPS at an issue price of RM0.020 per ICPS.

The terms of the conversion of the ICPS are disclosed in Note 17 to the financial statements.

As at the end of the financial year, the number of ICPS in issue is 457,078,472.

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS

The Directors in office during the financial year until the date of this report are:

Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim  
Hon Tian Kok @ William\*  
Ho Tze Hiung\*  
Dato' Norhalim Bin Yunus  
Mohd Nasir Bin Abdullah  
Kang Jimmi  
Goh Siow Cheng  
Tan Sri Abdul Rahman Bin Mamat (resigned on 25 January 2022)

\* *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)  
Haji Ahmad Bin Haji Ma'in  
Ng Yau Loong  
Datuk Mohamad Ali Bin Hasan (resigned on 30 April 2021)  
Zarina Binti Abdul Kadir (resigned on 1 June 2021)

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' INTEREST IN SHARES

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

	At 1.1.2021	Number of ordinary shares Bought/ Conversion	Sold	At 31.12.2021
<b>Interest in the Company</b>				
<b>Direct Interests</b>				
Hon Tian Kok @ William	92,000,000	20,538,464	–	112,538,464
Dato' Norhalim Bin Yunus	–	1,000,000	–	1,000,000
Mohd Nasir Bin Abdullah	100,000	–	–	100,000
Tan Sri Abdul Rahman Bin Mamat	500,000	83,333	–	583,333
<b>Indirect Interests</b>				
Hon Tian Kok @ William	–	9,020,800	–	9,020,800

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' INTEREST IN SHARES (CONT'D)

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

	At 1.1.2021	Number of options		At 31.12.2021
		Granted	Exercised	
<b>Interest in the Company</b>				
<b>Direct Interests</b>				
Dato' Norhalim Bin Yunus	1,500,000	–	(1,000,000)	500,000
	At 1.1.2021	Number of warrants		At 31.12.2021
		Bought	Exercised	
<b>Interest in the Company</b>				
<b>Direct Interests</b>				
Hon Tian Kok @ William	–	12,400,000	(12,400,000)	–
Goh Siow Cheng	64	–	–	64
<b>Indirect Interests</b>				
Hon Tian Kok @ William	–	9,020,800	(9,020,800)	–
	At 1.1.2021	Number of ICPS		At 31.12.2021
		Bought	Sold	
<b>Interest in the Company</b>				
<b>Direct Interests</b>				
Hon Tian Kok @ William	–	270,361,736	(139,000,000)	131,361,736
Dato' Norhalim Bin Yunus	–	10,000,000	–	10,000,000
Goh Siow Cheng	–	10,000,000	–	10,000,000
Tan Sri Abdul Rahman Bin Mamat	–	10,083,333	(1,500,000)	8,583,333
<b>Indirect Interest</b>				
Hon Tian Kok @ William	–	105,000,000	–	105,000,000

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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. Other than the issue of SIS and warrants.

## DIRECTORS' REPORT (Cont'd)

### INDEMNITY AND INSURANCE COSTS

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

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

### SUBSIDIARIES

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

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

## DIRECTORS' REPORT (Cont'd)

### OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### SUBSEQUENT EVENTS

The details of subsequent events are disclosed in Note 38 to the financial statements.

### AUDITORS

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 27 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2022.

**HON TIAN KOK @ WILLIAM**

**HO TZE HIUNG**

KUALA LUMPUR



## STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 75 to 160 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 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2022.

**HON TIAN KOK @ WILLIAM**

**HO TZE HIUNG**

KUALA LUMPUR

## STATUTORY DECLARATION

Pursuant to Section 251(1) 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 to the best of my knowledge and belief, the financial statements set out on pages 75 to 160 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory on 25 April 2022 )

**HON TIAN KOK @WILLIAM**

Before me,

**SHI' ARATUL AKMAR BINTI SAHARI (No. W788)**  
Commissioner for Oaths

# 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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 75 to 160.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. 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.

#### Key audit matters

#### How we addressed the key audit matters

##### 1. Goodwill impairment review

As at 31 December 2021, the carrying amount of the Group's goodwill on consolidation amounted to RM5,334,030 mainly arising from acquisition of Mediconstant Holding Sdn. Bhd..

Goodwill were tested for impairment annually in accordance to MFRS 136 *Impairment of Assets*. This assessment requires management to make estimates concerning the estimated future cash flows and associated discount rates based on management's view of future business prospects. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated on.

Our procedures performed in relation to managements' impairment assessment and testing included the following:

- assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets and comparing to recent performance and prior financial years' forecasted results;
- performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the goodwill at the end of the reporting period;
- checked the key assumptions used by management, in particular, revenue growth rate comparing to business plans, historical results and market data; and
- assessed the adequacy and reasonableness of the disclosures in the financial statements.

## INDEPENDENT AUDITORS' REPORT (Cont'd)

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

#### Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
<p>2. Assessment of carrying amount of intangible assets</p> <p>As at 31 December 2021, the carrying amount of the Group's intangible assets amounted to RM50,938,236.</p> <p>Recoverability of these assets is based on forecasting and discounting future cash flows, which are inherently judgmental.</p> <p>We focused on this area because of the significance of the costs capitalised and the fact that there is judgement involved in assessing whether the criteria, set out in MFRS 138 <i>Intangible Assets</i>, required for capitalisation of such costs have been met, including the likelihood of the project delivering sufficient future economic benefits. Where the costs incurred are internally generated, there is further judgement enquired in the calculation, such as the accuracy of amount of time spent on the projects.</p> <p>We also focused on whether there is objective evidence of the carrying value for development expenditures are impaired.</p>	<p>We discussed with management on their assessment as to whether the development projects in-progress were still expected to deliver sufficient positive economic benefits upon their completion. For completed development projects, we considered whether the useful economic lives remained appropriate for those assets and to assess whether there is any impairment indication. Our procedures included the following:</p> <ul style="list-style-type: none"> <li>- tested the amounts capitalised during the reporting period are in accordance with the requirements of MFRS 138 <i>Intangible Assets</i>;</li> <li>- assessed the reliability of the cash flows forecast and supporting evidence of the analysis assumptions, by checking to approved budgets and comparing to recent performance and prior financial years' forecasted result;</li> <li>- checked the key assumptions used by management, in particular, revenue formula rate comparing to business plans, historical results and market data; and</li> <li>- assessed the adequacy and reasonableness of the disclosures in the financial statements.</li> </ul>
<p>3. Impairment of trade receivables and other receivables</p> <p>The Group has material credit exposures in its trade and other receivables. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty subjective assumptions and the application of significant judgement.</p>	<p>The focus of our work involved auditing the Group's credit analyses and associated impairment assessments of trade and other receivables that were either in default or significantly overdue at the financial year end. Our procedures performed in relation to managements' impairment assessment and testing included the following:</p> <ul style="list-style-type: none"> <li>- circulated trade receivables and other receivables balance confirmations and performed alternative audit procedures for those trade receivables with no replies by vouching to the invoices and delivery orders and checking to the subsequent collections;</li> <li>- analysed the aging of trade receivables;</li> <li>- analysed and assessed the recoverability of those trade receivables exceeded credit terms and through enquiring with management and by obtaining sufficient and appropriate audit evidences to support the conclusion; and</li> <li>- assessed the adequacy and reasonableness of the disclosures in the financial statements.</li> </ul>

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

## INDEPENDENT AUDITORS' REPORT (Cont'd)

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

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

The Directors of the Company are responsible for the other information. The other information comprises the information included 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 the other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and 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.

## INDEPENDENT AUDITORS' REPORT (Cont'd)

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

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

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

- 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 and 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 and 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 of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, as disclosed in Note 5 to the financial statements.



## INDEPENDENT AUDITORS' REPORT (Cont'd)

### OTHER MATTERS

1. The financial statements of the Group and of the Company as at 31 December 2020, were audited by another firm of Chartered Accountants who expressed an unmodified opinion on the financial statements dated 26 April 2021.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**TGS TW PLT**

202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants

KUALA LUMPUR  
25 April 2022

**OOI POH LIM**

03087/10/2023 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	71,587,396	63,604,405	242,112	3,417
Investment in subsidiaries	5	–	–	13,716,436	13,716,436
Goodwill on consolidation	6	5,334,030	5,384,030	–	–
Intangible assets	7	50,938,236	46,623,238	–	–
Amount due from subsidiaries	8	–	–	73,973,895	24,843,790
		127,859,662	115,611,673	87,932,443	38,563,643
<b>Current assets</b>					
Biological assets	9	691,731	693,391	–	–
Inventories	10	10,132,081	7,321,105	–	–
Trade receivables	11	23,966,989	22,156,048	–	–
Other receivables	12	18,390,396	12,188,573	41,204	49,929
Amount due from subsidiaries	8	–	–	90,100,000	108,454,625
Tax recoverable		472,349	375,283	19,834	26,250
Other investments	13	11,906	11,679	–	–
Fixed deposits with licensed banks	14	11,624,318	16,100,526	9,500,000	7,500,000
Cash and bank balances	15	24,314,060	11,685,164	2,486,835	3,970,976
		89,603,830	70,531,769	102,147,873	120,001,780
<b>Total assets</b>		<b>217,463,492</b>	<b>186,143,442</b>	<b>190,080,316</b>	<b>158,565,423</b>

## STATEMENTS OF FINANCIAL POSITION (Cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	153,233,258	135,824,495	153,233,258	135,824,495
ICPS	17	9,141,569	–	9,141,569	–
Reserves	18	24,299,391	25,096,474	159,071	389,331
		186,674,218	160,920,969	162,533,898	136,213,826
Non-controlling interests		(335,548)	(1,380,060)	–	–
<b>Total equity</b>		<b>186,338,670</b>	<b>159,540,909</b>	<b>162,533,898</b>	<b>136,213,826</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loan and borrowings	19	4,519,302	3,711,940	–	–
Lease liabilities	20	4,093,384	4,297,904	–	–
Deferred tax liabilities	21	7,455,396	8,713,379	–	–
Contract liabilities	22	30,000	–	–	–
Other payables	23	171,020	469,832	–	–
		16,269,102	17,193,055	–	–
<b>Current liabilities</b>					
Contract liabilities	22	1,084,269	554,933	–	–
Trade payables	24	4,508,043	3,144,989	–	–
Other payables	23	3,309,515	1,925,482	696,545	450,051
Amount due to subsidiaries	8	–	–	26,849,873	21,901,546
Loan and borrowings	19	4,823,721	2,565,719	–	–
Lease liabilities	20	1,110,840	1,078,329	–	–
Tax payable		19,332	140,026	–	–
		14,855,720	9,409,478	27,546,418	22,351,597
<b>Total liabilities</b>		<b>31,124,822</b>	<b>26,602,533</b>	<b>27,546,418</b>	<b>22,351,597</b>
<b>Total equity and liabilities</b>		<b>217,463,492</b>	<b>186,143,442</b>	<b>190,080,316</b>	<b>158,565,423</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	25	96,719,364	36,462,419	4,000,000	4,000,000
Cost of sales		(82,666,093)	(47,379,013)	–	–
Gross profit/(loss)		14,053,271	(10,916,594)	4,000,000	4,000,000
Other income		1,307,845	2,182,432	164,475	194
Administrative expenses		(17,139,812)	(22,518,446)	(3,103,134)	(3,992,430)
Other expenses		(1,797,107)	(3,465,115)	–	(505,394)
Net gain/(loss) on impairment of financial assets		995,181	(6,602,704)	(1,913,257)	60,714
<b>Loss from operation</b>		(2,580,622)	(41,320,427)	(851,916)	(436,916)
Finance costs	26	(567,445)	(448,607)	–	–
Finance income	26	375,977	316,601	250,103	212,679
<b>Loss before tax</b>	27	(2,772,090)	(41,452,433)	(601,813)	(224,237)
Taxation	28	1,247,594	(772,014)	(35,742)	(156,148)
<b>Loss for the financial year</b>		(1,524,496)	(42,224,447)	(637,555)	(380,385)
<b>Items that are may be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign operations		52,392	279,025	–	–
<b>Other comprehensive income for the financial year, net of tax</b>		52,392	279,025	–	–
<b>Total comprehensive loss for the financial year</b>		(1,472,104)	(41,945,422)	(637,555)	(380,385)
<b>Loss for the financial year attributable to:</b>					
Owners of the Company		(1,286,499)	(41,148,447)	(637,555)	(380,385)
Non-controlling interests		(237,997)	(1,076,000)	–	–
		(1,524,496)	(42,224,447)	(637,555)	(380,385)
<b>Total comprehensive loss for the financial year attributable to:</b>					
Owners of the Company		(1,236,248)	(40,870,484)	(637,555)	(380,385)
Non-controlling interests		(235,856)	(1,074,938)	–	–
		(1,472,104)	(41,945,422)	(637,555)	(380,385)
<b>Loss per share:</b>					
Basic (sen)	29	(0.11)	(4.23)		
Diluted (sen)	29	(0.11)	(4.11)		

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







# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

	Note	Share capital RM	ICPS RM	Treasury shares RM	Warrant reserve RM	SIS option reserve RM	Other reserve RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
<b>Company</b>									
At 1 January 2020		99,763,799	-	(145,527)	16,853,263	837,000	(16,853,263)	(83,806)	100,371,466
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	-	(380,385)	(380,385)
<b>Transactions with owners</b>									
Issuance of ordinary shares	16	23,121,793	-	-	-	-	-	-	23,121,793
Share options granted under SIS	18	-	-	-	-	794,454	-	-	794,454
Exercised of SIS	18	12,938,903	-	-	-	(1,403,529)	-	-	11,535,374
Share repurchased	18	-	-	(508,191)	-	-	-	-	(508,191)
Disposal of treasury shares	18	-	-	653,718	-	-	-	625,597	1,279,315
Transactions with owners		36,060,696	-	145,527	-	(609,075)	-	625,597	36,222,745
<b>At 31 December 2020</b>		135,824,495	-	-	16,853,263	227,925	(16,853,263)	161,406	136,213,826
<b>At 1 January 2021</b>									
Loss for the financial year, representing total comprehensive loss for the financial year		135,824,495	-	-	16,853,263	227,925	(16,853,263)	161,406	136,213,826
<b>Transactions with owners</b>									
Issuance of ordinary shares	16	14,806,278	-	-	-	-	-	-	14,806,278
Share options granted under SIS	18	-	-	-	-	439,595	-	-	439,595
Exercised of SIS	18	262,300	-	-	-	(32,300)	-	-	230,000
Exercised of warrants	18	2,340,185	-	-	(1,336,010)	-	1,336,010	-	2,340,185
Issuance of ICPS	17	-	9,141,569	-	-	-	-	-	9,141,569
Transactions with owners		17,408,763	9,141,569	-	(1,336,010)	407,295	1,336,010	-	26,957,627
<b>At 31 December 2021</b>		153,233,258	9,141,569	-	15,517,253	635,220	(15,517,253)	(476,149)	162,533,898

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

# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash Flows From Operating Activities</b>				
Loss before tax	(2,772,090)	(41,452,433)	(601,813)	(224,237)
Adjustments for:				
Amortisation of intangible assets	2,342,080	4,224,323	—	—
Amortisation of deferred capital grant	(368,391)	(368,391)	—	—
Bad debts written off	796,910	3,140,286	—	—
Biological assets written off	1,660	11,174	—	—
Depreciation of property, plant and equipment	10,238,215	9,157,576	1,305	1,306
Dividend income	—	—	(4,000,000)	(4,000,000)
Share based payment	439,595	794,454	439,595	794,454
Loss on disposal of property, plant and equipment	10,400	76,413	—	—
Loss on dilution of a subsidiary	239,808	—	—	—
Allowance of expected credit losses				
- Trade receivables	12,411	6,698,499	—	—
- Other receivables	659,279	—	—	—
- Amount due from subsidiaries	—	—	1,913,257	75,617
Reversal of allowance for expected credit losses				
- Trade receivables	(1,666,871)	(95,795)	—	—
- Amount due from subsidiaries	—	—	—	(136,331)
Impairment losses on goodwill on consolidation	50,000	507,127	—	—
Interest expenses	567,445	448,607	—	—
Interest income	(375,977)	(316,601)	(250,103)	(212,679)
Provision of slow-moving inventories	75,548	680,214	—	—
Reversal of provision of slow-moving inventories	(617,181)	—	—	—
Inventories written off	246,016	4,105,256	—	—
Gain on modification of lease contract	(1,600)	(396,178)	—	—
Property, plant and equipment written off	814,742	297,627	—	—
Rent concession related to COVID-19	(40,540)	(61,563)	—	—
Unrealised (gain)/loss on foreign exchange	(269,967)	27,200	(164,475)	505,359
Operating profit/(loss) before working capital changes	10,381,492	(12,522,205)	(2,662,234)	(3,196,511)

## STATEMENTS OF CASH FLOWS (Cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash Flows From Operating Activities (Cont'd)</b>					
Change in working capital:					
Bill payables		(504,000)	1,261,000	–	–
Contract liabilities		559,336	554,933	–	–
Revolving credit		1,000,000	–	–	–
Inventories		(2,521,265)	(1,969,720)	–	–
Receivables		(15,151,106)	13,709,776	6,924	154,518
Payables		2,818,393	(2,159,673)	246,494	26,278
		(13,798,642)	11,396,316	253,418	180,796
Cash generated used in operations		(3,417,150)	(1,125,889)	(2,408,816)	(3,015,715)
Interest paid		(61,542)	(83,932)	–	–
Tax refund		50,307	3,147	–	–
Tax paid		(278,698)	(433,400)	(29,326)	(83,398)
Net cash used in operating activities		(3,707,083)	(1,640,074)	(2,438,142)	(3,099,113)
<b>Cash Flows From Investing Activities</b>					
Acquisition of intangible assets	A	(5,910,846)	(6,329,541)	–	–
Purchase of property, plant and equipment	B	(9,910,261)	(10,794,593)	(240,000)	–
Acquisition of biological assets		–	(122,132)	–	–
Net cash outflows arising from acquisition from non-controlling interest ("NCI")		(34,500)	–	–	–
Proceeds from disposal of property, plant and equipment		47,000	168,982	–	–
Proceeds from issuance of shares in subsidiaries to NCI		1,106,930	–	–	–
Placement of other investments		(227)	(301)	–	–
Interest received		379,520	271,480	251,904	174,059
Dividend received		–	–	4,000,000	4,000,000
Net cash (used in)/from investing activities		(14,322,384)	(16,806,105)	4,011,904	4,174,059

## STATEMENTS OF CASH FLOWS (Cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash Flows From Financing Activities</b>					
Repayments to subsidiaries		–	–	(27,575,935)	(28,557,453)
Withdrawal/(Placement) in fixed deposits pledged and maturity more than 3 months		7,476,208	(6,418,628)	–	(4,000,000)
Proceeds from exercise of SIS	18	230,000	11,535,374	230,000	11,535,374
Proceed from issuance of shares	16	14,806,278	23,121,793	14,806,278	23,121,793
Proceed from issue of shares upon exercise of warrants	18	2,340,185	–	2,340,185	–
Proceed from issue of ICPS	17	9,141,569	–	9,141,569	–
Proceed from treasury shares	18	–	1,279,315	–	1,279,315
Purchase of treasury shares		–	(508,191)	–	(508,191)
Repayments of lease liabilities	C	(1,222,168)	(1,225,623)	–	–
Repayments of term loans		(710,436)	(450,178)	–	–
Drawdown of term loans		2,300,000	–	–	–
Interest paid		(505,903)	(364,675)	–	–
Net cash from/(used in) financing activities		33,855,733	26,969,187	(1,057,903)	2,870,838
<b>Net cash increase in cash and cash equivalents</b>		15,826,266	8,523,008	515,859	3,945,784
Effect of exchange translation differences		(197,370)	309,023	–	–
<b>Cash and cash equivalents at the beginning of the financial year</b>		11,685,164	2,853,133	3,970,976	25,192
<b>Cash and cash equivalents at the end of the financial year</b>		27,314,060	11,685,164	4,486,835	3,970,976
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Cash and bank balances		24,314,060	11,685,164	2,486,835	3,970,976
Fixed deposits with licensed banks		11,624,318	16,100,526	9,500,000	7,500,000
		35,938,378	27,785,690	11,986,835	11,470,976
Less: Fixed deposit pledged with licensed banks		(1,124,318)	(1,100,526)	–	–
Less: Fixed deposit maturity more than 3 months		(7,500,000)	(15,000,000)	(7,500,000)	(7,500,000)
		27,314,060	11,685,164	4,486,835	3,970,976



## STATEMENTS OF CASH FLOWS (Cont'd)

### NOTES TO THE STATEMENTS OF CASH FLOWS

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>A. Acquisition of intangible assets</b>					
Total additions	7	6,644,994	6,329,541	–	–
Transferred from other receivables		(734,148)	–	–	–
Cash payment		5,910,846	6,329,541	–	–
<b>B. Purchase of property plant and equipment</b>					
Total additions	4	18,923,056	11,902,830	240,000	–
Purchase through lease arrangements		(1,127,683)	(1,108,237)	–	–
Purchase through term loans		(979,800)	–	–	–
Transferred from other receivables		(6,905,312)	–	–	–
Cash payment		9,910,261	10,794,593	240,000	–
<b>C. Cash outflows for leases as a lessee</b>					
<u>Included in net cash from operating activities:</u>					
Payment relating to low value assets	27	13,520	1,269	–	–
Payment relating to short-term leases	27	391,196	83,255	–	–
		404,716	84,524	–	–
<u>Included in net cash from financing activities:</u>					
Payment of lease liabilities		1,222,168	1,225,623	–	–
Payment on interest of lease liabilities		145,046	170,046	–	–
		1,367,214	1,395,669	–	–
		1,771,930	1,480,193	–	–

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 1. CORPORATE 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 registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

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.

The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

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

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

Amendments to MFRS 16	COVID-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

### Standard issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

Effective dates for financial periods beginning on or after		
Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021	1 April 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (Cont'd)

##### Standard issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company: (cont'd)

		<b>Effective dates for financial periods beginning on or after</b>
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
<ul style="list-style-type: none"> <li>• Amendments to MFRS 1</li> <li>• Amendments to MFRS 9</li> <li>• Amendments to Illustrative Examples accompanying MFRS 16</li> <li>• Amendments to MFRS 141</li> </ul>		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company.

#### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest RM except when otherwise stated.

#### (c) Significant accounting judgements, estimates and assumptions

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

##### Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Judgements (cont'd)

###### Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Management has assessed those prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency.

Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

###### Determining the lease term of contracts with renewal and termination options Group and Company as lessee

The Group and the Company determine 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 not 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 reassess 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.

##### **Key sources of estimation uncertainty**

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

###### Useful lives of property, plant and equipment

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Key sources of estimation uncertainty (Cont'd)

###### Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 6 to the financial statements.

###### Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development costs is disclosed in Note 7 to the financial statements.

###### Recoverability of development costs

During the financial year, the Directors considered the recoverability of the Group's development cost arising from its on-going development of 2 high-value herbal products for diabetes and hormone replacement therapy, and the products development for the formulation of health supplement products. The Group had completed the required submission documents to the National Pharmaceutical Regulatory Agency to obtain for the commencement of phase 1 clinical studied on the botanical drugs.

The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed the Directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the Directors to reconsider their assumptions regarding future market share and anticipated margins of this product. Detailed sensitivity analysis has been carried out and the Directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if market activity indicates that such adjustments are appropriate. The carrying amount at the reporting date for development costs is disclosed in Note 7 to the financial statements.

###### 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.

###### 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 selling 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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### **Key sources of estimation uncertainty (Cont'd)**

###### 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 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.

###### Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of their receivables 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 judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's and Company's past history, existing market conditions at the end of each reporting period.

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 reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Notes 8, 11 and 12 to the financial statements.

###### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use 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 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 estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

###### Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 18(c) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Key sources of estimation uncertainty (Cont'd)

##### 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 recognise 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations under common control are accounted for using the merger method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control. Acquisition-related costs are expensed in profit or loss as incurred.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

##### (i) Subsidiaries (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

##### (iv) Non-controlling interests

Non-controlling interest represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company. It is presented separately in the consolidated statement of profit loss and other comprehensive income and within equity in the consolidated statement of financial position, separate from equity attributable to owners of the Company.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even though it may result in deficit to non-controlling interests.

#### (b) Foreign currency translation

##### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements on impairment of non-financial assets.

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Capital work-in-progress consists of buildings and plant and machinery under construction/installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land with an infinite life is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (c) Property, plant and equipment (Cont'd)

##### (iii) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold building	2%
Leasehold land and building	2%
Computer system and peripherals	10% - 20%
Lab and office equipment, furniture and fittings	10% - 20%
Motor vehicles	20%
Plant and machineries	10% - 20%
Renovations	10%
Signage and display items	10% - 20%
Infrastructure expenditure	10%
Plantation expenditure	9 months - 15 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

#### (d) 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.

#### (e) Leases

##### As lessee

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (e) Leases (Cont'd)

##### As lessee (Cont'd)

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Warehouse, shoplot, factory and building	Over the lease terms
Leasehold land	Over the lease terms

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

##### As lessor

When the Group acts as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in their statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (f) Intangible assets

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

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

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

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

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

##### (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 3(m)(i) to the financial statements on impairment of non-financial assets for intangible assets.

#### (g) Financial assets

Financial assets 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.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (g) Financial assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

#### (i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### (ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

##### (a) Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (b) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

#### (iii) Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (g) Financial assets (Cont'd)

##### (iii) Financial assets at FVTPL (Cont'd)

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

#### (h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (i) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

#### (j) Offsetting of financial instruments

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (k) Inventories

Inventories are stated at the lower of cost and net realisable value and determined using weighted average basis.

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.

#### (l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

#### (m) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories 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 asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

##### (i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

##### (ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### (n) Share capital

##### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

##### (ii) 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.

##### (iii) 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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (n) Share capital (Cont'd)

##### (iv) 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.

#### (o) 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.

#### (p) Employee benefits

##### (i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (p) Employee benefits (Cont'd)

##### (ii) Defined contribution plans (Cont'd)

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 may be used to reduce future contributions.

##### (iii) Equity-settled share-based payment transaction

The Group and the Company operate an equity-settled, share-based compensation plan for the employees of the Group and of the Company. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiaries, the fair value of the options granted is recognised as cost of investment in the subsidiaries over the vesting period with a corresponding adjustment to equity in the Group's and the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting period, the Group and the Company revise their estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

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

#### (q) Revenue recognition

##### (i) Revenue from contract with customers

Revenue is recognised when the Group and 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (q) Revenue recognition (Cont'd)

##### (i) Revenue from contract with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources:

##### (a) Sales of goods

The Group produces and sells the goods 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, discounts and taxes.

A receivable is recognised by the Group 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 cash term to 180 days, which is consistent with market practice.

##### (b) Management fee

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

##### (ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (iii) Dividend income

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

##### (iv) Interest income

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

#### (r) Government grants

Government grants are not recognised until there is reasonable assurance that the Group 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 Group 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (r) Government grants (Cont'd)

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 Group 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.

#### (s) 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.

#### (t) 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.

#### (u) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### (u) Income taxes (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being tax incentives that is not a tax base of an assets, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### (v) Operating segments

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

#### (w) Contingencies

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.

#### (x) Related parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the same third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group.
  - (viii) The entity, or any member of a company of which it is a party, provides key management personnel services to the Group.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold building RM	Leasehold land and building RM	Computer system and peripherals RM	Lab and office equipment, furniture and fittings RM	Motor vehicles RM	Plant and machineries RM	Renovations RM	Signage and display items RM	Infrastructure expenditure RM	Plantation expenditure (a) RM	Warehouse, shoplot, factory and building RM	Leasehold land RM	Capital work-in-progress RM	Total RM
<b>Cost</b>														
At 1 January 2020	1,725,900	7,667,130	2,398,261	4,082,518	2,851,423	43,899,122	15,340,871	1,314,533	6,064,131	1,489,238	4,916,841	2,869,276	1,506,967	96,126,211
Additions	-	-	32,810	319,259	288,010	4,462,718	3,937,588	14,724	1,012,178	575,436	1,260,107	-	-	11,902,830
Disposals	-	-	(81,436)	(156,273)	(85,000)	-	(348,506)	(24,256)	-	-	-	-	-	(695,471)
Written off	-	-	-	(48)	-	(2,870)	(53,593)	(3,441)	-	(250,650)	-	-	-	(310,602)
Expiration of lease contract	-	-	-	-	-	-	-	-	-	-	(493,400)	-	-	(493,400)
Modification of lease term	-	-	-	-	-	-	-	-	-	-	(1,026,377)	-	-	(1,026,377)
Exchange differences	-	-	(236)	(2,486)	(1,291)	(27,992)	(38,746)	-	-	-	(3,929)	-	-	(74,680)
At 31 December 2020	1,725,900	7,667,130	2,349,399	4,242,970	3,053,142	48,330,978	18,837,614	1,301,560	7,076,309	1,814,024	4,653,242	2,869,276	1,506,967	105,428,511
Additions	-	-	162,134	966,380	113,105	7,714,961	5,585,906	12,104	160,015	2,841,768	1,127,663	-	240,000	18,923,056
Disposals	-	-	(102,589)	(11,715)	(123,000)	-	-	-	-	-	-	-	-	(237,304)
Written off	-	-	(8,099)	(91,464)	-	(3,907,521)	(311,118)	(9,680)	-	(505,834)	-	-	-	(4,833,716)
Expiration of lease contract	-	-	-	-	-	-	-	-	-	-	(377,528)	-	-	(377,528)
Modification of lease term	-	-	-	-	-	-	-	-	-	-	(101,553)	-	-	(101,553)
Reclassification	-	5,150,493	-	-	-	-	(3,643,526)	-	-	-	-	-	(1,506,967)	-
Exchange differences	-	-	184	(994)	1,004	21,554	165,064	-	-	-	49,939	-	-	236,751
At 31 December 2021	1,725,900	12,817,623	2,401,029	5,104,177	3,044,251	52,159,972	20,833,940	1,303,984	7,236,324	4,149,958	5,351,783	2,869,276	240,000	119,038,217



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Group	Freehold building RM	Leasehold land and building RM	Computer system and peripherals RM	Lab and office equipment, furniture and fittings RM	Motor vehicles RM	Plant and machineries RM	Renovations RM	Signage and display items RM	Infrastructure expenditure RM	Plantation expenditure (a) RM	Warehouse, shoplot, factory and building RM	Leasehold land RM	Capital work-in-progress RM	Total RM
<b>Accumulated depreciation</b>														
At 1 January 2020	192,131	501,063	1,691,849	2,401,131	1,789,513	17,986,285	4,119,108	901,365	1,982,298	258,558	1,733,878	549,945	-	34,107,124
Charge for the financial year	35,025	108,425	156,729	486,836	381,162	4,286,848	1,573,779	118,801	682,654	108,546	1,163,129	95,642	-	9,157,576
Disposals	-	-	(74,865)	(116,909)	(85,000)	-	(156,500)	(16,802)	-	-	-	-	-	(450,076)
Written off	-	-	-	(6)	-	(1,428)	(11,036)	(503)	-	-	-	-	-	(12,975)
Expiration of lease contract	-	-	-	-	-	-	-	-	-	-	(493,400)	-	-	(493,400)
Modification of lease term	-	-	-	-	-	-	-	-	-	-	(462,120)	-	-	(462,120)
Exchange differences	-	-	(129)	(856)	(503)	(13,741)	(5,909)	-	-	-	(885)	-	-	(22,023)
<b>At 31 December 2020</b>	<b>227,156</b>	<b>609,488</b>	<b>1,773,584</b>	<b>2,770,194</b>	<b>2,085,172</b>	<b>22,237,964</b>	<b>5,519,442</b>	<b>1,002,861</b>	<b>2,644,952</b>	<b>367,104</b>	<b>1,940,602</b>	<b>645,587</b>	<b>-</b>	<b>41,824,106</b>
Charge for the financial year	34,929	169,951	169,307	538,225	388,360	5,122,799	1,656,426	101,939	718,111	121,824	1,120,700	95,644	-	10,238,215
Disposals	-	-	(102,589)	(11,715)	(65,600)	-	-	-	-	-	-	-	-	(179,904)
Written off	-	-	(6,138)	(24,209)	-	(3,907,521)	(77,788)	(3,043)	-	(275)	-	-	-	(4,018,974)
Expiration of lease contract	-	-	-	-	-	-	-	-	-	-	(377,528)	-	-	(377,528)
Modification of lease term	-	-	-	-	-	-	-	-	-	-	(61,181)	-	-	(61,181)
Reclassification	-	699,976	-	-	-	-	(699,976)	-	-	-	-	-	-	-
Exchange differences	-	-	124	631	541	13,935	6,625	-	-	-	4,231	-	-	26,087
<b>At 31 December 2021</b>	<b>262,085</b>	<b>1,479,415</b>	<b>1,834,288</b>	<b>3,273,126</b>	<b>2,408,473</b>	<b>23,467,177</b>	<b>6,404,729</b>	<b>1,101,757</b>	<b>3,363,063</b>	<b>488,653</b>	<b>2,626,824</b>	<b>741,231</b>	<b>-</b>	<b>47,450,821</b>
<b>Carrying amount</b>														
At 31 December 2021	1,463,815	11,338,208	566,741	1,831,051	635,778	28,692,795	14,229,211	202,227	3,873,261	3,661,305	2,724,959	2,128,045	240,000	71,587,396
At 31 December 2020	1,498,744	7,057,642	575,815	1,472,776	967,970	26,093,014	13,318,172	298,699	4,431,357	1,446,920	2,712,640	2,223,689	1,506,967	63,604,405

## 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
<b>Company Cost</b>				
At 1 January 2020/				
31 December 2020	1,049	6,005	–	7,054
Additions	–	–	240,000	240,000
At 31 December 2021	1,049	6,005	240,000	247,054
<b>Accumulated depreciation</b>				
At 1 January 2020	630	1,701	–	2,331
Charge for the financial year	105	1,201	–	1,306
At 31 December 2020	735	2,902	–	3,637
Charge for the financial year	105	1,200	–	1,305
At 31 December 2021	840	4,102	–	4,942
<b>Carrying amount</b>				
At 31 December 2021	209	1,903	240,000	242,112
At 31 December 2020	314	3,103	–	3,417

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(a) Including in plantation expenditure are as follows:

	← Mature →		← Immature →				
	Herbal plants RM	Fruit plants RM	Total RM	Herbal plants RM	Fruit plants RM	Total RM	Total bearer plants RM
<b>Cost</b>							
At 1 January 2020	871,231	24,396	895,627	585,287	8,324	593,611	1,489,238
Additions	–	–	–	571,609	3,827	575,436	575,436
Written off	–	–	–	(245,424)	(5,226)	(250,650)	(250,650)
Reclassification	779,156	4,788	783,944	(779,156)	(4,788)	(783,944)	–
At 31 December 2020	1,650,387	29,184	1,679,571	132,316	2,137	134,453	1,814,024
Additions	–	–	–	2,840,876	892	2,841,768	2,841,768
Written off	(3,091)	(2,656)	(5,747)	(499,338)	(749)	(500,087)	(505,834)
Reclassification	2,390,029	758	2,390,787	(2,390,029)	(758)	(2,390,787)	–
At 31 December 2021	4,037,325	27,286	4,064,611	83,825	1,522	85,347	4,149,958
<b>Accumulated depreciation</b>							
At 1 January 2020	256,666	1,892	258,558	–	–	–	258,558
Charge for the financial year	106,234	2,312	108,546	–	–	–	108,546
At 31 December 2020	362,900	4,204	367,104	–	–	–	367,104
Charge for the financial year	119,499	2,325	121,824	–	–	–	121,824
Written off	–	(275)	(275)	–	–	–	(275)
At 31 December 2021	482,399	6,254	488,653	–	–	–	488,653
<b>Carrying amount</b>							
At 31 December 2021	3,554,926	21,032	3,575,958	83,825	1,522	85,347	3,661,305
At 31 December 2020	1,287,487	24,980	1,312,467	132,316	2,137	134,453	1,446,920

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

	2021 RM	Group 2020 RM
Staff cost	178,259	43,184

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

	2021 RM	Group 2020 RM
Motor vehicles	399,033	638,502
Warehouse, shoplot, factory and building	2,724,959	2,712,640
Leasehold land	2,128,045	2,223,689
Leasehold land and building	11,338,208	7,057,642
	16,590,245	12,632,473

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

	2021 RM	Group 2020 RM
Motor vehicles	239,469	197,051
Warehouse, shoplot, factory and building	1,120,700	1,163,129
Leasehold land	95,644	95,642
Leasehold land and building	169,951	108,425
	1,625,764	1,564,247

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

	2021 RM	Group 2020 RM
Motor vehicles	–	235,810
Warehouse, shoplot, factory and building	1,127,683	1,260,107
	1,127,683	1,495,917

- (f) Property, plant and equipment pledged to licensed bank as security for the related lease liabilities are as follow:

	2021 RM	Group 2020 RM
Motor vehicles	210,385	402,692

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

	2021 RM	Group 2020 RM
Motor vehicles	188,648	235,810

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

	2021 RM	Group 2020 RM
Freehold building	1,463,815	1,498,744
Leasehold land and building	9,831,241	7,057,642
	11,295,056	8,556,386

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

	2021 RM	Group 2020 RM
Plant and machinaries	300,000	375,000

- (j) The motor vehicles of the Group with a total cost of RM929,728 (2020: RM968,623) which carrying amount amounted to RM352,576 (2020: RM511,712) are being held in trust by Directors.

### 5. INVESTMENT IN SUBSIDIARIES

	2021 RM	Company 2020 RM
At cost		
Unquoted share		
- In Malaysia	12,719,230	12,719,230
- Outside Malaysia	997,206	997,206
	13,716,436	13,716,436

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of Incorporation	Effective Interest		Principal activities
		2021 %	2020 %	
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* ("BHK")	China (Hong Kong)	100	100	Research and development, manufacturers, importers, exporters, distribution and traders of nutritional and health supplement 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
<b><i>Held through Bioalpha International Sdn. Bhd.:</i></b>				
Bioalpha Agro Sdn. Bhd. ("BASB")	Malaysia	72	72	Import, export, cultivate, manufacture, distribute and trade in variety of agro products and medical herbs
Bioalpha East Coast Argo Sdn. Bhd. ("BECASB")	Malaysia	100	100	Planters, growers, and merchant all kinds of herbs, fruits, in 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
		2021 %	2020 %	
<b>Held through Bioalpha International Sdn. Bhd.: (cont'd)</b>				
PT Herbal Malindo Makmur* ("PTHMM")	Indonesia	60	60	General trade, wholesale and retail trade of pharmaceutical and traditional medicine
<b>Held through Botanical Distribution Sdn. Bhd.:</b>				
RS Bio Sdn. Bhd. (Formerly known as Alphacare Sdn. Bhd.) ("RSB")	Malaysia	51	85	Concept shop operators, general merchants, online trading agents franchisors, wholesaler or retailer of healthcare, nutritional products, food & beverages
Mediconstant Holding Sdn. Bhd. ("MHSB")	Malaysia	100	100	Investment holding and provision of management services
<b>Held through Bioalpha (HK) Limited:</b>				
Bioalpha (Hainan) Health Biotechnology Limited® ("BHHBL")	China	100	100	Procurement and sales of agricultural products
BHK Development Limited ^ ("BHKDL")	China (Hong Kong)	100	–	Research and development activities, manufacturing, import and export and trading of goods including functional foods or healthcare products and land development which included the construction of a new facility for processing and warehousing facilities.
Bioalpha (HK) Investment Limited ^ ("BHKIL")	China (Hong Kong)	100	–	Investment holding
<b>Held through Bioalpha Agro Sdn. Bhd.:</b>				
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

## 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
		2021 %	2020 %	
<b><i>Held through Bioalpha (Hainan) Health Biotechnology Limited:</i></b>				
Bioalpha (Guizhou) Supply Chain Co. Ltd.^ (“BGSC”)	China	100	–	Supply chain management services that involved food processing and productions, food management, general trading which includes import and exports, agricultural related services and warehousing
Suzhou BioMedic Biotechnology Co. Ltd.^ (“SBBCL”)	China	81.02	–	Import and export of medicines and edible bacteria and food selling on internet.
<b><i>Held through Bioalpha (HK) Investment Limited:</i></b>				
Bioalpha (Hainan) Development Ltd ^ (“BHDL”)	China	100	–	Research and development activities, manufacturing, import and export and trading of goods including functional foods or healthcare products and land development which included the construction of a new facility for processing and warehousing facilities.
<b><i>Held through Mediconstant Holding Sdn. Bhd.:</i></b>				
Mediconstant Pharmacy Sdn. Bhd. (“MPSB”)	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Ampang) Sdn. Bhd. (“MPASB”)	Malaysia	100	100	Pharmacy, druggists 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	100	Pharmacy, druggists and chemicals

## 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
		2021 %	2020 %	
<b><i>Held through Mediconstant Holding Sdn. Bhd.: (cont'd)</i></b>				
Mediconstant Dynamic Sdn. Bhd. ("MDSB")	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Klang) Sdn. Bhd. ("MPKSB")	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Puchong) Sdn. Bhd. ("MPPSB")	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Sea Park) Sdn. Bhd. ("MPSPSB")	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Setapak) Sdn. Bhd. <sup>#</sup> ("MPSSB")	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Taman Desa) Sdn. Bhd. ("MPTDSB")	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (TTDI) Sdn. Bhd. ("MPTTDI")	Malaysia	100	100	Pharmacy, druggists and chemicals

\* Subsidiaries not audited by TGS TW PLT

# Subsidiary is under strike off process, the date of Gazette at 9 February 2021

@ Special audit by TGS TW PLT for consolidation purposes

^ Not required to be audited under the laws of the country of incorporation as at 31 December 2021 because it is newly incorporated

## 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 interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	2021	2020	2021	2020
	%	%	RM	RM	RM	RM
BASB	28	28	(21,368)	(253,551)	(285,348)	(263,980)
PTHMM	40	40	(140,185)	(155,815)	(274,825)	(131,890)
RSB	49	15	(200,544)	(15,653)	533,875	70,982
BJHSB	49.6	49.6	124,333	(650,981)	(930,839)	(1,055,172)
SBBCL	18.98	–	(233)	–	621,589	–
			(237,997)	(1,076,000)	(335,548)	(1,380,060)

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	RSB RM	BJHSB RM	SBBCL RM
<b>2021</b>					
Non-current assets	553,358	346,506	301,255	1,068,077	–
Current assets	3,296,783	1,385,780	837,734	569,680	3,274,786
Non-current liabilities	(11,511)	(4,485)	–	(109,392)	–
Current liabilities	(4,857,735)	(2,414,867)	(49,443)	(3,405,058)	–
Net (liabilities)/assets	(1,019,105)	(687,066)	1,089,546	(1,876,693)	3,274,786
<b>2020</b>					
Non-current assets	3,207,304	491,928	382,474	808,668	–
Current assets	516,813	1,322,516	100,972	445,343	–
Non-current liabilities	(217,214)	(32,489)	–	(13,495)	–
Current liabilities	(4,449,693)	(2,111,680)	(10,234)	(3,367,878)	–
Net (liabilities)/assets	(942,790)	(329,725)	473,212	(2,127,362)	–

## 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	RSB RM	BJHSB RM	SBBCL RM
<b>2021</b>					
Revenue	500,050	126,206	498,511	1,175,548	–
(Loss)/Profit for the financial year	(76,315)	(350,463)	(383,666)	250,669	(1,225)
Other comprehensive (loss)/income for the financial year	–	(6,878)	–	–	25,771
Total comprehensive (loss)/income for the financial year	(76,315)	(357,341)	(383,666)	250,669	24,546
<b>2020</b>					
Revenue	3,650	50,532	–	449,871	–
Loss for the financial year	(839,472)	(389,539)	(104,356)	(1,320,364)	–
Other comprehensive income for the financial year	–	1,593	–	–	–
Total comprehensive loss for the financial year	(839,472)	(387,946)	(104,356)	(1,320,364)	–

## 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

	BASB RM	PTHMM RM	RSB RM	BJHSB RM	SBBCL RM
<b>2021</b>					
Net cash generated from/(used in) operating activities	29,901	976,611	(682,733)	321,588	(30,709)
Net cash generated used in investing activities	–	(63,798)	–	(302,290)	–
Net cash generated from/(used in) financing activities	139,034	(934,824)	1,000,110	56,395	3,250,240
Net increase/(decrease) in cash and cash equivalents	168,935	(22,011)	317,377	75,693	3,219,531
<b>2020</b>					
Net cash generated from/(used in) operating activities	201,452	29,084	(14,213)	(733,493)	–
Net cash used in investing activities	–	–	–	(221,071)	–
Net cash (used in)/generated from financing activities	(214,075)	(3,764)	2,393	958,246	–
Net (decrease)/increase in cash and cash equivalents	(12,623)	25,320	(11,820)	3,682	–

#### (b) Acquisition of a subsidiary

On 23 April 2021, BDSB, a wholly-owned subsidiary of the Company acquired additional 15% equity interest in RSB, increasing its ownership from 85% to 100%. The purchase consideration for the acquisition consists of cash consideration of RM34,500.

#### (c) Incorporation of subsidiaries

On 26 August 2020, BHK, a wholly-owned subsidiary of the Company, acquired 100% owned subsidiary, BHHBL with cash subscription of CNY15,000,000 (RM9,205,970).

On 16 September 2021, BHK, a wholly-owned subsidiary of the Company, subscribed 100% equity interest in BHKDL for a total cash consideration of CNY10,000 (RM5,368). Pursuant to that, BHKDL became a wholly-owned subsidiary of BHK.

On 26 November 2021, BHK, a wholly-owned subsidiary of the Company, subscribed 100% equity interest in BHKIL for a total cash consideration of CNY10,000 (RM5,442). Pursuant to that, BHKIL became a subsidiary of BHK.

On 30 November 2021, BHHBL, a wholly-owned subsidiary of BHK, subscribed 81.02% equity interest in SBBCL for a total cash consideration of CNY 4,050,000 (RM2,633,310). Pursuant to that, SBBCL became a subsidiary of BHHBL.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### (c) Incorporation of subsidiaries (Cont'd)

On 17 December 2021, BHHBL, a wholly-owned subsidiary of the BHK, subscribed 100% equity interest in BGSC for a total cash consideration of CNY20,000 (RM13,116). Pursuant to that, BGSC became a subsidiary of BHHBL.

On 21 December 2021, BHKIL, a wholly-owned subsidiary of BHK, subscribed 100% equity interest in BHDH for a total cash consideration for CNY10,000 (RM6,607). Pursuant to that BHDH become a subsidiary of BHKIL.

#### (d) Dilution of shares of a subsidiary

On 23 May 2021, BDSB, a wholly-owned subsidiary of the Company diluted its 49% in RSB as RSB issued 490,000 new ordinary shares to its non-controlling interest.

The effect of the dilution of shares of RSB on the financial position of the Group as at the date of dilution was as follows:

	RM
Property, plant and equipment	353,401
Trade and other receivables	1,450,111
Trade and other payables	(314,107)
<b>Net assets</b>	<b>1,489,405</b>
Non-controlling interest's share of net assets	729,808
Proceeds from issuance of shares in a subsidiary of NCI	(490,000)
<b>Loss on dilution of a subsidiary</b>	<b>239,808</b>

#### (e) Acquisition from NCI

On 23 April 2021, BDSB, a wholly-owned subsidiary of the Company has acquisition of share of 15% in RSB of total consideration of RM34,500 from NCI.

#### Consideration, assets recognised and liabilities assumed

	RM
Fair value of consideration	34,500
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Property, plant and equipment	353,401
Trade and other receivables	105,842
Cash and bank balances	939
Trade and other payables	(17,716)
<b>Total identifiable net assets</b>	<b>442,466</b>
Fair value of NCI @ 15%	66,370
<b>Gain on acquisition recorded in equity</b>	<b>31,870</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 6. GOODWILL ON CONSOLIDATION

	2021 RM	Group 2020 RM
At 1 January	5,891,157	5,891,157
Accumulated impairment losses	(557,127)	(507,127)
At 31 December	5,334,030	5,384,030

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

	2021 RM	Group 2020 RM
Mediconstant Holding Sdn. Bhd.	5,334,030	5,384,030

#### (a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of cash generated unit ("CGU") and was based on the following assumptions:

- (i) Pre-tax cash flow projection based on the most recent financial budgets covering a five (2020: five) years period;
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 5.6% (2020: 4.9%); and
- (iii) Pre-tax discount rate of 18.76% (2020: 12.56%) 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 values of the units to materially exceed their recoverable amount.

#### (b) Sensitivity to changes in assumptions

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 7. INTANGIBLE ASSETS

	Development expenditures RM	Patents RM	Software RM	Total RM
<b>Group Cost</b>				
At 1 January 2020	59,571,799	877,354	–	60,449,153
Additions	6,267,837	43,423	18,281	6,329,541
Exchange differences	(20,755)	–	150	(20,605)
At 31 December 2020	65,818,881	920,777	18,431	66,758,089
Additions	4,635,105	2,001,211	8,678	6,644,994
Exchange differences	25,358	(15,314)	1,154	11,198
At 31 December 2021	70,479,344	2,906,674	28,263	73,414,281
<b>Accumulated amortisation</b>				
At 1 January 2020	15,898,597	11,906	–	15,910,503
Charge for the financial year	4,165,935	55,341	3,047	4,224,323
Exchange difference	–	–	25	25
At 31 December 2020	20,064,532	67,247	3,072	20,134,851
Charge for the financial year	2,146,857	186,128	9,095	2,342,080
Exchange difference	–	(1,009)	123	(886)
At 31 December 2021	22,211,389	252,366	12,290	22,476,045
<b>Carrying amount</b>				
At 31 December 2021	48,267,955	2,654,308	15,973	50,938,236
At 31 December 2020	45,754,349	853,530	15,359	46,623,238

#### Development expenditures

Development expenditure represents the costs 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 7. INTANGIBLE ASSETS (CONT'D)

#### Development expenditures (Cont'd)

##### (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 (2020: five) years period;
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranged from 6.00% to 6.10% (2020: 3.79% to 7.92%); and
- (iii) Pre-tax discount rate of 18.80% (2020: 12.56%) 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 values of the units to materially exceed their recoverable amount.

##### (b) Sensitivity to changes in assumptions

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

#### Patent

Patents relate to the Group in principal activities and have an average remaining amortisation of 15 years (2020: 15 years).

#### Software

Software are assessed to have finite life of 2 years upon commercialisation. The amortisation period and amortisation method are reviews at least annually for appropriateness.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 8. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	2021 RM	Company 2020 RM
<b>Amount due from subsidiaries</b>		
Non-trade related		
- Non-current	76,718,698	25,675,336
- Current	90,100,000	108,454,625
	166,818,698	134,129,961
Less: Allowance for expected credit losses ("ECLs")		
- Non-current	(2,744,803)	(831,546)
	164,073,895	133,298,415
<b>Amount due to subsidiaries</b>		
Non-trade related		
- Current	(26,849,873)	(21,901,546)

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 follow:

	2021 RM	Company 2020 RM
At 1 January	831,546	892,260
Allowance for ECLs	1,913,257	75,617
Reversal of allowance for ECLs	-	(136,331)
At 31 December	2,744,803	831,546

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

	2021 RM	Company 2020 RM
Hong Kong Dollar ("HKD")	17,770,237	14,237,688
Chinese Yuan ("CNY")	15,321,246	-
United States Dollar ("USD")	12,360,025	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 9. BIOLOGICAL ASSETS

	Group RM
At 1 January 2020	582,433
Additions	122,132
Written off	(11,174)
At 31 December 2020	693,391
Written off	(1,660)
At 31 December 2021	691,731

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 include 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.

Included in staff costs capitalised into biological assets are as follows:

	2021 RM	Group 2020 RM
Staff costs (Note 30)	–	3,264

At 31 December 2021, the Group has 1,303 acres (2020: 1,303 acres) of herbal plantations.

### 10. INVENTORIES

	2021 RM	Group 2020 RM
<b>At cost</b>		
Raw materials	3,710,345	1,754,989
Consumables	1,301,783	877,441
Finished goods	450,225	450,387
Seedlings	–	9,772
Trading goods	4,152,842	4,228,516
Work-in-progress	516,886	–
	10,132,081	7,321,105
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	27,822,385	26,836,911
Inventories written off	246,016	4,105,256
Provision of slow-moving inventories	75,548	680,214
Reversal of provision of slow-moving inventories	(617,181)	–



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 11. TRADE RECEIVABLES

	2021 RM	Group 2020 RM
Trade receivables	29,610,598	29,442,963
Less: Allowance for ECLs	(5,643,609)	(7,286,915)
	23,966,989	22,156,048

Trade receivables are non-interest bearing and are generally from cash term to 180 days (2020: 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:

	2021 RM	Group 2020 RM
At 1 January	7,286,915	682,962
Allowance for ECLs	12,411	6,698,499
Reversal of allowance for ECLs	(1,666,871)	(95,795)
Exchange difference	11,154	1,249
At 31 December	5,643,609	7,286,915

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
<b>Group</b>			
<b>2021</b>			
Not past due	4,736,951	(76,670)	4,660,281
Past due:			
Less than 30 days	7,587,917	(63,165)	7,524,752
31 to 60 days	1,607,016	(6,851)	1,600,165
61 to 90 days	3,140,525	(8,669)	3,131,856
Past due more than 90 days	7,263,101	(213,166)	7,049,935
	24,335,510	(368,521)	23,966,989
<b>Credit impaired:</b>			
Past due more than 90 days			
- Individual impaired	5,275,088	(5,275,088)	-
	29,610,598	(5,643,609)	23,966,989

## 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
<b>Group</b>			
<b>2020</b>			
Not past due	4,907,943	(165,753)	4,742,190
Past due:			
Less than 30 days	1,851,982	(3,806)	1,848,176
31 to 60 days	425,941	(1,055)	424,886
61 to 90 days	646,988	(2,847)	644,141
Past due more than 90 days	14,654,716	(158,061)	14,496,655
	22,487,570	(331,522)	22,156,048
<b>Credit impaired:</b>			
Past due more than 90 days			
- Individual impaired	6,955,393	(6,955,393)	-
	29,442,963	(7,286,915)	22,156,048

The foreign currency profile of trade receivables are as follows:

	2021 RM	Group 2020 RM
USD	10,248,073	14,398,683

### 12. OTHER RECEIVABLES

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Non-trade receivables	7,162,252	3,624,505	260	9,809
Deposits	7,702,019	2,006,918	-	-
Less: Allowance for ECLs	(673,188)	(13,909)	-	-
	14,191,083	5,617,514	260	9,809
Accrued income	41,578	45,121	36,819	38,620
Prepayments	3,085,149	3,681,396	4,125	1,500
Goods and service tax ("GST") recoverable	103,887	112,405	-	-
Value-added tax ("VAT") recoverable	67,139	47,119	-	-
Advance to suppliers	881,160	2,681,764	-	-
Advance to staffs	18,800	1,654	-	-
Accrued rental income	1,600	1,600	-	-
	18,390,396	12,188,573	41,204	49,929

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 12. OTHER RECEIVABLES (CONT'D)

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

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

	2021 RM	Group 2020 RM
At 1 January	13,909	13,909
Allowance for ECLs	659,279	–
At 31 December	673,188	13,909

The foreign currency profile of other receivables are as follows:

	2021 RM	Group 2020 RM
USD	127,116	369,348

### 13. OTHER INVESTMENTS

	2021 RM	Group 2020 RM
<b>Current</b>		
FVTPL:		
Unquoted money market fund	11,906	11,679

The fair value of the financial asset at FVTPL is classified as at Level 1 fair value item for the purpose of fair value hierarchy disclosures.

### 14. FIXED DEPOSITS WITH LICENSED BANKS

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Fixed deposits with licensed banks				
Maturity:				
- less than 3 months	3,000,000	–	2,000,000	–
- more than 3 months	7,500,000	15,000,000	7,500,000	7,500,000
Fixed deposits pledged with licensed banks	1,124,318	1,100,526	–	–
	11,624,318	16,100,526	9,500,000	7,500,000

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 14. FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)

The interest rate of fixed deposits with licensed banks of the Group and of the Company ranged from 1.60% to 1.80% (2020: 1.60% to 3.75%) per annum and 1.60% to 1.80% (2020: 1.60% to 1.85%) per annum respectively. The maturities of fixed deposits with licensed banks of the Group and of the Company ranged from 30 to 365 days (2020: 30 to 365 days).

The fixed deposits with licensed banks of the Group amounted to RM1,124,318 (2020: RM1,100,526) are pledged to licensed banks and non-financial institution respectively as securities for credit facilities granted to subsidiaries as disclosed in Note 19 to the financial statements.

### 15. CASH AND BANK BALANCES

The foreign currency profile of cash and bank balances are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
HKD	1,045	1,037	20	–
IDR	–	19	–	–
SGD	32,564	32,876	–	–
USD	1,190,634	595,266	971	–

### 16. SHARE CAPITAL

	Group and Company		Amount	
	Number of ordinary shares 2021 Units	2020 Units	2021 RM	2020 RM
<b>Issued and fully paid up</b>				
At 1 January	1,110,470,832	860,209,032	135,824,495	99,763,799
Issuance of shares				
- Private placement	–	147,186,800	–	23,121,793
- Rights issue	74,031,388	–	14,806,278	–
- Exercise of SIS	2,000,000	103,075,000	262,300	12,938,903
- Exercise of warrants	10,637,205	–	2,340,185	–
At 31 December	1,197,139,425	1,110,470,832	153,233,258	135,824,495

During the financial year 31 December 2021, the Company increased its issued paid-up share capital from RM135,824,495 to RM153,233,258 by way of:

- (a) 74,031,388 new ordinary shares at RM0.200 each for a total cash consideration of RM14,806,278 from renounceable rights issue;
- (b) 1,800,000 new ordinary shares at RM0.105 each for total cash consideration of RM189,000 from the exercise of SIS;
- (c) 200,000 new ordinary shares at RM0.205 each for total cash consideration of RM41,000 from the exercise of SIS;
- (d) 10,637,205 new ordinary shares at RM0.220 each for total cash consideration of RM2,340,185 from the exercise of warrants; and
- (e) The inclusion of RM32,300 from SIS option reserves as part of the paid up share capital upon the exercise of SIS.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 16. SHARE CAPITAL (CONT'D)

During the financial year 31 December 2020, the Company increased its issued paid-up share capital from RM99,763,799 to RM135,824,495 by way of:

- (a) 94,309,700 new ordinary shares of RM0.105 each for total cash consideration of RM9,902,518 from Private Placement;
- (b) 52,877,100 new ordinary shares of RM0.250 each for total cash consideration of RM13,219,275 for working capital purposes;
- (c) 7,125,000 new ordinary shares of RM0.205 each for total cash consideration of RM1,460,625 from the exercise of SIS;
- (d) 95,950,000 new ordinary shares of RM0.105 each for total cash consideration of RM10,074,750 from the exercise of SIS; and
- (e) The inclusion of RM1,403,528 from SIS option reserves as part of the paid up share capital upon the exercise of SIS of RM1,403,528.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings for the Company. All ordinary shares rank equally with regards to the Company's residual assets.

### 17. ICPS

	<b>Group and Company</b>	
	<b>Number of shares Units</b>	<b>Amount RM</b>
<b>2021</b>		
<b>Equity component recognised under equity:</b>		
Brought forward	—	—
Issuance of shares	457,078,472	9,141,569
Carried forward	457,078,472	9,141,569

On 28 May 2021, the Company issued 457,078,472 ICPS at an issue price of RM0.020 per ICPS. Any ICPS not converted will be converted upon the last day of the period of 5 years from the date of first issuance of the ICPS at a price of RM0.220 per share.

The salient features of the ICPS are as follows:

- (a) The ICPS is not redeemable for cash.
- (b) Each ICPS carries the entitlement to be converted into new ordinary share at the Conversion Ratio through the surrender of the ICPS. No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. If the conversion results in a fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 17. ICPS (CONT'D)

The salient features of the ICPS are as follows: (Cont'd)

- (c) The ICPS can be converted at any time within 5 years commencing on and including the date of issue of the ICPS up to and including the Maturity Date, as determined by the Conversion Ratio and Conversion Price. Any remaining ICPS that is not converted by the Maturity Date shall be automatically converted into new ordinary shares at the conversion ratio of 11 ICPS for 1 new ordinary share.
- (d) ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distributions in the Company until and unless such holders convert their ICPS into new ordinary share.

### 18. RESERVES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Treasury shares	(a)	–	–	–	–
Warrant reserve	(b)	15,517,253	16,853,263	15,517,253	16,853,263
SIS Option reserve	(c)	635,220	227,925	635,220	227,925
Merger deficits	(d)	(4,569,128)	(4,569,128)	–	–
Foreign currency translation reserve	(e)	276,781	226,530	–	–
Other reserve	(f)	(15,517,253)	(16,853,263)	(15,517,253)	(16,853,263)
Retained earnings/ (Accumulated losses)		27,956,518	29,211,147	(476,149)	161,406
		24,299,391	25,096,474	159,071	389,331

#### (a) Treasury shares

The shareholders of the Company, by a resolution passed in the Extraordinary General Meeting held on 17 August 2020, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group and Company			
	Number of shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
At 1 January	–	761,800	–	145,527
Share repurchases	–	3,000,000	–	508,191
Disposal of treasury shares	–	(3,761,800)	–	(653,718)
At 31 December	–	–	–	–

During the financial year 31 December 2020, the Company repurchased 3,000,000 of its issued share capital from the open market at an average price of RM0.169 per share including transaction costs. The repurchased transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

The Company disposed 3,761,800 of treasury shares at an average price of RM0.34 per share in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 18. RESERVES (CONT'D)

#### (a) Treasury shares (Cont'd)

	Group and Company 2021 RM	2020 RM
Proceed from disposal of treasury shares	–	1,279,315
Less: Disposal of treasury shares	–	(653,718)
Gain on disposal of treasury shares	–	625,597

#### (b) Warrant reserve

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

On 10 January 2017, the Company issued renounceable rights issue of up to 133,333,131 new ordinary shares ("Rights Shares") together with up to 133,333,131 free detachable warrants ("Warrants") on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing Rights Share held.

The main features of the warrants are as follows:

	Tenure years	Issue date	Expiry date	Exercise price RM
Warrants	5	10 January 2017	5 January 2022	0.220

The movements of the warrants are as follows:

	At 1 January	Number of units Adjustment*	Exercised	At 31 December
<b>2021</b>				
Warrants	133,332,785	851,461	(10,637,205)	123,547,041
<b>2020</b>				
Warrants	133,332,785	–	–	133,332,785

\* Adjustment on warrant unit due to the rights issue during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 18. RESERVES (CONT'D)

#### (c) 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 five (5) years from 12 January 2017 to 10 January 2022. The Company had on 6 January 2022 extended the existing SIS which expired on 11 January 2022 for another two (2) years from 12 January 2022 to 11 January 2024 in accordance with the Clause 21 of the SIS Bylaws.
- (f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.

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

Date of offer	Exercise price	Brought forward	Number of options over ordinary shares			Carried forward
			Adjustment <sup>#</sup>	Granted	Exercised	
<b>2021</b>						
27 February 2017	0.205	2,175,000	13,889	–	(200,000)	1,988,889
16 April 2020	0.105	4,050,000	25,863	–	(1,800,000)	2,275,863
10 September 2021	0.225	–	–	153,000,000	–	153,000,000
<hr/>						
<b>2020</b>						
27 February 2017	0.205	9,300,000	–	–	(7,125,000)	2,175,000
16 April 2020	0.105	–	–	100,000,000	(95,950,000)	4,050,000

<sup>#</sup> Adjustment on options due to the rights issue during the financial year.

Number of share options exercisable as at 31 December 2021 is 157,264,752 (2020: 6,225,000). The weighted average share price at the date of exercise for the financial year was RM0.110 (2020: RM0.110) per share option.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 18. RESERVES (CONT'D)

#### (c) SIS Option Reserve (Cont'd)

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follow:

	<b>Share Issuance Scheme Option</b>		
	<b>27 February 2017 RM</b>	<b>16 April 2020 RM</b>	<b>10 September 2021 RM</b>
Fair value	0.0909	0.0079	0.0029
Weighted average share price	0.225	0.110	0.225
Weighted average exercise price	0.205	0.105	0.225
Expected volatility	39.88%	28.20%	33.93%
Expected life (years)	5 years	1.18 years	0.44 year
Risk free rate (%)	3.70	2.52	1.76
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 considerations. 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.

#### (d) 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 using the merger method.

#### (e) 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.

#### (f) Other reserve

This represents fair value allocated to the detachable warrants issued in conjunction with rights issue refer to Note 18(b) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 19. LOAN AND BORROWINGS

	2021 RM	Group 2020 RM
<b>Secured</b>		
Bankers' acceptances	1,387,000	1,891,000
Revolving credit	1,000,000	–
Term loans	6,956,023	4,386,659
	9,343,023	6,277,659
<b>Non-current</b>		
Term loans	4,519,302	3,711,940
<b>Current</b>		
Bankers' acceptances	1,387,000	1,891,000
Revolving credit	1,000,000	–
Term loans	2,436,721	674,719
	4,823,721	2,565,719
	9,343,023	6,277,659

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

- (a) charge over certain freehold land and building, leasehold land and building, and plant and machineries of the Group as disclosed in Note 4 to the financial statements;
- (b) charge on fixed deposits with licensed banks of the Group as disclosed in Note 14 to the financial statements;
- (c) joint and severally guaranteed by certain of Directors of the Company; and
- (d) corporate guarantee by the Company.

Term loan I is repayable by 240 monthly instalments commencing from January 2014.

Term loan II is repayable by 72 monthly instalments commencing from December 2016.

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

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

Term loan V is repayable by 114 monthly instalments commencing from August 2021.

Bankers' acceptances facilities are repayable within 120 days.

Revolving credit facilities are repayable within 180 days.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 19. LOAN AND BORROWINGS (CONT'D)

The average effective interest rate are as follows:

	2021 %	Group 2020 %
Bankers' acceptances	2.11 - 3.80	3.70 - 5.00
Revolving credit	3.80 - 3.90	–
Term loans	4.50 - 5.13	4.54 - 5.13

### 20. LEASE LIABILITIES

	2021 RM	Group 2020 RM
Non-current	4,093,384	4,297,904
Current	1,110,840	1,078,329
	5,204,224	5,376,233

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

	2021 RM	Group 2020 RM
Within 1 year	1,256,595	1,266,988
Between 1 - 5 years	2,052,222	2,158,546
More than 5 years	3,281,381	3,486,504
	6,590,198	6,912,038
Less: Future finance charges	(1,385,974)	(1,535,805)
Present value of lease liabilities	5,204,224	5,376,233

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 terms and conditions.

### 21. DEFERRED TAX LIABILITIES

	2021 RM	Group 2020 RM
At 1 January	8,713,379	8,107,680
Recognised in profit or loss	(515,688)	(13,860)
(Over)/Under provision in prior financial years	(742,295)	619,559
At 31 December	7,455,396	8,713,379

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. DEFERRED TAX LIABILITIES (CONT'D)

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

	2021 RM	Group 2020 RM
Deferred tax liabilities	13,313,485	10,886,407
Deferred tax assets	(5,858,089)	(2,173,028)
	7,455,396	8,713,379

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
<b>Group</b>			
At 1 January 2021	2,545,871	8,340,536	10,886,407
Recognised in profit or loss	(737,056)	(130,098)	(867,154)
Over provision in prior financial years	958,998	2,335,234	3,294,232
At 31 December 2021	2,767,813	10,545,672	13,313,485
At 1 January 2020	2,540,172	8,340,536	10,880,708
Recognised in profit or loss	(13,860)	–	(13,860)
Over provision in prior financial years	19,559	–	19,559
At 31 December 2020	2,545,871	8,340,536	10,886,407

Deferred tax assets	Unutilised tax losses RM	Unutilised capital allowances RM	Unutilised reinvestment allowances RM	Others RM	Total RM
<b>Group</b>					
At 1 January 2021	(92,144)	–	(2,080,884)	–	(2,173,028)
Recognised in profit or loss	159,032	668,997	(847,393)	370,830	351,466
Over provision in prior financial years	(777,013)	(1,110,625)	(529,399)	(1,619,490)	(4,036,527)
At 31 December 2021	(710,125)	(441,628)	(3,457,676)	(1,248,660)	(5,858,089)
At 1 January 2020	(92,144)	–	(2,680,884)	–	(2,773,028)
Under provision in prior financial years	–	–	600,000	–	600,000
At 31 December 2020	(92,144)	–	(2,080,884)	–	(2,173,028)

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Property, plant and equipment	(793,250)	(886,801)	–	–
Unutilised business losses	12,921,883	15,408,556	–	–
Unutilised capital allowances	3,520,427	3,670,452	–	–
Provisions	6,372,224	7,909,038	2,744,803	831,546
	22,021,284	26,101,245	2,744,803	831,546

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment and the unused reinvestment allowance could be carried forward for a maximum of seven consecutive years of assessment after the expiry of the qualifying periods. Any balance of the unutilised business losses and reinvestment allowance at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

### 22. CONTRACT LIABILITIES

	2021 RM	Group 2020 RM
<b>Contract liabilities</b>		
- Non-current	30,000	–
- Current	1,084,269	554,933
	1,114,269	554,933

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 expects revenue from unsatisfied performance obligation to be recognised in the financial years as follow:

	2021 RM	Group 2020 RM
<b>Financial years ending 31 December</b>		
- 2022	1,084,269	554,933
- 2023	10,000	–
- 2024	10,000	–
- 2025	10,000	–
	1,114,269	554,933

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 23. OTHER PAYABLES

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Non-current</b>				
Deferred capital grant	171,020	469,832	–	–
<b>Current</b>				
Non-trade payables	1,799,377	389,782	526,491	297,141
Accruals	1,140,441	1,039,535	170,054	152,910
Deferred capital grant	298,812	368,391	–	–
Deposit received	2,872	46,587	–	–
Sales and service tax ("SST") payable	68,013	81,187	–	–
	3,309,515	1,925,482	696,545	450,051
	3,480,535	2,395,314	696,545	450,051

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 the deferred capital grant is as follows:

	2021 RM	Group 2020 RM
At 1 January	838,223	1,206,614
Amortised during the financial year	(368,391)	(368,391)
At 31 December	469,832	838,223
<b>Presented:</b>		
Non-current	171,020	469,832
Current	298,812	368,391
	469,832	838,223

The foreign currency profile of other payables are as follows:

	2021 RM	Group 2020 RM
USD	2,872	46,587



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 24. TRADE PAYABLES

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2020: 30 to 90 days) depending on the term of the contracts.

### 25. REVENUE

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Revenue from contract with customers:</b>				
Sales of goods	96,671,133	36,360,762	–	–
Franchise fee	15,500	–	–	–
Management fee	32,731	101,657	–	–
	96,719,364	36,462,419	–	–
<b>Revenue from other sources:</b>				
Dividend income	–	–	4,000,000	4,000,000
	96,719,364	36,462,419	4,000,000	4,000,000
<b>Timing of revenue recognition:</b>				
At a point in time	96,719,364	36,462,419	4,000,000	4,000,000

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

	<b>Sales of goods RM</b>	<b>Major goods and services Franchise fee RM</b>	<b>Management fee RM</b>	<b>Total RM</b>
<b>2021</b>				
Trading	55,498,042	–	–	55,498,042
Manufacturing	26,791,172	–	–	26,791,172
Retail pharmacy	14,381,919	–	–	14,381,919
Others	–	15,500	32,731	48,231
	96,671,133	15,500	32,731	96,719,364
<b>Geographical market:</b>				
Malaysia	32,782,753	15,500	32,731	32,830,984
China	57,554,337	–	–	57,554,337
Indonesia	5,894,711	–	–	5,894,711
Others	439,332	–	–	439,332
	96,671,133	15,500	32,731	96,719,364

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 25. REVENUE (CONT'D)

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

	Major goods and services		
	Sales of goods RM	Management fee RM	Total RM
<b>2020</b>			
Trading	9,951,189	–	9,951,189
Manufacturing	10,148,322	–	10,148,322
Retail pharmacy	16,261,251	–	16,261,251
Others	–	101,657	101,657
	36,360,762	101,657	36,462,419
<b>Geographical market:</b>			
Malaysia	25,203,234	101,657	25,304,891
China	10,171,898	–	10,171,898
Indonesia	943,536	–	943,536
Others	42,094	–	42,094
	36,360,762	101,657	36,462,419

### 26. FINANCE COST AND FINANCE INCOME

	Group	
	2021 RM	2020 RM
<b>Finance costs</b>		
Interest on bank overdraft	1,676	17,112
Interest on bankers' acceptance	47,124	83,932
Interest on lease liabilities	145,046	170,046
Interest on term loans	359,181	177,517
Interest on revolving credit	14,418	–
	567,445	448,607

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Finance income</b>				
Interest from fixed deposits				
with licensed banks	375,750	316,300	250,103	212,679
Interest from other investment	227	301	–	–
	375,977	316,601	250,103	212,679

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 27. LOSS BEFORE TAX

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- Current year	173,302	161,279	60,000	45,000
- Over provision in prior years	—	(4,200)	—	—
- Non-audit	43,000	5,000	43,000	5,000
Allowance for expected credit losses on				
- Trade receivables	12,411	6,698,499	—	—
- Other receivables	659,279	—	—	—
- Amount due from subsidiaries	—	—	1,913,257	75,617
Reversal of allowance for expected credit losses				
- Trade receivables	(1,666,871)	(95,795)	—	—
- Amount due from subsidiaries	—	—	—	(136,331)
Amortisation of intangible assets	2,342,080	4,224,323	—	—
Amortisation of deferred capital grant	(368,391)	(368,391)	—	—
Bad debts written off	796,910	3,140,286	—	—
Biological assets written off	1,660	11,174	—	—
Depreciation of property, plant and equipment	10,238,215	9,157,576	1,305	1,306
Loss on disposal of property, plant and equipment	10,400	76,413	—	—
(Gain)/Loss on foreign exchange				
- Realised	(1,098)	58,036	—	35
- Unrealised	(269,967)	27,200	(164,475)	505,359
Impairment losses on goodwill on consolidation	50,000	507,127	—	—
Inventories written off	246,016	4,105,256	—	—
Provision of slow-moving inventories	75,548	680,214	—	—
Reversal of provision of slow-moving inventories	(617,181)	—	—	—
Property, plant and equipment written off	814,742	297,627	—	—
Rent concession related to COVID-19	(40,540)	(61,563)	—	—
Gain on modification of lease contract	(1,600)	(396,178)	—	—
Rental income	(27,600)	(14,400)	—	—
Lease expenses relating to:				
- Low value assets (a)	13,520	1,269	—	—
- Short-term leases (a)	391,196	83,255	—	—
Share based payment	439,595	794,454	439,595	794,454
Loss on dilution of a subsidiary	239,808	—	—	—
Wages subsidies (b)	(181,600)	(686,767)	—	—

(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.

(b) Certain subsidiaries of the Group was entitled to a wage subsidy programme introduced by the government of Malaysia in response to the COVID-19 pandemic during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 28. TAXATION

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Tax expenses recognised in profit or loss</b>				
<b>Current tax</b>				
Current financial year provision	81,244	160,957	42,048	–
(Over)/Under provision in priors financial years	(70,855)	5,358	(6,306)	156,148
	10,389	166,315	35,742	156,148
<b>Deferred tax liabilities</b>				
Origination and reversal of temporary difference	(515,688)	(13,860)	–	–
(Over)/Under provision in priors financial years	(742,295)	619,559	–	–
	(1,257,983)	605,699	–	–
<b>Total tax (income)/expense</b>	(1,247,594)	772,014	35,742	156,148

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:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Loss before tax	(2,772,090)	(41,452,433)	(601,813)	(224,237)
At Malaysian statutory tax rate of 24% (2020: 24%)	(665,302)	(9,948,584)	(144,435)	(53,817)
Expenses not deductible for tax purposes	3,147,389	9,012,792	687,301	469,426
Income not subject to tax	(1,021,121)	(1,166,258)	(960,000)	(960,000)
Income exempted under pioneer status	(68,826)	–	–	–
Deferred tax assets not utilised in respect of reinvestment allowance	(847,393)	(480,890)	–	–
Movement of deferred tax assets not recognised	(979,191)	2,730,037	459,182	544,391
(Over)/Under provision of tax expenses in priors financial years	(70,855)	5,358	(6,306)	156,148
(Over)/Under provision of deferred tax in priors financial years	(742,295)	619,559	–	–
	(1,247,594)	772,014	35,742	156,148

A subsidiary has received an approval letter dated 20 December 2013 from the 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)

### 29. 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:

	2021 RM	Group 2020 RM
Loss attributable to owners of Company	(1,286,499)	(41,148,447)
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	1,110,470,832	860,209,032
Effect of ordinary shares issued during the financial year	45,037,594	113,289,611
Weighted average number of ordinary shares at 31 December	1,155,508,426	973,498,643
Basic loss per ordinary shares (in sen)	(0.11)	(4.23)

#### (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:

	2021 RM	Group 2020 RM
Loss attributable to owners of Company	(1,286,499)	(41,148,447)
Weighted average number of ordinary shares	1,155,508,426	973,498,643
Adjustment for incremental shares from assumed conversions:		
Warrants	12,564,677	25,147,668
SIS		
- Granted on 27 February 2017	324,084	530,549
- Granted on 16 April 2020	1,300,122	1,762,897
- Granted on 10 September 2021	3,850,171	-
ICPS	22,561,555	-
Weighted average number of ordinary shares at 31 December (diluted)	1,196,109,035	1,000,939,757
Loss per ordinary shares (in sen)	(0.11)	(4.11)

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 30. STAFF COSTS

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Salaries, wages and other emoluments	8,120,446	7,656,370	1,119,795	1,142,994
Social security contributions	79,046	76,949	2,417	2,486
Defined contribution plans	740,162	738,573	77,960	76,607
Employment insurance scheme	6,456	6,060	87	95
Share based payment	439,595	794,454	439,595	794,454
	9,385,705	9,272,406	1,639,854	2,016,636
Less: Capitalised into:				
- Plantation expenditure (Note 4)	(178,259)	(43,184)	-	-
- Biological assets (Note 9)	-	(3,264)	-	-
	9,207,446	9,225,958	1,639,854	2,016,636

Included in staff costs is aggregate amount of remuneration received and receivable by the Non-Executive Directors and Executive Directors of the Group and of the Company during the financial year as below:

	Group and Company 2021 RM	2020 RM
<b>Non-Executive Directors</b>		
Fee	184,493	172,760
Allowances	44,500	45,500
Share based payment	22,985	39,723
	251,978	257,983

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Executive Directors</b>				
Salaries and other emoluments	994,762	752,216	885,930	752,216
Social security contributions	2,504	2,273	2,504	2,273
Defined contribution plans	77,960	63,607	77,960	63,607
Share based payment	287,317	476,670	287,317	476,670
	1,362,543	1,294,766	1,253,711	1,294,766

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 31. 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:

	<b>Lease liabilities RM</b>	<b>Term loans RM</b>
<b>Group</b>		
At 1 January 2021	5,376,233	4,386,659
Drawdown	1,127,683	3,279,800
Repayment	(1,222,168)	(710,436)
Modification of lease term	(41,972)	–
Rent concession related to COVID-19	(40,540)	–
Foreign exchange translation	4,988	–
At 31 December 2021	5,204,224	6,956,023
At 1 January 2020	6,523,886	4,836,837
Drawdown	1,108,237	–
Repayment	(1,225,623)	(450,178)
Modification of lease term	(960,435)	–
Rent concession related to COVID-19	(61,563)	–
Foreign exchange translation	(8,269)	–
At 31 December 2020	5,376,233	4,386,659

### 32. 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 joint 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:

	<b>Company 2021 RM</b>	<b>2020 RM</b>
Transaction with a subsidiary		
- Dividend income	4,000,000	4,000,000



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 32. RELATED PARTY DISCLOSURES (CONT'D)

#### (c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fee	184,493	172,760	184,493	172,760
Salaries and other emoluments	1,039,262	822,556	930,430	797,716
Social security contributions	2,504	2,273	2,504	2,273
Defined contribution plans	77,960	63,607	77,960	63,607
Share based payment	310,302	516,393	310,302	516,393
	1,614,521	1,577,589	1,505,689	1,552,749

### 33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Trading	:	Procurement and sales of health food products
Manufacturing	:	Research, development, manufacture, importer, exporters, distribution and trader of nutritional and healthcare products
Retail pharmacy	:	Pharmacist, druggist and chemicals
Others	:	Investment holding and provision of management

Management monitors the operating results of its business units separately for the purpose of making decisions 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)

### 33. SEGMENT INFORMATION (CONT'D)

Group 2021	Note	Trading RM	Manufacturing RM	Retail pharmacy RM	Others RM	Total Segments RM	Adjustment and eliminations RM	Consolidated RM
External customer		55,498,042	26,791,172	14,381,919	48,231	96,719,364	-	96,719,364
Inter-segment		-	2,955,734	9,391,144	4,244,121	16,590,999	(16,590,999)	-
Total revenue		55,498,042	29,746,906	23,773,063	4,292,352	113,310,363	(16,590,999)	96,719,364
<b>Results</b>								
Finance income		11,321	114,553	-	250,103	375,977	-	375,977
Finance costs		-	(415,915)	(151,530)	-	(567,445)	-	(567,445)
Depreciation on property, plant and equipment		(513,220)	(8,909,650)	(803,444)	(11,901)	(10,238,215)	-	(10,238,215)
Amortisation on intangible asset		(120,305)	(2,221,775)	-	-	(2,342,080)	-	(2,342,080)
Other non-cash item	A	112,704	1,340,782	(1,095,111)	(275,120)	83,255	(465,074)	(381,819)
Segment loss		(1,656,264)	(18,772,079)	(13,527,886)	(2,663,957)	(36,620,186)	35,095,690	(1,524,496)
<b>Assets</b>								
Additions to non-current assets other than financial instruments deferred tax assets	B	1,688,351	22,678,668	956,031	245,000	25,568,050	-	25,568,050
Segment assets	C	19,864,895	242,543,824	14,174,395	194,226,203	470,809,317	(259,152,204)	211,657,113
<b>Liabilities</b>								
Segment liabilities	D	9,348,400	192,749,240	25,294,320	28,837,200	256,229,160	(247,126,313)	9,102,847

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 33. SEGMENT INFORMATION (CONT'D)

Group 2020	Note	Trading RM	Manufacturing RM	Retail pharmacy RM	Others RM	Total Segments RM	Adjustment and eliminations RM	Consolidated RM
External customer		9,951,189	10,148,322	16,261,251	101,657	36,462,419	–	36,462,419
Inter-segment		–	1,260,194	9,399,874	4,244,826	14,904,894	(14,904,894)	–
Total revenue		9,951,189	11,408,516	25,661,125	4,346,483	51,367,313	(14,904,894)	36,462,419
<b>Results</b>								
Finance income		4,654	99,268	–	212,679	316,601	–	316,601
Finance costs		–	(276,754)	(171,853)	–	(448,607)	–	(448,607)
Depreciation on property, plant and equipment		(74,550)	(8,055,303)	(1,017,688)	(10,035)	(9,157,576)	–	(9,157,576)
Amortisation on intangible assets		(3,047)	(4,221,276)	–	–	(4,224,323)	–	(4,224,323)
Other non-cash items	A	(150,122)	(14,196,413)	(226,903)	(1,299,813)	(15,873,251)	456,928	(15,416,323)
Segment loss		(282,240)	(33,081,633)	(3,398,012)	(1,239,892)	(38,001,777)	(4,222,670)	(42,224,447)
<b>Assets</b>								
Additions to non-current assets other than financial instruments deferred tax assets	B	2,500,790	15,132,105	599,476	–	18,232,371	–	18,232,371
Segment assets	C	12,582,756	228,276,040	27,797,540	164,723,308	433,379,644	(252,995,515)	180,384,129
<b>Liabilities</b>								
Segment liabilities	D	3,655,803	160,686,204	25,833,970	23,645,910	213,821,887	(207,726,651)	6,095,236

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 33. 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:

	2021 RM	Group 2020 RM
<b>Other non-cash item:</b>		
Amortisation of deferred capital grant	368,391	368,391
Bad debts written off	(796,910)	(3,140,286)
Biological assets written off	(1,660)	(11,174)
Share based payment	(439,595)	(794,454)
Allowance for ECLs		
- Trade receivables	(12,411)	(6,698,499)
- Other receivables	(659,279)	-
Reversal of allowance for ECLs		
- Trade receivables	1,666,871	95,795
Impairment losses on goodwill on consolidation	(50,000)	(507,127)
Inventories written off	(246,016)	(4,105,256)
Provision of slow-moving inventories	(75,548)	(680,214)
Reversal of provision of slow-moving inventories	617,181	-
Loss on disposal of property, plant and equipment	(10,400)	(76,413)
Property, plant and equipment written off	(814,742)	(297,627)
Rent concession related to COVID-19	40,540	61,563
Unrealised gain/(loss) on foreign exchange	269,967	(27,200)
Gain on modification of lease contract	1,600	396,178
Loss on dilution of a subsidiary	(239,808)	-
	(381,819)	(15,416,323)

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

	2021 RM	Group 2020 RM
Property, plant and equipment	18,923,056	11,902,830
Intangible assets	6,644,994	6,329,541
	25,568,050	18,232,371

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 33. 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.

	2021 RM	Group 2020 RM
Segment assets	211,657,113	180,384,129
Tax recoverable	472,349	375,283
Goodwill	5,334,030	5,384,030
<b>Total assets</b>	<b>217,463,492</b>	<b>186,143,442</b>

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

	2021 RM	Group 2020 RM
Segment liabilities	9,102,847	6,095,236
Deferred tax liabilities	7,455,396	8,713,379
Lease liabilities	5,204,224	5,376,233
Loan and borrowings	9,343,023	6,277,659
Tax payable	19,332	140,026
<b>Total liabilities</b>	<b>31,124,822</b>	<b>26,602,533</b>

#### Geographic information

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

	2021 RM	Group 2020 RM
Malaysia	32,830,984	25,304,891
China	57,554,337	10,171,898
Indonesia	5,894,711	943,536
Others	439,332	42,094
	<b>96,719,364</b>	<b>36,462,419</b>

#### Major customer

There is 1 (2020: Nil) major customer contributing to RM36,873,402 (2020: RMNil) or more of total revenue of the Group from trading segment.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>At amortised cost</b>				
<b>Financial assets</b>				
Trade receivables	23,966,989	22,156,048	–	–
Other receivables	14,253,061	5,665,889	37,079	48,429
Amount due from subsidiaries	–	–	164,073,895	133,298,415
Fixed deposits with licensed banks	11,624,318	16,100,526	9,500,000	7,500,000
Cash and bank balances	24,314,060	11,685,164	2,486,835	3,970,976
	<b>74,158,428</b>	<b>55,607,627</b>	<b>176,097,809</b>	<b>144,817,820</b>
<b>At FVTPL</b>				
<b>Financial asset</b>				
Other investments	11,906	11,679	–	–
<b>At amortised cost</b>				
<b>Financial liabilities</b>				
Loan and borrowings	9,343,023	6,277,659	–	–
Trade payables	4,508,043	3,144,989	–	–
Other payables	3,412,522	2,314,127	696,545	450,051
Amount due to subsidiaries	–	–	26,849,873	21,901,546
	<b>17,263,588</b>	<b>11,736,775</b>	<b>27,546,418</b>	<b>22,351,597</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (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.

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 dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks 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 guarantees 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 financial year, the Group has 3 (2020: 4) major customers and accounted for approximately 52% (2020: 56%) of the trade receivables outstanding.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall 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.

The following table analyses the remaining contractual maturity for 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 within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>					
<b>2021</b>					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Term loans	2,727,452	3,710,375	1,472,985	7,910,812	6,956,023
Lease liabilities	1,256,595	2,052,222	3,281,381	6,590,198	5,204,224
Trade payables	4,508,043	–	–	4,508,043	4,508,043
Other payables	3,241,502	171,020	–	3,412,522	3,412,522
Bankers' acceptance	1,387,000	–	–	1,387,000	1,387,000
Revolving credit	1,000,000	–	–	1,000,000	1,000,000
	14,120,592	5,933,617	4,754,366	24,808,575	22,467,812
Financial guarantee*	200,000	–	–	200,000	
<b>2020</b>					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Term loans	878,498	2,495,818	2,009,003	5,383,319	4,386,659
Lease liabilities	1,266,988	2,158,546	3,486,504	6,912,038	5,376,233
Trade payables	3,144,989	–	–	3,144,989	3,144,989
Other payables	1,844,295	469,832	–	2,314,127	2,314,127
Bankers' acceptance	1,891,000	–	–	1,891,000	1,891,000
	9,025,770	5,124,196	5,495,507	19,645,473	17,113,008
Financial guarantee*	200,000	–	–	200,000	

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk (Cont'd)

	On demand within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Company</b>					
<b>2021</b>					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	696,545	–	–	696,545	696,545
Amount due to subsidiaries	26,849,873	–	–	26,849,873	26,849,873
	27,546,418	–	–	27,546,418	27,546,418
Financial guarantee*	4,405,319	–	–	4,405,319	
<b>2020</b>					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	450,051	–	–	450,051	450,051
Amount due to subsidiaries	21,901,546	–	–	21,901,546	21,901,546
	22,351,597	–	–	22,351,597	22,351,597
Financial guarantee*	4,526,968	–	–	4,526,968	

\* 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 their credit facilities is remote.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risk (Cont'd)

##### (a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Trade receivables RM	Other receivables RM	Other payables RM	Cash and bank balances RM	Total RM
<b>Group</b>					
<b>2021</b>					
<u>Denominated in</u>					
HKD	–	–	–	1,045	1,045
SGD	–	–	–	32,564	32,564
USD	10,248,073	127,116	(2,872)	1,190,634	11,562,951
	10,248,073	127,116	(2,872)	1,224,243	11,596,560
<b>2020</b>					
<u>Denominated in</u>					
HKD	–	–	–	1,037	1,037
IDR	–	–	–	19	19
SGD	–	–	–	32,876	32,876
USD	14,398,683	369,348	(46,587)	595,266	15,316,710
	14,398,683	369,348	(46,587)	629,198	15,350,642
		<b>Amount due from subsidiaries RM</b>	<b>Cash and bank balances RM</b>	<b>Total RM</b>	
<b>Company</b>					
<b>2021</b>					
<u>Denominated in</u>					
CNY		15,321,246	–	15,321,246	
HKD		17,770,237	20	17,770,257	
USD		12,360,025	971	12,360,996	
		45,451,508	991	45,452,499	
<b>2020</b>					
<u>Denominated in</u>					
HKD		14,237,688	–	14,237,688	

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risk (Cont'd)

##### (a) Foreign currency risk (Cont'd)

##### Foreign currency sensitivity analysis

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.

Change in currency rate		Effect on loss before tax	
		2021 RM	2020 RM
<b>Group</b>			
HKD	Strengthened 1% (2020: 1%)	10	10
	Weakened 1% (2020: 1%)	(10)	(10)
IDR	Strengthened 1% (2020: 1%)	–	*
	Weakened 1% (2020: 1%)	–	*
SGD	Strengthened 1% (2020: 1%)	326	329
	Weakened 1% (2020: 1%)	(326)	(329)
USD	Strengthened 1% (2020: 1%)	115,630	153,167
	Weakened 1% (2020: 1%)	(115,630)	(153,167)
<b>Company</b>			
CNY	Strengthened 1% (2020: 1%)	153,212	–
	Weakened 1% (2020: 1%)	(153,212)	–
HKD	Strengthened 1% (2020: 1%)	177,703	142,377
	Weakened 1% (2020: 1%)	(177,703)	(142,377)
USD	Strengthened 1% (2020: 1%)	123,610	–
	Weakened 1% (2020: 1%)	(123,610)	–

\* Less than RM1

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risk (Cont'd)

##### (b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group and the Company manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor their interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2021 RM	2020 RM
<b>Fixed rate instruments</b>		
<u>Financial asset</u>		
Fixed deposits with licensed banks	11,624,318	16,100,526
<u>Financial liabilities</u>		
Bankers' acceptance	(1,387,000)	(1,891,000)
Lease liabilities	(351,050)	(565,511)
Revolving credit	(1,000,000)	–
Term loans	(519,986)	(872,496)
	(3,258,036)	(3,329,007)
Net financial assets	8,366,282	12,771,519
<b>Floating rate instruments</b>		
<u>Financial liability</u>		
Term loans	(6,436,037)	(3,514,163)
	Company	
	2021 RM	2020 RM
<b>Fixed rate instruments</b>		
<u>Financial asset</u>		
Fixed deposits with licensed banks	9,500,000	7,500,000

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risk (Cont'd)

##### (b) Interest rate risk (Cont'd)

###### 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 RM64,360 (2020: RM35,142), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### (c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and carrying amounts shown in the statements of financial position.

	2021 RM	Group 2020 RM
<b>Fair value of financial instruments carried at fair value</b>		
<b>Level 1</b>		
Financial asset		
Other investment	11,906	11,679

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair value of financial instruments (Cont'd)

##### (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 valuation techniques used in the determination of fair values within Level 3, as well as key unobservable inputs used in the valuation method.

### 35. CAPITAL COMMITMENT

	2021 RM	Group 2020 RM
<b>Capital expenditure</b>		
Authorised and contracted for:		
Infrastructure expenditure	–	37,248
Property, plant and equipment	31,200	150,696
	31,200	187,944

### 36. FINANCIAL GUARANTEES

	2021 RM	2020 RM
<b>Group Unsecured</b>		
Performance bonds in relation to the management of the Herbal Intergrated Cluster Development	200,000	200,000
<b>Company Unsecured</b>		
Corporate guarantees given to the licensed financial institution for credit facility granted to a subsidiary	4,405,319	4,526,968



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 37. 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 end of the reporting period are as follows:

	2021 RM	Group 2020 RM
Total loans and borrowings (Note 19)	9,343,023	6,277,659
Total lease liabilities	351,050	565,511
Less: Cash and cash equivalents	(24,314,060)	(11,685,164)
Less: Fixed deposit with licensed banks	(11,624,318)	(16,100,526)
Net cash	(26,244,305)	(20,942,520)
Total equity	186,338,670	159,540,909
Gearing ratio	N/A	N/A

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

### 38. SUBSEQUENT EVENTS

On 6 January 2022, the Company has resolved to extend the duration of its existing SIS, which expiring on 11 January 2022, for another 2 years from 12 January 2022 to 11 January 2024 in accordance with the Clause 21 of the SIS By-Laws.

On 24 March 2022, the Company has cancelled 153,000,000 SIS Options offered on 10 September 2021 at exercise price of RM0.225 per share upon mutual agreements with respective SIS Option holders.

### 39. COMPARATIVE INFORMATION

Certain comparatives were reclassified to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2020.

The financial statement of the Group and of the Company for the financial year ended 31 December 2020 were audited by another auditor firm of Chartered Accountants.

### 40. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2022.

## 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 2021 RM'000	Date of last revaluation	Age
BISB	No. 10, Jalan P/9A Seksyen 13 Bandar Baru Bangi Selangor Darul Ehsan	Industrial land with the following buildings erected thereon: <ul style="list-style-type: none"> <li>a semi-detached two (2)-storey building annexed with an open shed for our manufacturing facility;</li> <li>two (2) utility cabins for our restroom and surau; and</li> <li>a guardhouse</li> </ul>	April 30, 2012	8,137 / 11,000	99 years expiring on 20.08.2105	3,459	March 10, 2013	84 years
Mediconstant Pharmacy Sdn Bhd	83, Jalan 34/154, Taman Dahlia, Cheras, 56000 Kuala Lumpur	Two (2) units of adjoining double storey shop lots for our retail pharmacy	N/A	1,647	freehold	1,464	Sept 27, 2016	(1)
BISB	No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack Off Jalan P1A, Seksyen 13 Bandar Baru Bangi, 43000 Kajang Selangor Darul Ehsan	Units of 3 Storey Semi-detached Factory with Office	July 07, 2014	6,966 / 10,606	99 years expiring on 20.08.2113	3,528	March 09, 2018	92 years

## LIST OF PROPERTIES (Cont'd)

### LEASED

Tenant	Landlord	Location	Description and Existing Use	Built-Up Area/ Land Area	Rental RM	Rental/ Lease Period
BHB, BISB and BECA	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: <ul style="list-style-type: none"> <li>• an administration and management building;</li> <li>• a fertilizer storage facility;</li> <li>• an equipment store cum repair and maintenance workshop;</li> <li>• residential buildings as follows: <ul style="list-style-type: none"> <li>(i) one (1) unit of bungalow;</li> <li>(ii) twelve (12) units of office terrace;</li> <li>(iii) nine (9) units of family terrace;</li> <li>(iv) two (2) blocks of hostel;</li> <li>(v) surau;</li> <li>(vi) convenience store;</li> </ul> </li> <li>• common facilities as follows: <ul style="list-style-type: none"> <li>(i) skid tank;</li> <li>(ii) guardhouse; and</li> <li>(iii) water storage tank.</li> </ul> </li> </ul>	<sup>(2)</sup> / 123.5 to 1,003 acres	152,527.50 per annum	07.04.2014 to 06.04.2044
BJHSB	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	<sup>(3)</sup>	<sup>(3)</sup>
BDSB	Dewina LSG Sdn Bhd	No. 12, Jalan P/9A, Seksyen 13 Bandar Baru Bangi, Selangor.	Industrial land with a semi-detached one (1) ½-storey building for our manufacturing facility	5,600 / 11,000	8,800 per month	01.02.2021 to 31.01.2023
Mediconstant Pharmacy Sdn Bhd	Simco Assets Sdn Bhd	No. 18 Jalan Ruang U8/109, Bukit Jelutong, 40150 Shah Alam, Selangor	Semi-detached Factory with Office	6,500	13,500 per month	01.05.2021 to 30.04.2028

(1) Not available as the building is freehold.

(2) Not available as the leased buildings and infrastructures are of different types and sizes.

(3) On 27 June 2019, State Secretary (Incorporated) Johor has through Bio Desaru Sdn Bhd (who has been duly granted the power to deal with and undertake the development activities of Desaru Land under the POA registered with the land office Johor on 27 February 2014) has submitted the relevant lease registration documents for Plot 1 and Plot 2 of Desaru Land to the land office. To date, the said lease registration documents in relation to the Desaru Land is being process by the land office.

# ANALYSIS OF SHAREHOLDINGS

As at 31 March 2022

## SHARE CAPITAL

Total Number of Issued Shares	:	1,210,072,011 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2022

(As per Records of Depositors)

Size of Holding	No. of shareholders	%	No. of Shares Held	%
Less than 100	650	5.33	30,940	0.00
100 - 1,000	993	8.14	533,621	0.04
1,001 - 10,000	4,076	33.40	26,197,991	2.17
10,001 - 100,000	5,322	43.62	199,012,294	16.45
100,001 AND ABOVE	1,161	9.51	984,297,165	81.34
<b>Total</b>	<b>12,202</b>	<b>100.00</b>	<b>1,210,072,011</b>	<b>100.00</b>

## LIST OF SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

No.	Name of Substantial Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Perbadanan Nasional Berhad	120,855,104	9.99	—	—
2	Malaysian Technology Development Corporation Sdn Bhd	114,350,818	9.45	—	—
3	Hon Tian Kok @ William	125,979,200	10.41	10,520,800*	0.86*
4	Ooi Keng Thye	71,797,711	5.93	—	—

\* Indirect interest by virtual of Section 8 of the Companies Act, 2016 via his interest in WH Capital Sdn Bhd.

## LIST OF DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows: -

No.	Name of Director	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	—	—	—	—
2	Hon Tian Kok @ William	125,979,200	10.41	10,520,800*	0.86*
3	Ho Tze Hiung	—	—	—	—
4	Dato' Norhalim Bin Yunus	1,000,000	0.08	—	—
5	Mohd Nasir Bin Abdullah	100,000	0.01	—	—
6	Kang Jimmi	—	—	—	—
7	Goh Siow Cheng	—	—	—	—

\* Indirect interest by virtual of Section 8 of the Companies Act, 2016 via his interest in WH Capital Sdn Bhd.

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

### LIST OF TOP 30 SHAREHOLDERS

*(As per Records of Depositors)*

No.	Name of Shareholders	No. of Shares	%
1	PERBADANAN NASIONAL BERHAD	120,855,104	9.99
2	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	114,350,818	9.45
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	72,234,067	5.97
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	71,797,711	5.93
5	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	49,057,600	4.05
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HN TIAN KOK @ WILLIAM	28,411,733	2.35
7	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM (7001081)	18,133,333	1.50
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	10,999,910	0.91
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WH CAPITAL	10,520,800	0.87
10	HO HUEY CHIN	10,621,900	0.85
11	SEAH TIN KIM	8,790,666	0.73
12	ONG KENG SENG	7,550,000	0.62
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	7,200,066	0.60
14	VOON SZE LIN	6,847,811	0.57
15	KHOR HSIA JOEW	6,335,310	0.52
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN	5,984,200	0.49
17	GV ASIA FUND LIMITED	5,756,300	0.48
18	CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD	5,333,333	0.44
19	WX PHARMACY SDN BHD	4,273,800	0.35
20	GOH KUANG WEI	3,926,666	0.32
21	YUNG BOON HONG @ YANG KOK CHING	3,661,066	0.30
22	TAN HANG CHONG	3,500,000	0.29
23	KUA HOCK LAI	3,150,000	0.26
24	AW KHENG TONG	3,000,000	0.25
25	VOON JYE WAH	2,908,900	0.24
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG YOOK CHU @ ANG YOKE FONG (8076574)	2,960,000	0.22
27	OOI TEIK AUN	2,666,666	0.22
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN YOON FOON (E-JBU)	2,630,000	0.22
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK (E-TAI/KKR)	2,627,400	0.22
30	LEONG KOK WAI	2,560,000	0.21

## ANALYSIS OF ICPS SHAREHOLDINGS

As at 31 March 2022

Types of Securities : Irredeemable Convertible Preference Shares (ICPS)  
Total number of ICPS Issued : 457,078,472

### DISTRIBUTION OF ICPS SHAREHOLDINGS

(As per Records of Depositors)

Size of Holding	No. of shareholders	%	No. of Shares Held	%
Less than 100	94	6.10	4,251	0.00
100 - 1,000	165	10.71	90,743	0.02
1,001 - 10,000	753	48.86	3,421,258	0.75
10,001 - 100,000	429	27.84	14,041,011	3.07
100,001 AND ABOVE	100	6.49	439,521,209	96.16
<b>Total</b>	<b>1,541</b>	<b>100.00</b>	<b>457,078,472</b>	<b>100.00</b>

### LIST OF DIRECTORS' ICPS SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

The Directors' Shareholdings based on the Register of Directors' ICPS Shareholdings of the Company are as follows:-

No.	Name of Directors	No. of ICPS held		No. of ICPS held	
		Direct	%	Indirect	%
1	Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	—	—	—	—
2	Hon Tian Kok @ William	97,361,736	21.30	105,000,000*	22.97*
3	Ho Tze Hiung	—	—	—	—
4	Dato' Norhalim Bin Yunus	10,000,000	2.19	—	—
5	Mohd Nasir Bin Abdullah	—	—	—	—
6	Kang Jimmi	—	—	—	—
7	Goh Siow Cheng	10,000,000	2.19	—	—

\* Indirect interest by virtual of Section 8 of the Companies Act, 2016 via his interest in WH Capital Sdn Bhd.

## ANALYSIS OF ICPS SHAREHOLDINGS (Cont'd)

### LIST OF TOP 30 ICPS HOLDERS

*(As per Records of Depositors)*

No.	Name	No. of ICPS	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED ACCOUNT FOR WH CAPITAL SDN BHD	105,000,000	22.94
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	62,606,324	13.70
3	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	34,755,412	7.60
4	WARRANTS CAPITAL LIMITED	34,200,000	7.48
5	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)	33,690,000	7.37
6	CGS CIMB NOMINEES (ASING) SDN BHD PIONEER UNITED LIMITED (JS 803)	26,725,100	5.85
7	VOON SZE LIN	18,583,213	4.07
8	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	17,867,315	3.91
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	10,778,800	2.36
10	GOH SIOW CHENG	10,000,000	2.19
11	NORHALIM BIN YUNUS	10,000,000	2.19
12	ABD RAHMAN BIN MAMAT	8,583,333	1.88
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	7,665,250	1.68
14	GV ASIA FUND LIMITED	6,800,300	1.49
15	VOON JYE WAH	4,979,400	1.09
16	WX PHARMACY SDN BHD	3,610,700	0.79
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	3,505,012	0.77
18	ANG YOOK CHU @ ANG YOKE FONG	3,313,400	0.72
19	TEO TIEW	2,600,012	0.57
20	CHONG KAM CHOY	2,442,100	0.53
21	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GV ASIA FUND LIMITED (STA 1)	2,025,400	0.44
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH CHOO WEI (E-KUG)	1,632,800	0.36
23	VOON JYE WAH	1,625,100	0.36
24	NG SIOK MENG	1,467,300	0.32
25	IFAST NOMINEES (TEMPATAN) SDN BHD VOON JYE YNG	1,348,800	0.30
26	CHIN JEE YANG	1,260,000	0.28
27	LIM BOON HIAN	1,225,700	0.27
28	KHOR HSIA JOEW	1,088,300	0.24
29	YONG YOKE FONG	1,055,000	0.23
30	CHAI CHEE FER	889,300	0.19



## NOTICE OF THE ELEVENTH (11TH) ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eleventh (11<sup>th</sup>) Annual General Meeting of Bioalpha Holdings Berhad (“Bioalpha” or “the Company”) will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack, Off Jalan P1A, Seksyen 13, Bandar Baru Bangi, 43000 Kajang, Selangor Darul Ehsan, Malaysia via the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Tuesday, 28 June 2022 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 2021 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 RM380,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 11<sup>th</sup> AGM until the conclusion of the next AGM of the Company in year 2023. (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. Ms Goh Siow Cheng (Ordinary Resolution 2)
  - ii. Mr Kang Jimmi (Ordinary Resolution 3)
4. To re-appoint TGS TW PLT (“TGS”), 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 4)

### AS SPECIAL BUSINESS:

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

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** (Ordinary Resolution 5)

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”), the Constitution of the Company, the Ace Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and its subsequent letter dated 23 December 2021 on the extension of implementation of the 20% General Mandate and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time (“20% General Mandate”); 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 pursuant to the 20% General Mandate on Bursa Securities which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated;

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 ELEVENTH (11TH) ANNUAL GENERAL MEETING (Cont'd)

**6. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

(Ordinary Resolution 6)

"THAT subject to the Act, the provisions of Constitution of the Company, the Listing Requirements of Bursa Securities and all other applicable laws, rules and regulations, be and is hereby given to the Company to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Director may deem fit, necessary and expedient in the interest of the Company, provided that:

- i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any);
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements available at the time of the purchase, upon such terms and conditions as set out in the Statement to Shareholders dated 30 April 2022.

THAT the authority conferred by this resolution shall continue to be in force until the earlier of:

- i) the conclusion of the next AGM of the Company following this AGM at which this resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at the next AGM of the Company, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii) the authority is revoked and varied by ordinary resolution passed by the shareholders in a general meeting, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manners:

- (a) cancel at the ordinary shares so purchased; and/or
- (b) retain the ordinary shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

## NOTICE OF THE ELEVENTH (11TH) ANNUAL GENERAL MEETING (Cont'd)

**6. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") (CONT'D)**

AND THAT the Board of Directors be and are hereby authorised to take all such steps as necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991 and enter into any agreements, arrangement and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Board may in their discretion deem necessary and to do all such acts and things the Directors may deem fit and expedient in the best interest of the Company."

7. To transact any other business of which due notices shall have been given in accordance with the Act.

BY ORDER OF THE BOARD

**TAN TONG LANG (SSM PC NO. 202208000250 / MAICSA 7045482)**  
**THIEN LEE MEE (SSM PC No. 201908002254 / LS0009760)**  
 Company Secretaries

Date: 29 April 2022

**Notes:**

1. *A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.*
3. *Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd (Formerly known as Symphony Share Registrars Sdn Bhd) of 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan 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 22 June 2022 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.*
8. *Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at <https://web.vote2u.my>.*

## NOTICE OF THE ELEVENTH (11TH) ANNUAL GENERAL MEETING (Cont'd)

### **Explanatory Notes to Ordinary and Special Business:**

#### **1. Item 1 of the Agenda**

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

#### **2. Ordinary Resolution 1: To approve the payment of Directors' Fees and other benefits payable**

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 11<sup>th</sup> AGM until the next AGM of the Company.

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 in accordance with Clause 105(1) of the Company's Constitution**

Clause 105(1) of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Ms. Goh Siow Cheng and Mr. Kang Jimmi are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 11<sup>th</sup> AGM, the Nomination Committee has considered and recommended Ms. Goh Siow Cheng and Mr. Kang Jimmi for re-election as Directors pursuant to Clause 105(1) of the Company's Constitution.

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

The proposed Ordinary Resolution 5, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

Bursa Securities has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming 11<sup>th</sup> AGM of the Company.

## NOTICE OF THE ELEVENTH (11TH) ANNUAL GENERAL MEETING (Cont'd)

### **Explanatory Notes to Ordinary and Special Business: (Cont'd)**

#### **4. Special Business - Ordinary Resolution 5 (Cont'd) Authority to Issue and Allot Shares Pursuant to Sections 75 And 76 of the Act (Cont'd)**

The 20% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions. The 20% General Mandate will expire at the end of the 31 December 2022, unless revoked or varied by the Company in general meeting.

The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by COVID-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure and is in the best interest of the Company and its subsidiaries.

Any funds raised from this 20% General Mandate is expected be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

As at the date of this Notice, no new ordinary shares were issued and allotted pursuant to the mandate granted to the Directors at the 10<sup>th</sup> AGM held on 28 June 2021 which will lapse at the conclusion of this 11<sup>th</sup> AGM.

#### **5. Special Business – Ordinary Resolution 6 Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution 6, if passed, will empower the Directors to purchase the Company's shares through Bursa Securities up to ten percent (10%) of the issued and paid-up capital of the Company for the time being. This authority will expire at the conclusion of the next Annual General Meeting unless earlier revoked or varied by ordinary resolution passed by the shareholders at a general meeting.

For further information on this resolution, please refer to the Statement to Shareholders dated 29 April 2022.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors who are standing for re-election at the 11<sup>th</sup> AGM are Ms. Goh Siow Cheng and Mr. Kang Jimmi. The profiles of the Directors are set out in the Annual Report of the Company.

No individual seeking for election as a director other than the Directors are seeking for re-election and retention as a director at the 11<sup>th</sup> AGM.

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Rule 6.04(3) of the AMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 5 as stated in the Notice of the 11<sup>th</sup> AGM of the Company for details.

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**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 (Full Name)	NRIC No./Passport No.	% of Shareholding to be represented (refer to Note 1 set out below)
Address	Email Address	Contact No.

or failing him/her

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholding to be represented (refer to Note 1 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 Eleventh (11<sup>th</sup>) Annual General Meeting of Bioalpha Holdings Berhad ("Bioalpha" or "the Company") will be held as a fully virtual meeting via live streaming and online remote voting from the Broadcast Venue at No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack, Off Jalan P1A, Seksyen 13, Bandar Baru Bangi, 43000 Kajang, Selangor Darul Ehsan, Malaysia via the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Tuesday, 28 June 2022 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.	Agenda	Resolution	FOR	AGAINST
1.	To approve the payment of Directors' fees and other benefits payable up to RM380,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 11 <sup>th</sup> AGM until the conclusion of the next AGM of the Company in year 2023.	Ordinary Resolution 1		
2.	Re-election of Ms. Goh Siow Cheng as Director	Ordinary Resolution 2		
3.	Re-election of Mr. Kang Jimmi as Director	Ordinary Resolution 3		
4.	Re-appointment of TGS TW PLT as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
5.	Authority to Allot Shares Pursuant to Sections 75 And 76 of the Companies Act, 2016.	Ordinary Resolution 5		
6.	Proposed Renewal of Share Buy-Back Authority.	Ordinary Resolution 6		

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Signature of Shareholder or Common Seal

\* *Strike out whichever is not desired.*





Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd (Formerly known as Symphony Share Registrars Sdn Bhd) of 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
6. Only the members whose names appear on the Record of Depositors as at 22 June 2022 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.
8. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at <https://web.vote2u.my>.

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AFFIX  
STAMP

The Share Registrar:

**BIOALPHA HOLDINGS BERHAD**

[Registration No. 201101021398 (949536-X)]

c/o BOARDROOM SHARE REGISTRARS SDN BHD

[Registration No. 199601006647 (378993-D)]

11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor

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ABOUT US

## BIOALPHA HOLDINGS BERHAD

(949536-X)

Headquarter:

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