Health Through Biotech

BIOALPHA HOLDINGS BERHAD

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

ANNUAL REPORT 2020

CONTENTS

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.

MISSION

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

Agriculture

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

Shareholders

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

Corporate Governance

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

Products

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

Distribution & Retail

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

People

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

Customers

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

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

Certification & Accreditation

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

R&D

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

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

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

Regional Expansion

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

Branding

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

BIOALPHA'S CORE VALUES

BIOALPHA'S
CORE VALUES

iACT

INNOVATION

Think ahead and offer new ideas.

ACCOUNTABILITY

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

CUSTOMER FOCUS

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

TEAMWORK

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abd Rahman Bin Mamat
Independent Non-Executive Chairman

Hon Tian Kok @ William
Managing Director/ Chief Executive Officer

Ho Tze Hiung
Executive Director

Goh Siow Cheng
Group Chief Financial Officer/Finance Director

Dato' Norhalim Bin Yunus
Non-Independent Non-Executive Director

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

Mohd Nasir Bin Abdullah
Independent Non-Executive Director

Kang Jimmi
Independent Non-Executive 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. 201908002253)

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

UHY (AF1411)
Suite 11.05, Level 11
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel. No. : (603) 2279 3088
Fax. No. : (603) 2279 3099

SHARE REGISTRAR

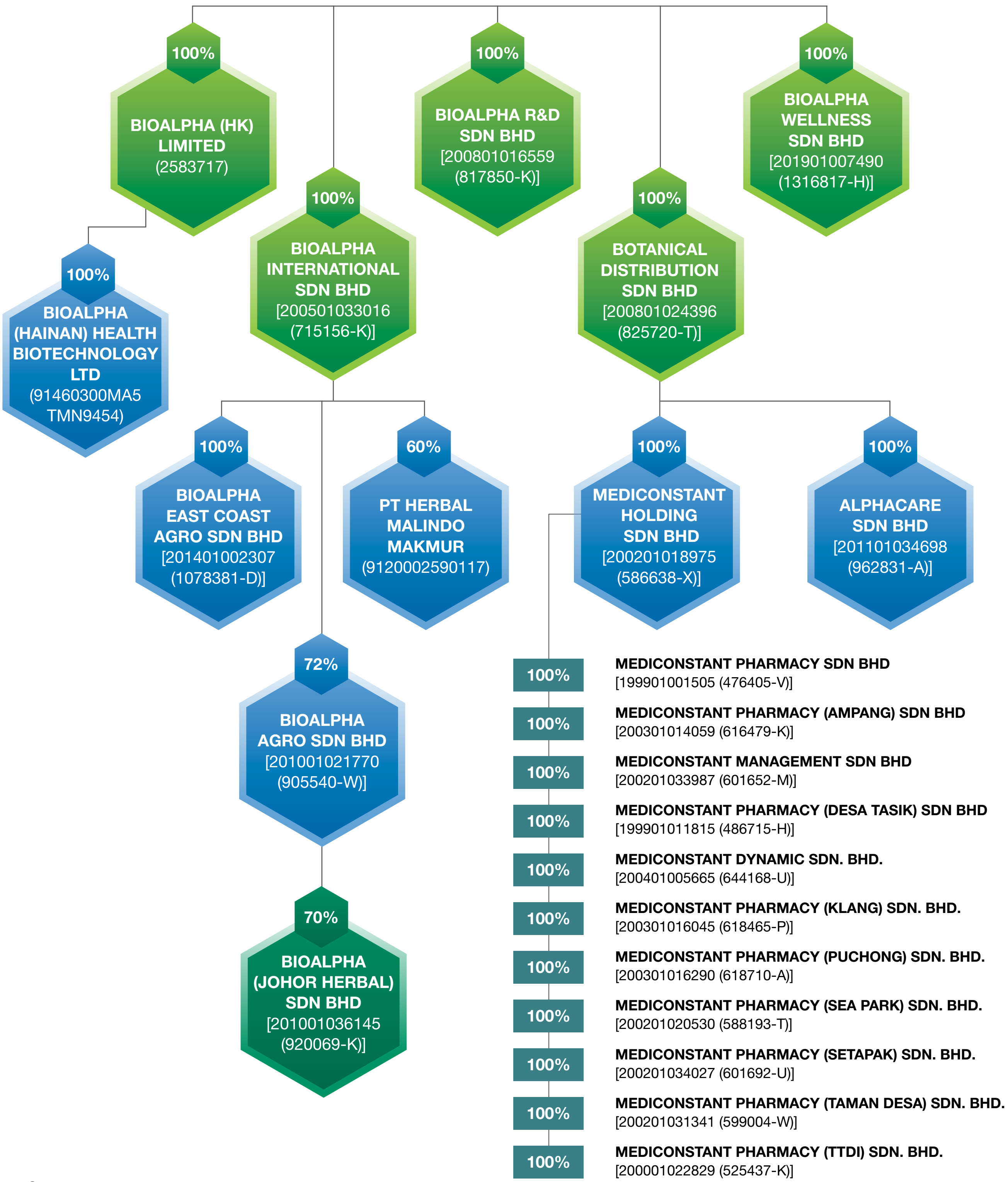
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor
Tel. No. : (603) 7890 4700
Fax. No. : (603) 7890 4670

STOCK EXCHANGE LISTING

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

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

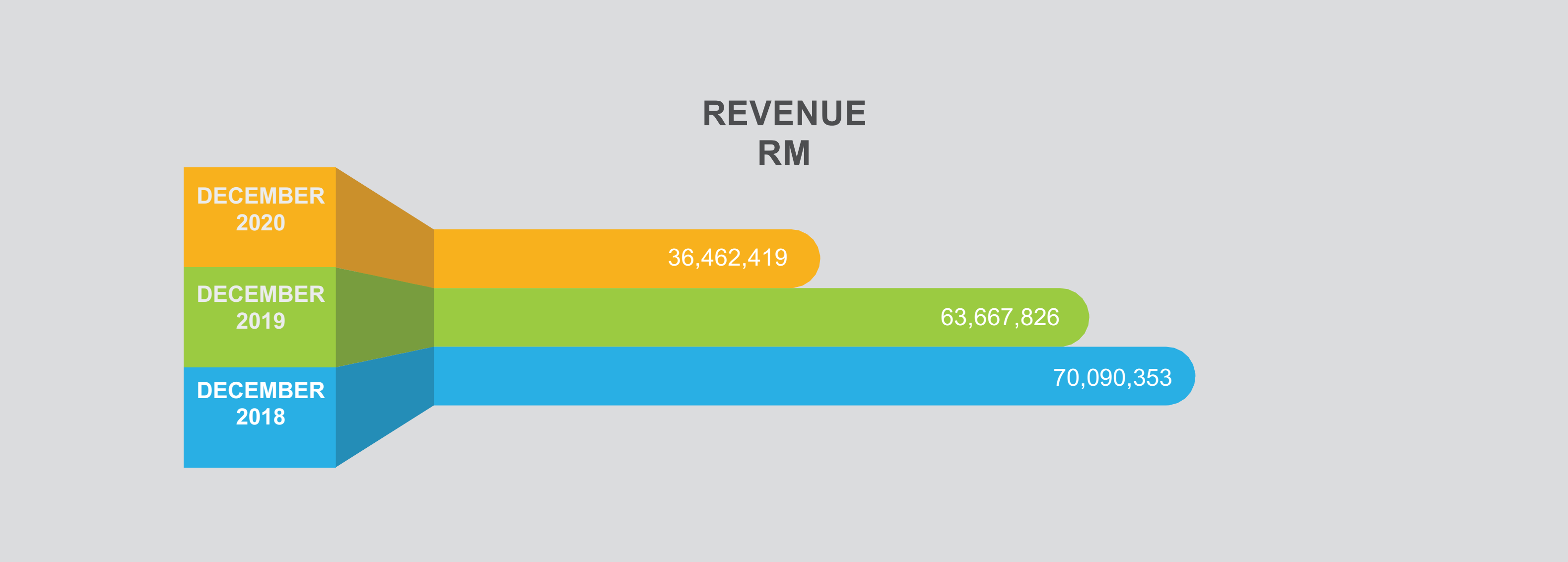
CORPORATE STRUCTURE

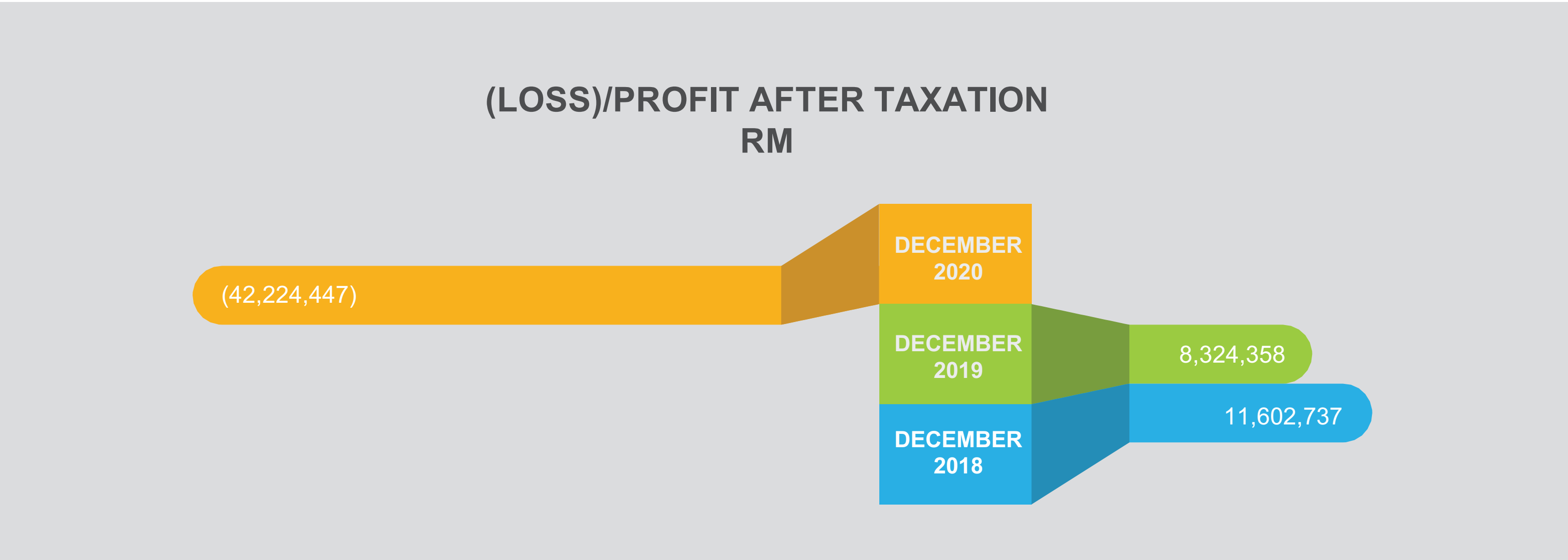


FINANCIAL HIGHLIGHTS

	For Financial Year Ended 31/12/20 RM	For Financial Year Ended 31/12/19 RM	For Financial Year Ended 31/12/18 RM
Financial Results			
Revenue	36,462,419	63,667,826	70,090,353
EBITDA	(27,881,436)	22,348,232	23,539,472
(Loss)/Profit before taxation	(41,452,433)	10,521,115	14,692,593
(Loss)/Profit after taxation	(42,224,447)	8,324,358	11,602,737
Net dividend	-	-	891,000
Net (loss)/profit attributable to:			
Owners of the parent	(41,147,385)	8,315,531	11,570,610
Non-controlling interests	(1,077,062)	8,827	32,127
Financial Position			
Assets			
Property, plant and equipment	49,047,288	48,641,681	47,568,284
Goodwill on consolidation	5,384,030	5,891,157	5,841,157
Right-of-use assets	12,797,373	13,377,407	-
Intangible assets	47,732,678	44,538,650	35,577,519
Biological assets	693,391	582,433	643,350
Other current assets	71,471,194	80,824,471	89,317,349
Total assets	187,125,954	193,855,799	178,947,659
Equity			
Share capital	135,824,495	99,763,799	99,763,799
Reserves	25,075,808	65,783,181	57,856,783
Total equity attributable to owners of the company	160,900,303	165,546,980	157,620,582
Non-controlling interests	(1,359,393)	(283,393)	(303,113)
Liabilities			
Deferred tax liabilities	8,713,379	8,107,680	6,481,014
Lease liabilities	6,024,522	6,532,386	-
Finance lease liabilities	-	-	573,874
Bank borrowings	6,277,659	5,467,264	5,576,169
Current liabilities	6,569,484	8,484,882	8,999,133
Total equity and liabilities	187,125,954	193,855,799	178,947,659
Weighted average no. of ordinary shares	**972,061,289**	**859,783,259**	**819,485,441**
Financial Indicators			
Earnings per share (sen)	**(4.23)**	**0.97**	**1.41**
Net dividend per share (sen)	-	-	**0.11**
Net assets per share (RM)	**0.16**	**0.19**	**0.19**
Return on equity (%)	**(25.79)**	**5.03**	**7.38**
Share price as at financial year end (RM)	**0.280**	**0.185**	**0.209**

FINANCIAL HIGHLIGHTS
CONT'D





PROFILES OF DIRECTORS

TAN SRI ABD RAHMAN BIN MAMAT

Independent Non-Executive Chairman

69 Years, Malaysian, Male

He graduated with a Bachelor of Economics (Honours) from University Malaya in 1975 and has obtained an Advanced Management Programme qualification from Harvard Business School, Boston, USA in 2004.

He joined MITI as Assistant Director in April 1975 and served in various capacities in MITI for 35 years before retiring in December 2010 which included (a) Deputy Trade Commissioner, Malaysian Trade Office, New York, the USA; (b) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (c) Economic Counsellor / Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission, Malaysian Trade Office, Bangkok, Thailand; (d) Special Assistant to the Minister of MITI, Tan Sri Rafidah Aziz; (e) Board of Director, Malaysian Industry-Government Group for High Technology (MIGHT); (f) Director of Industries; (g) Senior Director, Policy and Industry, Services Division; (h) Chairman of Malaysia External Trade Development Corporation ("MATRADE"); (i) Deputy Secretary-General (Industry); and (j) Secretary General of MITI.

During his tenure in MITI, he also served as MITI's representative on the board of various government-linked companies and corporations including Malaysian Investment Development Authority (MIDA), Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation Malaysia, Pahang State Economic Development Corporation, Malaysian Technology Development Corporation and MATRADE.

He had represented Malaysia in numerous international meetings, negotiations, conferences and symposiums and had involved in formulating, implementing and monitoring policies and strategies on international trade and industries as well as entrepreneurship development.

He was an honorary member of the ASEAN Federation of Engineering Organisations, a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration and is the Chairman of the Advisory Board of the International Council for SME & Entrepreneurship Malaysia, and Board of Trustee of Enactus Malaysia Foundation, a non-profit organisation aimed at grooming university students into future business leaders.

He sits on boards of directors of several public listed companies in Malaysia including Hiap Teck Venture Berhad, Malaysian Industrial Development Finance Berhad, Dagang NeXchange Berhad, Lotte Chemical Titan Holding Berhad and MCE Holding Berhad as well as several private limited companies in Malaysia which are involved in finance, manufacturing, retail and services sectors covering global logistics, healthcare and oil, gas and energy.

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 2020.

PROFILES OF DIRECTORS
CONT'D

HON TIAN KOK @ WILLIAM

Managing Director / Chief Executive Officer
Member of SIS Option Committee

45 Years, Malaysian, Male

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 did not hold any other directorship in public companies and/or listed issuer.

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 2020.

PROFILES OF DIRECTORS
CONT'D

HO TZE HIUNG

Executive Director

Member of Risk Management Committee and SIS Option Committee

44 Years, Malaysian, Male

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

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 did not hold any other directorship in public companies and/or listed issuer.

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 2020.

PROFILES OF DIRECTORS
CONT'D

DATO' NORHALIM BIN YUNUS

Non-Independent Non-Executive Director
Member of Remuneration Committee

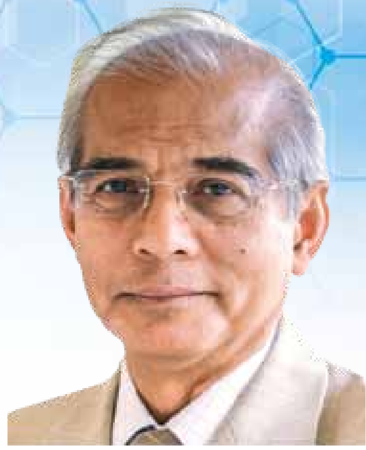
58 Years, Malaysian, Male

Dato' Norhalim Bin Yunus was appointed to our Board on 30 June 2011. He graduated with a Bachelor of Science in Life Sciences 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 did not hold any other directorship in public companies and/or listed issuer as at the date of this Statement.

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 2020.

PROFILES OF DIRECTORS
CONT'D



TAN SRI DATO' DR. SYED JALALUDIN BIN SYED SALIM

Independent Non-Executive Director

Chairman of Remuneration Committee, Nomination Committee and SIS Option Committee

Member of Audit Committee

77 Years, Malaysian, Male

Academician Emeritus Professor Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim was appointed to our Board on 8 July 2014. He graduated with a Bachelor's of Veterinary Science from the University of Punjab in 1967, followed by a Master of Philosophy and a Doctor of Philosophy (PhD) from the University of London, United Kingdom in 1969 and 1977 respectively. He was also conferred seven (7) honorary degrees, namely Doctor of Science from University of Hull in 1999, Doctor, Honoraris Causa from Soka University in 2000, Doctor of Agriculture Technology from Thaksin University in 2005, Doctor of Science from Open Universiti Malaysia in 2007, Doctor of Engineering from Universiti Malaysia Perlis in 2008, Doctor of Veterinary Medicine University of Malaysia Kelantan in 2015 and Doctor of Arts, Eastern Asia University in 2020.

Tan Sri Dato' Dr. Syed Jalaludin began his career as an assistant lecturer in the Faculty of Agriculture in University of Malaya in 1969. He later joined Universiti Putra Malaysia ("UPM") as a lecturer in the Faculty of Veterinary Medicine and Animal Science in 1975 before retiring as Vice Chancellor of UPM in 2001. During his academic career, he was bestowed with the National Science Laureate in 1993 and National Academic Laureate in 2008. He is also a founder and senior fellow (which carries the title of academician) of the Academy of Sciences Malaysia. 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 NonExecutive Chairman of SL Innovation Capital Berhad (formerly known as SL Information Berhad). Finally, he is the Chairman of Segimaju Group of Companies.

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 2020.

PROFILES OF DIRECTORS
CONT'D

MOHD NASIR BIN ABDULLAH

Independent Non-Executive Director
Chairman of Audit Committee
Member of Risk Management Committee and Nomination Committee

55 Years, Malaysian, Male

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 did not hold any other directorship in public companies and/or listed issuer.

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 2020.

PROFILES OF DIRECTORS
CONT'D

KANG JIMMI

Independent Non-Executive Director
Chairman of Risk Management Committee
Member of Audit Committee, Nomination Committee and Remuneration Committee

41 Years, Indonesian, Male

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 experiences 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 did not hold any other directorship in public companies and/or listed issuer.

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 2020, in view that he was appointed as Independent Non-Executive Director on 22 May 2020.

PROFILES OF DIRECTORS
CONT'D

GOH SIOW CHENG

Group Chief Financial Officer/ Finance Director
Member of SIS Option Committee

39 Years, Malaysian, Female

Ms Goh Siow Cheng was appointed to our Board as Executive Director 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 did not hold any other directorship in public companies and/or listed issuer.

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 2020, in view that she was appointed as Group Chief Financial Officer/ Finance Director on 6 March 2020.

Improves blood sugar levels

It could reduce sudden surges or spikes in insulin levels that cause food cravings, thereby controlling hunger and polyphagia. It also shows reduced blood sugar levels including fasting blood sugar levels and post-prandial blood sugar levels.

Decrease lipid level

Momordica charantia reduced high fat diet induced obesity, hyperlipidemia, hyperglycemia, insulin resistance, and fatty liver in mice. Momordica charantia has been used for the treatment diabetes throughout the world. Momordica charantia hypoglycemic effect has been demonstrated in type 1 and type 2 diabetic rodents.

Anti-inflammation

Diabetes mellitus has been determined that inflammation is the primary cause of type II diabetes development. Curcumin has properties such as decreasing hepatic glucose production, suppressing inflammatory response, increasing glucose intake of cells and activating AMPK, thus it may decrease blood glucose decreasing insulin resistant.

Blood Glucose Support

- *Maintains healthy blood glucose levels*
- *Plant-based support with Bitter Melon, Turmeric & Gymnema*
- *Improve glucose uptake in Type 2 Diabetes patients*
- *Improves overall quality of life*

Dosage – 1 capsule daily before meal

PROFILES OF KEY SENIOR MANAGEMENT

LOW CHEN KONG

48 Years, 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 graduatedwith 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 did not hold any other directorship in public companies and/or listed issuer.

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 2020.

SHAHRIZAL BIN SHARUDIN

42 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 did not hold any other directorship in public companies and/or listed issuer.

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 2020.

PROFILES OF KEY SENIOR MANAGEMENT
CONT'D

MAPLE HOW WAI CHENG

46 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 specializing in Human Resources & Administration, ranging across different fields from construction, food & beverage, healthcare, electronics and manufacturing.

She did not hold any other directorship in public companies and/or listed issuer.

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 2020.

BAIDYANATH MAHANTA

40 Years, Indian, Male

Research & Development Manager

Mr Baidyanath Mahanta is responsible for overseeing the business operations of Research and Development (R&D) in Bioalpha International Sdn Bhd. He graduated with a Master in Pharmacy from Annamalai University in 2008.

He began his career as a Research Officer for Formulation and Development in Sun Advanced Research Company Ltd from 2008 to 2012. He joined Macleods Pharmaceuticals Ltd. and Wockhardt Research Centre as a Research Scientist for Formulation and Development from September 2012 to May 2015 and June 2015 to June 2017 respectively. In June 2017 till 2019, he was employed as the Senior Manager for Formulation & Development in Lyrus Life Sciences Pvt. Ltd. He joined Bioalpha International Sdn Bhd as Research and Development Manager in 2019.

He did not hold any other directorship in public companies and/or listed issuer.

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 2020.

PROFILES OF KEY SENIOR MANAGEMENT
CONT'D

HO SOO LING

45 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 recognized 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 did not hold any other directorship in public companies and/or listed issuer.

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 2020.

Misai Kucing

Misai Kucing is popularly consumed as herbal tea. This famous plant is a medicinal herb found mainly throughout South East Asia and some parts of tropical Australia. It is known as pokok Misai Kucing in Malay and because of the unique characteristic form of flowers, which is white and bluish in color with far-exerted filaments that looks like cat's whiskers.

It has been used for generations to treat circulatory disorders, kidney stones, hypertension and diabetes," he said. It is also recommended for good kidney function, prevention of urinary tract infections, maintaining optimal liver function and preventing gout.

Curcumin

Curcumin Orthosiphon Aristatus is trusted for many centuries for the release of bladder stone, urinary tract infection, liver and reduce blood sugar. Release rheumatism and gout, it is also used to improve insomnia, mid-night urination or urinary frequency.

Natural Gout Remedy

- *Improve urination*
- *Improve kidney function*
- *Regulate blood glucose level*
- *Anti-inflammatory effect*

Dosage – 1 capsule daily before meal

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 pleasure to present to you the Annual Report and Audited Financial Statements of Bioalpha for the financial year ended 31 December 2020 ("FY2020").

2020 was an extremely challenging year for businesses across all sectors as we witnessed the Covid-19 pandemic and the resultant movement restriction measures disrupting global trade and economic activities. The uncertainties brought about by the pandemic are further exacerbated by the prolonged trade tensions between the United States ("US") and China, resulting in a contraction of the world economy by 3.3% in 2020. Malaysia's gross domestic product ("GDP") also recorded negative growth for the first time since 2009, having shrunk 5.6% in 2020 following the temporary closure of non-essential businesses during various phases of the Movement Control Order ("MCO") implemented by the Malaysian government.

At Bioalpha, our businesses were also not spared from the pandemic's widespread shock as the Group reported a net loss of RM41.1 million for FY2020, our first loss since being a listed entity in 2015. On a brighter note, notwithstanding the challenges faced, we made breakthroughs during the year as we secured a major health food supply contract in China as well as several new Original Design Manufacturing ("ODM") customers. In addition, our operations continued to be backed by the Group's robust financial standing, which is represented by our balance sheet, with a net cash position of 2.2 sen per share as at 31 December 2020, enabling us to navigate through difficult times.

The impact of the Covid-19 pandemic on the Group has generally lessened, as we see positive improvements going into 2021 in the markets that we operate in. We believe that the worst of the pandemic's impact is behind us as Covid-19 vaccination programmes pick up pace worldwide.

Keeping that in mind, we remain resolute in our strategic execution on the Group's path to recovery, underpinned by higher demand from our ODM customers and contribution from new endeavours both in Malaysia and China.

OUR RESPONSE TO COVID-19

The Group stayed agile in our response to the pandemic as we continued to operate as an essential business during the MCO period, while in adherence to the authorities' standard operating procedure ("SOP") requirements. During this time, protective measures were enforced across the Group to safeguard the health and safety of our workers. We implemented social distancing as well as work-from-home arrangements to curb the spread of the virus at the workplace. Regular sanitisation is also performed at the Group's premises to ensure high levels of hygiene.

Operationally, we took precautionary steps to minimise the impact of the pandemic on the Group's businesses, including, among others, prudent capital management and aligning our cost structure with the current production levels. My fellow Directors and I, together with the Group's senior management personnel, had also taken a 15% salary reduction as part of our collective efforts to preserve cash flow during this pandemic.

At the same time, we undertook several strategic initiatives and pursued value-accretive business opportunities during the year to increase the Group's competitiveness, putting the Group in a solid position to capture future growth while enhancing income streams.

CHAIRMAN'S STATEMENT
CONT'D

MARKET OUTLOOK

For 2021, the International Monetary Fund ("IMF") has projected the global economy to grow by 6%, largely dependent on the progress and pace of Covid-19 vaccination roll-outs. In Malaysia, the government has forecasted a GDP growth of between 6.5% and 7.5% for 2021, supported by normalisation in global trade as well as gradual strengthening of domestic demand and private consumption amid the re-opening of economic sectors and borders.

The economies of the Group's key export markets, China and Indonesia, are also expected to expand in 2021. For China, the IMF has estimated growth of 8.4% for 2021, driven by its rapid recovery as economic activities normalise following effective and targeted containment efforts of the virus, in addition to the ongoing vaccination programmes. Over in Indonesia, the economy is forecasted to bounce back by 4.3% this year according to the IMF, with the gradual advancement of the vaccine deployment nationwide.

Riding on the anticipated economic rebound in 2021, the health supplement markets in Malaysia, China and Indonesia, are also expected to grow with demand to return progressively to pre-pandemic levels as infection rates of Covid-19 subside.

In the long term, the global dietary supplements market is projected to grow at a compound annual growth rate ("CAGR") of 8.6% from 2021 to 2028, according to Grand View Research. The growth shall be propelled by a surge in worldwide demand for health supplement products, as consumers take a more proactive stance towards their health and well-being, especially following the Covid-19 pandemic.

Zooming into Malaysia, the growth of the domestic health supplement market shall be driven by increasing awareness for proper nutrition intake, growing ageing population and rising household incomes. Similarly in Indonesia, the health supplement market is forecasted to expand by 7% per annum from 2018 – 2023 with shifting diet patterns to prevent critical illnesses as a key driver, according to a report by a market research and consulting firm, Ken Research. In China, meanwhile, Euromonitor International has estimated that the health supplement industry to reach RMB280 billion in size by 2023 on the back of growing health awareness and online shopping trend.

STRENGTHENING CORPORATE GOVERNANCE

The Group is committed to ensuring the highest standard of corporate governance in all our business conducts. In 2020, we continued to enhance the Group's anti-corruption measures by establishing an Anti-Bribery Management System Policy pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which took effect from 1 June 2020.

ROAD TO RECOVERY

As we head into 2021, we are seeing improving market sentiments on the back of planned vaccine inoculation worldwide. As global infection rates stabilise, travel and border restrictions shall gradually ease, stimulating the revitalisation of the domestic and global economies.

Against this backdrop, we are cautiously optimistic about making good progress on our growth plans this year with the Group's core fundamentals still intact. For the Group's manufacturing of health supplement segment, our focus is on expanding our health supplement products range to include more high demand areas related to immunity system, obesity-care and longevity, to name a few. In addition, we are planning to roll out more immunity-boosting range of products to capture the rising demand as consumers become increasingly health-conscious following the Covid-19 pandemic. At the same time, we are also working on widening the Group's ODM clientele base with reputable and renowned brands.

We expect our export sales to revive in 2021 on the back of trade recovery and re-opening of borders. In China, we are focused on fulfilling orders with respect to the health food supply contract that the Group secured in July 2020. This is expected to accelerate our growth and strengthen the Group's presence in the Chinese market. For our Indonesian market, we are in the midst of obtaining more registration approvals for our health supplement products from the National Agency of Drug and Food Control, Indonesia.

Meanwhile, for the Group's retail pharmacy business, we are seeing improvement in foot traffic across our Constant Pharmacy outlets in 2021 in line with the easing of the MCO. To attract and retain customers, we are embarking on a rebranding exercise for Constant Pharmacy to further strengthen our position as the preferred community pharmacy in the neighbourhoods that we operate in.

CHAIRMAN'S STATEMENT
CONT'D

Bearing in mind these developments, we are confident our strategic plans will strengthen and sustain the Group's expansion and long-term profitability as we create further value for all our stakeholders.

APPRECIATION

On behalf of the Board, my sincerest gratitude goes to Bioalpha's management and team for their dedication and hard work in ensuring the Group runs smoothly even during times of crisis.

I would also like to take this opportunity to thank my fellow Board members for their commitment and guidance in steering the Group to where it stands today.

Finally, I wish to express my appreciation to our stakeholders, including our shareholders, clients, suppliers, bankers, regulators and government agencies, for their continued support and cooperation throughout the year.

TAN SRI ABD RAHMAN BIN MAMAT
Independent Non-Executive Chairman

Apotec Tigrisweet a special formulation to boost your kids immunity!

NEW

Ingredients:

- Tiger milk mushroom
- Lemon
- Orange

Dosage:

1-2 tablets per day

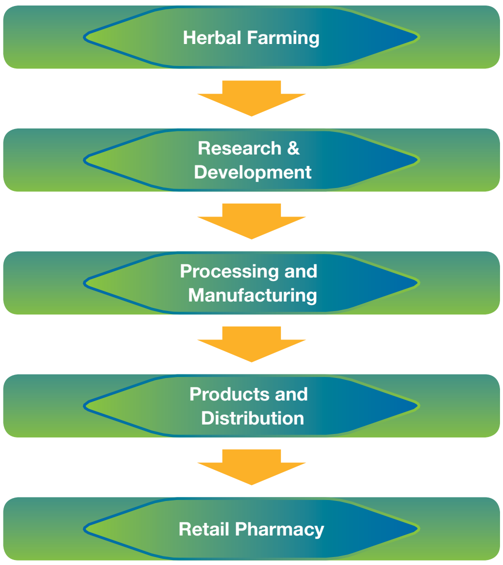
MANAGEMENT DISCUSSION AND ANALYSIS

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 2020 ("FY2020"). This MD&A provides insights into Bioalpha's financial and operational performance during the year, as well as our expectations going into 2021.

2020 had been one of the most demanding years in recent history as the global community reeled from the impact of the Covid-19 pandemic along with the resultant containment measures adversely disrupting businesses and supply chains around the globe. During the year, we continued to operate as an essential services organisation while in adherence to the standard operating procedures ("SOP") set by the Ministry of International Trade and Industry ("MITI") and the Ministry of Health ("MOH"). Amid turbulent times, the Group acted swiftly as we aligned our priorities to strengthen our core operations and maintained business continuity with the safety of our people as the top priority.

KEY BUSINESS HIGHLIGHTS

Bioalpha is an integrated nutraceutical and health supplement group with business activities covering the entire supply chain, from the upstream cultivation of herbal raw materials to research and development ("R&D"), manufacturing and distribution of health supplement products, as well as owning and operating a downstream retail pharmacy chain, Constant Pharmacy.



Our Integrated Operations

Herbal Farming

The Group undertakes upstream agricultural activities that provide a continuous supply of herbal raw materials for the in-house production of the Group's herbal-based health supplement offerings. The planting activities are undertaken at the respective largest herbal parks located in Pasir Raja, Terengganu and Desaru, Johor. Collectively, the 2 farms command a total size of 1,303 acres.

The Group has a wide range of herbs and spices planted at the herbal parks. These include *Tongkat Ali, Kacip Fatimah, Misai Kucing, Hempedu Bumi, Roselle, Dukung Anak* and *Pecah Beling*, to name a few. At the same time, we also perform intercropping with high-yield plants, such as coconut trees.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

During cultivation, we adopt and implement industry best practices in relation to the usage of suitable types of fertilizers, harvesting methods and farming without pesticide usage. This ensures the quality of the harvest is maintained.

Both herbal parks are accredited with the Malaysian Good Agriculture Practices ("MyGAP") certification by the Ministry of Agriculture and Food Industries ("MAFI"), reflecting on our sustainability efforts in the environmental, economic and social terms. As part of our agricultural practices, we also utilise organic fertilisers to minimise the Group's environmental impact.

Throughout the year, we continued to supply raw materials for our herbal health supplement products. The development of the herbal parks, however, took a backseat in 2020 as we concentrated our efforts and resources on reinforcing the Group's fundamentals to minimise the adverse impact brought upon by the Covid-19 pandemic.

Research & Development

Our dedicated in-house R&D team is responsible for the formulation of the Group's house brand and Original Design Manufacturing ("ODM") products, enabling us to cater to our customers' specifications. The team has formulated over 300 proprietary formulations to date, and targets to produce 30 new formulations every year, to stimulate the market and remain competitive.

With the onset of the Covid-19 pandemic, immunity-related products have been highly sought-after as consumers seek to enhance and protect their health against the virus. This presents pockets of opportunities for a nutraceutical group like Bioalpha, as we position ourselves to serve this growing trend. To capitalise on the demand, we are ramping up the production of formulations that boost immunity and wellness.

Apart from that, the Group is also undertaking a collaborative research with the Hong Kong University of Science and Technology ("HKUST") to discover formulations for the treatment of inflammatory and respiratory health problems. The results from this study will contribute towards developing herbal health supplements targeting these particular diseases.

Meanwhile, Bioalpha is also involved in biotechnology-related activities with the formulation of 2 botanical drugs, namely for treatment of type 2 diabetes and hormone replacement therapy ("HRT") for menopausal syndrome management. We have completed pre-clinical studies of the drugs in Taiwan and India, and are currently working to secure approvals to conduct clinical trials.

Processing and Manufacturing

We carry out our manufacturing activities of health supplement products and functional foods at the Group's main manufacturing plant located in Bangi, Selangor. This facility is certified with Good Manufacturing Practice ("GMP") and Hazard Analysis and Critical Control Points ("HACCP"), ensuring that our products meet high safety and quality standards.

For the Group's agricultural activities, we operate a Collection, Processing & Packaging Centre ("CPPC") at our herbal park in Pasir Raja, as well as a primary processing plant at Desaru Herbal Park.

In Indonesia, our functional foods and health supplement products are manufactured at a contract manufacturing plant in Kampar, Riau.

Products and Distribution

At Bioalpha, our diverse selection of health supplement product offerings is manufactured and marketed to customers under ODM basis or under the Group's proprietary house brands, Apotec and Nushine. Meanwhile, the key markets for our products are primarily Malaysia, China and Indonesia.

Malaysia

Amid a tough operating environment in 2020, we remained steadfast in serving the Group's customers and sustaining the supply of locally produced health supplements. In view of the Covid-19 pandemic, we are developing more immunity-related supplements to accommodate the rising demand within this space.

Our continuous efforts are channelled towards expanding Bioalpha's product pipeline and clientele base. Despite the myriad of challenges we faced in 2020, the Group trudged on and had successfully secured several new ODM customers, which served as a testament to the Group's resilience and solid track record in the health supplement market.

During the year, the Group collaborated with both local and foreign-listed companies to promote new formulations that are jointly developed with notable international research institutions such as the Guangxi Traditional Chinese Medical University, China. The roll-out of new products arising from these partnerships include offerings for longevity, immunity-boosting and respiratory improvement in response to the pandemic outbreak.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

China

For the market in China, the Group has solidified its presence there following the strategic tie-up via a supply contract with China-based companies in July 2020 to supply health food ingredients for the preparation of health food and nutritional meals to be distributed to customers in the Guizhou province. The supply contract is valued at RMB700 million a year, equivalent to approximately RM426.7 million, and is for a duration of 5 years, subject to annual renewal.

As part of our efforts to localise operations, Bioalpha has subsequently in August 2020 incorporated an indirect wholly-owned subsidiary in Hainan, Bioalpha (Hainan) Health Biotechnology Limited ("Bioalpha Hainan") with an initial paid-up capital of RMB15 million. Bioalpha Hainan serves as the Group's gateway to China through the import and export of health foods. To process incoming orders more efficiently, Bioalpha Hainan has set up an office in the Yangpu Economic Development Zone and a processing factory in Haikou, located in the Hainan province of China. We have also established a physical presence in Guizhou with the leasing of a warehouse in Guiyang City.

We are delighted to note that this project has started contributing to the Group's earnings, having commenced delivery of health food ingredients since September 2020. The ingredients we supply are, among others, multigrain, cereal, soy protein and fruits extracts, which can enhance the nutritional value of meals. As we move forward, we intend to expand the range of ingredients to include more premium ingredients, further increasing our profit margins.

Indonesia

Over in Indonesia, the promotion and distribution efforts of the Group's products were hampered by the Covid-19 pandemic and movement restriction measures. At the same time, we are awaiting regulatory approvals for several products in the health supplement category, to expand our product offerings.

Retail Pharmacy

Bioalpha operates a retail pharmacy chain under the brand Constant Pharmacy ("Constant"), with 10 outlets nationwide. This provides an avenue for the Group to promote and market our house brand products to end-consumers, while fulfilling the demand for community pharmacy in the neighbourhoods that we operate in.

Throughout the year, we saw lower foot traffic at the pharmacy outlets, in line with subdued consumer spending, especially after the end of the loan repayment moratorium period on 30 September 2020. We have embarked on a re-branding exercise to refresh the image of Constant as we seek to deliver an enhanced and holistic experience to our visitors. This includes enhancing our rapport with the members of the local communities by improving customer services at the Constant outlets, in addition to rolling out more exciting marketing initiatives to gain further traction.

The outbreak of the Covid-19 pandemic has accelerated the adoption of e-commerce, with consumers becoming more reliant on online platforms to purchase goods. To capture this upward trend, we are strengthening the Group's online presence and digitalising our sales channels and business processes. Currently, our health supplement products are available on our eConstant shop at www.constant.com.my, as well as on various popular platforms, such as Lazada and Shopee, among others.

FINANCIAL PERFORMANCE REVIEW

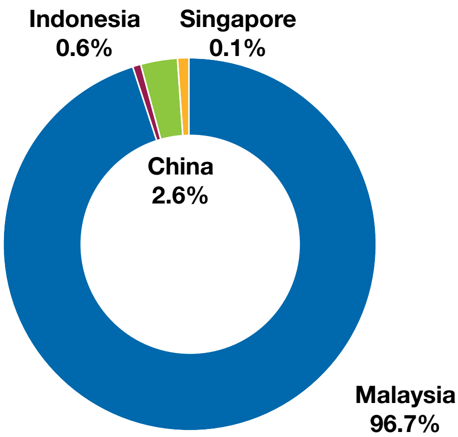
Revenue

In FY2020, the pandemic presented great external headwinds that had adversely affected our sales performance. Against this backdrop, the Group generated total revenue of RM36.5 million in FY2020, against RM63.7 million in FY2019.

The Group's manufacturing of health supplement business recorded sales of RM20.1 million in FY2020, as compared to RM36.5 million in FY2019. This was mainly due to a drop in export sales to China and Indonesia as export activities were affected by trade disruptions. Overseas markets recorded sales of RM1.2 million in FY2020, with revenue from China, Indonesia and Singapore amounting to RM0.9 million, RM0.2 million and RM0.1million, respectively. A bright spot within the manufacturing division was the domestic market (that is, sales of ODM products), with turnover more than doubled to RM18.9 million in FY2020, as orders increased from our customers, particularly for immunity-related products.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

FY2020 Sales Mix by Country



The retail pharmacy division, on the other hand, reported revenue of RM16.3 million in FY2020 as compared to RM27.1 million in the preceding year, having dragged down by slower demand during the various phases of the Movement Control Order ("MCO") period. The closure of designated tourist destination spots since January 2020, which was an avenue to market our house brand supplement products, had also considerably affected the sales of the Group's house brand products.

In FY2020, the Group's manufacturing of health supplement products segment remained as the largest contributor, accounting for 55% of total revenue while the retail pharmacy arm contributed the remaining 45% to Group revenue.

In terms of revenue breakdown by country, the Malaysian market made up 96.7% of the Group revenue, followed by China (2.6%), Indonesia (0.6%) and Singapore (0.1%)

Gross Loss

In FY2020, the Group posted a gross loss of RM10.9 million, as compared to a gross profit of RM25.2 million in the prior year. Apart from the lower revenue base, the financial performance was also affected by several one-off expenses such as manufacturing stock written-off that amounted to RM4.1 million, provision for slow-moving inventories of RM0.7 million and loss from sale of near-expiry raw materials of RM1.4 million.

Administrative Expenses and Net Loss on Impairment of Financial Assets

The Group's administrative expenses increased to RM27.0 million in FY2020, from RM18.3 million in FY2019. Higher expenses arising from corporate exercises undertaken during the year, as well as bad debts written off totalling RM3.1 million, contributed to the increased cost. The Group also incurred impairment losses on trade receivables amounting to RM6.7 million in FY2020. The impairment was made as part of the Group's prudent accounting approach as we carry on with our collection efforts to recover these outstanding amounts.

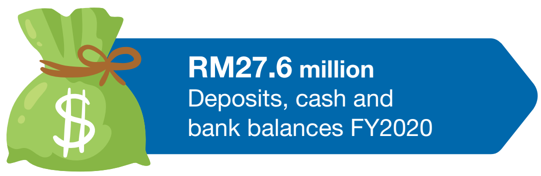
Net Loss Attributable to Owners of the Company ("Net Loss")

For the year under review, the Group reported a net loss of RM41.1 million, against a net profit of RM8.3 million a year ago, impacted by dampened consumption due to the Covid-19 pandemic and the aforementioned reasons.

Despite recording the Group's first loss since listing in 2015, we are already seeing signs of recovery with improvement in sales for all our key markets in the last quarter of 2020. As we execute our strategic plans, we shall continue to take a cautious approach to cost management to ensure the Group's operating costs are kept in check, while we strive to rebound to profitability.

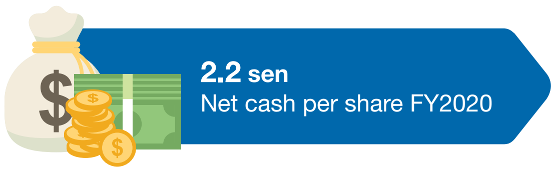
ROBUST FINANCIAL STANDING

As at 31 December 2020, the Group's balance sheet remained robust. We have strong deposit, cash and bank balances of RM27.6 million with a low gearing of 0.04 times as at end-2020. The higher cash balances were mainly on the back of proceeds raised from the private placement exercises undertaken in July and November 2020 respectively.



MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

During the year, the Group's total borrowings increased to RM6.3 million, from RM5.5 million a year ago, as we financed our growth plans. Despite taking on more debt, the Group remained in a net cash position with net cash per share of 2.2 sen as at 31 December 2020.



Shareholders' equity amounted to RM160.9 million as at end-2020, with a larger share capital base of 1.1 billion new shares, pursuant to the issuance of 103.1 million new shares arising from the exercise of the Employees' Share Option Scheme ("ESOS") and 147.2 million new shares from private placement exercises undertaken in July 2020 and November 2020. Net assets per share stood at 16.0 sen as at 31 December 2020.

Moving forward, we will stay focused on strict capital management to sustain a resilient financial standing while ensuring we meet the Group's operating commitments.

ANTICIPATED RISKS

Changes in economic, political and regulatory conditions

The Group has market presence in Malaysia, as well as internationally in China and Indonesia. As we operate under various laws and regulations, our operations and supply chain are subjected to risks that may arise from changes in regulatory requirements and economic conditions, among others.

In our effort to minimise operational disruptions, we have been implementing considerable measures, which include practising prudent financial management and strengthening our processes while being in communication with the relevant authorities, to name a few, in order to ensure smooth operations and compliance to relevant regulations. Keeping that in mind, the global economic, political and social climates remain beyond the Group's control.

Product liability risk

The nature of our business in the health supplement industry exposes the Group to the risk of product liability. Contamination of products could lead to a widespread product recall, jeopardising the Group's reputation and future demand of products.

To preserve the business against this risk, we have taken appropriate measures such as having adequate product liability insurance coverage. At the same time, we adhere to strict quality control procedures for processes relating to product formulation and manufacturing. The Group's primary manufacturing plant in Bangi is accredited with both GMP and HACCP certifications. To date, we have not received any claims for personal injury resulting from allegedly defective products.

Dependence on key management and experienced personnel

The Group's success is largely dependent on the continued contributions from our key personnel. The loss of services of operational leaders without adequate replacements would adversely affect the Group's operations and financial performance.

In this regard, our mitigation measures include providing remuneration packages that are competitive in the market. The ESOS programme that we have in place serves to attract and retain top talents as well. Additionally, we take a proactive approach towards the succession planning of management to ensure a solid talent pipeline. On a related note, the Group's middle management is also exposed to various aspects of the business to further develop their leadership competencies.

DIVIDENDS

At this juncture in time and having taken into consideration the Group's financial and operating requirements, the Board does not recommend any dividend payments for the year under review. The decision was made to maintain the Group's liquidity and to preserve cash, as we strive to strike a balance between retaining funds to realise the Group's long-term prospects and rewarding our shareholders. The distribution of dividend takes into consideration factors such as capital obligations and future investment plans of the Group.

LOOKING AHEAD

While the road ahead may still be bumpy, we believe that the worst is behind us and there are reasons for optimism in 2021. At Bioalpha, we are taking an optimistic yet cautious view for the year ahead as we set our sights on a path of steady recovery with the strengthening of the Group's foundation for business sustainability. With the global roll-out of mass vaccination programmes to curtail Covid-19 infections, trade activities are anticipated to normalise with improving market and consumer sentiments.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

For the domestic manufacturing of health supplement business, we continue to serve our ODM customers and shall introduce more in-demand offerings such as immunity-boosting and longevity products. Coming into 2021, we are already experiencing an increase in orders from our existing customers especially for immunity-related products. For this year, we foresee higher revenue contribution from across the Group's clientele base, supported by maiden contributions from several new reputable clients we secured recently. At the same time, the marketing team is continuing their concerted efforts to secure more ODM customers as well.

In China, our progress is on track as we ramp up our operations to meet the rising demand for the supply of health food ingredients to customers in the Guizhou province. We are also looking at procuring high-value ingredients from suppliers in other provinces further away, as well as internationally from Malaysia. These premium ingredients will enable us to increase the Group's profit margin for the sale of our health food products.

With the localisation of operations in China, we are able to expedite the process of delivery to customers. As we progress further, we shall expand our administrative capacity and establish more functions, such as packing and manufacturing, to meet customers' demands more efficiently.

In Indonesia, sales are showing signs of gradual recovery following the relaxation of lockdown measures. We expect better demand from our customers by the second half of 2021. The long-term outlook of the Indonesian market is still intact, supported by the introduction of new health supplement products, subject to relevant regulatory approvals.

For the Group's retail pharmacy business, we remain focused on our strategic initiatives in the pursuit of becoming the preferred community pharmacy in the neighbourhoods that we operate in. We are positive that our re-branding exercise will bear fruit in terms of increased traffic and pull.

Meanwhile, the Group's herbal farming activities shall continue to supply raw materials for our production of herbal health supplement products.

Looking ahead, we constantly undertake business and market review to ensure the Group's operations and cost structures are resilient against external shocks. With our strategic plans in place, we are confident the Group is well-positioned to navigate through the uncertainties and shall continue to invest in the future to deliver sustainable value to our stakeholders.

APPRECIATION

My deepest gratitude goes to the management team and employees of Bioalpha for staying united in the face of great obstacles as well as for coming together in this new norm. Their collective hard work and commitment have contributed to the Group's resilience in these unprecedented times. I also wish to extend my heartfelt appreciation to all our stakeholders, including our shareholders, suppliers, customers and government agencies for your unwavering support towards Bioalpha. Finally, I would like to take this opportunity to thank my fellow members of the Board of Directors for their valuable insights and feedback as we work together to create greater value for our stakeholders.

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

SUSTAINABILITY STATEMENT
CONT'D

OUR COMMITMENT

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

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

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

ENVIRONMENTAL INITIATIVES

Manufacturing Process

We understand that our operations and activities have an environmental footprint and it is our responsibility to minimise these through continuous improvement of our manufacturing facilities. We ensure that our manufacturing processes comply with GMP, HACCP, MeSTI and ISO requirements. To meet these requirements, quality assurance principal is to ensure the quality and safety of our products.

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.

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 54,000 kWh in FYE 2020.

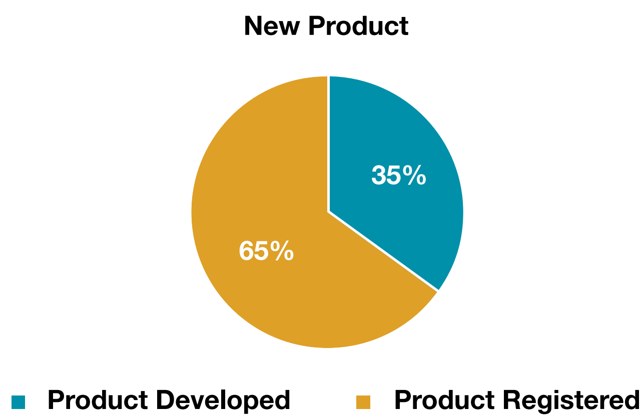
ECONOMY INITIATIVES

We remain committed and maintain open dialogue with shareholders, the investment community and stakeholders. Annual general meetings are the principal forum for dialogue with shareholders and provide them the opportunity to raise questions and seek clarifications on the Group's operations, performance and strategies. All Directors were present in person to engage directly with the shareholders of the Company during the annual general meetings held in 2020.

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 developed and register new product in year 2020 as shown below.



SUSTAINABILITY STATEMENT
CONT'D

Marketplace

The Group is continuously committed to promote and maintain transparency, accountability and ethics in the conduct of its business and operations with the stakeholders, including our 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 (HK) Limited had on 26th August 2020 incorporated a new wholly owned subsidiary in Hainan China with the name "Bioalpha (Hainan) Health Biotechnology Limited".

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 expanding 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 an edge over the competition.

Collaborative Agreement

1. CME Health Sdn Bhd

   Bioalpha International Sdn. Bhd. (BISB) entered Collaborative Agreement on 17th September 2020 which allowed BISB to develop, manufacture and supply health food supplement that aims to improve overall immunity and respiratory systems ("Product") for CME health to market exclusively in the South East Asia region.

2. Ritamix Global Limited

   BISB also entered Collaborative Agreement with Ritamix Global Limited on 2nd December 2020 which allowed BISB manufactured and supply health supplement products for Ritamix to market in China (including Hong Kong) and South East Asia.

These collaborations are creating purposeful connection for both internally and externally to expand global market.

Partnership Agreement and Supply Contract Agreement

Bioalpha (HK) Limited entered a partnership agreement with Guizhou Yuhexin Trading Ltd ("GYHX") and Hainan Shifengfu Co. Ltd and Supply Contract Agreement with GYHX on 22 July 2020.

This partnership is to establish business in People's Republic of China ("China") that involve health food and nutritional meals, technology transfer, research and development, manufacturing and trading.

SOCIAL INITIATIVES

Our People

Our employees play an integral role in 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.

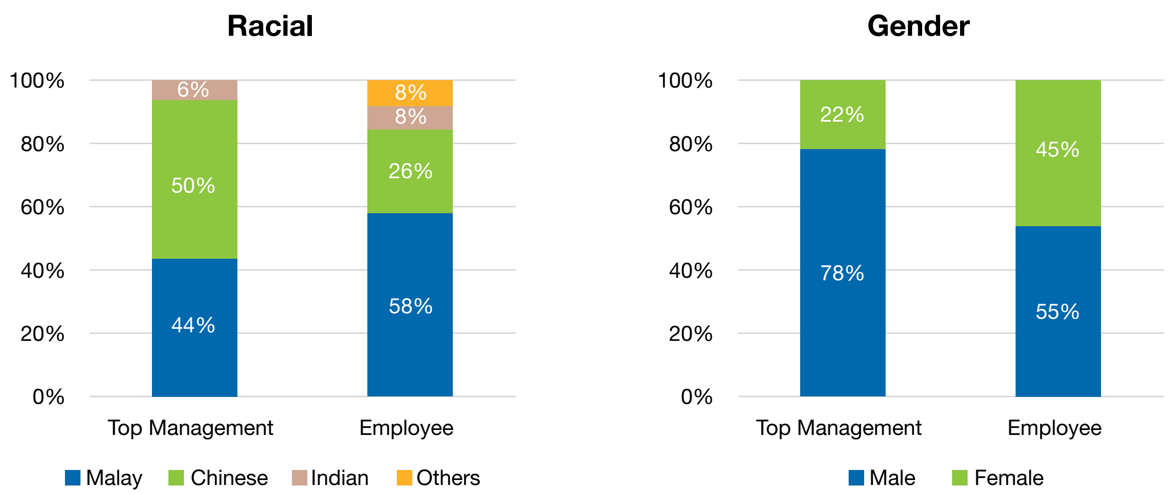
SUSTAINABILITY STATEMENT
CONT'D

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 provide equal remuneration will make our employee feel more 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 2020 is tabulated below:

Diversity



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 allocation for director and employee training is increase from RM 20,000 for Year 2019 to RM 80,000 for Year 2020.

Festive Celebrations 2020

Program	Date
Festival Open House - CNY Open House & MPM award* - Hari Raya & MPM award** - Deepavali Celebration & MPM award**	 01 Feb 2020 22 May 2020 12 Nov 2020

* Celebration took place prior to MCO.
** Social Distance is strictly practised where meal provided is individual pack.

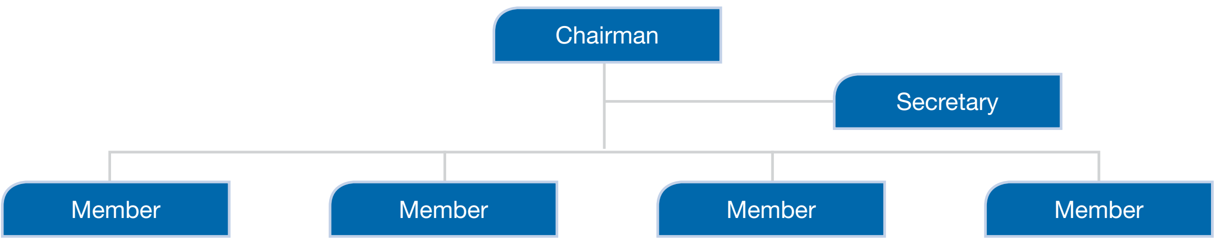
SUSTAINABILITY STATEMENT
CONT'D

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 COMITTEE



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. <u>Neighbourhood Watch Program</u>

   On 26th February 2020, Bioalpha associate with Royal Malaysia Police ("IPD") to organize a Corporate Social Responsibility (CSR) event at Bioalpha Holdong Berhad (HQ) Bandar Baru Bangi, Selangor. The program has run smoothly.

   Through this activity, the company able to distribute the information on criminal misconduct and suspicious activity to the public and raise the community cooperation spirit in preventing it.

2. Donation to Orphanage

Welfare	Amount	Date
i. Yayasan Kasin ii. St. John Ambulance	RM 40,000 RM 20,000	18 July 2020 22 December 2020

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 26 April 2021.

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

TMN TUN DR ISMAIL:
22-G, Jalan Mohd Fuad 2,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.
Tel: 03-7727 0018
Whatsapp/SMS: 012-358 8455

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

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

SELANGOR

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENTS

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

Below is an overview statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2020 ("FYE 2020") pursuant to Rule 15.25 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and its is to be read together with the Corporate Governance Report of the Company which is available at the Company's website at www.bioa.com.my.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

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

1. Board's Leadership on Objectives and Goals

1.1 Set Strategic Aims, Values and Standards for the Company

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

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

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

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

In discharging its fiduciary duties, the Board has delegated specific tasks to 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 Dato' Abd Rahman Bin Mamat was appointed as the 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.

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.

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.

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.

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;
- disseminating suitable training courses and arranging for Directors to attend such courses when requested.

CORPORATE GOVERNANCE OVERVIEW STATEMENTS

CONT'D

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

Part I - Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.5 Access to information and advice

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 advisers 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENTS
CONT'D

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

Part I - Board Responsibilities (Cont'd)

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.

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.

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.

Part II - Board Composition

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

4. Board's objectivity

4.1 Composition of the Board

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

The Board consists of eight (8) members, as designated below:

one (1) Independent Non-Executive Chairman;
one (1) Managing Director/Chief Executive Officer;
one (1) Executive Director;
one (1) Group Chief Financial Officer/Finance Director;
One (1) Non-Independent Non-Executive Director; and
three (3) Independent Non-Executive Directors.

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)

4.1 Composition of the Board (Cont'd)

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

4.2 Tenure of Independent Directors

The Company do not have a policy which limits the tenure of its independent directors to nine (9) years. However, the Board takes note that the MCCG recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Director. The 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.

Tan Sri Abd Rahman Bin Mamat has served the Board for a cumulative term of more than nine (9) years since he was appointed as Independent Non-Executive Chairman on 3 January 2012. The Board has proposed to retain him as Independent Non-Executive Chairman of the Company. The Board is of the view that the tenure has neither impaired nor compromised the independent judgement of Tan Sri Abd Rahman Bin Mamat.

The Board had through the NC assessed Tan Sri Abd Rahman Bin Mamat and is of the opinion that he had remained independent and had not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Managing Director/Chief Executive Officer, major shareholders or management of the Company other than the normal engagements and interactions on a professional level consistent and expected in the carrying out of his duties and responsibilities as Independent Non-Executive Chairman.

Therefore, the Board will seek shareholders' approval at the forthcoming 10th Annual General Meeting ("AGM") to retain Tan Sri Abd Rahman Bin Mamat as Independent Non-Executive Chairman of the Company.

4.3 Diverse Board and Senior Management Team

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

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

4.4 Gender Diversity

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

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)

4.4 Gender Diversity (Cont'd)

The Board acknowledges the importance of diversity in its membership, including gender, ethnicity and age, and strives to maintain the right balance for effective functioning of the Board. The Board is mindful of the recommendation of the MCCG to have at least 30% women decision-makers in the corporate sector. However, the Board has not established the policy on gender diversity.

Currently, there is one female Director on the Board, namely Ms Goh Siow Cheng.

4.5 Appointment of Directors and Re-election of Directors

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

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

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

During FYE 2020, Ms Goh Siow Cheng was appointed as Group Chief Financial Officer/Finance Director effective 6 March 2020 and Mr Kang Jimmi was appointed as Independent Non-Executive Director on 22 May 2020 respectively following the resignation of Dato' Rosely Bin Samsuri and Dr Nik Ismail Bin Nik Daud on 30 April 2020.

In accordance with Clause 105(1) of the Company's Constitution, one-third (1/3) 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 (1/3) 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.

At the forthcoming 10th AGM, Mr Ho Tze Hiung, Dato' Norhalim Bin Yunus and Mohd Nasir Bin Abdullah are due for retirement by rotation and being eligible, have offered themselves for re-election.

Upon review, the NC were satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered by the shareholders at the forthcoming 10th AGM of the Company.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENTS
CONT'D

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

Part II - Board Composition (Cont'd)

4. Board's objectivity (Cont'd)

4.7 NC (Cont'd)

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 *(Re-designated as Chairman of NC on 22 May 2020)*	Chairman	*Independent Non-Executive Director*
Mohd Nasir Bin Abdullah *(Appointed as member of NC on 22 May 2020)*	Member	*Independent Non-Executive Director*
Kang Jimmi *(Appointed as member of NC on 22 May 2020)*	Member	*Independent Non-Executive Director*

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

The summary activities undertaken by the NC in the discharge of its duty for FYE 2020 are as follows:

i) Reviewed and recommended to the Board to put forth the proposal for re-election of directors at the forthcoming AGM;
ii) Assessed and evaluated the individual Directors' performance and the effectiveness of the Board as a whole together with the AC's performance;
iii) Reviewed and recommended to the Board to put forth the proposal for the continuation of office as an Independent Non-Executive Chairman for Tan Sri Abd Rahman Bin Mamat who have served as Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years at the forthcoming AGM;
(iv) Evaluated the independence of the Independent Non-Executive Directors based on the criteria of "independence" as prescribed in the AMLR of Bursa Securities; and
(v) Reviewed and recommended to the Board for the appointment of Ms Goh Siow Cheng as Group Chief Financial Officer/Finance Director of the Company and Mr Kang Jimmi as Independent Non-Executive Director of the Company.

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 2020:-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENTS
CONT'D

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

<u>Part II - Board Composition (Cont'd)</u>

5. Overall Board Effectiveness (Cont'd)

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

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 2020, 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.

During FYE 2020, there were nine (9) 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	9/9
Hon Tian Kok @ William	9/9
Ho Tze Hiung	9/9
Dato' Norhalim Bin Yunus	9/9
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	8/9
Mohd Nasir Bin Abdullah	8/9
Goh Siow Cheng *(appointed on 6 March 2020)*	7/7
Kang Jimmi *(appointed on 22 May 2020)*	6/6
Dato' Rosely Bin Samsuri *(resigned on 30 April 2020)*	2/2
Dr. Nik Ismail Bin Nik Daud *(resigned on 30 April 2020)*	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENTS

CONT'D

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

Part II - Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

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

5.1.2 Continuing Education Programs/ Directors' Training

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

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

Details of seminars / conferences / training programmes attended by the Board members during FYE 2020 are as listed below:

Director	Seminars / Conferences / Training Programmes Attended
Tan Sri Abd Rahman Bin Mamat	• Awareness Training on Corporate Liability for Director and Senior Management • MICG: Corruption Risk Management • Digital Transformation -Overcoming the COVID-19 Disruptions • Webinar: "Leadership During the COVID-19 Crisis; A Special Session for AMP Alumni" • 3rd Distinguished Board Leadership Series Challenging Times: What Role Must the Board Play? Sharing by Datuk Yvonne Chia and Mr Voon Seng Chuan. Moderated by Mr Graham Poston, Regional Practice Leader, CEO & Board Progression Planning Practice, Korn Ferry • Web seminar: Making The Climb Towards Recovery • Webinar: 8th Series: Digital Platforms and The New World • Raising Defences: Section 17A, MACC Act, Option 3 • Webinar: Business Disruptions - Priorities for Boards Live Panel Webinar Available • Risks: A Fresh Look from the Board's Perspective • Webinar: Directors & Officers Liability Insurance - Presentation by Ernest Teng, Berkley Insurance Asia • Pathway to Governance Practitioner Programme (Module 3: Corporate Governance Legal Requirements-What the Law • MASB Engagement Session on IFRS Foundation's Consultation Paper - Sustainability Reporting
Ho Tze Hiung	• Offline to Online (2020) Marketing Training

CORPORATE GOVERNANCE OVERVIEW STATEMENTS
CONT'D

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

Part II - Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

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

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

Details of seminars / conferences / training programmes attended by the Board members during FYE 2020 are as listed below: (Cont'd)

Director	Seminars / Conferences / Training Programmes Attended
Dato' Norhalim Bin Yunus	• Bantuan & Sokongan Kepada Usahawan dikala COVID 19 by Association of Development Finance Institutions of Malaysia (ADFIM) • EmTech Asia 2020 (3-Day Virtual Conference) by EmTech Asia • APEC Women-Led Start-Up Accelerator Workshop Taiwan Institute of Economic Research (Southern Taiwan Program Office) and co host with Ministry of Entrepreneur Development and Cooperative (MEDAC) • 7th Innosight Workshop: Science Technology and Innovation as the Way Forward-The New Normal by Industrial Technology Research Institute (ITRI), Taiwan (Nominated by MOSTi)
Mohd Nasir Bin Abdullah	• Seminar on "Corporate Directors Training Programme Fundamental 3.0 + Cyber Security Awareness" by Suruhanjaya Syarikat Malaysia • Persidangan Cukai Kebangsaan 2020 (Persidangan Maya) by Malaysian Association of Tax Accountants • Seminar Belanjawan 2021 (Seminar Maya) by Malaysian Association of Tax Accountants
Goh Siow Cheng	• Mandatory Accreditation Programme for Directors of Public Listed Companies
Kang Jimmi	• Mandatory Accreditation Programme for Directors of Public Listed Companies

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENTS

CONT'D

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

Part III - Remuneration

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

6. Level and Composition of Remuneration

6.1 Remuneration Policies and Procedures

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

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

6.2 RC

The RC 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	*Independent Non-Executive Director*
Dato' Norhalim Bin Yunus	Member	*Non-Independent Non-Executive Director*
Kang Jimmi *(Appointed on 22 May 2020)*	Member	*Independent Non-Executive Director*

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENTS
CONT'D

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

Part III - Remuneration (Cont'd)

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

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

	Fees	Salaries and Other Emoluments	Equity Settled Share Based Payment	Total
Executive Directors	–	794,896	476,670	1,271,566
Non-Executive Directors	192,920	56,600	47,667	297,187

* *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 2020 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.

PRINCILE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – AC

8. Effective and Independent AC

8.1 Chairman of AC

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

8.2 Former Key Audit Partner

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

8.3 Assessment of Suitability and Independence of External Auditors

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENTS

CONT'D

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

Part I – AC (Cont'd)

8. Effective and Independent AC (Cont'd)

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

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

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

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

The existing auditors of the Company, Messrs UHY were re-appointed as the auditors of the Company at the 9th Annual General Meeting of the Company held on 17 August 2020 to hold office until the conclusion of the 10th AGM of the Company. Messrs UHY have indicated their intention to retire and they are not seeking re-appointment as auditors of the Company.

In line with good corporate governance practice, the Audit Committee had undertaken assessment of the suitability and independence of auditors and based on an internal procurement process, had recommended the appointment of Messrs TGS TW PLT as auditors of the Company for the financial year ending 31 December 2021.

The Board had reviewed the recommendation of the Audit Committee and agreed to nominate the appointment of Messrs TGS TW PLT as the new auditors in place of the retiring auditors, Messrs UHY at the forthcoming AGM of the Company. Messrs TGS TW PLT have given their consent to act as the auditors of the Company.

8.4 Composition of the AC

The AC comprises three (3) Independent Non-Executive Directors. During FYE 2020, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENTS
CONT'D

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

Part II – Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

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

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

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

The details of the Group's risk management and internal control framework is elaborated in page 55 to 57 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 *(Independent Non-Executive Director) (appointed on 22 May 2020)*
Members:	Mohd Nasir Bin Abdullah *(Independent Non-Executive Director)*
	Ho Tze Hiung *(Executive Director)*

10. Internal Audit Function

The details of the Group's internal audit function is elaborated in page 59 to 60 on the AC Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENTS
CONT'D

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

Part I – Communication with Stakeholders

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

11. Continuous Communication between Company and Stakeholders

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

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

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

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

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

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 10th AGM dated 28 May 2021 to shareholders at least 28 days before 10th AGM held on 28 June 2021, which is in line with Practice 12.1 of the MCCG. This is to enable the shareholders have sufficient time to read and understand the Company's financial and non-financial performance before the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENTS

CONT'D

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

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

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

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

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

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

At the 9th AGM of the Company held on 17 August 2020, all members of the Board attended the 9th AGM save for Mr Kang Jimmi was not able to travel from Indonesia to Malaysia due to the Covid-19 pandemic, the representatives of the management and the external auditors were attended the meeting to respond to the questions raised by the shareholders or proxies.

14. Poll Voting

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder 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 authorizing proxies or Chairman of meeting is an alternative measure adopted by the Company. Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers and is satisfied that the Company has fulfilled its obligation under MCCG, AMLR and all applicable laws and regulations throughout the FYE 2020.

This Corporate Governance Overview Statement was approved by the Board of Directors on 19 May 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2020, appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

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

This Statement was approved by the Board of Directors on 19 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. INTRODUCTION

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

B. BOARD RESPONSIBILITY

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

C. RISK MANAGEMENT

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

The key risk management initiatives undertaken include among others:

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

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

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

D. SYSTEM OF INTERNAL CONTROLS

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

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

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

The total cost incurred by the IA function is at RM39,000 for the financial year ended 31 December 2020.

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 54 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 Management to ensure 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, 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)

The other key elements of the Group's System of internal control are: (Cont'd)

c) Reporting and Review (Cont'd)

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 adopts 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 2020 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 recognizes 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 19 May 2021.

AUDIT COMMITTEE REPORT

The AC is pleased to present the AC Report for the financial year ended 31 December 2020.

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) (appointed as member of AC on 22 May 2020)*

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

TERMS OF REFERENCE

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

ATTENDANCE OF MEETINGS

A total of five (5) meetings were held in FYE 2020. Details of attendance of the AC members are as follows:

Name of Members	Total Meetings Attended
Mohd Nasir Bin Abdullah	4/5
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	5/5
Kang Jimmi *(appointed on 22 May 2020)*	3/3
Dato' Rosely Bin Samsuri *(resigned on 30 April 2020)*	1/1

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 2020 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 2020;

AUDIT COMMITTEE REPORT
CONT'D

SUMMARY ACTIVITIES OF THE AC (CONT'D)

The activities of the AC during the financial year ended 31 December 2020 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 2020 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 Company and the Group;

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

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 2020 is approximately RM39,000.

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

i) Warehouse Review

- To ensure timely delivery of product ordered to outlets
- To ensure sufficient product for delivery to outlets
- To maintain timely and accuracy of inventories update

ii) Farming Review

- To maximise production potential
- To maintain minimal unit cost
- To employing efficient method in crop extraction and reducing wastage
- To ensure all crops are delivered to the respective destination
- To train and retain experienced workers

iii) Safeguard Intellectual Property rights

- To safeguard of recipe/ formula for Products (Inhouse Brand/ OEM)
- To safeguard the source of raw material

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 55 to 57 in this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

1. 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 2020 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	45,000	182,725
Non-Audit Services Rendered		
Review of Statement on Risk Management and Internal Control	5,000	5,000

2. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NTURE

There was no recurrent related party transaction of revenue or trading nature during the financial year ended 31 December 2020.

3. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

4. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

5. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

(a) Pursuant to the July 2020 Placement completed on 17 July 2020, the Company has issued a total of 94,309,700 new Bioalpha Shares at RM0.105 each and raised approximately RM9.90 million.

The status of the usage of the proceeds from the July 2020 Placement as at the LPD are as follows:

No.	Purpose	Approved Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Intended time Frame for Utilisation (from 17 July 2020)
(a)	Digitalisation expenses	3,000	(800)	2,200	Within 24 months
(b)	Development expenditure	3,762	(3,011)	751	Within 24 months
(c)	Marketing and advertising expenses	3,037	(600)	2,437	Within 24 months
(d)	Expenses for the private placement	104	(104)	–	Within 1 month
	Total	9,903	(4,465)	5,388	

ADDITIONAL COMPLIANCE INFORMATION
CONT'D

5. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE (CONT'D)

(b) On 26 November 2020, the Company has issued a total of 52,877,100 new Bioalpha Shares at RM0.25 each and raised approximately RM13.22 million.

The status of the usage of the proceeds from the November 2020 Placement as at the LPD are as follows:

No.	Purpose	Approved Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Intended time Frame for Utilisation (from 26 November 2020)
(a)	Working capital for Hainan operation	12,969	(6,499)	6,470	Within 12 months
(b)	Expenses for the private placement	250	(250)	–	Within 1 month
	Total	13,219	(6,749)	6,470	

6. 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. The SIS option granted may be exercised any time upon the satisfaction of vesting condition of each offer. The SIS is in force for a period of five (5) years.

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

			Number of options over Ordinary Shares				
Date of offer	Date of expiry	Exercise Price (RM)	At 1.1.2020 ('000)	Granted ('000)	Exercised ('000)	Lapsed ('000)	At 31.12.2020 ('000)
27 February 2017	26 February 2022	0.205	9,300	–	(7,125)	–	2,175
16 April 2020	15 April 2025	0.105	–	100,000	(95,950)	–	4,050

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary companies 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
Net loss for the financial year	42,224,447	380,385
Attributable to:		
Owners of the parent	41,147,385	380,385
Non-controlling interests	1,077,062	–
	42,224,447	380,385

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 does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued paid-up share capital from RM99,763,799 to RM135,824,495 by way of:

(a) issuance of 94,309,700 new ordinary shares of RM0.105 each through Private Placement at an issue price of RM0.105 per ordinary share for a total cash consideration of RM9,902,518 for working capital purposes.

(b) issuance of 52,877,100 new ordinary shares of RM0.250 each through Private Placement at an issue price of RM0.250 per ordinary share for a total cash consideration of RM13,219,275 for working capital purposes.

(c) the issuance of 7,125,000 ordinary shares of RM0.205 each and 95,950,000 ordinary shares of RM0.105 each through the exercise of share options that was granted under Share Issuance Scheme ("SIS") at an exercise price of RM0.205 and of RM0.105 respectively for a total cash consideration of RM11,535,374.

(d) the inclusion of RM1,403,529 from SIS option reserve as part of the paid up share capital upon the exercise of SIS of RM1,403,529.

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

DIRECTORS' REPORT
CONT'D

TREASURY SHARES

During the financial year, the Company repurchased 3,000,000 of its issued share capital from the open market. The average price paid for the shares repurchased were RM0.17 per share. The total consideration paid for the repurchase, including transaction costs, were RM508,191. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 31 December 2020, the total number of treasury shares held by the Company is Nil out of the total 1,110,470,832 issued ordinary shares. Further relevant details are disclosed in Note 17(a) to the financial statements.

WARRANTS

The Warrants were constituted under the Deed Poll dated 23 November 2016 as disclosed in the Note 17(b) to the financial statements.

As at 31 December 2020, the total numbers of Warrants that remain unexercised were 133,332,785.

OPTIONS GRANTED OVER UNISSUED SHARES

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

The SIS shall be in force for a period of 5 years from 27 February 2017 and 16 April 2020 to 26 February 2022 and 15 April 2025.

The salient features and other terms are disclosed in the Note 17(c) to the financial statements.

As at 31 December 2020, the SIS offered to take up unissued ordinary shares and the exercise prices are as follows:

		Number of options over ordinary shares			
Date of Offer	**Exercise Price RM**	**At 1.1.2020**	**Granted**	**Exercised**	**At 31.12.2020**
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

DIRECTORS

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

Tan Sri Abd Rahman Bin Mamat
Hon Tian Kok @ William*
Ho Tze Hiung*
Dato' Norhalim Bin Yunus
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim
Mohd Nasir Bin Abdullah
Goh Siow Cheng (appointed on 6.3.2020)
Kang Jimmi (appointed on 22.5.2020)
Dato' Rosely Bin Samsuri (resigned on 30.4.2020)
Dr Nik Ismail Bin Nik Daud (resigned on 30.4.2020)

DIRECTORS' REPORT
CONT'D

DIRECTORS (CONT'D)

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

Ng Yau Loong
Dato' Ng Ah Kow (alternative Director to Ng Yau Loong)
Haji Ahmad Bin Haji Ma'in
Zarina Binti Abdul Kadir
Datuk Mohamad Ali Bin Hasan
Abd Rahman Bin Yasir

* *Director of the Company and its subsidiary companies*

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 subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and, options over shares and Warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares		
	At 1.1.2020	**Bought**	**Sold**	**At 31.12.2020**
Interests in the Company:				
Direct interests				
Tan Sri Abd Rahman Bin Mamat	500,000	1,000,000	1,000,000	500,000
Hon Tian Kok @ William	122,580,000	71,957,000	102,537,000	92,000,000
Tan Sri Dato' Dr Syed Jalaludin Bin Syed Salim	300,000	1,000,000	1,300,000	–
Mohd Nasir Bin Abdullah	–	1,400,000	1,300,000	100,000
Ho Tze Hiung	–	11,000,000	11,000,000	–
Indirect interests				
Hon Tian Kok @ William*	16,300,000	10,070,000	26,370,000	–

		Number of Options over ordinary shares		
	At 1.1.2020	**Granted**	**Exercised**	**At 31.12.2020**
Interests in the Company:				
Direct interests				
Hon Tian Kok @ William	4,000,000	50,000,000	54,000,000	–
Ho Tze Hiung	1,000,000	10,000,000	11,000,000	–
Dato' Norhalim Bin Yunus	500,000	1,000,000	–	1,500,000
Mohd Nasir Bin Abdullah	400,000	1,000,000	1,400,000	–
Tan Sri Abd Rahman Bin Mamat	–	1,000,000	1,000,000	–
Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	–	1,000,000	1,000,000	–

		Number of Warrants		
	At 1.1.2020	**Granted**	**Disposed**	**At 31.12.2020**
Interests in the Company:				
Direct interests				
Hon Tian Kok @ William	7,241,988	–	7,241,988	–

DIRECTORS' REPORT
CONT'D

DIRECTORS' INTERESTS IN SHARES (CONT'D)

By virtue of his interests in the shares of the Company, Hon Tian Kok @ William is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the 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 31(c) 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 share issuance scheme.

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 RM2,000 respectively.

No indemnity was given to or insurance effected for auditors of the Company.

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 values of the current assets as shown in the accounting records of the Group and of the Company has 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.

DIRECTORS' REPORT
CONT'D

OTHER STATUTORY INFORMATION (CONT'D)

(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 or of the Company which has arisen since the end of the financial year.

(d) In the opinion of 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 result 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.

SUBSIDIARY COMPANIES

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

SIGNIFICANT EVENT

The details of the significant event is disclosed in Note 37 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, retires at the forthcoming annual general meeting and does not seek for re-appointment.

The details of auditors' remuneration are set out in Note 25 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2021.

HON TIAN KOK @ WILLIAM **HO TZE HIUNG**

KUALA LUMPUR

STATEMENTS BY DIRECTORS

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

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 74 to 155 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 2020 and of their financial performance and their cash flows for the financial year ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2021.

HON TIAN KOK @ WILLIAM

HO TZE HIUNG

KUALA LUMPUR

STATUTORY DECLARATION

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

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 74 to 155 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 26 April 2021)

HON TIAN KOK @ WILLIAM

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD
COMMISSIONER OF 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 2020 of the Group and of the Company, and the statements of profit and 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 74 to 155.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of 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 Requirements

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How we addressed the key audit matters
1. Goodwill impairment review	
As at 31 December 2020, the carrying amount of the Group's goodwill on consolidation amounted to RM5,384,030 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 and growth 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 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
2. Assessment of carrying amount of development expenditure	
As at 31 December 2020, the carrying amount of the Group's development expenditure amounted to RM45,754,349. Recoverability of these assets is based on forecasting and discounting future cash flows, which are inherently judgmental. We focused on this area because of the significance of the costs capitalised and the fact that there is judgment involved in assessing whether the criteria, set out in MFRS 138 *Intangible Assets*, 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 judgment required in the calculation, such as the accuracy of amount of time spent on the projects. We also focused on whether there is objective evidence of the carrying value for development expenditures are impaired.	We discussed with management on their assessment as to whether 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: - tested the amounts capitalised during the reporting period are in accordance with the requirements of MFRS 138 *Intangible Assets*; - assessed the reliability of the cash flows forecast and supporting evidence of the analysis assumptions, by checking to approved budgets and company to recent performance and prior years' forecasted result; - 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 development expenditure at the end of the reporting period; - checked the key assumptions used by management, in particular, revenue formula rate comparing to business plans, historical results and market data; and - assessed the adequacy and reasonableness of the disclosures in the financial statements.
3. Impairment of trade receivables and other receivables	
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.	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: - sent trade receivables balance confirmations and performed alternative audit procedures for those trade receivables not replied us by vouching to the invoices and delivery orders and checking to the subsequent collections; - analysed the aging of trade receivables; - 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 - 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)

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 misstatements of this 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 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 misstatements, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatements, 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 misstatements 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 misstatements 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 misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements 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 statements 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, related safeguards.

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 subsidiary companies of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

This report is made solely to the 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.

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 02239/07/2022 J
Chartered Accountant

KUALA LUMPUR

26 April 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	49,047,288	48,641,681	3,417	4,723
Investment in subsidiary companies	5	–	–	13,716,436	13,716,436
Right-of-use assets	6	12,797,373	13,377,407	–	–
Goodwill on consolidation	7	5,384,030	5,891,157	–	–
Intangible assets	8	47,732,678	44,538,650	–	–
Amount due from subsidiary companies	9	–	–	24,843,790	34,096,076
		114,961,369	112,448,895	38,563,643	47,817,235
Current Assets					
Biological assets	10	693,391	582,433	–	–
Inventories	11	7,163,618	10,136,855	–	–
Trade receivables	12	22,156,048	44,629,915	–	–
Other receivables	13	13,899,136	13,159,467	49,929	165,827
Amount due from subsidiary companies	9	–	–	108,454,625	49,187,985
Tax recoverable		618,852	351,825	26,250	99,000
Other investments	14	11,679	11,378	–	–
Fixed deposits with licensed banks	15	16,100,526	9,681,898	7,500,000	3,500,000
Cash and bank balances		11,521,335	2,853,133	3,970,976	25,192
		72,164,585	81,406,904	120,001,780	52,978,004
Total Assets		187,125,954	193,855,799	158,565,423	100,795,239

STATEMENTS OF FINANCIAL POSITION
CONT'D

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY					
Share capital	16	135,824,495	99,763,799	135,824,495	99,763,799
Reserves	17	25,075,808	65,783,181	389,331	607,667
Equity attributable to owners of the parent		160,900,303	165,546,980	136,213,826	100,371,466
Non-controlling interests		(1,359,393)	(283,393)	–	–
Total Equity		159,540,910	165,263,587	136,213,826	100,371,466
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	18	4,744,285	5,176,844	–	–
Borrowings	19	3,711,940	4,185,815	–	–
Deferred tax liabilities	20	8,713,379	8,107,680	–	–
		17,169,604	17,470,339	–	–
Current Liabilities					
Trade payables	21	2,953,474	4,217,507	–	–
Other payables	22	3,232,415	3,886,560	450,051	423,773
Amount due to subsidiary companies	9	–	–	21,901,546	–
Lease liabilities	18	1,280,237	1,355,542	–	–
Borrowings	19	2,565,719	1,281,449	–	–
Tax payable		383,595	380,815	–	–
		10,415,440	11,121,873	22,351,597	423,773
Total Liabilities		27,585,044	28,592,212	22,351,597	423,773
Total Equity and Liabilities		187,125,954	193,855,799	158,565,423	100,795,239

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 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	23	36,462,419	63,667,826	4,000,000	8,642,600
Cost of sales		(47,379,013)	(38,433,873)	–	–
Gross (loss)/profit		(10,916,594)	25,233,953	4,000,000	8,642,600
Other income		3,558,832	4,170,586	212,873	258,578
Net (loss)/gain on impairment of financial assets	25	(6,602,704)	(58,503)	60,714	(892,260)
Administrative expenses		(26,982,345)	(18,260,260)	(4,497,824)	(1,929,260)
Finance costs	24	(509,622)	(564,661)	–	–
(Loss)/Profit before taxation	25	(41,452,433)	10,521,115	(224,237)	6,079,658
Taxation	26	(772,014)	(2,196,757)	(156,148)	–
(Loss)/Profit for the financial year		(42,224,447)	8,324,358	(380,385)	6,079,658
Other comprehensive income:					
Item that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operation		279,025	96,058	–	–
Total comprehensive (loss)/ income for the financial year		(41,945,422)	8,420,416	(380,385)	6,079,658
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(41,147,385)	8,315,531	(380,385)	6,079,658
Non-controlling interests		(1,077,062)	8,827	–	–
		(42,224,447)	8,324,358	(380,385)	6,079,658
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(40,869,422)	8,400,696	(380,385)	6,079,658
Non-controlling interests		(1,076,000)	19,720	–	–
		(41,945,422)	8,420,416	(380,385)	6,079,658
(Loss)/Earnings per share:					
Basic (sen)	27	(4.23)	0.97		
Diluted (sen)	27	(4.22)	0.97		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

		Attributable to Owners of the Parent										
		Non- Distributable							Distributable			
Group	**Note**	**Share Capital RM**	**Treasury Shares RM**	**Warrant Reserve RM**	**SIS Option Reserve RM**	**Merger Deficits RM**	**Foreign Currency Translation Reserve RM**	**Other Reserve RM**	**Retained Earnings RM**	**Total RM**	**Non-Controlling Interests RM**	**Total Equity RM**
As at 1 January 2020		99,763,799	(145,527)	16,853,263	837,000	(4,969,130)	(52,495)	(16,853,263)	70,113,333	165,546,980	(283,393)	165,263,587
Loss for the financial year		–	–	–	–	–	–	–	(41,147,385)	(41,147,385)	(1,077,062)	(42,224,447)
Foreign exchange translation reserve		–	–	–	–	–	277,963	–	–	277,963	1,062	279,025
Total comprehensive income/ (loss) for the financial year		–	–	–	–	–	277,963	–	(41,147,385)	(40,869,422)	(1,076,000)	(41,945,422)
Transactions with owners:												
Issuance of ordinary shares	16	23,121,793	–	–	–	–	–	–	–	23,121,793	–	23,121,793
Share options granted under SIS	16, 17(c)	–	–	–	794,454	–	–	–	–	794,454	–	794,454
Exercises of SIS	16, 17(c)	12,938,903	–	–	(1,403,529)	–	–	–	–	11,535,374	–	11,535,374
Share repurchased	17(a)	–	(508,191)	–	–	–	–	–	–	(508,191)	–	(508,191)
Disposal of treasury shares	17(a)	–	653,718	–	–	–	–	–	625,597	1,279,315	–	1,279,315
Total transactions with owners		36,060,696	145,527	–	(609,075)	–	–	–	625,597	36,222,745	–	36,222,745
At 31 December 2020		135,824,495	–	16,853,263	227,925	(4,969,130)	225,468	(16,853,263)	29,591,545	160,900,303	(1,359,393)	159,540,910

STATEMENTS OF CHANGES IN EQUITY
CONT'D

Group	Note	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	SIS Option Reserve RM	Merger Deficits RM	Foreign Currency Translation Reserve RM	Other Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		Attributable to Owners of the Parent: Non- Distributable							Distributable			
As at 1 January 2019, as previously reported		99,763,799	–	16,853,263	837,000	(4,969,130)	(137,660)	(16,853,263)	62,126,573	157,620,582	(303,113)	157,317,469
Effect of adopting MFRS 16		–	–	–	–	–	–	–	(328,771)	(328,771)	–	(328,771)
As at January 2019, as restated		99,763,799	–	16,853,263	837,000	(4,969,130)	(137,660)	(16,853,263)	61,797,802	157,291,811	(303,113)	156,988,698
Profit for the financial year		–	–	–	–	–	–	–	8,315,531	8,315,531	8,827	8,324,358
Foreign exchange translation reserve		–	–	–	–	–	85,165	–	–	85,165	10,893	96,058
Total comprehensive income for the financial year		–	–	–	–	–	85,165	–	8,315,531	8,400,696	19,720	8,420,416
Transactions with owners:												
Shares repurchased	17(a)	–	(145,527)	–	–	–	–	–	–	(145,527)	–	(145,527)
At 31 December 2019		99,763,799	(145,527)	16,853,263	837,000	(4,969,130)	(52,495)	(16,853,263)	70,113,333	165,546,980	(283,393)	165,263,587

STATEMENTS OF CHANGES IN EQUITY
CONT'D

Company	Note	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	SIS Option Reserve RM	Other Reserve RM	Retained earnings / Accumulated Losses RM	Total Equity RM
At 1 January 2019		99,763,799	–	16,853,263	837,000	(16,853,263)	(6,163,464)	94,437,335
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	–	6,079,658	6,079,658
Transactions with owners:								
Shares repurchased	17(a)	–	(145,527)	–	–	–	–	(145,527)
At 31 December 2019		99,763,799	(145,527)	16,853,263	837,000	(16,853,263)	(83,806)	100,371,466
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)
Transactions with owners:								
Issuance of ordinary share	16	23,121,793	–	–	–	–	–	23,121,793
Share option granted under SIS	16, 17(c)	–	–	–	794,454	–	–	794,454
Exercise of SIS	16, 17(c)	12,938,903	–	–	(1,403,529)	–	–	11,535,374
Share repurchased	17(a)	–	(508,191)	–	–	–	–	(508,191)
Disposal of treasury shares	17(a)	–	653,718	–	–	–	625,597	1,279,315
Total transactions with owners		36,060,696	145,527	–	(609,075)	–	625,597	36,222,745
At 31 December 2020		135,824,495	–	16,853,263	227,925	(16,853,263)	161,406	136,213,826

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash Flows From Operating Activities					
(Loss)/Profit before taxation		(41,452,433)	10,521,115	(224,237)	6,079,658
Adjustments for:					
Amortisation of intangible assets		4,221,276	3,718,325	–	–
Amortisation of deferred capital grant		(368,391)	(368,391)	–	–
Amortisation of biological assets		968	125,341	–	–
Amortisation of right-of-use assets		1,615,263	1,448,373	–	–
Bad debts written off		3,122,073	–	–	–
Biological assets written off		10,206	–	–	–
Deposits written off		–	2,935	–	–
Depreciation of property, plant and equipment		7,542,463	6,454,263	1,306	1,306
Dividend income		–	–	(4,000,000)	(8,000,000)
Equity settled share based payment		794,454	–	794,454	–
Loss on disposals of property, plant and equipment		76,413	–	–	–
Grant income		(298,567)	(1,707,300)	–	–
Impairment losses on trade receivables		6,698,499	208,237	–	–
Impairment losses on amount due from subsidiary companies		–	–	–	892,260
Impairment losses on goodwill on consolidation		507,127	–	–	–
Finance costs		509,622	564,661	–	–
Interest income		(318,595)	(483,846)	(212,679)	(258,578)
Inventories written off		4,105,256	–	–	–
Modification of lease term		(60,937)	–	–	–
Provision for slow-moving inventories		680,214	–	–	–
Property, plant and equipment written off		297,627	650,490	–	–
Rent concession related to Covid-19		(36,357)	–	–	–
Reversals of impairment losses on trade receivables		(95,795)	(149,734)	–	–
Reversals of impairment losses on amount due from subsidiary companies		–	–	(60,714)	–
Unrealised loss on foreign exchange		484,128	15,169	505,359	41
Waiver of amount due to other payables		–	(108,921)	–	–
Operating (loss)/profit before working capital changes		(11,965,486)	20,890,717	(3,196,511)	(1,285,313)

STATEMENTS OF CASH FLOWS
CONT'D

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash Flows From Operating Activities (Cont'd)					
Changes in working capital:					
Biological assets		(122,132)	(64,424)	–	–
Inventories		(1,812,233)	(889,804)	–	–
Trade receivables		12,286,504	(5,156,686)	–	–
Other receivables		(4,029,782)	354,106	115,898	(38,379)
Trade payables		(1,268,500)	(813,564)	–	–
Other payables		(282,083)	520,410	26,278	175,011
		4,771,774	(6,049,962)	142,176	136,632
Cash (used in)/generated from operations		(7,193,712)	14,840,755	(3,054,335)	(1,148,681)
Government grant received		298,567	1,707,300	–	–
Interest paid		(509,622)	(564,661)	–	–
Interest received		318,294	483,846	212,679	258,578
Tax refunded		3,147	624,350	–	108,000
Tax paid		(433,400)	(825,778)	(83,398)	(108,000)
		(323,014)	1,425,057	129,281	258,578
Net cash (used in)/from operating activities		(7,516,726)	16,265,812	(2,925,054)	(890,103)
Cash Flows From Investing Activities					
Additional in intangible assets		(7,436,059)	(12,689,810)	–	–
Purchases of property, plant and equipment	4(c)	(5,219,592)	(11,692,260)	–	–
Purchases of right-of-use assets	6(c)	(135,810)	(12,470)	–	–
Purchases of treasury shares	17(a)	(508,191)	(145,527)	(508,191)	(145,527)
Placement of other investments		–	(377)	–	–
Proceeds from disposals of property, plant and equipment		142,335	–	–	–
Net cash outflows arising from acquisition of business	5(a)	–	(440,000)	–	–
Investment in subsidiary company		–	–	–	(100)
Dividend received		–	–	4,000,000	8,000,000
Deposits paid for purchases of property, plant and equipment		–	(591,912)	–	–
Net cash (used in)/from investing activities		(13,157,317)	(25,572,356)	3,491,809	7,854,373

STATEMENTS OF CASH FLOWS
CONT'D

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash Flows From Financing Activities					
Net changes on banker's acceptance		1,261,000	486,000	–	–
Net changes in amount due from/to subsidiary companies		–	–	(28,052,094)	(11,660,422)
(Increased)/Decreased in fixed deposits pledged and maturity more than 3 months		(4,034,060)	12,464,996	(4,000,000)	3,500,000
Proceeds from exercise of employee share options		11,535,374	–	11,535,374	–
Proceeds from issue of share capital		23,121,793	–	23,121,793	–
Proceed from treasury shares	17(a)	1,279,315	–	1,279,315	–
Repayment of lease liabilities		(1,312,791)	(1,193,790)	–	–
Repayment of term loans		(450,178)	(595,332)	–	–
Net cash from/(used in) financing activities		31,400,453	11,161,874	3,884,388	(8,160,422)
Net increase/(decrease) in cash and cash equivalents		10,726,410	1,855,330	4,451,143	(1,196,152)
Effect of exchange translation differences		326,787	27,562	(505,359)	(41)
Cash and cash equivalents at the beginning of the financial year		7,968,138	6,085,246	25,192	1,221,385
Cash and cash equivalents at the end of the financial year		19,021,335	7,968,138	3,970,976	25,192
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		11,521,335	2,853,133	3,970,976	25,192
Fixed deposits with licensed banks	15	16,100,526	9,681,898	7,500,000	3,500,000
Bank overdraft	19	–	(427)	–	–
		27,621,861	12,534,604	11,470,976	3,525,192
Less: Fixed deposits pledged with licensed banks	15	(1,100,526)	(1,066,466)	–	–
Less: Fixed deposits maturity more than 3 months	15	(7,500,000)	(3,500,000)	(7,500,000)	(3,500,000)
		19,021,335	7,968,138	3,970,976	25,192

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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 was located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, with effect from 27 January 2021, the Company's registered office has been relocated to 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 that of investment holding. The principal activities of the subsidiary companies 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) Statements 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 new amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

Early adoption of amendments to MFRS

In current financial year, the Group and the Company have elected to early adopt Amendments to MFRS 16 Covid-19-Related Rent Concessions which is effective from the annual period, beginning on or after 1 June 2020.

The amendments grant an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. BASIS OF PREPARATION (CONT'D)

(a) Statements of compliance (Cont'd)

Early adoption of amendments to MFRS (Cont'd)

The exemption only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(ii) Any reduction in lease payments affects only payments due on or before 30 June 2021; and
(iii) There is no substantive change to other terms and conditions of the lease.

The amendments shall be applied retrospectively.

The adoption of the above amendments to MFRS's and interpretations did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and 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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	Amendments to MFRS 1 Amendments to MFRS 9 Amendments to MFRS 16 Amendments to MFRS 141	1 January 2022
MFRS 17	Insurance Contracts	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 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 MFRSs when they become effective.

The initial application of the accounting standards or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. BASIS OF PREPARATION (CONT'D)

(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 the nearest RM, unless otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

<u>Determining the lease term of contracts with renewal and termination options – Group as lessee</u>

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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:

<u>Useful lives/amortisation of property, plant and equipment and right-of-use ("ROU") assets</u>

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation/amortisation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 6 respectively 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 7 to the financial statements.

Development expenditure

The Group capitalises development expenditure 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 expenditure is disclosed in Note 8 to the financial statements.

Recoverability of development expenditure

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 pre-clinical studies and is currently in the midst of preparing 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 8 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 11 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 judgment the Group assesses the impact of any variable consideration in the contract, due to discounts, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the most-likely amount method, whereby the transaction price is determined by reference to the sum of single most likely amount in a range of possible consideration amounts.

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 its receivables include trade and other receivables and amount due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates, if applicable at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due. The provision matrix is initially based on the Group's historical observed default rates. The Group 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, if any. 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 Note 33(b)(i) to the financial statements.

The carrying amount at the reporting date for receivables are disclosed in Note 9, 12 and 13 to the financial statements.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group 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 estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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)

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 17(c) to the financial statements.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognises liabilities for tax 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. As at 31 December 2020, the Group and the Company have tax recoverable of RM618,852 (2019: RM351,825) and RM26,250 (2019: RM99,000) respectively, and have tax payable of RM383,595 (2019: RM380,815) and RMNil (2019: RMNil) respectively.

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) Subsidiary companies

Subsidiary companies 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination with Bioalpha International Sdn. Bhd. and its subsidiary companies, namely Bioalpha Agro Sdn. Bhd. and Bioalpha East Coast Agro Sdn. Bhd., which was accounted for under the merger method of accounting as the business combination of these subsidiary companies involved an entity under common control.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary company 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combinations 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 instruments 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 companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiary companies 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 company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

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 company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operations 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 company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(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.

(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.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (Cont'd)

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.

Bearer plants are defined as living plants that are used in the production or supply of agriculture produce and for which there is only a remote likelihood that the plant will also be sold as agriculture produce. Bearer plants (before maturity) representing various types of herbs nursery and immature plantations are measured at cost which consists of the costs incurred in the preparation of the nursery, purchase of seedlings and maintenance of the herbs plantation. Plantations are considered matured when it has reached ranges 4 months to 60 months of age after the initial field planting. Bearer plants (after maturity) are measured at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress consists of expenditure incurred pertaining to cluster activities at the agricultural land for intended use as farming and processing of various types of herbs.

(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 its 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, property, plant and equipment under construction and immature bearer plants are not depreciated until the assets are ready for its intended use.

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

Buildings	50 years
Computer system and peripherals	5 to 10 years
Lab and office equipment, furniture and fittings	5 to 10 years
Motor vehicles	5 years
Plant and machineries	5 to 10 years
Renovations	10 years
Signage and display items	5 to 10 years
Infra-structure expenditures	10 years
Plantation expenditure	9 months to 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 property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Biological assets

Biological assets comprise of expenditure incurred on land clearing, planting, fertilising and other associated cost incurred to upkeep of the crops to maturity. Biological assets are measured at fair value less costs of disposal, except on initial recognition for which market determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. In such case, the biological assets 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.

At each reporting date, the Group considers the nature of plantation activities being growing and managing herbal plantations for the sale of herbal. The biological assets have been stated at cost less accumulated depreciation and accumulated impairment if any, as there is currently no active market of the biological asset nor reliable alternative estimates of fair value available. The biological assets are considered to be matured by 8 to 84 months after the initial field planting.

(e) Leases

(i) As lessee

The Group recognises a 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.

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:

Land and buildings	Over the remaining lease period
Motor vehicles	5 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective 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 it will exercise an extension or termination option.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

(i) As lessee (Cont'd)

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.

(ii) As lessor

When the Group acts as a lessor, it determines 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 its statement 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.

(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 in 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 period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (Cont'd)

(ii) Intangible assets acquired separately

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

(iii) Derecognition of intangible assets

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

See accounting policy Note 3(m)(i) 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 or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition and the categories as follows:

(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 profit or loss

All financial assets not classified as measured at amortised cost as described above, are measured at fair value through profit and loss. 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 fair value through other comprehensive income as at fair value through profit or loss 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)

(ii) Financial assets at fair value through profit or loss (Cont'd)

Financial assets categorised as fair value through profit or loss 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 fair value through profit or loss 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.

Cost of raw material, consumables and finished goods comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on weighted average basis.

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, demand deposits, bank overdraft and highly liquid investments 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 bank overdrafts and pledged deposits, if any.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for biological asset and inventories) 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, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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 unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables and inter-company balances, 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 its 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 Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceed 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Share capital (Cont'd)

(ii) 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 that can be estimated reliably, 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 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.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. 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"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee benefits (Cont'd)

(iii) Equity-settled Share-based Payment Transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. 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 subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in 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 date, the Group revises its 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 contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services 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.

(a) Sales of goods

The Group produces and sells of 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 90 to 180 days, which is consistent with market practice.

(b) Management fee

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (Cont'd)

(ii) Revenue from other sources

(a) Interest income

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

(b) Rental income

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

(c) Dividend income

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

(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.

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. 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 its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the 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 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 nor 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.

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, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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.

(u) Segments reporting

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.

(v) 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 co ntingent 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.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM	Computer system and peripherals RM	Lab and office equipments, furniture and fittings RM	Motor vehicles RM	Plant and machineries RM	Renovations RM	Signage and display items RM	Infra-structure expenditures RM	Plantation expenditure RM	Capital work-in-progress RM	Total RM
2020											
Cost											
At 1 January 2020	1,725,900	2,398,875	4,057,782	1,582,098	43,899,122	15,347,158	1,340,846	6,064,131	1,489,238	1,506,967	79,412,117
Additions	–	47,041	297,111	52,200	4,462,718	2,077,111	–	1,012,178	575,436	–	8,523,795
Disposals	–	(21,384)	(247,895)	(85,000)	–	(985)	(3,200)	–	–	–	(358,464)
Transfer from right-of-use assets (Note 6)	–	–	–	185,318	–	–	–	–	–	–	185,318
Written off	–	–	(48)	–	(2,870)	(53,593)	(3,441)	–	(250,650)	–	(310,602)
Exchange differences	–	(86)	(2,484)	(1,291)	(27,992)	(53,699)	–	–	–	–	(85,552)
At 31 December 2020	1,725,900	2,424,446	4,104,466	1,733,325	48,330,978	17,315,992	1,334,205	7,076,309	1,814,024	1,506,967	87,366,612
Accumulated depreciation											
At 1 January 2020	192,131	1,692,462	2,402,710	1,229,233	17,986,285	4,125,395	901,364	1,982,298	258,558	–	30,770,436
Charge for the financial year	35,024	159,717	486,973	159,683	4,268,258	1,542,391	119,217	662,654	108,546	–	7,542,463
Disposals	–	(2,353)	(6,054)	(85,000)	–	(45,630)	(679)	–	–	–	(139,716)
Transfer from right-of-use assets (Note 6)	–	–	–	182,156	–	–	–	–	–	–	182,156
Written off	–	–	(8)	–	(1,428)	(11,036)	(503)	–	–	–	(12,975)
Exchange differences	–	(112)	(923)	(568)	(15,151)	(6,286)	–	–	–	–	(23,040)
At 31 December 2020	227,155	1,849,714	2,882,698	1,485,504	22,237,964	5,604,834	1,019,399	2,644,952	367,104	–	38,319,324
Carrying amount											
At 31 December 2020	1,498,745	574,732	1,221,768	247,821	26,093,014	11,711,158	314,806	4,431,357	1,446,920	1,506,967	49,047,288

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

Group	Freehold land and building RM	Leasehold land and buildings RM	Computer system and peripherals RM	Lab and office equipments, furniture and fittings RM	Motor vehicles RM	Plant and machineries RM	Renovations RM	Signage and display items RM	Infra-structure expenditures RM	Plantation expenditure RM	Capital work-in-progress RM	Total RM
2019												
Cost												
As at 1 January 2019, as previously stated	1,725,900	7,667,130	2,388,464	3,884,867	2,558,862	38,469,600	7,845,133	1,317,386	5,626,793	343,630	904,180	72,731,945
Effect of adopting MFRS 16	–	(7,667,130)	–	–	(1,013,055)	–	–	–	–	–	–	(8,680,185)
As at 1 January 2019, as restated	1,725,900	–	2,388,464	3,884,867	1,545,807	38,469,600	7,845,133	1,317,386	5,626,793	343,630	904,180	64,051,760
Additions	–	–	70,152	180,756	35,000	5,401,600	7,489,694	35,810	437,338	1,690,375	602,787	15,943,512
Arising from acquisition of business	–	–	–	50,000	–	–	100,000	–	–	–	–	150,000
Written off	–	–	(59,977)	(60,490)	–	–	(111,739)	(12,350)	–	(544,767)	–	(789,323)
Exchange differences	–	–	236	2,649	1,291	27,922	24,070	–	–	–	–	56,168
At 31 December 2019	1,725,900	–	2,398,875	4,057,782	1,582,098	43,899,122	15,347,158	1,340,846	6,064,131	1,489,238	1,506,967	79,412,117
Accumulated depreciation												
As at 1 January 2019, as previously stated	157,178	395,764	1,583,568	1,971,485	1,370,862	14,183,376	3,253,804	786,960	1,407,947	52,717	–	25,163,661
Effect of adopting MFRS 16	–	(395,764)	–	–	(321,268)	–	–	–	–	–	–	(717,032)
As at 1 January 2019, as restated	157,178	–	1,583,568	1,971,485	1,049,594	14,183,376	3,253,804	786,960	1,407,947	52,717	–	24,446,629
Charge for the financial year	34,953	–	166,742	483,690	179,451	3,796,009	893,587	119,639	574,351	205,841	–	6,454,263
Written off	–	–	(57,915)	(52,996)	–	–	(22,687)	(5,235)	–	–	–	(138,833)
Exchange differences	–	–	67	531	188	6,900	691	–	–	–	–	8,377
At 31 December 2019	192,131	–	1,692,462	2,402,710	1,229,233	17,986,285	4,125,395	901,364	1,982,298	258,558	–	30,770,436
Carrying amount												
At 31 December 2019	1,533,769	–	706,413	1,655,072	352,865	25,912,837	11,221,763	439,482	4,081,833	1,230,680	1,506,967	48,641,681

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

	Office equipment RM	Computer system and peripherals RM	Total RM
Company			
2020			
Cost			
At 1 January/31 December	1,049	6,005	7,054
Accumulated depreciation			
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
Carrying amount			
At 31 December 2020	314	3,103	3,417
2019			
Cost			
At 1 January/31 December	1,049	6,005	7,054
Accumulated depreciation			
At 1 January 2019	525	500	1,025
Charge for the financial year	105	1,201	1,306
At 31 December 2019	630	1,701	2,331
Carrying amount			
At 31 December 2019	419	4,304	4,723

(a) Assets pledged as securities to a licensed bank

The carrying amount of property, plant and equipment of the Group pledged to licensed bank as securities for bank facilities granted to its subsidiary companies as disclosed in Note 19 to the financial statements:

	Group 2020 RM	Group 2019 RM
Freehold land and building	1,498,745	1,533,769

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(b) Assets pledged as securities to non-financial institution

The carrying amount of property, plant and equipment of the Group pledged to Malaysia Bioeconomy Development Corporation Sdn. Bhd. as securities for the credit facility as disclosed in Note 19 to the financial statements:

	Group	
	2020 RM	2019 RM
Plant and machineries	375,000	450,000

(c) Purchases of property, plant and equipment

The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under, reclassified from other receivables and cash payments are as follows:

	Group	
	2020 RM	2019 RM
Aggregate costs	8,523,795	15,943,512
Less: Reclassified from other receivables	(3,304,203)	(4,251,252)
Cash payments	5,219,592	11,692,260

(d) During the financial year, certain of the right-of-use assets of the Group and of the Company were transferred to property, plant and equipment because these assets were previously used under lease agreements that had been purchased by the Group and by the Company

(e) In the previous financial year, following the adoption of MFRS 16 on 1 January 2019, the Group had reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 6 to the financial statements.

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost:		
- 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 SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of Incorporation	Effective Interest 2020 %	Effective Interest 2019 %	Principal activities
Bioalpha International Sdn. Bhd.	Malaysia	100	100	Research and development and manufacturers, importers, exporters, distribution and traders of nutritional and healthcare products
Bioalpha R&D Sdn. Bhd.	Malaysia	100	100	Research and development and manufacturers, suppliers, distributors, wholesalers or retailers of healthcare and nutritional products
Botanical Distribution Sdn. Bhd.	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*	Hong Kong	100	100	Research and development, manufactures, importers, exporters, distribution and traders of nutritional and health supplement products
Bioalpha Wellness Sdn. Bhd.	Malaysia	100	100	Distributing and trading, research and development activities, manufacturing, importing and exporting of personal care and healthcare products, conduct advertising and promotional activities related to personal care and healthcare products.
Held through Bioalpha International Sdn. Bhd.:				
Bioalpha Agro Sdn. Bhd.	Malaysia	72	72	Import, export, cultivate, manufacture, distribute and trade in variety of agro products and medical herbs
Bioalpha East Coast Agro Sdn. Bhd.	Malaysia	100	100	Planters, growers, and merchant in all kinds of herbs, fruits, agricultural, agro and organic products
PT Herbal Malindo Makmur*	Indonesia	60	60	General trade, wholesale and retail trade of pharmaceutical and traditional medicine

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of Incorporation	Effective Interest 2020 %	Effective Interest 2019 %	Principal activities
Held through Botanical Distribution Sdn. Bhd.:				
Alphacare Sdn. Bhd.	Malaysia	85	85	Concept shop operators, general merchants, online trading agents, franchisors, wholesaler or retailer of healthcare, nutritional products, food & beverages
Mediconstant Holding Sdn. Bhd.	Malaysia	100	100	Investment holding and provision of management services
Held through Bioalpha (HK) Limited:				
Bioalpha (Hainan) Health Biotechnology Limited*	China	100	–	Procurement and sales of agricultural products
Held through Bioalpha Agro Sdn. Bhd.:				
Bioalpha (Johor Herbal) Sdn. Bhd.	Malaysia	50.4	50.4	Planters, growers, and merchant in all kinds of herbs, fruits, agricultural, agro and organic products
Held through Mediconstant Holding Sdn. Bhd.:				
Mediconstant Pharmacy Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Ampang) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Management Sdn. Bhd.	Malaysia	100	100	Provision of management and consulting services, and trading of pharmaceutical, healthcare and nutrition products.
Mediconstant Pharmacy (Desa Tasik) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Dynamic Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Klang) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Puchong) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of Incorporation	Effective Interest 2020 %	Effective Interest 2019 %	Principal activities
Held through Mediconstant Holding Sdn. Bhd.: (Cont'd)				
Mediconstant Pharmacy (Sea Park) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Setapak) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (Taman Desa) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals
Mediconstant Pharmacy (TTDI) Sdn. Bhd.	Malaysia	100	100	Pharmacy, druggists and chemicals

* *Subsidiary companies not audited by UHY*

(a) Changes in group structure

During the financial year

<u>Acquisition of subsidiary company</u>

On 26 August 2020, a wholly-owned subsidiary company of the Company, Bioalpha Hong Kong Limited ("BHK") subscribed 15,000,000 ordinary shares in Bioalpha (Hainan) Health Biotechnology Limited ("BHHBL"), representing 100% equity interest in BHHBL for a total cash consideration of CNY15,000,000. Pursuant to that, BHHBL became a wholly-owned subsidiary company of BHK.

In previous financial year

<u>Acquisition of subsidiary company</u>

On 5 March 2019, the Company subscribed 100 ordinary shares in Bioalpha Wellness Sdn. Bhd. ("BWSB"), representing 100% equity interest in BWSB for a total cash consideration of RM100. Pursuant to that, BWSB became a wholly-owned subsidiary company of the Company.

On 1 April 2019, Mediconstant Holding Sdn. Bhd. ("MHSB"), a wholly-owned subsidiary company of the Company had entered into a Sale of Business Agreement ("SBA") with Pharmhouse Retail for acquisition of a pharmaceutical outlet for a total cash consideration of RM440,000.

The acquisition of the business includes identified property, plant and equipment, deposit receivables and inventories at the date of acquisitions and all its rights and operations stipulated in the SBA.

The liabilities relating to the business will remain with Pharmhouse Retail as MHSB does not intend to acquired the said liabilities from Pharmhouse Retail under the acquisition.

NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Changes in group structure (Cont'd)

In previous financial year: (Cont'd)

Acquisition of business (Cont'd)

The following summaries the major classes of consideration transferred, and the recognised amounts of assets acquired assumed at the acquisition date.

Fair value of consideration transferred

	Group 2019 RM
Total cash consideration	440,000
Less: Fair value of identifiable assets acquired	(390,000)
Goodwill arising from business combination (Note 7)	50,000

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and synergies expected to be achieved from integrating the business into the Group's existing retailing business.

Fair value of identifiable assets acquired

	Group 2019 RM
Property, plant and equipment	150,000
Deposit receivables	21,250
Inventories	218,750
	390,000

Net cash outflows arising from acquisition of business

	Group 2019 RM
Purchase consideration settled in cash	440,000

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition acquired business RM1,288,551 and RM210,568 to the Group's revenue and profit in previous financial year respectively. If the combination had taken place at the beginning of the previous financial year, the Group's revenue and profit for the previous financial year from its continuing operations would have been RM1,288,551 and RM210,568 respectively.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2020 %	2019 %	2020 RM	2019 RM	2020 RM	2019 RM
Bioalpha Agro Sdn. Bhd. ("BASB")	28	28	(253,551)	14,668	(263,980)	(10,429)
Bioalpha (Johor Herbal) Sdn. Bhd. ("BJHSB")	49.6	49.6	(650,981)	190,341	(1,050,872)	(399,891)
Alphacare Sdn. Bhd. ("Alpha")	15	15	(15,653)	(18,312)	70,981	86,634
PT Herbal Malindo Makmur ("PTHM")	40	40	(155,815)	(166,977)	(115,522)	40,293
Total non-controlling interests			(1,076,000)	19,720	(1,359,393)	(283,393)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statements of financial position

	BASB RM	BJHSB RM	ALPHA RM	PTHM RM
2020				
Non-current assets	799,450	808,668	382,474	491,928
Current assets	2,924,667	445,343	100,972	1,322,516
Non-current liabilities	(217,214)	(13,495)	–	(32,489)
Current liabilities	(4,449,693)	(3,367,878)	(10,234)	(2,111,680)
Net (liabilities)/assets	(942,790)	(2,127,362)	473,212	(329,725)
2019				
Non-current assets	1,045,543	671,130	477,693	729,644
Current assets	2,727,472	1,085,353	204,966	797,127
Non-current liabilities	(275,047)	–	–	(37,675)
Current liabilities	(3,535,217)	(2,563,481)	(105,091)	(1,431,936)
Net (liabilities)/assets	(37,249)	(806,998)	577,568	57,160

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations. (Cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

	BASB RM	BJHSB RM	ALPHA RM	PTHM RM
2020				
Revenue	3,650	449,871	–	50,532
Loss for the financial year, representing total comprehensive loss for the financial year	(905,541)	(1,320,364)	(104,356)	(389,539)
2019				
Revenue	1,035,844	1,102,445	1,310	56,873
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year	52,384	381,698	(122,078)	(444,675)

(iii) Summarised statements of cash flows

	BASB RM	BJHSB RM	ALPHA RM	PTHM RM
2020				
Net cash from/(used in) operating activities	254,960	286,702	(11,820)	29,084
Net cash used in investing activities	–	(221,071)	–	–
Net cash used in financing activities	(267,583)	(61,949)	–	(3,764)
Net (decrease)/increase in cash and cash equivalents	(12,623)	3,682	(11,820)	25,320
2019				
Net cash from operating activities	41,847	498,959	9,150	3,468
Net cash used in investing activities	–	(430,542)	–	(2,082)
Net cash used in financing activities	(29,975)	(68,296)	–	(3,551)
Net increase/(decrease) in cash and cash equivalents	11,872	121	9,150	(2,165)

NOTES TO THE FINANCIAL STATEMENTS
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6. RIGHT-OF-USE ASSETS

Group	Land and buildings RM	Motor vehicles RM	Total RM
2020			
Cost			
As at 1 January 2020	15,453,247	1,269,325	16,722,572
Additions	1,710,588	235,810	1,946,398
Transferred to property, plant and equipment (Note 4)	–	(185,318)	(185,318)
Modification of lease term	(2,157,984)	–	(2,157,984)
Exchange differences	(9,124)	–	(9,124)
At 31 December 2020	14,996,727	1,319,817	16,316,544
Accumulated amortisation			
As at 1 January 2020	2,784,886	560,279	3,345,165
Charge for the financial year	1,393,718	221,545	1,615,263
Transferred to property, plant and equipment (Note 4)	–	(182,156)	(182,156)
Modification of lease term	(1,258,486)	–	(1,258,486)
Exchange differences	(615)	–	(615)
At 31 December 2020	2,919,503	599,668	3,519,171
Carrying amount			
At 31 December 2020	12,077,224	720,149	12,797,373
2019			
Cost			
As at 1 January 2019, as previously stated	–	–	–
Effect of adopting MFRS 16	13,234,483	1,013,055	14,247,538
As at 1 January 2019, as restated	13,234,483	1,013,055	14,247,538
Additions	2,318,046	256,270	2,574,316
Modification of lease term	(99,118)	–	(99,118)
Exchange differences	(164)	–	(164)
At 31 December 2019	15,453,247	1,269,325	16,722,572
Accumulated amortisation			
As at 1 January 2019, as previously stated	–	–	–
Effect of adopting MFRS 16	1,674,544	321,268	1,995,812
As at 1 January 2019, as restated	1,674,544	321,268	1,995,812
Charge for the financial year	1,209,362	239,011	1,448,373
Modification of lease term	(99,118)	–	(99,118)
Exchange differences	98	–	98
At 31 December 2019	2,784,886	560,279	3,345,165
Carrying amount			
At 31 December 2019	12,668,361	709,046	13,377,407

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

6. RIGHT-OF-USE ASSETS (CONT'D)

(a) Assets pledged as securities to a licensed bank

The carrying amount of right-of-use assets of the Group pledged to licensed bank as securities for bank facilities granted to its subsidiary companies as disclosed in Note 19 to the financial statements:

	Group	
	2020 RM	2019 RM
Land and buildings	7,057,642	7,166,067

(b) Assets held under lease liabilities

The carrying amount of right-of-use assets of the Group held under leases arrangement are as follow:

	Group	
	2020 RM	2019 RM
Motor vehicles	720,149	709,046

The leased assets are pledged as security for the related lease liabilities as disclosed in Note 18 to the financial statements.

(c) Purchases of right-of-use assets

The aggregate additional cost for the right-of-use assets of the Group during the financial year acquired under lease liabilities and cash payments are as follows:

	Group	
	2020 RM	2019 RM
Aggregate costs	1,946,398	2,574,316
Less: Leases liabilities	(1,810,588)	(2,535,046)
Less: Reclassified from other receivables	–	(26,800)
Cash payments	135,810	12,470

(d) Transfer of right-of-use assets to property, plant and equipment

During the financial year, certain of the right-of-use assets of the Group and of the Company are transferred to property, plant and equipment because the right-of-use assets had been fully settled.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

7. GOODWILL ON CONSOLIDATION

	Group	
	2020 RM	2019 RM
At 1 January	5,891,157	5,841,157
Acquisition through business combination (Note 5)	–	50,000
Accumulated impairment losses	(507,127)	–
At 31 December	5,384,030	5,891,157

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

	Group	
	2020 RM	2019 RM
Mediconstant Holding Sdn. Bhd.	5,384,030	5,891,157

(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 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 a five years period;

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 4.9% (2019: 4% to 7%); and

(iii) Pre-tax discount rate of 12.56% (2019: 9%) 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, except as follows.

During the current financial year, Mediconstant Pharmacy (Setapak) Sdn. Bhd., became inactive, which is an impairment indicator. An impairment assessment was performed by management. Impairment loss amounting to RM507,127 was recognised in 'administrative expenses' in the statements of profit or loss and other comprehensive income.

(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
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8. INTANGIBLE ASSETS

	Development expenditures RM	Patents RM	Total RM
2020			
Cost			
At 1 January 2020	59,571,799	877,354	60,449,153
Additions	6,267,837	1,168,222	7,436,059
Exchange differences	(20,755)	–	(20,755)
At 31 December 2020	65,818,881	2,045,576	67,864,457
Accumulated amortisation			
At 1 January 2020	15,898,597	11,906	15,910,503
Amortisation for the financial year	4,165,935	55,341	4,221,276
At 31 December 2020	20,064,532	67,247	20,131,779
Carrying amount			
31 December 2020	45,754,349	1,978,329	47,732,678
2019			
Cost			
At 1 January 2019	47,769,697	–	47,769,697
Additions	11,812,456	877,354	12,689,810
Exchange differences	(10,354)	–	(10,354)
At 31 December 2019	59,571,799	877,354	60,449,153
Accumulated amortisation			
At 1 January 2019	12,192,178	–	12,192,178
Amortisation for the financial year	3,706,419	11,906	3,718,325
At 31 December 2019	15,898,597	11,906	15,910,503
Carrying amount			
31 December 2019	43,673,202	865,448	44,538,650

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

8. INTANGIBLE ASSETS (CONT'D)

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.

(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 between five to fifteen years period;

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranged from 3.79% to 7.92% (2019: 4% to 9%); and

(iii) Pre-tax discount rate of 12.56% (2019: 9%) 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.

9. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2020	**2019**
	RM	**RM**
Amount due from subsidiary companies:		
- Non-current	25,675,336	34,988,336
- Current	108,454,625	49,187,985
	134,129,961	84,176,321
Less: Accumulated impairment losses		
- Non-current	(831,546)	(892,260)
	133,298,415	83,284,061
Amount due to subisidiary company	21,901,546	–

These represent unsecured, non-interest bearing advances and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
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10. BIOLOGICAL ASSETS

	Group	
	2020 RM	2019 RM
Cost		
At 1 January	814,215	749,791
Addition	122,132	64,424
Written off	(10,206)	–
At 31 December	926,141	814,215
Accumulated amortisation		
At 1 January	231,782	106,441
Amortisation for the financial year	968	125,341
At 31 December	232,750	231,782
Carrying amount		
At 31 December	693,391	582,433

Biological assets include expenditure incurred on land clearing, planting, fertilising and other associated costs incurred to upkeep of the crops to maturity are capitalised as biological assets. On maturity, the matured 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-sale costs include all costs that would be necessary to sell the assets.

The biological assets have been stated at cost less accumulated amortisation and accumulated impairment losses, 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:

	Group	
	2020 RM	2019 RM
Staff costs (Note 30)	3,264	53,654

As at 31 December 2020, the Group has 1,303 acres (2019: 1,303 acres) of herbal plantations.

NOTES TO THE FINANCIAL STATEMENTS
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11. INVENTORIES

	Group 2020 RM	Group 2019 RM
At cost		
Raw materials	1,789,669	2,493,416
Consumables	852,533	1,183,871
Finished goods	4,521,416	6,459,568
	7,163,618	10,136,855
Recognised in profit or loss:		
Inventories recognised as cost of sales	29,771,594	26,639,549
Inventories written off:		
- Raw material	2,382,985	–
- Consumables	1,721,604	–
- Finished goods	667	–
Provision for slow-moving inventories	680,214	–

12. TRADE RECEIVABLES

	Group 2020 RM	Group 2019 RM
Trade receivables	29,442,963	45,312,877
Less: Accumulated impairment losses	(7,286,915)	(682,962)
	22,156,048	44,629,915

Trade receivables are non-interest bearing and are generally on cash term to 180 days (2019: cash term to 180 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

13. OTHER RECEIVABLES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Other receivables	4,764,045	4,457,327	48,429	55,242
Deposits	3,512,001	4,098,374	–	–
Prepayments	5,574,646	4,590,989	1,500	98,650
GST recoverable	48,719	13,052	–	11,935
	13,899,411	13,159,742	49,929	165,827
Less: Accumulated impairment losses	(275)	(275)	–	–
	13,899,136	13,159,467	49,929	165,827

NOTES TO THE FINANCIAL STATEMENTS
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13. OTHER RECEIVABLES (Cont'd)

(a) Included in the deposits of the Group amounting to RM1,636,705 (2019: RM1,712,841) are paid for purchases of property, plant and equipment.

(b) Included in the prepayments of the Group amounting to RM610,062 (2019: RM1,489,188) is paid for purchases of property, plant and equipment.

14. OTHER INVESTMENTS

	Group	
	2020 RM	2019 RM
Current		
Financial assets at fair value through profit or loss:		
- Unquoted money market fund	11,679	11,378

15. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed deposits with licensed banks				
Maturity:				
- less than 3 months	7,500,000	5,115,432	–	–
- more than 3 months	7,500,000	3,500,000	7,500,000	3,500,000
Fixed deposits pledged with licensed banks	1,100,526	1,066,466	–	–
	16,100,526	9,681,898	7,500,000	3,500,000

The interest rates of fixed deposits of the Group and of the Company range from 1.60% to 3.75% (2019: 2.65% to 4.20%) per annum and 1.60% to 1.85% (2019: 3.58% to 4.00%) per annum respectively. The maturities of deposits of the Group and of the Company range from 30 to 365 days (2019: 30 to 365 days).

The fixed deposits with licensed banks of the Group amounted to RM1,100,526 (2019: RM1,066,466) are pledged to licensed banks and non-financial institution respectively as securities for credit facilities granted to subsidiary companies as disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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16. SHARE CAPITAL

	Group and Company			
	<- Number of Shares ->		<------ Amount ------>	
	2020 Units	2019 Units	2020 RM	2019 RM
Issued and fully paid shares				
Ordinary shares				
At 1 January	860,209,032	860,209,032	99,763,799	99,763,799
Issue of ordinary shares through Private Placement	147,186,800	–	23,121,793	–
Exercise of SIS	103,075,000	–	12,938,903	–
At 31 December	1,110,470,832	860,209,032	135,824,495	99,763,799

During the financial year, the Company increased its issued paid-up share capital from RM99,763,799 to RM135,824,495 by way of:

(a) issuance of 94,309,700 new ordinary shares of RM0.105 each through Private Placement at an issue price of RM0.105 per ordinary share for a total cash consideration of RM9,902,518 for working capital purposes.

(b) issuance of 52,877,100 new ordinary shares of RM0.250 each through Private Placement at an issue price of RM0.250 per ordinary share for a total cash consideration of RM13,219,275 for working capital purposes.

(c) the issuance of 7,125,000 ordinary shares of RM0.205 each and 95,950,000 ordinary shares of RM0.105 each through the exercise of share options that was granted under Share Issuance Scheme ("SIS") at an exercise price of RM0.205 and of RM0.105 respectively for a total cash consideration of RM11,535,374.

(d) the inclusion of RM1,403,529 from SIS option reserves as part of the paid up share capital upon the exercise of SIS of RM1,403,529.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
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17. RESERVES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Treasury shares	(a)	–	(145,527)	–	(145,527)
Warrant reserve	(b)	16,853,263	16,853,263	16,853,263	16,853,263
Share Issuance Scheme Option reserve	(c)	227,925	837,000	227,925	837,000
Merger deficits	(d)	(4,969,130)	(4,969,130)	–	–
Foreign currency translation reserve	(e)	225,468	(52,495)	–	–
Other reserve	(f)	(16,853,263)	(16,853,263)	(16,853,263)	(16,853,263)
Retained earnings/ (Accumulated losses)		29,591,545	70,113,333	161,406	(83,806)
		25,075,808	65,783,181	389,331	607,667

(a) Treasury shares

The shareholders of the Company, by a resolution passed in the last 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 2020 Units	Number of shares 2019 Units	Amount 2020 RM	Amount 2019 RM
At 1 January	761,800	–	145,527	–
Share repurchased	3,000,000	761,800	508,191	145,527
Disposal of treasury shares	(3,761,800)	–	(653,718)	–
At 31 December	–	761,800	–	145,527

During the financial year, the Company repurchased 3,000,000 (2019: 761,800) of its issued share capital from the open market at an average price of RM0.17 (2019: RM0.19) per share including transaction costs. The repurchased transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

(b) Warrant reserve

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

During the financial year ended 31 December 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 Company executed a Deed Poll constituting the Warrants and the exercise price of the Warrants have been fixed at RM0.22 each. The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance and expiring on 5 January 2022. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

17. RESERVES (CONT'D)

(b) Warrant reserve (Cont'd)

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

As at 31 December 2020, the total number of Warrants that remain unexercised were 133,332,785 (2019: 133,332,785).

(c) Share Issuance Scheme 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 and the last day to exercise SIS Options on 27 February 2017 and 16 April 2020 is on 26 February 2022 and 15 April 2025 respectively.

(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 RM	Number of options over ordinary shares At 1.1.2020	Granted	Exercised	At 31.12.2020
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

NOTES TO THE FINANCIAL STATEMENTS
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17. RESERVES (CONT'D)

(c) Share Issuance Scheme Option reserve (Cont'd)

Number of share options exercisable as at 31 December 2020 is 6,225,000 (2019: 9,300,000). The weighted average share price at the date of exercise for the financial year was RM0.110 (2019: RM0.227) per share option.

Details of SIS Options outstanding at end of the financial year are as follows:

SIS Options	**Weighted Average 2020 RM**	**Exercise Price 2020 RM**	**Exercise Period**
27 February 2017	0.227	0.205	27.02.2017 - 26.02.2022
16 April 2020	0.110	0.105	16.04.2020 - 15.04.2025

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:

	2020 RM	**2019 RM**
Fair value at granted date:		
27 Febuary 2017	–	0.0909
16 April 2020	0.0079	–
Weighted average share price	0.110	0.227
Weighted average exercise price	0.155	0.205
Expected volatility (%)	28.20%	34.74%
Expected life (years)	5 years	5 years
Risk free rate (%)	2.520	3.698
Expected dividend yield (%)	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.

NOTES TO THE FINANCIAL STATEMENTS
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17. RESERVES (CONT'D)

(d) Merger deficits

The merger deficits created during the listing and quotation exercise of the Company's share on the ACE Market of Bursa Malaysia Securities Berhad in year 2015, where the Company acquired Bioalpha International Sdn. Bhd. and its subsidiary companies, namely Bioalpha Agro Sdn. Bhd. and Bioalpha East Coast Agro Sdn. Bhd. that are under common control, as follows:

	Group	
	2020 RM	**2019 RM**
Cost of merger	12,719,130	12,719,130
Less: Net assets of acquired subsidiary companies	(7,750,000)	(7,750,000)
Merger deficits	4,969,130	4,969,130

(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 17(b) to the financial statements.

18. LEASE LIABILITIES

	Group	
	2020 RM	**2019 RM**
As at 1 January	6,532,386	5,191,218
Additions	1,810,588	2,535,046
Repayments	(1,312,791)	(1,193,790)
Rent concession related to Covid-19	(36,357)	–
Modification of lease term	(960,435)	–
Exchange differences	(8,869)	(88)
At 31 December	6,024,522	6,532,386
Presented as:		
Non-current	4,744,285	5,176,844
Current	1,280,237	1,355,542
	6,024,522	6,532,386

NOTES TO THE FINANCIAL STATEMENTS
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18. LEASE LIABILITIES (CONT'D)

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

	Group	
	2020 RM	2019 RM
Within one year	1,489,830	1,712,886
Later than one year and not later than two years	1,053,413	1,387,230
Later than two year and not later than five years	1,393,044	1,372,440
Later than five years	3,678,048	3,808,244
	7,614,335	8,280,800
Less: Future finance charges	(1,589,813)	(1,748,414)
Present value of lease liabilities	6,024,522	6,532,386

The Group leases various land and buildings, and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

19. BORROWINGS

	Group	
	2020 RM	2019 RM
Current		
Secured		
Bank overdraft	–	427
Banker's acceptances	1,891,000	630,000
Term loans	674,719	651,022
	2,565,719	1,281,449
Non-Current		
Secured		
Term loans	3,711,940	4,185,815
	6,277,659	5,467,264

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

(i) charge over certain freehold land and building, leasehold land and building, and plant and machineries of the Group as disclosed in Notes 4(a), 4(b) and 6(a) to the financial statements;
(ii) charge on fixed deposits with licensed banks of the Group as disclosed in Note 15 to the financial statements;
(iii) joint and severally guaranteed by Directors of the Company; and
(iv) corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS
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19. BORROWINGS (CONT'D)

The effective interest rates for the credit facilities as at reporting date are as follows:

	Group	
	2020	**2019**
	%	**%**
Bank overdraft	–	6.76
Banker's acceptances	3.70-5.00	5.30
Term loans	4.54-5.13	5.00-5.13

The maturities of borrowings of the Group are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Within one year	2,565,719	1,281,449
Later than one year but not later than two years	709,389	684,476
Later than two years but not later than five years	1,274,625	805,643
Later than five years	1,727,926	2,695,696
	6,277,659	5,467,264

20. DEFERRED TAX LIABILITIES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
At 1 January	8,107,680	6,481,014	–	–
Recognised in profit or loss	(14,104)	(31,745)	(244)	(51)
Under provision in prior years	619,803	1,658,411	244	51
At 31 December	8,713,379	8,107,680	–	–

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities	11,393,222	11,338,969	100	244
Deferred tax assets	(2,679,843)	(3,231,289)	(100)	(244)
	8,713,379	8,107,680	–	–

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

20. DEFERRED TAX LIABILITIES (CONT'D)

The components and movement of deferred tax assets and liabilities at the end of the reporting period prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Development expenditures RM	Total RM
Group			
At 1 January 2020	2,998,694	8,340,275	11,338,969
Recognised in profit or loss	132,443	–	132,443
Over provision in prior years	(78,190)	–	(78,190)
At 31 December 2020	3,052,947	8,340,275	11,393,222
At 1 January 2019	3,032,192	8,350,288	11,382,480
Recognised in profit or loss	429,089	–	429,089
Over provision in prior years	(462,587)	(10,013)	(472,600)
At 31 December 2019	2,998,694	8,340,275	11,338,969

Deferred tax assets of the Group:

	Unused tax losses RM	Unutilised capital allowances RM	Unutilised reinvestment allowances RM	Other temporary differences RM	Total RM
Group					
At 1 January 2020	(294,169)	(256,236)	(2,680,884)	–	(3,231,289)
Recognised in profit or loss	59,929	(271,456)	–	64,980	(146,547)
Under provision in prior years	3,200	172,126	600,000	(77,333)	697,993
At 31 December 2020	(231,040)	(355,566)	(2,080,884)	(12,353)	(2,679,843)
At 1 January 2019	(625,669)	(1,455,736)	(2,820,061)	–	(4,901,466)
Recognised in profit or loss	137,271	31,203	(629,308)	–	(460,834)
Under provision in prior years	194,229	1,168,297	768,485	–	2,131,011
At 31 December 2019	(294,169)	(256,236)	(2,680,884)	–	(3,231,289)

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

20. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
Company	
At 1 January 2020	244
Recognised in profit or loss	(144)
At 31 December 2020	100
At 1 January 2019	76
Recognised in profit or loss	(144)
Under provision in prior years	312
At 31 December 2019	244

Deferred tax assets of the Company:

	Unused tax losses RM	Unutilised capital allowance RM	Total RM
Company			
At 1 January 2020	–	(244)	(244)
Recognised in profit or loss	–	(100)	(100)
Over provision in prior years	–	244	244
At 31 December 2020	–	(100)	(100)
At 1 January 2019	(51)	(25)	(76)
Recognised in profit or loss	51	144	195
Under provision in prior years	–	(363)	(363)
At 31 December 2019	–	(244)	(244)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses	17,311,835	4,356,946	2,268,008	–
Unutilised capital allowances	–	–	289	–
	17,311,835	4,356,946	2,268,297	–

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

20. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets of the Company: (Cont'd)

With effect from year of assessment 2019, unused tax losses and unutilised reinvestment allowances are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. 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 subsidiary companies that have a recent history of losses.

21. TRADE PAYABLES

The normal trade credit term granted to the Group ranged from 30 to 90 days (2019: 30 to 90 days) depending on the terms of the contracts.

22. OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	332,402	1,002,965	297,141	273,905
Deposits	163,227	164,932	–	–
Deferred capital grant	838,223	1,206,614	–	–
Accruals	1,780,911	1,432,116	152,910	149,868
SST payables	117,652	79,933	–	–
	3,232,415	3,886,560	450,051	423,773

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:

	Group	
	2020 RM	2019 RM
At 1 January	1,206,614	1,575,005
Amortised during the financial year	(368,391)	(368,391)
At 31 December	838,223	1,206,614

NOTES TO THE FINANCIAL STATEMENTS
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23. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract customer:				
Sales of goods	36,360,762	63,667,826	–	–
Management fee	101,657	–	–	642,600
	36,462,419	63,667,826	–	642,600
Revenue from other sources:				
Dividend income	–	–	4,000,000	8,000,000
	36,462,419	63,667,826	4,000,000	8,642,600

The timing of revenue recognition is at a point in time.

24. FINANCE COSTS

	Group	
	2020 RM	2019 RM
Interest expenses on:		
- Bank overdraft	13,821	57,132
- Banker's acceptances	83,932	18,027
- Term loans	177,517	248,073
- Lease liabilities	231,061	239,382
- Others	3,291	2,047
	509,622	564,661

25. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration:				
- current year	182,725	202,899	45,000	40,000
- (over)/under provision in prior years	(4,200)	2,000	–	–
- others	5,000	30,000	5,000	30,000
Amortisation of intangible assets	4,221,276	3,718,325	–	–
Amortisation of deferred capital grant	(368,391)	(368,391)	–	–
Amortisation of biological assets	968	125,341	–	–
Amortisation of right-of-use assets	1,615,263	1,448,373	–	–
Bad debts written off	3,122,073	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

(Loss)/Profit before taxation is derived after charging/(crediting): (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Biological assets written off	10,206	–	–	–
Depreciation of property, plant and equipment	7,542,463	6,454,263	1,306	1,306
Deposits written off	–	2,935	–	–
Non-executive Directors' remuneration:				
- fee	192,920	268,180	192,920	232,180
- salaries and other emoluments	56,600	54,070	56,600	54,070
Loss on disposals of property, plant and equipment	76,413	–	–	–
(Gain)/Loss on foreign exchange:				
- realised	(43,581)	10,184	35	–
- unrealised	484,128	15,169	505,359	41
Grant income	(298,567)	(1,707,300)	–	–
Impairment losses on financial assets:				
- trade receivables	6,698,499	208,237	–	–
- amount due from subsidiary companies	–	–	–	892,260
Reversals of impairment losses on financial assets:				
- trade receivables	(95,795)	(149,734)	–	–
- amount due from subsidiary companies	–	–	(60,714)	–
Net impairment losses on financial assets	6,602,704	58,503	(60,714)	892,260
Impairment losses on goodwill on consolidation	507,127	–	–	–
Interest income	(318,595)	(483,846)	(212,679)	(258,578)
Inventories written off	4,105,256	–	–	–
Property, plant and equipment written off	297,627	650,490	–	–
Provision for slow-moving inventories	680,214	–	–	–
Rental income	(87,600)	(33,100)	–	–
Rental of equipment	1,519	832	–	–
Rental of premises	–	45,473	–	–
Rental of motor vehicle	3,237	7,608	–	–
Modification of lease term	(60,937)	–	–	–
Rent concession related to Covid-19	(36,357)	–	–	–
Waiver of amount due to other payables	–	(108,921)	–	–

NOTES TO THE FINANCIAL STATEMENTS
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26. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax expenses recognised in profit or loss				
Malaysian statutory tax:				
- Current tax provision	160,957	713,174	–	–
- Under/(Over) provision in prior years	5,358	(143,083)	156,148	–
	166,315	570,091	156,148	–
Deferred tax:				
- Origination and reversal of temporary differences	(14,104)	(31,745)	(244)	(51)
- Under provision in prior years	619,803	1,658,411	244	51
	605,699	1,626,666	–	–
	772,014	2,196,757	156,148	–

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Subsidiary company has been awarded an incentive with effect from 13 December 2013 by Ministry of Agriculture and Agro-Based Industry Malaysia with qualified for 100% tax exemption of statutory income for a period of 10 years under the Income Tax (Exemption) (No.3) 2011 [P.U.(A)166].

Another wholly-owned subsidiary company of the Group has been awarded tax incentive with effect from 08 December 2014 by Malaysian Investment Development Authority with qualified for 100% tax exemption under Seksyen 127 (3)(b), Akta Cukai Pendapatan, 1967 on income after commercial production date is determined by the relevant authorities for a period of 10 years.

NOTES TO THE FINANCIAL STATEMENTS
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26. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before taxation	(41,452,433)	10,521,115	(224,237)	6,079,658
At Malaysian statutory tax rate of 24% (2019: 24%)	(9,948,583)	2,525,067	(53,817)	1,459,118
Expenses not deductible for tax purposes	8,120,511	(754,492)	469,182	330,544
Income exempted under pioneer status	–	(30,463)	–	–
Income not subject to tax	(1,134,248)	(34,286)	(960,000)	(1,920,000)
Utilisation of previously unrecognised deferred tax assets	(1,566)	–	–	–
Deferred tax assets not recognised	3,110,739	108,515	544,391	130,338
Tax incentives on reinvestment allowances	–	(1,132,912)	–	–
Under/(Over) provision of income tax in prior years	5,358	(143,083)	156,148	–
Under provision of deferred tax in prior years	619,803	1,658,411	244	–
	772,014	2,196,757	156,148	–

Unused tax losses and unutilised capital allowances of the Group which are available to set-off against future chargeable income for which the tax effects have not been recognised in the financial statements are shown below:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses	17,311,835	4,356,946	2,268,008	–
Unutilised capital allowances	–	–	289	–
	17,311,835	4,356,946	2,268,297	–

NOTES TO THE FINANCIAL STATEMENTS
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27. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020 RM	**2019 RM**
(Loss)/Profit attributable to owners of the parent	(41,147,385)	8,315,531
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	859,783,259	860,209,032
Effect of ordinary shares issued during the financial year	112,278,030	–
Effect of treasury shares held	–	(425,773)
Weighted average number of ordinary shares at 31 December	972,061,289	859,783,259
Basic (loss)/earnings per ordinary shares (in sen)	(4.23)	0.97

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2020 RM	**2019 RM**
(Loss)/Profit attributable to owners of the parent	(41,147,385)	8,315,531
Weighted average number of ordinary shares used in the calculation of basic earnings per share	972,061,289	859,783,259
Adjustment for incremental shares from assumed conversions		
- Share Issuance Scheme options		
- Granted on 27 February 2017	*	*
- Granted on 16 April 2020	2,091,393	–
- Warrants	*	*
Weighted average number of ordinary shares at 31 December (diluted)	974,152,682	859,783,259
Diluted (loss)/earnings per ordinary shares (in sen)	(4.22)	0.97

* The effect of the potential increment shares from Share Issuance Scheme options and Warrants were not taken into account in the computation of diluted earnings per share for the financial year ended 31 December 2020 as the exercise price of the Share Issuance Scheme options and Warrants are higher than the average market price of the Company's ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
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28. DIVIDENDS

The Board of Directors does not recommend any dividends in respect of the current financial years.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 January RM	Effect of adopting MFRS 16 RM	New lease RM	Financing cash flows RM	Translation RM	At 31 December RM
2020						
Group						
Lease liabilities (Note 18)	6,532,386	–	1,810,588	(2,309,583)	(8,869)	6,024,522
Term loan (Note 19)	4,836,837	–	–	(450,178)	–	4,386,659
Bankers' acceptance (Note 19)	630,000	–	–	1,261,000	–	1,891,000
Bank overdrafts (Note 19)	427	–	–	(427)	–	–
	11,999,650	–	1,810,588	(1,499,188)	(8,869)	12,302,181
2019						
Group						
Finance lease liabilities	573,874	(573,874)	–	–	–	–
Lease liabilities (Note 18)	–	5,191,218	2,535,046	(1,193,790)	(88)	6,532,386
Term loan (Note 19)	5,432,169	–	–	(595,332)	–	4,836,837
Bankers' acceptance (Note 19)	144,000		–	486,000	–	630,000
Bank overdrafts (Note 19)	–	–	–	427	–	427
	6,150,043	4,617,344	2,535,046	(1,302,695)	(88)	11,999,650

30. STAFF COSTS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Salaries, wages and other emoluments	5,822,095	6,592,816	140,671	313,269
Defined contribution plan	612,353	766,645	14,992	36,792
Equity settled share based payment	794,454	–	794,454	–
Other benefits	116,569	196,978	16,032	48,095
	7,345,471	7,556,439	966,149	398,156
Less: Capitalised into:				
- plantation expenditure (Note 4)	(43,184)	(192,532)	–	–
- biological assets (Note 10)	(3,264)	(53,654)	–	–
	7,299,023	7,310,253	966,149	398,156

30. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Executive Directors				
Salaries and other emoluments	731,289	607,033	731,289	570,007
Defined contribution plan	63,607	47,256	63,607	47,256
Equity settled share based payment	476,670	–	476,670	–
	1,271,566	654,289	1,271,566	617,263

31. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has 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 or 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 either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere to the financial statements, the significant related party transactions of the Company are as follows:

	Company	
	2020 RM	**2019 RM**
Transactions with subsidiary companies		
- Management fee received/receivable	–	642,600
- Dividend income	4,000,000	8,000,000

NOTES TO THE FINANCIAL STATEMENTS
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31. 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Fee	192,920	268,180	192,920	232,180
Salaries and other emoluments	1,645,898	1,959,174	795,952	918,931
Defined contribution plan	154,207	200,036	63,607	84,048
Equity settled share based payment	646,126	–	646,126	–
	2,639,151	2,427,390	1,698,605	1,235,159

32. 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 and manufacturing	Research, development, manufacture, importer, exporters, distribution and trader of nutritional and healthcare products.
Retails 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
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32. SEGMENT INFORMATION (CONT'D)

	Trading and manufacturing RM	Retail Pharmacy RM	Others RM	Total Segments RM	Adjustments and eliminations RM	Note	Consolidated RM
2020							
External customers	20,099,512	16,261,250	101,657	36,462,419	–		36,462,419
Inter-segment	1,260,123	9,399,875	4,244,826	14,904,824	(14,904,824)		–
Total revenue	21,359,635	25,661,125	4,346,483	51,367,243	(14,904,824)		36,462,419
Results							
Interest income	105,915	1	212,679	318,595	–		318,595
Finance costs	(327,603)	(175,144)	–	(502,747)	(6,875)		(509,622)
Depreciation and amortisation	(12,283,018)	(1,026,833)	(1,306)	(13,311,157)	(68,813)		(13,379,970)
Other non-cash items	(14,603,391)	(518,105)	(794,454)	(15,915,950)	–	(A)	(15,915,950)
Segment loss	(33,796,485)	(3,383,149)	(2,132,152)	(39,311,786)	(2,912,661)		(42,224,447)
Segment assets	240,792,387	6,824,505	164,792,708	412,409,600	(225,283,646)		187,125,954
Segment liabilities	180,559,033	10,606,926	23,645,911	214,811,870	(187,226,826)		27,585,044
2019							
External customers	36,528,931	27,138,895	–	63,667,826	–		63,667,826
Inter-segment	4,603,323	7,734,296	9,109,968	21,447,587	(21,447,587)		–
Total revenue	41,132,254	34,873,191	9,109,968	85,115,413	(21,447,587)		63,667,826
Results							
Interest income	225,262	6	258,578	483,846	–		483,846
Finance costs	(419,077)	(145,584)	–	(564,661)	–		(564,661)
Depreciation and amortisation	(10,617,869)	(1,127,127)	(1,306)	(11,746,302)	–		(11,746,302)
Other non-cash items	(141,127)	(108,658)	(892,260)	(1,142,045)	892,260	(A)	(249,785)
Segment profit/(loss)	9,228,222	130,068	6,079,658	15,437,948	(7,113,590)		8,324,358
Segment assets	258,488,284	21,041,471	101,687,499	381,217,254	(187,361,455)		193,855,799
Segment liabilities	170,628,880	14,965,606	423,773	186,018,259	(157,426,047)		28,592,212

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

32. SEGMENT INFORMATION (CONT'D)

Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiary companies.

Inter-segment revenues are eliminated on consolidation.

A. Other non-cash items consist of the following as presented in the respective notes to the financial statements:

	Group	
	2020 RM	2019 RM
Other non-cash items:		
Amortisation of deferred capital grant	368,391	368,391
Bad debts written off	(3,122,073)	–
Biological assets written off	(10,206)	–
Deposits written off	–	(2,935)
Equity settled share based payment	(794,454)	–
Impairment losses on trade receivables	(6,698,499)	(208,237)
Impairment losses on goodwill on consolidation	(507,127)	–
Inventories written off	(4,105,256)	–
Provision for slow-moving inventories	(680,214)	–
Grant income	298,567	–
Reversals of impairment losses on trade receivables	95,795	149,734
Loss on disposals of property, plant and equipment	(76,413)	–
Property, plant and equipment written off	(297,627)	(650,490)
Rent concession related to Covid-19	36,357	–
Unrealised loss on foreign exchange	(484,128)	(15,169)
Modification of lease term	60,937	–
Waiver of amount due to other payables	–	108,921
	(15,915,950)	(249,785)

Geographic information

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

	Group	
	2020 RM	2019 RM
Malaysia	35,256,080	36,280,032
Indonesia	220,709	10,923,546
China	943,536	16,464,248
Singapore	42,094	–
	36,462,419	63,667,826

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. 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 statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	2020 RM	2019 RM
Group		
At Amortised Cost		
Financial Assets		
Trade receivables	22,156,048	44,629,915
Other receivables	8,275,771	8,555,426
Fixed deposits with licensed banks	16,100,526	9,681,898
Cash and bank balances	11,521,335	2,853,133
	58,053,680	65,720,372
Financial Liabilities		
Trade payables	2,953,474	4,217,507
Other payables	2,276,540	2,600,013
Lease liabilities	6,024,522	610,886
Borrowings	6,277,659	5,467,264
	17,532,195	12,895,670
At Fair Value Through Profit or Loss		
Financial Asset		
Other investments	11,679	11,378
Company		
At Amortised Cost		
Financial Assets		
Other receivables	48,429	55,242
Amount due from subsidiary companies	133,298,415	83,284,061
Fixed deposits with licensed banks	7,500,000	3,500,000
Cash and bank balances	3,970,976	25,192
	144,817,820	86,864,495
Financial Liabilities		
Other payables	450,051	423,773
Amount due to subsidiary companies	21,901,546	–
	22,351,597	423,773

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Group's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from trading activities.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines 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 that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

As at the end of the financial year, the Group has 2 (2019: 4) major customers and accounted for approximately 32% (2019: 56%) of the trade receivables outstanding.

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit terms. The Group's debt recovery process is that when invoices exceeded the credit terms, the Group will start to initiate a structured debt recovery process which is monitored by sales team.

The Group uses an allowance matrix to measure ECLs for trade receivables. Consistent with the debt recovery process, invoices which are more than credit terms may be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. Nevertheless, the Group believes that the forward-looking factors are immaterial for the purpose of impairment calculation for the financial year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period of the Group.

	Gross trade receivables RM	Allowance for impairment RM	Net balance RM
Group			
2020			
Current	4,918,316	(1,625)	4,916,691
Past due not impaired:			
Less than 30 days	1,841,471	(3,806)	1,837,665
31 to 60 days	425,940	(1,055)	424,885
61 to 90 days	1,895,862	(2,847)	1,893,015
More than 90 days	13,405,981	(322,189)	13,083,792
	22,487,570	(331,522)	22,156,048
Credit impaired:			
More than 90 days			
- Individually impaired	6,955,393	(6,955,393)	–
	29,442,963	(7,286,915)	22,156,048

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period of the Group. (Cont'd)

	Gross trade receivables RM	Allowance for impairment RM	Net balance RM
Group			
2019			
Current	17,591,843	(44,925)	17,546,918
Past due not impaired:			
Less than 30 days	6,734,751	(47,149)	6,687,602
31 to 60 days	733,285	(3,925)	729,360
61 to 90 days	1,696,913	(94)	1,696,819
More than 90 days	18,096,183	(126,967)	17,969,216
	44,852,975	(223,060)	44,629,915
Credit impaired:			
More than 90 days			
- Individually impaired	459,902	(459,902)	–
	45,312,877	(682,962)	44,629,915

The movement in the allowance for impairment losses in respect of trade receivables of the Group during the financial year are as follows:

Group	Lifetime ECL RM	Credit impaired RM	Total RM
2020			
At 1 January 2020	223,060	459,902	682,962
Impairment loss recognised	203,008	6,495,491	6,698,499
Impairment loss reversed	(95,795)	–	(95,795)
Exchange differences	1,249	–	1,249
At 31 December 2020	331,522	6,955,393	7,286,915
2019			
At 1 January 2019	165,779	458,680	624,459
Impairment loss recognised	187,587	20,650	208,237
Impairment loss reversed	(130,306)	(19,428)	(149,734)
At 31 December 2019	223,060	459,902	682,962

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held with banks and financial institutions. The Group and the Company have a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statements of financial position.

Recognition and measurement of impairment loss

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables are mainly arising from receivables from third parties and deposits paid for purchases of property, plant and equipment. The Group and the Company manage the credit risk on an ongoing basis via the Group and the Company's management reporting procedures and action will be taken for long outstanding debts.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

Recognition and measurement of impairment loss

As there are only a few debtors, the Group and the Company assessed the risk of each debtor individually based on their past trend of payments. All these customers have low risk of default because there is minimal history of default from these debtors. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for in current financial year.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movement in the allowance for impairment losses in respect of other receivables of the Group during the financial year are as follows:

	Group	
	2020	**2019**
	RM	**RM**
At 1 January	275	275
Impairment loss recognised	–	–
At 31 December	275	275

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provides unsecured financial guarantees to banks in respect of banking facilities granted to related companies and third parties. The Group and the Company monitors the ability of the related companies and related parties to service its loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk for the financial guarantees of the Group and of the Company as disclosed in Note 35 to the financial statements.

Recognition and measurement of impairment loss

There is no history of default from third parties, subsidiary company and companies in which certain Directors of the Company have substantial financial interests, and there are no indicates that any going concern from them. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiary companies have low credit risk because there is no indicates that any going concern from subsidiary companies, except as follow. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for, except as follow.

The movement in the allowance for impairment losses in respect of inter-company loans and advances of the Company during the financial year are as follows:

	Company	
	2020	**2019**
	RM	**RM**
At 1 January	892,260	–
Impairment loss recognised	–	892,260
Impairment loss reversed	(60,714)	–
At 31 December	831,546	892,260

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or 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 requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance its 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2020						
Non-derivative financial liabilities						
Trade payables	2,953,474	–	–	–	2,953,474	2,953,474
Other payables	2,276,540	–	–	–	2,276,540	2,276,540
Lease liabilities	1,489,830	1,053,413	1,393,044	3,678,048	7,614,335	6,024,522
Borrowings	2,712,347	823,951	2,207,134	1,020,963	6,764,395	6,277,659
Financial guarantee	200,000	–	–	–	200,000	–
	9,632,191	1,877,364	3,600,178	4,699,011	19,808,744	17,532,195
2019						
Non-derivative financial liabilities						
Trade payables	4,217,507	–	–	–	4,217,507	4,217,507
Other payables	2,600,013	–	–	–	2,600,013	2,600,013
Lease liabilities	1,712,886	1,387,230	1,372,440	3,808,244	8,280,800	6,532,386
Borrowings	1,506,041	875,614	1,778,938	2,816,713	6,977,306	5,467,264
Financial guarantee	500,000	–	–	–	500,000	–
	10,536,447	2,262,844	3,151,378	6,624,957	22,575,626	18,817,170

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2020			
Non-derivative financial liabilities			
Other payables	450,051	450,051	450,051
Financial guarantee	3,272,010	3,272,010	–
	3,722,061	3,722,061	450,051
2019			
Non-derivative financial liabilities			
Other payables	423,773	423,773	423,773
Financial guarantee	3,734,620	3,734,620	–
	4,158,393	4,158,393	423,773

(iii) Market risks

(a) Foreign currency risk

The Group is 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 United States Dollar ("USD"), Singapore Dollar ("SGD"), Indonesia Rupiah ("IDR"), Chinese Yuan ("CNY") and Hong Kong Dollars ("HKD").

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in				
Group	**USD RM**	**SGD RM**	**IDR RM**	**CNY RM**	**HKD RM**
2020					
Trade receivables	14,398,683	–	157,783	2,876,053	–
Cash and bank balances	594,266	32,876	46,908	4,739,147	1,001,755
	14,992,949	32,876	204,691	7,615,200	1,001,755
2019					
Trade receivables	36,691,406	–	–	–	–
Cash and bank balances	390,579	33,453	32,438	–	84,264
	37,081,985	33,453	32,438	–	84,264

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax for the financial year to a reasonably possible change in the USD exchange rates against the functional currencies of the Group, with all other variables held constant.

	Change in currency rate	Effect on profit before tax 2020 RM	2019 RM
USD	Strengthend 10%	1,499,295	3,708,199
	Weakend 10%	(1,499,295)	(3,708,199)
SGD	Strengthend 10%	3,288	3,345
	Weakend 10%	(3,288)	(3,345)
IDR	Strengthend 10%	20,469	3,244
	Weakend 10%	(20,469)	(3,244)
CNY	Strengthend 10%	761,520	–
	Weakend 10%	(761,520)	–
HKD	Strengthend 10%	100,176	8,426
	Weakend 10%	(100,176)	(8,426)

(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 its 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 its 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rate instruments				
Financial asset:				
Fixed deposits with licensed banks	16,100,526	9,681,898	7,500,000	3,500,000
Fixed rate instruments				
Financial liabilities:				
Bankers' acceptance	1,891,000	630,000	–	–
Lease liabilities	6,024,522	6,532,386	–	–
Term loans	3,189,968	3,639,773	–	–
	11,105,490	10,802,159	–	–
Floating rate instruments				
Financial liabilities:				
Term loans	1,196,691	1,197,064	–	–

Interest rate risk sensitivity

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' profit before tax by RM1,197 (2019: RM1,197) respectively, arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short term loans borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Carrying amount RM**
Group				
2020				
Financial liability				
Non-Current				
Term loans	–	3,658,553	–	3,711,940
	–	3,658,553	–	3,711,940

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
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34. CAPITAL COMMITMENT

	Group	
	2020 RM	2019 RM
Authorised and contracted for		
Purchase of property, plant and equipment	4,500,000	4,500,000

35. FINANCIAL GUARANTEES

	Group	
	2020 RM	2019 RM
Unsecured		
Performance bonds in relation to the management of the Herbal Integrated Cluster Development	200,000	500,000

	Company	
	2020 RM	2019 RM
Unsecured		
Corporate guarantees given to the licensed financial institution for credit facility granted to a subsidiary company	3,272,010	3,734,620

36. CAPITAL MANAGEMENT

The Group's and the Company's objectives 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.

NOTES TO THE FINANCIAL STATEMENTS
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36. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total loans and borrowings	6,277,659	5,466,837	–	–
Less: Deposit, cash and bank balances	(27,621,861)	(12,535,031)	(11,470,976)	(3,525,192)
Net debt	(21,344,202)	(7,068,194)	(11,470,976)	(3,525,192)
Total equity	160,900,303	165,546,980	136,213,826	100,371,466
Gearing ratio (%)	*	*	*	*

* Gearing ratio not applicable for financial years ended 31 December 2020 and 31 December 2019 as the deposit, cash and bank balances of the Group and of the Company are sufficient to settle the outstanding debts.

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

37. SIGNIFICANT EVENT

Outbreak of Coronavirus Pandemic ("Covid-19")

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government had imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restrictions, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 had brought significant economic uncertainties in Malaysia and the markets in which the Group operates.

The Malaysian Government had again imposed the Movement Control Order ("MCO") and Conditional Movement Control ("CMCO") for selected states which are severely affected by the Covid-19 on 11 January 2021. Besides, the Malaysian King declared a state of emergency for the country until 1 August 2021 to curb the spread of Covid-19 on 12 January 2021.

As a result of the Covid-19 pandemic outbreak, the Group's businesses, result of the operation, financial position and cash flows were affected during the financial year with continuing impact in the subsequent periods. Travel restrictions, both international as well as domestic, imposed in Malaysia disrupted revenue lines during the financial year and after the reporting date. Such restrictions have continued throughout the year with only some domestic travel and the Government did not approve international travel operations commencing March 2020. This has resulted in a significant decline in revenue in the current financial year and after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

37. SIGNIFICANT EVENT (CONT'D)

Outbreak of Coronavirus Pandemic ("Covid-19") (Cont'd)

Beginning in April 2020, the Group had implemented various cost saving measures including a reduction in various general and administrative costs in response to current market conditions. Further, the management believes that the Group has sufficient cash to meet anticipated cash needs including cash needs for working capital for foreseeable future. Due to significant uncertainties surrounding the Covid-19 pandemic, travel restrictions remain unpredictable as to their timing and may evolve in response to the Covid-19 evolution in Malaysia.

At the same time, the Group undertook several strategic initiatives and pursued value-accretive business opportunities during the year to increase the Group's competitiveness, putting the Group in a solid position to capture future growth while enhancing income streams.

The Directors shall continuously assess the impact of Covid-19 on its operations as well as the financial position for the financial year ending 31 December 2021.

38. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2021.

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 2020 RM'000	Date of last revaluation	Age
BISB	No. 10, Jalan P/9A Section 13 Bandar Baru Bangi Selangor	Industrial land with the following buildings erected thereon: • a semi-detached two (2)-storey building annexed with an open shed for our manufacturing facility; • two (2) utility cabins* for our restroom and surau; and • a guardhouse	April 30, 2012	8,137 / 11,000	99 years expiring on 20.08.2105	3,530	March 10, 2013	85 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	1,726	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, Malaysia	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	93 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: • an administration and management building; • a fertilizer storage facility; • an equipment store cum repair and maintenance workshop; • residential buildings as follows: (i) one (1) unit of bungalow; (ii) twelve (12) units of office terrace; (iii) nine (9) units of family terrace; (iv) two (2) blocks of hostel; (v) surau; (vi) convenience store; • common facilities as follows: (i) skid tank; (ii) guardhouse; and (iii) water storage tank.	(2) / 123.5 to 1,003 acres	152,527.50 per annum	07.04.2014 to 06.04.2044
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	(3)	(3)
BDSB	Dewina LSG Sdn Bhd	No. 12, Jalan P/9A, Section 13 Bandar Baru Bangi, Selangor.	Industrial land with a semi-detached one (1) ½-storey building for our manufacturing facility	5,600 sq. ft. / 11,000 sq. ft.	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 sq. ft.	14,500 per month	01.05.2020 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 30 April 2021

SHARE CAPITAL

Total Number of Issued Shares	:	1,110,470,832 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 APRIL 2021

(As per Records of Depositors)

Size of Holding	No. of shareholders	%	No. of Shares Held	%
Less than 100	607	4.64	29,395	0.00
100 - 1,000	1,033	7.90	594,460	0.05
1,001 - 10,000	4,733	36.21	30,977,936	2.79
10,001 - 100,000	5,629	43.06	215,925,790	19.44
100,001 AND ABOVE	1,070	8.19	862,943,251	77.71
Total	**13,072**	**100.00**	**1,110,470,832**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2021

(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. of Shares held		No. of Shares held	
No.	Name of Substantial Shareholder	Direct	%	Indirect	%
1	Perbadanan Nasional Berhad	120,855,104	10.88	–	–
2	Malaysian Technology Development Corporation Sdn Bhd	107,203,892	9.65	–	–
3	Hon Tian Kok @ William	92,000,000	8.29	–	–
4	Ooi Keng Thye	60,000,000	5.40	–	–

DIRECTORS' INTERESTS IN SHARES AS AT 30 APRIL 2021

(As per Register of Directors' Shareholdings)

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

		No. of Shares held		No. of Shares held	
No.	Name of Director	Direct	%	Indirect	%
1	Tan Sri Abd Rahman Bin Mamat	500,000	0.05	–	–
2	Hon Tian Kok @ William	92,000,000	8.28	–	–
3	Ho Tze Hiung	–	–	–	–
4	Goh Siow Cheng	–	–	–	–
5	Dato' Norhalim Bin Yunus	–	–	–	–
6	Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	–	–	–	–
7	Mohd Nasir Bin Abdullah	100,000	0.01	–	–
8	Kang Jimmi	–	–	–	–

ANALYSIS OF SHAREHOLDINGS
CONT'D

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 APRIL 2021)

No.	Name of Shareholders	No. of Shares	%
1	PERBADANAN NASIONAL BERHAD	120,855,104	10.88
2	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	107,203,892	9.65
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	60,000,000	5.40
4	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	45,991,500	4.14
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	42,364,000	3.81
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	26,636,000	2.40
7	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM (7001081)	17,000,000	1.53
8	HO HUEY CHUIN	10,500,000	0.95
9	ONG KENG SENG	8,550,000	0.77
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	6,775,000	0.61
11	SEAH TIN KIM	6,460,000	0.58
12	KHOR HSIA JOEW	5,330,000	0.48
13	CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD	5,000,000	0.45
14	MAGNALOGIC SDN. BHD.	5,000,000	0.45
15	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	5,000,000	0.45
16	VOON SZE LIN	5,000,000	0.45
17	LIM YEH SIANG	3,900,000	0.35
18	TAN HAN CHONG	3,500,000	0.32
19	GOH KUANG WEI	3,450,000	0.31
20	YUNG BOON HONG @ YANG KOK CHING	3,151,000	0.28
21	KUA HOCK LAI	3,150,000	0.28
22	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (7004588)	2,900,000	0.26
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN YOON FONG (E-JBU)	2,630,000	0.24
24	LEONG KOK WAI	2,560,000	0.23
25	OOI TEIK AUN	2,500,000	0.23
26	TAN SUAN MENG	2,500,000	0.23
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHOON EEK (E-TAI/KKR)	2,457,400	0.22
28	LOH KIAN CHONG	2,400,000	0.22
29	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH WEE KIET	2,400,000	0.22
30	CHUAH JOON YEE	2,175,000	0.20

ANALYSIS OF WARRANT HOLDINGS

As at 30 April 2021

No of Warrants 2017/2022 Issued	:	133,332,785 free detachable warrants
No. of Warrants Holders	:	1,974
Exercise Price	:	RM0.22
Maturity Date	:	5 January 2022

DISTRIBUTION OF WARRANT HOLDINGS AS AT 30 APRIL 2021

Size of Holding	No. of Warrants Holders	% of Warrants Holders	No. of Warrants	% of Warrants
Less than 100	219	11.09	9,351	0.01
100 - 1,000	125	6.33	65,375	0.05
1,001 - 10,000	536	27.20	3,355,021	2.50
10,001 - 100,000	845	42.78	34,852,036	26.14
100,001 AND ABOVE	249	12.60	95,051,002	71.30
Total	**1,974**	**100.00**	**133,332,785**	**100.00**

DIRECTORS' WARRANTS HOLDINGS

The particulars of Directors' Warrant Holdings in the Company are as follows:

No.	Name of Director	No. of Warrants held Direct	%	No. of Warrants held Indirect	%
1	Tan Sri Abd Rahman Bin Mamat	–	–	–	–
2	Hon Tian Kok @ William	–	–	–	–
3	Ho Tze Hiung	–	–	–	–
4	Goh Siow Cheng	34	0.00	–	–
5	Dato' Norhalim Bin Yunus	–	–	–	–
6	Tan Sri Dato' Dr. Syed Jalaludin Bin Syed Salim	–	–	–	–
7	Mohd Nasir Bin Abdullah	–	–	–	–
8	Kang Jimmi	–	–	–	–

LIST OF TOP 30 LARGEST WARRANTS HOLDERS

(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 APRIL 2021)

No.	Name of Warrants Holders	No. of Warrants Held	% of Warrants Held
1	PERBADANAN NASIONAL BERHAD	6,250,501	4.69
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	3,090,000	2.32
3	TEE KIAM LOOW	3,000,000	2.25
4	TE TECK LOK	2,500,000	1.88
5	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LOW MUN SEONG	2,381,000	1.79
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK (TAN1290C)	2,200,000	1.65

ANALYSIS OF WARRANT HOLDINGS
CONT'D

LIST OF TOP 30 LARGEST WARRANTS HOLDERS (CONT'D)
(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 APRIL 2021)

No.	Name of Warrants Holders	No. of Warrants Held	% of Warrants Held
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	2,200,000	1.65
8	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH CHOO WEI (E-KUG)	1,880,300	1.41
9	TAN BOON POCK	1,641,200	1.23
10	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ABDUL RADZIM BIN ABDUL RAHMAN	1,542,800	1.16
11	TEE KIAM LOOW	1,500,000	1.13
12	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LIM KENG WAH	1,412,400	1.06
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG KON CHING	1,178,200	0.88
14	LIM BOON HIAN	1,118,300	0.84
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG KOK SIONG (MQ0462)	1,000,000	0.75
16	CHANG CHONG BOON @ CHANG TZONG TZYY	1,000,000	0.75
17	TAN HAN CHONG	1,000,000	0.75
18	CHOK PUI WOON	897,100	0.67
19	GAN KENLEE	850,000	0.64
20	NG ENG SONG	800,000	0.60
21	KHOO POH ANN	796,000	0.60
22	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING SII SING (B)	700,000	0.53
23	TAN AH HUAT	670,000	0.50
24	WONG KON CHING	647,900	0.49
25	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KHAI MENG (STA 2)	600,000	0.45
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA CHEE NIE	600,000	0.45
27	MD NOR BIN MANSOR	600,000	0.45
28	ONG KIM LENG	600,000	0.45
29	VANI A/P SUBRAMANIAM	600,000	0.45
30	WONG CHUN MING	600,000	0.45

NOTICE OF THE TENTH (10TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) 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 on Monday, 28 June 2021 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 2020 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To approve the payment of Directors' fees and other benefits payable up to RM350,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 10th AGM until the conclusion of the next AGM of the Company in year 2022. (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. Ho Tze Hiung (Ordinary Resolution 2)
   ii. Dato' Norhalim Bin Yunus (Ordinary Resolution 3)
   iii. Mohd Nasir Bin Abdullah (Ordinary Resolution 4)

4. To appoint Messrs TGS TW PLT ("TGS"), as Auditors of the Company in place of the retiring Auditors, Messrs UHY ("UHY") and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

AS SPECIAL BUSINESS:
To consider and if thought fit, 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 6)

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020, Ace Market Listing Requirements ("AMLR") of Bursa Securities and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company for the time being ("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.

   AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020, and notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

NOTICE OF THE TENTH (10TH) 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 7)

"THAT subject to the Act, the provisions of Constitution of the Company, the AMLR 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 he time of the purchase, upon such terms and conditions as set out in the Statement to Shareholders dated 28 May 2021.

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 TENTH (10TH) ANNUAL GENERAL MEETING

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. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR, TAN SRI ABD RAHMAN BIN MAMAT** (Ordinary Resolution 8)

   "THAT authority be and is hereby given to Tan Sri Abd Rahman Bin Mamat who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

8. 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. 201908002253 / MAICSA 7045482)
THIEN LEE MEE (SSM PC No. 201908002254 / LS0009760)
Company Secretaries

Selangor Darul Ehsan
Date: 28 May 2021

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 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*
6. *Only the members whose names appear on the Record of Depositors as at 22 June 2021 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.*
7. *Pursuant to Rule 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

NOTICE OF THE TENTH (10TH) 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 10th 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 4 - 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.

Ho Tze Hiung, Dato' Norhalim Bin Yunus and Mohd Nasir Bin Abdullah 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 10th AGM, the Nomination Committee has considered and recommended Ho Tze Hiung, Dato' Norhalim Bin Yunus and Mohd Nasir Bin Abdullah for re-election as Directors pursuant to Clause 105(1) of the Company's Constitution.

4. Ordinary Resolution 5 - The retiring Auditors, UHY

The existing auditors of the Company, Messrs UHY were re-appointed as the auditors of the Company at the 9th Annual General Meeting of the Company held on 17 August 2020 to hold office until the conclusion of the 10th AGM of the Company. Messrs UHY have indicated their intention to retire and they are not seeking re-appointment as auditors of the Company.

In line with good corporate governance practice, the Audit Committee had undertaken assessment of the suitability and independence of auditors and based on an internal procurement process, had recommended the appointment of Messrs TGS TW PLT as auditors of the Company for the financial year ending 31 December 2021.

The Board had reviewed the recommendation of the Audit Committee and agreed to nominate the appointment of Messrs TGS TW PLT as the new auditors in place of the retiring auditors, Messrs UHY at the forthcoming AGM of the Company. Messrs TGS TW PLT have given their consent to act as the auditors of the Company.

NOTICE OF THE TENTH (10TH) ANNUAL GENERAL MEETING

CONT'D

Explanatory Notes to Ordinary and Special Business:- (Cont'd)

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

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.04 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Ordinary Resolution 6 is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

As at the date of this Notice, the Company had allotted 52,877,100 new ordinary shares under the general mandate pursuant to Section 75 and Section 76 of the Companies Act, 2016 which was approved by the shareholders at the 9th Annual General Meeting of the Company held on 17 August 2020 and the 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021. The total proceeds of RM13,219,275.00 was raised from the previous mandate. The details of the utilisation of proceeds, please refer to the Additional Compliance Information disclosed in the Annual Report 2020.

6. Special Business – Ordinary Resolution 7
Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution 7, 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 28 May 2021.

7. Special Business – Ordinary Resolution 8
Continuing in Office as Independent Non-Executive Director, Tan Sri Abd Rahman Bin Mamat

Pursuant to the Malaysian Code on Corporate Governance ("MCCG"), it is recommended that approval of the shareholders be sought in the event the Company intends to retain an Independent Non-Executive Director who has served in that capacity for more than nine (9) years.

Tan Sri Abd Rahman Bin Mamat was appointed to the Board on 3 January 2012 and have therefore as at the date of this Notice, served the Company for more than nine (9) years. The Board of Directors has via the Nomination Committee ("NC") assessed the independence of Tan Sri Abd Rahman Bin Mamat and recommended that he continue to act as an Independent Non-Executive Director of the Company. Details of the Board's justifications and recommendations for the retention of Tan Sri Abd Rahman Bin Mamat are set out in the Corporate Governance Overview Statement of the Annual Report 2020.

The Ordinary Resolution 8, if passed, will enable Tan Sri Abd Rahman Bin Mamat to continue to act as an Independent Non-Executive Director of the Company

NOTICE OF THE TENTH (10TH) ANNUAL GENERAL MEETING

CONT'D

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 10th AGM are Ho Tze Hiung, Dato' Norhalim Bin Yunus and Mohd Nasir Bin Abdullah. 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 10th AGM.

The Company will seek shareholders' approval on the general meting for issue of securities in accordance with Rule 6.04(3) of the AMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 6 as stated in the Notice of the 10th 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 10th Annual General Meeting of the Company to 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 on Monday, 28 June 2021 at 10.00 a.m. or any adjournment thereof, 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 RM350,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 10th AGM until the conclusion of the next AGM of the Company in year 2022.	Ordinary Resolution 1		
2.	Re-election of Ho Tze Hiung as Director	Ordinary Resolution 2		
3.	Re-election of Dato' Norhalim Bin Yunus as Director	Ordinary Resolution 3		
4.	Re-election of Mohd Nasir Bin Abdullah as Director	Ordinary Resolution 4		
5.	To appoint Messrs TGS TW PLT as Auditors of the Company in place of the retiring Auditors, Messrs UHY and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6.	Authority to Allot Shares Pursuant to Sections 75 And 76 of the Companies Act, 2016.	Ordinary Resolution 6		
7.	Proposed Renewal of Share Buy-Back Authority.	Ordinary Resolution 7		
8.	Continuing in Office as Independent Non-Executive Director – Tan Sri Abd Rahman Bin Mamat	Ordinary Resolution 8		

Signed on this _____________ day of _______________ 2021.

____
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 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*
6. *Only the members whose names appear on the Record of Depositors as at 22 June 2021 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.*

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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)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor

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- Voucher cannot be exchanged with cash or other products
- This voucher is valid till 31/12/2021

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ABOUT US

BIOALPHA HOLDINGS BERHAD
Registration No. 201101021398 (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
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Email: info@bioa.com.my

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