

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the “Definitions” section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.** All enquiries concerning the Rights Issue of Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our share registrar, Workshire Share Registration Sdn. Bhd. at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia (Tel: +603 - 6413 3271) (“Share Registrar”).

This Abridged Prospectus, together with the NPA and RSF (collectively, the “Documents”), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 11 January 2024 at their registered address in Malaysia or who have provided the Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 11 January 2024. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/ or their renounee(s) and/ or their transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue of Warrants, application for Excess Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of Warrants would result in the contravention of any law of such countries or jurisdictions. We, TA Securities and/ or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of entitlements, application for Excess Warrants or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of Warrants made by any Entitled Shareholders and/ or their renounee(s) and/ or their transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/ or their renounee(s) and/ or their transferee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by Bursa Securities. The registration of this Abridged Prospectus should not be taken to indicate that Bursa Securities recommends the Rights Issue of Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. Bursa Securities has not, in any way, considered the merits of this Rights Issue of Warrants. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval for the Rights Issue of Warrants has been obtained from our shareholders at our EGM convened on 2 October 2023. Approval has been obtained from Bursa Securities via its letter dated 28 August 2023 for the admission of the Warrants to the Official List as well as the listing and quotation of the Warrants and the new Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue of Warrants and are not to be taken as an indication of the merits of the Rights Issue of Warrants.

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.**



**BIOALPHA HOLDINGS BERHAD**  
[Registration No. 201101021398 (949536-X)]  
(Incorporated in Malaysia)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 630,084,138 NEW WARRANTS (“WARRANT(S)”) ON THE BASIS OF 3 WARRANTS FOR EVERY 8 EXISTING ORDINARY SHARES (“BIOALPHA SHARE(S)”) OR “SHARE(S)”) HELD AS AT 5.00 P.M. ON 11 JANUARY 2024 AT AN ISSUE PRICE OF RM0.035 PER WARRANT (“RIGHTS ISSUE OF WARRANTS”)**

*Adviser*

**TA SECURITIES**

AN UNWAVERING COMMITMENT

**TA SECURITIES HOLDINGS BERHAD**  
(Registration No.: 197301001467 (14948-M))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIMES**

Entitlement Date	: Thursday, 11 January 2024 at 5.00 p.m.
<b>Last date and time for:</b>	
Sale of Provisional Allotments	: Thursday, 18 January 2024 at 5.00 p.m.
Transfer of Provisional Allotments	: Monday, 22 January 2024 at 4.30 p.m.
Acceptance and payment	: Monday, 29 January 2024 at 5.00 p.m.
Excess Warrants Application and payment	: Monday, 29 January 2024 at 5.00 p.m.

**This Abridged Prospectus is dated 11 January 2024**

**UNLESS STATED OTHERWISE, ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE “DEFINITIONS” SECTION OF THIS ABRIDGED PROSPECTUS.**

**RESPONSIBILITY STATEMENTS**

**OUR DIRECTORS HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE OF WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.**

**TA SECURITIES, BEING OUR ADVISER FOR THE RIGHTS ISSUE OF WARRANTS, ACKNOWLEDGES THAT BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE OF WARRANTS.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**OTHER STATEMENTS**

**INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“CMSA”) FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.**

**SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.**

**THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE “DOCUMENTS”) IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.**

**THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.**

## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

9M-FPE	:	9-month financial period ended
Abridged Prospectus	:	This abridged prospectus dated 11 January 2024 in relation to the Rights Issue of Warrants
Act	:	Companies Act 2016 of Malaysia
Additional Undertaking	:	Unconditional and irrevocable written undertaking by the Undertaking Shareholder to a subscription amount of up to approximately RM2.40 million to subscribe for Excess Warrants (based on the issue price of RM0.035 per Warrant) under the Rights Issue of Warrants
Base Case Scenario	:	Comprising up to 527,434,161 Warrants, based on 1,406,491,096 issued Shares as at the LPD and assuming: <ul style="list-style-type: none"> <li>• none of the 144,468,522 outstanding ICPS are converted into new Shares prior to the Entitlement Date;</li> <li>• none of the outstanding SIS Options are exercised into new Shares prior to the Entitlement Date; and</li> <li>• all Entitled Shareholders and/ or their renouncee(s) fully subscribe for their entitlements of the Warrants</li> </ul>
Bioalpha or Company	:	Bioalpha Holdings Berhad (Registration No. 201101021398 (949536-X))
Bioalpha Group or Group	:	Bioalpha and our subsidiaries, collectively
Bioalpha Share(s) or Share(s)	:	Ordinary share(s) in Bioalpha
Bloomberg	:	Bloomberg Finance Singapore L.P. and its affiliates
Board	:	Board of Directors of Bioalpha
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-Laws	:	By-laws governing the SIS
Cash Conversion	:	Conversion of a combination of 1 ICPS and cash payment of RM0.20 into 1 new Share
Cashless Conversion	:	Conversion of 11 ICPS into 1 new Share
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository

## DEFINITIONS (CONT'D)

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CDS Account	:	Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	:	29 January 2024 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Allotments and application for Excess Warrants
CMSA	:	Capital Markets and Services Act 2007 of Malaysia
Code on Take-Overs	:	Malaysian Code on Take-Overs and Mergers 2016
COVID-19	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and is a global pandemic
Deed Poll	:	The deed poll dated 22 December 2023 constituting the Warrants and governing the rights of the Warrants
Director(s)	:	A natural person who holds a directorship in our Company for the time being, whether in an executive or non-executive capacity, falling within the meaning given in Section 2(1) of the CMSA and Section 2(1) of the Act
Documents	:	The Abridged Prospectus, NPA and RSF, collectively
e-RSF	:	Electronic RSF
e-Subscription	:	Electronic subscription of the Warrants via the Share Registrar's Investor Portal at <a href="https://www.wscs.com.my/">https://www.wscs.com.my/</a>
EGM	:	Extraordinary General Meeting of our Company held on 2 October 2023
Entitled Shareholders	:	The shareholders of our Company whose names appear in the Record of Depositors on the Entitlement Date
Entitlement Date	:	11 January 2024 at 5.00 p.m., being the date and time on which the names of shareholders must appear in the Record of Depositors in order to be entitled to the Rights Issue of Warrants
Entitlement Undertaking(s)	:	Unconditional and irrevocable written undertaking by the Undertaking Shareholder to subscribe in full for his entitlement of the Warrants.  In this respect, the Undertaking Shareholder has undertaken to commit a subscription amount of approximately RM0.60 million (based on the issue price of RM0.035 per Warrant)
EPS/ LPS	:	Earnings per Share/ loss per Share
Excess Warrants	:	Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renounee(s) and/ or their transferee(s) (if applicable) by the Closing Date
Excess Warrants Application	:	Application for additional Warrants in excess of the Provisional Allotments by the Entitled Shareholders and/ or their renounee(s) and/ or their transferee(s) (if applicable)

## DEFINITIONS (CONT'D)

Exercise Period	:	Any time within a period of 3 years commencing from and including the date of issue of Warrants to the close of business at 5.00 p.m. (Malaysia time) on which the Market Day immediately preceding the date which is the 3 <sup>rd</sup> anniversary from the date of issue of the Warrants. Any Warrant not exercised at the expiry of the Exercise Period will thereafter lapse and cease to be valid for any purpose
Exercise Price	:	RM0.10, being the price at which 1 Warrant is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll during the Exercise Period
FYE	:	Financial year ended/ ending, as the case may be
GL		Gross loss
GP	:	Gross profit
ICPS	:	<p>144,468,522 outstanding irredeemable convertible preference shares of our Company issued on 18 May 2021 at the issue price of RM0.20 for each irredeemable convertible preference shares to:</p> <p>(i) the then entitled shareholders of Bioalpha pursuant to a renounceable rights issue of irredeemable convertible preference shares in Bioalpha on the basis of 1 rights irredeemable convertible preference share in Bioalpha for every existing 6 Shares held on the entitlement date of 23 April 2021; and</p> <p>(ii) a private placement of irredeemable convertible preference shares to the then directors of the Company namely (Tan Sri Abdul Rahman Bin Mamat, William Hon, Goh Siow Cheng and Dato' Norhalim Bin Yunus). Tan Sri Abdul Rahman Bin Mamat and Dato' Norhalim Bin Yunus are not directors of the Company as at the LPD.</p> <p>Such irredeemable convertible preference shares were listed on 28 May 2021.</p> <p>The ICPS can be converted into new Shares by way of Cashless Conversion or Cash Conversion from the issue date of 18 May 2021 until the maturity of the ICPS on 17 May 2026.</p>
ICPS Undertaking	:	<p>Unconditional and irrevocable written undertaking by William Hon to convert no less than 285,000,034 ICPS into new Shares by way of Cashless Conversion after obtaining all approvals for the Rights Issue of Warrants but prior to the announcement of the Entitlement Date.</p> <p>On 27 June 2023, William Hon converted his 285,000,036 ICPS into 25,909,094 new Shares by way of Cashless Conversion. Such Shares were listed on 30 June 2023.</p>
IMR or Smith Zander	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), the Independent Market Researcher
IMR Report(s)	:	Independent market research report prepared by Smith Zander titled "Independent Market Research Report on the Health Supplements Manufacturing Industry in Malaysia, the Health Supplements Market in Malaysia, China and Indonesia and the Retail Pharmacy Market in Malaysia", dated 21 December 2023

## DEFINITIONS (CONT'D)

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LAT	:	Loss after taxation
LBT	:	Loss before taxation
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	15 December 2023, being the latest practicable date prior to the printing of this Abridged Prospectus
LTD	:	21 December 2023, being the last trading date prior to the date of fixing the issue price of the Warrants and Exercise Price
Management	:	Management of Bioalpha
Market Day	:	Any day between Monday to Friday (inclusive of both days) (excluding Saturday, Sunday and public holiday) and a day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Comprising up to 630,084,138 Warrants, based on 1,406,491,096 issued Shares as at the LPD and assuming: <ul style="list-style-type: none"> <li>• the outstanding 144,468,522 ICPS are converted into new Shares by way of Cash Conversion prior to the Entitlement Date;</li> <li>• all outstanding SIS Options are exercised into new Shares prior to the Entitlement Date; and</li> <li>• all Entitled Shareholders and/ or their renounee(s) fully subscribe for their entitlements of the Warrants</li> </ul>
Mediconstant	:	Mediconstant Holding Sdn Bhd (Registration No. 200201018975 (586638-X)), a wholly-owned subsidiary of the Company
Minimum Scenario or Minimum Subscription Level	:	Comprising 85,714,286 Warrants, based on 1,406,491,096 issued Shares as at the LPD and assuming: <ul style="list-style-type: none"> <li>• none of the 144,468,522 outstanding ICPS are converted into new Shares prior to the Entitlement Date;</li> <li>• none of the outstanding SIS Options are exercised into new Shares prior to the Entitlement Date;</li> <li>• Undertaking Shareholder subscribes in full to his entitlement and additional Warrants, pursuant to his Rights Issue Undertaking; and</li> <li>• no other Entitled Shareholders subscribes to the Warrants</li> </ul>
NA	:	Net assets attributable to the owners of the Company
NPA	:	Notice of provisional allotment in relation to the Rights Issue of Warrants
ODM	:	Original Design Manufacturing
Official List	:	A list specifying all securities listed on the ACE Market of Bursa Securities
PAT	:	Profit after taxation
PBT	:	Profit before taxation

## DEFINITIONS (CONT'D)

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Provisional Allotments	:	The Warrants provisionally allotted to the Entitled Shareholders
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rights Issue of Warrants	:	Renounceable rights issue of up to 630,084,138 Warrants on the basis of 3 Warrants for every 8 existing Shares held on the Entitlement Date
Rights Issue Undertaking	:	Entitlement Undertaking and Additional Undertaking, collectively totalling RM3,000,000
RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
RMB	:	Renminbi, lawful currency of People's Republic of China.
RSF	:	Rights subscription form in relation to the Rights Issue of Warrants
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to SICDA
Rules on Take-Overs	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
SC	:	Securities Commission Malaysia
Share Registrar	:	Workshire Share Registration Sdn. Bhd. (Registration No. 202101030155 (1430455-D))
Shareholders	:	Shareholders of our Company
SICDA	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time
SIS	:	Existing share issuance scheme of Bioalpha which took effect on 12 January 2017 for a period of 5 years until 11 January 2022. On 6 January 2022, our Board approved the extension of the period of the share issuance scheme for another 2 years until 11 January 2024 in accordance with the By-Laws. Subsequently on 9 November 2023, our Board approved the extension of the period of the share issuance scheme for another 3 years until 12 January 2027 in accordance with the By-Laws.
SIS Options	:	129,264,752 outstanding share issuance scheme options granted pursuant to the SIS
TA Securities or Adviser	:	TA Securities Holdings Berhad
Undertaking Shareholder or William Hon	:	Hon Tian Kok @ William, the Company's Managing Director/ Chief Executive Officer
VWAP	:	Volume weighted average market price
Warrants	:	Up to 630,084,138 warrants to be allotted and issued pursuant to the Rights Issue of Warrants



## DEFINITIONS (CONT'D)

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In this Abridged Prospectus, all references to “**our Company**” are to Bioalpha and references to “**our Group**” are to Bioalpha and our subsidiaries. All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to Bioalpha and where the context otherwise requires, the subsidiaries of our Company.

All references to “**you**” in this Abridged Prospectus are references to Entitled Shareholders and/ or, where the context requires otherwise, their renouncee(s) and/ or transferee(s).

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and/ or neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any provision of a statute, rule, regulation, enactment, or rule of a stock exchange shall (where the context admits) be construed as a reference to the provision of such statute, rule, regulation, enactment or rule of a stock exchange (as the case may be) as modified by any written law, or, if applicable, any amendment or re-enactment to the statute, rule, regulation, enactment or rule of a stock exchange for the time being in force. Any reference to a time of day in this Abridged Prospectus is a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the figures included in this Abridged Prospectus between the amount stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that our Company’s plans and objectives will be achieved.

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## ADVISERS' DIRECTORY

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- ADVISER** : TA Securities Holdings Berhad  
(Registration No.: 197301001467 (14948-M))  
29<sup>th</sup> Floor, Menara TA One  
22, Jalan P. Ramlee  
50250 Kuala Lumpur
- Tel : +603 - 2072 1277
- SOLICITORS** : Cheang & Ariff  
Loke Mansion  
273A, Jalan Medan Tuanku  
50300 Kuala Lumpur
- Tel : +603 - 2681 0803
- COMPANY SECRETARIES** : Tan Tong Lang (MAICSA 7045482)  
(SSM PC No. 202208000250)
- Thien Lee Mee (LS0010621)  
(SSM PC No. 201908002254)
- B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur
- Tel : +603 - 9770 2200
- SHARE REGISTRAR** : Workshire Share Registration Sdn. Bhd.  
(Registration No.: 202101030155 (1430455-D))  
A3-3-8, Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur
- Tel : +603 - 6413 3271
- AUDITORS AND REPORTING ACCOUNTANTS** : CHENGCO PLT (201806002622)  
(LLP0017004-LCA) & AF 0886  
Wisma Cheng & Co  
No 8-2, 10-1 & 10-2, Jalan 2/114  
Kuchai Business Centre  
Off Jalan Klang Lama  
58200 Kuala Lumpur
- Tel : +603 - 7984 8988
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd  
(Registration No.: 201301028298 (1058128-V))  
15-01 Level 15, Menara MBMR  
1, Jalan Syed Putra  
58000 Kuala Lumpur
- Tel : +603 - 2732 7537
- Person-in-charge : Dennis Tan Tze Wen (Managing Partner)  
Educational qualification : Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada
- STOCK EXCHANGE** : ACE Market of Bursa Securities

**SUMMARY OF THE RIGHTS ISSUE OF WARRANTS**

**THIS SUMMARY OF THE RIGHTS ISSUE OF WARRANTS ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.**

Key information	Summary				
Number of Warrants to be issued and basis of allotment	3 Warrants for every 8 existing Bioalpha Shares held by the Entitled Shareholders. Please refer to <b>Sections 2.1 and 8.1</b> of this Abridged Prospectus for further information.				
		<b>Minimum Scenario</b>	<b>Base Case Scenario</b>	<b>Maximum Scenario</b>	
	<b>Number of Warrants to be issued</b>	85,714,286	527,434,161	630,084,138	
	Any Warrants which are not validly taken up shall be offered to other Entitled Shareholders and/ or their renounee(s) under excess Warrants application and to such other persons as our Board shall determine. It is the intention of our Board to reduce the incidence of odd lots and to allot excess Warrants, if any, in a fair and equitable manner. Please refer to <b>Section 10.8</b> of this Abridged Prospectus for the basis of allotment for the Excess Warrants, if any, and further information.				
Pricing	Issue price of the Warrants : RM0.035 per Warrant Exercise Price for the Warrants : RM0.10 per Warrant Please refer to <b>Section 2.2</b> of this Abridged Prospectus for further information.				
Undertaking	Undertaking Shareholder and amount : William Hon (Managing Director/ Chief Executive Officer of Bioalpha): RM3,000,000 Minimum Warrants to be subscribed for pursuant to the Rights Issue Undertaking : 85,714,286 Warrants				
	<b>Undertaking Shareholder</b>	<b>Direct shareholding as at the LPD</b>		<b>After the Rights Issue of Warrants and assuming full exercise of the Warrants (under the Minimum Scenario)</b>	
		<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	
				<b>%</b>	
	William Hon	46,000,000	3.27	131,714,286 8.83	
	For the avoidance of doubt, the Undertaking Shareholder is obliged to subscribe in full for his entitlements of the Warrants and, if necessary, additional Warrants not taken up by other Entitled Shareholders and/ or their renounee(s) by way of Excess Warrants Application, to the extent such that the Minimum Subscription Level is met. Please refer to <b>Section 3</b> of this Abridged Prospectus for further information.				
Utilisation of proceeds	<b>Details of the utilisation</b>	<b>Minimum Scenario (RM'000)</b>	<b>Base Case Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>	<b>Expected time frame for the utilisation of proceeds (from the date of the listing of the Warrants)</b>
	Expansion of our Group's pharmacy business	2,200	5,500	6,600	Within 24 months
	Launching of new products	-	3,500	4,500	Within 24 months
	Repayment of bank borrowings	-	6,000	6,000	Within 12 months
	Working capital	50	2,710	4,203	Within 12 months
	Estimated expenses in relation to the Rights Issue of Warrants	750	750	750	Within 1 month
	<b>Total</b>	<b>3,000</b>	<b>18,460</b>	<b>22,053</b>	
	Please refer to <b>Section 5</b> of this Abridged Prospectus for further information.				

**SUMMARY OF THE RIGHTS ISSUE OF WARRANTS (CONT'D)**

Key information	Summary
Risk factors	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue of Warrants:</p> <ul style="list-style-type: none"> <li>(i) our Group conducts business locally in Malaysia as well as abroad, namely in China and Indonesia. Any adverse changes in political, social, economic and regulatory conditions arising from, among others, changes in political leadership, geopolitical events, general economic and business conditions, introduction of new regulations, civil unrest, expropriation and riots, wars and/ or sanctions, prolonged pandemic or the emergence of new epidemics or pandemics, particularly in the countries mentioned above, may have a material adverse impact on our Group's business, results of operations, financial condition and prospects;</li> <li>(ii) among the common risks that our Group is exposed to include risks relating to our Group's business and industry such as competition risk, dependency on operating licenses and/ or certifications, product liability risk, research and development activities that may not lead to successful products, foreign currency exchange risks, harvesting risk, financial risk and credit risk relating to our trade debtors; and</li> <li>(iii) risks relating to the Rights Issue of Warrants, including failure or delay in the completion of the Rights Issue of Warrants, capital market risk, potential dilution and forward-looking statements as well as other information contained in this Abridged Prospectus.</li> </ul> <p>Please refer to <b>Section 6</b> of this Abridged Prospectus for further information.</p>
Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Warrants must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein or by way of e-Subscription via the Share Registrar's Investor Portal.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Warrants is on <b>Monday, 29 January 2024 at 5.00 p.m.</b></p> <p>Please refer to <b>Section 10</b> of this Abridged Prospectus for further information.</p>

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**BIOALPHA HOLDINGS BERHAD**  
[Registration No. 201101021398 (949536-X)]  
(Incorporated in Malaysia)

**Registered Office:**  
B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
Wilayah Persekutuan

11 January 2024

**Board of Directors**

Dato' Haji Mohd Yazid Bin Haji Mustafa (*Independent Non-Executive Chairman*)  
Hon Tian Kok @ William (*Managing Director/ Chief Executive Officer*)  
Datuk Chong Loong Men (*Executive Director*)  
Ho Tze Hiung (*Executive Director*)  
Goh Siow Cheng (*Group Chief Financial Officer/ Finance Director*)  
Kang Jimmi (*Independent Non-Executive Director*)  
Yee Yit Yang (*Independent Non-Executive Director*)  
Tan Su Ning (*Independent Non-Executive Director*)

**To: Entitled Shareholders**

Dear Sir/ Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 630,084,138 WARRANTS ON THE BASIS OF 3 WARRANTS FOR EVERY 8 EXISTING SHARES HELD AS AT 5.00 P.M. ON 11 JANUARY 2024 AT AN ISSUE PRICE OF RM0.035 PER WARRANT**

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**1 INTRODUCTION**

On 9 June 2023, TA Securities had, on behalf of our Board announced that our Company proposes to undertake the Rights Issue of Warrants.

On 29 August 2023, TA Securities had, on behalf of our Board announced that Bursa Securities had, vide its letter dated 28 August 2023, granted its approval for the following:

- (i) admission to the Official List and initial listing and quotation of up to 639,496,610\* Warrants; and
- (ii) listing and quotation of up to 639,496,610\* new Bioalpha Shares arising from the exercise of the Warrants,

on the ACE Market of Bursa Securities.

*Note:*

- \* *Bursa Securities had approved the initial listing and quotation of up to 639,496,610 Warrants as well as listing and quotation of up to 639,496,610 new Bioalpha Shares arising from the exercise of the Warrants, based on the following (as disclosed in our Company's announcement dated 9 June 2023):*

- *our Company's then issued Shares of 1,378,072,011;*

- assuming William Hon converts no less than 285,000,034 ICPS into 29,909,094 Shares by way of Cashless Conversion prior to the announcement of the Entitlement Date;
- assuming the then remaining 172,078,438 ICPS are converted into 172,078,438 new Shares by way of Cash Conversion prior to the Entitlement Date;
- assuming the then 129,264,752 outstanding SIS Options are exercised into 129,264,752 new Shares prior to the Entitlement Date; and
- assuming all the Entitled Shareholders and/ or their renounee(s) fully subscribe for their entitlements of the Warrants.

However, subsequent to 9 June 2023:

- William Hon had on 27 June 2023 converted his 285,000,036 ICPS (instead of 285,000,034 ICPS pursuant to the ICPS Undertaking) into 25,909,094 new Shares by way of Cashless Conversion; and
- As at the LPD, other ICPS holders have converted 27,609,914 ICPS into 2,509,991 new Shares by way of Cashless Conversion (instead of Cash Conversion).

As such, this has resulted in a reduction in the maximum number of Warrants to be issued to 630,084,138 Warrants.

The approval of Bursa Securities is subject to the following conditions:

Conditions		Status of compliance
(a)	our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Warrants;	To be complied
(b)	our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue of Warrants;	To be complied
(c)	our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Warrants is completed;	To be complied
(d)	our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fee payable; and	To be complied
(e)	William Hon must convert no less than 285,000,034 ICPS into new Shares by way of Cashless Conversion after obtaining all approvals for the Rights Issue of Warrants but prior to the announcement of the Entitlement Date.	Complied. On 27 June 2023, William Hon converted his 285,000,036 ICPS into 25,909,094 new Shares by way of Cashless Conversion.

On 2 October 2023, our Shareholders had approved the Rights Issue of Warrants at our EGM.



On 22 December 2023, TA Securities had, on behalf of our Board, announced the following:

- (i) fixing of the issue price of the Warrants at RM0.035 per Warrant;
- (ii) fixing of the Exercise Price of Warrants at RM0.10 per Warrant; and
- (iii) the Entitlement Date and other relevant dates pertaining to the Rights Issue of Warrants as well as the execution of Deed Poll by our Company.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by TA Securities or our Company in connection with the Rights Issue of Warrants.

**YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE OF WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE OF WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## 2 DETAILS OF THE RIGHTS ISSUE OF WARRANTS

### 2.1 Basis and number of Warrants to be issued

The Rights Issue of Warrants entails the issuance of up to 630,084,138 Warrants to the Entitled Shareholders on the basis of 3 Warrants for every 8 existing Shares held, based on our Company's enlarged number of 1,680,224,370 Shares, after taking into consideration of the following:

- (i) our Company has an issued share capital of RM186,191,208 comprising 1,406,491,096 Shares as at the LPD. Our Company does not have any treasury shares at the LPD;
- (ii) full conversion of all the outstanding 144,468,522 ICPS by our Company's ICPS holders by way of Cash Conversion prior to the Entitlement Date under the Maximum Scenario; and
- (iii) full exercise of 129,264,752 outstanding SIS Options as at the LPD into new Shares prior to the Entitlement Date. Our Board has undertaken not to grant any further SIS Options until the completion of the Rights Issue of Warrants.

The Rights Issue of Warrants is to be implemented on a renounceable basis of 3 Warrants for every 8 existing Bioalpha Shares held by the Entitled Shareholders at the issue price of RM0.035 per Warrant.

The basis of 3 Warrants for every 8 existing Bioalpha Shares was arrived at after taking into consideration, amongst others, the following:

- (i) the amount of proceeds to be raised from the subscription of the Warrants which is to be utilised for the purposes set out in **Section 5** of this Abridged Prospectus. The actual amount of proceeds to be raised are subject to the level of subscription for the Rights Issue of Warrants; and

- (ii) the number of new Bioalpha Shares arising from the exercise or conversion of all outstanding convertible equity securities\* must not exceed 50% of our Company's total number of issued shares (excluding treasury shares and before the exercise of convertible equity securities) at all times, in compliance with Rule 6.51 of the Listing Requirements (kindly refer to the illustration set out in Note 3 of **Section 8.1** of this Abridged Prospectus for further details).

*Note:*

\* *"convertible equity securities" shall mean warrants and convertible preference shares, as defined in Rule 6.50(2) of the Listing Requirements.*

The actual number of Warrants to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date and the eventual subscription level for the Rights Issue of Warrants.

Each Warrant will entitle its holder to subscribe for 1 new Share at the Exercise Price of RM0.10. The Warrants will be issued in registered form and constituted by the provisions of the Deed Poll. The salient terms of the Warrants are set out in **Section 2.5** of this Abridged Prospectus.

The entitlements for the Warrants are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue of Warrants.

Any Warrants which are not validly taken up shall be offered to other Entitled Shareholders and/ or their renounee(s) under excess Warrants application and to such other persons as our Board shall determine. It is the intention of our Board to reduce the incidence of odd lots and to allot excess Warrants, if any, in a fair and equitable basis in the priority as set out in **Section 10.8** of this Abridged Prospectus.

Fractional entitlements arising from the Rights Issue of Warrants, if any, will be disregarded and/ or dealt with by our Board in such manner and on such terms and conditions as our Board in its absolute discretion may deem fit or expedient and in the best interest of our Company.

As the Warrants are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue of Warrants. Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Warrants if Entitled Shareholders so choose to.

However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

Any dealings in our Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Warrants and new Shares to be issued arising from the exercise of Warrants will be credited directly into the respective CDS Accounts of successful applicants and Warrant holders who exercise their Warrants (as the case may be). No physical certificates will be issued to the successful applicants of the Warrants, nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants.

Notices of allotment will be despatched to the successful applicants of the Warrants within 8 Market Days from the last date for acceptance and payment of the Warrants or such other period as may be prescribed by Bursa Securities.

The Warrants will be admitted to the Official List and the listing and quotation of Warrants on the ACE Market of Bursa Securities will commence 2 Market Days upon the receipt by Bursa Securities of an application for quotation for the Warrants as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applications, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with Warrants.

Pursuant to Rule 6.52 of the Listing Requirements, the listing and quotation of Warrants on the ACE Market of Bursa Securities is subject to a minimum of 100 Warrants holders holding not less than 1 board lot of Warrants.

The Rights Issue of Warrants will be undertaken on the Minimum Subscription Level of RM3,000,000 which shall be satisfied via irrevocable and unconditional Rights Issue Undertaking from the Undertaking Shareholder. Further details are set out in **Section 3** of this Abridged Prospectus.

## **2.2 Basis and justification of determining the issue price of the Warrants and the Exercise Price**

### **(i) Issue price of the Warrants**

Our Board had fixed the issue price of the Warrants at RM0.035 per Warrants, after taking into consideration the following:

- (a) the funding requirements of our Group as set out in **Section 5** of this Abridged Prospectus; and
- (b) the theoretical fair value of the Warrants of RM0.0575 based on the Trinomial Option Pricing Model in which the computation is based on the 5-day VWAP of Bioalpha Shares up to and including the LTD of RM0.1088 per Share, taking into consideration, amongst others, the historical volatility of Shares, the risk-free rate, the exercise price and the tenure of the Warrants.

The issue price of RM0.035 per Warrant represents a discount of approximately RM0.0225 or 39.13% to the theoretical fair value of the Warrants of RM0.0575, calculated based on the 5-day VWAP of Bioalpha Shares up to and including the LTD of RM0.1088 per Share.

### **(ii) Exercise Price of the Warrants**

Our Board had fixed the Exercise Price at RM0.10 per Warrant, after taking into consideration, amongst others, the prevailing market conditions and the historical trading price of Bioalpha Shares vis-à-vis the pro forma NA per Share as at 31 December 2022 after adjusting for Cashless Conversion of 285,000,036 ICPS into 25,909,094 new Shares by William Hon on 27 June 2023.

The Exercise Price of RM0.10 per Warrant represents a discount of approximately RM0.0196 or 16.36% to the pro forma NA per Share as at 31 December 2022 (after adjusting for the Cashless Conversion of 285,000,036 ICPS by William Hon into 25,909,094 new Shares on 27 June 2023) of RM0.1196.

### 2.3 Ranking of the new Shares to be issued arising from the exercise of the Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/ or offer of securities in Bioalpha until and unless such holders of the Warrants exercise their Warrants into new Bioalpha Shares.

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment, issuance and full payment of the exercise price of the Warrants, rank equally in all respects with the then existing Bioalpha Shares. However, such new Shares will not be entitled to any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid to our Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

### 2.4 Last date and time for acceptance and payment

The Closing Date is **5.00p.m. on Monday, 29 January 2024.**

### 2.5 Salient terms of the Warrants

Terms	Details
Issue size	: Up to 630,084,138 Warrants to be issued to the Entitled Shareholders on the basis of 3 Warrants for every 8 Shares held as at the Entitlement Date.
Issue price	: RM0.035 per Warrant.
Form and constitution	: The Warrants will be issued in registered form and constituted by the Deed Poll.
Tenure	: 3 years commencing from and including of the date of issuance of the Warrants (" <b>Issue Date</b> ").
Expiry date	: The day preceding the third (3 <sup>rd</sup> ) anniversary of the Issue Date and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day (" <b>Expiry Date</b> ").
Exercise price	: RM0.10 per Warrant.
Exercise period	: The period commencing on and including the Issue Date and ending at 5.00 p.m. on the Expiry Date (" <b>Exercise Period</b> ").  Any Warrant not exercised by the Expiry Date (as defined herein) will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	: A Warrant holder is required to lodge an exercise form with our Company's share registrar which is duly completed, signed and stamped together with payment by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office operating in Malaysia or by way of interbank transfer for the credit of an account maintained by our Company for the amount equal to the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Exercise rights	: Each Warrant shall entitle the Warrant holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.

Terms	Details
Board lot	: For the purposes of trading on Bursa Securities, a board lot for the Warrants shall be 100 Warrants or such other denominations as permitted by any relevant authorities.
Adjustment in the exercise price and/ or number of Warrants	: The Exercise Price and/ or number of Warrants may be adjusted by our Board in consultation with an approved adviser appointed by our Company or the auditors of our Company in the event of any alteration in the share capital of our Company at any time during the tenure of the Warrants, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll.
Rights of the Warrant Holders in the event of winding-up, liquidation, compromise or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of our Company, or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: <ul style="list-style-type: none"> <li data-bbox="651 757 1388 1037">(i) for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution of the Warrants holders, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and</li> <li data-bbox="651 1048 1388 1753">(ii) in the event a notice is given by our Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up our Company, and in any other case and subject always to the provisions of Deed Poll, every Warrant holder shall thereupon be entitled to exercise his Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of our Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon our Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of our Company which would be available in liquidation if the Warrant holder had on such date been the holder of the new Shares to which the Warrant holder would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all exercise rights shall lapse and cease to be valid for any purpose.</li> </ul>

<b>Terms</b>	<b>Details</b>
Modifications of rights of the Warrant holders	: Subject to the provisions of the Deed Poll, no amendment or addition may be made to the provisions of Deed Poll without the sanction of a special resolution of the Warrants holders unless the amendments or additions are required to correct any manifest errors or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of the Warrant holders.
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Listing	: The Warrants will be listed on the ACE Market of Bursa Securities.
Governing law	: The laws of Malaysia.

## **2.6 Details of other corporate exercises**

Our Board confirms that our Company does not have any other outstanding corporate exercise/ scheme which has been announced by our Company but is pending implementation or completion.

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### 3 MINIMUM SUBSCRIPTION LEVEL AND UNDERTAKING

Our Company intends to raise minimum gross proceeds of RM3.00 million from the Rights Issue of Warrants under the Minimum Scenario after taking into consideration the funding requirements of our Group as set out in **Section 5** of this Abridged Prospectus and the availability of the financial resources of the Undertaking Shareholder.

Based on the issue price of RM0.035 per Warrant, the Rights Issue of Warrants based on the Minimum Subscription Level shall comprise of 85,714,286 Warrants. To meet the Minimum Subscription Level, our Company had on 6 June 2023 obtained the Rights Issue Undertaking from the Undertaking Shareholder to apply and subscribe for:

- (i) his entitlement of the Warrants; and
- (ii) if required, additional Warrants not taken up by other Entitled Shareholders by way of Excess Warrants Application,

such that the aggregate subscription proceeds of the Warrants received by our Company arising from the subscription by all Entitled Shareholders and/ or their renounee(s) amount to not less than RM3.00 million. For the avoidance of doubt, the subscription of Warrants (including Excess Warrants, where applicable) by the Undertaking Shareholder pursuant to the Rights Issue Undertaking is for an amount of up to RM3.00 million.

Based on the issue price of RM0.035 per Warrant and assuming no other Entitled Shareholders subscribe to the Warrants pursuant to their own entitlements, the Undertaking Shareholder:

- (i) shall be obliged to subscribe in full for his entitlements of the Warrants. In this respect, the Undertaking Shareholder has undertaken to commit a subscription amount of RM0.60 million (based on the issue price of RM0.035 per Warrant pursuant to the Entitlement Undertaking;
- (ii) shall be obliged to subscribe for additional Warrants not taken up by other Entitled Shareholders and/ or their renounee(s) by way of Excess Warrants Application, if necessary, to the extent such that the Minimum Subscription Level is met. In this respect, the Undertaking Shareholder has undertaken to commit a subscription amount of up to approximately RM2.40 million to subscribe for Excess Warrants (based on the issue price of RM0.035 per Warrant) under the Rights Issue of Warrants pursuant to the Additional Undertaking;
- (iii) has sufficient financial resources to fulfil the Rights Issue Undertaking; and
- (iv) shall be obliged to subscribe for the Entitlement Undertaking and Additional Undertaking as required to ensure that the Minimum Subscription Level is achieved.

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Details of the Rights Issue Undertaking are as follows:

Undertaking Shareholder	Shareholdings as at the LPD		Minimum Warrants to be subscribed pursuant to the Rights Issue Undertaking				Total Warrants subscribed for	
	No. of Shares	(1)%	Entitlement Undertaking	(2)%	Additional Undertaking	(2)%	No. of Warrants	(2)%
William Hon	46,000,000	3.27	17,250,000	20.12	68,464,286	79.88	85,714,286	100.00

Notes:

(1) Based on the issued share capital of 1,406,491,096 Shares as at the LPD.

(2) Based on the total of 85,714,286 Warrants to be subscribed for under the Minimum Subscription Level.

Assuming that only the Undertaking Shareholder subscribed for the Warrants pursuant to his Rights Issue Undertaking and no other Entitled Shareholders subscribe for their Warrants, under the Minimum Scenario, his equity interests in our Company will be as follows:

Undertaking Shareholder	As at the LPD		(I) After the Rights Issue of Warrants		(II) After (I) and the full exercise of the Warrants	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
William Hon	46,000,000	3.27	46,000,000	3.27	131,714,286	8.83

Notes:

(1) Based on the issued share capital of 1,406,491,096 Shares as at the LPD.

(2) Based on our Company's enlarged issued share capital of 1,492,205,382 Shares after the full exercise of Warrants.

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For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlements of the Warrants, the Undertaking Shareholder will be subscribing for a total of 85,714,286 Warrants based on the issue price of RM0.035 per Warrant.

Pursuant to the Rights Issue Undertaking, the Undertaking Shareholder has confirmed that he has sufficient financial resources to fulfil his obligations under his Rights Issue Undertaking. TA Securities, being the Adviser for the Rights Issue of Warrants, has verified that the Undertaking Shareholder has sufficient financial resources to fulfil his Rights Issue Undertaking.

As the Minimum Subscription Level will be fully satisfied via the Rights Issue Undertaking, our Company will not procure any underwriting arrangement for the remaining Warrants not subscribed for by other Entitled Shareholders.

The Rights Issue Undertaking is not expected to result in any breach in the public shareholding spread requirement by our Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

#### **Take-over implication**

The Undertaking Shareholder has confirmed that:

- (i) his subscription for the Warrants and excess Warrants (as the case may be) pursuant to his Rights Issue Undertaking will not give rise to any consequence of mandatory take-over offer obligation under the Code on Take-Overs and the Rules on Take-Overs immediately after completion of the Rights Issue of Warrants; and
- (ii) he will observe and comply at all times with the provision of the Code on Take-Overs and the Rules on Take-Overs and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

In the event that the Undertaking Shareholder triggers an obligation to undertake a mandatory take-over offer under the Code on Take-Overs and Rules on Take-Overs pursuant to the Rights Issue Undertaking, a separate announcement will be made.

#### **4 RATIONALE FOR THE RIGHTS ISSUE OF WARRANTS**

The Rights Issue of Warrants will enable our Group to raise the funds to be utilised for the purpose as set out in **Section 5** of this Abridged Prospectus without incurring interest costs associated with bank borrowings or the issuance of debt instruments, thereby minimising any potential cash outflow arising from interest servicing costs.

In addition, after due consideration of the various fund-raising options available to our Company and the following, our Board is of the opinion that the Rights Issue of Warrants is an appropriate option of raising funds as:

- (i) the proceeds from the issuance of Warrants will improve the cash flow of our Group and the usage of proceeds is expected to contribute positively to our Group's future earnings and improve our Group's financial performance;
- (ii) the Rights Issue of Warrants will enable the Entitled Shareholders to further increase their equity participation in our Company at a predetermined price over the tenure of the Warrants and to benefit from the future growth and any potential capital appreciation arising therefrom;
- (iii) the Rights Issue of Warrants will not have an immediate dilutive effect on our Group's EPS as the Warrants can be exercised over the exercise period of 3 years as opposed to a fund-raising exercise via the issuance of Share which will have an immediate dilutive effect on our Group's EPS;

- (iv) our Company will also be able to raise further proceeds as and when the Warrants are exercised. Our Company could potentially raise up to approximately RM63.00 million from the full exercise of the Warrants. The issuance and exercise of the Warrants will allow our Company to raise funds without incurring additional interest expenses. In addition, the exercise of the Warrants will increase our Company's shareholders' funds which will consequently improve our Group's gearing levels;
- (v) the issuance and exercise of the Warrants will further strengthen the equity capital of our Company as well as potentially improve the trading liquidity of our Shares; and
- (vi) the Rights Issue Undertaking will enable our Company to raise the minimum required funds without incurring additional cost in the form of underwriting commission.

## 5 UTILISATION OF PROCEEDS

On 22 December 2023, our Board had resolved to fix the issue price at RM0.035 per Warrant. Pursuant thereto, the Rights Issue of Warrants is expected to raise gross proceeds of up to RM22.05 million under the Maximum Scenario. The gross proceeds to be raised from the Rights Issue of Warrants are intended to be utilised in the following manner:

Details of the utilisation	Notes	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for the utilisation of proceeds (from the date of the listing of the Warrants)
Expansion of our Group's pharmacy business	(i)	2,200	5,500	6,600	Within 24 months
Launching of new products	(ii)	-	3,500	4,500	Within 24 months
Repayment of bank borrowings	(iii)	-	6,000	6,000	Within 12 months
Working capital	(iv)	50	2,710	4,203	Within 12 months
Estimated expenses in relation to the Rights Issue of Warrants	(v)	750	750	750	Within 1 month
<b>Total</b>		<b>3,000</b>	<b>18,460</b>	<b>22,053</b>	

### Notes:

#### (i) Expansion of our Group's pharmacy business

Our Group is involved in the operations of and supply of stocks to a retail pharmacy chain under the "CONSTANT PHARMACY" brand name through Medicconstant. As at the LPD, our Group operates and supplies stocks to 16 pharmacy outlets (including 1 pharmacy outlet under the franchise arrangement as mentioned in **Section 7.5(iv)(a)** of this Abridged Prospectus), all in Klang Valley.

Moving forward, our Group expects up to 7 new CONSTANT PHARMACY outlets to be set up (by way of franchise and/ or license arrangements) in Klang Valley within 24 months from the completion of Rights Issue of Warrants. As such, our Group intends to increase our inventory level and product variety in their warehouses for the supply/ distribution of stocks (i.e., pharmaceutical drugs, dietary supplements, cosmetics and personal care products) to the existing and new CONSTANT PHARMACY outlets.

Currently, our Group has two warehouses located in Klang Valley for inventory storage. Our Group is monitoring closely the inventory level in the warehouses to ensure there would be sufficient stocks to cater for the demand at the CONSTANT PHARMACY outlets.

Taking into consideration the expected increase in the number of CONSTANT PHARMACY outlets, proceeds of up to RM6.60 million from the Rights Issue of Warrants will be utilised for the procurement of stocks/ inventories for up to 12 pharmacy outlets (comprising both new and/ or existing CONSTANT PHARMACY outlets), as summarised below:

Scenario	Amount to be raised (RM'000)	Purpose
Minimum Scenario	2,200	For the procurement of stocks/ inventories for up to 4 pharmacy outlets
Base Case Scenario	5,500	For the procurement of stocks/ inventories for up to 10 pharmacy outlets
Maximum Scenario	6,600	For the procurement of stocks/ inventories for up to 12 pharmacy outlets

Any deviation in the amount allocated for the procurement of stocks/ inventories will be adjusted to/ from the amount allocated for working capital. The procurement of stocks/ inventories for the remaining up to 11 pharmacy outlets will be funded via our Group's internally generated funds and/ or bank borrowings. The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the level of our Group's internal funds, availability and suitability of funding alternatives at the relevant time.

**(ii) Launching of new products**

Our Group intends to utilise up to RM4.50 million of the proceeds from the Rights Issue of Warrants for the launching of 10 new health supplement products in Malaysia to provide our Group's ODM customers\* with a greater range of product offerings as part of our Group's efforts to improve our profitability. The formulations of these 10 products are registered with Malaysia's National Pharmaceutical Regulatory Agency ("NPRA"). As at the LPD, our Group intends to offer the said new health supplement products to 2 ODM customers, all located in Klang Valley.

Note:

\* *These are corporations in the health supplement industry which offer various health supplement products (including those developed by our Group) to the retail customers.*

The 10 new health supplement products which are targeted to be launched in Malaysia within 24 months (after the completion of Rights Issue of Warrants) are related to respiratory system, gut health, eye health, joint health and immunity. These new health supplement products will be manufactured and packaged at our Group's production facility located in Bangi, Selangor.

The proceeds to be utilised for the launching of new products is expected to be allocated in the following manner:

	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
Purchase of raw materials	-	3,000	3,500
Packaging costs	-	200	400
Manufacturing costs	-	200	400
Advertisement and marketing costs	-	100	200
<b>Total</b>	-	<b>3,500</b>	<b>4,500</b>

**(iii) Repayment of bank borrowings**

As at the LPD, our Group's total bank borrowings amounted to approximately RM6.31 million. Our Group intends to utilise proceeds of up to RM6.00 million from the Rights Issue of Warrants towards repayment of certain bank borrowings as follows:

Type of facilities	Maturity date	Outstanding amount as at the LPD (RM'000)	Effective interest rate per annum (%)	Base Case Scenario/ Maximum Scenario	
				Repayment amount (RM'000)	Estimated interest savings per annum (RM'000)
Term Loan 1 <sup>(1)</sup>	February 2036	1,020	4.50	1,000	45
Term Loan 2 <sup>(2)</sup>	July 2024	557	4.00	500	20
Term Loan 3 <sup>(3)</sup>	April 2028	1,476	4.88	1,400	68
Revolving Credit <sup>(4)</sup>	Tenure of 60 to 120 days	1,000	5.72	950	51
Banker's Acceptance <sup>(5)</sup>	Tenure of 60 to 120 days	2,252	3.85	2,150	83
<b>Total</b>		<b>6,305</b>		<b>6,000</b>	<b>267</b>

Notes:

- (1) This term loan facility was drawn down in May 2014 to purchase one unit of double-storey shop house ("**Building**"). There was no draw down of this borrowing in the previous 12 months. The details of the Building are as follows:

Registered owner	: Mediconstant Pharmacy Sdn Bhd
Location	: 83, Jalan 34/154, Taman Dahlia, Cheras, 56000, Kuala Lumpur.
Description and existing use	: 1 unit of adjoining double storey shop lots as our Group's retail pharmacy outlet
Built-up area / land area (sq. ft)	: 1,647
Tenure	: Freehold
Audited net book value (RM'000) (as at 31 December 2022)	: 1,429

- (2) This term loan facility was drawn down in June 2021 to finance the acquisition of our Group's plant and machineries. There was no draw down of this borrowing in the previous 12 months. The details of the plant and machineries acquired are as follows:

Type of plant and machineries	Unit(s)	Date of commissioning
Packing machine	1	July 2021
Packing machine	6	May 2023
Cooling tower	1	May 2023

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- (3) *This term loan facility was drawn down in April 2018 to finance the acquisition of land and building as our Group's head office. There was no draw down of this borrowing in the previous 12 months. The details of our Group's head office are as follows:*

<i>Registered owner</i>	<i>: Bioalpha International Sdn Bhd</i>
<i>Location</i>	<i>: No. 1, Jalan Perindustrian Suntrack, Hub Perindustrian Suntrack, Off Jalan P1A, Seksyen 13, Bandar Baru Bangi, 43000 Kajang, Selangor.</i>
<i>Description and existing use</i>	<i>: 3 storey semi-detached factory with office as our Group's head office.</i>
<i>Built-up area / land area (sq. ft)</i>	<i>: 6,966/ 10,606</i>
<i>Tenure</i>	<i>: 99-year leasehold expiring in 2113</i>
<i>Audited net book value (RM'000) (as at 31 December 2022)</i>	<i>: 6,274</i>

- (4) *The revolving credit facility was last drawn down in August 2023 to finance our Group's working capital (i.e., mainly for the purchase of inventories) with maturity of less than 1 year. There were draw downs in the previous 12 months for working capital purposes.*
- (5) *The banker's acceptance facility was last drawn down in September 2023 to finance our Group's working capital (i.e., mainly for the purchase of inventories) with maturity of less than 1 year. There were draw downs in the previous 12 months for working capital purposes.*

While our Group intends to allocate proceeds of up to RM6.00 million from the Rights Issue of Warrants to repay these borrowings, these borrowings are subject to prevailing interest rates, drawdowns and repayments from time to time. As such, the outstanding principal amounts of these borrowings at the point of repayment may differ from the current amount as at the LPD. The repayment of any such outstanding bank borrowings in respect of the aforesaid credit facilities will not result in any material penalty/repayment cost being incurred by our Group.

**(iv) Working capital**

Our Group intends to utilise up to RM4.20 million of the proceeds from the Rights Issue of Warrants to fund our working capital purposes in the following manner:

	<b>Minimum Scenario RM'000</b>	<b>Base Case Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
Operating and administrative expenses including utilities, rental cost, transportation costs and insurance	50	2,000	3,400
Marketing and selling expenses	-	710	803
<b>Total</b>	<b>50</b>	<b>2,710</b>	<b>4,203</b>

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**(v) Estimated expenses for the Rights Issue of Warrants**

The breakdown of the estimated expenses for the Rights Issue of Warrants is set out below:

	<b>RM'000</b>
Professional fees which include, amongst others, advisory fees payable to the Adviser, solicitors, foreign counsel, IMR and reporting accountants in relation to the Rights Issue of Warrants	610
Fees to relevant authorities (i.e., Bursa Securities and Companies Commission Malaysia)	60
Other incidental expenses in relation to the Rights Issue of Warrants such as printing, despatch, advertising costs, expenses to convene EGM and miscellaneous expenses	80
<b>Total</b>	<b>750</b>

If the actual amount varies from the above estimated expenses for the Rights Issue of Warrants, the excess or deficit, as the case may be, will be adjusted to/ from the amount earmarked for working capital of our Group.

Any additional gross proceeds raised in excess of the RM3.00 million under the Minimum Scenario will be allocated up to its maximum allocation in the following order:

- (i) expansion of our Group's pharmacy business;
- (ii) launching of new products;
- (iii) repayment of bank borrowings; and
- (iv) working capital.

As the Minimum Subscription Level is to raise gross proceeds of RM3.00 million, any shortfall in proceeds raised between the Minimum Subscription Level and Base Case Scenario and between the Minimum Subscription Level and Maximum Scenario will be funded via our Group's cash balance, internally-generated funds and/ or bank borrowings. The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the actual shortfall amount as well as the level of our Group's internal funds, availability and suitability of funding alternatives at the relevant time.

Pending utilisation of the proceeds from the Rights Issue of Warrants, the proceeds will be placed in deposits with licensed financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used for working capital purposes (such as operating and administrative expenses including utilities, rental cost, transportation costs and insurance as well as marketing and selling expenses). The exact breakdown of such utilisation cannot be determined at this juncture as it would depend on the actual funding requirements of our Group at the relevant time.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants. As such, the exact amount to be raised from the exercise of the Warrants will be utilised by our Group within 24 months from the date of receipt of such proceeds. For illustrative purposes only, the gross proceeds to be raised upon the full exercise of the Warrants based on the Exercise Price (of RM0.10), is set out below:



	<b>Minimum Scenario</b>	<b>Base Case Scenario</b>	<b>Maximum Scenario</b>
No. of Warrants	85,714,286	Up to 527,434,161	Up to 630,084,138
Total gross proceeds to be raised assuming full exercise of Warrants (RM)	8,571,429	Up to 52,743,416	Up to 63,008,414

Our Company intends to utilise the proceeds arising from the exercise of the Warrants, if any, for our Group's working capital. The working capital raised from the exercise of the Warrants will be utilised to finance our Group's day-to-day operating and administrative expenses as well as payment to trade creditors, of which the breakdown is set out below:

	<b>Minimum Scenario (RM'000)</b>	<b>Base Case Scenario (RM'000)</b>	<b>Maximum Scenario (RM'000)</b>
To finance our Group's day-to-day operating and administrative expenses which include labour cost, production overhead, rental expenses, utility charges, maintenance expenses, transportation costs, marketing costs and other miscellaneous items	4,286	26,372	31,504
Payment to trade creditors for the purchase of raw materials and inventories	4,285	26,371	31,504
<b>Total</b>	<b>8,571</b>	<b>52,743</b>	<b>63,008</b>

The allocation of proceeds to be utilised for each component of working capital are subject to our Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by our Board at a later date.

Pending utilisation of the proceeds to be raised as and when the Warrants are exercised, the proceeds may be placed in deposits with licensed financial institutions and/ or short-term money market instruments. The interest derived from the deposits with licensed financial institutions and/ or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of our Group (such as operating and administrative expenses including utilities, rental cost, transportation costs and insurance as well as marketing and selling expenses). The exact breakdown of such utilisation cannot be determined at this juncture as it would depend on the actual funding requirements of our Group at the relevant time.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants. As such, the exact amount to be raised from the exercise of the Warrants is not determinable at this juncture. Our Company expects to utilise the proceeds from the exercise of Warrants within 24 months from the date of receipt of such proceeds.

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## **6 RISK FACTORS**

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue of Warrants:

### **6.1 Risks relating to our Group**

#### **6.1.1 Political, economic and regulatory considerations as well as the occurrence of force majeure events such as global pandemic risks**

Our Group conducts business locally in Malaysia as well as abroad, namely in China and Indonesia. As such, we operate under a wide range of laws and regulations, as well as different economic conditions, that may affect multiple aspects of our operations and supply chain. Our business is also susceptible to the risks of any outbreak of diseases that could result in localised epidemics or pandemics causing, amongst others, supply chain disruptions. These factors will in turn, interrupt our business operations while adversely affecting our financial performance.

Such risks include changes in the political, social, economic and regulatory conditions arising from, among others, changes in political leadership, geopolitical events, general economic and business conditions, introduction of new regulations, civil unrest, expropriation and riots, wars and/ or sanctions, prolonged pandemic or the emergence of new epidemics or pandemics. Any adverse changes in political, economic and regulatory conditions can affect investors' confidence in the financial and stock markets which, in turn, may have a material adverse impact on our Group's business, results of operations, financial condition and prospects.

As a result of globalisation, economic or market instability in a single country or region are increasingly affecting other markets in general. A continuation of these situations could adversely affect global economic conditions and world markets, and in turn, could cause a chain reaction effect and thus may adversely affect our Group's business and financial performance.

Most of the above changes may be beyond our control and may materially and adversely affect the performance of our Group.

#### **6.1.2 Dependency on key personnel**

Our Group's business sustainability depends largely on the abilities, skills and experience as well as continued efforts of our existing Executive Directors and key management personnel. The loss of any Executive Director and/or key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, may adversely affect our Group's revenue and profitability. Our Group may not be able to identify, attract and retain key management personnel/ skilled personnel from time to time in the future, and any loss of key personnel may not be easily and quickly replaced without major disruption to our Group's operations.

## **6.2 Risks relating to our Group's business and industry**

### **6.2.1 Competition risk**

Although the health supplement sector in the pharmaceutical industry is niche in Malaysia, competition from existing players as well as the potential entrance of new competitors exists. Potential challenges arising from this includes but is not limited to efficiency of distribution channels, pricing, customer services and ability to develop new products to meet prevailing market demand. There can be no assurance that we will be able to compete effectively against our competitors in the future who may come up with better formulations at a competitive price.

The aforementioned factors may have a material impact on the business and financial performance of our Group and that there are no assurances that the demand for our Group's products can be sustained. Notwithstanding this, our Group's strategy is to constantly meet and improve on fulfilling customers' needs and requirements as well as to utilise resources efficiently to remain competitive in this industry. Our Group has also taken considerable steps to ensure our products are competitively priced and of high quality, aside from keeping abreast with changing consumer preference and requirements.

Our Group also faces competition from other market players as well as new market entrants in the pharmacy retail industry in Malaysia. Some of the competitors may have greater financial resources, more extensive networks and exposure to potential business opportunities, and have a more comprehensive range of services than our Group. Although our management will take proactive measures to remain competitive in the pharmacy retail industry in Malaysia by ensuring costs are effectively managed, products are priced competitively, location of new stores are cautiously reviewed and keeping abreast with the latest market development, there can be no assurance that our Group will be able to compete effectively against our competitors.

### **6.2.2 Dependency on operating licenses and/ or certifications**

Our Group has been granted with various licences, permits and/or certificates from various governmental authorities. Some of these licences, permits and certificates are subject to periodic inspections, changes and/or fulfilment of certain conditions imposed by the relevant authorities in Malaysia, Indonesia and China.

Our manufacturing operations in Malaysia are carried out at our main manufacturing facility in Bangi, Selangor, which is certified with Good Manufacturing Practice ("**GMP**"), Hazard Analysis and Critical Control Points ("**HACCP**") and in compliance with International Organization for Standardization (ISO) requirements.

To meet these requirements, our Group's quality assurance team (comprising 7 personnel as at the LPD) monitors and ensures 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 Jabatan Kemajuan Islam Malaysia (JAKIM), which have enabled us to obtain Halal certifications for our products.

Our Group had obtained, among others, a trading business licence from Capital Investment Coordinating Board of Indonesia which allows our Group to undertake the business activity of wholesale of traditional medicine in Indonesia through PT Herbal Malindo Makmur. Meanwhile in China, our Group has in place, among others, business licence from Hainan Provincial Market Supervision Administration for Bioalpha Hainan to conduct business in Hainan, China, the Administrative Discipline Decision of our Company to apply for Directory Registration of Import Entities from State Administrative of Foreign Exchange which allows our Group to undertake the import of health food products as well as Food Operation Licences from Yangpu Economic Development District Market Supervision Administration for Bioalpha Hainan's health food operations.

As at the LPD, our Group has not encountered any revocation, suspension or non-renewal of our existing licenses, permits and approvals from authorities prior to expiration.

Failure to comply with the conditions or requirements imposed by the relevant authorities in Malaysia, China and Indonesia may cause our Company's licences, permits and certificates to be revoked or not renewed. Any revocation or non-renewal of our licences, permits and certificates from the relevant authorities in Malaysia, China and Indonesia, may have a material impact on our Group's ability to continue our operations in Malaysia, Indonesia and China and hence, may affect our profitability.

### **6.2.3 Product liability risk**

As an integrated health supplement company in healthcare supplement sectors, product contamination is an area of key concern as it could lead to a widespread product recall. This would affect our bottom line, as well as jeopardise our Group's reputation and demand for products. Although we have procured adequate product liability insurance coverage to protect against claims of injury caused by defective products, there is no assurance that our current insurance policies will sufficiently protect us against all the potential liability arising from claims and losses.

Additionally, our operations are in compliance with stringent control procedures for processes relating to product formulation and manufacturing whereby our main manufacturing facility in Bangi, Selangor is also certified with GMP and HACCP certifications. As at the LPD, we have not experienced any product recalls from the market, nor any product liability claims. Although we have secured adequate product liability insurance coverage to protect us from potential financial damage, there is no assurance that our current insurance policies will sufficiently protect us against all the potential liability arising from claims and losses.

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**6.2.4 Research and development (“R&D”) activities may not lead to successful products**

The success and earnings growth of our Company in this industry is partly dependent on our ability to continuously be efficient in the production of our products and to develop new products to meet prevailing market demand. To this end, we are committed to undertake R&D activities to develop new product formulations and to enhance our production process. Given our reach in the pharmaceutical arena, we are dedicated to maintain the affordability and accessibility of health supplements while upholding our standards of safety, quality and efficacy.

However, there can be no assurance that our R&D activities will be successful. Unsuccessful R&D activities may have an adverse impact on our financial performance as the R&D expenses incurred may have to be written off or sales of the newly developed products may be insufficient to cover the expenses incurred.

**6.2.5 Foreign currency exchange risk**

Our Group is exposed to foreign currency exchange risk from sales of products in United States Dollar (USD), Chinese Yuan (CNY), Hong Kong Dollar, (HKD), Indonesian Rupiah (IDR) and Singapore Dollar (SGD). These transactions are translated to the functional currencies of our Group's subsidiaries at exchange rates on the dates of transactions. Any difference in the prevailing exchange rates on the dates of settlement may give rise to foreign currency exchange gains or losses that would affect our Group's financial performance.

If significant foreign currency fluctuations occur in the future, they may adversely and materially affect the financial performance of our Group.

**6.2.6 Harvesting risk**

Our plantations are exposed to harvesting risk, which include outbreaks of diseases, damage from pests and fire or other natural disasters. This may cause disruption to our production of herbal-based health supplements. We take proactive steps by keeping up to date with the latest advancements in areas relating to planting technologies and materials, disease prevention and farm operations. We also have a dedicated agriculture development team overseeing the progress of the herbal parks, in addition to supply and quality of the produces. Harvesting risk, if not contained or eliminated entirely, may have a material and adverse effect on our operations and financial performance.

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### **6.2.7 Financial risk**

The proceeds from the Rights Issue of Warrants are expected to provide our Group with funding for the purposes set out in **Section 5** of this Abridged Prospectus.

If the proceeds raised from the Rights Issue of Warrants are insufficient for our Group's funding requirements, our Group may seek alternative sources of funds such as bank borrowings (if required).

As at the LPD, our Group's total bank borrowings amounted to approximately RM6.31 million. All our bank borrowings are interest-bearing based on variable rates. Furthermore, if our Group obtains further borrowings, our Group will be subject to periodical repayment and interest commitments. In this regard, our Group may be exposed to fluctuations in interest rates. Any fluctuation in interest rates could have a material effect on our finance costs.

There is no assurance that the borrowings will be available in amounts or on terms acceptable to our Group, which may adversely affect the operations of our Group and as a result affect the financial performance of our Group.

### **6.2.8 Credit risk relating to our trade debtors**

Our Group is exposed to the risk of default by our trade debtors. Our Group may experience delays in payment for our products, or in more severe cases, our Group may not be able to collect payments from our trade debtors. In the event of payment defaults, our Group would have to impair or write off the debts, which will have an adverse impact on our profitability. In the FYE 31 December 2022, we have recorded allowance for expected credit losses on trade receivables of RM10.93 million (FYE 31 December 2021: RM0.01 million) mainly due to a certain trade receivable balance which has been outstanding since 2019.

As at 31 December 2022, our Group has 2 major customers accounting for 57% of trade receivables outstanding.

Our Group will assess the financial and credit positions of prospective customers prior to accepting their orders, while for existing customers, our Group will continually assess and review their financial and credit positions and maintain close contact with these customers. In addition, our Group regularly reviews our trade receivables ageing and monitor collection of debts. Nevertheless, any significant future default in payments by our trade debtors may adversely and materially affect our Group's performance and cash flows.

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### **6.3 Risks relating to the Rights Issue of Warrants**

#### **(i) Failure or delay in the completion of the Rights Issue of Warrants**

The Rights Issue of Warrants may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, natural disasters including without limitation the occurrence of floods and/ or landslides, strikes, declaration of a state of emergency or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of our Group and the Adviser, arising prior to the completion of the Rights Issue of Warrants.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue of Warrants. In the event the Warrants have been allotted to the successful Entitled Shareholders and/ or their renounee(s) and/ or their transferee(s), if applicable, and the Rights Issue of Warrants is subsequently cancelled or terminated other than due to a stop order issued by the SC pursuant to Section 245 of the CMSA, the monies shall be refunded to the successful applicants.

In the event the Rights Issue of Warrants cannot be implemented or completed for any reason, our Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest in respect of any application for the subscription of the Warrants including the Excess Warrants within 14 days after our Company becomes liable to do so, in accordance with the relevant provisions of the CMSA. If such monies are not repaid within 14 days after our Company becomes liable to do so, our Company will repay such monies in accordance with Section 245(7) of the CMSA.

#### **(ii) Capital market risk**

The market price of the new securities arising from the Rights Issue of Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of our Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which our Company operates in.

In view of the foregoing, there can be no assurance that the Warrants will trade at or above the issue price of Warrants after the completion of the Rights Issue of Warrants.

The Warrants are new instruments issued by our Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants.



**(iii) Potential dilution**

The Entitled Shareholders who do not or are not able to subscribe for their entitlement of Rights Issue of Warrants will have their proportionate ownership and voting interest in our Company reduced in the enlarged issued share capital of our Company as a result of issuance of new Shares upon exercise of the Warrants. Consequently, their proportionate entitlement to any dividends, rights, allotments and/ or other distributions that our Company may declare, make or pay after completion of the Rights Issue of Warrants and upon exercise of the Warrants into Shares, will correspondingly be diluted.

**(iv) Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In view of the above, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

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## 7 INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

Based on our Company's latest audited consolidated financial results for the FYE 31 December 2022, our Group's revenue was mainly derived from geographical markets in Malaysia, China and Indonesia contributing 63.94%, 30.36% and 1.07%, respectively to our Group's revenue. Other countries (i.e., Singapore and South Sudan) contributed the remaining 4.63% to our Group's revenue for the FYE 31 December 2022. As such, our Company has set out below the overview and outlook of Malaysia, China and Indonesia.

In addition, our Group's reportable segments by our products and services are as set out below:

No.	Reportable segments	Description
(i)	Manufacturing	Research, development, manufacture, importer, exporters, distribution and trader of nutritional and health supplement products
(i)	Trading	Procurement and sales of health food products
(iii)	Retail pharmacy	Pharmacist, druggist and chemicals

Our Group is principally involved in the manufacturing of nutritional and health supplement products and trading of health food products. These products are classified under the broad category of health supplements, which comprise the categories of herbal and non-herbal supplements, functional foods and nutritional meals. In addition, our Group is also principally involved in operating a retail pharmacy chain/ pharmacy business.

In view of the above, our Company has also set out below, amongst others, the overview and outlook of health supplements manufacturing industry, health supplements market and retail pharmacy market.

### 7.1 Overview and outlook of the economy in Malaysia, China and Indonesia

#### Malaysia

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023:2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (E&E) products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023:1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit.

Improvements in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming primarily from weaker-than-expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects.

*(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2023, Bank Negara Malaysia)*

### **China**

Economic activity in China has picked up in 2023, but the recovery remains fragile. Real gross domestic product (“GDP”) growth accelerated to 5.2% year-or-year in the first three quarters of 2023, driven by demand for services, resilient manufacturing investment, and public infrastructure stimulus. The initial phase of economic reopening triggered a surge in economic activity in quarter 1, but growth momentum decelerated rapidly in quarter 2 before recovering modestly in quarter 3. The volatile growth performance, compounded by persistent deflationary pressures and still weak consumer confidence, suggests continued fragility in the recovery.

Real GDP growth is projected to recover to 5.2% in 2023 - 0.4 percentage points lower than projected in the June 2023 China Economic Update. While growth momentum is expected to stabilize in the near term, propelled by a gradual recovery of consumer sentiment and the impact of policy stimulus, continued weakness in the real estate sector and persistently tepid external demand dim the short-term outlook. China’s growth is projected to slow to 4.5% and 4.3% in 2024 and 2025, respectively, reflecting short term headwinds but also growing structural constraints to growth, including high levels of debt, population ageing and persistent economic imbalances.

*(Source: China Economic Update – December 2023, The World Bank)*

### **Indonesia**

GDP growth remains strong though the economy is yet to fully recover to its pre-pandemic trajectory. Indonesia has maintained seven consecutive quarters of growth above 5% (year-on-year), slowing very moderately to 4.9% in Q3-2023 (third quarter of 2023). Much of this activity has been driven by strong private consumption as well as services particularly in the wholesale and retail trade, transportation and tourism, and information and communication sectors. At the same time, output remains below its pre-pandemic trajectory. The country’s economy is larger today than at any time before. Yet, it is still 6.9% smaller than it might have been had the recovery been strong enough to return the economy to its pre-pandemic trend. This reflects scarring effects from the pandemic.

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Indonesia is projected to post robust growth throughout the outlook, but downside risks are intensifying. The economy is projected to grow at an annual average of 4.9% over 2024-2026, reflecting softer terms of trade and a normalization towards trend growth. Inflation will ease to a 3.1% average and remain within Bank Indonesia's revised target band. Challenges to the external position are expected to intensify. The current account deficit will gradually expand to 1.4% of GDP by 2026, as lower commodity prices and weaker global growth hamper exports. The outlook is subject to several downside risks. Higher-for-longer interest rates could weigh on borrowing costs and tighten access to external financing. Geopolitical uncertainty and climate change related shocks could disrupt global value chains and induce a sharper decline in the terms of trade, resulting possibly in lower revenues and a tighter fiscal position for Indonesia. Domestically, the elections in 2024 could slow down the momentum for growth-supporting reforms.

*(Source: Indonesia Economic Prospects – December 2023, The World Bank)*

## **7.2 Overview and outlook of the health supplements manufacturing industry in Malaysia**

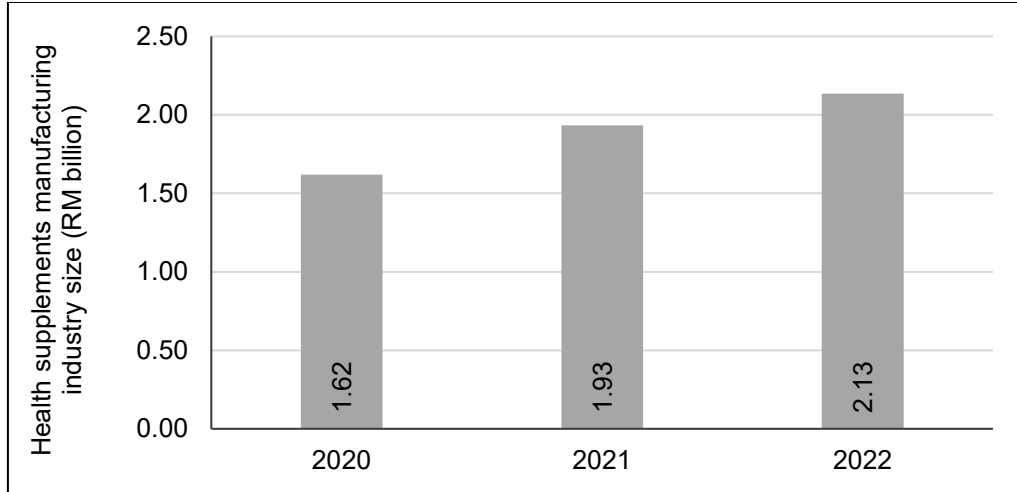
Health supplements intake is viewed as a way to maintain general wellness without having to make drastic lifestyle changes. Health supplements comprise the categories of herbal and non-herbal supplements, functional foods and nutritional meals. These products are generally manufactured using herbal and non-herbal materials, and are generally consumed for the purpose of maintaining and improving health conditions.

Over the years, the health supplements manufacturing industry in Malaysia has developed in terms of its manufacturing and product formulation processes. For example, today, herbal products are not just sold in dried form, but are also further processed into herbal extracts which are more potent and have better absorption rates. In addition, through extensive researches and studies on herbal and non-herbal active ingredients, health supplements manufacturers are also able to combine these active ingredients to provide consumers with various health benefits. With the growing health supplements consumption, coupled with the outbreak of the COVID-19 pandemic in 2020 which had resulted in increased awareness among consumers to consume health supplements, the health supplements manufacturing industry in Malaysia is expected to continue to demonstrate further potential for growth.

The health supplements manufacturing industry in Malaysia grew from RM1.62 billion in 2020 to RM2.13 billion in 2022, registering a compound annual growth rate (“**CAGR**”) of 14.67%.

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**Health supplements manufacturing industry size (Malaysia), 2020 – 2022**



The growth of the health supplements manufacturing industry from 2020 to 2022 is largely driven by the increase in health awareness arising from increasing rates of chronic diseases, growing ageing population as well as the outbreak of the COVID-19 pandemic, leading to increased demand for health supplements by consumers to strengthen their immune system and to maintain and improve general health conditions.

Moving forward, the demand for health supplements will be continuously driven by the overall increase in health awareness, increasing income of the population, rapid urbanisation, rising population as well as growing ageing population. Smith Zander estimates the size of the health supplements manufacturing industry in Malaysia to reach RM2.34 billion in 2023 and RM2.54 billion in 2024, a year-on-year (“YOY”) increase of 9.86% and 8.55% respectively.

(Source: IMR Report)

**7.3 Overview and outlook of the health supplements market in Malaysia, China and Indonesia**

**Malaysia**

The health supplements market in Malaysia, measured by the demand for health supplements, grew from RM6.85 billion in 2020 to RM7.37 billion in 2022, registering a CAGR of 3.73%.

Smith Zander estimates the size of the health supplements market in Malaysia to reach RM8.01 billion in 2023 and RM8.65 billion in 2024, a YOY increase of 8.68% and 7.99% respectively.

**China**

The health supplements market in China, measured by retail value of health supplements, increased from USD26.70 billion (RM112.36 billion) in 2020 to USD31.69 billion (RM139.45 billion) in 2022, registering a CAGR of 8.94%.

Smith Zander estimates the size of the health supplements market in China to reach USD33.99 billion (RM149.57 billion) in 2023 and USD36.27 billion (RM159.61 billion) in 2024, a YOY increase of 7.26% and 6.71% respectively.

### **Indonesia**

The health supplements market in Indonesia, measured by retail value of health supplements, grew from USD1.94 billion (RM8.16 billion) in 2020 to USD2.28 billion (RM10.03 billion) in 2022, registering a CAGR of 8.41%.

Smith Zander estimates the size of the health supplements market in Indonesia to reach USD2.44 billion (RM10.74 billion) in 2023 and USD2.59 billion (RM11.40 billion) in 2024, a YOY increase of 7.02% and 6.15% respectively.

The growth of the health supplements market in Malaysia, China and Indonesia will be continuously driven by the overall increase in health awareness, increasing income of the population, rapid urbanisation, rising population as well as growing aging population.

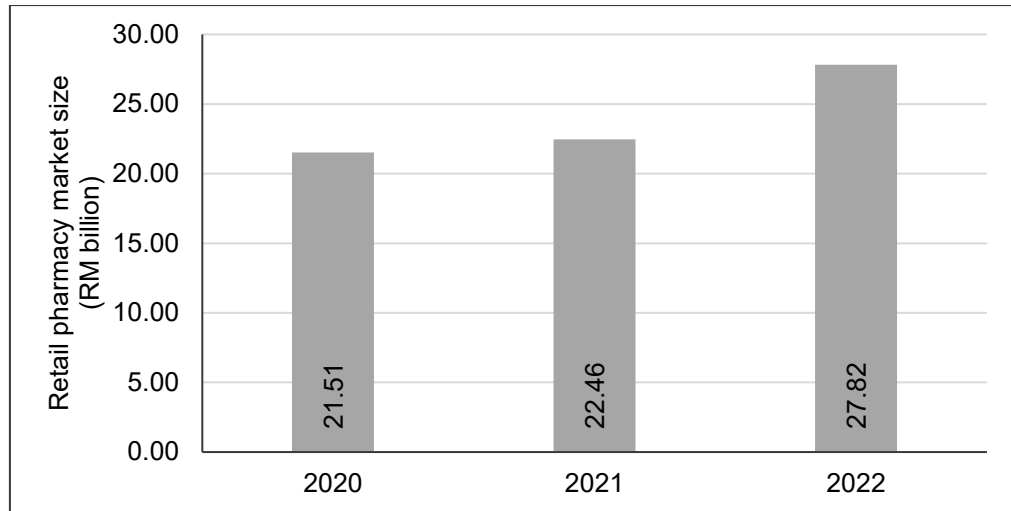
*(Source: IMR Report)*

#### **7.4 Overview and outlook of the retail pharmacy market in Malaysia**

Retail pharmacies are independent pharmacies or chain pharmacies that are licensed to dispense and retail pharmaceutical products to the general public. In Malaysia, the retail pharmacy is regulated by NPRA. Pharmaceutical products include scheduled drugs (e.g., antibiotics and antihistamines) which can only be dispensed under the supervision of a licensed pharmacist, as well as over-the-counter drugs (e.g., paracetamol and antiseptics), health supplements and traditional medicines (e.g., homeopathic medicines and herbal teas) which are made available to the public without professional supervision and prescriptions. Retail pharmacies may also retail non-pharmaceutical products such as medical devices (e.g., thermometer and blood pressure monitoring machine), medical disposables (e.g., gloves and medical dressings), personal care products, skin care products and cosmetic products.

The retail pharmacy market in Malaysia, measured by the retail sales value of pharmaceutical, medical and orthopaedic goods, grew from RM21.51 billion in 2020 to RM27.82 billion in 2022, registering a CAGR of 13.73%.

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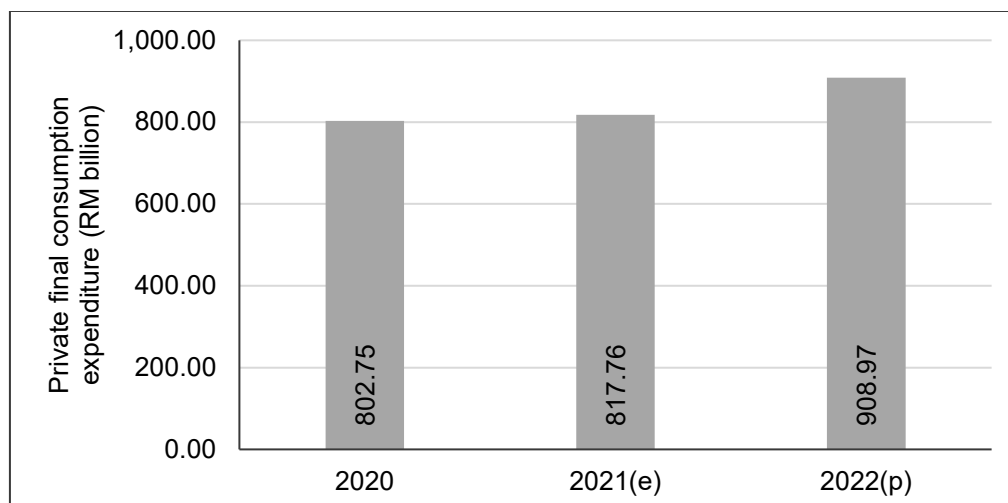
**Retail pharmacy market size (Malaysia), 2020 – 2022**

The growth of the retail pharmacy market in Malaysia from 2020 to 2022 is driven by the increase in health awareness following the outbreak of the COVID-19 pandemic, which led to increased demand for health-related products by consumers as well as a shift in demand towards face masks and disinfecting products. Although retail pharmacies were permitted to operate during the COVID-19 pandemic, sales were largely affected in 2020 due to the imposition of restrictions on movement and business operations to curb the spread of the COVID-19 virus such as limiting the number of customers in retail outlets at any given time and restricted operating hours, which gave rise to the loss in potential sales. Moreover, retail pharmacy outlets located in malls and department stores were unable to operate due to the forced closure of these sites during lockdown as well as low footfall in malls when strict physical distancing measures were implemented in 2020.

Nevertheless, retail pharmacies were able to increase retail activities as restrictions relaxed and consumers became increasingly receptive of online retail pharmacy services which saw a YOY growth of 4.42% in 2021. In 2022, the YOY growth rose to 23.86% as restrictions on movement and business operations were fully lifted and domestic demand recovers. Smith Zander estimates the size of the retail pharmacy market in Malaysia to reach RM30.91 billion in 2023 and RM34.00 billion in 2024, a YOY increase of 11.09% and 9.99% respectively.

Aside from overall increasing health awareness, increasing income of the population also contributed to the growth of the retail pharmacy market in Malaysia. The increase in income of the population has given rise to more affluent households that are inclined towards spending on improving quality of life, which includes spending on health supplements. Between 2020 and 2022, private final consumption expenditure in Malaysia increased from RM802.75 billion to RM908.97 billion, registering a CAGR of 6.41%.

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**Private final consumption expenditure (Malaysia), 2020 – 2022(p)**

According to the Economic Outlook 2024, the Ministry of Finance estimates private final consumption expenditure in Malaysia to reach RM960.11 billion in 2023 and RM1,014.65 billion in 2024, a YOY increase of 5.63% and 5.68% respectively.

At the same time, as the population of Malaysia continues to rise, the need for health products will also increase, particularly within the growing ageing segment of the population. An increasing ageing population in Malaysia may face higher risk of illness and is consequently more health-conscious, driving higher demand for health products sold by retail pharmacies. Moving forward, the growth of the retail pharmacy market in Malaysia will continue to be driven by increasing health awareness, rising income of the population, as well as rising population and an ageing society.

(Source: IMR Report)

## 7.5 Prospects and future plans of our Group

Our Group is principally involved in the manufacturing of nutritional and health supplement products and trading of health food products. In addition, our Group is principally involved in operating a retail pharmacy chain. In recent years, our Group had undertaken numerous initiatives in our efforts to improve our Group's financial and operational performance.

- (i) for our manufacturing business, our Group will continue with our efforts to expand our product pipeline in developing formulations for health supplement products. In 2022, our Group registered 36 formulations with Malaysia's NPRA. Our Group intends to launch 10 new health supplement products (out of the 36 formulations registered with NPRA) related to respiratory system, gut health, eye health, joint health and immunity within the next 24 months after the completion of Rights Issue of Warrants. Further details are set out in **Section 5** of this Abridged Prospectus, as a portion of the proceeds to be raised from the Rights Issue of Warrants is earmarked for the launching of said 10 new products. Our Group intends to launch the remaining 26 formulations registered with NPRA within 5 years after the completion of Rights Issue of Warrants.

At the same time, our Group is planning to increase our product offerings in the Chinese market by way of commercialisation of nutritional and health supplement products formulations in China) and leveraging on our Group's localised operations (as detailed in **Section 7.5(ii)** below) to further strengthen our market presence in China.



(ii) for our trading business, in July 2020, Bioalpha (HK) Limited (“**Bioalpha HK**”), a direct wholly-owned subsidiary of our Company, entered into the following agreements:

- a partnership agreement with Guizhou Yuhexin Trading Ltd (“**GYHX**”) and Hainan Shifengfu Co., Ltd (“**HSFF**”) for the purpose of establishing a long-term business partnership with multiple stakeholders in China that involve technology transfer (i.e., the transfer of health food formulations by Bioalpha HK to GYHX), research and development, manufacturing and trading. The said partnership agreement shall be valid perpetually upon execution until mutual termination by the parties; and
- a supply contract agreement with GYHX and HSFF for the supply of health food and nutritional meals (e.g., grains, cereal, soy protein and fruits extract) by Bioalpha Group to GYHX (“**Supply Contract Agreement**”). Bioalpha Group sources the ingredients from local distributors and wholesalers in China for its health food and nutritional meals. The Supply Contract Agreement has a contract value (based on purchase order) of up to RMB700 million\* per year (equivalent to approximately RM460.25 million per year) and shall be valid for a period of 5 years upon execution, and subsequently subject to renewal on terms to be mutually agreed closer to the expiry of the Supply Contract Agreement.

*Note:*

- \* *For information purposes only, equivalent to approximately RM460.25 million (based on the exchange rate of RMB1: RM0.6575 as at the LPD).*

The above agreements are in line with our Group’s effort in growing our business in China.

In August 2020, our Group established an office in the Yangpu Economic Development Zone located in the Hainan province to facilitate our Group’s orders. A warehouse and processing centre have been set up in Guizhou province to store and expedite deliveries to customers (i.e., GYHX and other retail customers) mainly located in Guizhou province. Further, our Group has established procurement teams in different provinces of China (i.e., Guangdong province, Guizhou province and Hainan province) to source for high-quality ingredients. These measures have enabled our Group to improve and streamline our processes, which in turn improved our service quality and enhanced our presence in the Chinese market.

In March 2022, our Group’s main plant located in Bangi, Selangor was accredited as a “Quality and Safe Plant” by CAIQTEST Malaysia Sdn. Bhd. (“**CAIQTEST**”), a national level research and testing centre in Malaysia appointed by the China Consumer Association to provide consultation, training, testing, inspection, filing, and traceability services for food and cosmetic products made locally. CAIQTEST is approved by the China State Establishment Registration Administration and is organised by the China Academy of Inspection and Quarantine (“**CAIQ**”). With the accreditation, our Group’s product offerings would fulfil the Chinese’s standard prior to shipment to China as well as hasten our Group’s application process for product listings with China’s regulatory agencies. Hence, this enables our product offerings to reach the target market in a shorter time.

- (iii) for our retail pharmacy/ pharmacy business, our Board recognises there is improvement in personal and public health awareness after the outbreak of COVID-19 pandemic, and therefore expects increased demand for pharmaceutical, healthcare and personal care products from the public after the recovery of COVID-19 pandemic. As set out in **Section 5** of the Abridged Prospectus, our Group intends to expand our pharmacy business and use a portion of the proceeds to be raised from the Rights Issue of Warrants for the procurement of stocks/ inventories for up to 12 pharmacy outlets (comprising both new and/ or existing pharmacy outlets).

In addition, our Group will continue with our promotional and marketing initiatives and efforts to enhance our online presence to increase customer reach for our CONSTANT PHARMACY retail pharmacy chain as well as our products.

- (iv) other steps taken or will be undertaken to improve the financial condition of our Group:
- (a) Expand our Group's pharmacy business via franchise/ license arrangements and supply/ distribution of stocks to the CONSTANT PHARMACY outlets

Mediconstant has on 6 October 2022 entered into a franchise agreement with Advance Medipharm Solutions Sdn Bhd (a wholly-owned subsidiary of Advance Information Marketing Berhad, listed on ACE Market of Bursa Securities) ("**Franchisee**" or "**AMS**"), granting the Franchisee the rights and franchise to operate the business system of Mediconstant in the retailing business of pharmaceutical products and services under the name of "CONSTANT PHARMACY", for a period of 5 years commencing 6 October 2022 and renewable for further 5 years ("**Franchise Agreement**").

In February 2023, our Group has handed over the first "CONSTANT PHARMACY" pharmacy outlet in Bukit Raja, Klang, Selangor to AMS pursuant to the Franchise Agreement.

Moving forward, our Group intends to expand our pharmacy business via franchise and/ or license arrangements, where our Group will procure and supply/ distribute stocks to the CONSTANT PHARMACY outlets. Our Group envisaged that under such strategies, it will increase the sales volume of our Group's pharmacy business as well as enabling a wider market reach to potential customers.

The additional outlets operated/ to be operated by the franchisees/ licensees are expected to contribute positively to the revenue stream of our Group and potentially enabling our Group to enjoy economies of scale for the procurement of inventories for distribution to the CONSTANT PHARMACY outlets. This in turn, is expected to contribute positively to the profit and profit margin of our Group's pharmacy business.

- (b) Our wholly-owned subsidiary, Bioalpha Wellness Sdn. Bhd. (“**Bioalpha Wellness**”) had on 2 December 2023 entered into a Manage and Operate Agreement (“**MO Agreement**”) with the Langkawi Development Authority (“**LADA**”) to develop, manage and operate an Agro Park (“**Agro Park**”) on a piece of leasehold vacant Malay Reserve Land erected on H.S.(D) 1598, PT 506, Bandar Padang Mat Sirat, Daerah Langkawi, Negeri Kedah Darul Aman and H.S.(D) 1599, PT 507, Bandar Padang Mat Sirat, Daerah Langkawi, Negeri Kedah Darul Aman measuring approximately 7.98 acres (“**Property**”, collectively) under a 30-year land use rights granted by LADA (“**Project**”). Pursuant to the MO Agreement, Bioalpha Wellness will undertake the planning, development, refurbishment, upgrading, landscaping, equipping, installation, completion, testing, commissioning and management of the Project throughout the management period of 30 years from the date of the MO Agreement. Bioalpha Wellness will undertake the management and operations of the park after development of the Agro Park is completed. The Project is envisaged to enable us to broaden our Group’s revenue streams such as sales of herbal products in the Agro Park.
- (c) Our Board will continue to review the performance and progress of our Group’s operations and financial performance, and to the extent possible, introduce measures to minimise the operating costs, where required.

After taking into consideration the above and the outlook of the economies in Malaysia, China and Indonesia following the reopening of economy as global markets are in transition to the endemic phase as set out in **Section 7.1** of this Abridged Prospectus and the potential for growth for the health supplements manufacturing industry in Malaysia, health supplements market in Malaysia, China and Indonesia and retail pharmacy industry in Malaysia due to the overall increase in health awareness, increasing income of the population, rapid urbanisation, rising population and growing ageing population as set out in **Sections 7.2 to 7.4** of this Abridged Prospectus, our management is cautiously optimistic of our Group’s prospects in the future.

*(Source: Management of Bioalpha)*

#### **7.5.1 Impact of the Rights Issue of Warrants and value creation to our Group and our shareholders**

As set out in **Section 5** of this Abridged Prospectus, a portion of the proceeds to be raised from the Rights Issue of Warrants will be used for partial repayment of our Group’s bank borrowings. Our Group will benefit from interest savings arising from lower borrowings. In addition, as set out in **Section 5** of this Abridged Prospectus, the Rights Issue of Warrants is intended to raise funds for, amongst others, to support the expansion of our Group’s pharmacy business and launching of new products. All these are expected to have a positive impact on our Group’s future earnings and enhance our shareholders’ value.

The potential funds to be raised from the exercise of Warrants will be utilised as additional working capital for our Group’s day-to-day operating and administrative expenses as well as payment to trade creditors for the purchase of raw materials, the breakdown of which is dependent on our Group’s operational requirements at the time of utilisation. The potential funds to be raised from the exercise of Warrants will enable our Group to tap into the equity market to raise funds without incurring interest cost as opposed to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs and principal repayments thus preserving our Group’s cash flow and may potentially enhance our shareholders’ value.

Our Board believes that the use of proceeds from the Rights Issue of Warrants and potential proceeds to be raised from the exercise of the Warrants will generate an overall positive impact to our Group and strengthen the financial position of our Group.

**7.5.2 Adequacy of the Rights Issue of Warrants in addressing the financial concerns**

The proceeds from the Rights Issue of Warrants are expected to provide our Group with funding for the purposes stated in **Section 5** of this Abridged Prospectus, which in turn will enhance our Group's financial performance and shareholders' value.

Further, the utilisation of proceeds will support our Group in expanding its retail pharmacy business and launching of new products to contribute to our Group's earnings in the future, given the outlook of the industries as set out in **Sections 7.2 to 7.4** of this Abridged Prospectus.

After taking into consideration the utilisation of proceeds from the Rights Issue of Warrants as set out in **Section 5** of this Abridged Prospectus, the prospects and outlook of the industries as set out in **Sections 7.2 to 7.4** of this Abridged Prospectus, the prospects and future plans of our Group as set out in **Section 7.5** of this Abridged Prospectus, the value creation to our Company and our securities holders as set out in **Section 7.5.1** of this Abridged Prospectus as well as the effects of the Rights Issue of Warrants in **Section 8** of this Abridged Prospectus, the Rights Issue of Warrants is adequate to address our Group's financial concerns at this juncture. In the long term, our Board will continue to assess our Group's funding requirements which may include the need to carry out other corporate proposals, after taking into consideration our Group's capital structure and cost of funds.

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## 8 EFFECTS OF THE RIGHTS ISSUE OF WARRANTS

### 8.1 Share capital

The pro forma effects of the Rights Issue of Warrants on the share capital of our Company are as follows:

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	1,406,491,096	186,191,208	1,406,491,096	186,191,208	1,406,491,096	186,191,208
To be issued upon the full exercise of outstanding SIS Options	-	-	-	-	129,264,752	<sup>(1)</sup> 12,845,456
To be issued upon the conversion of outstanding ICPS	1,406,491,096	186,191,208	1,406,491,096	186,191,208	1,535,755,848	199,036,664
	-	-	-	-	144,468,522	<sup>(2)</sup> 31,783,075
Assume full exercise of the Warrants <sup>(3)</sup>	1,406,491,096	186,191,208	1,406,491,096	186,191,208	1,680,224,370	230,819,739
	85,714,286	<sup>(4)</sup> 11,571,429	527,434,161	<sup>(4)</sup> 71,203,612	630,084,138	<sup>(4)</sup> 85,061,358
<b>Enlarged issued share capital</b>	<b>1,492,205,382</b>	<b>197,762,637</b>	<b>1,933,925,257</b>	<b>257,394,820</b>	<b>2,310,308,508</b>	<b>315,881,097</b>

Notes:

- (1) Assuming all the 129,264,752 outstanding SIS Options are fully exercised prior to the implementation of the Rights Issue of Warrants. The details of the outstanding SIS Options are as follows:

Offer date	No. of outstanding SIS Options	Exercise price (RM)
27 February 2017	1,988,889	0.205
16 April 2020	2,275,863	0.105
11 October 2022	125,000,000	0.090
<b>Total</b>	<b>129,264,752</b>	

- (2) Assuming conversion of 144,468,522 ICPS by way of Cash Conversion and after accounting for the reversal of ICPS reserves amounting to RM2.89 million to the share capital.

(3) *The Rights Issue of Warrants will not result in non-compliance with Rule 6.51 of the Listing Requirements as shown below:*

	<b>Minimum Scenario</b>	<b>Base Case Scenario</b>	<b>Maximum Scenario</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Issued share capital as at the LPD	1,406,491,096	1,406,491,096	1,406,491,096
To be issued upon the full exercise of outstanding SIS Options	-	-	129,264,752
To be issued upon the conversion of remaining ICPS	1,406,491,096	1,406,491,096	1,535,755,848
<b>Enlarged number of issued Shares after conversion of ICPS and exercise of SIS Options (as the case may be) [A]</b>	<b>1,406,491,096</b>	<b>1,406,491,096</b>	<b>1,680,224,370</b>
<i>Number of Shares to be issued pursuant to the exercise of Warrants to be issued under the Rights Issue of Warrants [B]</i>	<i>85,714,286</i>	<i>527,434,161</i>	<i>630,084,138</i>
<i>Number of Shares to be issued pursuant to the conversion of the outstanding 144,468,522 ICPS and Rights Issue of Warrants [C]</i>	<i>144,468,522</i>	<i>144,468,522</i>	<i>-</i>
<b>([B] + [C]) / [A]</b>	<b>16.37%</b>	<b>47.77%</b>	<b>37.50%</b>

(4) *Based on the Exercise Price of RM0.10 per Warrant and after accounting for the reversal of warrant reserve.*

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## 8.2 NA and gearing

The pro forma effects of the Rights Issue of Warrants on the NA and gearing of our Group are as follows:

### Minimum Scenario

<b>Group</b>	<b>Unaudited as at 30 September 2023 (RM'000)</b>	<b>(I) After subsequent events<sup>(1)</sup> (RM'000)</b>	<b>(II) After (I) and the Rights Issue of Warrants (RM'000)</b>	<b>(III) After (II) and assuming full exercise of the Warrants (RM'000)</b>
Share capital	186,014	186,191	186,191	<sup>(4)</sup> 197,763
ICPS	3,067	2,889	2,889	2,889
Warrant reserve	-	-	<sup>(2)</sup> 3,000	<sup>(4)</sup> -
SIS option reserve	803	803	803	803
Merger deficits	(4,569)	(4,569)	(4,569)	(4,569)
Foreign currency translation reserve	3,274	3,274	3,274	3,274
Accumulated losses	(42,370)	(42,370)	<sup>(3)</sup> (43,120)	(43,120)
<b>Shareholders' funds / NA</b>	<b>146,219</b>	<b>146,218</b>	<b>148,468</b>	<b>157,040</b>
Non-controlling interests	3,353	3,353	3,353	3,353
<b>Total equity</b>	<b>149,572</b>	<b>149,571</b>	<b>151,821</b>	<b>160,393</b>
No. of shares in issue ('000)	1,405,686	1,406,491	1,406,491	1,492,205
NA per Share (RM)	0.10	0.10	0.11	0.11
Total borrowings	13,988	13,988	13,988	13,988
Gearing (times) <sup>(5)</sup>	0.09	0.09	0.09	0.09

Notes:

- (1) After accounting for the Cashless Conversion of 8,861,314 ICPS into 805,574 Shares by ICPS holders and the reversal of ICPS reserves amounting to RM0.18 million to the share capital after 30 September 2023 and up to the LPD.
- (2) After recognising the warrant reserve of approximately RM3.00 million arising from the issuance of 85,714,286 Warrants, computed based on the number of Warrants multiplied by the issue price of RM0.035 per Warrant.
- (3) After deducting estimated expenses of RM0.75 million for the Rights Issue of Warrants.
- (4) Based on the Exercise Price of RM0.10 per Warrant and after accounting for the reversal of warrant reserve for Warrants.
- (5) Computed based on total borrowings over total equity.

**Base Case Scenario**

<b>Group</b>	<b>Unaudited as at 30 September 2023 (RM'000)</b>	<b>(I) After subsequent events<sup>(1)</sup> (RM'000)</b>	<b>(II) After (I) and the Rights Issue of Warrants (RM'000)</b>	<b>(III) After (II) and assuming full exercise of the Warrants (RM'000)</b>
Share capital	186,014	186,191	186,191	<sup>(5)</sup> 257,395
ICPS	3,067	2,889	2,889	2,889
Warrant reserve	-	-	<sup>(2)</sup> 18,460	<sup>(5)</sup> -
SIS option reserve	803	803	803	803
Merger deficits	(4,569)	(4,569)	(4,569)	(4,569)
Foreign currency translation reserve	3,274	3,274	3,274	3,274
Accumulated losses	(42,370)	(42,370)	<sup>(3)</sup> (43,120)	(43,120)
<b>Shareholders' funds / NA</b>	<b>146,219</b>	<b>146,218</b>	<b>163,928</b>	<b>216,672</b>
Non-controlling interests	3,353	3,353	3,353	3,353
<b>Total equity</b>	<b>149,572</b>	<b>149,571</b>	<b>167,281</b>	<b>220,025</b>
No. of shares in issue ('000)	1,405,686	1,406,491	1,406,491	1,933,925
NA per Share (RM)	0.10	0.10	0.12	0.11
Total borrowings	13,988	13,988	<sup>(4)</sup> 8,570	8,570
Gearing (times) <sup>(6)</sup>	0.09	0.09	0.05	0.04

**Notes:**

- (1) After accounting for the Cashless Conversion of 8,861,314 ICPS into 805,574 Shares by ICPS holders and the reversal of ICPS reserves amounting to RM0.18 million to the share capital after 30 September 2023 and up to the LPD.
- (2) After recognising the warrant reserve of approximately RM18.46 million arising from the issuance of 527,434,161 Warrants, computed based on the number of Warrants multiplied by the issue price of RM0.035 per Warrant.
- (3) After deducting estimated expenses of RM0.75 million for the Rights Issue of Warrants.
- (4) After accounting for the proposed repayment of outstanding bank borrowings as at 30 September 2023.
- (5) Based on the Exercise Price of RM0.10 per Warrant and after accounting for the reversal of warrant reserve for Warrants.
- (6) Computed based on total borrowings over total equity.



**Maximum Scenario**

<b>Group</b>	<b>Unaudited as at 30 September 2023 (RM'000)</b>	<b>(I) After subsequent events<sup>(1)</sup> (RM'000)</b>	<b>(II) After (I) and assuming full exercise of all SIS Options (RM'000)</b>	<b>(III) After (II) and the conversion of outstanding ICPS into new Shares (RM'000)</b>	<b>(IV) After (III) and the Rights Issue of Warrants (RM'000)</b>	<b>(V) After (IV) and assuming full exercise of the Warrants (RM'000)</b>
Share capital	186,014	186,191	<sup>(2)</sup> 199,037	<sup>(3)</sup> 230,820	230,820	<sup>(7)</sup> 315,881
ICPS	3,067	2,889	2,889	<sup>(3)</sup> -	-	-
Warrant reserve	-	-	-	-	<sup>(4)</sup> 22,053	<sup>(7)</sup> -
SIS option reserve	803	803	<sup>(2)</sup> -	-	-	-
Merger deficits	(4,569)	(4,569)	(4,569)	(4,569)	(4,569)	(4,569)
Foreign currency translation reserve	3,274	3,274	3,274	3,274	3,274	3,274
Accumulated losses	(42,370)	(42,370)	<sup>(2)</sup> (42,516)	(42,516)	<sup>(5)</sup> (43,266)	(43,266)
<b>Shareholders' funds / NA</b>	<b>146,219</b>	<b>146,218</b>	<b>158,115</b>	<b>187,009</b>	<b>208,312</b>	<b>271,320</b>
Non-controlling interests	3,353	3,353	3,353	3,353	3,353	3,353
<b>Total equity</b>	<b>149,572</b>	<b>149,571</b>	<b>161,468</b>	<b>190,362</b>	<b>211,665</b>	<b>274,673</b>
No. of shares in issue ('000)	1,405,686	1,406,491	1,535,756	1,680,224	1,680,224	2,310,309
NA per Share (RM)	0.10	0.10	0.10	0.11	0.12	0.12
Total borrowings	13,988	13,988	13,988	13,988	<sup>(6)</sup> 8,570	8,570
Gearing (times) <sup>(8)</sup>	0.09	0.09	0.09	0.07	0.04	0.03

Notes:

(1) After accounting for the Cashless Conversion of 8,861,314 ICPS into 805,574 Shares by ICPS holders and the reversal of ICPS reserves amounting to RM0.18 million to the share capital after 30 September 2023 and up to the LPD.

(2) Assuming all the 129,264,752 outstanding SIS Options are fully exercised prior to the implementation of the Rights Issue of Warrants at the following respective exercise prices and after accounting for the consequential reversal of the aggregate SIS option reserve of approximately RM0.80 million:

<b>Offer date</b>	<b>No. of outstanding SIS Options</b>	<b>Exercise price (RM)</b>
27 February 2017	1,988,889	0.205
16 April 2020	2,275,863	0.105
11 October 2022	125,000,000	0.090
<b>Total</b>	<b>129,264,752</b>	

(3) Assuming Cash Conversion of the outstanding 144,468,522 ICPS and after accounting for the reversal of ICPS reserves amounting to RM2.89 million to the share capital.

- (4) *After recognising the warrant reserve of approximately RM22.05 million arising from the issuance of 630,084,138 Warrants, computed based on the number of Warrants multiplied by the issue price of RM0.035 per Warrant.*
- (5) *After deducting estimated expenses of RM0.75 million for the Rights Issue of Warrants.*
- (6) *After accounting for the proposed repayment of outstanding bank borrowings as at 30 September 2023.*
- (7) *Based on the Exercise Price of RM0.10 per Warrant and after accounting for the reversal of warrant reserve for Warrants.*
- (8) *Computed based on total borrowings over total equity.*

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### 8.3 EPS/LPS

The Rights Issue of Warrants is not expected to have any material effect on the consolidated earnings of Bioalpha for the FYE 31 December 2024. However, our Company's EPS/ LPS may be diluted as a result of the increase in the number of Bioalpha Shares in issue as and when the Warrants are exercised. Nevertheless, the Rights Issue of Warrants is expected to contribute positively to the future earnings of Bioalpha when the benefits of the utilisation of proceeds from the Rights Issue of Warrants and exercise of the Warrants into Bioalpha Shares are realised.

For illustration purposes, the pro forma effects of the Rights Issue of Warrants on our Group's losses and LPS for the 9M-FPE 30 September 2023 are as follows:

#### **Minimum Scenario**

	Unaudited for 9M-FPE 30 September 2023	(I) After subsequent events	(II) After (I) and the Rights Issue of Warrants	(III) After (II) and assuming full exercise of the Warrants
Loss after tax attributable to the owners of our Company (RM'000)	(22,717)	(22,717)	<sup>(2)</sup> (23,467)	(23,467)
Number of Shares in issued ('000)	1,405,686	<sup>(1)</sup> 1,406,491	1,406,491	<sup>(3)</sup> 1,492,205
Basic LPS (sen)	*(1.64)	(1.62)	(1.67)	(1.57)

**Notes:**

\* The basic LPS is extracted from the unaudited consolidated financial statements of the Company for the 9M-FPE 30 September 2023 and computed based on the weighted average number of Shares.

(1) After accounting for the Cashless Conversion of 8,861,314 ICPS into 805,574 Shares by ICPS holders after 30 September 2023 and up to the LPD.

(2) After accounting for estimated expenses of RM0.75 million for the Rights Issue of Warrants.

(3) After accounting for the issuance of 85,714,286 new Shares pursuant to full exercise of Warrants.

**Base Case Scenario**

	Unaudited for 9M-FPE 30 September 2023	(I) After subsequent events	(II) After (I) and the Rights Issue of Warrants	(III) After (II) and assuming full exercise of the Warrants
Loss after tax attributable to the owners of our Company (RM'000)	(22,717)	(22,717)	<sup>(2)</sup> (23,467)	(23,467)
Number of Shares in issued ('000)	1,405,686	<sup>(1)</sup> 1,406,491	1,406,491	<sup>(3)</sup> 1,933,925
Basic LPS (sen)	*(1.64)	(1.62)	(1.67)	(1.21)

*Notes:*

\* *The basic LPS is extracted from the unaudited consolidated financial statements of the Company for the 9M-FPE 30 September 2023 and computed based on the weighted average number of Shares.*

(1) *After accounting for the Cashless Conversion of 8,861,314 ICPS into 805,574 Shares by ICPS holders after 30 September 2023 and up to the LPD.*

(2) *After accounting for estimated expenses of RM0.75 million for the Rights Issue of Warrants.*

(3) *After accounting for the issuance of 527,434,161 new Shares pursuant to full exercise of Warrants.*

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**Maximum Scenario**

	Unaudited for 9M-FPE 30 September 2023	(I)  After subsequent events	(II)  After (I) and assuming full exercise all the outstanding SIS Options	(III)  After (II) and the conversion of all the outstanding ICPS into new Shares	(IV)  After (III) and the Rights Issue of Warrants	(V)  After (IV) and assuming full exercise of the Warrants
Loss after tax attributable to the owners of our Company (RM'000)	(22,717)	(22,717)	(22,717)	(23,467)	<sup>(4)</sup> (23,467)	(23,467)
Number of Shares in issued ('000)	1,405,686	<sup>(1)</sup> 1,406,491	<sup>(2)</sup> 1,535,756	<sup>(3)</sup> 1,680,224	1,680,224	<sup>(5)</sup> 2,310,309
Basic LPS (sen)	*(1.64)	(1.62)	(1.48)	(1.40)	(1.40)	(1.02)

Notes:

\* *The basic LPS is extracted from the unaudited consolidated financial statements of the Company for the 9M-FPE 30 September 2023 and computed based on the weighted average number of Shares.*

(1) *After accounting for the Cashless Conversion of 8,861,314 ICPS into 805,574 Shares by ICPS holders after 30 September 2023 and up to the LPD.*

(2) *After accounting for issuance of 129,264,752 new Shares pursuant to the exercise of all 129,264,752 outstanding SIS Options.*

(3) *After accounting for issuance of 144,468,522 new Shares pursuant to the conversion of 144,468,522 ICPS by way of Cash Conversion.*

(4) *After accounting for estimated expenses of RM0.75 million for the Rights Issue of Warrants.*

(5) *After accounting for the issuance of 630,084,138 new Shares pursuant to full exercise of Warrants.*

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#### 8.4 Substantial shareholders' shareholdings

The pro forma effects of the Rights Issue of Warrants on the substantial shareholders' shareholdings in our Company as at the LPD based on our Company's Record of Depositors and Register of Substantial Shareholders are as follows:

##### Minimum scenario

	As at the LPD				(I)				(II)			
					After the Rights Issue of Warrants				After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
<b>Substantial shareholders</b>												
JOE Holding (M) Investment Limited	150,000	10.66	-	-	150,000	10.66	-	-	150,000	9.96	-	-
JOE Holding Berhad	-	-	(3)150,000	10.66	-	-	(3)150,000	10.66	-	-	(3)150,000	9.96
Perbadanan Nasional Berhad ("PNB")	120,855	8.59	-	-	120,855	8.59	-	-	120,855	8.02	-	-
Malaysian Technology Development Corporation Sdn. Bhd ("MTDC")	114,351	8.13	-	-	114,351	8.13	-	-	114,351	7.59	-	-
William Hon <sup>(4)</sup>	46,000	3.27	-	-	46,000	3.27	-	-	131,714	8.83	-	-

Notes:

- (1) Based on the issued share capital of 1,406,491,096 Bioalpha Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,492,205,382 Bioalpha Shares after the full exercise of Warrants.
- (3) Deemed interested by virtue of its interest in JOE Holding (M) Investment Limited pursuant to Section 8(4) of the Act.
- (4) As at the LPD, he is not a substantial shareholder of Bioalpha.

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**Base Case Scenario**

	As at the LPD				(I)				(II)			
					After the Rights Issue of Warrants				After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%
<b>Substantial shareholders</b>												
JOE Holding (M) Investment Limited	150,000	10.66	-	-	150,000	10.66	-	-	206,250	10.66	-	-
JOE Holding Berhad	-	-	<sup>(3)</sup> 150,000	10.66	-	-	<sup>(3)</sup> 150,000	10.66	-	-	<sup>(3)</sup> 206,250	10.66
PNB	120,855	8.59	-	-	120,855	8.59	-	-	166,176	8.59	-	-
MTDC	114,351	8.13	-	-	114,351	8.13	-	-	157,232	8.13	-	-
William Hon <sup>(4)</sup>	46,000	3.27	-	-	46,000	3.27	-	-	63,250	3.27	-	-

*Notes:*

- (1) *Based on the issued share capital of 1,406,491,096 Bioalpha Shares as at the LPD.*
- (2) *Based on the enlarged issued share capital of 1,933,925,257 Bioalpha Shares after the full exercise of Warrants.*
- (3) *Deemed interested by virtue of its interest in JOE Holding (M) Investment Limited pursuant to Section 8(4) of the Act.*
- (4) *As at the LPD, he is not a substantial shareholder of Bioalpha.*

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**Maximum Scenario**

	As at the LPD				(I)				(II)			
					After assuming full exercise all the outstanding SIS Options				After (I) and the conversion of all the outstanding ICPS into new Shares			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(2)%	No. of Shares ('000)	(3)%	No. of Shares ('000)	(3)%
<b>Substantial shareholders</b>												
JOE Holding (M) Investment Limited	150,000	10.66	-	-	150,000	9.77	-	-	150,000	8.93	-	-
JOE Holding Berhad	-	-	(5)150,000	10.66	-	-	(5)150,000	9.77	-	-	(5)150,000	8.93
PNB	120,855	8.59	-	-	120,855	7.87	-	-	120,855	7.19	-	-
MTDC	114,351	8.13	-	-	114,351	7.45	-	-	132,218	7.87	-	-
William Hon <sup>(6)</sup>	46,000	3.27	-	-	126,000	8.20	-	-	126,000	7.50	-	-

	(III)				(IV)			
	After (II) and the Rights Issue of Warrants				After (III) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	(3)%	No. of Shares ('000)	(3)%	No. of Shares ('000)	(4)%	No. of Shares ('000)	(4)%
<b>Substantial shareholders</b>								
JOE Holding (M) Investment Limited	150,000	8.93	-	-	206,250	8.93	-	-
JOE Holding Berhad	-	-	(5)150,000	8.93	-	-	(5)206,250	8.93
PNB	120,855	7.19	-	-	166,176	7.19	-	-
MTDC	132,218	7.87	-	-	181,800	7.87	-	-
William Hon <sup>(6)</sup>	126,000	7.50	-	-	173,250	7.50	-	-

Notes:

- (1) Based on the issued share capital of 1,406,491,096 Bioalpha Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,535,755,848 Bioalpha Shares assuming the full exercise of the outstanding SIS Options.
- (3) Based on the enlarged issued share capital of 1,680,224,370 Bioalpha Shares assuming the full conversion of the outstanding ICPS by way of Cash Conversion. As at the LPD, the ICPS held by the substantial shareholder are as follows:
  - MTDC: 17,867,315 ICPS, assumed converted into 17,867,315 Shares by way of Cash Conversion.
- (4) Based on the enlarged issued share capital of 2,310,308,508 Bioalpha Shares after the full exercise of Warrants.
- (5) Deemed interested by virtue of its interest in JOE Holding (M) Investment Limited pursuant to Section 8(4) of the Act.
- (6) As at the LPD, he is not a substantial shareholder of Bioalpha and he has 80,000,000 SIS Options.



## 8.5 Convertible securities

As at the LPD, our Company does not have any convertible securities except for the outstanding ICPS and SIS Options.

Our Board confirmed that the Rights Issue of Warrants does not give rise to any adjustment to the conversion price and/ or the number of the outstanding ICPS as well as the exercise price and/ or number of the outstanding SIS Options.

## 9 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL TRANSACTIONS

### 9.1 Working capital and sources of liquidity

Our Group's working capital is funded through a combination of internal and external sources of funds. Our internal sources of funds are generated from our operating activities as well as our cash and bank balances, whereas our external sources of funds are derived from credit extended by our suppliers and credit facilities from licensed financial institutions.

As at the LPD, our Group's cash and bank balances (including fixed deposits with licensed banks) stood at RM9.18 million and our Group's unutilised limits of credit facilities stood at RM2.68 million. Save for the proceeds to be raised from the Rights Issue of Warrants, our Group does not have access to other material unused sources of liquidity as at the LPD.

Our Board confirmed that, after taking into consideration our sources of funds as set out above and proceeds to be raised from the Rights Issue of Warrants, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

### 9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest bearing) are set out as follows:

<b>Borrowings</b>	<b>As at the LPD (RM'000)</b>
<b><u>Short term borrowings</u></b>	
- Bankers' acceptance	2,252
- Revolving credit	1,000
- Term loans	1,001
<b><u>Long term borrowings</u></b>	
- Term loans	2,052
<b>Total</b>	<b>6,305</b>

As at the LPD, our Group does not have any non-interest bearing and foreign currency-denominated borrowings.

Our Board confirmed that there has not been any default on payments of either interest and/ or principal sums on any borrowings throughout the past 1 financial year (being the FYE 31 December 2022) and subsequent financial period up to the LPD.

### 9.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board confirmed that there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group:

Contingent liabilities	RM'000
<b>Unsecured:</b>	
Performance bonds in relation to the management of herbal integrated cluster development (i.e., a herbal farm located in Terengganu focusing on upstream planting of various types of herbs and spices) <sup>(i)</sup>	200

Note:

- (i) Performance bond given to East Coast Economic Region Development Council by our subsidiary namely, Bioalpha International Sdn Bhd.

### 9.4 Material commitments

Save as disclosed below, as at the LPD, our Board confirmed that there are no material commitments for capital expenditure incurred or known to be incurred by our Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group:

Material commitments	RM'000
<b>Authorised and contracted for:</b>	
Lease of property, plant and equipment <sup>(i)</sup>	4,500

Note:

- (i) Committed costs in respect of the 300 acres of agricultural land for cultivation and farming of herbal and non-herbal plants located at PTD 4825 H.S.(D) 31408 and PTD 5140 H.S(D) 34765, Mukim Pantai Timur, Daerah Kota Tinggi, Johor ("**Desaru Lands**"), payable to BD Agri Sdn Bhd (formally known as J-Biotech Herbal Sdn Bhd) ("**BD Agri**").

Background information in relation to the registration of the Desaru Lands lease

Our Group had entered into a joint venture agreement on 6 July 2010 and a supplemental agreement on 9 July 2014 with BD Agri whereby BD Agri agreed to lease the Desaru Lands to a joint venture company being Bioalpha (Johor Herbal) Sdn Bhd ("**BJHSB**")\* for a period of 60 years ("**JV Agreement**"). Our Group is to undertake activities of cultivation and farming of herbal plants and non-herbal plants on the Desaru Lands.

While it was the initial intention of BJHSB to enter into a formal lease agreement for the leasing of the Desaru Lands by BJHSB from the registered owner of the Desaru Lands (i.e., the State Secretary (Incorporated) Johor) ("**Registered Owner**") through BD Agri, the Registered Owner is in the process of formalising the lease by way of a separate lease agreement ("**Lease Agreement**"). Upon the execution of the Lease Agreement, our Group is expected to pay a one-off amount of RM4.5 million for the leasing of Desaru Lands.

Notwithstanding the above, in view that the JV Agreement has provided the relevant rights for our Group to operate on the Desaru Lands, our Group has been cultivating and farming herbal and non-herbal plants on the Desaru Lands since 2014.

As at the LPD, our Group has yet to enter into a lease agreement with the Registered Owner as any lease that is above 3 years is required to be registered under the National Land Code 1965 ("**NLC**").

*On 2 August 2019, our Company had announced that the Registered Owner has through Bio Desaru Sdn Bhd<sup>^</sup> (who has the power to deal with and undertake the development activities of Desaru Lands under the power of attorney (POA) registered with the land office of Johor on 27 February 2014) submitted the relevant lease registration documents of the Desaru Lands to the land office of Johor on 27 June 2019.*

*As at the LPD, the said lease registration documents in relation to the Desaru Lands is being processed by the land office of Johor.*

*The Lease Agreement is expected to be executed and commence within 3 months upon receiving the approval on the lease registration from the land office of Johor. In addition, the Lease Agreement is expected to be expired after 30 years and renewable for another 30 years, any further renewal of the Lease Agreement is subject to mutual agreement between BJHSB and the Registered Owner.*

Notes:

\* *As at the LPD, our Group holds 50.40% equity interest in BJHSB via Bioalpha Agro Sdn Bhd, a 72.0% owned subsidiary.*

<sup>^</sup> *The holding company of BD Agri.*

Our Group is expected to fund the above material commitments through internally generated funds and/ or bank borrowings. The breakdown of such funding cannot be determined at this juncture as it will depend on, amongst others, the level of our Group's internal funds, availability and suitability of funding alternatives at the relevant time.

## **9.5 Material transactions**

As at the LPD, save for the Rights Issue of Warrants, our Board has confirmed that there are no other transactions which may have a material effect on our Group's operations, financial position and results since our Group's latest interim financial report for 9M-FPE 30 September 2023.

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## 10 INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/ TRANSFER AND EXCESS APPLICATION

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Warrants Applications and the procedures to be followed should you and/ or your renouncee(s) and/ or your transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/ or your renouncee(s) and/ or your transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/ or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

### 10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Warrants provisionally allotted to you as well as to apply for the Excess Warrants, if you choose to do so.

This Abridged Prospectus and the RSF are also available at the registered office of our Company, the Share Registrar's office or on Bursa Securities' website at <https://www.bursamalaysia.com>.

### 10.2 NPA

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

### 10.3 Last date and time for acceptance and payment

The last time, day and date for acceptance and payment for the Provisional Allotments and the Excess Warrants is at **5.00 p.m. on Monday, 29 January 2024**.

An announcement shall be made on the subscription rate of the Rights Issue of Warrants after the Closing Date.

### 10.4 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Warrants, if you choose to do so, using either of the following methods:

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

## 10.5 Procedures for acceptance and payment

### 10.5.1 By way of RSF

Acceptance of and payment for the Provisional Allotments to you as an Entitled Shareholder and/ or your renounee(s) and/ or your transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instruction contained in the RSF. Acceptances and/ nor payments which do not strictly conform to the terms of this Abridged Prospectus, the RSF or the notes and instruction contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/ TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.**

**YOU AND/ OR YOUR RENOUNCEE(S)/ TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.**

You and/ or your renounee(s) and/ or transferee(s) (if applicable) accepting the Provisional Allotments are required to complete Part I(A) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed, signed and affixed revenue stamp RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to the Share Registrar at the following address:

**Workshire Share Registration Sdn. Bhd.**

A3-3-8, Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
Tel: +603 – 6413 3271  
Fax: +603 – 6413 3270

so as to arrive not later than **5.00 p.m.** on **Monday, 29 January 2024**, being the last time, day and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

1 RSF can only be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. If successful, the Warrants subscribed by you and/ or your renounee(s) / transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSF by the Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Warrants that may be subscribed or accepted is 1 Warrant. You and/ or your renounee(s) and/ or your transferee(s) (if applicable) should take note that a trading board lot for the Warrants will comprise 100 Warrants each.

Fractional entitlements arising from the Rights Issue of Warrants will be disregarded and the aggregate of such fractions shall be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

If acceptance and payment for the Warrants provisionally allotted to you and/ or your renounee(s) and/ or your transferee(s) (if applicable) is not received by the Share Registrar by **5.00 p.m. on Monday, 29 January 2024**, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/ or your renounee(s) and/ or your transferee(s) (if applicable) will be deemed to have declined the Provisional Allotments made to you and/ or your renounee(s) and/ or your transferee(s) (if applicable) and it will be cancelled. Such Warrants not taken up will be allotted to the applicants applying for Excess Warrants.

Our Board reserves the right not to accept or to accept in part only any application without providing any reasons. You and/ or your renounee(s) and/ or your transferee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, the Share Registrar at the address stated above, our Company's registered office or Bursa Securities' website at <https://www.bursamalaysia.com>.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "BIOALPHA RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER OF THE APPLICANT TO BE RECEIVED BY THE SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AND/ OR YOUR RENOUNCEE(S) / TRANSFEREE(S) (IF APPLICABLE) AT YOUR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF WARRANTS.**

**YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH THE SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK.**

**ALL WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/ OR THEIR RENOUNCEE(S) AND/ OR THEIR TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL WARRANT CERTIFICATES WILL BE ISSUED.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.**

#### **10.5.2 By way of e-Subscription**

The e-Subscription is available to you upon your login to the Share Registrar's Investor Portal at <https://www.wscs.com.my/>. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

The e-Subscription is available to all Entitled Shareholders.

Entitled Shareholders who wish to subscribe for the Warrants and apply for the Excess Warrants by way of e-Subscription, shall take note of the following:

- (a) the e-Subscription will be closed at **5.00 p.m. on Monday, 29 January 2024**. All valid e-Subscription received by the Share Registrar is irrevocable and cannot be subsequently withdrawn.
- (b) the e-Subscription must be made in accordance with the procedures and terms and conditions of the e-Subscription, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via the Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of our Board.

- (c) your application for the Warrants and Excess Warrants must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:

Name of Bank : OCBC Al-Amin Bank Berhad  
 Name of Account : BIOALPHA RIGHTS ISSUE ACCOUNT  
 Bank Account No. : 101-110801-9

You are required to pay an additional fee of **RM15.00** being the stamp duty and handling fee for each e-Subscription.

- (d) All Entitled Shareholders who wish to submit by way of e-Subscription are required to follow the procedures and read the terms and conditions as stated below:

(i) Procedures

	Procedures	Action
<b>User registration</b>		
1.	Register as a user with the Investor Portal	<ul style="list-style-type: none"> <li>• Access the website at <a href="https://www.wscs.com.my/">https://www.wscs.com.my/</a>. Click Investor Portal. Refer to the online help tutorial for assistance.</li> <li>• Read and agree to the terms and conditions and confirm the declaration.</li> <li>• Upon submission of your registration, your account will be activated within one working day.</li> <li>• If you have already registered an account with Investor Portal, you are not required to register again.</li> </ul>
<b>e-Subscription</b>		
2.	Sign in to Investor Portal	<ul style="list-style-type: none"> <li>• Login with your user ID and password for e-Subscription before the Closing Date.</li> </ul>
3.	Complete the e-Subscription	<ul style="list-style-type: none"> <li>• Open the corporate exercise "<b>BIOALPHA HOLDINGS BERHAD – RIGHTS ISSUE OF WARRANTS</b>".</li> <li>• Key in/ check your full name, CDS account number, contact number, the number of units for acceptance of your Warrants and Excess Warrants (if you choose to apply for additional Warrants).</li> <li>• Proceed with the payment via online banking and indicate your name and last 9 digits of the CDS account number.</li> <li>• Upload the proof of payment(s) and ensure all information in the form is accurate before submitting the form.</li> <li>• Print your e-RSF for your reference and record.</li> </ul>



If you encounter any problems during the registration or submission, please email the Share Registrar at [support@wscs.com.my](mailto:support@wscs.com.my) for assistance.

(ii) Terms and conditions of the e-Subscription

By submitting your acceptance of the Warrants and application of the Excess Warrants (if applicable) by way of e-Subscription:

(A) You acknowledge that your submission by way of e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of our Company or the Share Registrar and irrevocably agree that if:

- (i) our Company or the Share Registrar does not receive your submission of the e-RSF; or
- (ii) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted,

your submission of the e-RSF will be deemed as failed and not to have been made. Our Company and the Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your e-Subscription due to the above reasons and you further agree that you may not make any claims whatsoever against our Company or the Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your e-Subscription.

(B) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of e-Subscription may be rejected at the absolute discretion of our Board without assigning any reason.

(C) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.

(D) You agree that all the Warrants to be issued pursuant to the Rights Issue of Warrants will be allotted by way of crediting the Warrants into your CDS account. No physical share or warrant certificates will be issued.

(E) You agree that our Company and the Share Registrar reserve the right to reject your application which does not conform to these terms and conditions.

- (F) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date.
- (G) Where your application is not accepted or accepted only in part, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest by banker's cheque within 15 Market Days from the Closing Date and will be despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk.

#### **10.6 Procedures for part acceptance**

If you do not wish to accept the Warrants provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed/ applied for. The minimum number of Warrants that may be subscribed or accepted is 1 Warrant.

Fractions of Warrants arising from the Rights Issue of Warrants will be disregarded and the aggregate of such fractions shall be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interests of our Company. Applicants should take note that a trading board lot comprises 100 Warrants each.

You must complete both Part I(A) of the RSF by specifying the number of Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in **Section 10.5** of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

#### **10.7 Procedures for sale or transfer of Provisional Allotments**

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account.

To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.**

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Warrants applied for to the Share Registrar. Please refer to **Section 10.5** of this Abridged Prospectus for the procedures for acceptance and payment.

**YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

## **10.8 Procedures for the Excess Warrants Application**

### **10.8.1 By way of RSF**

If you wish to apply for additional Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II). A combined remittance for the Excess Warrants can be made together with your entitlements as mentioned in **Section 10.5.1** of this Abridged Prospectus. The completed RSF together with the payment must be received by the Share Registrar no later than **5.00 p.m. on Monday, 29 January 2024**, being the last time and date for Excess Warrants Applications and payment.

The payment must be made for the exact amount payable for the Excess Warrants Applications. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment not prescribed in **Section 10.5.1** of this Abridged Prospectus are not acceptable.

### **10.8.2 By way of e-Subscription**

You may apply for the Excess Warrants via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Warrants by following the steps as set out in **Section 10.5.2** of this Abridged Prospectus. The e-Subscription for Excess Warrants will be made on, and subject to, the same terms and conditions appearing in **Section 10.5.2** of this Abridged Prospectus.

It is the intention of our Board to allot the Excess Warrants, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Warrants, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Warrants, taking into consideration the quantum of their respective Excess Warrants Applications; and
- (iv) finally, on a pro-rata basis and in board lots, to the renounee(s) and/ or transferee(s) who have applied for Excess Warrants, taking into consideration the quantum of their respective Excess Warrants Applications.

The Excess Warrants will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Warrants. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Warrants will be allocated by performing the same sequence of allocation i.e., items (ii), (iii) and (iv) again in succession until all Excess Warrants are allotted.

Notwithstanding the foregoing, our Board reserves the right to allot any Excess Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in **Section 10.8 (i), (ii), (iii) and (iv)** above is achieved. Our Board also reserves the right at its absolute discretion not to accept any application for Excess Warrants, in full or in part, without assigning any reason thereto.

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.**

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS WARRANTS APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**EXCESS WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

#### **10.9 Procedures to be followed by renounees and/ or transferees**

As a renounee and/ or transferee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Warrants and/ or payment is the same as that which is applicable to the Entitled Shareholders as described in **Sections 10.3 to 10.8** of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/ or accompanying RSF, you can request the same from the registered office of our Company, the Share Registrar's office or Bursa Securities' website at <https://www.bursamalaysia.com>.

**RENOUNCEES AND/ OR TRANSFEREES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

#### **10.10 CDS Account**

Bursa Securities has already prescribed the securities listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue of Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Warrants. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Warrants shall signify your consent to receiving such Warrants as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Warrants allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Warrants that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

#### **10.11 Notice of allotment**

Within 5 Market Days after the Closing Date, our Company will make the relevant announcements in relation to the subscription rate of the Rights Issue of Warrants.

Upon allotment of the Warrants in respect of your acceptance and/ or your renounee/ transferee acceptance (if applicable) and Excess Warrants Application (if any), the Warrants shall be credited directly into the respective CDS Account where the Provisional Allotments were credited.

No physical certificates will be issued in respect of the Warrants. However, a notice of allotment will be despatched to you and/ or your renounee and/ or your transferee (if applicable) by ordinary post within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on the Record of Depositors at your own risk.

Where any application for the Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you. The refund will be by issuance of cheque and will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address last shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof, once lodged with the Share Registrar for the Warrants, cannot be withdrawn subsequently.

#### **10.12 Foreign-Addressed Shareholders**

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Warrants may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue of Warrants will not be made or offered or deemed made or offered for acquisition or subscription of any Warrants, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue of Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving the Documents electronically or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect the Documents from the Share Registrar, Workshire Share Registration Sdn. Bhd. at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

Our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue of Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue of Warrants and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue of Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue of Warrants only to the extent that it would be lawful to do so, and our Company, our Board and officers, TA Securities and/ or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue of Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/ or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue of Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Warrants available for excess application by other Entitled Shareholders and/ or their renounee(s) and/ or their transferee(s).

Each person, by accepting the delivery of the Documents, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Warrants, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/ or his renounee(s) and/ or his transferee(s) is or might be subject to;

- (ii) the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) is/are aware that the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/ or his transferee and/ or his renounee's decision to subscribe for or purchase the Warrants; and
- (vi) the Foreign-Addressed Shareholder and/ or his renounee(s) and/ or his transferee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Warrants, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Warrants.

**NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/ OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/ OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.**

## **11 TERMS AND CONDITIONS**

The issuance of the Warrants pursuant to the Rights Issue of Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF.

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**12 FURTHER INFORMATION**

You are requested to refer to the enclosed **Appendices I and II** of this Abridged Prospectus for further information.

Yours faithfully

For and on behalf of the Board of  
**BIOALPHA HOLDINGS BERHAD**

A handwritten signature in black ink, appearing to be 'William', written over a vertical line that extends from the signature down to the name below.

**HON TIAN KOK @ WILLIAM**  
Managing Director/ Chief Executive Officer



## APPENDIX I - INFORMATION ON OUR COMPANY

### 1. SHARE CAPITAL

As at the LPD, the issued share capital of our Company is RM186,191,208 comprising 1,406,491,096 Shares. As at the LPD, our Company does not hold any treasury shares.

### 2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to **Section 8.3** of this Abridged Prospectus for information on the substantial shareholders' shareholdings before and after the Rights Issue of Warrants.

### 3. DIRECTORS

The details of our Board as at the LPD are set out in the table below:

Name ( <i>Designation</i> )	Age	Address	Nationality
Dato' Haji Mohd Yazid Bin Haji Mustafa ( <i>Independent Non-Executive Chairman</i> )	67	No.14, Jalan Kunyit Emas P16/2, Presint 16, 61250 Putrajaya	Malaysian
Hon Tian Kok @ William ( <i>Managing Director/ Chief Executive Officer</i> )	47	No 31, Jalan SL5/1 Bandar Sungai Long 43000 Kajang Selangor	Malaysian
Datuk Chong Loong Men ( <i>Executive Director</i> )	44	A3-3-3A, Block A3 Solaris Dutamas 1, Jalan Dutamas 1 50480 Kuala Lumpur	Malaysian
Ho Tze Hiung ( <i>Executive Director</i> )	46	No. 42, Jalan BU3/2 Bandar Utama 47800 Petaling Jaya Selangor	Malaysian
Goh Siow Cheng ( <i>Group Chief Financial Officer/ Finance Director</i> )	41	Unit 19-03, DK Senza Jalan Taylors Bandar Sunway PJS 46150 Subang Jaya Selangor	Malaysian
Kang Jimmi ( <i>Independent Non-Executive Director</i> )	43	Jl. Seni Budaya Raya No. 1, Jelambar Jakarta Barat, 11460 Indonesia	Indonesian
Yee Yit Yang ( <i>Independent Non-Executive Director</i> )	56	15, Jalan Damai Rasa, Alam Damai Kuala Lumpur, 56000 Kuala Lumpur	Malaysian
Tan Su Ning ( <i>Independent Non-Executive Director</i> )	31	C2-3-6 Solaris Dutamas No. 1, Jalan Dutamas 1 50480 Kuala Lumpur	Malaysian

Save for William Hon, none of the Directors have any direct and/ or indirect shareholding in our Company as at the LPD. Please refer to **Section 8.4** of this Abridged Prospectus on the pro forma effects of the Rights Issue of Warrants on his shareholding.

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)****4. HISTORICAL FINANCIAL INFORMATION**

Our audited consolidated financial statements for the 3 most recent financial years and interim financial statements for the most recent financial period together with the relevant notes are disclosed in the following documents which have been published on the website of Bursa Securities (<https://www.bursamalaysia.com>):

	<b>Pages</b>
<b>Our annual report for the FYE 31 December 2020:</b>	
Statements of profit or loss and other comprehensive income	76
Statements of financial position	74 – 75
Statements of changes in equity	77 – 79
Statements of cash flows	80 – 82
Notes to the financial statements	83 – 155
<b>Our annual report for the FYE 31 December 2021:</b>	
Statements of profit or loss and other comprehensive income	77
Statements of financial position	75 – 76
Statements of changes in equity	78 – 80
Statements of cash flows	81 – 84
Notes to the financial statements	85 – 160
<b>Our annual report for the FYE 31 December 2022:</b>	
Statements of profit or loss and other comprehensive income	74 – 75
Statements of financial position	72 – 73
Statements of changes in equity	76 – 79
Statements of cash flows	80 – 83
Notes to the financial statements	84 – 165
<b>Our interim financial report for the 9M-FPE 30 September 2023:</b>	
Statements of profit or loss and other comprehensive income	1
Statements of financial position	2 – 3
Statements of changes in equity	4 – 5
Statements of cash flows	6 – 8
Notes to the financial statements	9 – 21
Each of the said consolidated and interim financial statements is incorporated by reference to this Abridged Prospectus and forms part of this Abridged Prospectus.	

**Commentaries:****(i) 9M-FPE 30 September 2023 compared to 9M-FPE 30 September 2022**

Our Group's revenue for the 9M-FPE 30 September 2023 increased by RM4.04 million (or 16.39%) to RM28.72 million (9M-FPE 30 September 2022: RM24.67 million) mainly due to the following:

- (a) increase in revenue from our Group's trading segment by RM2.53 million (or 47.32%) to RM7.88 million (9M-FPE 30 September 2022: RM5.35 million), resulting mainly from higher deliveries of nutritional meals to customers following the loosening of COVID-19 restrictions in China from December 2022; and
- (b) increase in revenue from our Group's retail pharmacy segment by RM1.48 million (or 15.06%) to RM11.27 million (9M-FPE 30 September 2022: RM9.79 million) mainly due to the increase in sales contributed by the newly opened retail pharmacy outlets.

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)**

Our Group's LAT attributable to owners of our Company for the 9M-FPE 30 September 2023 increased by RM4.19 million (or 22.58%) to RM22.72 million (9M-FPE 30 September 2022: RM18.53 million) mainly due to the following:

- (a) loss of impairment of financial assets (being fair value loss on investment in quoted shares) of RM11.49 million (9M-FPE 30 September 2022: Nil); and
- (b) increase in administrative expenses by RM1.43 million (or 9.49%) to RM16.50 million (9M-FPE 30 September 2022: RM15.07 million) mainly due to the increase in staff related costs arising from the higher number of staffs employed by our Group.

However, the impact of the above was offset by the following:

- (a) decreased in gross loss of RM3.15 million (or 79.77%) to RM0.80 million (9M-FPE 30 September 2022: RM3.95 million) in line with increase in revenue as mentioned above; and
- (b) increase in other income of RM5.62 million (or 856.25%) to RM6.27 million (9M-FPE 30 September 2022: RM0.66 million) mainly due to reversal of impairment losses on trade receivables and unrealised gain on foreign exchange.

The cash and cash equivalents of our Group as at 9M-FPE 30 September 2023 decreased by RM21.52 million (or 69.16%) to RM9.60 million (FYE 31 December 2022: RM31.12 million) mainly due to following:

- (a) net cash used in investing activities of RM20.03 million for the 9M-FPE 30 September 2023 mainly due to increase in investment in quoted shares of RM35.02 million but offset by the withdrawal of fixed deposits of RM7.28 million and withdrawal of short-term placement of RM8.40 million; and
- (b) net cash used in financing activities RM3.65 million for the 9M-FPE 30 September 2023 mainly due to repayment of lease liabilities of RM2.01 million and term loans of RM1.44 million.

However, the impact of the above was offset by the net cash from operating activities of RM1.32 million for the 9M-FPE 30 September 2023.

**(ii) FYE 31 December 2022 compared to FYE 31 December 2021**

Our Group's revenue for the FYE 31 December 2022 decreased by RM60.92 million (or 62.99%) to RM35.80 million (FYE 31 December 2021: RM96.72 million) mainly due to decrease in revenue generated from our Group's manufacturing and trading segments by RM58.72 million (or 71.36%) to RM23.57 million (FYE 31 December 2021: RM82.29 million). The decrease in revenue was mainly due to lower order volume by our Group's ODM customers in Malaysia and lower sales in China as our Group's operations in China was disrupted due to stringent restrictions imposed under the zero-COVID policy.

Our Group's LAT attributable to owners of our Company for the FYE 31 December 2022 increased by RM46.55 million (or 3,619.36%) to RM47.83 million (FYE 31 December 2021: RM1.29 million) mainly due to the following:

- (a) decrease in revenue as explained above as well as a GL of RM5.98 million in FYE 31 December 2022 (FYE 31 December 2021: GP of RM14.05 million) mainly due to higher cost of sales because of supply chain disruptions which led to raw materials shortage and higher input cost;

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)**

- (b) allowance for expected credit loss on trade receivables of RM10.93 million (FYE 31 December 2021: RM0.01 million);
- (c) fair value loss on plantation expenditure of RM2.11 million (FYE 31 December 2021: RM nil) due to review of economic value of our Group's asset and impairment have been made to reflect the revenue-generating ability of the assets such as herbal plants; and
- (d) property, plant and equipment written off of RM3.29 million (FYE 31 December 2021: RM0.81 million) due to review of economic value of our Group's asset and impairment have been made to reflect the revenue-generating ability of the assets such as plant and machineries.

The cash and cash equivalents of our Group as at FYE 31 December 2022 increased by RM3.81 million (or 13.92%) to RM31.12 million (FYE 31 December 2021: RM27.31 million) mainly due to the following:

- (a) net cash from financing activities of RM21.89 million for the FYE 31 December 2022 (FYE 31 December 2021: RM33.86 million) mainly due to proceeds raised from the exercise of SIS Options into new Shares amounting to RM23.52 million (FYE 31 December 2021: RM0.23 million).

However, the impact of the above was offset by the following:

- (a) net cash used in operating activities of RM3.83 million for the FYE 31 December 2022; and
- (b) net cash used in investing activities of RM15.27 million for the FYE 31 December 2022 mainly due to acquisition of intangible assets (e.g., patents, software and development expenditures involved for the formulation of health supplement products) of RM3.70 million, purchase of property, plant and equipment (e.g., plant and machineries, warehouse shop lot, factory and building and renovations) of RM3.13 million and short-term placement of RM9.01 million.

**(iii) FYE 31 December 2021 compared to FYE 31 December 2020**

Our Group's revenue increased by RM60.26 million (or 165.26%) to RM96.72 million for the FYE 31 December 2021 (FYE 31 December 2020: RM36.46 million) mainly due to the increase in revenue generated from our Group's manufacturing and trading segments increased by RM62.19 million or 309.42%. The increased revenue from these segments was mainly due to higher orders from customers due to heightened interest in immunity-related products as a result of the COVID-19 pandemic.

Our Group's LAT attributable to owners of our Company for the FYE 31 December 2021 decreased by RM39.86 (or 96.87%) to RM1.29 million (FYE 31 December 2020: RM41.15 million) mainly due to the following:

- (a) increase in revenue as explained above, and lower inventories written off of RM0.25 million (FYE 31 December 2020: RM4.10 million) and there was also a reversal of provision of slow-moving inventories of RM0.62 million (FYE 31 December 2020: Nil) which led to a GP of RM14.05 million (FYE 31 December 2020: GL of RM10.92 million);
- (b) bad debts written off of RM0.80 million (FYE 31 December 2020: RM3.14 million);

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)**

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- (c) amortisation of intangible assets of RM2.34 million (FYE 31 December 2020: RM4.22 million); and
- (d) allowance for expected credit losses on trade receivables of RM0.01 million (FYE 31 December 2020: RM6.70 million). In addition, our Group recorded a reversal of allowance for expected credit losses on trade receivables of RM1.67 million in FYE 31 December 2021 (FYE 31 December 2020: RM0.10 million).

The cash and cash equivalents of our Group as at FYE 31 December 2021 increased by RM15.63 million (or 133.76%) to RM27.31 million (FYE 31 December 2020: RM11.69 million) mainly due to the following:

- (a) net cash from financing activities of RM33.86 million for the FYE 31 December 2021 mainly due to withdrawal in fixed deposits of RM7.48 million, proceeds raised from the issuance of new Shares amounting to RM14.81 million pursuant to the renounceable rights issue of Shares which was completed on 28 May 2021, proceeds raised from the issuance of ICPS amounting to RM9.14 million pursuant to the renounceable rights issue of ICPS and private placement of ICPS which were completed on 28 May 2021.

However, the impact of the above was offset by the following:

- (a) net cash used in operating activities of RM3.71 million for the FYE 31 December 2021; and
- (b) net cash used in investing activities of RM14.32 million for the FYE 31 December 2021 mainly due to acquisition of intangible assets (e.g., patents, software and development expenditures involved for the formulation of health supplement products) of RM5.91 million and purchase of property, plant and equipment (e.g., plant and machineries, renovations, plantation expenditure and warehouse shop lot, factory and building) of RM9.91 million.

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**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)****5. EQUITY FUND-RAISING EXERCISE UNDERTAKEN BY OUR COMPANY IN THE PAST 5 YEARS UP TO THE LPD**

Save as disclosed below, our Company has not undertaken any other equity fund-raising exercises in the past 5 years up to the LPD:

**(i) 2019 Private Placement**

On 1 October 2018, our Company announced the private placement of 49,509,900 new Bioalpha Shares, representing not more than 10% of the total number of issued Shares (excluding treasury shares, if any) which was deemed completed on 5 April 2019 following the listing of 49,509,900 new Bioalpha Shares on ACE Market of Bursa Securities, raising gross proceeds of approximately RM11.88 million ("**2019 Private Placement**").

The 2019 Private Placement was undertaken pursuant to the general mandate obtained from our shareholders in our Company's 7<sup>th</sup> annual general meeting convened on 5 June 2018.

As at the LPD, the status of the utilisation of proceeds from the 2019 Private Placement by our Group is as follows:

	<b>Actual proceeds raised (RM'000)</b>	<b>Actual utilisation as at the LPD (RM'000)</b>	<b>Balance unutilised as at the LPD (RM'000)</b>	<b>Estimated timeframe for utilisation from the completion of 2019 Private Placement</b>
Acquisition of business to be identified <sup>(1)</sup>	8,000	8,000	-	Within 24 months
Working capital for its potential new businesses <sup>(2)</sup>	3,232	3,232	-	Within 24 months
Expenses in relation to the 2019 Private Placement	650	650	-	Within 2 weeks
<b>Total</b>	<b>11,882</b>	<b>11,882</b>	<b>-</b>	

*Notes:*

- (1) *The intended utilisation included, among others, for the expansion of our Group's existing businesses, as stated in our Company's announcement dated 1 October 2018 in relation to the 2019 Private Placement.*

*In this regard, approximately RM3.76 million was utilised for the expansion of our Group's existing businesses, such as opening of 2 new retail pharmacy outlets located in Shah Alam (Selangor) and Johor Bahru (Johor), acquisition of 1 retail pharmacy outlet located in Taman Tun Dr. Ismail (Kuala Lumpur) as well as launching of 3 new products. Following the above, our Group owned a total of 12 retail pharmacy outlets in 2019.*

*Further, our Group utilised approximately RM4.24 million for our Group's herbal farming activities on leased agricultural lands located in Pasir Raja (Terengganu) and Desaru (Johor), in the following manner:*

- *mainly for the purchase of herbal seeds (e.g., 'misai kucing'), fertiliser and weed mat which amounted to approximately RM2.79 million; and*
- *mainly for the cost incurred for land clearing and installation of irrigation system on the herbal farms which amounted to approximately RM1.45 million.*

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)**

- (2) *The intended utilisation included, among others, for working capital of our Group's existing businesses. In this regard, the proceeds were utilised as working capital for our Group's existing businesses, such as purchases of raw materials, staff salaries, selling and distribution expenses, marketing and advertising expenses, utilities and sundry expenses.*

**(ii) July 2020 Private Placement**

On 4 June 2020, our Company announced the private placement of 94,309,700 new Bioalpha Shares, representing not more than 10% of the total number of issued Shares (excluding treasury shares, if any), which was completed on 17 July 2020 following the listing of 94,309,700 new Bioalpha Shares on the ACE Market of Bursa Securities, raising gross proceeds of approximately RM9.90 million ("**July 2020 Private Placement**").

The July 2020 Private Placement was undertaken pursuant to the general mandate obtained from our shareholders in our Company's 8<sup>th</sup> annual general meeting convened on 11 June 2019.

As at the LPD, the status of the utilisation of proceeds from the July 2020 Private Placement by our Group is as follows:

	<b>Actual proceeds raised (RM'000)</b>	<b>Actual utilisation as at the LPD (RM'000)</b>	<b>Balance unutilised as at the LPD (RM'000)</b>	<b>Estimated timeframe for utilisation from the completion of July 2020 Private Placement</b>
Future business expansion <sup>(1)</sup>	9,799	9,799	-	Within 24 months
Expenses for the July 2020 Private Placement	104	104	-	Within 1 month
<b>Total</b>	<b>9,903</b>	<b>9,903</b>	<b>-</b>	

Note:

- (1) *The proceeds were utilised to expand our Group's businesses by way of digitalisation of our Group's existing principal activities, in the following manner:*

	<b>(RM'000)</b>
<i>Digitalisation expenses to improve the efficiency of the business processes and sales via our Group's in-house CONSTANT PHARMACY online shop and mobile application. Such information technology (IT) expenses were incurred to digitalise its existing business processes which included, amongst others, payment for solutions pertaining to customer relationship management (CRM) system, database management system, smart inventory management system, fleet management and smart logistics systems. The digitalisation was to enable our Group to integrate the purchase orders from e-commerce platforms to its backend office as well as transform its manual business processes to paperless.</i>	2,550
<i>Development expenditure for formulations of health supplement products.</i>	4,212
<i>Marketing and advertising expenses which included expenses to intensify our Group's digital marketing efforts through search engine optimisation, online advertising, roadshows and campaigns.</i>	3,037
<b>Total</b>	<b>9,799</b>

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)****(iii) November 2020 Private Placement**

On 5 November 2020, our Company announced the private placement of 52,877,100 new Bioalpha Shares, representing not more than 5% of the total number of issued Shares (excluding treasury shares, if any), which was deemed completed on 26 November 2020 following the listing of 52,877,100 new Bioalpha Shares on the ACE Market of Bursa Securities, raising gross proceeds of approximately RM13.22 million ("**November 2020 Private Placement**").

The November 2020 Private Placement was undertaken pursuant to the general mandate obtained from our shareholders of Bioalpha in our Company's 9<sup>th</sup> annual general meeting convened on 17 August 2020, where our Company's directors were empowered to allot and issue shares in our Company provided that the aggregate number of shares issued pursuant to the resolution does not exceed 20%^ of the total number of issued shares in our Company (excluding treasury shares) for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of our Company.

Note:

<sup>^</sup> On 16 April 2020, Bursa Securities announced additional relief measures for listed corporations to facilitate capital raising in a timely and cost-effective manner. In this regard, as an interim measure, listed corporations were allowed until 31 December 2021 to seek a higher general mandate under Rule 6.04 of the Listing Requirements to issue new securities of not more than 20% of the total number of their issued shares (excluding treasury shares).

On 17 July 2020, our Company completed the July 2020 Private Placement and in accordance with Rule 6.04(1) of the Listing Requirements, the total number of Bioalpha Shares issued pursuant to the November 2020 Private Placement, when aggregated with the total number of Bioalpha Shares issued during the preceding 12 months, did not exceed 20% of the total number of issued Bioalpha Shares (excluding treasury shares).

As at the LPD, the status of the utilisation of proceeds from the November 2020 Private Placement by our Group is as follows:

	<b>Actual proceeds raised (RM'000)</b>	<b>Actual utilisation as at the LPD (RM'000)</b>	<b>Balance unutilised as at the LPD (RM'000)</b>	<b>Estimated timeframe for utilisation from the completion of November 2020 Private Placement</b>
Working capital <sup>(1)</sup>	12,969	12,969	-	Within 12 months
Expenses for the November 2020 Private Placement	250	250	-	Within 1 month
<b>Total</b>	<b>13,219</b>	<b>13,219</b>	<b>-</b>	

Note:

(1) The proceeds were utilised by our Group to purchase ingredients (such as almonds, barley, black beans, buckwheat, coix seeds, corn and hazelnuts) from various provinces in China (such as Shandong and Sichuan) for our Group's trading business on the supply of health food and nutritional meals (e.g., grains, cereal, soy protein and fruits extract) pursuant to the Supply Contract Agreement (as defined in **Section 7.5(ii)** of this Abridged Prospectus).



**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)****(iv) 2021 Equity Fund-Raising Exercises**

On 19 January 2021, our Company announced the following 2 rights issues and 1 private placement, which were completed on 28 May 2021 following the:

- (a) listing of 74,031,388 new Shares pursuant to the renounceable right issue of Shares, on the basis of 1 rights Share for every 15 existing Shares held ("**2021 Rights Issue of Shares**");
- (b) listing of 185,078,472 irredeemable convertible preference shares in Bioalpha pursuant to the renounceable rights issue of irredeemable convertible preference shares, on the basis of 1 irredeemable convertible preference share for every existing 6 Shares held ("**2021 Rights Issue of ICPS**"); and
- (c) listing of 272,000,000 irredeemable convertible preference shares in Bioalpha pursuant to the private placement of 272,000,000 irredeemable convertible preference shares ("**2021 Private Placement of ICPS**"),

(collectively, referred to as the "**2021 Equity Fund-Raising Exercises**")

on the ACE Market of Bursa Securities, raising total gross proceeds of approximately RM23.95 million, as summarised below:

	<b>Listing date</b>	<b>Issue price per Share/ ICPS (RM)</b>	<b>Number of Shares/ ICPS issued</b>	<b>Gross proceeds (RM'000)</b>
2021 Rights Issue of Shares	28 May 2021	0.20	74,031,388	14,806
2021 Rights Issue of ICPS	28 May 2021	0.02	185,078,472	3,702
2021 Private Placement of ICPS	28 May 2021	0.02	272,000,000	5,440
<b>Total</b>				<b>23,948</b>

As at the LPD, the status of the utilisation of proceeds from the 2021 Equity Fund-Raising Exercises by our Group is as follows:

	<b>Actual proceeds raised (RM'000)</b>	<b>Actual utilisation as at the LPD (RM'000)</b>	<b>Balance unutilised as at the LPD (RM'000)</b>	<b>Estimated timeframe for utilisation from the completion of 2021 Equity Fund-Raising Exercises</b>
Working capital <sup>(1)</sup>	23,198	23,198	-	Within 12 months
Expenses for the 2021 Equity Fund-Raising Exercises	750	750	-	Within 2 weeks
<b>Total</b>	<b>23,948</b>	<b>23,948</b>	<b>-</b>	

Note:

- (1) *The proceeds were utilised by our Group to purchase ingredients (such as almonds, barley, black beans, buckwheat, coix seeds, corn and hazelnuts) from various provinces in China (such as Shandong and Sichuan) for our Group's trading business on the supply of health food and nutritional meals (e.g., grains, cereal, soy protein and fruits extract) pursuant to the Supply Contract Agreement (as defined in Section 7.5(ii) of this Abridged Prospectus).*

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)****6. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of Bioalpha Shares as traded on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus are as follows:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b><u>2023</u></b>		
January	0.115	0.100
February	0.130	0.090
March	0.130	0.085
April	0.125	0.110
May	0.120	0.095
June	0.105	0.090
July	0.105	0.090
August	0.095	0.090
September	0.090	0.075
October	0.090	0.080
November	0.095	0.080
December	0.120	0.085

Last transacted market price on 8 June 2023 (being the last trading date prior to the announcement of the Rights Issue of Warrants) was RM0.10 per Bioalpha Share.

Last transacted market price as at the LPD was RM0.085 per Bioalpha Share.

Last transacted market price on 9 January 2024, being the Market Day prior to the ex-date for the Rights Issue of Warrants was RM0.11 per Bioalpha Share.

*(Source: Bloomberg)*

**7. OPTION TO SUBSCRIBE FOR SHARES**

As at the LPD, save as disclosed below and the Provisional Allotments as well as Excess Warrants, no option to subscribe for any securities of our Company has been granted or is entitled to be granted to any person:

- (i) 144,468,522 outstanding ICPS as at the LPD, which can be converted into new Shares, by way of Cashless Conversion or Cash Conversion; and
- (ii) Under our Company's SIS, our Company may grant options with a pre-determined exercise price to subscribe for new Bioalpha Shares of up to 30% of our Company's total number of issued Shares (excluding any treasury shares) at any point of time during the existence of the SIS. The SIS which was established on 12 January 2017 for a tenure of 5 years until 11 January 2022. On 6 January 2022, the SIS has been extended for another 2 years until 11 January 2024 in accordance with the By-Laws. Subsequently on 9 November 2023, the SIS has been extended for another 3 years until 11 January 2027 in accordance with the By-Laws.

**APPENDIX I - INFORMATION ON OUR COMPANY (CONT'D)**

As at the LPD, our Company has 129,264,752 outstanding SIS Options which are exercisable any time until 11 January 2027. The details of the outstanding SIS Options are as follows:

<i>Offer date</i>	<i>No. of outstanding SIS Options</i>	<i>Exercise price (RM)</i>
<i>27 February 2017</i>	<i>1,988,889</i>	<i>0.205</i>
<i>16 April 2020</i>	<i>2,275,863</i>	<i>0.105</i>
<i>11 October 2022</i>	<i>125,000,000</i>	<i>0.090</i>
<b>Total</b>	<b>129,264,752</b>	

Our Board has undertaken not to grant any further SIS Options until the completion of the Rights Issue of Warrants.

**8. MATERIAL CONTRACTS**

As at the LPD, our Board confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group during the period of 2 years preceding from the date of this Abridged Prospectus.

**9. MATERIAL LITIGATION**

As at the LPD, our Board confirmed that our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and there are no proceeding pending or threatened against our Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of our Group.

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## APPENDIX II – ADDITIONAL INFORMATION

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### 1. CONSENTS

The written consents of the Adviser, Solicitors, Company Secretaries, Share Registrar, Auditors and Reporting Accountants and Independent Market Researcher for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

### 2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from 9.00 a.m. to 5.30 p.m. from Mondays to Fridays (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (i) the Constitution of our Company;
- (ii) the Rights Issue Undertaking provided by the Undertaking Shareholder as referred to in **Section 3** of this Abridged Prospectus;
- (iii) the letters of consent referred to in **Section 1 of Appendix II** of this Abridged Prospectus;
- (iv) the Deed Poll; and
- (v) the IMR Reports.

### 3. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF, and they collectively and individually accept full responsibility for the accuracy of the information contained therein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the said documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue of Warrants.

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