

7. BUSINESS OVERVIEW

7.1 HISTORY AND BACKGROUND OF OUR GROUP

7.1.1 Incorporation and history

Our Company was incorporated in Malaysia on 10 February 2021 as a private limited company under the name of Alpha IVF Group Sdn Bhd and was subsequently converted to a public limited company on 21 August 2023 under our present name Alpha IVF Group Berhad. Our Company is an investment holding company.

Through our subsidiaries, we are primarily a fertility care specialist focusing on the provision of assisted reproductive services in Malaysia and Singapore. As at the LPD, we have two specialist centres in Malaysia and one specialist centre in Singapore which focuses on in-vitro fertilisation (IVF) services. In addition, we provide other assisted reproductive procedures including intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), various diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperms and embryos to support our assisted reproductive services.

The history of our Group can be traced back to the incorporation of Alpha International Women's Specialists Sdn Bhd ("**Alpha KL**") on 30 March 2011 by Low Queen Lan @ Lau Queen Lan and Cheong Wee Ban (Low Queen Lan @ Lau Queen Lan is the mother-in-law of DDLSS) where each of them held 50.00% equity interest respectively. Subsequently, on 16 August 2011, our Promoter and Managing Director, DDLSS became a shareholder of Alpha KL with equity interest of 20.00% while the remaining 80.00% equity interest was held by Cheong Wee Ban and Low Queen Lan @ Lau Queen Lan. On 1 September 2012, DDLSS acquired collectively 56.00% equity interest from Low Queen Lan @ Lau Queen Lan, Cheong Wee Ban and Lee Soon Swee who were the shareholders of Alpha KL (Lee Soon Swee is the brother of DDLSS who became a shareholder on 7 September 2011 with 70.00% equity interest). Subsequent to the aforementioned acquisition of shares, DDLSS held 62.00% equity interest in Alpha KL as at 1 September 2012. After various restructuring, as of the end of October 2022, the shareholders of Alpha KL and their respective equity interests were Alphastem Sdn Bhd (62.00%), Lee Soon Ai (19.00%), Dr. Leong Wai Yew (18.00%) and Dr. Tan Chong Seong (1.00%). On 14 December 2022, Alphastem Sdn Bhd, Lee Soon Ai, Dr. Leong Wai Yew and Dr. Tan Chong Seong transferred all their equity interest to Alpha IVF Group Sdn Bhd. As at the LPD, the shareholders of Alpha KL is Alpha IVF which holds 100.00% equity interest.

In June 2015, Genesis was incorporated by DDLSS (our Promoter and Managing Director) and DNPW (our Promoter and our Medical Director of Genesis) who held 49.00% and 51.00% equity interest respectively. After various restructuring, as at the LPD, the shareholder of Genesis is Alpha IVF which held 100.00% equity interest. Genesis commenced operations in 2017.

In November 2018, Alpha Singapore was incorporated by Dr. Tan Heng Hao (our Medical Director of Alpha Singapore) with 100.00% equity interest. In March 2019, DDLSS and Lee Soon Ai (our Promoter and Director of Operations of Alpha Singapore) became the shareholders of Alpha Singapore with 66.67% and 9.52% equity interest respectively, while the remaining 23.81% was held by Dr. Tan Heng Hao. After various restructuring, as at the LPD, the shareholders of Alpha Singapore and their respective equity interest are Alpha IVF (76.51%) and Dr. Tan Heng Hao (23.49%).

In August 1985, Alhaya was incorporated by 2 unrelated parties. In July 2017, DDLSS and Dr Tan Chong Seong acquired Alhaya from the previous shareholders where their equity interest was 51.00% and 49.00% respectively. After various restructuring, on 26 October 2022, Alpha KL subscribed for 1,099,730 shares representing 43.07% equity interest in Alhaya. On 7 November 2022, Alpha KL acquired additional equity interest from DDLSS, increasing its total equity interest in Alhaya to 51.00%.

7. BUSINESS OVERVIEW (CONT'D)

The table below sets out the key events and milestones in the history and development of our business operations:

Year	Key Events and Milestones
2011	<ul style="list-style-type: none"> • Incorporation of Alpha KL on 30 March 2011. We commenced operations in the same year through the opening of Alpha Fertility Centre, our first specialist centre located at Dataran Sunway in Selangor which has an operational floor area of approximately 7,307 sq. ft. • We started offering a range of assisted reproductive services including IVF, IUI, ICSI as well as cryopreservation for the storage of eggs, sperm and embryos. In addition, we started providing obstetrics and gynaecology services. • As part of our range of services, we introduced preimplantation genetic diagnosis (PGD) and screening (PGS) (now known as preimplantation genetic testing (PGT) that covers both PGD and PGS) to detect embryo chromosomal abnormalities. The intention is to select embryos with the normal number of chromosomes as well as to detect the existence of defective genes and wrong positioning of segments of chromosomes.
2013	<ul style="list-style-type: none"> • We started using a third-party proprietary technology and equipment developed in Japan, namely Cryotec® for eggs and embryo cryopreservation, storage and thawing. This cryopreservation method uses a vitrification method which enables living cells to be cooled in the absence of ice formation to safely cryopreserve and thaw cellular living organisms. • We also started to offer the Piezo-intracytoplasmic sperm injection technology (Piezo-ICSI) which is a technique which uses a finer and blunt injection tip to assist in the injection of a sperm into the nucleus of the egg.
2014	<ul style="list-style-type: none"> • We started offering a third-party sperm sorting technology which separates a sperm sample into one group containing sperm with higher chances of carrying the X-chromosome, and another group containing sperm with higher chances of carrying the Y-chromosome. This microsorting service is carried out by external laboratories. • We started offering a time-lapse embryo imaging system which is a system comprising cameras and computer software to observe the progress of embryo development. The time-lapse embryo imaging system is then integrated to our incubator where the images of the embryo are captured at regular intervals while it is developing in the incubator. As such, embryo development is assessed and observed on a time-lapse basis. This allows the embryologist to select the best embryos for transfer based on cell division patterns on a time-series basis.
2015	<ul style="list-style-type: none"> • As part of our PGT procedures, we started using a new technology namely next-generation sequencing (NGS), to screen all 46 chromosomes in developing embryos and to identify embryos with monogenic (specific) diseases and chromosomal abnormalities.
2016	<ul style="list-style-type: none"> • We marketed our assisted reproductive services in foreign countries and started to serve patients from China in our specialist centre in Dataran Sunway, Selangor. Please refer to Section 7.17 for further details on our marketing activities.
2017	<ul style="list-style-type: none"> • We started offering a time-lapse embryo imaging system with built-in incubator to observe the progress of embryo development.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key Events and Milestones
2019	<ul style="list-style-type: none"> Through our subsidiary, Alpha Singapore, we expanded to Singapore where we opened a specialist centre at the Royal Square at Novena which has an operational floor area of approximately 5,297 sq. ft. During the same year, we obtained a Reproductive Technology Accreditation Committee (RTAC) certification from the Fertility Society of Australia (FSA) for our Singapore centre. RTAC certification is a requirement for the operations of assisted reproductive services in Singapore. The RTAC certification verifies that Alpha Singapore meets the requirement of the FSA code of practices where the criteria assessed include quality management system, stakeholder feedback, medical management, availability of information to patients, medication management and emergency care.
2020	<ul style="list-style-type: none"> To expand our operations, we moved to our current premises located at The Strand Mall in Selangor which has an operational floor area of approximately 26,221 sq. ft. We obtained Reproductive Technology Accreditation Committee (RTAC) certification from the Fertility Society of Australia (FSA) for Alpha KL. The RTAC certification verifies that Alpha KL meets the requirement of the FSA code of practices as discussed above. RTAC certification is not a requirement for the operations of assisted reproductive services in Malaysia. We started to offer ovarian rejuvenation treatment with platelet-rich plasma (Ova-PRP) for our patients, where the patient's own (autologous) PRP is injected into the patient's ovaries. This treatment is intended to rejuvenate the ovarian tissue, improve oxygen and nutrient supply to reactivate dormant eggs to develop and mature within the ovaries. At present PRP procedures are not standard procedures for assisted reproductive services. We started using Artificial Intelligence (AI) enhanced embryo selection technology to identify the best embryos among a group of embryos for transfer. In the same year, we achieved our first successful pregnancy using AI-enhanced embryo selection technology.
2021	<ul style="list-style-type: none"> We started to use PRP for the treatment of patients with thin endometria (Endo-PRP), where the infusion of PRP into the uterus wall lining is intended to improve the thickness of the endometrium (uterus wall lining) to help with the implantation of embryos into the uterus wall lining. At present PRP procedures are not standard procedures for assisted reproductive services. We expanded to the northern region of Peninsular Malaysia through the acquisition of Genesis which has an operational floor area of approximately 11,931 sq. ft. located in Gurney Mall in Penang.
2022	<ul style="list-style-type: none"> Our Penang specialist centre obtained ISO 9001: 2015 quality management system for providing a range of fertility and gynae treatment, which was certified by QAS International Limited and valid up to July 2024.

7. BUSINESS OVERVIEW (CONT'D)

7.1.2 Key Awards and Recognitions

Our key awards and recognitions are as follows:

Year	Key awards and recognitions	Awarding parties
(1) "Alpha IVF" Group		
2023	<ul style="list-style-type: none"> IVF Service Provider of the Year in Asia Pacific 2023 	Global Health Asia-Pacific
2022	<ul style="list-style-type: none"> Fertility Service Provider of the Year in Asia Pacific 2022 	Global Health Asia-Pacific
2021	<ul style="list-style-type: none"> Outstanding Fertility Medical Group of the Year in Asia Pacific 2021 	Global Health Asia-Pacific
2020	<ul style="list-style-type: none"> Fertility (IVF) Service Provider of the year in the Asia-Pacific 2020 Best Fertility - Excellence in Technology Service Provider of the Year in the Asia Pacific 2020 	Global Health Asia-Pacific
2019	<ul style="list-style-type: none"> Outstanding Fertility Medical Group of the Year in Asia Pacific 2019 Award 	Global Health Asia-Pacific
2018	<ul style="list-style-type: none"> CHT Pursuit of Excellence (IVF Technologies) Award 2018 	CHT Networks Sdn Bhd
Alpha KL		
2017-2023	<ul style="list-style-type: none"> Registered as an elite member of Malaysia Healthcare Travel Council for the promotion of healthcare travel and providing approved services licensed by the Ministry of Health, Malaysia 	Ministry of Health, Malaysia
2016	<ul style="list-style-type: none"> The most number of IVF babies gathering in an event 	Malaysia Book of Records Sdn Bhd
2020	<ul style="list-style-type: none"> Certificate of merit up to RM25 million category in the Star Outstanding Business Awards (SOBA) 2020 	Star Media Group Berhad

Note:

(1) The awards and recognitions were for Alpha IVF Group where "Alpha IVF" is the main brand used for our assisted reproductive services operations in Malaysia and Singapore and not to any particular centre of our Group.

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7. BUSINESS OVERVIEW (CONT'D)

7.2 OVERVIEW OF OUR BUSINESS

7.2.1 Our business model

Our business model is depicted in the following diagram:



Notes:

- (1) For the Financial Periods Under Review, the provision of assisted reproductive services accounted for 90% or more of our total revenue. Others, which accounted for 10% or less of our total revenue included the provision of specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.
- (2) Based on at least 15.00% of our total revenue for any of the Financial Periods Under Review.

7.2.2 Business activities and revenue streams

We are a fertility care specialist focusing on the provision of assisted reproductive services in Malaysia and Singapore. Assisted reproductive services is a general term that includes all types of fertility treatment and procedures to assist people that have difficulties getting pregnant.

Our specialist centres are equipped with consultation rooms, andrology, embryology and PGT laboratories (except Singapore), operating theatres and post-operative day care facilities. Our centres are supported by medical specialists, embryologists, geneticists, nurses and nursing aides. Our specialist centres enable us to provide diagnostics services (using a combination of inhouse and external service providers), treatment and procedures, as well as cryopreservation.

We offer a range of assisted reproductive services such as IVF, to assist the patient with infertility conditions to achieve clinical pregnancy. While our focus is IVF services, we also provide other assisted reproductive procedures including intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), various diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperm and embryos.

To support our assisted reproductive services, we provide various diagnostics, testing and screening procedures including preimplantation genetic testing (PGT) using next-generation sequencing (NGS), fluorescent in-situ hybridisation (FISH), polymerase chain reaction (PCR) and electrophoresis, endometrial analysis for implantation optimisation, and semen analysis.

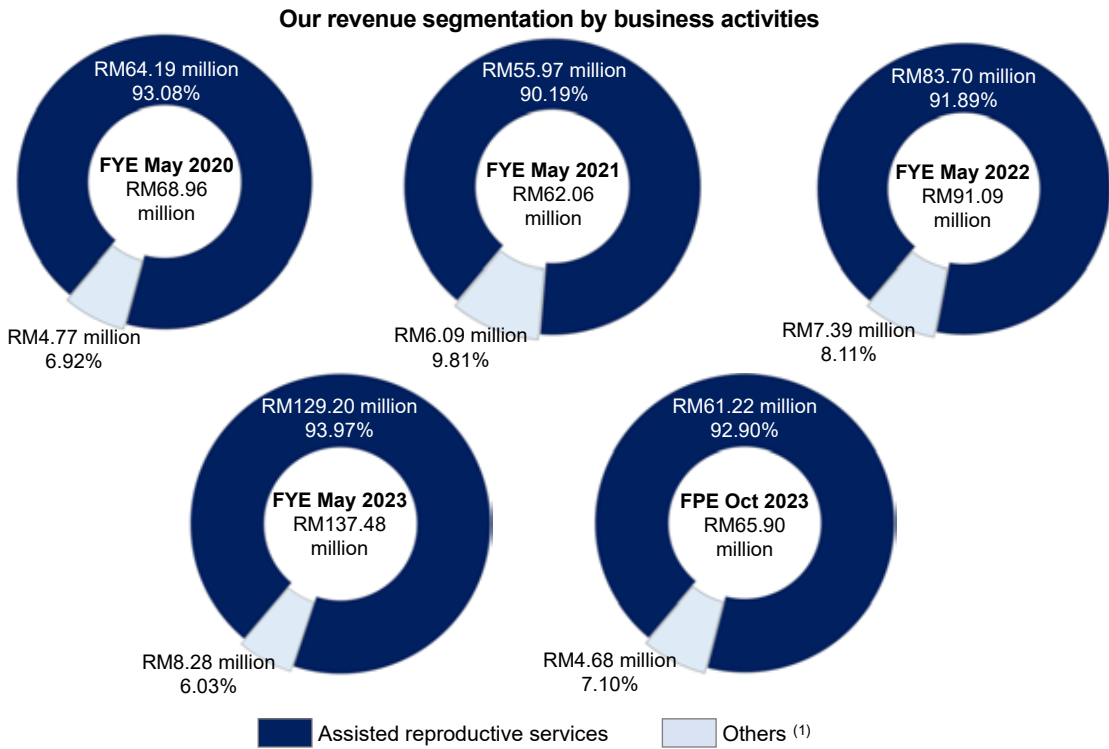
7. BUSINESS OVERVIEW (CONT'D)

We have qualified and experienced professionals which, as at the LPD, comprise 12 medical specialists in Obstetrics and Gynaecology, 2 anaesthesiologists, 1 urologist as well as 30 embryologists and 2 geneticists operating from our three specialist centres in Malaysia and Singapore.

Out of the 12 medical specialists in Obstetrics and Gynaecology, 11 of them are resident specialists whilst the remaining 1 specialist are visiting specialists. As at the LPD, all of our medical specialists in Malaysia have their names entered into the National Specialist Register and they hold valid annual practising certificates issued by the Malaysian Medical Council. As for our medical specialists in Singapore they are accredited by the Specialists Accreditation Board and they hold annual practising certificate issued by the Singapore Medical Council.

In addition, we also provided specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.

For the Financial Periods Under Review, our revenue by types of services is depicted below:



Note:

(1) Others include provision of specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.

7.2.3 Geographical markets

As at the LPD, we operate in Malaysia and Singapore, where we have two specialist centres in Malaysia and one specialist centre in Singapore. Our specialist centres are regulated by the relevant government authority and ministry in the respective country that we operate.

7. BUSINESS OVERVIEW (CONT'D)

- **Specialist centres in Malaysia**

As at the LPD, we have two standalone specialist centres located in Selangor and Penang, Malaysia. Each of our specialist centres in Selangor and Penang is equipped to provide the necessary medical, surgical, laboratory and pharmaceutical dispensary for assisted reproductive services, except for some laboratory services. We are also equipped to provide post-operative care for patients to stay at our centre for no more than 23 hours and do not require an overnight stay. Our Selangor and Penang specialist centres have a built-up area of approximately 26,221 sq ft with 14 beds, and a built-up area of approximately 11,931 sq. ft. with 10 beds respectively.

- **Specialist centre in Singapore**

As at the LPD, we have one standalone specialist centre in Singapore. Our specialist centre in Singapore is equipped to provide the necessary medical, surgical, laboratory and pharmaceutical dispensary for assisted reproductive services, except for some external laboratory services. We are also equipped to provide post-operative care for patients to stay at our centre but not for overnight stay. Our Singapore specialist centre has a built-up area of approximately 5,297 sq ft with 6 beds. The specialist centre is operating under two licenses under the name of Alpha Women's Specialists and Alpha IVF & Women's Specialists.

For the Financial Periods Under Review, our revenue derived from the two countries where we have operations are as follows:

Revenue by geographical locations	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023		FPE Oct 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
⁽¹⁾ Malaysia	61,268	88.85	36,986	59.59	60,257	66.15	107,053	77.87	52,558	79.75
- Selangor Centre	61,268	88.85	⁽³⁾ 34,806	56.08	⁽³⁾ 44,422	48.77	⁽³⁾ 71,130	51.74	⁽³⁾ 34,435	52.25
- Penang Centre	-	-	2,180	3.51	15,835	17.38	⁽⁴⁾ 35,923	26.13	18,123	27.50
⁽²⁾ Singapore	7,687	11.15	25,077	40.41	30,837	33.85	30,426	22.13	13,346	20.25
Total revenue	68,955	100.00	62,063	100.00	91,094	100.00	137,479	100.00	65,904	100.00

Notes:

- (1) Genesis was acquired by its former holding company, Alphastem, on 22 March 2021.
- (2) Alpha Singapore commenced operations in November 2019.
- (3) Includes a small proportion of revenue from cryopreservation services from Alhaya which accounted for less than 0.10% of the total revenue of the respective Financial Periods Under Review.
- (4) Revenue from our Penang Centre improved by 126.86% from RM15.84 million in FYE May 2022 to RM35.92 million in FYE May 2023 which was mainly contributed by the provision of assisted reproductive services. The increase in revenue for our Penang Centre was mainly contributed by customers from Indonesia which increased by 1,142.21% from RM1.59 million in FYE May 2022 to RM19.69 million in FYE May 2023. The increase in revenue for our Penang Centre was also partly contributed by the recovery from the COVID-19 pandemic which prevented many potential customers from Indonesia from travelling to Malaysia in FYE May 2022.

7. BUSINESS OVERVIEW (CONT'D)

7.2.4 Our customers

Our customers are mainly couples or individuals. While we have operations in Malaysia and Singapore serving their respective residents, our Malaysian operations also provide services to foreigners such as residents from China, Singapore, Indonesia and other countries.

For the Financial Periods under Review, revenue from our customers by country of origin of our operations in Malaysia and Singapore as set out in the table below:

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023		FPE Oct 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia operations	61,268	88.85	36,986	59.59	60,257	66.15	107,053	77.87	52,558	79.75
Individuals	61,148	88.68	36,905	59.46	59,469	65.28	105,878	77.01	52,361	79.45
- Domestic residents (Malaysians)	29,743	43.13	34,713	55.93	49,351	54.18	51,430	37.41	22,749	34.52
- Foreigners from:	31,405	45.54	2,192	3.53	10,118	11.11	54,448	39.60	29,612	44.93
Indonesia	13,168	19.10	1,239	2.00	5,789	6.35	39,830	28.97	21,649	32.85
Singapore	2,367	3.43	327	0.53	1,833	2.01	4,735	3.44	1,859	2.82
China	12,836	18.61	463	0.75	442	0.49	3,290	2.39	3,061	4.64
Other countries	⁽¹⁾ 3,034	4.40	⁽²⁾ 163	0.25	⁽³⁾ 2,054	2.26	⁽⁴⁾ 6,593	4.80	⁽⁵⁾ 3,043	4.62
⁽⁶⁾ Others	120	0.17	81	0.13	788	0.87	1,175	0.86	197	0.30
⁽⁷⁾ Singapore operations	7,687	11.15	25,077	40.41	30,837	33.85	30,426	22.13	13,346	20.25
Individuals	5,801	8.41	21,064	33.94	26,391	28.97	25,996	18.91	11,098	16.84
- Domestic residents (Singaporeans)	5,801	8.41	21,064	33.94	26,391	28.97	25,841	18.80	11,065	16.79
- ⁽⁸⁾ Foreigners	-	-	-	-	-	-	155	0.11	33	0.05
⁽⁹⁾ Others	1,886	2.74	4,013	6.47	4,446	4.88	4,430	3.22	2,248	3.41
Group Revenue	68,955	100.00	62,063	100.00	91,094	100.0	137,479	100.00	65,904	100.00

Notes:

- (1) For FYE May 2020, other foreigners mainly include customers from Australia, United Kingdom, Brunei, India, Japan, United States of America and Thailand.
- (2) For FYE May 2021, other foreigners mainly include customers from United Kingdom, Australia, Egypt and United States of America.
- (3) For FYE May 2022, other foreigners mainly include customers from Australia, Hong Kong, India and United States of America.
- (4) For FYE May 2023, other foreigners mainly include customers from Hong Kong, Australia, India, Mauritius, Philippines and United States of America.
- (5) For FPE October 2023, other foreigners mainly include customers from Australia, Hong Kong, United States of America and Philippines.
- (6) Include private healthcare service operators and foreign egg and sperm banks.
- (7) Singapore operations commenced in November 2019 upon receiving various approvals from MOH Singapore including a licence on 21 September 2019 to operate a medical clinic and on 5 October 2019 for the provision of assisted reproduction services.
- (8) For FYE May 2023, foreign customers from our Singapore operation mainly include customers from Indonesia and Vietnam. For FPE October 2023, foreign customers from our Singapore operation mainly include customers from Indonesia.
- (9) Include private healthcare service operators.

7. BUSINESS OVERVIEW (CONT'D)

For FYE May 2020, FYE May 2021 and FYE May 2022, the first three financial years of the COVID-19 pandemic, our revenue derived from foreigners for our Malaysia and Singapore operations accounted for 45.54% (RM31.41 million), 3.53% (RM2.19 million) and 11.11% (RM10.12 million) of our total revenue respectively. During the COVID-19 pandemic conditions, our business was affected by various containment measures implemented including restricted movement and border closures in Malaysia. For more details on the impact of the COVID-19 pandemic on our operations, refer to Section 7.16 of this Prospectus.

Following the relaxation of containment measures, revenue contribution from foreigners for our Malaysia operations improved. This was reflected in the revenue contribution from foreigners for our Malaysia operations which accounted for 39.60% (RM54.45 million) of our total revenue for the FYE May 2023 while domestic customers from our Malaysia operations accounted for 37.41% (RM51.43 million) of our total revenue. In FPE October 2023, our revenue contribution from foreigners for our Malaysia operations accounted for 44.93% (RM29.61 million) of our total revenue for the FPE October 2023 while domestic customers from our Malaysia operations accounted for 34.52% (RM22.75 million) of our total revenue.

For the Financial Periods Under Review, our Singapore operations served mainly domestic customers, which accounted for 8.41% (RM5.80 million), 33.94% (RM21.06 million), 28.97% (RM26.39 million), 18.80% (RM25.84 million) and 16.79% (RM11.07 million) of our total revenue for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively. In FYE May 2023 and FPE October 2023, a small proportion of our revenue from our Singapore operations was from foreign customers which collectively accounted for less than 1.00% of our total revenue for FYE May 2023 and FPE October 2023 respectively.

7.2.5 Mode of operation

Our mode of operation applies to our operations in Malaysia and Singapore.

7.2.5.1 Assisted reproductive services

Our assisted reproductive services are provided and fees charged as follows:

- (a) **First assessment** is for new patients to our specialist centres to discuss and assess the suitability of our assisted reproductive services, as well as to design the reproductive programme such as IVF or IUI that is suitable for the physical condition of the patient. Our first assessment mainly comprises the following:
- medical specialist consultation and assessment;
 - semen analysis to check the quantity and quality of the sperm;
 - abdominal scan particularly for the condition of the uterus;
 - pelvic ultrasound scan to check on egg counts;
 - pelvic examination to examine the female reproductive organs and other related parts of the body; and
 - other supporting services including laboratory services and assessment where relevant.

The medical specialist consultation fees for the first assessment are to be based on government price schedule pursuant to the Private Healthcare Facilities and Services (Private Hospitals and Other Private Healthcare Facilities) Regulations 2006. The services and their respective fees are provided to the potential customer in advance, and on agreement the fees will be paid upon the rendering of the services.

We do not provide any guarantee on the results of the first assessment or the suitability of the patient to proceed to the next phase and once the fees are paid, there is no recourse for refunds.

7. BUSINESS OVERVIEW (CONT'D)

- (b) **IVF packages** where each package is customised to meet the conditions and requirements of the customer based on the results from the first assessment. Among others, it also caters for situations as follows:

Package 1 (Fresh embryo transfer cycle): The IVF procedure involved is as follows:

- ovarian stimulation;
- egg and sperm retrieval;
- fertilisation and culture of embryo;
- fresh embryo transfer; and
- cryopreservation (if required).

This is for first time IVF and also for repeat IVF where there are no usable frozen embryos available.

Package 2: Use of frozen embryos for transfer without the need to carry out the IVF procedure of Package 1 above. This is only possible where extra viable embryos were frozen and subsequently suitable for thawing and transfer.

Package 3 (Freeze all cycle): The IVF procedure involved is as follows:

- ovarian stimulation;
- egg and sperm retrieval;
- fertilisation and culture of embryo; and
- cryopreservation.

Patients have the option to sign up for the specific packages depending on their conditions and requirements. For example:

- first time patients may sign-up for Package 1;
- patients who have completed the Package 1 but were unsuccessful may return to sign-up for Package 2 to use frozen embryo, if available;
- patients who intend to delay the embryo transfer procedure may sign up for Package 3.

In addition to the various packages, optional procedures are also provided for selection by the patient which includes, among others the following:

- PGT;
- ICSI;
- implantation optimisation services (endometrial analysis); and
- AI-enhanced embryo selection services.

Some additional procedures may be recommended by the medical specialists to address certain issues and they include the following:

- laparoscopic examination and surgery; and/or
- hysteroscopic examination and surgery

The packages, services and their respective fees will be provided to the potential customer in advance. Upon agreement, the fees will be paid prior to the rendering of the services.

We do not provide any guarantee on the results of any one or more of the IVF treatments or procedures in any one of the packages selected, and once the fees are paid, there is no recourse for refunds for services rendered. In the event that the services are not rendered due to reasons such as the lack of viable eggs, sperms or embryos from patients, the fees paid for the services that are not rendered, for example embryo transfer procedure, will be refunded.

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(c) **IUI package** which include a full IUI cycle commencing after the first assessment.

An IUI package commonly includes the following:

- prescription and dispensary of drugs and medicinal products;
- pre-treatment assessment;
- blood test;
- IUI procedures; and
- other supporting services where relevant.

The fees for the IUI package will be proposed to the potential customer in advance. Upon agreement, the fees will be paid prior to the rendering of the services.

We do not provide any guarantee on the results of the IUI treatment and once the fees are paid, there is no recourse for refunds for services rendered. In the event that one or more of the services within the IUI package are not rendered due to the patients' conditions or circumstances, the fees paid for the services not rendered, for example the IUI procedure, will be refunded.

7.2.5.2 Ancillary services

Our mode of operation for some of the ancillary services is detailed below.

(a) **Cryopreservation**

Our cryopreservation services comprise an initial commencement fixed fee and a yearly storage fee. The initial commencement fixed fee is paid before the commencement of the cryopreservation service rendered, and the yearly storage fee or part thereof is paid in advance. Revenue for the initial commencement fixed fee is recognised upon commencement of the cryopreservation services, while the yearly storage fee is recognised on a monthly basis.

We do not provide any guarantee on the viability or quality of the cryopreserved eggs, sperm or embryos and once the fees are paid, there is no recourse for refunds.

(b) **Specialist medical services**

Our specialist medical services include consultation and medical procedures carried out by our medical specialists at third-party hospitals. These services are for patients which we have provided the assisted reproductive services from our specialist centres. It includes obstetrics and gynaecology services such as delivery of babies through natural means and caesarean section that require overnight stay at the hospital. Our specialist centres are not able to cater to overnight stay.

For Alpha Singapore, the third-party hospital will pay us after our medical specialist has rendered his services and payments have been collected from the patient by the third-party hospital. Alpha Singapore will then pay our medical specialist based on the agreed terms stipulated in the contract.

For Alpha KL, the third-party hospital will pay our medical specialist directly after the services have been rendered and payments collected from the patient. Alpha KL will collect its portion of the payment from our medical specialist by offsetting from the doctor fees to be paid to them.

7. BUSINESS OVERVIEW (CONT'D)

7.3 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths will provide us with the platform to grow our business. These are as follows:

7.3.1 We have track record, clinical experience and branding spanning 13 years in the provision of assisted reproductive services to serve as a reference to gain new customers to sustain and grow our business

We have a track record spanning 13 years in the provision of assisted reproductive services since the commencement of our business in 2011. We have also developed and established our brand under “Alpha” since 2011 where we operated under “Alpha Fertility Centre” (from 2011 to 2018) and changed to “Alpha IVF and Women’s Specialists” in 2019 for our specialist centre in Selangor.

Our track record can be supported by the number of oocyte pick-up and embryo transfer procedure performed for the Financial Periods Under Review as set out below:

	Number of OPU performed					⁽¹⁾ Number of embryo transfer procedure performed				
	FYE	FYE	FYE	FYE	FPE	FYE	FYE	FYE	FYE	FPE
	May 2020	May 2021	May 2022	May 2023	Oct 2023	May 2020	May 2021	May 2022	May 2023	Oct 2023
Malaysia	2,039	1,108	1,371	2,440	1,125	1,918	875	1,211	2,157	973
- Alpha KL	1,191	782	854	1,400	634	978	543	730	1,007	509
- ⁽³⁾ Genesis	848	326	517	1,040	491	940	332	481	1,150	464
Foreign market	69	284	309	260	106	60	303	383	340	137
- ⁽²⁾ Alpha Singapore	69	284	309	260	106	60	303	383	340	137
Total	2,108	1,392	1,680	2,700	1,231	1,978	1,178	1,594	2,497	1,110

OPU = Oocyte pick-up

Notes:

- (1) Mainly refers to the blastocyst stage of the embryo which may be fresh or frozen embryos.
- (2) Alpha Singapore commenced operations in November 2019.
- (3) No revenue was recognised from Genesis in FYE May 2020 as the acquisition of Genesis as a wholly-owned subsidiary was completed on 22 March 2021 (FYE May 2021).

For the Financial Periods Under Review, the number of new patient registration are as follows:

	⁽²⁾ New Patient Registration				
	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
Malaysia	3,316	2,803	2,900	4,254	1,630
- Alpha KL	1,742	2,015	1,922	2,652	870
- ⁽⁴⁾ Genesis	1,574	788 ⁽³⁾	978	1,602	760
Foreign market	671	780	648	578	232
- ⁽¹⁾ Alpha Singapore	671	780	648	578	232
Total	3,987	3,583	3,548	4,832	1,862

7. BUSINESS OVERVIEW (CONT'D)

Note:

- (1) Alpha Singapore commenced operations in November 2019.
- (2) New patient registration based on their first visit at our specialist centre.
- (3) The decline in new patient registration of Genesis in FYE May 2021 was mainly due to closures of international borders of Malaysia and Indonesia due to the COVID-19 pandemic, as Genesis prior to the COVID-19 pandemic had many Indonesian patients.
- (4) No revenue was recognised from Genesis in FYE May 2020 as the acquisition of Genesis as a wholly-owned subsidiary was completed on 22 March 2021 (FYE May 2021).

In addition, we have been sponsoring our embryologists and geneticists in conducting academic research as well as publishing research papers and findings. As at the LPD, our experienced and qualified laboratory team has published approximately 137 scientific papers and innovative procedures. Note that these publications are not all peer-reviewed.

7.3.2 We have qualified and experienced medical specialists, laboratory scientists and healthcare support staff in Malaysia and Singapore

We have a qualified and experienced team headed by our Group Managing Director and Medical Director, DDLSS who brings with him approximately 40 years of experience in assisted reproductive services. He is responsible for the overall strategic direction, management and operation of Alpha Group and have been instrumental in the growth and development of our Group.

DDLSS is also the Medical Director of Alpha KL, our main specialist centre in Selangor. The other specialist centre operations are supported by DNPW, the Medical Director of Genesis specialist centre, and Dr Tan Heng Hao, the Medical Director of Alpha Singapore specialist centre. Dr Ng Peng Wah and Dr Tan Heng Hao bring with them 43 years and 17 years of experience in assisted reproductive services in the fertility care industry respectively.

As at the LPD, we have a team of 12 medical specialists, 2 anaesthesiologists, 1 urologist, 30 embryologists, 2 geneticists and 30 nurses at our specialist centres.

Our experienced team is important to assist in achieving patients' objectives of getting pregnant. Some of their key roles include, among others, the following:

- **medical specialists** in diagnosing fertility-related issues and resolving or mitigating these issues; devising an optimum assisted reproductive programme including any enhanced procedures and services required; prescribing medicine; carrying out IVF or IUI treatment including embryo transfers and surgical procedures where required; managing all required treatments and procedures; and ensuring the health and safety of patients at all times;
- **embryologists** in the selection of matured eggs for fertilisation; injection of sperm into the matured egg for ICSI; fertilisation, culture and incubation of fertilised eggs; monitoring of embryo development; and selection of embryos for transfer or cryopreservation;
- **geneticists** in carrying out PGT; and assist in selecting genetically healthy embryos for implantation;

As at the LPD, the experience profile of our team is as follows:

- medical specialists: 12 of our medical specialists have at least 10 years of experience in providing assisted reproductive services;
- embryologists: 7 of our embryologists have at least 10 years in providing assisted reproductive services;
- geneticists: 2 of our geneticists have at least 10 years of experience in providing assisted reproductive services;

7. BUSINESS OVERVIEW (CONT'D)

7.3.3 We have revenue streams from two countries, namely Malaysia and Singapore where we have our specialist centres which will provide us with business sustainability and growth

We operate in two countries namely Malaysia and Singapore. Revenue from our Malaysia operations is our main revenue contributor which accounted for 88.85% (RM61.27 million), 59.59% (RM36.99 million), 66.15% (RM60.26 million), 77.87% (RM107.05 million) and 79.75% (RM52.56 million) for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively. This is followed by revenue contribution from our Singapore operation which accounted for 11.15% (RM7.69 million), 40.41% (RM25.08 million), 33.85% (RM30.84 million), 22.13% (RM30.43 million) and 20.25% (RM13.35 million) for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

Our operations in two countries enlarge our potential addressable market and provide us with business opportunities to grow our business. In addition, operational geographic diversity may also help sustain our business in the face of negative events that affect one country. This can be demonstrated by the increase in revenue from our Singapore operations during the COVID-19. In FYE 2021, during the COVID-19 pandemic period, our revenue from Malaysia operations experienced a decline by 39.63% from RM61.27 million in FYE 2020 to RM36.99 million in FYE 2021. However, the decline was partially offset by the increase in revenue from our Singapore operations which grew by 226.23% from RM7.69 million in FYE 2020 to RM25.08 million in FYE 2021.

7.3.4 Medical tourism serves as one of our major drivers of growth as well as enlarging our addressable markets from foreign countries to our operations in Malaysia

Medical tourism provides us with an additional revenue stream from countries where we do not have operations. We also have medical tourism facilitators in various countries including Indonesia, China, Singapore and Australia who help to coordinate new patients for our assisted reproductive services, which enables us to use their network to reach a wider number of prospective patients in their respective countries. As such, medical tourism can help to enlarge our addressable market without investing in infrastructures such as specialist clinics and medical specialists in foreign countries except for Singapore.

For the Financial Periods Under Review, we were able to attract foreign patients especially from Indonesia, China, Singapore and Australia. Under our Malaysia operations, revenue contributed by customers from foreign countries accounted for 45.54% (RM31.41 million), 3.53% (RM2.19 million), 11.11% (RM10.12 million), 39.60% (RM54.45 million) and 44.93% (RM29.61 million) of our total revenue for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

As at the LPD we have appointed 62 medical tourism facilitators to help coordinate foreign customers to use our assisted reproductive services, particularly in Malaysia, to grow our revenue from residents of foreign countries.

7.3.5 Our specialist centres are well equipped to provide a range of assisted reproductive services to help achieve patients' objective of getting pregnant

Our specialist centres are well-equipped with facilities including operating theatres, laboratories, cryopreservation facility, recovery and daycare beds, consultation rooms as well as equipment and medical devices such as time-lapse incubators, next-generation sequencing systems and PCR machines (Alpha KL and Genesis only), cryopreservation storage tanks, Piezo-ICSI systems, ICSI and IVF chambers. These facilities, equipment and medical devices allow us to conduct a wide range of assisted reproductive procedures, analyses, and services in-house. This enables us to have better control over the quality of care provided to our patients and allows us to offer relevant services, such as analysis and testing, with shorter lead times compared to engaging third parties for these services.

7. BUSINESS OVERVIEW (CONT'D)

In addition, we are able to keep abreast with technological advancements that can enhance the success rate of our patients' objective of getting pregnant with healthy child. For example, we have implemented an AI-enhanced embryo selection system that assesses and rates the likelihood of each embryo in a group that will result in a successful pregnancy. The adoption of these technologies in our assisted reproductive services helps to improve the embryo selection process and increase the chances of a successful outcome for our patients.

As at the LPD, some of the key equipment we utilise in our specialist centres are as follows:

	<u>Total number of units</u>
Cryopreservation storage tank	42
Micromanipulator and inverted microscope	14
Time-lapse incubator	8
IVF chamber	6
Next-generation sequencing system and PCR machine	5
ICSI chamber	5
Piezo-ICSI system	4
Freezer	3

7.3.6 We continue to keep up to date with medical and laboratory research findings, new technological procedures and equipment through collaboration and carrying out internal research and studies

We actively participate in collaborations, carry out clinical studies and analyses as well as publish and present our findings, research and observations. In the course of carrying out these activities, it helps us keep up to date in assisted reproductive technologies, equipment, treatments and medicine to assist our patients in achieving their objective of getting pregnant and carrying their child to term.

At the same time, our active participation in academia, research, conferences, seminars and societies increases our profile and standing in the professional market space. For the Financial Periods Under Review and up to the LPD, some of the publications involving our Group's staff that are presented at congresses, conferences and societies that are peer reviewed are as follows:

⁽²⁾Peer Reviewed

Year	Title of publications, papers, research findings, clinical studies and presentations	⁽¹⁾ Authors
1. 2022	An artificial intelligence model correlated with morphological and genetic features of blastocyst quality improves ranking of viable embryos. Reproductive BioMedicine Online. 2022;Volume 0, Issue 0	S M Diakiw, J M M Hall, M D VerMilyea, A Y X Lim, M A Dakka, W Quangkananurug, S Chanchamroen, B Bankowski, R Stones, A Storr, A Miller, G Adaniya, R V Tol, R Hanson, J Aizpurua, L Giardini, A Johnston, T V Nguyen, M A Dakka, D Perugini, M Perugini.

7. BUSINESS OVERVIEW (CONT'D)**(2)Peer Reviewed**

Year	Title of publications, papers, research findings, clinical studies and presentations	(1)Authors
2. 2022	Development of an artificial intelligence model for predicting the likelihood of human embryo euploidy based on blastocyst images from multiple imaging systems during IVF. Human Reproduction, 2022;37(8):1746-1759	S M Diakiw, J M M Hall, M D VerMilyea, J Amin, J Aizpurua, L Giardini, Y G Briones, A Y X Lim, M A Dakka, T V Nguyen, D Perugini, M Perugini.
3. 2022	Endometrial microbiota composition is associated with reproductive outcome in infertile patients. Microbiome 10, 1 (2022)	Moreno, I., Garcia-Grau, I., Perez-Villaroya, D., Gonzalez-Monfort, M., Bahçeci, M., J. Barrionuevo, M., Taguchi, S., Puente, E., Dimattina, M., Lim, MW., Meneghini, G., Aubuchon, M., Leondires, M., Izquierdo, A., Perez-Olgiati, M., Chavez, A., Seethram, K., Bau, D., Gomez, C., Valbuena, D., Vilella, F., Simon, C.

Note:

- (1) *Authors in order of appearance in the publications with at least one staff from Alpha IVF Group.*
(2) *Refers to publications which have undergone rigorous evaluation and validation process by experts in the field before they are published.*

For the Financial Periods Under Review and up to the LPD, some of the publications involving our Group's staff that are presented at congresses, conferences and societies that are not peer reviewed are as follows:

(2)Not Peer Reviewed

Year	Title of publications, papers, research findings, clinical studies and presentations	(1)Authors
1. 2023	Efficacy of Kidscore in predicting ongoing pregnancy rate and miscarriage rate. Presented (poster) at the 12th Congress of the Asia Pacific Initiative on Reproduction (ASPIRE), 7-10 September 2023.	Tee Z.Q., Ng J.E., Lee C.S.S.
2. 2023	Case report: Live Birth following Frozen Embryo Transfer of a Day 7 Euploid blastocyst derived from vitrified-warmed oocytes with delayed maturation. Presented (poster) at the 12th Congress of the Asia Pacific Initiative on Reproduction (ASPIRE), 7-10 September 2023	Chok S.S., Lim M.W., Tan C.S., Lee C.S.S.
3. 2023	The use of PIEZO-ICSI increases fertilisation and lowers degeneration rates when compared to conventional ICSI: in a Singapore setting. Presented (oral) at the 12th Congress of the Asia Pacific Initiative on Reproduction (ASPIRE), 7-10 September 2023	Chooi J.M.S., Lim W.H., Yap P.F., Tan H.H., Lee C.S.S.

7. BUSINESS OVERVIEW (CONT'D)

⁽²⁾Not Peer Reviewed

	Year	Title of publications, papers, research findings, clinical studies and presentations	⁽¹⁾ Authors
4.	2023	Initial experience of using iDAScore as a tool to predict euploid blastocysts. Presented at 39th European Society of Human Reproduction and Embryology, 25-28 June 2023	S.H. Tan, A.Y.X. Lim, C.L. Khoo, W.Y. Yap, J.M. Keith, C.S.S. Lee.
5.	2023	Evaluation of AI-based, non-invasive and annotation free EMBRYOAID software with embryologists: time and prediction. Presented at 39th European Society of Human Reproduction and Embryology, 25-28 June 2023	P. Wygocki, M. Siennicki, P. Pawlik, H. Kompanowski, T. Gilewicz, P. Sankowski, J. Kuśmierczyk-Kubiak, C.S.S. LEE, A.Y.X. Lim, B. Stankiewicz, K. Zieliński, J. Liss, T. Barut, R. Milewski, W. Kuczyński.
6.	2023	Comparison of ICSI outcomes and euploidy rates between AI and non-AI sperm selection. Presented at 39th European Society of Human Reproduction and Embryology, 25-28 June 2023	C.L. Khoo, A.Y.X. Lim, S.H. Tan, J.M. Keith, C.S.S. Lee.
7.	2023	Bringing transparency to oocyte assessment: the importance of including confounders when building artificial intelligence (AI) based support tools to quantify oocyte viability. Presented at 39th European Society of Human Reproduction and Embryology, 25-28 June 2023	A. Brualla, A. Lim, A. Zepeda, C. Hickman.
8.	2023	An Artificial Intelligence Algorithm Demonstrates Optimal Performance for Evaluating Embryo Genetic Status At 120 Hours Post-Fertilization. Presented at 39th European Society of Human Reproduction and Embryology, 25-28 June 2023	S. M. Diakiw, J. M. M. Hall, M. D. VerMilyea, A. Y. X. Lim, C. W. Chan, J. Aizpurua, J. Amin, T. V. Nguyen, D. Perugini, M. Perugini.
9.	2023	Post-warming re-expansion of euploid blastocyst at the time of transfer is associated with implantation rate. Presented at 20th International Conference on Preimplantation Genetics (PGDIS), 17 – 19 April 2023	Tee, Z.Q., Lim, A.Y.X., Keith, J., Lee, C.S.S.
10.	2023	Mosaic Blastocyst Transfer from Current Cycle or Starting a New Cycle for Euploid Blastocyst Transfer: Which is Better? Presented at 20th International Conference on Preimplantation Genetics (PGDIS), 17 – 19 April 2023	Yap, W.Y.; Lim, M.W.; Lim, A.Y.X.; Fong, Y.S.; Keith, J; Lee, C.S.S.
11.	2023	Correlation Between Blastocyst Morphology and Clinical Pregnancy Outcome: A Retrospective Study. Presented at 19th International Conference on Preimplantation Genetics, organized by PGDIS, 10-13 April 2023	Yew LL, Cheong SY.
12.	2022	One Centre Experience in Transferring Of Complex Mosaic Blastocyst. Presented (poster) Optimizing IVF treatment to maximize the likelihood of conception. 8 -9 Apr 2022	Cheong SY, Yew LL, Ng PW.

7. BUSINESS OVERVIEW (CONT'D)

⁽²⁾Not Peer Reviewed

	Year	Title of publications, papers, research findings, clinical studies and presentations	⁽¹⁾ Authors
13.	2022	Transparent prediction of blastulation, ploidy and implantation: an international multisite validation at six independent clinics. <i>Fertility & Sterility</i> . Presented at 78th ASRM Scientific Congress, 22-26 October 2022	A. Ben-Meir, C. M. Lucio, M. Lozano, R. Ahmed-Odia, S. Kahraman, Y. K. Colakoglu, H. K. Yelke, T. Triantafillou, E. Gomez, D. Cimadomo, A. Y. X. Lim, A. B. Mora, I. Har-Vardi, A. Sakov, C. Hickman.
14.	2022	Combined use of Artificial Intelligence (AI) algorithms for evaluating embryo viability and embryo genetics improves selection of embryos leading to clinical pregnancy. <i>Fertility & Sterility</i> . Presented at 78th ASRM Scientific Congress, 22-26 October 2022	S. M. Diakiw, J. M. M. Hall, M. D. VerMilyea, A. Y. X. Lim, A. Storr, R. Matthews, T. V. Nguyen, D. Perugini, M. Perugini, C. W. Chan.
15.	2022	An artificial intelligence model correlated with morphological and genetic features of blastocyst quality improves ranking of viable embryos. <i>Reproductive BioMedicine Online</i> . 2022;Volume 0, Issue 0	S M Diakiw, J M M Hall, M D VerMilyea, A Y X Lim, M A Dakka, W Quangkananurug, S Chanchamroen, B Bankowski, R Stones, A Storr, A Miller, G Adaniya, R V Tol, R Hanson, J Aizpurua, L Giardini, A Johnston, T V Nguyen, M A Dakka, D Perugini, M Perugini.
16.	2022	Embryo development of follicular and luteal phase stimulation in the same menstrual cycle. Presented at 29th International Congress of the Obstetrical and Gynaecological Society of Malaysia (OGSM), 22 – 24 July 2022	Chong Lay KHOO, Sie Hui TAN, Mei Wei LIM, Wai Yew Leong, Colin Soon Soo LEE
17.	2022	Development of an artificial intelligence model for predicting the likelihood of human embryo euploidy based on blastocyst images from multiple imaging systems during IVF. <i>Human Reproduction</i> , 2022;37(8):1746-1759	S M Diakiw, J M M Hall, M D VerMilyea, J Amin, J Aizpurua, L Giardini, Y G Briones, A Y X Lim, M A Dakka, T V Nguyen, D Perugini, M Perugini.
18.	2022	Endometrial microbiota composition is associated with reproductive outcome in infertile patients. <i>Microbiome</i> 10, 1 (2022)	Moreno, I., Garcia-Grau, I., Perez-Villaroya, D., Gonzalez-Monfort, M., Bahçeci, M., J. Barrionuevo, M., Taguchi, S., Puente, E., Dimattina, M., Lim, MW., Meneghini, G., Aubuchon, M., Leondires, M., Izquierdo, A., Perez-Olgati, M., Chavez, A., Seethram, K., Bau, D., Gomez, C., Valbuena, D., Vilella, F., Simon, C.

7. BUSINESS OVERVIEW (CONT'D)

⁽²⁾Not Peer Reviewed

	Year	Title of publications, papers, research findings, clinical studies and presentations	⁽¹⁾ Authors
19.	2022	Laboratory outcome for fresh and vitrified-warmed oocytes after Piezo-intracytoplasmic sperm injection (Piezo-ICSI). Presented at ESHRE 38th Annual Meeting, 3-6 July 2022, Milan, Italy	S.Y. Low, A.Y.X. Lim, C.S.S. Lee.
20.	2022	Obtaining a fresh sperm sample for Delayed-ICSI: Does it matter? Presented at ESHRE 38th Annual Meeting, 3-6 July 2022, Milan, Italy	J.P. Sam, S.K. Gan, C.S.S. Lee.
21.	2022	Relationship between the quality of trophectoderm cells and the rate of mosaicism. Presented at 19th International Conference on Preimplantation Genetics (PGDIS), 10 – 13 April 2022	Tan S.H.; Yap W.Y.; Lim Y.X; Chan A.Q.Y; Khoo C.L; Lee C.S.S.
22.	2022	Clinical outcome of euploid blastocyst transfers with and without Day-3 laser assisted hatching (LAH). Presented at 19th International Conference on Preimplantation Genetics (PGDIS), 10 – 13 April 2022	Chok S.S., Chan C.W., Lim M.W., Lim Y X., Chan, A.Q.Y., Lee C.S.S.
23.	2022	Does the time interval between blastocyst warming and embryo transfer affect clinical pregnancy rates? Presented at 19th International Conference on Preimplantation Genetics (PGDIS), 10 – 13 April 2022	JE Ng, AYX Lim, Lee CSS.
24.	2022	The correlation between spontaneous blastocyst collapse and their chromosomal status. Presented at 19th International Conference on Preimplantation Genetics (PGDIS), 10 – 13 April 2022	Yap W.Y.; Lim M.W; Lee C.S.S.
25.	2022	Initial Experience Using Artificial Intelligence (Ai)-Based Technology In Embryo Selection. Presented at 11th Virtual Congress of the Asia Pacific Initiative on Reproduction, 28 April – 1 May 2022	AYX Lim, SY Cheong, CW Chan, JP Sam, Lee CSS.
26.	2022	Case report: Live birth in an ERA patient following a different luteal phase support regime after two failed ERA-FET attempts. Presented at 11th Virtual Congress Asia Pacific Initiative on Reproduction (ASPIRE), 29 April-1 May 2022	Chan CW, Lim MW, Lee CSS.
27.	2022	Case report: Rescue of zona pellucida free oocytes to increase fertilisation and blastocysts utilisation rates using piezo-assisted intracytoplasmic sperm injection (PIEZO-ICSI). Presented (poster) at 11th Virtual Congress Asia Pacific Initiative on Reproduction (ASPIRE), 29 April-1 May 2022	Lim ZY, Lim MW, Lee CSS.
28.	2022	IVF cycle outcomes of Day1-matured oocytes for Delayed-Intracytoplasmic Sperm Injection (delayed-ICSI) in different age groups. Reproductive BioMedicine Online. Presented at 13th ALPHA BIENNIAL CONFERENCE, Alpha Conference, 6 - 9 October 2022	Sam JP, Lim AYX, Tee ZQ, Lee CSS.

7. BUSINESS OVERVIEW (CONT'D)

⁽²⁾Not Peer Reviewed

	Year	Title of publications, papers, research findings, clinical studies and presentations	⁽¹⁾ Authors
29.	2022	The ability of blastocysts to re-expand after trophectoderm (TE) biopsy using different biopsy techniques. Reproductive BioMedicine Online. Presented at 13th ALPHA BIENNIAL CONFERENCE, Alpha Conference, 6 - 9 October 2022	Tee ZQ, Chan CW, Lim AYX, Lee CSS.
30.	2022	Prevalence of mosaicism in Day 5 vs. Day 6 human blastocysts. Reproductive BioMedicine Online. Presented at 13th ALPHA BIENNIAL CONFERENCE, Alpha Conference, 6 - 9 October 2022	Chan AQY, Gan SK, Tan SH, Lim AYX, Lee CSS.
31.	2022	Correlation between number of laser pulses and rate of mosaicism in human blastocysts trophectoderm biopsy. Reproductive BioMedicine Online. Presented at 13th ALPHA BIENNIAL CONFERENCE, Alpha Conference, 6 - 9 October 2022	Chan CW, Tee ZQ, Lim AYX, Lee CSS.
32.	2022	Correlation between endometrial age and blastocyst age: Implantation and Pregnancy Rates with Euploid FET. Reproductive BioMedicine Online. Presented at 13th ALPHA BIENNIAL CONFERENCE, Alpha Conference, 6 - 9 October 2022	Lim MW, Lee CSS.
33.	2022	Case Report: A successful pregnancy in an ERA patient with a receptive endometrium at 190±3 hours (Day 8) of progesterone. Reproductive BioMedicine Online. Presented at 13th Alpha Biennial Conference, Alpha Conference, 6 - 9 October 2022	Lim ZY, Gan SK, Lim AYX, Lee CSS, Tan CS.
34.	2021	100% post-warmed survival rate for 6059 embryos in Alpha IVF. Presented at 28th International Congress of the Obstetrical & Gynaecological Society of Malaysia, 23-25 July 2021	Fong YS, Lee CSS.
35.	2021	Case report: Ongoing pregnancy following frozen embryo transfer of a blastocyst with inner cell mass of c grade after preimplantation genetic testing for aneuploidy (PGT-A). Presented at 28th International Congress of the Obstetrical & Gynaecological Society of Malaysia, 23-25 July 2021	Chok SS, Lim AYX, Chan AQY, Lee CSS
36.	2021	Case report: Insemination of vitrified-warmed oocytes with delayed maturation leads to successful live birth following frozen embryo transfer. Presented at 28th International Congress of the Obstetrical & Gynaecological Society of Malaysia, 23-25 July 2021	Yap ZW, Lim AYX, Lim MW, Lee CSS.
37.	2021	Case Report: First Successful Pregnancy Following Frozen Embryo Transfer of a Blastocyst Selected Using Artificial Intelligence (AI). Presented at 28th International Congress of the Obstetrical & Gynaecological Society of Malaysia, 23-25 July 2021	Lim AYX, Lam WK, Lee CSS.

7. BUSINESS OVERVIEW (CONT'D)

⁽²⁾Not Peer Reviewed

	Year	Title of publications, papers, research findings, clinical studies and presentations	⁽¹⁾ Authors
38.	2021	Case Report: Calcium Ionophore Activates Cell Division in a Patient with Previous History of Cell Cleavage Failure. Presented at 28th International Congress of the Obstetrical & Gynaecological Society of Malaysia, 23-25 July 2021	Ng JE, Lim AYX, Lee CSS.
39.	2021	Effect of additional laser assisted drilling (LAD) during trophoctoderm (TE) biopsy on mosaicism rate. Presented at 37th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 26 June to 1 July 2021	Tee Z.Q., Chan C.W., Lim A.Y.X., Lee C.S.S.
40.	2021	Does trophoctoderm biopsy performed on different blastocyst stages affect the clinical outcome? Presented at 37th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 26 June to 1 July 2021	S.H. Tan, A.Q.Y. Chan, A.Y.X. Lim, M.W. Lim.
41.	2021	Clinical Outcome of Mosaic-Blastocyst Transfer versus Euploid-Blastocyst Transfer in Single Frozen Embryo Transfer Cycles. Presented at 37th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 26 June to 1 July 2021	Yap W.Y., Lee C.S.S., Lim M.W
42.	2021	Is Mosaicism Affected by an Embryologist's Experience in Biopsy? Presented at 37th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 26 June to 1 July 2021	Yap W.Y., Lim M.W, Lee C.S.S.
43.	2021	Delayed-ICSI on day1-matured oocytes in low responders of different age groups. Presented at 37th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 26 June to 1 July 2021	Tee Z.Q., Sam J.P., Lim A.Y.X., Lee C.S.S.
44.	2021	Trophoctoderm biopsy technique and rate of mosaicism in human blastocysts. Presented at 37th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 26 June to 1 July 2021	Chan CW, Tee ZQ, Lim AYX, Lim MW, Lee CSS.
45.	2021	Case report: Successful pregnancy in an ERA patient with a receptive endometrium at 85+/- hours post-progesterone. Presented at 10th Virtual Congress Asia Pacific Initiative on Reproduction (ASPIRE), 30 April-2 May 2021	Gan SK, Lim ZY, Tan CS, Lee CSS.
46.	2021	Clinical Outcome of Oocyte Donor with Different Blood Groups to the Recipients after Frozen Single Euploid Blastocyst Transfer. Presented at 10th Virtual Congress Asia Pacific Initiative on Reproduction (ASPIRE), 30 April-2 May 2021	Khoo CL, Chan CW, Yap ZW, Lee CSS.
47.	2021	Personalised Embryo Transfer Helps in Improving Clinical Outcome of Patients with Recurrent Implantation Failure. Presented at 10th Virtual Congress Asia Pacific Initiative on Reproduction (ASPIRE), 30 April-2 May 2021	Lee, CSS, Lim, MW.

7. BUSINESS OVERVIEW (CONT'D)

⁽²⁾Not Peer Reviewed

	Year	Title of publications, papers, research findings, clinical studies and presentations	⁽¹⁾ Authors
48.	2021	Clinical Outcome of Patients with a Displaced Window of Implantation Following Personalised FET. Presented at 10th Virtual Congress Asia Pacific Initiative on Reproduction (ASPIRE), 30 April-2 May 2021	Lim, MW, Lee, CSS.
49.	2021	Live births following day 7 blastocyst transfers at Alpha IVF. Presented at 10th Virtual Congress Asia Pacific Initiative on Reproduction (ASPIRE), 30 April-2 May 2021	Chan CW, Lim YX, Lee CSS
50.	2020	Camera-agnostic self-annotating Artificial Intelligence (AI) system for blastocyst evaluation. Presented at 36th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 05-08 July 2020	M. VerMilyea, J.M.M. Hall, S. Diakiw, A. Johnston, T. Nguyen, M.A. Dakka, A. Lim, W. Quangkananurug, D. Perugini, A.P. Murphy, M. Perugini.
51.	2020	Successful pregnancies following transfer of blastocysts derived from delayed-intracytoplasmic sperm injection (delayed-ICSI). Presented at 36th Virtual Annual Meeting of European Society of Human Reproduction and Embryology (ESHRE), 05-08 July 2020	J.P. Sam, A.Y.X. Lim, Z.Q. Tee, C.S.S. Lee.

Note:

(1) *Authors in order of appearance in the publications with at least one staff from Alpha IVF Group.*(2) *Refers to publications where the information has not undergone rigorous evaluation and validation by experts in the field.*

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7. BUSINESS OVERVIEW (CONT'D)

7.4 OVERVIEW OF OUR SERVICES

We are a fertility care specialist centre focusing on the provision of assisted reproductive services and other services in Malaysia and Singapore. Revenue from our provision of assisted reproductive services accounted for 93.08% (RM64.19 million), 90.19% (RM55.97 million), 91.89% (RM83.70 million) 93.97% (RM129.20 million) and 92.90% (RM61.22 million) of our total revenue for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

Revenue from provision of other services accounted for 6.92% (RM4.77 million), 9.81% (RM6.09 million), 8.11% (RM7.39 million), 6.03% (RM8.28 million) and 7.10% (RM4.68 million) of our total revenue for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

7.5 ASSISTED REPRODUCTIVE SERVICES

7.5.1 Overview

The failure to conceive after a year of trying naturally is commonly referred to as infertility. As a result, some people might seek assisted reproductive services in their efforts to have children with their genetic materials and for the women to carry the child to term. We mainly use IVF as our main reproductive technology to assist couples conceive. Our IVF is also complemented by other assisted reproductive technologies such as ICSI and GIFT. We also provide IUI, however this represents a small proportion of our total revenue.

Assisted reproduction relies on medical specialists, scientists, equipment and medical technologies to overcome the issues of infertility. There are many causes of infertility. For women, contributory factors include age, cell growth outside of the uterus (endometriosis), growth within the uterus (uterine fibroids), hormonal diseases (diseases linked to the thyroid gland) and other health and lifestyle issues such as early menopause, side effects of radiation and chemotherapy, smoking and obesity. For men, contributory factors include low sperm count, poor quality sperm, hormonal imbalances, disorders or diseases to the reproductive system and lifestyle factors such as smoking.

7.5.2 Medical Specialist Consultation and Pre-Treatment Assessment

Before performing any assisted reproductive treatment, our medical specialist will need to carry out a thorough assessment to understand the issues, relevant conditions and circumstances that contribute to the infertility problem, as well as the health and well-being of the patient. Such information will facilitate the planning of the assisted reproductive programme including the selection of optimum diagnostic, analysis and treatment regimens to maximise success and to ensure patient health and safety.

Causes of infertility may be inherent in the man and/or woman. As such, the initial consultation will be conducted with both the man and the woman.

Some of the pre-treatment assessments include the following:

- **Uterus and fallopian tube assessment** to check the condition of the uterus and fallopian tube.
- **Ovarian reserve testing** measures the capacity of the ovary to produce eggs that are capable of fertilisation and have a high chance of successful pregnancy.
- **Fertility-related blood tests** to obtain relevant medical information and conditions of the men and/or women such as the following main tests:

7. BUSINESS OVERVIEW (CONT'D)

- . **Follicle-stimulating hormone (FSH):** In women, the test is used to evaluate the supply of eggs and the function of the ovary. In men, it is used to determine sperm count.
- . **Oestradiol:** Used as a measurement of ovarian function in evaluating the quality of eggs in the ovaries.
- . **Luteinizing hormone (LH) Level:** In women, it is used to diagnose hormonal imbalance and to determine the timing of ovulation. In men, it is used to evaluate male-factor infertility as the LH stimulates men's hormone testosterone.
- . **Anti-Müllerian hormone (AMH):** It is used to provide an understanding of the ovarian function and egg reserve where a lower AMH level is associated with lower egg yield.
- . **Serum progesterone:** It is used to access if the level of progesterone hormone is appropriate for a particular stage of the ovarian/treatment cycle.
- . **Prolactin:** It is used to evaluate infertility and determine why the woman is not ovulating.
- . **Androgen:** It is used to evaluate the sexual functioning of men and women. In women, it is used to evaluate various conditions including polycystic ovarian syndrome. In men, it is used to find the reason for low sex drive, impotence or infertility.
- **General health blood tests** to obtain relevant health and medical information such as cholesterol, triglyceride, iron (ferritin), sexually transmitted diseases, hepatitis and liver function.
- **Semen analysis** to carry out the following assessments:
 - sperm count which measures the number of sperms per millilitre of semen;
 - sperm motility which evaluates the movement efficiently of sperm
 - sperm morphology which assesses the size and shape of sperm;
 - sperm vitality which measures the percentage of live sperm in a sample;
 - semen volume which measures the volume of semen secreted from an ejaculation;
 - semen acidity which determines if the semen is too acidic; and
 - semen time to liquefaction which determines how quickly semen changes from a sticky state to a liquid state.
- **3D/4D-ultrasound scanning** to scan the female reproductive organs to check for any abnormality or damage.

Except for general blood tests, some fertility-related blood tests, and uterus and fallopian tube assessments, all the above pre-treatment assessments are carried out in-house by our staff in our specialist centres. All the blood tests are carried out by external laboratories, except for AMH which is carried out in our laboratories.

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7. BUSINESS OVERVIEW (CONT'D)

7.5.3 IVF Assisted Reproductive Technology

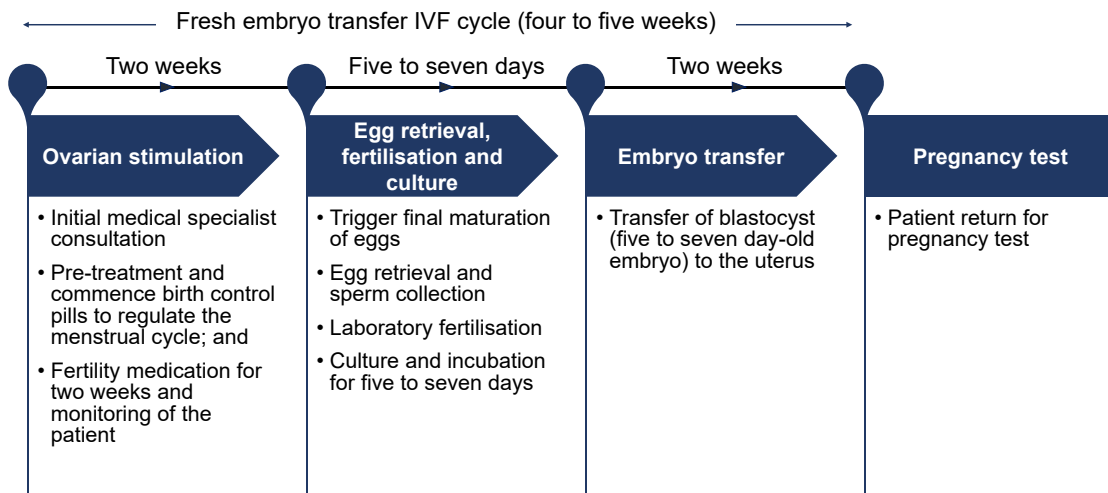
7.5.3.1 IVF procedures

Overview

IVF is one of the main methods that we provide to our patients seeking reproductive assisted services. The key part of IVF, as the Latin term implies, is that a part of the assisted reproductive procedures is done outside of the body, where the key part is the retrieval of eggs and sperm, fertilisation, and culture and incubation of the embryo in the laboratory.



An IVF cycle with fresh embryo transfer typically takes four to five weeks from the commencement of ovarian stimulation up to the pregnancy test as follows:



If the embryo is successfully implanted in the uterus, pregnancy occurs. The patient is then subjected to a pregnancy test approximately two weeks after the transfer of the embryo. If the test confirms pregnancy, the patient is then transferred to the care of her obstetrics and gynaecologist to continue patient monitoring and care. This marks the end of our responsibility and the end of one fresh embryo transfer IVF cycle.

If implantation does not take place or the patient is not able to carry the baby to term, the patient may opt for another embryo transfer or commence a fresh cycle of IVF treatment if there are no usable frozen embryos available.

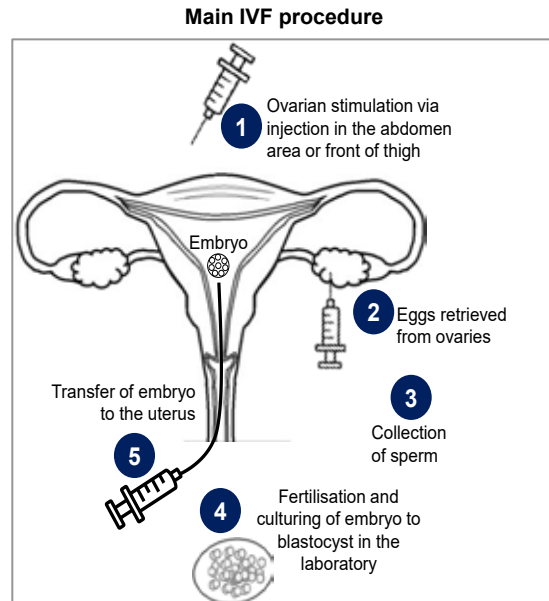
There are two types of IVF cycle. The first type involves the end-to-end procedures involving fresh embryo transfer process. Another type of IVF cycle commences with the use of frozen embryo transfer.

7. BUSINESS OVERVIEW (CONT'D)

Main IVF procedures

The main IVF procedures after consultation are as follows:

- (1) **ovarian stimulation** where the woman patient has been prescribed a course of hormone medication to develop several eggs in the ovaries and to stimulate ovulation;
- (2) **retrieval of matured eggs** from the ovaries approximately 36 hours after the final hormone injection and before ovulation;
- (3) **sperm collection** at around the same time as the retrieval of eggs;
- (4) **fertilisation and culturing of embryo to blastocyst in the laboratory**



Fertilisation is facilitated using our ICSI procedure which involves the direct injection of a single sperm into each egg using micromanipulation equipment in our laboratory. Please refer to Section 7.5.3.2 of this Prospectus for further details on ICSI.

In some situation, depending on the patient's condition and requirement, the retrieved eggs and collected sperm are placed together in a petri dish in our laboratory and left for fertilisation to take place. However, this method may or may not result in fertilisation;

Culturing of the fertilised eggs is carried out for approximately one week, where fertilised eggs will multiply which resulting in a clump of cells referred to as blastocyst (an embryo of five or six days after fertilisation);

- (5) **transfer of the embryo**, which is the blastocyst, by the medical specialist into the patient's uterus where the embryo will hopefully implant itself on the wall of the uterus resulting in pregnancy.

The fertilisation and culturing of the embryo are carried out in our embryology laboratory. Please refer to Section 7.7 for further details on our laboratory activities.

Our egg retrieval Class 10,000 cleanroom



7. BUSINESS OVERVIEW (CONT'D)

Usually, several embryos are available for transfer and any extra embryos will be kept and frozen for later use if required. Commonly, a single embryo transfer is recommended to minimise multi-pregnancy. However, there are reasons to support the transfer of multiple embryos in one cycle particularly for couples facing significant difficulties in getting pregnant or after several failed tries in assisted reproductive procedures. Our practice is for our medical specialist to discuss and decide with our patients on the number of embryos in each transfer. If the transfer of multiple embryos is agreed upon, we will obtain written consent from the patient.

Our embryo transfer Class 10,000 cleanroom



All of our specialist centres can carry out the full IVF cycle independently.

7.5.3.2 Fertility procedures

We also provide alternative and/or additional IVF procedures which may be appropriate for some of our patients. These services are optional and will depend very much on the condition of the patient and will only be carried out in agreement with the patient. These alternatives or additional procedures include the following:

- (i) **Intracytoplasmic sperm injection (ICSI)** involves the direct injection of a single sperm into each matured egg using micromanipulation equipment in our laboratory. This process is performed by our embryologist under a microscope as the human egg is one-tenth of a millimetre in diameter and the size of a sperm is approximately 100 times smaller. The sperm can be obtained surgically from the male reproductive tract when sperm are not present in the semen.

ICSI is a procedure in IVF where embryologists assist directly in the fertilisation process as opposed to placing the eggs and sperm in a petri dish for fertilisation to take place, which may or may not occur.

We use the Piezo-ICSI method for our ICSI procedure. The Piezo-ICSI method is designed to minimise damage to the egg to increase the chances of fertilisation. Compared to conventional ICSI, Piezo-ICSI uses a finer injection tip and the injection tip is blunt rather than sharp, thus reducing damage to the egg.

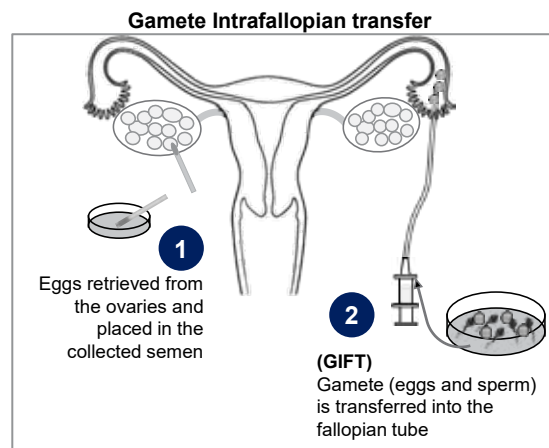
PIEZO-ICSI



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7. BUSINESS OVERVIEW (CONT'D)

- (ii) **Gamete intrafallopian transfer (GIFT)** serves as an alternative to one of the steps in the conventional IVF procedure. GIFT involves the placing of the matured eggs and sperm (the generic term for either eggs or sperm is gamete) directly into the fallopian tube for potential fertilisation. If fertilisation takes place in the fallopian tube, the fertilised egg will continue to develop for a few days in the fallopian tube and subsequently be transported naturally to the uterus for potential implantation and further gestation till childbirth.



GIFT replaces the conventional IVF process of ICSI or placing the eggs and the sperm in a petri dish for potential fertilisation in a laboratory setting, and subsequently transferring the fertilised eggs to the uterus for potential implantation.

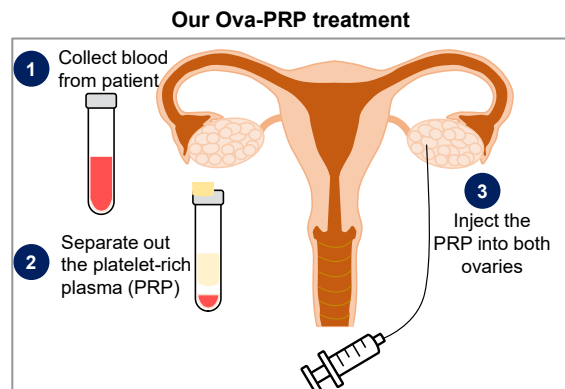
7.5.3.3 Rejuvenation therapy

Some of our patients may have damaged or poorly functioning ovaries and endometrium. As such, we would attempt to address these issues before carrying out the IVF treatment. These include the following:

- (i) **Ovarian rejuvenation**

Ovarian rejuvenation is a process to treat women with problems relating to their ovaries such as defective ovaries, diminished ovarian reserve or menopausal phase which prevents the maturity of eggs and/or ovulation. Through rejuvenating the ovaries, women with ovarian problems who seek to conceive may try ovarian rejuvenation.

In 2020, we commenced a clinical trial on ovarian rejuvenation using platelet-rich plasma (Ova-PRP). Platelets are large blood cells that help the blood to clot to slow or stop bleeding and to heal wounds. Our Ova-PRP is a treatment where the patient's own (autologous) PRP is treated and directly injected into the patient's ovaries, also referred to as intraovarian injection, to rejuvenate the ovaries to encourage the development of matured eggs (ova), improve quality of eggs and instigate ovulation to release the eggs ready for fertilisation.



Ovulation rejuvenation involves drawing about 10 ml of blood from the patient. The blood collected undergoes separation of the PRP. The PRP then is injected directly into both ovaries where the activation process will take place to release growth factors to rejuvenate the ovaries.

7. BUSINESS OVERVIEW (CONT'D)

The activation process of PRP to release the growth factors at the injected site involves processes as follows:

- degranulation of platelets, where the PRP are exposed to certain chemicals (thrombin or collagen) which will cause the release of growth factors (alpha granules which contain growth factors) from the platelets; and
- fibrinogen cleavage is a process to initiate clotting and confining the growth factors at the ovaries to rejuvenate the ovaries.

Our medical specialists will perform the procedure to inject the PRP into both ovaries through transvaginal ultrasound guidance while the patient is under intravenous sedation. The patient is discharged on the same day after several hours of rest in our recovery room. The drawing of blood and separation of the PRP is carried out by our embryologists in our laboratory in our specialist clinics.

Ovarian rejuvenation is a relatively new procedure and is currently undergoing further research and is not yet considered a standard or established assisted reproductive service in Malaysia and Singapore and to the best of our knowledge, other countries as well. As at the LPD, there are no policies, guidelines or regulations in Malaysia and Singapore pertaining to the application or use of PRP in ovarian rejuvenation. As the use of PRP in our Group is only used autologously (using the patient's own cells for own use), there is no need of any approval or permit.

(ii) Endometrium rejuvenation

Endometrium rejuvenation is similar to ovarian rejuvenation except that the platelets are injected into the uterus to rejuvenate it. The endometrium is critical in embryo implantation as well as in providing nourishment to the embryo for its development.

Endometrium rejuvenation is recommended for patients with thin endometrial lining or patients that experienced two or more embryo implantation failures.

Endometrium rejuvenation is a relatively new procedure and is currently undergoing further research and is not yet considered a standard or established assisted reproductive service. As at the LPD, there are no policies, guidelines or regulations in Malaysia and Singapore pertaining to the application or use of PRP in endometrium rejuvenation.

7.5.3.4 Enhanced Services

We provide several enhanced services primarily aimed at screening and selecting embryos as well as improving the success rate of embryo implantation. These include the following:

(i) Preimplantation genetic testing (PGT)

We offer PGT services, which involve the screening of IVF-generated embryos to check for genetic conditions or chromosomal abnormalities before embryo transfer. This is aimed at reducing the risks of miscarriages and/or implanting embryos with detectable genetic disorders. The test will be performed on a few cells that is removed from the embryo to check on genetic abnormalities. Healthy embryos will be used for the transfer or stored, while embryos with abnormalities or disorders will be destroyed upon the consent given by the patient.

7. BUSINESS OVERVIEW (CONT'D)

Preimplantation genetic testing and screening carried out at our inhouse laboratory



PGT is an elective procedure offered as an option to our patients. We provide and carry out the following types of PGT in our laboratories:

Types of PGT	Description
Preimplantation genetic testing for aneuploidies (PGT-A)	<p>PGT-A aims to sift out embryos with abnormal chromosome numbers (aneuploids).</p> <p>The test is performed by extracting a few cells from the embryo created through the IVF procedure and checking on the number of chromosomes in the cell. A normal cell contains 46 chromosomes. Our PGT-A can check the 23 pairs of chromosomes (46 chromosomes). As an example, a person with 47 chromosomes instead of the normal 46 chromosomes would be afflicted with Down Syndrome which may delay development and affect intellectual abilities.</p>
Preimplantation genetic testing for monogenic diseases (PGT-M)	<p>PGT-M aims to sift out embryos with a single inheritable defective gene (monogenic disease) known to be carried by one or both partners.</p> <p>Some examples of the common single gene disorders diagnosis we would carry out include the following:</p> <ul style="list-style-type: none"> - thalassemia (a blood disorder when the body does not make enough protein called haemoglobin); - cystic fibrosis (a condition where sticky mucus builds up in the lungs and digestive system); - muscular dystrophy (a muscular disorder where over time it affects the mobility of the affected person); - sickle cell disease (where the red blood cells are abnormally shaped like a sickle and do not survive as long as normal red blood cells); and - glucose-6-phosphate dehydrogenase deficiency (G6PD) (a condition where the body has a defective specific enzyme that causes red blood cells to break down prematurely).
Preimplantation genetic testing for chromosomal structural rearrangement (PGT-SR)	<p>PGT-SR aims to sift out embryos where:</p> <ul style="list-style-type: none"> - a segment of a chromosome is not in its normal position (insertions) - a segment of a chromosome is missing (deletions); - there are extra segments of chromosomes (duplications); - segments of two chromosomes break off and swap locations (reciprocal translocation); or - segments breaking up and joining to become new chromosomes (Robertsonian translocation).

7. BUSINESS OVERVIEW (CONT'D)

Types of PGT	Description
Preimplantation genetic testing for human leukocyte antigen (PGT-HLA)	<p>Some examples of the effects of chromosomal structural rearrangement include miscarriage, stillbirth, difficulties in getting pregnant.</p> <p>PGT-HLA aims to identify and select embryos that are tissue compatible with an existing child (human leukocyte antigen) suffering from a life-threatening blood disorder. Upon the birth of the new child, stem cells from the umbilical cord (considered a biological waste material) can be harvested and used to treat the child with the existing life-threatening blood disorder. This is also referred to as the saviour sibling programme.</p>

Diagnosis for PGT-A, PGT-M and PGT-HLA can be done concurrently.

In addition, we use Next-generation sequencing (NGS) to perform PGT where a cell from the embryo is used to carry out NGS, where the embryo cell goes through an automatic sequencing of the genetic materials (deoxyribonucleic acid- DNA) to provide data on the genetic makeup of the embryo cell to determine any anomaly.

For our operations in Malaysia, all the PGT are carried out by our laboratory personnel in our specialist centres using our laboratory equipment. As for our operations in Singapore operations, we engage external laboratory for the PGT.

(ii) Implantation optimisation

To improve the success rate of embryo implantation on the uterus wall and potentially carrying the baby to term, we also provide the following analysis on the uterus wall (endometrium):

Endometrial analysis	Description
Endometrial Receptivity Analysis (ERA)	<p>To evaluate the readiness of the endometrium for embryo implantation as well as the optimum time to transfer the embryo to the uterus.</p> <p>This test requires an endometrial biopsy (removal of a small piece of endometrial material for laboratory testing). It involves the use of ribonucleic acid (RNA) sequencing on the sample taken from the endometrial and the analysis will be classified into receptive or non-receptive based on a specific computational predictor. The result of the analysis determines the responsiveness of the patient to embryo implantation at the time of sampling.</p> <p>An ERA is commonly carried out just before the transfer of the embryo from the laboratory to the uterus.</p>
Endometrial Microbiome Metagenomic Analysis (EMMA)	<p>To evaluate the sufficiency of beneficial bacteria in the endometrium where a healthy beneficial bacterial population will improve the prospects of pregnancy. Probiotics may be prescribed to restore the balance of beneficial bacteria in the endometrium.</p> <p>EMMA is commonly carried out after several failed attempts to conceive after the transfer of embryos.</p>
Analysis of Infectious Chronic Endometritis (ALICE)	<p>To detect the presence of harmful bacteria that may cause implantation failure. Antibiotics may be prescribed to overcome this issue as well as probiotics to restore the balance of beneficial bacteria in the endometrium.</p>

7. BUSINESS OVERVIEW (CONT'D)

Endometrial analysis	Description
	Commonly ALICE is carried out approximately four to six weeks before a frozen embryo transfer from the laboratory to the uterus.

All the implantation optimisation diagnostics and analyses are carried out by external laboratory.

(iii) **Artificial intelligence-enhanced embryo selection service**

Artificial intelligence (AI) enhanced embryo selection uses AI technology to assess and rate the likelihood of each embryo in a group of embryos that will lead to pregnancy. The embryo with the highest score will often be selected for transfer.

The conventional process of selecting embryos for transfer is commonly carried out by an embryologist using a microscope to visually inspect the shape, size, condition and other factors of the embryos. The use of AI-enhanced embryo selection removes the subjectivity and reliance on the embryologist. Our AI-enhanced embryo selection service utilised three approaches as below:

- **Time-series AI** where the AI-enhanced embryo selection system compiles a database of time-series images of embryos as they develop in the laboratory up until the point at which they are transferred to the uterus. These images are subsequently labelled as embryos that result in successful or unsuccessful conception, as appropriate. The machine then analyses the data and identifies characteristics and patterns associated with embryos that lead to successful or unsuccessful pregnancies to develop an algorithm. The resultant algorithm is basically an expert system used as a predictive model to rate embryos. When evaluating new embryos, the algorithm will match their characteristics against the patterns and outcomes observed in the time-series database to enable it to rate the likelihood of a successful pregnancy. This database is continually fed with new data contributed by participating specialist clinics to further fine-tune the algorithm to provide more accurate ratings.
- **Viability AI** where the AI-enhanced embryo selection system compiles a database of embryo images which are labelled successful or unsuccessful conception. The machine then analyses the data and identifies characteristics and patterns associated with viable and non-viable embryos to develop an algorithm. When evaluating new embryos, the algorithm associates their characteristics to the patterns and outcomes observed in the database. The resultant algorithm is basically an expert system used as a predictive model to rate embryos. This allows the algorithm to provide a viability rating for each embryo, indicating the likelihood of successful conception.
- **Genetic AI** where the AI-enhanced embryo selection system compiles a database of embryo images that have been labelled based on the genetic information obtained through PGT. The machine analyses this data and identifies genetic characteristics and patterns associated with chromosomally normal or abnormal embryos to develop an algorithm. The resultant algorithm is basically an expert system used as a predictive model to rate embryos. When evaluating new embryos, the algorithm associates their genetic features to the patterns and outcomes observed in the database. This enables the algorithm to provide a genetic assessment for each embryo, indicating the likelihood of being chromosomally normal or affected by specific genetic conditions.

The collection of images, data and information for the AI database are from participating assisted reproductive clinics located across several countries and collected over several years.

7. BUSINESS OVERVIEW (CONT'D)

AI-enhanced embryo selection is still an emerging technology undergoing further research and not yet a standard or established ARS. Whilst, AI-enhanced embryo selection is not a commonly used technology in the industry, it is allowed in Malaysia and Singapore.

(iv) X and Y chromosome sperm sorting

A sperm carries either an X-chromosome or Y-chromosome in its genetic material, namely DNA. Sperm that carries the Y-chromosome upon fertilisation will lead to the conception of a boy, while X-chromosome will lead to the conception of a girl. We offer X-Y chromosome sorting of the sperm to increase the likelihood of fertilising an egg with a specific chromosome.

Before the sorting process, a semen analysis will need to be carried out to determine if there is sufficient sperm to carry out a sorting process. The sorting process will separate a sperm sample into one group containing sperm with higher chances of carrying the X-chromosome, and another group containing sperm with higher chances of carrying the Y-chromosome.

X and Y sperm sorting is carried out by an external laboratory. We do not provide X and Y sperm sorting services in Alpha Singapore.

7.5.3.5 Surgical procedures and operating theatre facilities

We may need to carry out surgical procedures as part of our IVF treatment where necessary. In some situations, they are carried out as corrective procedures to address issues that impede the reproductive process for the women, as well as being part of the IVF process to provide a more detailed examination of the female reproductive system.

(i) Laparoscopic examination and surgery

Laparoscopic surgery (also known as keyhole surgery) is performed by our medical specialist to examine, identify and where relevant address some of the issues relating to infertility. Laparoscopic surgery involves small incisions in the abdomen to enable a laparoscope which comprises a fibre-optic tube with a video camera and light to enable the surgeon to view the inside of the body. Through the laparoscope, the surgeon can examine for any of the following problems:

- . blocked fallopian tubes;
- . fibroids;
- . scar tissues;
- . endometriosis; and
- . other abnormalities.

This process also allows our surgeon to carry out surgical procedures to correct any detected issues. We would require our anaesthesiologists to administer general anaesthesia for the laparoscopic surgery.

Our laparoscopic surgery services are also used as part of the GIFT procedures for the transfer of gamete respectively into the fallopian tube.

(ii) Hysteroscopic examination and surgery

Hysteroscopic surgery is performed by our medical specialist to examine the cervix and inside of the uterus to identify and where relevant treat some of the issues relating to infertility. Hysteroscopic surgery involves inserting a fibre-optic tube with a video camera and light through the cervix to view the inside of the uterus. If required, our medical specialist will remove polyps, fibroids, scar tissue and adhesions in the uterus.

7. BUSINESS OVERVIEW (CONT'D)

The laparoscopic and hysteroscopic surgical procedures are carried out by our medical specialists in our operating theatres as well as third-party operating theatres.

7.5.3.6 Cryopreservation services

Cryopreservation is a process of freezing and storing in very low temperatures, and thawing of specimens such as eggs, sperms and embryos without or with minimum harm to the eggs, sperm and embryos.

Part of the assisted reproductive procedures includes the retrieval of eggs, collection of sperm, fertilisation of eggs, culture and incubation and development of embryos. However, not all eggs, sperm and embryos will be fully used in one IVF cycle. If there are excess eggs and embryos they are commonly cryopreserved for future use, if required. In some situations, sperm may also be cryopreserved.

In addition, we provide cryopreservation services to patients who do not sign up for immediate IVF procedures but intend to preserve their eggs or sperm for future use. For example, we provide cryopreservation services to patients who will be undergoing critical medical treatments, such as chemotherapy, which may adversely affect the quality of their eggs or sperm. By cryopreserving their eggs or sperms, these patients have the option to pursue assisted reproductive techniques at a later time if required.

In cryopreservation, the freezing process is critical to avoid damage to the living organism due to the crystallisation of liquids in the eggs, sperm and embryos (liquids in the cytoplasm) or the solution surrounding the eggs, sperm and embryos. Ice crystals may pierce cell membranes or damage other parts of a cell such as the nucleus, which is damaging to the eggs, sperm and embryos. Cryopreservation also includes the thawing process to avoid damage to the eggs, sperm and embryos.

Our laboratories are equipped with cryopreservation facilities to freeze, store and thaw eggs, sperm and embryos.

We use a third-party cryopreservation technology namely Cryotec®, which uses a vitrification method which cools eggs and embryos to cryogenic temperatures without forming ice crystals. The vitrification method is used for rapid cooling, storage and thawing.

The freezing of eggs and embryos will use the Cryotec® technology, while the freezing of sperms only require basic freezing techniques.

We provide cryopreservation services to our assisted reproductive service patients as well as to others who are not our patients.

All our cryopreservation services are carried out by our laboratory personnel using our equipment in our specialist clinics.

Our cryopreservation facilities



7. BUSINESS OVERVIEW (CONT'D)

7.5.4 Intrauterine insemination assisted reproductive technology

We also offer IUI as part of our assisted reproductive services. IUI, also referred to as artificial insemination, involves the following:

- collection of semen containing the sperm;
- washing of the collected semen in a solution comprising antibiotics and protein supplements;
- centrifuge the semen solution to eliminate the seminal fluid and other solutions to concentrate the sperm;
- inserting the concentrated sperm into the uterus around the time of ovulation when the ovary releases one or more eggs.

Thereafter, the fertilisation and implantation processes will depend on natural processes.

7.5.5 Donor programme

For the Financial Periods Under Review, our assisted reproductive services include egg and sperm donation programmes. The donor programme has ceased with effect as at 30 August 2023 in Alpha KL and Genesis. Alpha Singapore is involved in gamete/embryo donation programmes.

7.6 OTHER SERVICES

We provide specialist medical services commonly obstetrics and gynaecological services as well as assisted reproductive related services and procedures. These services are commonly carried out at the premises of third-party medical service providers. These third-party service providers are mainly hospitals involved in, among others, the provision of assisted reproductive and other obstetrics and gynaecology services. These services are commonly provided for our Singapore operations. Other services that we provide include laboratory and related services.

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7. BUSINESS OVERVIEW (CONT'D)

7.7 OUR LABORATORY FACILITIES AND ACTIVITIES

Our in-house laboratories with their respective facilities and personnel play key roles in supporting our medical specialists and being involved directly in many of the assisted reproductive procedures under our IVF and IUI programmes.

Our laboratory in our Alpha KL specialist centre



7.7.1 Inhouse laboratory activities

Our in-house laboratories carry out the following activities:

- ICSI;
- fertilisation of eggs and sperm in petri dishes (in vitro fertilisation);
- culture and incubation of the fertilised eggs up to the time for fresh transfer or cryopreservation;
- semen analysis;
- washing of semen and concentration of sperm for IUI;
- PGT using NGS and comparative genomic hybridisation incorporating:
 - . fluorescent in-situ hybridisation;
 - . polymerase chain reaction; and
 - . electrophoresis;
- separation of platelet-rich plasma to release growth factors for ovarian and endometrium rejuvenation;
- AI-enhanced embryo selection; and
- cryopreservation.



Top: Air shower to minimise contamination.
Bottom: Next generation sequencing for PGT

7. BUSINESS OVERVIEW (CONT'D)



7.7.2 Fertilisation and embryo development

One of the key areas in an IVF programme is fertilisation, and culture and incubation of the fertilised eggs before transfer to the uterus or for cryopreservation.

The fertilisation process involves selecting the best eggs and sperm for fertilisation. We provide two fertilisation procedures as follows:

- **ICSI** which involves the direct injection of a single sperm into each matured egg using micromanipulation equipment in our laboratory. Please refer to Section 7.5.3.2 for further details of our ICSI procedure. This is our most common procedure as the chances of fertilisation is high.
- **Petri dish** where a special medium will be prepared in a petri dish where the eggs and sperm will be placed, and hopefully, fertilisation will take place. The medium also serves as nourishment for the development of fertilised eggs. Fertilisation occurs when the sperm penetrates the egg. The petri dish with the egg and sperm is kept in an incubator to mimic the body's temperature and condition for fertilisation. If fertilisation occurs, it commonly takes several hours after the eggs and sperm are placed in the same petri dish.

We use a time-lapse incubator to monitor and analyse the development of embryos. This system combines an incubator, high-resolution camera and computer software to automatically take an image of each developing embryo every 10 minutes for approximately 7 days. These images can be reviewed at any time by our trained embryologists without removing the embryos from the incubator. Each of our incubator has 15 compartmentalised slots. We dedicate one compartmentalised slot for each of our patients. We are able to retrieve any one embryo without opening and closing the whole incubator door. Opening the whole incubator door may impact on other embryos as it would temporarily change the environment such as temperature, acidity and humidity until the machine brings the incubator environment back to the optimum condition.

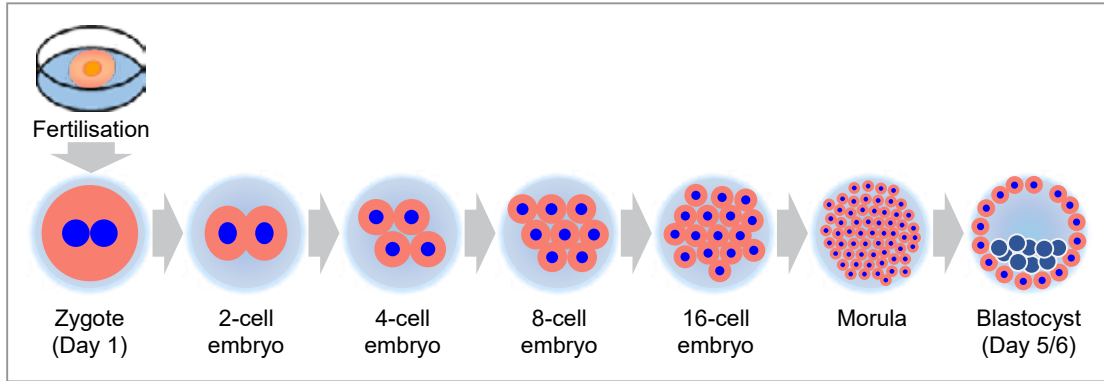
One of our Time-Lapse Incubator



We carry out embryo culture or development in our laboratory. The stages of embryo development within the petri dish are depicted in the diagram below:

7. BUSINESS OVERVIEW (CONT'D)

Embryo development carried out in our laboratory



We commonly develop the embryo up to the blastocyst stage which takes approximately 5 to 7 days after fertilisation. At that stage, the blastocyst is ready for transfer or cryopreservation.

7.7.3 Laboratory activities carried out at our specialist centres

Following is a list of activities which we can carry out in our in-house laboratories using our equipment and personnel in our respective specialist centres.

Laboratory procedures	Alpha KL	Genesis	Alpha Singapore
ICSI	✓	✓	✓
Fertilisation of eggs and sperm in petri dishes	✓	✓	✓
Culture and incubation of the fertilised eggs using time-lapse imaging system	✓	✓	✓
Semen analysis	✓	✓	✓
Washing of semen and concentration of sperm for IUI	✓	✓	✓
PGT-A	✓	✓	-
PGT-SR	✓	-	-
PGT-M	✓	-	-
PGT-HLA	✓	-	-
Cryopreservation	✓	✓	✓
⁽¹⁾ Endometrial biopsy for endometrial analysis	✓	✓	✓
Separation of platelet-rich plasma	✓	✓	-
AI-enhanced embryo selection	✓	✓	✓

Note:

(1) We carry out endometrial biopsy in-house while the analysis of the biopsied samples is conducted by external laboratory.

7. BUSINESS OVERVIEW (CONT'D)

7.7.4 Our laboratory scientists and healthcare supporting staff

As at the LPD, the number of our laboratory personnel and supporting nurses operating from our respective specialist centres are as follows:

	Alpha KL	Genesis	Alpha Singapore	Total
Embryologists	(1) 15	11	4	30
Geneticists	2	-	-	2
Laboratory administrative staff	1	1	-	2
Nurses	(1) 12	12	6	30
Nursing aides	(1) 12	4	3	19

Note:

(1) Include 1 embryologist, 1 nurse and 2 nursing aides who will be transferred to Alhaya KL specialist centre upon its commencement.

7.7.5 Our quality control management and procedures

We obtained RTAC certification for our Alpha KL and Alpha Singapore as well as ISO 9001: 2015 quality management system certification for Genesis. These certifications recognise that the services that we provide adhere to the respective quality management standards which are recognised internationally.

In our specialist centres, we implement various quality control management and procedures to ensure that we have better control over the quality of care provided to our patients. Some of our quality control management and procedures include the follows:

- **Infection control management:** Our specialist centres adhere to a range of protocols designed to minimise the risk of infection. These protocols include, among others, clinical waste management, guidelines for the maintenance and decontamination of ultrasound machines and probes used during treatment procedures, as well as sterilisation and disinfection procedures for our operational facilities, including operating theatres and laboratories. Additionally, we require our patients to undergo tests for HIV, hepatitis B, hepatitis C, and syphilis every six months which enable us to monitor the health status of the patient and to promptly identify any potential infections. Vaccination for various diseases is also recommended to our staff to minimise the risk of infection.
- **Identification and traceability management:** We implement protocols for documenting patients' information which enable us to maintain accurate records and monitor the progress of the provided treatments. These protocols facilitate our medical specialists in offering consultations and suitable treatments based on patients' medical history and responses to previous treatments. In addition, our protocols include accurate labelling of dishes and tubes containing eggs, sperm, or embryos according the details of the patients which include name, date of birth and medical record number.
- **Data management:** We implement protocols for data storage and management where we document the development and response of the treatment provided to our patients. The data base that we have accumulated enable us the evaluate the results of the treatment as well as to facilitate our R&D activities.
- **Staff training:** We provide training for our staff to ensure that they are aware of the protocols, procedures and practices implemented in our specialist centres. These training also help our staff to keep abreast with technological advancements that can enhance the quality of care provided to our patients.

7. BUSINESS OVERVIEW (CONT'D)

Our quality control management and procedures serve as a guideline for our medical specialists and supporting personnel in providing assisted reproductive services to our patients. Our commitment in providing quality care to our patients involves continuous planning and enhancement of our quality control management and procedures that are implemented in our specialist centres.

7.8 OUR MEDICAL SPECIALIST TEAM

As at the LPD, the number of our medical specialists operating from our respective specialist centres are as follows:

	Obstetrics and gynaecologists	Urologists	Anaesthesiologists
Malaysia	10	1	2
- Alpha KL	(1) 7	1	1
- Genesis	3	-	1
Foreign market	2	-	-
- Singapore	2	-	-
Total	12	1	2

Note:

(1) Include 1 obstetrics and gynaecologists who will be transferred to Alhaya KL specialist centre upon its commencement.

7.9 EXTERNAL PARTIES SERVICES

Following are services that we engage external parties to carry out on our behalf for our patients:

	Alpha KL	Genesis	Alpha Singapore
Fertility-related blood test (except for Anti-Müllerian hormone (AMH) test)	✓	✓	✓
AMH	-	✓	✓
(1) Anaesthesiologist services	✓	✓	✓
General health blood test	✓	✓	✓
X and Y chromosome sperm sorting	✓	✓	(3) N/A
Laparoscopic examination	-	(2) ✓	-
Laparoscopic surgery	-	(2) ✓	-
Hysteroscopic examination	-	-	-
Hysteroscopic surgery	-	(2) ✓	-

N/A = Not applicable

Note:

- (1) We have 1 anaesthesiologist each in our Alpha KL and Genesis speciality centre. Nevertheless, we may engage external parties for the anaesthesiologist services when our anaesthesiologist is not available or when we have concurrent procedures requiring more than 1 anaesthesiologist in our specialist centre. As for Alpha Singapore, anaesthesiologist services are entirely carried out by external parties on our behalf for our patients.
- (2) In Genesis, the demand for these services is low as our patients commonly prefer to have these services performed at hospitals.
- (3) We do not provide X and Y chromosome sperm sorting service in Alpha Singapore.

7. BUSINESS OVERVIEW (CONT'D)

7.10 KEY MACHINERY AND EQUIPMENT

The major equipment used for our business operations is as follows:

	Number of units	Average age (years)	Estimated lifespan (years)	Net book value as at FPE 31 October 2023 RM'000
Time-lapse incubator	8	3	10	1,306
Next-generation sequencing system and PCR machine	5	Next-generation sequencing system: 4 PCR machine: 9	Next-generation sequencing system: 6 PCR machine: 10	71
Cryopreservation storage tank	42	3	10	69
Piezo-ICSI system	4	2	8	41
Micromanipulator and inverted microscope	14	Micromanipulator: 4 Inverted microscope: 8	10	21
ICSI chamber	5	6	10	6
IVF chamber	6	7	10	5
Freezer	3	5	10	2
TOTAL				1,521

The main function of our key machinery and equipment are as follows:

Machinery and equipment	Main function
Time-lapse incubator	An equipment with built-in camera to monitor and analyse the development of embryos where images of the embryo are captured at regular intervals while developing in the incubator
Next-generation sequencing system	A system used to screen and identify chromosomal abnormalities
PCR machine	A machine used to amplify DNA for preimplantation genetic testing
Cryopreservation storage tank	An equipment used for the storage of eggs, sperms and embryos cryogenically at below -190 °C
Piezo-ICSI system	A system used to inject a single healthy sperm directly into a matured egg with minimal damage to the egg
Micromanipulator	An equipment used to manipulate the injection of a single healthy sperm directly into a matured egg with minimal damage to the egg
Inverted microscope	A magnifying equipment where the light source and the condenser (used to concentrate the light) is at the top compared to the bottom for a normal microscope. It is used to enlarge the image of oocyte and embryo for evaluation as well as for procedures requiring micromanipulation
ICSI chamber	An equipment used to carry out ICSI procedures
IVF chamber	An equipment used for procedures which require micromanipulation of oocytes and embryos under controlled environment
Freezer	An equipment for the storage of biological samples and reagents

7. BUSINESS OVERVIEW (CONT'D)

7.11 OPERATIONAL CAPACITY, OUTPUT AND UTILISATION

Operational output, capacity and utilisation rate do not apply to our business operations as the nature of our business is service based. Although we use equipment and medical devices to support our assisted reproductive services, the equipment and medical devices are easily available for purchase as and when required.

Nevertheless, the number of professionals including medical specialists and embryologists that we have may pose a limit to the number of cases of assisted reproductive services that we can provide.

7.11.1 Our operational facilities

As at the LPD, our Group operates two specialist centres in Malaysia and one specialist centre in Singapore as follows:

Alpha KL

Location	G01, Ground Floor, Encorp Strand Mall, Jalan PJU 5/22, Kota Damansara, 47810, Petaling Jaya, Selangor DE, Malaysia
Facility licence status	Private ambulatory care centre
Approximate built-up area	26,221 sq. ft
Facilities	<ul style="list-style-type: none"> • 2 operating theatres • 9 consultation rooms • 2 recovery beds • 14 daycare beds • 1 embryo transfer room • 1 embryology laboratory • 1 andrology laboratory • 1 PGT laboratory • 1 Polymerase Chain Reaction (PCR) laboratory • 1 cryopreservation facility
O&G doctors	Resident medical specialists: <ul style="list-style-type: none"> • Dato' Dr Lee Soon Soo, Colin (DDLSS) • Dr Haris Hamzah • Dr Leong Wai Yew • Dr Tan Chong Seong • Dr Lam Wei Kian • Dr Wan Syahirah • Dr Wilkinson Tan Yoong Jian
Anaesthesiologist	<ul style="list-style-type: none"> • Dr Ong Kok Soon (resident doctor)
Urologist	<ul style="list-style-type: none"> • Dr George Lee (visiting doctor)
Geneticist	2
Number of embryologists	15 (including 3 trainee embryologists)

7. BUSINESS OVERVIEW (CONT'D)

Genesis

Location	Level 7, Unit L7-01, Gurney Paragon Mall, 163D Persiaran Gurney 10250 Penang, Malaysia
Facility licence status	Private ambulatory care centre
Approximate built-up area	11,931 sq. ft.
Facilities	<ul style="list-style-type: none"> • 1 operating theatres • 4 counselling rooms • 10 beds • 1 embryology laboratory • 1 andrology laboratory • 1 PGT laboratory • 1 PCR laboratory • 1 cryopreservation facility
O&G doctors	Resident medical specialists: <ul style="list-style-type: none"> • Dr Ng Peng Wah • Dr Lau Soon Yen Visiting medical specialist: <ul style="list-style-type: none"> • Dr RM Udayar Pandian A/L Ramachandhiran
Anaesthesiologists	<ul style="list-style-type: none"> • Dr Fong Chee Huang (visiting doctor)
Number of embryologists	11 (<i>including 3 trainee embryologists</i>)

Alpha Singapore

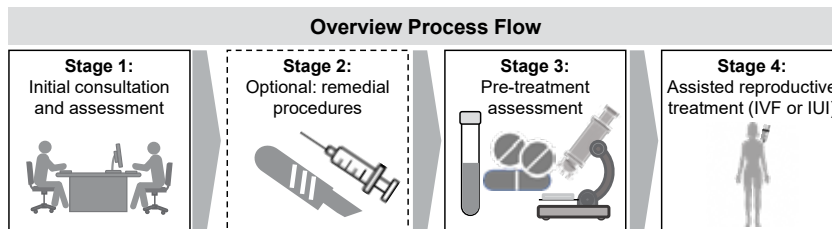
Location	101 Irrawaddy Road, #12-07 to 14, Royal Square at Novena, Singapore 329565
Facility licence status	Medical clinic
Approximate built-up area	5,297 sq. ft.
Facilities	<ul style="list-style-type: none"> • 1 operating theatres • 4 consultation rooms • 6 beds • 1 embryology laboratory • 1 andrology laboratory
O&G doctors	Resident medical specialist: <ul style="list-style-type: none"> • Dr Tan Heng Hao • Dr Timothy Lim Yong Kuei
Number of embryologists	4 (<i>including 2 trainee embryologists</i>)

7. BUSINESS OVERVIEW (CONT'D)

7.12 PROCESS FLOW

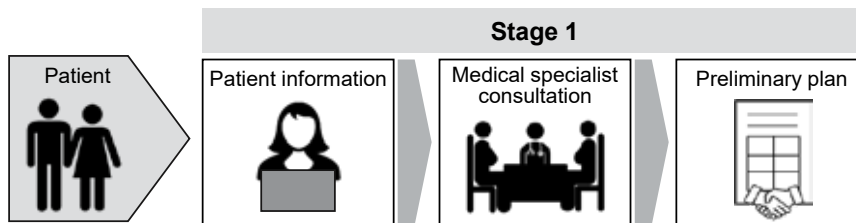
7.12.1 Overall Process Flow

The overall process flow for our reproductive assisted services is as follows:



7.12.2 Stage 1: Initial consultation and assessment

The process flow for Stage 1 is as follows:



The process flow of our assisted reproductive services begins with patient making appointment with our specialist centre. We also have medical tourism facilitators in various countries including Indonesia, China, Singapore and Australia who help coordinate new patients whom we commonly register at our specialist centres.

Generally, new patients will have their personal, medical and health information recorded, while repeat patients will have their records updated. Patients here include both the man and the woman. Our medical specialist will assess them and may also carry out simple assessments such as ultrasound scanning. Subsequently, our medical specialist will propose a preliminary assisted reproductive programme and pricing. This marks the end of Stage 1 for an initial consultation where the patients will have to decide to proceed or not to proceed. For patients who decide to proceed with the treatment and procedures, they will be required to sign our consent forms. We would also invoice our patients and payment is commonly either cash or through the use of credit or debit cards or online transfer.

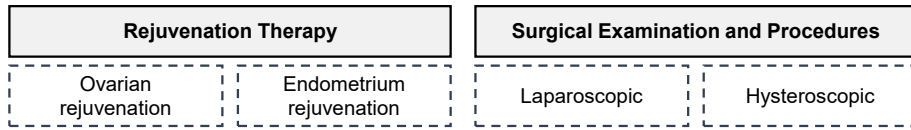
7.12.3 Stage 2: Remedial procedures

Stage 2 remedial procedures only apply to patients that require them before carrying out the assisted reproductive treatment regimen. If the patients in consultation with our medical specialists agree, then any selected remedial procedures will need to be carried out before commencing Stage 3 assisted reproductive treatment.

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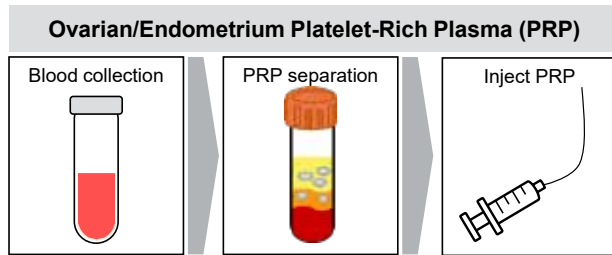
7. BUSINESS OVERVIEW (CONT'D)

We provide the following remedial procedures:



Rejuvenation therapy

Our rejuvenation therapies are provided to address issues relating to the woman’s reproductive system, namely the ovaries which store the immature and matured eggs before ovulation, and endometrium which is the lining of the uterus where embryos will implant themselves and receive nutrition.



Ovarian and endometrium rejuvenation goes through the same process of separating PRP in the patients’ blood. The PRP are then injected directly into the two ovaries (for ovarian rejuvenation) or the endometrium cavity (for endometrium rejuvenation). All the processes are done in our specialist centres and carried out by our laboratory personnel except for the injection of the PRP which is carried out by our medical specialists.

Upon completion of the procedures, we will invoice the patients and the patients will pay commonly through cash or credit/debit cards or online transfer.

Surgical examination and procedure

Our surgical examinations and procedures are provided to examine the woman’s reproductive system particularly the cervix, uterus and fallopian tubes. Where required our medical specialists will carry out laparoscopic or hysteroscopic examination and surgery if necessary to address issues:

- **Laparoscopic:** blocked fallopian tubes, fibroids, scar tissues, endometriosis, and other abnormalities.
- **Hysteroscopic:** polyps, fibroids, scar tissue and adhesions in the uterus.

All the processes are done in-house in our specialist centre or third-party medical facilities and carried out by our medical specialists.

Upon completion of the surgical examination and procedures, we will invoice the patients and the patients will pay commonly through cash or credit/debit cards or online transfer.

7. BUSINESS OVERVIEW (CONT'D)

7.12.4 Stage 3: Pre-treatment assessment

The main aim of the pre-treatment assessment is to obtain detailed medical and health information of the man and woman to identify and where relevant, address fertility-related issues. Some of the pre-treatment assessments include the following:

- uterus and fallopian tube assessment;
- ovarian reserve testing;
- fertility-related blood tests such as:
 - . follicle-stimulating hormone;
 - . oestradiol;
 - . luteinising hormone;
 - . anti-müllerian hormone;
 - . serum progesterone;
 - . prolactin;
 - . androgen;
- general health blood tests;
- semen analysis; and
- 3D/4D-ultrasound scanning.

For more details on pre-treatment assessments, refer to Section 7.5.2. Based on the results of the pre-treatment assessment and other pertinent information, our medical specialist may fine-tune our initial proposed assisted reproductive treatment programme.

The pre-treatment analysis may result in additional services, which we may add to our original assisted reproductive treatment programme. This may result in additional charges where the patient would be invoiced upon completion of any added services and are expected to pay immediately upon issuance of invoice.

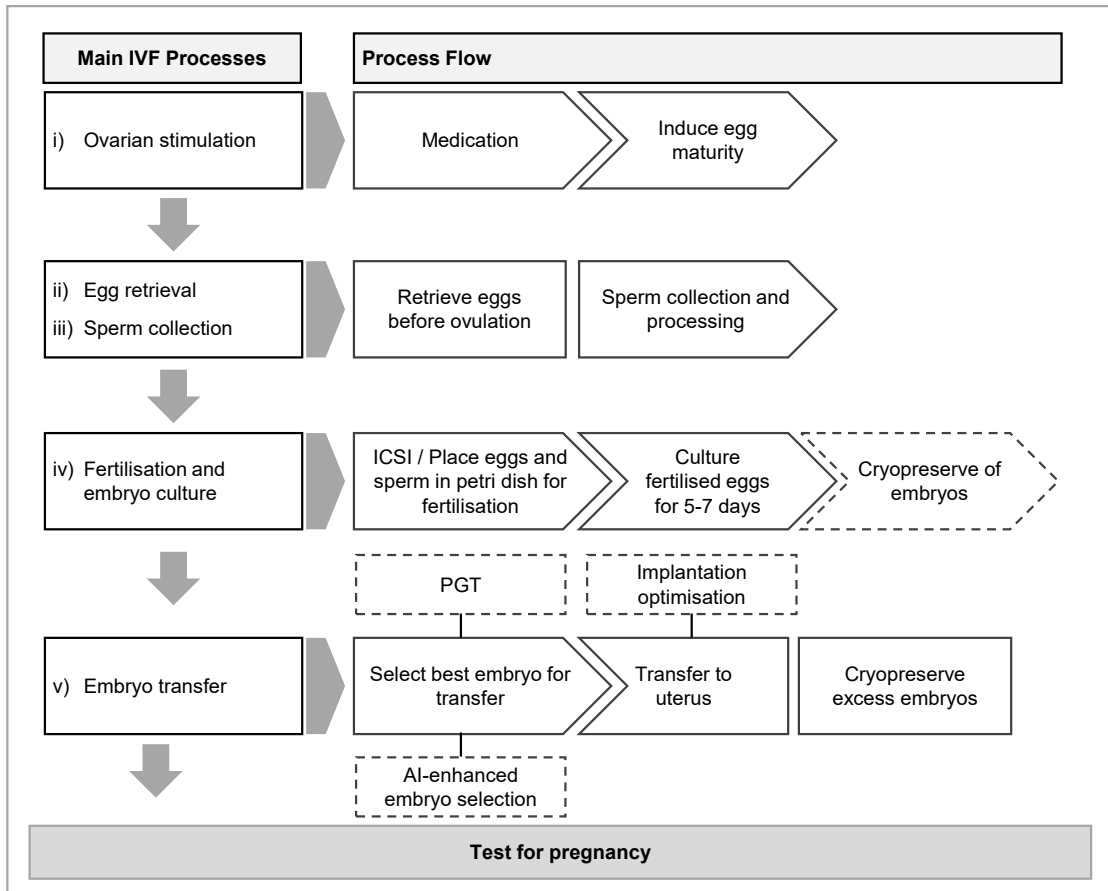
7.12.5 Stage 4: Assisted reproductive treatment – IVF

Stage 4 assisted reproductive treatment could be either IVF or IUI, depending on the wishes of the patient in consultation with our medical specialist. IVF is the most common procedure selected. Generally, our IVF treatment comprises five main steps over 4 to 5 weeks for fresh embryo transfer. For IVF treatment with frozen embryo transfer, patients have the option to cryopreserve the embryos until they decide to proceed with the embryo transfer.

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7. BUSINESS OVERVIEW (CONT'D)

The description of our process flow is as follows:



i) Ovulation Stimulation

Medication and induce egg maturity

Ovulation induction is required for patients using their own eggs for the IVF treatment. While a woman normally produces only one egg during each menstrual cycle, the IVF treatment requires multiple eggs for the selection of embryos, multiple embryo transfers where necessary and cryopreservation for additional IVF cycles if required.

Medication comprising synthetic hormones will be prescribed and this includes follicle stimulating hormone and/or luteinising hormone to stimulate the follicles, which are immature eggs, to develop to maturity for use in the IVF programme. The medication for follicle stimulation comes in an injectable form and the female patient or her partner is required to carry out the injection. Normally the injection is carried out for two weeks with injections on a daily basis.

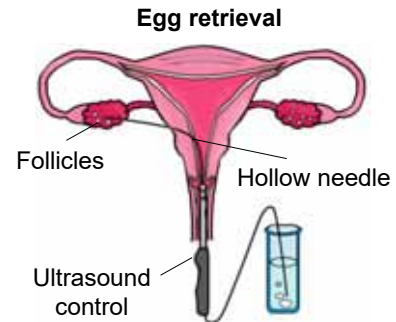
Follow-up appointments will be arranged throughout the stimulation phase. We will carry out ultrasounds scan on the patient to monitor the development of the eggs. Depending on the conditions of the patient, we may adjust their medication if required. Medication to prevent ovulation will also be prescribed.

Once eggs are developed to its optimum size, we will inject human chorionic gonadotropin (hCG) to trigger maturity and the eggs are ready for retrieval.

7. BUSINESS OVERVIEW (CONT'D)

ii) Egg retrieval

The procedure for egg retrieval, also known as follicular aspiration will be conducted just before ovulation. The egg retrieval procedure is an ultrasound-guided procedure to collect eggs from the ovaries. During the procedure, general anaesthesia will be given to the patient and a hollow needle attached to a suction device will be guided into each of the ovaries to retrieve eggs. The eggs are placed in a culture media and incubated to prepare for fertilisation.



Follicular aspiration is carried out by our medical specialists on an outpatient surgery basis which generally takes around 20 to 30 minutes to complete the procedure. Once the procedure is completed, patients will be sent to rest in our recovery room.

iii) Sperm retrieval

The male patient will be required to produce a sample of semen on the same day of the egg retrieval through one of the following methods:

- the male partner will produce a sample of semen in a dedicated room in our specialist centre; or
- production of semen is carried out at home where the semen sample must reach our specialist centre within an hour. The semen must be collected in a sterilised and non-toxic container or a non-toxic collection condom provided by us; or
- testicular aspiration where the sperm will be extracted directly from the testicle by our medical specialist at our specialist centre.

The sample of semen will then be sent to our andrology laboratory to separate the sperm from semen and to identify motile sperm for fertilisation. For patients using frozen sperm, it will need to be thawed before preparing them for fertilisation in the laboratory.

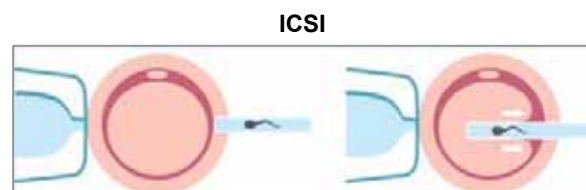
iv) Fertilisation and embryo culture

Fertilisation process

Fertilisation is when a sperm fuses with an egg which will combine their genetic materials resulting in a single cell called a zygote, which will start multiplying through a natural process called mitosis to form an embryo and ultimately a person.

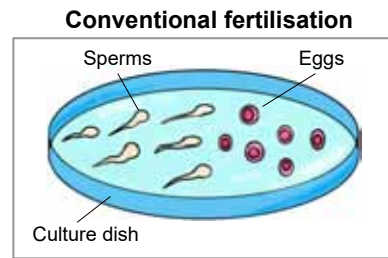
Fertilisation under IVF is carried out in the laboratory. Two methods of fertilisation are carried out in our laboratory as follows:

- **ICSI** is where a single sperm is injected directly into each of the matured eggs by our embryologist and subsequently placed in the incubator. ICSI is the most common method used in our IVF procedure.



7. BUSINESS OVERVIEW (CONT'D)

- **Conventional fertilisation** where the retrieved eggs and sperm are placed together in a culture dish which is then placed in an incubator for fertilisation to take place, which may or may not happen.



Embryo culture process

Our incubator is a specialised culture incubator where the conditions including the gas concentration, temperature and humidity are under control to provide an optimum environment for the culture of the embryo.

Assuming fertilisation takes place successfully, the fertilised eggs are allowed to develop for approximately 5 to 7 days which, by then the fertilised eggs would have multiplied to multiple cells referred to as blastocysts. The culturing of the embryo will be under close monitoring and observation by our embryologists.

Cryopreserve of embryo

After the embryo culture process, patients have the option to cryopreserve the embryos for a period of time before proceeding with the embryo transfer. Generally, IVF treatment using frozen embryos is more common as it allows the patient's uterus to recover and reach a more suitable condition after ovulation stimulation. This recovery period increases the chances of successful embryo implantation onto the uterine wall.

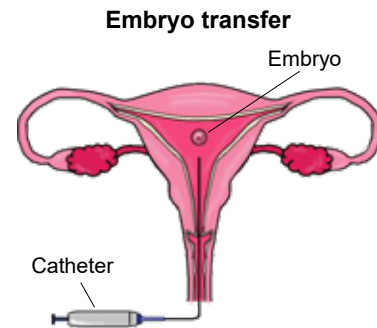
V) Embryo transfer process

Embryo transfer

Our embryologists will select the best blastocysts for transfer to the uterus. This is the most common method for our IVF procedure.

The embryo transfer is a minor procedure to transfer a predetermined number, usually 1, of embryos into the uterus using a catheter guided by ultrasound equipment. Embryo transfer is an outpatient procedure where anaesthesia is not required.

Any excess usable blastocysts are then preserved in our cryopreservation facilities for future use.



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7. BUSINESS OVERVIEW (CONT'D)

Enhanced service before embryo transfer

Before embryo transfer, we offer optional enhanced services to our patients as follows:

a) PGT

We provide procedures to test and screen for genetic abnormalities of embryo before the selection of embryos for transfer. They include the following

- PGT for aneuploid (PGT-A)
- PGT for monogenic diseases (PGT-M)
- PGT for chromosomal structural rearrangement (PGT-SR)
- PGT for human leukocyte antigen (PGT-HLA)

For our Malaysia operations, all our PGT services are carried out in our in-house laboratory, while for Singapore operations, we engage external laboratories that is registered with the MOH Singapore for all our PGT services. Our specialist centre in Singapore is not registered with MOH Singapore to carry out PGT.

b) Implantation optimisation

To improve the success rate of embryo implantation on the uterus wall and thus achieving conception and potentially carrying the baby to term, we also provide the following optional analysis on the uterus wall (endometrium):

- Endometrial receptivity analysis (ERA)
- Endometrial microbiome metagenomic analysis (EMMA)
- Analysis of infectious chronic endometritis (ALICE)

We engage external laboratories for all the implantation optimisation diagnostics and analyses.

c) AI-enhanced embryo selection service

AI-enhanced embryo selection uses AI technology to assess and rate the likelihood of each embryo in a group of embryos that will lead to a higher chance of successful pregnancy.

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7. BUSINESS OVERVIEW (CONT'D)

7.12.6 Stage 4: Intra-Uterine Insemination (IUI) Treatment

We also offer intrauterine insemination (IUI) as another ART in place of IVF.

IUI, also referred to as artificial insemination, involves the following processes:

- Step 1: Collection of semen containing the sperm;
- Step 2: Washing the collected semen in a solution comprising antibiotics and protein supplements;
- Step 3: Centrifuge the semen solution to eliminate the seminal fluid and other solutions to concentrate the sperm;
- Step 4: Inserting the concentrated sperm into the uterus around the time of ovulation when the ovary releases one or more eggs.

Details of some of the key steps are as follows:

i) Ovulation monitoring

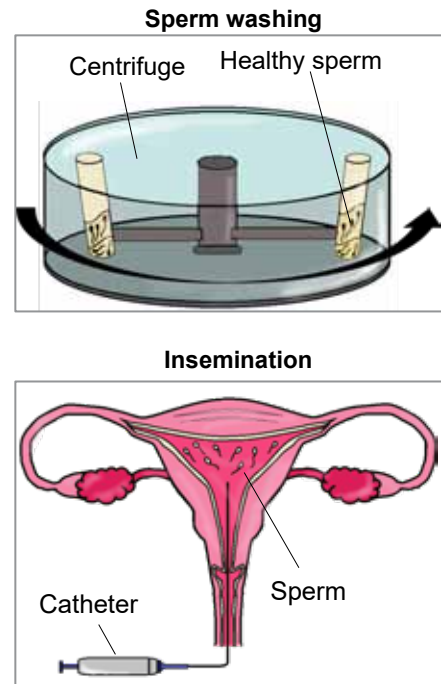
We will monitor the ovulation cycle of the patient to decide on the day to perform the insemination procedure. Timing is a critical factor for a successful IUI procedure. As the viability of sperm deteriorates within a short time, insemination is performed closer to or during the ovulation day and has a higher conception rate. The ovulation cycle of the patient can be monitored using the following methods:

- Artificially triggered ovulation

Oral and injectable medication will be prescribed to the patient for ovulation induction. We will conduct ultrasound scanning on the patient to monitor the development and maturity of the eggs in the ovaries. Once they are matured, we will inject human chorionic gonadotropin (hCG) to trigger ovulation. We will schedule for the patient to return for the insemination the next day after the hCG injection; or

- Natural ovulation cycle

The patient will be provided with an ovulation predictor kit to carry out tests on her own to predict ovulation during her natural ovulation cycle. The ovulation predictor kit can be used to detect a surge in luteinising hormone (LH) in the urine which signals that the ovary will be releasing the matured egg soon. Generally, ovulation will occur the day after the surge in LH. As such, the patient will have to schedule the insemination the next day after obtaining a positive result from the ovulation predictor kit.



7. BUSINESS OVERVIEW (CONT'D)

ii) Sperm retrieval and preparation

The man will produce a sample of semen before the IUI procedure. Sperm retrieval can be done at our semen collection room or the man's home. Alternatively, if required, we may need to carry out testicular aspiration procedure.

The sample of semen will then be sent to our laboratory for a preparation procedure called washing. Washing is a process to remove seminal fluid and other impurities from the semen, leaving only a highly concentrated motile sperm for insemination.

iii) Insemination

Our doctor will perform the insemination procedure to deliver the washed sperm into the uterus through the cervix of the patient using a catheter. Insemination is a minor procedure that only takes a few minutes and anaesthesia is not required.

7.12.7 Pregnancy Test

Upon completion of the IVF or IUI treatment, we will make an appointment with the patient to return for a pregnancy blood test approximately two weeks after the embryo transfer or insemination.

If the patient is confirmed to be pregnant, the patient has the option to continue the monitoring and care throughout the pregnancy term at our specialist centre or at another medical specialist centre. If there is no pregnancy, the patient may return at a later time to go through another cycle of assisted reproductive treatment.

7.13 RESEARCH AND DEVELOPMENT

Our R&D is an ongoing process and we do not have any separate classification for R&D expenditure in our accounting system for the Financial Periods Under Review mainly due to the difficulties in differentiating R&D related expenses from other operational expenses, given the shared equipment, consumables and personnel resources in our R&D activities and business operations. Our R&D is focused on improving and refining clinical practices and procedures in relation to assisted reproductive treatments. Our embryologists and geneticists are involved in conducting clinical research as well as preparing research papers and findings. The research papers and findings which we collaborated with third-party professionals have been published in various international journals and congresses, as well as presented at various conferences and congresses, where some of which are peer-reviewed. Since the commencement of our business and up to the LPD, we have produced 137 publications.

Our Group also collaborates with other IVF centres for multicentre studies where our contributions include participation in the research and findings as well as providing anonymised data from our databank to facilitate R&D. For the avoidance of doubt, the anonymised data does not fall within the ambit of the definition of "personal data" in the Personal Data Protection Act 2010. The following are some of the R&D which we were involved in during the Financial Years Under Review and up to the LPD:

- Involved in R&D to undertake endometrial receptivity assessment together with 13 IVF centres in the United States, Europe and Japan;
- Involved in a study of the use of AI to perform embryo viability assessment which will help in embryo selection together with an Australian start-up company and 12 IVF laboratories in the United States, Australia and New Zealand;
- Involved in a study with 5 independent clinics to validate the prediction of blastulation, ploidy and implantation using AI.
- Involved in a study with a Poland start-up company to validate AI prediction tool for embryo selection.

7. BUSINESS OVERVIEW (CONT'D)

- Involved in the development of an artificial intelligence-based image analysis software for evaluation of endometrial receptivity during IVF procedures.

7.14 TECHNOLOGY USED

We utilise various technologies to provide assisted reproductive treatments and services:

- (i) Cryotec® cryopreservation technology for eggs and embryo freezing. This method uses a vitrification method which includes quick freezing without the liquid forming ice crystals. This vitrification method has allowed us to achieve a high survival rate for embryos during the vitrification warming process. Since 2013, we have been using Cryotec® cryopreservation technology.
- (ii) Piezo-ICSI for the ICSI procedure where a single healthy sperm is injected directly into a matured egg using a micropipette. ICSI is commonly used when the quality or quantity of the sperm is relatively lower or if fertilisation attempts during prior IVF treatment did not succeed. ICSI is the most common method used in our IVF procedure. As compared to the conventional ICSI, the Piezo-ICSI minimises damage to the egg and increases the fertilisation rate as the Piezo-ICSI uses a finer and blunt injection tip which reduces the damage to the egg. Since 2013, we have been using Piezo-ICSI technology.
- (iii) Next-generation sequencing, a technique used for PGT to screen and identify chromosomal abnormalities such as mosaic embryos (two or more cells with variations in their genetic materials present within the same embryo) and aneuploid (presence of an abnormal number of chromosomes in a cell). This involves the screening of all 46 chromosomes in a developing embryo which will enable our embryologist to select the embryo with healthy chromosomes for transfer. Since 2015, we have been using Next-generation sequencing technology.
- (iv) Time-lapse monitoring system combines the use of an incubator with a built-in camera and computer software to automatically capture images of the developing embryos at fixed intervals. These images are processed into a time-lapse video which our embryologist will use to observe the progress of the embryo development. The use of this system helps in the selection of the embryo for transfer based on cell division patterns at various time points. Since 2014, we have been using time-lapse monitoring system technology.
- (v) AI-enhanced embryo selection technology to perform embryo viability assessment which will help in identifying the best embryo for transfer. This technology analyses the embryos through their images and provides a score for each embryo relating to its implantation potential and the likelihood of creating a pregnancy. Since 2020, we have been using AI-enhanced embryo selection technology.

Some of the above technologies such as cryopreservation and PGT are commonly used, while some are less commonly used by other operators in the industry.

7.15 SEASONALITY

We do not experience any material seasonality in our business

7. BUSINESS OVERVIEW (CONT'D)

7.16 MATERIAL INTERRUPTIONS TO OUR BUSINESS

Our Group did not encounter any other material interruptions during the past 12 months before the LPD.

- **Effects of COVID-19 on our business operations in Malaysia**

The World Health Organisation declared Covid-19 a pandemic on 11 March 2020. The Government of Malaysia implemented several measures to reduce and control the spread of COVID-19 in the country, commencing on 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, government, educational, cultural, recreational and other activities.

From 18 March 2020 to June 2021, the MCO was implemented in various phases in Malaysia, including CMCO, RMCO, FMCO and EMCO where restrictions were relaxed or tightened for specific states, districts and/or locations, based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government of Malaysia announced the NRP, a phased exit strategy from the COVID-19 pandemic consisting of four phases where restrictions were gradually eased in each phase.

As a fertility care specialist, our business falls within essential services, and thus we were able to continue operations during the MCO 1.0 period. We have implemented measures for our business operations in response to the COVID-19 pandemic to safeguard and protect our customers and employees.

Subsequently, on 1 April 2022, the Government of Malaysia announced that Malaysia was in the "Transition to Endemic" phase where all economic sectors are allowed to operate, and interstate and international travel are allowed, subject to adherence to the relevant SOP and guidelines.

During the various phases of the MCO including CMCO, RMCO, FMCO, EMCO, and NRP, and the "Transition to Endemic" phase, we continued to operate according to the specified guidelines and SOP, including specified workforce capacity during the respective periods.

Vaccination centre

We participated in the National COVID-19 Immunisation Programme to provide COVID-19 vaccination and COVID-19 test services to the public between June 2021 and March 2022 at our Alpha KL specialist centre. The cost of vaccines was fully borne by the Government and we were entitled for a fee of RM14 per dose to RM19 per dose during the said period. Pursuant to this, our revenue from the vaccination services accounted for less than 1% (RM0.24 million) of our total revenue for FYE May 2022.

- **Effects of COVID-19 on our business operations in Singapore**

To control the spread of COVID-19, the government of Singapore imposed strict circuit breaker lockdown measures from 7 April 2020 to 1 June 2020, which included the closure of non-essential workplaces, places of worship and entertainment venues, reduced crowd density in retail outlets, and restrictions on gatherings. These measures were subsequently gradually lifted as conditions permitted.

As a fertility care specialist, our business was classified under the essential sector, and consequently, we were allowed to continue our business operations during the circuit breaker lockdown period. We have implemented measures for our business operations in response to the COVID-19 pandemic to safeguard and protect our customers and employees.

7. BUSINESS OVERVIEW (CONT'D)

- **Effects on our financial performance**

Our business has been affected by the restrictions from various containment measures implemented due to the COVID-19 pandemic including border closure in Malaysia. Before the COVID-19 pandemic, we served customers who are foreigners from China, Indonesia and Singapore.

Under the COVID-19 pandemic, our business was impacted and this was reflected in the decline in our revenue, which decreased by 9.99% (RM6.89 million), from RM68.96 million in FYE May 2020 to RM62.06 million in FYE May 2021. This was mainly due to the border closure as our customers from foreign countries were not able to enter Malaysia to receive treatments. Revenue from customers who are foreigners for our Malaysia operation declined by 93.02% (RM29.21 million), from RM31.41 million in FYE May 2020 to RM2.19 million in FYE May 2021. In FYE May 2022, there was no material impact of COVID-19 pandemic on our business. Our revenue increased by 46.78% (RM29.03 million) from RM62.06 million FYE May 2021 to RM91.09 million in FYE May 2022. In FYE May 2023, our revenue increased by RM46.39 million or 50.92% from RM91.09 million in FYE May 2022 to RM137.48 million in FYE May 2023.

Between March 2020 and up to the LPD, our additional medical and related costs incurred to implement precautionary measures to comply with the SOP amounted to RM0.02 million.

7.17 MARKETING ACTIVITIES

7.17.1 Our marketing strategies

We use a direct distribution channel strategy for our sales and marketing to secure customers who are individuals, the direct user of our assisted reproductive services. We use a combination of our in-house business development personnel as well as engage medical tourism facilitators, influencers and other referrers to execute our direct distribution channel strategy. Medical tourism facilitators, influencers and other referrers serve as our representatives to engage with potential customers who are the direct users of our assisted reproductive services which we also invoice them directly.

Our revenue from direct distribution channel is contributed by individual customers which collectively accounted for 97.09% (RM66.95 million), 93.40% (RM57.97 million), 94.25% (RM85.86 million), 95.92% (RM131.87 million) and 96.29% (RM63.46 million) of our total revenue for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively. Meanwhile, our revenue from indirect distribution channel is contributed by private healthcare service operators and foreign egg and sperm banks which collectively accounted for 2.91% (RM2.01 million), 6.60% (RM4.09 million), 5.75% (RM5.23 million), 4.08% (RM5.61 million) and 3.71% (RM2.45 million) of our total revenue for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

As at the LPD, we have an in-house team of 11 marketing personnel focusing on sales and marketing functions stationed in our specialist centres as follows:

- 9 in Alpha KL; and
- 2 in Genesis.

7. BUSINESS OVERVIEW (CONT'D)

We have also appointed medical tourism facilitators who are either individuals or entities that are promoting Malaysia medical tourism. They are primarily responsible for the coordination of our existing and new customers from China, Indonesia as well as other foreign countries. As at the LPD, we have appointed 62 medical tourism facilitators. Our medical tourism facilitators are mainly responsible for planning and coordinating the patients' medical travel including providing assistance on planning and arrangement for travel, accommodation and medical consultation and related support services.

Medical tourism involves foreigners travelling to Malaysia to seek medical treatment, procedures or services. We have been classified as one of the elite members of Malaysia Healthcare Travel Council since 2017. Medical tourism facilitating and promoting healthcare travel industry in Malaysia is generally under the purview of a government agency namely the Malaysia Healthcare Travel Council (MHTC), which was established under the Ministry of Health Malaysia.

For the Financial Periods Under Review, our medical tourism facilitators have been instrumental in coordinating customers, mainly from foreign countries including Indonesia, China, Singapore and Australia. Revenue contributions through medical tourism facilitators accounted for 21.05% (RM14.51 million), 3.53% (RM2.19 million), 3.50% (RM3.19 million), 7.55% (RM10.38 million) and 8.70% (RM5.74 million) of our total revenue for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively. The decline in revenue contributions through medical tourism facilitators in FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 compared to FYE May 2020 was mainly due to the COVID-19 pandemic.

In addition, our marketing strategies also include partnering with influential individuals, commonly known as influencers, who have a substantial follower on various social media platforms. Through sponsored content, such as vlogs, short videos, and social media posts, these influencers share their experiences at our centres with their audience to generate interest, awareness and trust among their followers, encouraging them to enquire about our assisted reproductive services.

We also actively engage other referrers to promote and increase awareness of our assisted reproductive services. These referrers include individuals who have personal experiences with our services, such as satisfied customers and healthcare facilitators such as medical concierge service providers and healthcare providers companies where we will provide marketing fee to them for referring our assisted reproductive services to new customer.

7.17.2 Our marketing activities

Our business development team focuses on building our brands as an established and experienced assisted reproductive specialist, particularly for IVF. As at LPD, we primarily operate on our main brand "Alpha IVF" in Malaysia and Singapore and "Genesis IVF" in Penang, Malaysia

Our marketing activities include promoting our brands and services where we carry out market communications through traditional and digital means as follows:

- We arrange regular reproductive education programmes including talks, workshops and seminars targeted directly at prospective customers and attracting them to our specialist centres.

For the Financial Periods Under Review, we have organised 157 programmes including public talks, workshops and seminars which are held either physically or virtually. These public talks, workshops and seminars provide opportunities for potential customers to hear from our fertility specialists on various fertility topics and understand a range of assisted reproductive services from our specialist centres. In addition, we provide free one-to-one consultation to the potential customers to promote our assisted reproductive services suitable for their conditions and requirements.

7. BUSINESS OVERVIEW (CONT'D)

- We participate in local and international medical congresses, conventions and seminars where we also present our research and clinical findings on assisted reproductive services and technologies. Our research findings are supported by our clinical studies as well as scientifically recording and analysing our large database of assisted reproductive treatment patients.

While the audiences of our medical congress, convention and seminar papers and presentations are mainly medical and scientist professionals, nevertheless keeping a high profile among these professionals may serve potentially serve as positive references and word-of-mouth recommendations for potential patients

Our marketing team is responsible for carrying out marketing activities including the following:

- preparation of promotional materials, related medical information for layperson and research findings, summaries and references for those who want to carry out further research;
- organising online and physical events to educate as well as to promote our brand and services; and
- inviting relevant and prominent personnel to present or talk in our events.

Our marketing team is also involved in managing and maintaining our digital marketing information including proactively updating the information on our websites and social media channels such as Facebook, Instagram, YouTube and Xiaohongshu.

All our marketing materials and actions comply with relevant regulations governing the operations of private healthcare facilities and provision of healthcare services in Malaysia and Singapore.

For the Financial Periods Under Review, our marketing expenses accounted for 5.11% (RM3.52 million), 1.47% (RM0.91 million), 0.86% (RM0.78 million), 1.44% (RM1.98 million) and 1.46% (RM0.97 million) of our total revenue for the FYE May 2020, FYE May 2021 and FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

7.18 MAJOR CUSTOMERS

Our customers are mainly couples and each couple contributed less than 1% of our total revenue for the Financial Periods Under Review. Revenue from this category of customers accounted for 97.09% (RM66.95 million), 93.40% (RM57.97 million), 94.25% (RM85.86 million), 95.92% (RM131.87 million) and 96.29% (RM63.46 million) of our total revenue for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

In addition, our medical specialists also perform medical and surgical procedures for patients at the premises of third-party medical service providers. Genesis used to provide IVF related services for foreign egg and sperm banks but no longer does so. Revenue from private healthcare service operators and foreign egg and sperm banks accounted for 2.91% (RM2.01 million), 6.60% (RM4.09 million), 5.75% (RM5.23 million), 4.08% (RM5.61 million) and 3.71% (RM2.45 million) of our total revenue for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

We do not have any major customers who contributed more than 5% of our total revenue for the Financial Periods Under Review. As such, we are not dependent on any of our customers.

7. BUSINESS OVERVIEW (CONT'D)

7.19 TYPES AND SOURCES OF MATERIALS AND SERVICES USED

The following are the major types of materials and services that we purchased for our business operations for the Financial Periods Under Review:

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023		FPE Oct 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Medication	5,958	34.13	5,812	34.16	8,582	47.79	13,247	43.86	6,552	45.24
Consumables	4,519	25.89	3,265	19.19	5,483	30.53	12,043	39.89	5,587	38.57
Laboratory tests	6,237	35.73	6,984	41.05	2,514	14.00	2,912	9.64	1,445	9.98
Anaesthetic fees	743	4.25	954	5.61	1,378	7.68	1,998	6.62	899	6.21
TOTAL	17,457	100.00	17,015	100.00	17,957	100.00	30,200	100.00	14,483	100.00

For the Financial Periods Under Review, our main input materials and services comprise the following:

(i) Medication

This mainly comprises drugs used for the IVF ovarian stimulation process where the purchase of medication accounted for 34.13%, 34.16%, 47.79%, 43.86% and 45.24% of our total purchases for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

For the Financial Periods Under Review, the bulk of medication used were imported materials purchased from a domestic drug distributor, namely Zuellig Group, which accounted for 99.06%, 98.59%, 99.06%, 99.83% and 99.88% of the purchases of medication for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

(ii) Consumables

Consumables such as gowns and protective equipment including surgical gloves and masks, aperture and adhesive drapes, catheters, sterile cotton wool, swabs and gauze, sequencing kits, vitrification plates and solutions, and liquid nitrogen used for cryopreservation. The consumables are used in treatment rooms, operating theatres, laboratories and cryopreservation facilities which accounted for 25.89%, 19.19%, 30.53%, 39.89% and 38.57% of our total purchases for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

For the Financial Periods Under Review, the bulk of consumables used were imported materials purchased including those imported directly as well as sourced from local distributors, which accounted for 95.35%, 96.45%, 94.25%, 95.32% and 95.27% of the purchases of consumables for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

(iii) Laboratory tests

The laboratory test expenses mainly refer to fees charged by external laboratories for carrying out tests and analyses including pathology related tests such as general blood tests, and micro-sorting analysis. The laboratory test expenses accounted for 35.73%, 41.05%, 14.00%, 9.64% and 9.98% of our total purchases for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

7. BUSINESS OVERVIEW (CONT'D)

7.20 MAJOR SUPPLIERS

Our top five major suppliers for Financial Periods Under Review are as follows:

FYE May 2020

Major suppliers	Principal activities	RM'000	% of total purchases	Length of relationship (Year) ⁽¹⁾	Main type of materials/services
Zuellig Group ⁽²⁾	Distribution of healthcare products	5,378	30.81	5	Medication and consumables
IVF Nexus Sdn Bhd	Provider of medical laboratory services	3,282	18.80	2	Embryology services, laboratory tests and consumables
Biomarketing Services (M) Sdn Bhd	Trading of laboratory, diagnostic equipment and medical consumables	1,877	10.75	2	Laboratory consumables
Bio Lab Solutions Sdn Bhd	Trading of laboratory and medical equipment and consumables	1,486	8.51	5	Laboratory consumables
Baby Xort Sdn Bhd	Provider of sperm sorting services	1,337	7.66	5	Laboratory tests
Total of top five major suppliers		13,360	76.53		
Group Purchases		17,457			

FYE May 2021

Major suppliers	Principal activities	RM'000	% of total purchases	Length of relationship (Year) ⁽¹⁾	Main type of materials/services
IVF Nexus Sdn Bhd	Provider of medical laboratory services	6,012	35.33	3	Embryology services, laboratory tests and consumables
Zuellig Group ⁽²⁾	Distribution of healthcare products	4,791	28.16	6	Medication and consumables
Apex Pharma Marketing Pte Ltd	Distribution of healthcare products	799	4.70	1	Medication
Specialist Consultancy Group Pte Ltd	Provider of general medical services	436	2.56	1	Anaesthetist fees
Biomarketing Services (M) Sdn Bhd	Trading of laboratory, diagnostic equipment and medical consumables	402	2.36	3	Laboratory consumables
Total of top five major suppliers		12,440	73.11		
Group Purchases		17,015			

7. BUSINESS OVERVIEW (CONT'D)

FYE May 2022

Major suppliers	Principal activities	RM'000	% of total purchases	Length of relationship (Year) ⁽¹⁾	Main type of materials/services
Zuellig Group ⁽²⁾	Distribution of healthcare products	8,139	45.32	7	Medication and consumables
Innoquest Group ⁽³⁾	Provider of diagnostic laboratory services	1,674	9.32	10	Laboratory tests
Biomarketing (M) Sdn Bhd	Services Trading of laboratory, diagnostic equipment and medical consumables	1,251	6.97	4	Laboratory consumables
Apex Pharma Marketing Pte Ltd	Distribution of healthcare products	799	4.45	2	Medication
Bio Lab Solutions Sdn Bhd	Trading of laboratory and medical equipment and consumables	743	4.14	7	Laboratory consumables
Total of top five major suppliers		12,606	70.20		
Group Purchases		17,957			

FYE May 2023

Major suppliers	Principal activities	RM'000	% of total purchases	⁽¹⁾ Length of relationship (Year)	Main type of materials/services
Zuellig Group ⁽²⁾	Distribution of healthcare products	13,284	43.99	8	Medication and consumables
Biomarketing (M) Sdn Bhd	Services Trading of laboratory, diagnostic equipment and medical consumables	3,366	11.15	5	Laboratory consumables
Bio Lab Solutions Sdn Bhd	Trading of laboratory and medical equipment and consumables	2,311	7.65	8	Laboratory consumables
Innoquest Group ⁽³⁾	Provider of diagnostic laboratory services	1,534	5.08	11	Laboratory tests
⁽⁴⁾ LAB IVF Group	Trading of pharmaceutical and medical products	1,211	4.01	10	Laboratory and operating theatre consumables
Total of top five major suppliers		21,706	71.87		
Group Purchases		30,200			

7. BUSINESS OVERVIEW (CONT'D)

FPE October 2023

Major suppliers	Principal activities	RM'000	% of total purchases	⁽¹⁾ Length of relationship (Year)	Main type of materials/services
Zuellig Group ⁽²⁾	Distribution of healthcare products	7,120	49.16	8	Medication and consumables
Biomarketing Services (M) Sdn Bhd	Trading of laboratory, diagnostic equipment and medical consumables	1,711	11.81	5	Laboratory consumables
Bio Lab Solutions Sdn Bhd	Trading of laboratory and medical equipment and consumables	843	5.82	8	Laboratory consumables
Innoquest Group ⁽³⁾	Provider of diagnostic laboratory services	574	3.96	11	Laboratory tests
⁽⁴⁾ LAB IVF Group	Trading of pharmaceutical and medical products	438	3.02	10	Laboratory and operating theatre consumables
Total of top five major suppliers		10,686	73.78		
Group Purchases		14,483			

Notes:

(1) Length of business relationship is determined as at each of the respective FYE/FPE.

(2) Zuellig Group includes Zuellig Pharma Sdn Bhd from Malaysia and Zuellig Pharma Pte Ltd from Singapore.

(3) Innoquest Group includes Innoquest Pathology Sdn Bhd (formerly known as Gribbles Pathology (M) Sdn Bhd) from Malaysia and Innoquest Diagnostic Pte Ltd) from Singapore.

(4) LAB IVF Group includes LAB IVF (M) Sdn Bhd from Malaysia and LAB IVF Asia Pte Ltd from Singapore.

We are dependent on the following suppliers for medications and medical consumables for our assisted reproductive services:

(i) **Zuellig Pharma Group**

Zuellig Group which includes Zuellig Pharma Sdn Bhd in Malaysia and Zuellig Pharma Pte Ltd in Singapore was our top supplier, with purchases accounted for 30.81%, 28.16%, 45.32%, 43.99% and 49.16% of our total purchases of materials and services for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

We have been dealing with Zuellig Group for our Malaysia and Singapore operations since FYE May 2015 and FYE May 2020 respectively as Zuellig Group is the distributor of the medication where we purchase medication including stimulation drugs and medical consumables for the use of our assisted reproductive treatment.

7. BUSINESS OVERVIEW (CONT'D)

If the supply of products from Zuellig Group is disrupted, ceased or there are changes in our business relationship with them, we will liaise with the product registration holder of the medication to source alternative supply of the medication. Nonetheless, we have not experienced any disruption in the supply of medication from Zuellig Group.

Zuellig Group is not the only supplier of imported medications in Malaysia and Singapore. We also purchase imported medication from other suppliers including Apex Pharma Marketing Pte Ltd.

In addition, for the FYE May 2020 and FYE May 2021, our purchases from IVF Nexus Sdn Bhd accounted for 18.80%, and 35.33% of our total purchases of materials and services respectively. This included the procurement of embryology services, laboratory tests and consumables during the said periods. Subsequently, we ceased to procure the services from IVF Nexus Sdn Bhd as we have started to carry out these services at our own laboratory from FYE May 2022. Hence, we are not dependent on IVF Nexus Sdn Bhd for the materials and services.

Save for Zuellig Group, we are not dependent on the other major suppliers as they either contributed less than 12.00% of our total purchases of materials and services or the materials or services purchased from them are also available from other suppliers in the market.

As at the LPD, we have entered into service agreements with Innoquest Group and Baby Xort Sdn Bhd. The agreements set out the general terms and conditions including pricing and credit term and there is no obligation for our Group to place order. We will place order with the supplier on an ad-hoc basis as and when required.

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7. BUSINESS OVERVIEW (CONT'D)

7.21 BUSINESS STRATEGIES AND PLANS

Our strategy is to continue with our existing business and leverage our core competency in IVF to expand our business. A summary of our expansion plans is as follows:



7.21.1 Domestic Expansion of operational facilities and resources

7.21.1.1 Set-up three specialist centres in Malaysia

As at the LPD, we have two assisted reproductive service specialist centres in Malaysia serving domestic as well as foreign customers. Our domestic expansion plan is to establish 3 new assisted reproductive services specialist centres in Malaysia

The 3 new specialist centres are designed to have a range of facilities including consultation rooms, counselling rooms, laboratories, operating theatres and post-operative day care facilities, and will be equipped with the necessary laboratory equipment and medical devices to support our assisted reproductive services.

The 3 new specialist centres comprising Alhaya KL specialist centre and 2 other new specialist centres to be established in Malaysia. In November 2021, our subsidiary, Alhaya KL had secured a tenancy agreement for a location in Kuala Lumpur with a floor space of 5,560 sq. ft which is attached to KPJ Damansara Specialist Hospital 2. On 12 May 2023, Alhaya KL has obtained approval from the Ministry of Health for the establishment of a private ambulatory care centre. As at the LPD, the specialist centre is under-going renovation and fit-out works and is expected to commence operations by the Q1 2024. The cost of setting up Alhaya KL is estimated at RM11.00 million which will be funded through internally generated funds.

7. BUSINESS OVERVIEW (CONT'D)

As for the other two specialist centres, New Centre A and New Centre B, our Group is still in the process of identifying suitable locations for the establishment of the new specialist centres in Malaysia. As at the LPD, we have yet to enter into any tenancy agreement for the two new specialist centres. The New Centre A and New Centre B will be supported by 1 medical specialist and 18 other personnel each and is expected to commence operation by the end of FYE 2025 and FYE 2026 respectively. Although we may face difficulties in procuring the medical specialists, we have our existing medical specialists who can provide support to both New Centre A and New Centre B in the event of any delay in engaging suitable candidates as our medical specialists for the centres.

The total estimated cost of setting up the 3 new assisted reproductive services specialist centres in Malaysia is RM43.00 million including:

- RM11.00 million mainly including renovation and interior fit-out works, purchase of laboratory equipment and medical devices and IT systems which will be funded through internally generated fund.
- RM32.00 million of the total estimated cost for setting up New Centre A and New Centre B with floor space ranging from 7,000 sq. ft to 10,000 sq. ft in Malaysia which will be funded through IPO proceeds. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

7.21.1.2 Expand and upgrade of existing specialist centres, facilities and corporate office

As at the LPD, we have 2 specialist centres located in Selangor and Penang, Malaysia and 1 specialist centre in Singapore. Part of our plans is to upgrade our three existing specialist centres by which will cover the following areas:

(i) Laboratory and medical facilities

We plan to upgrade our laboratory and medical facilities by purchasing laboratory and medical equipment and medical devices to cater the expected increase in the number of cases of assisted reproductive services to support our business growth as well as to replace some of the existing equipment that has reached the end of its lifespan or has fallen short of its optimum performance. We plan to allocate RM8.45 million for the purchase of new laboratory and medical equipment for our operations in Malaysia and Singapore which mainly include the follows:

New laboratory and medical equipment to be purchased	Function
Time-lapse incubator	An equipment with built-in camera to monitor and analyse the development of embryos where images of the embryo are captured at regular intervals while developing in the incubator
ICSI chamber	An equipment used to carry out ICSI procedures
IVF chamber	An equipment used for procedures which require micromanipulation of oocytes and embryos under controlled environment
Micromanipulator	An equipment used to manipulate the injection of a single healthy sperm directly into a matured egg with minimal damage to the egg
Laser system	An equipment used to biopsy cells
Semen analyser	An equipment used to analyse semen
Cryopreservation storage tank	An equipment used for the storage of eggs, sperms and embryos cryogenically at below -190 °C

7. BUSINESS OVERVIEW (CONT'D)

New laboratory and medical equipment to be purchased	Function
Next-generation sequencing system	A system used to screen and identify chromosomal abnormalities
Ultrasound machine	An equipment used to scan the female reproductive organs to check for any abnormality or damage and to check on egg counts of the patient
Data logger system	A system used for the storage of data
(1)Others	Various functions

Note:

(1) *Include miscellaneous tools and equipment such as medical instrument trolleys, forceps, digital weighing scales, wheelchairs, water purification systems, microscopes and others.*

The purchase of new laboratory and medical equipment will be funded through IPO proceeds. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

(ii) IT systems

We plan to purchase and upgrade our IT systems including hardware and software in our three existing specialist centres in Malaysia and Singapore, as follows:

- Upgrading and integration of IT software such as customer relationship management (CRM) system, accounting system, enterprise resource planning (ERP) system and data analytics software to improve and facilitate our business processes.
- Purchase and upgrade of hardware and equipment is to support the software upgrade as well as accommodate the increase in staff.

In this respect, we plan to allocate RM4.05 million for the purchase and upgrade of IT systems which will be funded through IPO proceeds for our existing operations in Malaysia and Singapore. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

(iii) Renovation and expansion of existing facilities

We plan to renovate our existing specialist centres in Selangor and Penang, Malaysia as below:

- **Genesis:** We plan to rent and renovate an additional shop unit with estimated floor space of 3,700 sq. ft in Gurney Mall which is planned for additional storage area of patients' medical record and other documentation to cater for our business expansion.

The renovation includes interior-fit out works and purchase of furniture. In addition, we plan to set-up additional signboard for our Genesis operations in Penang to increase brand awareness of our specialist centre

- **Alpha KL:** We also plan to renovate 2,000 sq. ft and 1,500 sq. ft of floor space of our Alpha KL specialist centre as dedicated waiting area for foreign patients and operational office for our administrative and human resource department. The renovation includes interior-fit out works and purchase of furniture.

In view of the above, we plan to allocate RM2.20 million for the renovation and expansion of our existing facilities in Selangor and Penang which will be funded through IPO proceeds.

7. BUSINESS OVERVIEW (CONT'D)

Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

(iv) Expansion and upgrade of corporate office

Our existing corporate office is at our Alpha KL specialist centre in Kota Damansara, Selangor. Part of our expansion plan is to expand our corporate office at Alpha KL specialist centre by renting additional space with estimated floor space of 2,500 sq. ft from the same premise.

The total estimated cost for the expansion and upgrade of our corporate office is RM1.00 million comprising RM0.64 million for renovation and interior fit-out works as well as RM0.36 million for miscellaneous setups including purchase and integration of IT systems and rental of premises with estimated floor space of 2,500 sq. ft.

The expansion and upgrade of our corporate office will be funded through IPO proceeds and will be utilised within 36 months from the listing date and the renovation is expected to be commenced between Q1 and Q2 2024. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

7.21.1.3 Expand marketing activities

Part of our strategies and plans include carry out marketing activities to promote our services while at the same time, increase the market awareness of our company and generate sales leads for our business in Malaysia and foreign markets. As part of our marketing plans, we intend to carry out a two-prong strategy as indicated below:

- digital marketing activities including creating and developing digital content to educate prospective customers about assisted reproductive services, search engine optimisation to increase our brand awareness, engagement of influencers to promote our assisted reproductive services as well as other marketing activities on various social media and paid media channels.
- conventional marketing activities including events such as launching ceremony of our specialist centres, educational seminars, exhibitions and others as well as printed marketing materials including brochures and booklets about our assisted reproductive services.

The total estimated cost for the expansion of our marketing activities is RM2.60 million which will be funded through IPO proceeds. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

7.21.1.4 Expand R&D resources

Part of our strategies and plans is to expand our R&D including expansion of R&D team by hiring up to 6 additional personnel to support our R&D activities and purchase laboratory equipment to facilitate our R&D.

Our R&D activities are supported by our embryologists where the embryologists will be dedicated to our R&D projects, which aim to leverage technologies and methodologies to enhance the success rate of IVF, improve fertilisation rates, and assess and enhance the quality of eggs. Our plan for the expansion of our R&D resources include hiring up to additional 6 personnel to support our R&D activities as well as the purchase of laboratory equipment which include equipment to measure the biological abnormality in oocytes, examination of quality of semen and sperm as well as equipment to perform laboratory fertilisation of eggs. The expansion in R&D resources enable us facilitate our R&D activities to keep up to date with the latest development in assisted reproductive services to support our business growth.

7. BUSINESS OVERVIEW (CONT'D)

The estimated cost for the expansion of our R&D resources is RM2.20 million which will be funded through IPO proceeds. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

7.21.2 Foreign Country Expansion

7.21.2.1 Set-up one specialist centre and four satellite clinics in Indonesia

We plan to leverage our experience in operating in a foreign country, namely Singapore to expand our operations in other foreign countries by setting up one additional specialist centre and four satellite clinics in Indonesia. The rationale for setting-up one additional specialist centre and four satellite clinics in Indonesia is the country's large population. The large population of Indonesia represents opportunities for the demand of our assisted reproductive services, thereby supporting our business growth.

New specialist centre in Indonesia

The new specialist centre in Indonesia will be a full-fledge centre with 25 personnel including 2 medical consultant and 23 personnel to provide a wide range of assisted reproductive services including IVF treatment and other procedures including intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), various diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperms and embryos to support our assisted reproductive services. The new specialist centre will have an estimated floor space of 10,660 sq. ft with facilities including consultation rooms, counselling rooms, laboratories, operating theatres and post-operative day care facilities, and will be equipped with the necessary laboratory equipment and medical devices to support our assisted reproductive services. As at the LPD, we have commenced feasibility study on the establishment of the new specialist centre and had identified a potential location in Bali, Indonesia for the new specialist centre. The new specialist centre in Indonesia is expected to commence operation by the end of FYE 2025.

On 22 December 2023, we entered into an agreement with PT Hotel Indonesia Natour (HIN) to among others, reserve the leasing of a plot of land with total land area of approximately 6,000 sq. m, in the Health Tourism Special Economic Zone in Bali, Indonesia. HIN operates in the field of hospitality services and is a state-owned enterprise under the holding company PT Aviassi Wisata Indonesia (Injourney) that oversees the tourism and aviation industry in Indonesia.

On 27 December 2023, we paid a booking fee of IDR11.88 billion (approximately RM3.65 million) to reserve the land for leasing. On 6 February 2024, HIN announced that we have been selected to lease the said land and following thereto, we will be commencing negotiation of the terms and conditions of a definitive agreement to be executed between us and HIN for leasing of the land. Please refer to Section 14.7 for further details on the agreement.

Satellite clinics in Indonesia

The four satellite clinics in Indonesia will be set-up in various cities in Indonesia as an extension of our specialist centre. While the IVF treatment and other assisted reproductive services procedures will be carried out in our specialist centre, these satellite clinics are set up to provide convenient access to our services such as consultation, preliminary assessment and medication dispensary services for patients in different regions of Indonesia.

7. BUSINESS OVERVIEW (CONT'D)

We plan to set-up four satellite clinics with estimated floor space of 1,500 sq. ft each, comprising facilities including consultation room, medicine dispensary counter, and nurse counter and equipped with basic medical equipment and devices. Each of the satellite clinics will have 1 medical consultant and 4 technical personnel to offer essential diagnostic and monitoring services. Two of the satellite clinics in Indonesia are expected to commence operation by the end of FYE 2025 while the other two are expected to commence operation by the end of FYE 2026. As at the LPD, our Group is still in the process of identifying suitable locations in the Java, Sumatra, Sulawesi or Bali and Nusa Tenggara region of Indonesia for the establishment of the four satellite clinics in Indonesia.

The total estimated cost of setting up a new specialist centre and four satellite clinics in Indonesia is RM24.10 million which will be funded through IPO proceeds. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

7.21.2.2 Set-up one specialist centre in Cambodia or Laos

We plan to set-up a new specialist centre in Cambodia or Laos. The rationale to set-up a new specialist centre in Cambodia is that we have a potential partner in Cambodia which may facilitate the establishment of a new specialist centre in the country. The rationale to set-up a new specialist centre in Laos is its proximity to China, facilitated by the recent operation of the China-Laos Railway high speed train linking Kunming in China to Vientiane in Laos. The geographical advantage would enhance the accessibility of our assisted reproductive services to the potential customers in the Laos to support our business growth.

The new specialist centre in Cambodia or Laos will be a full-fledge centre with 20 personnel including 1 medical consultant and 19 technical personnel to provide a wide range of assisted reproductive services including IVF treatment and other procedures including intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), various diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperms and embryos to support our assisted reproductive services. The new specialist centre will have an estimated floor space of 8,000 sq. ft with facilities including consultation rooms, counselling rooms, laboratories, operating theatres and post-operative day care facilities, and will be equipped with the necessary laboratory equipment and medical devices to support our assisted reproductive services. The new specialist centre is expected to commence operations by the end of FYE 2025. As at the LPD, our Group is still in the process of identifying suitable locations for the establishment of the new specialist centre in Cambodia or Laos and has yet to conduct feasibility studies on the establishment of the new specialist centre.

The total estimated cost of setting up a new specialist centres in Cambodia or Laos is RM13.90 million which will be funded through IPO proceeds. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

7.21.2.3 Set-up two sales representative offices in China

We plan to rent and operate two sales representative offices in China to expand our market coverage where we will provide preliminary consultation services such as providing information pertaining to our assisted reproduction services to the potential patients.

The two sales representative offices will have an estimated floor space of 1,000 sq. ft each, with facilities including reception, consultation room, waiting room and office. Each of the sales representative office will have 3 supporting staff to promote our assisted reproductive services in China. The two sales office is planned to be established by the end of 2024.

The total estimated cost of setting up two sales representative offices in China is RM2.80 million which will be funded through IPO proceeds. Please refer to Section 4.7 of this prospectus for further details on the utilisation of IPO proceeds.

7. BUSINESS OVERVIEW (CONT'D)

7.21.2.4 Total cost for our future plans and strategies

The total cost for our future plans and strategies is estimated at RM104.30 million as set out as below:

	Estimated cost (RM'000)	Internal funds/ borrowings (RM'000)	Proceeds from the Public Issue (RM'000)	Estimated time to commence
Domestic expansion of operational facilities and resources	63,500	11,000	52,500	
- Set-up 3 specialist centres in Malaysia	43,000	11,000	32,000	⁽¹⁾ FYE 2023 – FYE 2026
- Expand and upgrade existing specialist centres	15,700	-	15,700	Q1 2024 - Q4 2024
- Expand marketing activities	2,600	-	2,600	Q2 2024 - Q4 2026
- Expand R&D resources	2,200	-	2,200	Q2 2024 – Q4 2026
Foreign country expansion	40,800	-	40,800	
- Indonesia: Set-up 1 specialist centre and 4 satellite clinics	24,100	-	24,100	⁽²⁾ FYE 2025 - FYE 2026
- Cambodia or Laos: Set-up 1 specialist centre	13,900	-	13,900	FYE 2025
- China: Set-up 2 sales representative offices	2,800	-	2,800	2024
Total	104,300	11,000	93,300	

Notes:

- (1) Alhaya is expected to commence operations by first quarter of 2024, while New Centre A and New Centre B is expected to commence operation by the end of FYE 2025 and FYE 2026 respectively.
- (2) The new specialist centre in Indonesia is expected to commence operation by the end of FYE 2025. Two of the satellite clinics are expected to commence operation by the end of FYE 2025 while the other two are expected to commence operation by the end of FYE 2026.

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7. BUSINESS OVERVIEW (CONT'D)

7.22 ENVIRONMENT, SOCIAL AND GOVERNANCE (“ESG”) PRACTICES OF OUR GROUP

Our Board takes cognisance of the sustainability governance as set out in the Bursa Securities' ACE Market Listing Requirements in Relation to Sustainability Reporting Framework, Bursa Securities' Sustainability Reporting Guide (3rd Edition) and Malaysian Code on Corporate Governance 2021.

Our Group adopted a sustainability policy that serves as a guideline in implementing sustainability initiatives across our Group which is in line with global and national efforts, as well as industry best practices. It governs our Group's commitment in applying principles of Sustainability that integrate our Group's strategic thrusts, core values and pillars of sustainability, specifically “Our Patients”, “Our People”, “Our Organisation”, “Our Environment” and “Our Community”. Hence, our Group has adopted Environment, Social and Governance practices in ensuring environmentally responsible operations, conducting business responsibly and providing conducive workplaces for employees.

The sustainability management committee is responsible for overseeing the implementation of sustainability-related initiatives within the purview of their respective departments. The sustainability representatives of each subsidiary are responsible for executing, monitoring and reporting the sustainability-related initiatives which assist the sustainability management committee in making informed decisions to achieve our Group's sustainability goals.

We are committed to setting up an overall sustainability framework for our Group with reference made and / or comply with the following guidelines and standards;

- Listing Requirements in relation to Sustainability Reporting Framework;
- Bursa Securities' Sustainability Reporting Guide (3rd Edition);
- Malaysian Code on Corporate Governance 2021; and
- United Nations Sustainable Development Goals (**UNSDG**)

Our Group prioritises and maintains a high standard of commitment to responsible healthcare delivery, and ethical principles and contributes positively to the environment. In terms of implementing and managing sustainability matters, we are and will focus on the following ESG practices:

Environmental Practices (E):

- a. Energy Efficiency: Implement energy-efficient equipment and practices to reduce energy consumption within the centres.
- b. Waste Management: Implement responsible waste management including proper disposal of medical waste and recycling initiatives.
- c. Water Conservation: Implement water-saving practices to reduce water consumption.
- d. Eco-friendly Laboratory Practices: Use environmentally friendly laboratory equipment and supplies and optimise laboratory processes to reduce resource use.

7. BUSINESS OVERVIEW (CONT'D)

Social Practices (S):

- a. **Responsible Patient Education:** Provide comprehensive education to patients about the IVF process, potential risks and alternatives, promoting informed decision-making.
- b. **Ethical Practices:** Adhere to ethical and transparent practices in patient interactions, including informed consent, privacy protection and responsible handling of genetic information.
- c. **Diversity and Inclusion:** Foster a diverse and inclusive work environment, ensuring that all patients and employees are treated with respect and equity. Our Board is committed to actively promote diversity at all levels of organisation irrespective to race, ethnicity and gender including the inclusion of female directors on our Board and are dedicated to ensuring their representation in shaping the future of our organisation.
- d. **Patient Support:** Offer emotional and psychological support for patients undergoing IVF treatment, recognizing and supporting the emotional transition process of patients.
- e. **Community Engagement:** Engage with the local community and contribute to public awareness about fertility issues, reproductive health, blood donation and related topics. Our Group was also appointed as one of the Ambulatory Care Centre for the National COVID-19 Immunisation program in May 2021.

Governance Practices (G):

- a. **Compliance and Ethics:** Establish governance structures and codes of conduct to ensure compliance with legal and ethical standards in healthcare.
- b. **Risk Management:** Identify and manage risks associated with IVF procedures and patient care including medical malpractice risks.
- c. **Data Security and Privacy:** Ensure strict data security and patient privacy measures in compliance with applicable regulations such as the Personal Data Protection Act 2010.
- d. **Quality Assurance:** Implement rigorous quality control and assurance processes to maintain high standards of care and safety.
- e. **Board Oversight:** Ensure that the board of directors or governing body provides effective oversight of the IVF centre's operations, including ESG strategies and performance.

By implementing these ESG practices, our Group not only ensure our long-term sustainability but also demonstrates a commitment to responsible healthcare delivery and ethical principles. This further enhances our Group's reputation, attracts patients, and contributes positively to our communities and the environment.

8. INDUSTRY OVERVIEW



5 February 2024

The Board of Directors
Alpha IVF Group Berhad
G01, Ground Floor, Encorp Strand Mall
Jalan PJU 5/22
Kota Damansara
47810 Petaling Jaya
Selangor

Vital Factor Consulting Sdn Bhd
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Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Fax: (603) 7931-2188
Email: enquiries@vitalfactor.com
Website: www.vitalfactor.com

Dear Sirs and Madam

Independent Assessment of the Assisted Reproductive Service Industry

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, takeovers, mergers and acquisitions, and business regularisations for public listed companies on the Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of Alpha IVF Group Berhad for the listing of its shares on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from the University of New South Wales, Australia and a degree in Master of Business Administration from the New South Wales Institute of Technology (now known as the University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad.

8. INDUSTRY OVERVIEW (CONT'D)



Date of Report: 5 February 2024

INDEPENDENT ASSESSMENT OF THE ASSISTED REPRODUCTIVE SERVICE INDUSTRY

1. INTRODUCTION

- Alpha IVF Group Berhad, together with its subsidiaries (Alpha Group), is involved in the provision of assisted reproductive services through its specialist fertility care centres, Alpha International Women's Specialists Sdn Bhd (Alpha KL) and Genesis Specialists Sdn Bhd (Genesis) in Malaysia, and Alpha International Women's Specialists (Singapore) Pte Ltd in Singapore, which will form the focus of this industry report. The term embryo is generally used to refer to a fertilised egg up to eight weeks of fertilisation. All reference to gross domestic product (GDP) refers to nominal GDP unless stated otherwise.

2. OVERVIEW OF THE ASSISTED REPRODUCTIVE SERVICE INDUSTRY

2.1 Structure of the Assisted Reproductive Service Industry

- Generally, infertility is defined as the inability to conceive after trying naturally for at least 12 months. Infertility may be contributed by the male or female partner, or both partners. Some of the common factors affecting a woman's infertility include among others, age and abnormalities of the ovaries, uterus, fallopian tubes and endocrine (hormonal) system. As for men, infertility is most commonly associated with issues relating to low quantity and/or quality of sperm in terms of motility (mobility) and morphology (shape). In addition, lifestyle factors such as smoking, excessive alcohol consumption, stress, obesity, sedentary lifestyle and poor diet may also put both men and women at higher risk for infertility.
- Assisted reproductive technologies (ART)** refer to a range of medical technologies and treatments complemented with laboratory technologies and procedures to assist individuals or couples in overcoming the challenges of infertility. Specifically, ART is an interventionist process to assist patients with infertility conditions to achieve clinical pregnancy. One of the most common ART is in vitro fertilisation (IVF).
- Assisted reproductive services (ARS)** is a broader term incorporating ART as well as other support services including fertility assessment, diagnostics and testing, monitoring, preconception care and counselling. The medical technologies and treatments of ART are primarily carried out by medical specialists in obstetrics and gynaecology, who are also responsible for the prescription of fertility and other related drugs. On the other hand, laboratory technologies and procedures are performed by scientists such as embryologists and geneticists. Other ART supporting services include the administration of anaesthesia by anaesthetists, pathology tests (to test blood, tissues and organs), and fertility-related tests.

2.2 ART and IVF Procedure

2.2.1 ART

- The main type of ART includes the following:
 - IVF** involves the "in vitro" (Latin for "in glass" to mean outside the body) handling of oocytes (female eggs including matured and immature eggs inside an ovary), sperm and embryos for the purpose of reproduction.

8. INDUSTRY OVERVIEW (CONT'D)



These are possible alternatives to some parts of the IVF procedure:

- **Intracytoplasmic sperm injection (ICSI)** involves injecting the sperm directly into the egg in a laboratory to effect fertilisation. This replaces the conventional process of placing the eggs and sperm together in a petri dish and waiting for natural fertilisation. The use of ICSI has become quite common as it significantly improves the chances of successful fertilisation. ICSI is also used to overcome male factor infertility.
- **Gamete** (general term referring to egg and/or sperm) **intrafallopian transfer (GIFT)** is similar to IVF except that the retrieved matured eggs and sperm are transferred into the fallopian tube for natural fertilisation to occur;
- **Zygote** (refers to a one-day-old fertilised egg) **intrafallopian transfer (ZIFT)** is similar to IVF, except that the zygote is transferred to the fallopian tube for further development instead of the uterus;

ICSI is commonly used in IVF as it increases the chances of successful fertilisation. GIFT and ZIFT are less commonly used in IVF as they require an extra step where the embryo in the fallopian tube is naturally transported to the uterus for potential implantation.

- **Intrauterine insemination (IUI)** also known as artificial insemination, involves the collection, washing and concentration of sperm, and subsequently transferred to the uterus around the time of ovulation.
- **Gamete/embryo donation** refers to a process where couples receive eggs, sperm or embryos from a donor in order to conceive a child. This is commonly used by couples who are unable to use their own gametes due to various reasons such as infertility, genetic disorders or medical conditions; and
- **Surrogacy** refers to the process where a woman carries and gives birth to a baby for another couple. In this process, the embryo is created either using the intended parents' or donors' eggs and sperm, and then implanted into the surrogate's uterus.

The most common type of ART used is IVF. Alpha Group is involved in all the above except surrogacy and ZIFT. Alpha KL and Genesis in Malaysia were previously involved in gamete/embryo donation but have ceased their gamete/embryo donation programmes effective from 30 August 2023. Alpha Singapore is involved in gamete/embryo donation programmes.

In Malaysia, gamete/embryo donation and surrogacy are prohibited according to the National ART Policy published in 2021. In Singapore, gamete/embryo donation is allowed while surrogacy is not allowed to be carried out in assisted reproduction centres.

- The following are some of the ART services used in conjunction with IVF:
 - **Preimplantation genetic testing (PGT)** is a laboratory procedure that involves testing embryos for genetic abnormalities before they are implanted in the uterus;
 - **Cryopreservation** refers to the freezing and storing mainly of eggs, sperm or embryos for future use. Cryopreservation of embryos is a routine part of IVF where frozen embryos can be thawed and used for subsequent IVF cycles without going through further ovarian stimulation and egg retrieval.

Alpha Group is involved in the provision of PGT and cryopreservation in Malaysia, and cryopreservation in Singapore.

8. INDUSTRY OVERVIEW (CONT'D)



2.2.2 IVF procedure

- An end-to-end IVF procedure typically involves three main stages as follows:



- The **ovarian stimulation** stage is mainly involved in the provision of medication to the patient for the development of the follicles (immature eggs) in the ovaries and subsequently to produce mature eggs. The **egg retrieval, fertilisation and culture** stage focuses on the retrieval of eggs from the ovaries, collection of sperm, fertilisation and culturing of the fertilised eggs. Once the fertilised eggs have been cultured for five to seven days to become blastocysts, they are ready for fresh embryo transfer, or cryopreserved for later embryo transfer. The **embryo transfer** stage is focused on transferring either fresh or thawed embryos into the uterus for potential implantation on the uterus wall which will signal clinical pregnancy. After approximately two weeks, a pregnancy test is conducted.
- An end-to-end IVF procedure is commonly broken down into two phases, namely:
 - ovarian stimulation, egg retrieval, fertilisation and embryo culture; and
 - embryo transfer:
 - fresh embryo transfer** means once the fertilised egg reaches the blastocyst stage, it will immediately be transferred to the uterus; or
 - frozen embryo transfer** means the blastocysts are frozen for later transfer. Frozen embryo transfer does not require ovarian stimulation, egg retrieval, fertilisation and culture phase.

3. REGULATORY FRAMEWORK

3.1 Malaysia

- In Malaysia, specific laws and regulations governing the ARS industry have yet to be put in place. Nevertheless, in 2021, the Ministry of Health (MoH) of Malaysia introduced the National ART Policy for all personnel involved in ART practices.
- In addition, the ARS industry is also subject to the Private Healthcare Facilities and Services Act 1998 which regulates private healthcare facilities, and the Standards for ART Facility - Embryology Laboratory and Operation Theatre published by the MoH Malaysia. The guidelines adopted by the Malaysian Medical Council also serve to provide guidance to operators in the industry.
- In Malaysia, ARS is considered a medical specialty within the field of obstetrics and gynaecology, specifically in the practice of reproductive medicine. Medical doctors practising as a specialist must be registered under the Medical (Amendment 2012) Act 1971 and have their names entered into the National Specialist Register established by the Malaysian Medical Council.

3.2 Singapore

- In Singapore, the ARS industry was previously governed by the Licensing Terms and Conditions (LTC) on ARS imposed under the Private Hospitals and Medical Clinics Act (PHMCA). The premises-based PHMCA was replaced by the service-based Healthcare Services Act (HCSA) with the final phase being implemented on 18 December 2023. Under

8. INDUSTRY OVERVIEW (CONT'D)



HCSA, providers of ARS must be licensed by the MoH of Singapore to provide ARS, and the mode of service delivery used (such as permanent premises with/without remote provision through applications or virtual platforms) to provide ARS must be approved. This represented a change from the PHMCA where providers were previously licensed based on physical premises. Additionally, providers of certain specified services such as Preimplantation Genetic Testing for Monogenic/Single Gene Defects (PGT-M) and Chromosomal Structural Rearrangements (PGT-SR) must obtain approval from the MOH of Singapore before offering those services. These developments are expected to impact operators in the industry, including Alpha Group in Singapore.

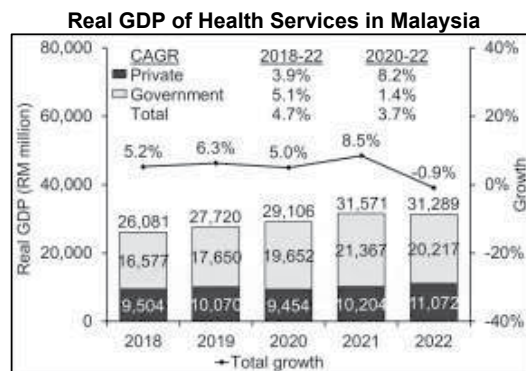
4. PERFORMANCE OF ARS

4.1 GDP of health services

- ARS is a medical specialist discipline under obstetrics and gynaecology, and is part of the overall health services. The following section will assess the performance of health services in Malaysia and Singapore.

4.1.1 Malaysia

- GDP measures the gross value added to the output of goods and services in a country or sector during a specified period. Real GDP is a measure of “real” changes in output over time, due to changes in the quantity of goods and services produced, rather than changes in their prices due to inflation or deflation.
- Generally, health services can be divided into public and private sectors. Alpha Group is involved in the provision of health services in the private sector, focusing on ARS.



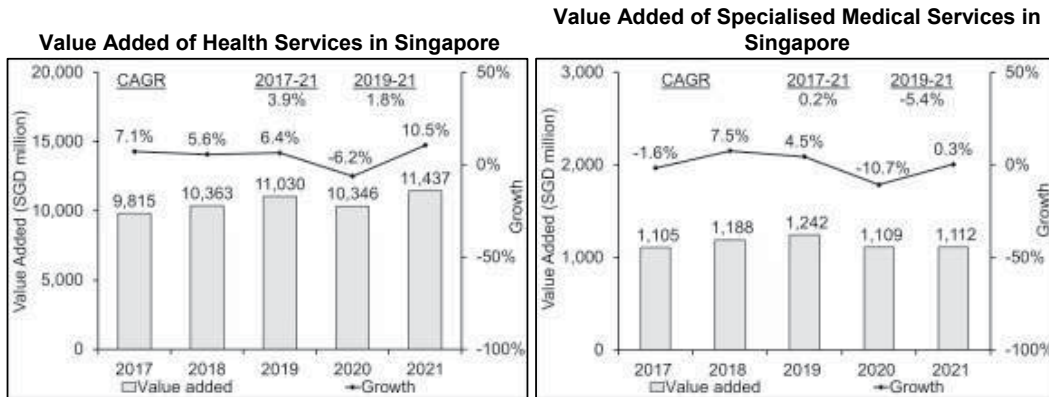
CAGR= Compound annual growth rate. Government health sector refers to public health sector. (Source: Department of Statistics Malaysia (DOSM))

- Between 2020 and 2022, the real GDP of health services in Malaysia grew at a CAGR of 3.7%. The growth was largely attributed to the private health sector, which experienced a CAGR of 8.2% during the same period and was partially driven by the positive recovery of the healthcare travel industry following the reopening of borders. For the first nine months (9M) of 2023, the private health sector grew by 9.0% compared to 9M 2022 (Source: DOSM).
- In 2021, private medical services incorporating among others, ARS, and private dental services, accounted for 12.4% of the overall GDP of health services (Source: DOSM).

4.1.2 Singapore

- Value added is a measure of an economic activity's contribution to GDP. Based on the latest available statistics, the value added of health services in Singapore rebounded with a growth of 10.5% in 2021 following a decline of 6.2% in 2020. This indicated a recovery from the impact of the COVID-19 pandemic. In the specialised medical services segment of Singapore which ARS falls under, there was a modest growth of 0.3% in 2021 which came after a decline of 10.7% in 2020. Nevertheless, this segment has yet to reach its pre-COVID-19 level.

8. INDUSTRY OVERVIEW (CONT'D)

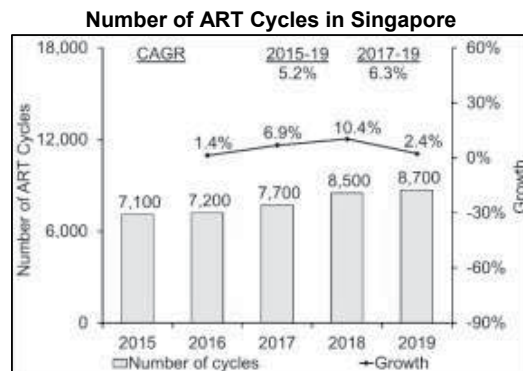


Latest available statistics. Specialised medical services is one of the segments within health services, no further segmentation is available. (Source: Singapore Department of Statistics (SDOS))

4.2 Demand for ARS

4.2.1 Singapore

- For Singapore, an ART cycle refers to the process where ovarian stimulation is done and embryos are either frozen or transferred to the woman's reproductive system.
- The number of ART cycles in Singapore may serve as an indicator of demand for ARS, particularly for IVF procedures. Between 2017 and 2019, being the latest available statistics, the number of ART cycles in Singapore grew at a CAGR of 6.3%. This was in tandem with the declining fertility rate from 1.16 in 2017 to 1.14 in 2019 (Source: MoH, Singapore). Growth in the number of ART cycles in Singapore indicates growing demand for ARS and thus, provides opportunities for operators in the industry.



Latest available statistics. Assisted reproduction include IVF, GIFT, ZIFT, ICSI, cryopreservation, gamete/embryo donation and embryo biopsy for preimplantation genetic diagnosis. (Source: MoH, Singapore)

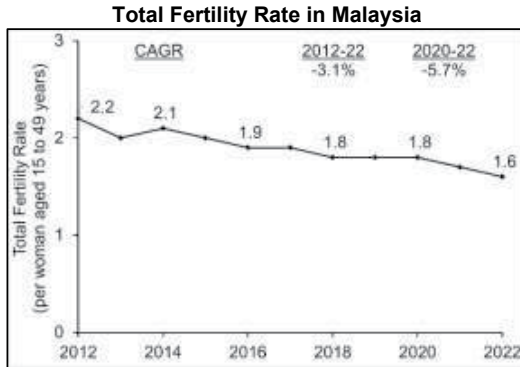
5. FACTORS CONTRIBUTING TO THE DEMAND FOR ARS

5.1 Malaysia

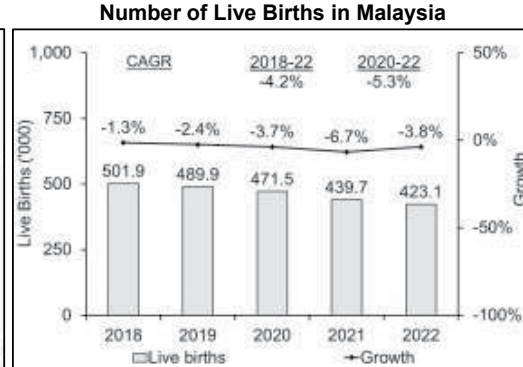
5.1.1 Declining fertility rate

- The total fertility rate is a measure that estimates the average number of children a woman would have over her reproductive years, which is typically between the ages of 15 and 49. One of the main factors driving the demand for ARS is infertility. As such, a declining fertility rate indicates rising infertility.
- In Malaysia, the total fertility rate has been steadily declining at an average annual rate of 5.7% between 2020 and 2022. This corresponded to a decline at an average annual rate of 5.3% in the number of live births over the same period.

8. INDUSTRY OVERVIEW (CONT'D)



(Source: DOSM)

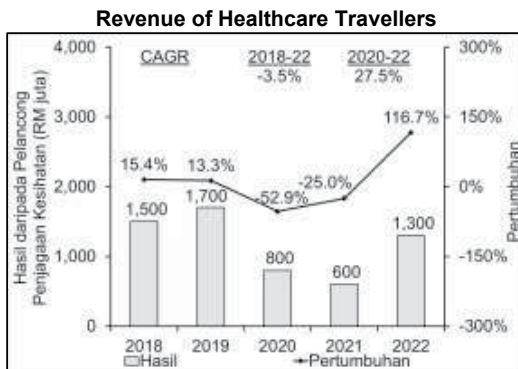


(Source: DOSM)

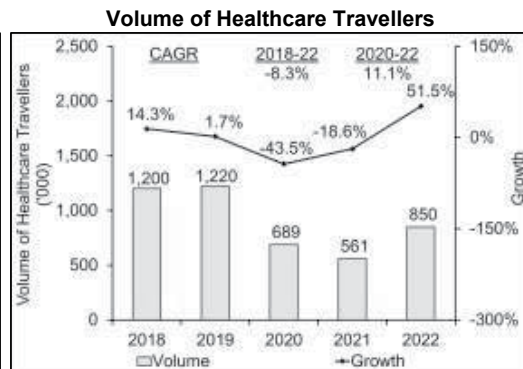
- Declining fertility rate and live births in Malaysia can be attributed to several reasons including the rising level of education and workforce participation among women, which may lead to women delaying marriage and childbirth (Source: DOSM). The ongoing decline in the fertility rate in Malaysia represents a potential increase in the demand for ARS, which bodes well for operators in the industry. To address the issue of declining fertility rates, the government of Malaysia has allocated RM171 million to construct a subfertility centre in Shah Alam, Selangor, which is expected to commence operations in 2029 (Source: Ministry of Women, Family and Community Development, Malaysia).

5.1.2 Healthcare travel industry

- In Malaysia, the demand for ARS is driven in part by the performance of the healthcare travel industry as fertility treatments are among the most commonly sought-after treatments for healthcare travellers in Malaysia. Healthcare travellers include tourists who seek healthcare treatment in Malaysia, and foreign patients who are non-Malaysian residents such as expatriates, foreign workers, foreign students and Malaysia My Second Home participants (Source: MoH, Malaysia).



(Source: MoH, Malaysia)



(Source: MoH, Malaysia)

- In 2022, the revenue and volume of healthcare travellers in Malaysia recovered to grow by 116.7% and 51.5% respectively, after experiencing declines in 2020 and 2021 caused by the COVID-19 pandemic. The positive recovery was mainly due to pent-up demand during the pandemic. Nevertheless, the performance of the healthcare travel industry in Malaysia has yet to recover to its pre-COVID-19 levels in terms of revenue and volume of healthcare travellers. In 2022, the top countries of origin for healthcare travellers were Australia, Bangladesh, China, India, Indonesia, Japan, Philippines, Singapore, United Kingdom and United States, sorted in alphabetical order (Source: MoH, Malaysia).

8. INDUSTRY OVERVIEW (CONT'D)

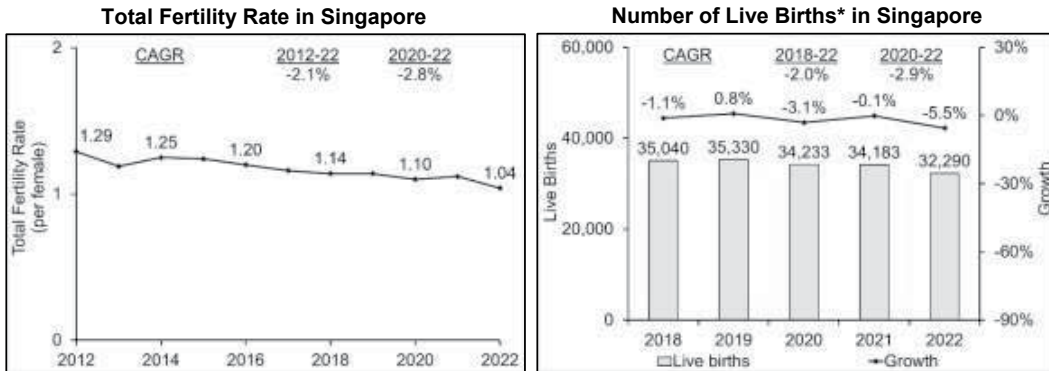


5.1.3 Incentives and Drivers

- To ease the financial burden of couples seeking fertility treatments in Malaysia, the Government of Malaysia has provided the following incentives:
 - Employee Provident Fund (EPF) health withdrawal facility for fertility treatment, which allows eligible members to make withdrawals for fertility treatments such as IVF, IUI and ICSI, subject to the availability of their savings in a specified account; and
 - Income tax relief of up to RM10,000 for fertility treatments under the Budget 2023 (Source: Ministry of Finance).
 These are expected to provide opportunities for operators involved in the provision of ARS such as Alpha Group.

5.2 Singapore

5.2.1 Declining Fertility Rate



* Refer to births where at least one parent is a Singapore citizen or permanent resident. (Source: SDOS)

- In Singapore, the fertility rate has been declining at an average annual rate of 2.8% between 2020 and 2022. This corresponded to the decline at an average annual rate of 2.9% in live births between 2020 and 2022. The declining fertility rate and live births were largely attributed to increasing delayed marriage and married couples having fewer children. Continued declining fertility in Singapore will act as a platform for demand for ARS, which will benefit operators in the industry.

5.2.2 Incentives and Drivers

- In Singapore, the Government has introduced several financing schemes to support the costs of conception for Singaporeans. This included, among others, the following:
 - **Government Co-funding Scheme for Assisted Conception Procedures at Public Hospitals**, which offers eligible couples up to 75% in co-funding covering a maximum of 3 fresh and 3 frozen IVF cycles, as well as 3 IUI cycles in public hospitals. The amount of co-funding varies depending on the citizenship of the couple and the type of procedures undertaken. Between 2015 and 2019, being the latest available statistics, the annual co-funding provided has increased by more than 40% from approximately SGD14 million in 2015 to SGD20 million in 2019;
 - **Government Co-funding Scheme for PGT-M and PGT-SR**, which offers eligible couples up to 75% in co-funding covering a maximum of 6 PGT-M or PGT-SR cycles from approved providers, which include Alpha Group in Singapore. The eligibility requirements are similar to that of the co-funding scheme for assisted conception procedures. Based on the latest available information, as of November 2022, there is a total of 10 approved hospitals and medical clinics offering PGT-M and PGT-SR; and

8. INDUSTRY OVERVIEW (CONT'D)



- **Medisave for Assisted Conception Procedures and PGT-M/PGT-SR**, where patients may utilise up to SGD15,000 of their MediSave or their spouse's MediSave to fund their IVF and IUI procedures at both private and public assisted reproductive centres. Couples who are clinically eligible for PGT-M and PGT-SR may also use their MediSave to offset the costs of the procedures. MediSave is a national medical savings scheme intended to help individuals set aside part of their income to meet healthcare needs.

(Source: MoH, Singapore)

These schemes are expected to ease costs for Singapore citizens and permanent resident patients seeking ARS in Singapore, which will make ARS more accessible, thus benefitting operators in the industry.

6. THE ARS INDUSTRY IN INDONESIA, LAOS AND CAMBODIA

- As part of Alpha Group's future strategies and plans involves expanding its ARS operations to Indonesia and Cambodia or Laos, the following section provides some information on the ARS industry in the respective countries.
- The declining fertility rates in Indonesia, Laos and Cambodia will serve as platforms for the demand for ARS in these countries. Between 2012 and 2022, Indonesia experienced a decline at an average annual rate of 1.1% in the total fertility rate (Source: *Badan Pusat Statistik, Indonesia*). In Laos, the total fertility rate declined at an average annual rate of 3.1% over the same period (Source: *Lao Statistics Bureau*). Meanwhile, Cambodia's total fertility rate declined from 3.0 births per woman in 2010 to 2.7 births per woman in 2021-22, based on a survey covering a six-month period ended 15 February 2022 (Source: *National Institute of Statistics (NIS) and MoH, Cambodia*).
- In Indonesia, the real GDP of human health and social work activities grew at a CAGR of 5.3% between 2021 and 2023 (Source: *Badan Pusat Statistik, Indonesia*). During the same period, Laos experienced a 4.8% CAGR in the real GDP of human health and social work activities (Source: *Lao Statistics Bureau*). There is no publicly available information on the real GDP of human health and social work activities in Cambodia. However, the real GDP of the services sector in Cambodia grew by 3.6% in 2022 (Source: *NIS, Cambodia*).

7. COMPETITIVE LANDSCAPE

7.1 Industry Players

- The following is a selection of private sector companies in the provision of IVF in Malaysia and Singapore, sorted in descending order of revenue. These companies may also provide general obstetrics and gynaecology services, and may be involved in other business activities. The list below serves to indicate the performance of companies that provide similar services to Alpha Group and is not an exhaustive list. In Malaysia, there are an estimated 26 operators involved in the provision of IVF. In Singapore, there are an estimated 11 operators involved in the provision of IVF. Note that one operator may operate one or more facilities. (Source: *Vital Factor analysis*)

Private sector company/group [^]	FYE ⁽¹⁾	#	Rev ⁽²⁾ (RM mil)	GP ⁽²⁾ (RM mil)	NP/(NL) ⁽²⁾ (RM mil)	GP ⁽²⁾ Margin	NP/(NL) ⁽²⁾ Margin
Alpha Group	May-23	3	137.5	76.6	54.8	55.7%	39.9%
Malaysia operations							
Alpha Group	May-23	2	107.1	63.3	-	59.2%	-
Sunfert International Fertility Centre S/B ^(a)	Mar-23	4	61.1	32.5	14.7	53.2%	24.0%
Metro Healthcare Berhad ^(b)	Dec-22	1	40.3	16.0	5.0	39.7%	12.5%
KL Fertility & Gynaecology Centre S/B ^(c)	Jun-23	1	30.2	16.9	7.9	56.0%	26.0%
TMC Women's Specialist Holdings S/B ^{(d)(i)}	Jun-23	5	14.7	n.a.	1.1	n.a.	7.4%
Sihat Kinabalu S/B ^(e)	Dec-22	1	6.2	4.0	1.9	63.9%	30.2%
Saixu (M) S/B ^(f)	Sep-22	1	5.7	5.2	-0.9	90.7%	-15.5%

8. INDUSTRY OVERVIEW (CONT'D)



Private sector company/group [^]	FYE ⁽¹⁾	#	Rev ⁽²⁾ (RM mil)	GP ⁽²⁾ (RM mil)	NP/(NL) ⁽²⁾ (RM mil)	GP ⁽²⁾ Margin	NP/(NL) ⁽²⁾ Margin
Star Fertility Penang S/B	Nov-22	1	5.4	3.0	0.3	56.1%	4.7%
Ecofiesta S/B ^(g)	Dec-22	1	3.2	1.9	0.8	60.1%	25.0%
Singapore operations⁽³⁾							
Sincere Healthcare Group (Singapore) Pte Ltd ^(h)	Dec-22	2	35.4	n.a.	2.7	n.a.	7.7%
Thomson Fertility Centre Pte Ltd ⁽ⁱ⁾	Jun-23	1	30.9	n.a.	2.6	n.a.	8.4%
Alpha Group	May-23	1	30.4	13.3	-	43.8%	-
Virtus Fertility Centre Singapore Pte Ltd	Jun-22	1	25.9	n.a.	4.0	n.a.	15.4%
Monash IVF Asia Pte Ltd ^(c)	Jun-21	1	0.3	n.a.	-1.1	n.a.	-317.4%

[^] This is not an exhaustive list. Companies listed in this table were based on the availability of financial information, and excludes multi-discipline healthcare service providers where there is no information on the revenue segmentation for the provision of IVF; # Number of facilities that provide IVF procedures; FYE= Financial Year Ended; Rev=Revenue; GP=Gross Profit; NP=Net Profit; NL=Net Loss; S/B=Sendirian Berhad; Pte Ltd=Private Limited; mil= million; n.a.= not available.

Notes: (1) Latest available financial information; (2) Derived from the provision of IVF procedures, and may also include other ARS as well as other business activities; (3) Exchange rate for SGD to MYR was based on 2021 (SGD1= RM3.0836), 2022 (SGD1= RM3.1915) and 2023 (SGD1= RM3.3959) average rates quoted by Bank Negara Malaysia.

- (a) Involved in the operation of fertility centres under the brands of Sunfert (3 facilities) and Sophea (1 facility).
- (b) Currently undertaking the proposed transfer of listing from the LEAP Market to the ACE Market of the Bursa Malaysia Securities Berhad (Bursa Securities).
- (c) The ultimate holding company is Monash IVF Group Limited, listed on the Australian Securities Exchange Limited (Ltd).
- (d) The intermediate holding company is TMC Life Sciences Berhad, listed on Bursa Securities.
- (e) Involved in the operation of SabahCare Fertility Centre.
- (f) Involved in the operation of Ever Link Fertility Centre.
- (g) Involved in the operation of Victory IVF Fertility Centre.
- (h) Involved in the operation of Sincere IVF Center and O&G Partners Fertility Centre.
- (i) The ultimate holding company is Thomson Medical Group Ltd, listed on Singapore Exchange Ltd.

- The following is a selection of private sector companies that are involved in the provision of IVF procedures in Malaysia and/or Singapore, for which financial information is not available.

Malaysia operations	Singapore operations
Vistana Fertility S/B	Care IVF Pte Ltd
Kesuburan Sentosa S/B ^(a)	

S/B=Sendirian Berhad; Pte Ltd=Private Limited. **Note:** (a) Involved in the operation of IVF Bridge Fertility Centre.

- In Malaysia, other companies that operate private multi-discipline healthcare services and are also involved in the provision of IVF procedures include KPJ Healthcare Bhd, IHH Healthcare Bhd, Sunway Healthcare Holdings S/B, Mahkota Medical Centre S/B, Loh Guan Lye & Sons S/B, Avisena Healthcare S/B, UKM Kesihatan S/B, Kensington Green Specialist Centre S/B and Global Doctors Hospital. As for Singapore, they include Raffles Medical Group Ltd and IHH Healthcare Bhd.
- In Malaysia, some of the public hospitals that provide IVF include Hospital Tunku Azizah Kuala Lumpur, Hospital Sultanah Bahiyah, Hospital Wanita dan Kanak-Kanak Sabah, and Hospital Sultanah Nur Zahirah, while non-profit hospital and university hospital that provide IVF include Hospital Lam Wah Ee and University Malaya Medical Centre respectively. In Singapore, public hospitals that provide IVF include the KK Women's and Children's Hospital, National University Hospital and Singapore General Hospital.

7.2 Market Size and Share

- There are no publicly available statistics or data on the market size for ARS. As such, it is not possible to derive the market share of Alpha Group.

8. INDUSTRY OVERVIEW (CONT'D)



8. BARRIERS TO ENTRY

- In Malaysia and Singapore, the key barriers to entry for the provision of ARS are mainly predicated on the following:
 - satisfying regulatory requirements for qualified and registered medical doctor specialists, as well as premises. As at 5 February 2024, in the Malaysian Medical Council National Specialist Register, there are 1,314 specialists registered under obstetrics and gynaecology, of which 59 of them are registered under the subspecialty of reproductive medicine. As at 5 February 2024, in the Singapore Medical Council Register of Specialists, there are 365 specialists registered under obstetrics and gynaecology;
 - compliance to standards or accreditation of laboratories;
 - availability of qualified laboratory personnel especially embryologists. There is no publicly available information on the number of qualified laboratory personnel in Singapore and Malaysia; and
 - capital investments in medical and laboratory equipment.
- In Singapore, providers of ARS must comply with the HCSA. Additionally, providers of ARS must hold a certification of conformity to the standards established by the Reproductive Technology Accreditation Committee (RTAC) of the Fertility Society of Australia and New Zealand for their fertility centres. As of 5 February 2024, there are 12 RTAC-accredited fertility centres in Singapore.

9. INDUSTRY CONSIDERATION FACTORS

- The ARS industry is dependent upon, among others, relevant **laws and regulations** that govern the entry of new operators, ensuring premises comply with relevant regulations, adoption of **technological advancements** as a competitive advantage, **government policies and initiatives** that encourage more patients to seek ARS, and **socio-economic factors** such as income level, population size of relevant age-group, fertility rate, attitudes towards family planning, marriage and childbirth, and religious considerations that affect the demand for ARS.
- The rising prevalence of infertility and the growing awareness of ARS serve as drivers of demand in the ARS industry. As the fertility rates in Malaysia and Singapore decline, more individuals and couples may seek ARS to overcome infertility. In addition, the growing awareness of the available treatments, success rates and potential benefits of ARS has contributed to a growing acceptance and demand for ARS. The combination of these factors thus provide opportunities for operators involved in ARS.
- ARS operators that are able to attract foreign patients seeking ARS would effectively enlarge their addressable market size to drive business growth. Government encouragement for healthcare tourists would also help drive growth for the ARS industry. In Malaysia, fertility treatment has been identified as one of the national key economic areas for promotion by the Malaysian Healthcare Tourism Council. This is expected to provide growth to the ARS industry.
- In addition, government incentives that support the costs of ARS will further improve the affordability and accessibility of these services. In Malaysia, the EPF health withdrawal facility and income tax relief for fertility treatments are among the government incentives implemented to ease the costs of ARS. Meanwhile, in Singapore, the Government has implemented co-funding schemes and Medisave programmes for assisted conception procedures as well as PGT-M and PGT-SR. These incentives will further provide growth opportunities for operators in the industry.
- Private ARS operators also face competition from public hospitals whose charges are commonly significantly lower than private ARS operators. Additionally, private specialist ARS centres also compete with private multi-discipline healthcare centres that may have some cost advantages arising from shared facilities and administrative resources.

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE RISKS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are highly dependent on our Executive Directors, Key Senior Management and skilled personnel.

The growth and continuing success of our Group's business is, to a significant extent, dependent on, the abilities, skills, experience and expertise of our Executive Directors, Key Senior Management and skilled personnel who play significant roles in the day-to-day operations as well as the implementation of our business strategies. Our Group is led by our Group Managing Director, DDLSS and our Non-Independent Executive Director, DNPW. They are assisted by our Key Senior Management and skilled personnel who have knowledge and experience in, among others, the healthcare sector focusing on assisted reproductive services.

As at the LPD, we have a team of experienced skilled personnel consisting of 12 O&G medical specialists, 30 embryologists, 2 geneticists, 2 anaesthetists and 1 urologist. Our 12 O&G medical specialists are as follows:

Alpha KL	Genesis	Alpha Singapore
Resident medical specialists:	Resident medical specialists:	Resident medical specialist:
<ul style="list-style-type: none"> • DDLSS • Dr Haris Hamzah • Dr Leong Wai Yew • Dr Tan Chong Seong • Dr Lam Wei Kian • Dr Wan Syahirah • Dr Wilkinson Tan Yoong Jian 	<ul style="list-style-type: none"> • DNPW • Dr Lau Soon Yen 	<ul style="list-style-type: none"> • Dr Tan Heng Hao
	Visiting medical specialist:	Visiting medical specialist:
	<ul style="list-style-type: none"> • Dr RM Udayar Pandian A/L Ramachandhiran 	<ul style="list-style-type: none"> • Dr Timothy Lim Yong Kuei

We are highly dependent on our medical specialists as a Group. In Genesis and Alpha Singapore, we are particularly dependent on DNPW and Dr Tan Heng Hao, respectively. Although we are materially dependent on the medical specialists, the reliance by us on each of the medical specialists individually is expected to decrease over time as we intend to recruit additional and new medical specialists.

We believe our brand, track record, well-equipped specialist centres and ability to attract clients enable us to retain our medical specialists. In addition, we also encourage and believe in our specialists in advancing their medical knowledge and skill set through continuous education including attending international conferences and training; learning, adopting and implementing new technologies; and research and development opportunities. Subject to our shareholders' approval, we also intend to implement an employee share scheme subsequent to our Listing.

Nonetheless, the loss of any of these medical specialists, without suitable and timely replacement, or the inability to attract, hire and retain suitable candidates, may result in us being unable to retain our patients or attract new patients. Our medical specialists have established their own patient bases. If any of them are no longer with our Group, their respective patient bases may choose to seek medical services elsewhere.

9. RISK FACTORS (CONT'D)

Hence, our Group's performance and growth will depend substantially on our ability to retain, attract experienced, reputable and highly trained medical specialists with track record to join our medical centres. The type of services our Group may provide is partly determined by our employee consultants and the skills which they possess. Similarly, our performance also depends on our ability to retain our Key Senior Management.

As such, the loss of our Key Senior Management or inability to retain and attract experienced and reputable medical specialists could materially and adversely impact our Group's business operations, financial performance and future prospects.

9.1.2 Our operations are reliant on certain approvals, licences, permits and certificates.

Our operations are reliant on certain approvals, licences, permits and certificates which includes licences granted by the regulatory authorities in the countries we operate including the MOH and the Ministry of Health of Singapore ("**MOH Singapore**") which are required to maintain and to operate our centres. The validity of some of these approvals, licences, permits and certificates are subjected to periodical renewal. In addition, our medical specialists, embryologist and geneticists are required to maintain their registration, authorisation or certificates of practising with the relevant regulatory authorities in such countries for them to render assisted reproductive services at our centres.

The list of all our major approvals, licences, permits and certificates obtained for our business operations are set out in Section 6.7 of this Prospectus. We are primarily involved in the provision of assisted reproductive services that are bound by national, federal, state and local laws and rules and regulations set by government bodies in the countries we operate related to healthcare, such as the MOH and the MOH Singapore. In general, laws and regulations applicable to the medical industry have become more stringent with penalties and potential liabilities increasing over the years. These laws, regulations and obligations could change with the promulgation of new laws and regulations or a change in the interpretation of existing laws and regulations, which could result in substantially similar risks. There is no assurance that our operations and business will not be affected by future legislative or regulatory and legal changes including:

- (i) implementation of new laws, regulations and policies by the relevant authorities in the countries we operate;
- (ii) changes to current laws, regulations and policies; and/or
- (iii) imposition of additional conditions to our existing approvals, licences, permits and certificates.

In the event we are unable to comply with the rules and regulations issued by the relevant authorities in the countries we operate, the approvals, licences, permits and certificates required for our operations and business may be revoked, suspended or not renewed. Similarly, any breach of these rules and regulations (whether due to our past actions/activities/operations or future actions/activities/operations) can result in penalties, fines, potential criminal prosecution against us and/or our directors, restrictions on operations and/or remedial liabilities. Such revocation, suspension and/or non-renewal of our approvals, licences, permits and certificates will affect our ability to continue our operations and business and hence affect and reduce our profitability.

9. RISK FACTORS (CONT'D)

Furthermore, while our Group has not in the past encountered any insurmountable difficulties in renewing approvals, licences, permits and certificates, there is no assurance that the regulatory authorities in the countries we operate will renew the same within the anticipated timeframe or at all, and/or without imposing any additional terms and conditions in the future, particularly when there are changes to any requirements, rules and regulations imposed by the the relevant regulatory authorities in such countries.

9.1.3 **We are subject to risks of medical and legal claims, regulatory actions and professional liability arising from the provision of our assisted reproductive services and business operations, and our insurance coverage and indemnities may not be adequate to cover all risks and losses associated with our business operations.**

As a provider of assisted reproductive services, we face the risk of exposure to malpractice, medical or negligence claims on account of alleged misconduct or deficiencies in the services provided by us. We may not be able to avoid malpractice, medical negligence or misconduct exposure, including on account of error by our personnel, machine or equipment error, or the lack of pre-operative advice or post-operative care for patients.

To-date, we are not aware of any complaint that may result in legal proceedings against our Group or any of our medical specialists. Nonetheless, we cannot assure you that we or any of our medical specialists, embryologists and geneticists will not encounter malpractice, medical negligence or misconduct claims in the future. These claims may be brought against us or any of our medical specialists, embryologists and geneticists by way of legal proceedings or lodging of formal complaints with the relevant authorities in the countries we operate, including the MOH and the MOH Singapore. In any of these cases, we may be required to pay monetary compensation or damages or the qualifications or registrations of our medical specialists, embryologists and geneticists may be suspended or revoked or otherwise they may be subject to other disciplinary action.

We maintain malpractice liability insurance policies for our Group. It covers our centres and all our staff including embryologists and geneticists against various losses and liabilities arising from medical malpractice. Our medical specialists are indemnified under their respective professional indemnity insurance against any and all losses, damages and liabilities incurred or suffered that may arise from any negligence, demands, actions, claims, lawsuits or proceedings that are threatened or pending against our Group arising from medical negligence. In addition, we also maintain general insurance policies, including fire insurance policies on furniture and fittings, all risks insurance on our machinery and equipment, burglary, money-in-transit, money-in-premises.

However, we cannot assure you that such insurance coverage or indemnity arrangements will be sufficient to cover every possible incident, potential liabilities (including losses or damages which we may incur in the course of our business operations) and risks that we face. In the event that the amount of any claims by third parties against us exceed the coverage of general insurance policies which we have taken up, we may be liable for whatever shortfalls in the amounts claimed. If we were to incur a significant liability for which we are not fully insured, our business, financial condition, results of operations and prospects could be adversely affected.

In ensuring that such risks are kept to a minimum level, we review the adequacy of coverage for our assets and employees periodically. However, there can be no assurance that our insurance coverage will be adequate to compensate all costs and consequential losses arising from claims against us. Further, any legal proceedings and/or claims could require us to commit our time and resources as defending our position in legal proceedings and/or claims may be costly, which could have a significant impact on our business and financial condition.

9. RISK FACTORS (CONT'D)

Notwithstanding the insurance coverage or indemnity arrangements we have in place, given the nature of our business, any assertion of malpractice or medical negligence claims on account of alleged misconduct or deficiencies or our involvement in legal proceedings or sanctions or penalties issued by regulatory bodies or any other change resulting in unfavourable perception by our customers or any adverse publicity or our failure to ensure that our services and facilities meet the expectations of our patients in the midst of a competitive and ever-evolving market is likely to affect our reputation and brand equity and reduce customers' confidence in our fertility services, which may result in loss of patients, and decreased revenue. This will in turn materially and adversely affect our operating results and business and financial prospects and condition.

9.1.4 We are dependent on Zuellig Group for medications and medical consumables for our assisted reproductive services.

We are dependent on Zuellig Group which includes Zuellig Pharma Sdn Bhd in Malaysia and Zuellig Pharma Pte Ltd in Singapore, of which was our Group's top supplier, with purchases accounting for 30.81%, 28.16%, 45.32%, 43.99% and 49.16% of our total purchases of materials and services for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

Our Group has been dealing with Zuellig Group for our Malaysia and Singapore operations since FYE May 2015 and FYE May 2020 respectively, as Zuellig Group is the distributor of the medication where we purchase medication including stimulation drugs and medical consumables for the use of our Group's assisted reproductive treatment.

Nonetheless, our Group has not experienced any disruption in the supply of medication from Zuellig Group. However, we may incur additional cost, time and resources to seek alternative supply of sources on terms that are commercially acceptable to us.

As we have developed good business relationships with our major suppliers and we have good payment track records for our purchases, we have not experienced any disruption in medical supplies and pharmaceutical products as at the LPD. However, there can be no assurance that any changes of the abovementioned factors will not have any material adverse impact on our business operations and financial performance.

9.1.5 Any adverse change in the regulatory regime relating to the healthcare industry in the countries we operate may have a material adverse effect on our Group.

Laws, governmental and regulatory authority regulations and requirements, policies and guidelines relating to the healthcare industry in the countries we operate may change significantly in the future, depending on the objectives prioritised by the governments and authorities in those countries, as well as the political and social climate, public policy, ethics and religious perspective at any given time and the continued development of the healthcare industry. Such future changes or reforms, if adopted and implemented, may limit the services and the medical facilities which we are providing or intending to provide in our network, and negatively affect the sources of our revenue.

In addition, unfavourable public policy or negative media coverage of the healthcare industry may also trigger implementation of more stringent policies and heightened scrutiny on best practices at medical institutions. If we fail to keep up with new policies or best practices, our standards of operation may fall short of the latest standards and we could become more prone to non-compliance, resulting in increased costs of compliance and operation.

9. RISK FACTORS (CONT'D)

Non-compliance by our Group in respect of laws, governmental and regulatory authority regulations and requirements, policies and guidelines relating to the healthcare industry in the countries we operate may result in legal and regulatory action being taken against our Group or our personnel. Such laws, governmental and regulatory authority regulations and requirements, policies and guidelines relating to the healthcare industry in such countries may include those related to IVF. In Malaysia, there is no specific legislation in respect of IVF although guidelines and policies have been issued by the MOH and the Malaysian Medical Council from time to time including the ART Policy as detailed in Section 6.9.1(b) of this Prospectus. Non-compliance with such guidelines and policies may result in legal and regulatory action being taken against our Group or our personnel. Any legal or regulatory action taken in the countries we operate may have a material adverse effect on our Group's business or operations or revenue.

9.1.6 **We have no assurance that there would be no unauthorised use of our brand name and trademark.**

In view of the goodwill associated with our brand name, unauthorised use of our brand name may adversely affect our business. As such, as at the LPD, we have registered trademark for logo used in the course of our provision of services in Malaysia, further details of which are set out in Section 6.12 of this Prospectus, so as to prevent third parties from using trademark similar to ours in the jurisdiction in which our trademark has been registered. Nevertheless, there can be no assurance that there will be no unauthorised third party copying, using or exploiting our trademark. We have not registered our logo as a trademark outside of Malaysia. We are currently carrying on business in Singapore. As at the LPD, we have no intention to apply or register the brand and trademark in Singapore and other countries that our Group intends to expand into.

If any third party uses our trademarks, or registers identical trademarks in jurisdictions other than Malaysia, this may threaten our reputation, brands and product quality and result in an adverse impact on our business and financial performance.

Unauthorised use of our logo and trademark even if registered, may harm our reputation in the industry due to instances involving infringement by any third parties of our logo and trademark resulting in legal actions, and if any of our trademarks or related registrations is infringed, challenged or revoked, our business, prospects and financial performance may be materially and adversely affected.

9.1.7 **The occurrence of a contagious disease or any other serious public health concerns in the countries we operate could affect our business performance, financial condition, results of operations and prospects.**

The outbreak of any contagious or virulent diseases, such as COVID-19, may potentially affect our business operations. If any of the healthcare professionals and/or employees in our centres are infected with COVID-19 or any contagious or virulent diseases, we may be required to temporarily suspend our services or shut down our operations for purposes of sanitisation and to contain the spread of such disease. Moreover, our business operations may also be affected if such outbreak of contagious or virulent diseases result in our patients becoming reluctant to visit our specialist centres for their appointments and check-ups due to the concern of being in a crowded or public space where the risk of being infected with such contagious or virulent diseases is higher.

Any prolonged disruption to our business operations pursuant to the imposition of various measures and restrictions by the government in the countries we operate may have an adverse impact on our services which may negatively impact our financial performance. For information purpose only, we have not experienced any temporary suspension or shut down of operation and we practiced rotation of staff during the lockdown period in COVID-19.

9. RISK FACTORS (CONT'D)

Please refer to Section 7.16 of this Prospectus for the impact of COVID-19 on our business operations.

9.1.8 Relocation of our centres may cause interruptions to our business and operations.

Our Group rents premises for the operations of our existing centres. Upon the expiry of any of our existing tenancy agreements, the landlords have the right to review and revise the terms and conditions of the tenancy agreements and therefore we face the possibility of not being able to renew the tenancies at all or on terms and conditions favourable to us. Furthermore, the tenancies may, prior to the expiry of the tenancies, be subject to termination under their terms and conditions.

If we are required to relocate our existing centres in the event the tenancies of these centres are not renewed or are terminated, we may incur additional costs for the relocation and our business operations may suffer from interruptions due to the need for relocation and loss of prime locations. Since our incorporation, we have not faced any interruptions to our business and operations arising from the relocation of our centres due to expiry of tenancies. Please refer to Section 6.6.2 of this Prospectus for further details of properties rented by our Group.

9.1.9 We may not be able to successfully implement our expansion plans.

We plan to grow our Group's business by expanding and enhancing our business locally and also internationally as set out in Section 7.21 of this Prospectus. The execution of our expansion plans is subject to additional operating and capital expenditure. Such additional expenditure will increase our Group's operating cost which may adversely affect our profitability if we are unable to generate sufficient revenue following the implementation of our expansion plans. Furthermore, the implementation of our expansion plans may be influenced by factors beyond our control, such as changes in general market conditions, government policies, laws and regulations, economic conditions, local operating and political environment in the countries we intend to operate in, which may affect the commercial viability of our expansion plans.

Hence, there can be no assurance that the implementation of our expansion plans will yield expected results or that we will be able to recover our outlay. We are also not able to guarantee that we will be successful in executing our expansion plans, nor can we assure that we will be able to anticipate all the business, operational and industry risks arising from our expansion plans. We are unable to quantify the impact to the Group's business operations and financial performance in relation to the risk above at this juncture as it will depend on among others the stage of the expansion plan of which the Group is in, the operating and capital expenditure incurred and commitments on the expansion plans,

9.1.10 Our business and results of operations are subject to the ability to adapt and keep pace with technological developments.

Our success will depend on the ability to adapt and keep pace with the technological changes in the assisted reproductive industry. New services may arise out of technological developments and failure to keep pace with these developments may reduce the attractiveness of the services provided at the assisted reproductive facilities in our network. In this regard, our management believes that as ongoing enhancements and modifications to our current facilities are necessary to keep up with ever-changing industry requirements and the rapid technological development to ensure it retains its effectiveness and to meet our customers' expectations. Some of the competitors may have greater resources to respond to changing technology than the assisted reproductive facilities in our network. Furthermore, funding the technological changes can be costly. If the assisted reproductive facilities in our network fail to adapt successfully to technological changes or fail to obtain access to new technologies, their ability to compete could be strained, and as a result, they could lose patients, which may affect the business, results of operations or financial conditions of the assisted reproductive medical facilities in our network, and our Group.

9. RISK FACTORS (CONT'D)

9.1.11 **A technological failure or security breach may result in significant disruption to the business and financial condition of the assisted reproductive medical facilities in our network and could have a material adverse effect on the business and reputation of the medical facilities in our network and us.**

The proper maintenance of a functioning information technology system is essential to the business operations of assisted reproductive medical facilities in our network. The computer network infrastructure and information technology system help operate and monitor the operational performance of the assisted reproductive medical facilities, such as patient services, billing, financial data, patient records and inventory. Any technical failures associated with the information technology systems, including those caused by power loss, natural disasters, network failures, computer viruses or other unauthorised tampering, may cause interruptions in the ability of the assisted reproductive medical facilities in our network to provide services to the patients, keep accurate records, receive payment from insurance reimbursements and maintain normal business operations.

In addition, the assisted reproductive medical facilities in our network may be subject to liability as a result of any theft or misuse of personal information stored on the systems due to willful misconduct or gross negligence. The assisted reproductive medical facilities in our network have taken measures to maintain the confidentiality of the patients' medical information, including fortifying security of such information in our information technology system so that it cannot be accessed without proper authorisation and setting internal rules requiring our employees to maintain the confidentiality of the patients' medical information. However, these measures may not be sufficient in protecting the patients' medical information. Failure to protect patients' medical information, or any restriction on our network's liability as a result of the misuse of medical data, could have a material adverse effect on the business and reputation of the assisted reproductive medical facilities in our network.

As at the LPD, our Group has not in the past encountered any technological failure or security breach.

9.1.12 **If we fail to maintain adequate internal controls, we may not be able to manage our business effectively and may experience errors or information lapses affecting our business.**

Our Group is currently and continuously maintaining adequate internal controls to ensure the safety and ethics of regulatory compliance procedures. As we continue to expand in the future, our success depends on our ability to optimise and utilise management system, information systems, resources and internal controls. We will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business such as filings with clerical errors. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in internal controls, our ability to manage our business effectively may be affected.

9. RISK FACTORS (CONT'D)

9.1.13 We are subject to laws and regulations relating to the personal information of our customers.

We are required to comply with the personal data protection acts in the countries we operate, which limits the use of personal data of our customers collected by us. We are expected to follow a certain code of conduct for the disclosure of medical information of our customers. We are not allowed to disclose any customer information unless consent is given or under certain specific circumstances. We are also required to have an appropriate customer medical records system that will maintain customer medical records and to safeguard such records against loss, tampering, or use by unauthorised persons. We cannot guarantee that our confidentiality policies and measures can completely prevent the leakage of our customers information or being used for improper purposes, which could expose us to potential litigation or a breach of the relevant laws and regulations. These may adversely affect our business operations, financial performance, reputation and future prospects.

As at the LPD, our Group has not in the past encountered any incident on breach of the personal data of our customers.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to the risk of competition from other providers of assisted reproductive services.

Service providers of assisted reproductive services compete against other providers of assisted reproductive services operating from public and private hospitals, ambulatory care centres and specialist clinics. Factors of competition include, among others, pricing, availability and perception of quality of procedures, technologies, equipment and facilities, reputation of service provider and convenience based on location of premises.

Although we have our competitive advantages, there is no assurance that we will be able to compete effectively against our peers. In the event we are unable to remain competitive or unable to build on our competitive advantages and key strengths moving forward, our prospects and financial performance may be adversely affected.

9.2.2 The demand for our assisted reproductive services may be subjected to demographic trends and the performance of the healthcare travel industry.

Infertility is one of the main factors driving the demand for assisted reproductive services. The fertility rate has been declining in Malaysia and Singapore. Between 2020 and 2022, the fertility rate in Malaysia declined at an average annual rate of 5.7% between 2020 and 2022. Similarly, the fertility rate in Singapore also declined at an average annual rate of 2.8% between 2020 and 2022. (*Source: IMR Report*) If there is an improvement in fertility rates, overall demand for assisted reproductive services may be reduced.

Furthermore, the demand for assisted reproductive services is also driven by the performance of the healthcare travel industry as fertility treatments are among the most commonly sought-after treatments for healthcare travellers in Malaysia. The healthcare travel industry in Malaysia had been growing between 2015 and 2019 from RM0.9 billion to RM1.7 billion and from 0.9 million to 1.2 million in terms of revenue of the healthcare travel industry and volume of healthcare travellers respectively, before experiencing a significant decline in 2020 and 2021. In 2022, the revenue and volume of healthcare travellers in Malaysia recovered to grow by 116.7% and 51.5% respectively. (*Source: IMR Report*) During the COVID-19 pandemic conditions, our business was affected by various containment measures implemented including restricted movement and border closures in Malaysia and this was reflected in the decrease in the revenue derived from foreigners by 93.02% to RM2.19 million in FYE 2021 (FYE 2020: RM31.41 million) for our Malaysia operations.

9. RISK FACTORS (CONT'D)

As such, there can be no assurance that changes in, among others, demographic trends such as improvement in fertility rate or decline in the healthcare travel industry resulting from border closures, changes in regulation framework and competition from other countries may have a negative impact on the demand of assisted reproductive services in Malaysia will not materially affect our business operations and financial performance.

9.2.3 We are subject to the economic, social, political and regulatory risks in Malaysia and Singapore as well as the occurrence of force majeure events such as global pandemic risks and geo-political conflicts.

Any adverse changes in the politics such as changes in government, social such as demographics and fertility rates, economic such as GDP and regulatory conditions such as those governing assisted reproductive services and technologies in Malaysia and Singapore may harm our business operations and financial performance. Among others, these changes may include the following:

- changes in domestic and global situations including political leadership, geopolitical events, expropriation or nationalisation, deterioration of international bilateral relationships, trade sanctions, and acts of terrorism, riots and wars;
- changes in domestic fiscal and monetary policies affecting interest rates, foreign investments, methods of taxation and tax policies;
- prolonged pandemic or the emergence of new epidemics or pandemics;
- changes in consumer trends and behaviour; and
- others such as foreign worker levy, unemployment trends, and other matters that may influence consumer and business confidence and spending.

Some examples of factors that affected our business operations include various containment measures including border closures implemented by the Malaysia and Singapore government during the COVID-19 pandemic period. This was reflected in the decrease in our revenue derived from foreigners by 93.02% in FYE 2021 for our Malaysia operations.

As such, there can be no assurance that any adverse economic, social, political, and regulatory developments which are beyond our control, will not materially affect our business operations and financial performance.

9.3 RISKS RELATING TO OUR SHARES

9.3.1 No prior market for our Shares

Prior to our Listing, there has been no prior public market for our Shares. Accordingly, there is no assurance that an active market for our Shares will develop upon Listing or, if developed, that such market will sustain. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There can be no assurance that the Institutional Price or Retail Price will correspond to the price at which our Shares will trade on the ACE Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the Institutional Price or Retail Price.

9. RISK FACTORS (CONT'D)

The price at which our Shares may be influenced by various factors including, amongst others, include:

- (i) variation in our financial results and operations;
- (ii) success or failure of our key management personnel in implementing business and growth strategies;
- (iii) investors' individual perception of our Group;
- (iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;
- (v) changes in market valuations and share price of companies with similar businesses to our Group that may be listed on Bursa Securities, if any;
- (vi) fluctuation in stock market prices and volume; or
- (vii) involvement in litigation, if any.

9.3.2 There may be a potential delay to or cancellation of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

- (i) our Underwriter exercising its rights pursuant to the Retail Underwriting Agreement to discharge itself from its obligations thereunder;
- (ii) the revocation of approvals from the relevant authorities and/or parties for our Listing and/or admission for whatever reason; or
- (iii) our inability to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.0% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9. RISK FACTORS (CONT'D)

9.3.3 Trading price of our Shares following our Listing may be volatile

The trading price of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the potential growth of various sectors of the economy. These factors invariably contribute to the volatility witnessed on Bursa Securities, thus adding risks to the market price of our listed shares. Nevertheless, the profitability of our Company is not dependent on the performance of Bursa Securities as the business activities of our Company have no direct correlation with the performance of securities listed on Bursa Securities.

We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities market, our industry or us specifically during this period that would adversely affect the market price of our Shares when they begin trading.

9.4 OTHER RISKS

9.4.1 We cannot assure you that we will declare and distribute any amounts of dividends in the future

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiaries. Hence, our ability to declare and distribute future dividends is largely dependent on the performance of these subsidiaries. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but are not limited to the following:

- (i) our level of cash, gearing, return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other investment plans;
- (iv) our working capital requirements;
- (v) any restrictive covenants contained in our current and future financing arrangements; and
- (vi) any material impact of tax laws and other regulatory requirements.

Whilst we endeavour to make dividend payments, there is a risk of us not being able to pay any dividends in the future, as a result of the factors stated above.

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Transactions that are material to our Group

Save for the Acquisition and Alhaya Investment (please see Sections 6.1.2.1 and 6.1.2.2 of this Prospectus for further details) and as disclosed below, there were no other material related party transaction (“RPT”) entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, Substantial Shareholders and/or persons connected with them for the Financial Periods Under Review and up to the LPD:

(a) RPT carried out on arm’s length basis

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽¹⁰⁾
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	
				RM'000	RM'000	RM'000	RM'000	RM'000	
(i)	Alpha KL and Germax Sdn Bhd (“Germax”)	<ul style="list-style-type: none"> Datin Karen Pua Luan Ching is a director and major shareholder of Germax. She is the spouse of DDLSS, a director of Alpha KL and is the sister-in-law of Lee Soon Ai, a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company Lee Soon Ai is a Promoter and major shareholder of the Company 	Purchase of drugs and medicine from Germax ⁽¹⁾	36 (0.09% of the Group's COS)	66 (0.19% of the Group's COS)	93 (0.21% of the Group's COS)	41 (0.07% of the Group's COS)	10 (0.04% of the Group's COS)	0.29
(ii)	Alpha KL and DDLSS	<ul style="list-style-type: none"> DDLSS is a director of Alpha KL and is the brother of Lee Soon Ai, a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company Lee Soon Ai is a Promoter and major shareholder of the Company 	Provision of medical consultancy services by DDLSS to Alpha KL ⁽²⁾	1,027 ^{(3),(6)} (2.65% of the Group's COS)	-(4)	518 ⁽²⁾ (1.16% of the Group's COS)	1,439 ⁽²⁾ (2.37% of the Group's COS)	921 ⁽²⁾ (3.25% of the Group's COS)	396 ⁽²⁾

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽¹⁰⁾	
			FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023		
No.			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
(iii)	Alpha KL and CLSS Medical Sdn Bhd ("CLSS")	<ul style="list-style-type: none"> DDLSS is a director and major shareholder of CLSS. He is a director of Alpha KL and is the brother of Lee Soon Ai, a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company Lee Soon Ai is a Promoter and major shareholder of the Company 	Provision of medical consultancy services by CLSS to Alpha KL ⁽⁵⁾	468 ⁽³⁾ (1.21% of the Group's COS)	725 (2.09% of the Group's COS)	600 ⁽⁴⁾ (1.35% of the Group's COS)	-	-	-
(iv)	Genesis and DNPW	<ul style="list-style-type: none"> DNPW is a director of Genesis DNPW is a Promoter, Director, and major shareholder of the Company 	Provision of medical consultancy services by DNPW to Genesis ⁽⁶⁾	-	136 (0.39% of the Group's COS)	966 (2.17% of the Group's COS)	2,594 (4.26% of the Group's COS)	1,129 (3.98% of the Group's COS)	796
(v)	Genesis and Genesis International	<ul style="list-style-type: none"> Ng Peng Hoong is a director and shareholder of Genesis International Egg and Sperm Centre Pty Ltd and is a brother of DNPW, a director of Genesis Deborah Ng Ern Tien is a director and shareholder of Genesis International Egg and Sperm Centre Pty Ltd and is the sister-in-law of DNPW, a director of Genesis Goh Poh Leng was a shareholder of Genesis International Egg and Sperm Centre Pty Ltd and is the spouse of DNPW, a director of Genesis 	Provision of services by Genesis to Genesis International Egg and Sperm Centre Pty Ltd as follows ⁽⁷⁾ : (i) IVF services to patients referred to by Genesis International Egg and Sperm Centre Pty Ltd (ii) Storage of eggs, sperm, and gametes	-	-	646 (0.71% of the Group's Revenue)	986 (0.72% of the Group's Revenue)	192 (0.29% of the Group's Revenue)	-
					3	6	1		

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽¹⁰⁾
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(vi)	Alpha KL and Dr. Harris bin Hamzah ("Dr. Harris")	<ul style="list-style-type: none"> DNPW is a Promoter, Director, and major shareholder of the Company Dr Harris is a director of Alhaya	Provision of medical consultancy services by Dr. Harris to Alpha KL ⁽⁸⁾	225 (0.58% of the Group's COS)	318 (0.92% of the Group's COS)	291 (0.65% of the Group's COS)	365 (0.60% of the Group's COS)	163 (0.57% of the Group's COS)	92
(vii)	Alpha Singapore and Dr. Tan Heng Hao ("Dr. Tan")	Dr Tan is a director of Alpha Singapore	Provision of medical consultancy services by Dr. Tan to Alpha Singapore ⁽⁹⁾	1,857 (4.79% of the Group's COS)	4,601 (13.29% of the Group's COS)	6,486 (14.55% of the Group's COS)	7,572 (12.45% of the Group's COS)	3,256 (11.49% of the Group's COS)	1,910
			Administrative charges by Alpha Singapore to Dr. Tan	-	11 (0.37% of the Group's LATAMI)	70 (0.49% of the Group's PATAMI)	75 (0.14% of the Group's PATAMI)	29 (0.14% of the Group's PATAMI)	18

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

- (1) Alpha KL had purchased drugs / medicines from Germax. Alpha KL had previously purchased similar drugs from another supplier at a higher pricing. This arrangement will subsist after the Proposed Listing on an as and when required basis.
- (2) Consultancy fees payable by Alpha KL to DDLSS under the agreement dated 1 January 2022 for medical consultancy services which entails consultancy in obstetrics and gynaecology with fertility subspecialty. The agreement had lapsed on 31 December 2022 and subsequently Alpha KL and DDLSS entered into a new agreement dated 1 January 2023 for the same arrangement for a period of 3 years, commencing from 1 January 2023 to 31 December 2025, of which the agreement is renewable subject to mutual agreement between the parties. The fees agreed between the parties for the medical consultancy services are based on negotiated terms which are comparable to other medical consultancy services paid within the Group. In the event DDLSS breaches the terms of the agreement, Alpha KL is entitled to terminate the agreement with immediate effect by notice in writing to DDLSS or without prior written notice or payment of any indemnity in lieu of notice or compensation to DDLSS, subject to the nature and seriousness of the breach in accordance with the provisions of the agreement.
- (3) For the financial year ended 31 May 2020 (i.e. 1 June 2019 to 31 May 2020), DDLSS provided medical consultancy services in his own personal capacity and also pursuant to a consulting agreement dated 1 January 2020 entered into between his company, namely CLSS and Alpha KL ("**CLSS Consulting Agreement**"), further details of which are set out in note (5) below. The provision of medical consultancy services by DDLSS through his own personal capacity and CLSS are the same. DDLSS had entered into a consultancy agreement with Alpha KL via his company CLSS for the period from 1 January 2020 to 31 December 2021 for his own business administrative and planning purposes during that period.
- (4) DDLSS provided medical consultancy services to Alpha KL for the financial year ended 31 May 2021 (i.e. 1 June 2020 to 31 May 2021) via the CLSS Consulting Agreement, further details of which are set out in note (5) below. The transaction value for this said period is set out in item 10.1.1(a)(iii) above.
- (5) Consultancy fees payable by Alpha KL to CLSS under the CLSS Consulting Agreement dated 1 January 2020 for medical consultancy services which entails consultancy in practicing fertility, gynaecology and obstetrics. The consulting agreement was terminated with effect on 31 December 2021 as it was no longer efficient to provide his consultancy services through his company. The fees agreed between the parties for the medical consultancy services are based on negotiated terms which are comparable to other medical consultancy services paid within the Group. The CLSS Consulting Agreement was for the period from 1 January 2020 to 31 December 2021 which covered the following financial period/years:
 - (a) 5-month FPE 31 May 2020 (i.e. 1 January 2020 to 31 May 2020);
 - (b) 12-month FYE 31 May 2021 (i.e. 1 June 2020 to 31 May 2021); and
 - (c) 7 months financial period in FYE 31 May 2022 (i.e. 1 June 2021 to 31 December 2021).
- (6) Consultancy fees payable by Genesis to DNPW under the agreement dated 1 November 2021 for medical consultancy services which entails consultancy in obstetrics and gynaecology with fertility subspecialty. The agreement commences from 1 November 2021 and will subsist as long as one of the parties has not terminated the agreement in accordance with the terms and conditions of the agreement. The fees agreed between the parties for the medical consultancy services are based on negotiated terms which are comparable to other medical consultancy services paid within the Group. Either party is entitled to terminate the agreement by giving 1 month's prior written notice to the other or without notice in the event either party breaches any part of the agreement, so long as the prior written notice is given by the terminating party and the said breach is not remedied within 30 business days. In addition, in the event DNPW breaches the terms of the agreement, Genesis is entitled to terminate the agreement with immediate effect by notice in writing to DNPW or without prior written notice or payment of any indemnity in lieu of notice or compensation to DNPW, subject to the nature and seriousness of the breach in accordance with the provisions of the agreement.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (7) Genesis International Egg and Sperm Centre Pty Ltd, a proprietary limited company in Australia, is a donor egg, sperm and embryo centre. Genesis and Genesis International Egg and Sperm Centre Pty Ltd had on 1 January 2022 entered into an agreement for the provision of IVF services by Genesis to patients referred to by Genesis International Egg and Sperm Centre Pty Ltd and storage of eggs, sperm and gametes for the period commencing from the date of its execution (i.e. 18 February 2022) to 17 February 2025. The fees charged to Genesis International Egg and Sperm Centre Pty Ltd are similar to charges to its other customer. This agreement has been terminated on 24 July 2023.
- (8) Consultancy fees payable by Alpha KL to Dr. Harris under the memorandum of understanding dated 1 January 2015 for medical consultancy services. Subsequently Alpha KL and Dr. Harris entered into an agreement dated 18 August 2023 for medical consultancy services which entails consultancy in obstetrics and gynaecology with fertility subspecialty for a period of five (5) years, commencing from 18 August 2023 to 17 August 2028, of which the agreement is renewable at the sole absolute discretion of Alpha KL for another five (5) years subject to satisfactory review of the performance of Dr. Harris by Alpha KL's board of directors. The fees agreed between the parties for the medical consultancy services are based on negotiated terms which are comparable to other medical consultancy services paid within the Group. In the event Dr. Harris breaches the terms of the agreement, Alpha KL is entitled to terminate the agreement with immediate effect by notice in writing to Dr. Harris or without prior written notice or payment of any indemnity in lieu of notice or compensation to Dr. Harris, subject to the nature and seriousness of the breach in accordance with the provisions of the agreement.
- (9) Consultancy fees payable by Alpha Singapore to Dr. Tan under the agreement dated 3 November 2018 for medical consultancy services which entails consultancy in obstetrics and gynaecology with fertility subspecialty for a period of five (5) years commencing from 1 November 2019 to 31 October 2024, of which the agreement is renewable at the sole absolute discretion of Alpha Singapore for another five (5) years subject to satisfactory review of the performance of Dr. Tan by Alpha Singapore's board of directors. The fees agreed between the parties for the medical consultancy services are based on negotiated terms which are comparable to other medical consultancy services paid within the Group. Any administrative expenses incurred by Alpha Singapore in relation to the collection of fees from the patients of Dr. Tan such as credit card charges are also charged to Dr. Tan based on the consultancy agreement with Dr. Tan. In the event Dr. Tan breaches the terms of the agreement, Alpha Singapore is entitled to terminate the agreement with immediate effect by notice in writing to Dr. Tan or without prior written notice or payment of any indemnity in lieu of notice or compensation to Dr. Tan, subject to the nature and seriousness of the breach in accordance with the provisions of the agreement.
- (10) The percentage is not able to be ascertained as at the LPD as our Group's audited financial statements for 1 June 2023 up to the LPD is not available.
- All the related party transactions above will subsist after Listing save for items (iii) and (v) which has ceased as at the date of this Prospectus.
- Our Board (save for the interested Directors) having considered all aspects of the above related party transactions, is of the view that the said related party transactions were carried out on arms' length basis and based on terms and conditions which were not unfavourable to our Company.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

(b) RPT carried out on non-arm's length basis

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽⁷⁾
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Subsisting transactions as at the LPD and after the Listing									
(i)	Alpha KL and East Connect	<ul style="list-style-type: none"> Lee Soon Ai is the sole proprietor of East Connect. She is a director of Alpha KL and is the sister of DDLSS, a director of Alpha KL⁽¹⁾ Lee Soon Ai is a Promoter and major shareholder of the Company DDLSS is a Promoter, Director, and major shareholder of the Company 	Provision of consultancy services by East Connect to Alpha KL ⁽¹⁾	385	4	293	257	71	25
				(15.60% of the Group's PATAMI)	(0.13% of the Group's LATAMI)	(2.05% of the Group's PATAMI)	(0.48% of the Group's PATAMI)	(0.34% of the Group's PATAMI)	
(ii)	Alpha KL and Baby Xort	<ul style="list-style-type: none"> Kuo Cher Chong is a director and major shareholder of Baby Xort and is a brother-in-law of DDLSS, a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company 	Provision of sperm sorting services by Baby Xort to Alpha KL ⁽²⁾	1,337	98	136	333	217	187
				(3.45% of the Group's COS)	(0.28% of the Group's COS)	(0.31% of the Group's COS)	(0.55% of the Group's COS)	(0.76% of the Group's COS)	
Transactions which have ceased as at the LPD									
(iii)	Alpha KL and Baby Xort	<ul style="list-style-type: none"> Kuo Cher Chong is a director and major shareholder of Baby Xort and is the brother-in-law of DDLSS, a director of Alpha KL DDLSS is a Promoter, Director, and major Shareholder of the Company 	Rental of property to Baby Xort for use in carrying out laboratory work and administrative office ⁽³⁾	-	-	-	7	-	-
							(0.01% of the Group's PATAMI)		

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽⁷⁾
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(iv)	Alpha KL and KL Wellness City	<ul style="list-style-type: none"> DDLSS is a Director and a major shareholder of KL Wellness City and is a director of Alpha KL DDLSS is a Promoter, Director and major shareholder of the Company Lee Soon Ai is a shareholder of KL Wellness City and is a director of Alpha KL Lee Soon Ai is a Promoter and major shareholder of the Company 	<p>Administrative charges paid by Baby Xort for the office administrative works supported by Alpha KL⁽⁴⁾</p> <p>Charges time costs of Alpha KL's staff to KL Wellness City for the work and time spent by the staffs of Alpha KL at KL Wellness City⁽⁵⁾</p>	0.3 (0.01% of the Group's PATAMI)	8 (0.26% of the Group's LATAMI)	14 (0.10% of the Group's PATAMI)	9 (0.02% of the Group's PATAMI)	-	-
(v)	Alpha KL and KL Wellness City	<ul style="list-style-type: none"> DDLSS is a Director and a major shareholder of KL Wellness City and is a director of Alpha KL DDLSS is a Promoter, Director and major shareholder of the Company Lee Soon Ai is a shareholder of KL Wellness City and is a director of Alpha KL Lee Soon Ai is a Promoter and major shareholder of the Company 	<p>Subscription of 26,000,000 RNCPS in KL Wellness City by Alpha KL⁽⁶⁾</p>	26,000 (153.86% of the Group's NA)	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽⁷⁾
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(vi)	Alpha KL and KL Wellness City	<ul style="list-style-type: none"> DDLSS is a Director and a major shareholder of KL Wellness City and is a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company Lee Soon Ai is a shareholder of KL Wellness City and is a director of Alpha KL Lee Soon Ai is a Promoter and major shareholder of the Company 	<p>Sale of Covid-19 Antigen Test Kit by Alpha KL to KL Wellness City</p>	-	-	0.96 (0.002% of the Group's COS)	0.26 (0.0004% of the Group's COS)	0.11 (0.0004% of the Group's COS)	-
(vii)	Alpha KL and KL Wellness City	<ul style="list-style-type: none"> DDLSS is a Director and a major shareholder of KL Wellness City and is a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company Lee Soon Ai is a shareholder of KL Wellness City and is a director of Alpha KL Lee Soon Ai is a Promoter and major shareholder of the Company 	<p>Provision of Covid PCR Test, Covid-19 RTK-Antigen Test, ImmuSafe Covid + Biochip Test, CNAB Test by Alpha KL to KL Wellness City</p>	-	-	2.17 (0.02% of the Group's PATAMI)	-	-	-
(viii)	Alpha KL and KL Wellness City	<ul style="list-style-type: none"> DDLSS is a Director and a major shareholder of KL Wellness City and is a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company Lee Soon Ai is a shareholder of KL Wellness City and is a director of Alpha KL Lee Soon Ai is a Promoter and major shareholder of the Company 	<p>Sale of a television and wall brackets by KL Wellness City to Alpha KL</p>	2 (0.01% of the Group's NA)	-	-	-	-	-
		<ul style="list-style-type: none"> Lee Soon Ai is a shareholder of KL Wellness City and is a director of Alpha KL Lee Soon Ai is a Promoter and major shareholder of the Company 		1 (0.04% of the Group's PATAMI)	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽⁷⁾
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	
				RM'000	RM'000	RM'000	RM'000	RM'000	
(ix)	Alpha KL and KL Wellness City	<ul style="list-style-type: none"> DDLSS is a Director and a major shareholder of KL Wellness City and is a director of Alpha KL DDLSS is a Promoter, Director, and major shareholder of the Company Lee Soon Ai is a shareholder of KL Wellness City and is a director of Alpha KL Lee Soon Ai is a Promoter and major shareholder of the Company 	Sale of a gynaecology chair by Alpha KL to KL Wellness City	-	-	-	19	-	-
							(0.04% of the Group's PATAMI)		
(x)	Genesis and Germax	<ul style="list-style-type: none"> Datin Karen Pua Luan Ching is a director and major shareholder of Germax and is the spouse of DDLSS, a director of Genesis DDLSS is a Promoter, Director and major shareholder of the Company 	Purchase of test kits by Genesis from Germax	-	-	7	-	-	-
							(0.02% of the Group's COS)		
(xi)	Alpha KL and Alphastem	<ul style="list-style-type: none"> DDLSS is a Director and major shareholder of Alphastem DDLSS is a Promoter, Director and major shareholder of the Company 	Provision of advances by Alpha KL to Alphastem	226	8,067	57	12,350	-	-
				(1.34% of the Group's NA)	(23.93% of the Group's NA)	(0.14% of the Group's NA)	(23.94% of the Group's NA)		
			Interest received from Alphastem on advances	-	82	349	207	-	-
					(2.66% of the Group's LATAMI)	(2.44% of the Group's PATAMI)	(0.39% of the Group's PATAMI)		

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value					From 1 November 2023 up to the LPD ⁽⁷⁾		
				FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023			
				RM'000	RM'000	RM'000	RM'000	RM'000			
(xii)	Alpha KL and Genesis	<ul style="list-style-type: none"> • DDLSS is a director of Alpha KL • DDLSS is a director of Genesis • DDLSS is a Promoter, Director, and major shareholder of the Company • DNPW is a director of Genesis • DNPW is a Promoter, Director, and major shareholder of the Company 	<p>(i) Sale of lab consumables by Alpha KL to Genesis</p>	334	-	-	-	-	-	-	
				(0.48% of the Group's Revenue)							
				84	-	-	-	-	-	-	-
				(0.22% of the Group's COS)							
				2	-	-	-	-	-	-	-
				(0.01% of the Group's COS)							
				(ii) Purchase of drugs and medicine by Alpha KL from Genesis							

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

- (1) *Consultancy fees payable by Alpha KL to East Connect under an agreement dated 15 December 2021 for management consultancy services on matters relating to operations, human resource, accounts and finance, marketing, and general management, save for medical and laboratory technical matters at a daily rate of RM4,000 nett. For the avoidance of doubt, Lee Soon Ai's employment is under Alpha Singapore and the consultancy services provided by East Connect is to Alpha KL and is a separate arrangement from Lee Soon Ai's employment.*
- (2) *Alpha KL and Baby Xort had on 15 December 2014 entered into a laboratory service agreement for the provision of sperm sorting services by Baby Xort to Alpha KL for the period commencing from 15 December 2014 to 14 December 2015 with automatic renewal on the expiry of the term. For information, Baby Xort is the sole provider for MicroSort sperm sorting in Malaysia.*
- (3) *Alpha KL and Baby Xort had entered into a sub-tenancy agreement dated 24 June 2022 for the period commencing from 1 July 2022 to 30 June 2024 with automatic renewal on the expiry of the term to lease a space to Baby Xort as its office and laboratory. The rented space is of 205 square feet of the property located at G01, Ground Floor, Encorp Strand Mall, Jalan PJU 5/22, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. The sub-tenancy agreement was mutually terminated with effect on 31 December 2022.*
- (4) *Administrative fees payable by Baby Xort to Alpha KL is charged on monthly basis. This transaction has ceased in or around November 2022.*
- (5) *Staffs from Alpha KL were assigned to be at KL Wellness City's office for the purpose of its corporate restructuring in or around January to June 2021 and Alpha KL charges time costs for providing administrative supports in secretarial, personal assistance, human resource and accounting during the period of January 2021 to February 2022.*
- (6) *On 25 September 2019, Alpha KL subscribed for 26,000,000 RNCPS at RM1.00 per RNCPS. On 28 February 2022, the 26,000,000 RNCPS held by Alpha KL was converted into RCCPS at RM1.00 per RCCPS. On 19 October 2022, Alpha KL declared a payment of dividend in specie to all ordinary shareholders of Alpha KL by way of transfer of the 26,000,000 RCCPS held in KL Wellness City. On 25 August 2023, Alpha KL ceased to hold any RCCPS in KL Wellness City.*
- (7) *The percentage is not able to be ascertained as at the LPD as our Group's audited financial statements for 1 June 2023 up to the LPD is not available.*

10. RELATED PARTY TRANSACTIONS (CONT'D)

There is no comparable information to ascertain whether the related party transactions set out in Section 10.1.1(b) above were carried out based on normal commercial terms and at market rate.

Upon Listing, all related party transactions will be undertaken on arm's length basis and on normal commercial terms in accordance with the Listing Requirements.

In addition, to safeguard our Group's interest, and to mitigate any potential conflict of interest situation, our Company's Audit and Risk Management Committee will, among others, review the terms of all related party transactions (if any), and to report to our Board for further action. Please refer to Section 10.3 of this Prospectus for further details of the procedure undertaken by our Company's Audit and Risk Management Committee to ensure that these transactions will be carried out on an arm's length basis in the future.

Upon Listing, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, our Group has established the following procedures:

- (i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any;
- (iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction; and
- (iv) to the extent that may be considered to be practicable and subject to any variations which may be considered to be reasonable having regard to the circumstances, at least two (2) other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/ services and/ or quantities.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 OTHER TRANSACTIONS

10.2.1 Transactions that are unusual in their nature or conditions

There are no transactions entered into that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or any of our subsidiaries was a party to for Financial Periods Under Review and up to the LPD.

10.2.2 Outstanding loans and/or financial assistance made to or for the benefit of related parties

Save as disclosed below, our Board has confirmed that there are no outstanding loans and/or financial assistance (including guarantees of any kind) made by us to or for the benefit of any related party for the Financial Periods Under Review and up to the LPD:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	From 1 November 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount owing by former holding company – Alphastem	1,698	8,469	8,875	-	-	-

The amount owing above was advances to our former shareholder which was non-trade in nature and bore an effective interest rate of 4.05% per annum. The amount owing was unsecured and repayable on demand which has been fully settled in cash.

10.2.3 Outstanding loans and/or financial assistance from related parties for the benefit of our Group

Save as disclosed below, our Board has confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance from related parties to our Group for the Financial Periods Under Review and up to the LPD:

- (a) DDLSS, being our Promoter, and Alphastem, being a related party to our Company, had extended personal guarantee and corporate guarantee (“**Guarantees**”) for the banking facilities granted to Alpha KL by OCBC Bank (Malaysia) Berhad. On 21 June 2023, the financial institution has confirmed that the Guarantees will be discharged subject to the following:
- (i) IPO of Alpha IVF on or before the date of IPO;
 - (ii) Due execution and stamping of corporate guarantee by Alpha IVF;
 - (iii) The existing guarantors shall only be discharged from the Guarantees after 6 months have elapsed from the date of execution and stamping of the corporate guarantee by Alpha IVF; and
 - (iv) Submission of latest audited financials of Alpha IVF prior to discharge of the existing guarantors.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (b) Dr. Haris Bin Hamzah (*being a director of Genesis and Alhaya as well as a shareholder of Alhaya*) and Lee Soon Ai (*being our Promoter*) had provided advances to the Group for the Financial Periods Under Review and up to the LPD as below:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FPE 2023	From 1 November 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Advances by Dr. Haris Bin Hamzah	-	-	-	-	114	-
Advances by Lee Soon Ai	769	-	-	-	-	-

Nonetheless, DDLSS and Dr. Haris Bin Hamzah had also provided advances to the Group prior to the Financial Periods Under Review and the outstanding amounts in relation to such advances during the Financial Periods Under Review and as at the LPD are as follows:

	As at 31 May 2020	As at 31 May 2021	As at 31 May 2022	As at 31 May 2023	As at 31 October 2023	As at LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount owing to/financial assistance by DDLSS	133	73	73	-	-	-
Amount owing to/financial assistance by Dr. Haris Bin Hamzah	37	29	29	-	114	-
Amount owing to/financial assistance by Lee Soon Ai	154	-	-	-	-	-

The advances mentioned in this Section 10.2.3(b) above was made to the Group for operational purposes which was short term and non-trade in nature, unsecured and repayable on demand which has been fully settled as at the date of this Prospectus. The advances were interest free save for those by Lee Soon Ai which bore an effective interest rate of 2% per annum.

10.3 OUR GROUP'S POLICY ON RELATED PARTY TRANSACTIONS

In addition, to safeguard our interest and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, among others, review the terms of all related party transactions (if any), and to report to our Board for further action. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us. In the event that there are any proposed related party transactions that involve the interest, whether direct or indirect, of our Directors, the interested Director(s) shall disclose his/her interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transaction that he/she is aware and should also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transaction.

10. RELATED PARTY TRANSACTIONS (CONT'D)

In the event there are any proposed related party transactions that require prior shareholders' approval, any related party who is our Directors, major shareholders and/or persons connected with them who have any interest, whether direct or indirect in the proposed related party transactions will abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Such interested Director and/or major shareholder will also undertake to ensure that persons connected with him/her, if any, will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

Further after our Listing and in accordance with the Listing Requirements, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions. The interested persons shall abstain from voting on the relevant resolutions in respect of such proposed related transactions at our general meetings. Related party transactions can be deemed as recurrent, if they are entered into at least once every three years, in the ordinary course of business and are of a revenue or trading nature necessary for the day-to-day operations of our Group.

10.4 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.4.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to ensure that these transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders.

The related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions. All reviews by the Audit and Risk Management Committee are reported to our Board for its further action.

10.4.2 Related party transactions and conflict of interest

Some of the Directors and/or Substantial Shareholders of our Company are also directors and/or shareholders as named in Section 11.1 of this Prospectus. It is the policy of our Company that all related party transactions shall be reviewed by the Audit and Risk Management Committee to ensure that:

- (i) there is no conflict of interest;
- (ii) the related party transactions are negotiated and agreed in the best interest of our Company at arm's length basis;
- (iii) the related party transactions are based on normal commercial terms not more favourable to the related party than those generally available to third parties; and
- (iv) the related party transactions are not to the detriment of the interest of our Company's minority shareholders.

In respect of our Directors' interests in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

10. RELATED PARTY TRANSACTIONS (CONT'D)

In addition, in line with the MCCG and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflict of interest with our Group and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES CARRYING ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR SUPPLIERS

As at the LPD, save as disclosed below, none of our Directors and Substantial Shareholders have any interest, whether direct or indirect, in any businesses or corporations which are (i) carrying on a similar trade as that of our Group; or (ii) customers or suppliers of our Group.

Interest in similar business of our Group

The following Directors and/or Substantial Shareholder are involved in fertility or medical businesses:

<u>Company</u>	<u>Principal activities</u>	<u>Interested and/or Shareholder</u>	<u>Directors Substantial</u>	<u>Nature of interest</u>
KL Wellness City	Property and healthcare related developer	<ul style="list-style-type: none"> • DDLSS • Lee Soon Ai • Dr. Leong Wai Yew 		<ul style="list-style-type: none"> • DDLSS is the Managing Director of KL Wellness City • DDLSS, Lee Soon Ai and Dr. Leong Wai Yew are ordinary shareholders of KL Wellness City holding directly 86.94%, 0.58% and 1.46% equity interest respectively⁽¹⁾.
KL International Hospital	Hospital with multidisciplinary specialist medical services	<ul style="list-style-type: none"> • DDLSS 		<ul style="list-style-type: none"> • DDLSS is a director of KL International Hospital • KL International Hospital is a wholly-owned subsidiary of KL Wellness City • DDLSS is a Director and shareholder of KL Wellness City • DDLSS is deemed interest in KL International Hospital by virtue of his interest in KL Wellness City
Alphastem	Investment holding	<ul style="list-style-type: none"> • DDLSS • DNPW 		<ul style="list-style-type: none"> • DDLSS is a director of Alphastem • DDLSS and DNPW are shareholders of Alphastem holding 79.11% and 15.89% equity interest respectively.

Note:

(1) *In addition to their direct shareholdings, DDLSS, Lee Soon Ai and Dr. Leong Wai Yew also have shares in KL Wellness City pledged with Amsec Nominees (Tempatan) Sdn Bhd representing 2.49%, 0.02% and 0.04% equity interest in KL Wellness City, respectively. In addition, Lee Soon Ai and Dr. Leong Wai Yew hold 19.00% and 18.00% of RCCPS in KL Wellness City respectively as at the LPD.*

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11. CONFLICT OF INTEREST (CONT'D)

Our Board is of the view that the interests of the aforesaid Directors and/or Substantial Shareholders involved in other entities which are carrying on a similar business as our Group do not give rise to a conflict of interest situation in view of the following:

- (i) KL International Hospital and KL Wellness City are not involved in the provision of any IVF services. KL Wellness City is principally involved in property and healthcare related development whilst KL International Hospital is a hospital that provides multidisciplinary specialist medical services. KL International Hospital is a wholly-owned subsidiary of KL Wellness City.

DDLSS spends most of his time with our Group where he is focused on our growth and development whilst also performing his role as a medical specialist. DDLSS, as Managing Director of KL Wellness City, provides strategic direction to the management of KL Wellness City which does not require him to be involved in the day to day operations of KL Wellness City. The management of KL Wellness City comprises other individuals who are full time, experienced and well versed in property development and other hospital related services. As such, his involvement in KL Wellness City does not affect his ability to perform his roles and responsibilities to our Group.

Lee Soon Ai and Dr Leong Wai Yew are investors in KL Wellness City and are not involved in the management or operations of KL Wellness City;

- (ii) Alphastem is an investment holding company. The involvement of DDLSS and DNPW in Alphastem do not require them to be involved in its day-to-day operations and hence, these involvements do not affect their ability to perform their executive roles and responsibilities to our Group.

As such, our Board is of the view that there is no existing and potential conflict of interest situation as at the LPD.

11.2 DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS

(i) Declaration by AmlInvestment Bank

AmlInvestment Bank confirms that there is no existing or potential conflict of interest in its capacity as our Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter for our Listing.

(ii) Declaration by UOBKH

UOBKH confirms that there is no existing or potential conflict of interest in its capacity as our Co-Bookrunner for our Listing.

(iii) Declaration by Wong Beh & Toh

Wong Beh & Toh confirms that there is no existing or potential conflict of interest in its capacity as the legal adviser to our Group as to Malaysian law in relation to our Listing.

(iv) Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Listing.

11. CONFLICT OF INTEREST (CONT'D)

(v) Declaration by Vital Factor

Vital Factor confirms that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants to our Group in relation to our Listing.

(vi) Declaration by Mah-Kamariyah & Philip Koh

Mah-Kamariyah & Philip Koh confirms that there is no existing or potential conflict of interest in its capacity as the legal adviser to the Lead Bookrunner, Sole Underwriter and Co-Bookrunner as to Malaysian law in relation to our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the FYEs May 2020, May 2021, May 2022 and May 2023 as well as FPEs October 2022 and October 2023 presented below have been extracted from the Accountant's Report in Section 13 of this Prospectus. Our historical combined and consolidated financial statements and our subsidiaries' historical combined and consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The following historical combined and consolidated financial information should be read in conjunction with "Management's discussion and analysis of financial condition and results of operations" in Section 12.2 of this Prospectus together with the Accountant's Report in Section 13 of this Prospectus.

12.1.1 Selected combined and consolidated statements of profit or loss

	Audited				Unaudited	Audited
	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2022	FPE Oct 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	68,955	62,063	91,094	137,479	55,805	65,904
Cost of sales	(38,742)	(34,632)	(44,570)	(60,837)	(24,431)	(28,331)
Gross profit	30,212	27,432	46,523	76,642	31,374	37,573
Other income	1,326	2,356	1,360	12,551	11,849	803
	31,539	29,788	47,884	89,193	43,223	38,376
Administrative expenses	(21,995)	(10,397)	(12,640)	(17,265)	(6,673)	(8,024)
Other expenses	(4,695)	(13,160)	(3,966)	(3,692)	(1,497)	(1,667)
Finance costs	(1,134)	(1,396)	(1,350)	(1,017)	(465)	(358)
PBT	3,714	4,836	29,928	67,219	34,588	28,327
Income tax expense	(256)	(2,531)	(6,944)	(12,429)	(5,638)	(7,122)
PAT	3,459	2,305	22,984	54,790	28,950	21,205
PAT/LAT attributable to:						
Owners of the Company	2,468	(1)(3,079)	14,306	53,243	28,395	20,655
Non-controlling interests	991	5,384	8,678	1,547	555	550
	3,459	2,305	22,984	54,790	28,950	21,205
Earnings/(loss) per share (sen)						
- Basic	29.12	(15.70)	45.42	1.46	13.31	0.46
- Diluted	29.12	(15.70)	45.42	1.46	13.31	0.46

12. FINANCIAL INFORMATION (CONT'D)

Note:

- (1) A remeasurement loss of RM9.44 million in relation to the remeasurement of equity interest of Genesis was recognised in the profit or loss in FYE May 2021. As a result, contributed loss after tax of RM3.08 million attributable to owners of the Company in FYE May 2021.

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2022	FPE Oct 2023
Selected financial data						
(1)GP margin (%)	43.81	44.20	51.07	55.75	56.22	57.01
(2)PBT margin (%)	5.39	7.79	32.85	48.89	61.98	42.98
(3)PAT margin (%)	5.02	3.71	25.23	39.85	51.88	32.18
Depreciation and amortisation (RM'000)	8,204	7,191	8,047	6,988	2,944	3,097

Notes:

- (1) GP margin is computed based on GP over revenue of the Group.
(2) PBT margin is computed based on PBT over revenue of the Group.
(3) PAT margin is computed based on PAT over revenue of the Group.

The table below reconciles our PBT to EBITDA for the financial years / period indicated:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2022	FPE Oct 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	3,714	4,836	29,928	67,219	34,588	28,327
<i>Add:</i>						
Finance cost	1,134	1,396	1,350	1,017	465	358
Depreciation and amortisation	8,204	7,191	8,047	6,988	2,944	3,097
<i>Less:</i>						
Interest income	(122)	(141)	(542)	(956)	(442)	(724)
EBITDA	12,930	13,282	38,783	74,268	37,555	31,058

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12. FINANCIAL INFORMATION (CONT'D)

12.1.2 Combined and consolidated statements of financial position data

	Audited				
	As at 31 May 2020	As at 31 May 2021	As at 31 May 2022	As at 31 May 2023	As at 31 October 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Equipment	15,025	13,197	7,842	4,182	5,236
Right-of-use assets	15,196	17,763	15,800	18,210	17,078
Other investment	26,000	26,000	26,000	-	-
Goodwill	-	8,931	8,931	8,931	8,931
Deferred tax assets	498	1,219	1,821	2,152	2,059
Total non-current assets	56,719	67,110	60,394	33,475	33,304
Inventories	1,236	2,142	1,793	2,690	2,686
Trade receivables	500	1,116	1,479	1,275	1,645
Other receivables, deposits and prepayments	6,762	10,231	11,021	2,831	2,376
Current tax assets	1,848	683	23	-	-
Short-term investments	6,138	2,099	12,072	27,050	29,232
Fixed deposits with a licensed bank	-	627	958	8,580	5,281
Cash and bank balances	1,762	8,226	19,338	19,952	30,569
Total current assets	18,246	25,124	46,684	62,378	71,789
Total Assets	74,965	92,234	107,078	95,853	105,093
Share capital	5,016	6,076	4,098	5,528	5,528
Retained profits	11,840	4,839	13,583	23,064	34,324
Reorganisation reserve	-	22,669	22,669	22,499	22,499
Foreign exchange translation reserve	42	126	117	506	592
Equity attributable to owners of the Company	16,898	33,710	40,467	51,597	62,943
Non-controlling interests	11,461	14,861	18,500	2,958	2,494
Total Equity	28,359	48,571	58,967	54,555	65,437

12. FINANCIAL INFORMATION (CONT'D)

	Audited				
	As at 31 May 2020	As at 31 May 2021	As at 31 May 2022	As at 31 May 2023	As at 31 October 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	14,050	16,597	14,537	16,430	15,373
Borrowings	11,077	10,153	8,844	3,029	-
Deferred tax liabilities	-	109	224	144	80
Provision for restoration costs	293	418	638	1,073	1,076
Total non-current liabilities	25,420	27,277	24,243	20,676	16,529
Trade payables	1,575	1,758	2,109	3,159	2,793
Other payables and accruals	10,863	3,433	5,253	4,881	4,969
Contract liabilities	1,456	3,046	4,713	5,186	5,462
Amount owing to directors	324	102	102	49	49
Lease liabilities	1,649	2,010	2,171	2,429	2,630
Borrowings	5,319	5,544	4,792	1,320	-
Dividend payable	-	-	2,900	-	1,229
Current tax liabilities	-	492	1,828	3,598	5,995
Total current liabilities	21,186	16,385	23,868	20,622	23,127
Total Liabilities	46,606	43,662	48,111	41,298	39,656
Total equity and liabilities	74,965	92,234	107,078	95,853	105,093
Selected Financial Data					
Bank borrowings (RM'000)	16,396	15,697	13,637	4,349	-
⁽¹⁾ Current ratio (Times)	0.86	1.53	1.96	3.02	3.10
⁽²⁾ Gearing ratio (Times)	0.58	0.32	0.23	0.08	-

Notes:

- (1) Computed based on the current assets over the current liabilities as at the respective financial year/period.
(2) Computed based on the total bank borrowings over the total equity as at the respective financial year/period.

12. FINANCIAL INFORMATION (CONT'D)**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read together with the Accountants' Report and related notes as set out in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, see Note 3 of the Accountants' Report set out in Section 13 of this Prospectus.

12.2.1 Overview of Our Business Operations

We are a fertility care specialist centre focusing on the provision of assisted reproductive services in Malaysia and Singapore. Assisted reproductive services is a general term that includes all types of fertility treatment and procedures to assist people that have difficulties getting pregnant.

Our specialist centres are equipped with consultation rooms, embryology and andrology laboratories, operating theatres and post-operative day care facilities. Our centres are supported by medical specialists, embryologists, geneticists, medical laboratory technologists, nurses and nursing aids. Our specialist centres enable us to carry out all the necessary diagnostics, treatment and procedures, as well as cryopreservation.

We offer a range of assisted reproductive services to assist the patient with infertility conditions to achieve clinical pregnancy. While our focus is on in-vitro fertilisation (IVF) services, we also provide other assisted reproductive procedures including intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), various diagnostic, testing and screening procedures as well as cryopreservation of eggs, sperm and embryos.

Please refer to Section 7.1 of this Prospectus for further information on our business operations.

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12. FINANCIAL INFORMATION (CONT'D)

We have business operations in Malaysia and Singapore. For our Malaysia operations, the revenue derived from products and services rendered are denominated in RM. Meanwhile the revenue derived from products and services rendered in our Singapore operations are denominated in SGD.

The foreign currency exchange rates used in our Group's combined and consolidated financial statements for conversion of values denominated in SGD to RM are summarised in the following table:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2022	FPE Oct 2023
Average exchange rate relative to SGD1.00 ⁽¹⁾	RM3.0391	RM3.0531	RM3.1035	RM3.2721	RM3.2192	RM3.4396
Change in the value of RM relative to SGD compared to the previous FYE/FPE*	-	0.46%	1.65%	5.43%	-	6.85%
Closing exchange rate relative to SGD1.00 ⁽²⁾	RM3.0772	RM3.1241	RM3.1947	RM3.4100	RM3.3492	RM3.4899
Change in the value of RM relative to SGD compared to the previous FYE/FPE*	-	1.52%	2.26%	6.74%	-	4.20%

Notes:

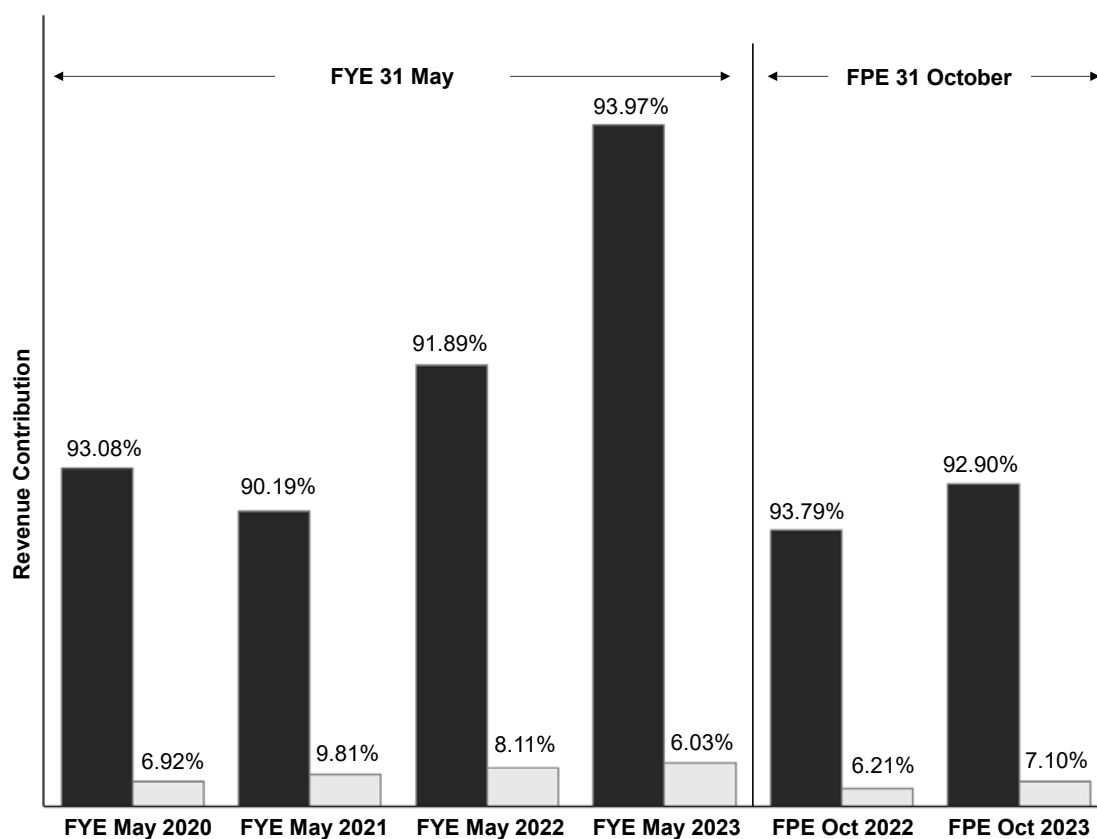
- * *A positive change in value indicates that the value of the RM depreciated relative to the SGD, while a negative change in value indicates that the value of the RM appreciated relative to the SGD.*
- (1) *Average exchange rate used for combined and consolidated statements of profit or loss and other comprehensive income.*
- (2) *Closing exchange rate used for combined and consolidated statements of financial position and cash flow.*

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12. FINANCIAL INFORMATION (CONT'D)

12.2.2 Overview of Our Financial Results

For the Financial Periods Under Review, our revenue was mainly derived from the provision of assisted reproductive services focusing on IVF treatments. This includes egg retrieval and embryo transfer procedures, dispensing of stimulation drugs and medicinal products, doctor's fees, other charges including laboratory costs associated with culturing of blastocyst, luteal phase support and pregnancy tests.



	FYE 31 May				FPE 31 October	
	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000
Assisted reproductive services	64,183	55,972	83,702	129,195	52,339	61,224
Others ⁽¹⁾	4,772	6,091	7,392	8,284	3,466	4,680
Group Revenue	68,955	62,063	91,094	137,479	55,805	65,904

Note:

(1) Others include provision of specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.

Revenue from assisted reproductive services pertaining to procedures or treatment provided are recognised upon services rendered including the completion of medical procedures or analytical tests, and sales of products refer to the supply of stimulation drugs and medication.

12. FINANCIAL INFORMATION (CONT'D)

The provision of assisted reproductive services continues to be our main revenue contributor which contributed at least 90% and more of our total revenue for the Financial Periods Under Review. Please refer to Section 12.2.3 of this Prospectus for further analysis of our revenue by business activities.

In general, fees for IVF procedures and services are paid in advance prior to performing the services, which are classified under contract liabilities. The revenue will be recognised when the performance obligations are satisfied upon services rendered.

As part of our assisted reproductive services, we also provide additional services as well as standalone services for our patients including specialised diagnostic services, implantation optimisation and ancillary services such as cryopreservation services and other procedures. Revenue from these services is recognised upon services rendered on completion of the medical procedures or analytical tests, and sales of products such as drugs and medicinal products. In addition, the cryopreservation fees are paid in advance prior to performing the services, which is classified under contract liabilities. The revenue will be recognised when the performance obligations are satisfied upon services rendered.

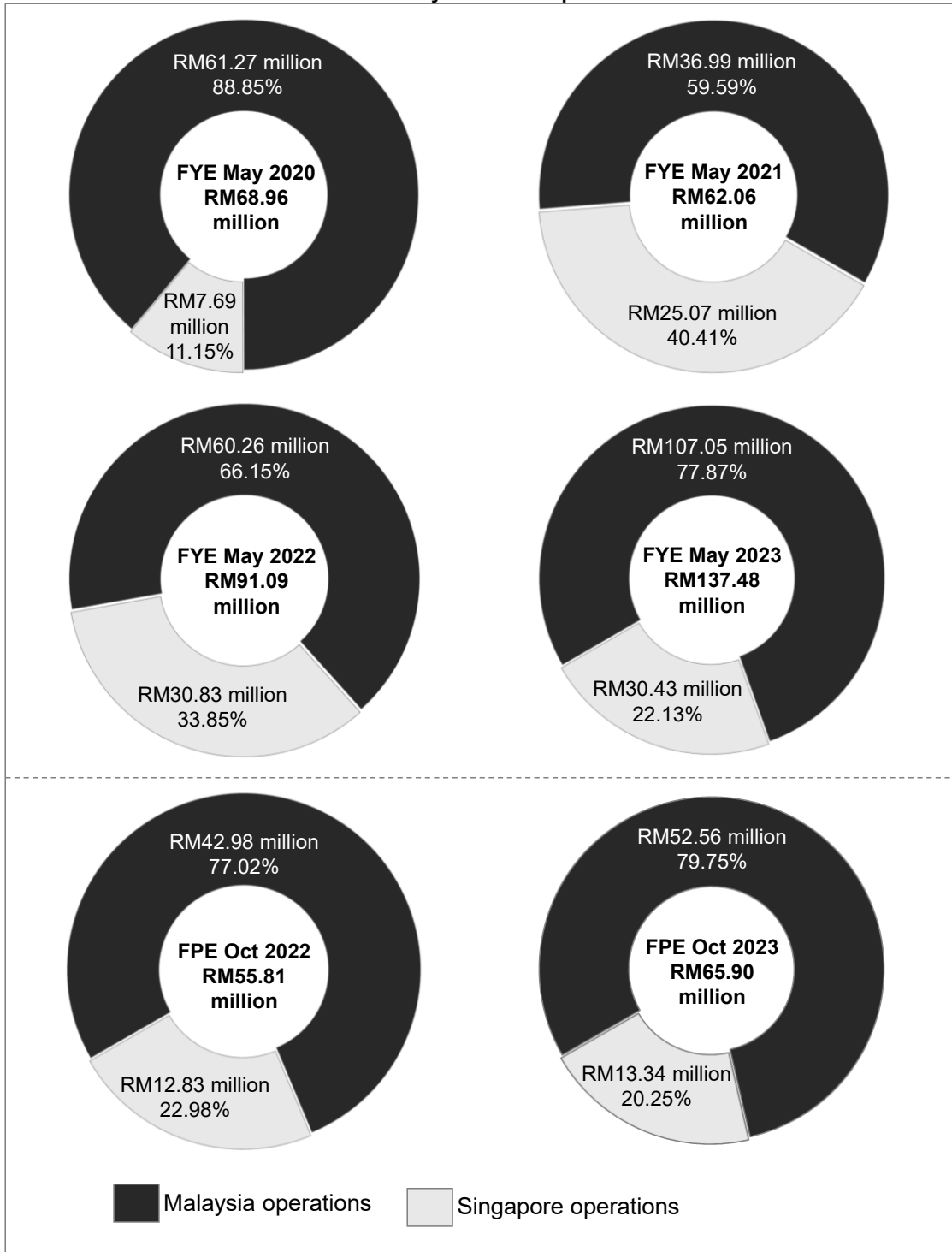
In addition, we provided specialist medical services to patients at third-party medical service providers' premises, laboratory and related services such as pathology related test. The revenue of these services is recognised upon services rendered.

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12. FINANCIAL INFORMATION (CONT'D)

We have two specialist centres located in Selangor and Penang, Malaysia, as well as one specialist centre in Singapore. For the Financial Periods Under Review, Malaysia operations has been our main revenue contributor, which accounted for at least 60% or more of our total revenue for the Financial Periods Under Review.

Revenue by Business Operations



12. FINANCIAL INFORMATION (CONT'D)

12.2.3 Segmental Analysis by Revenue

(a) Revenue by business activities

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Assisted reproductive services	64,183	93.08	55,972	90.19	83,702	91.89	129,195	93.97
<i>Procedures</i>	24,296	35.23	20,580	33.16	29,051	31.89	43,511	31.65
<i>Stimulation drugs</i>	12,818	18.59	11,720	18.88	18,033	19.80	29,107	21.17
<i>Doctors' fees</i>	10,766	15.61	10,918	17.59	15,242	16.74	20,379	14.82
<i>PGT</i>	8,313	12.06	4,976	8.02	8,872	9.74	18,308	13.32
<i>Cryopreservation</i>	4,123	5.98	3,924	6.32	6,070	6.66	9,037	6.57
⁽¹⁾ Others	3,867	5.61	3,854	6.22	6,434	7.06	8,853	6.44
⁽²⁾ Others	4,772	6.92	6,091	9.81	7,392	8.11	8,284	6.03
Group revenue	68,955	100.00	62,063	100.00	91,094	100.00	137,479	100.00

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12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
Assisted reproductive services	52,339	93.79	61,224	92.90
<i>Procedures</i>	17,809	31.91	19,886	30.17
<i>Stimulation drugs</i>	11,724	21.01	14,459	21.94
<i>Doctors' fees</i>	8,619	15.44	8,846	13.42
<i>PGT</i>	6,913	12.39	9,599	14.57
<i>Cryopreservation</i>	3,635	6.51	4,350	6.60
⁽¹⁾ Others	3,639	6.53	4,084	6.20
⁽²⁾ Others	3,466	6.21	4,680	7.10
Group revenue	55,805	100.00	65,904	100.00

PGT = pre-implantation genetic testing

Notes:

(1) *Includes revenue from operating theatre facility fees and laboratory tests.*

(2) *Include specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.*

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12. FINANCIAL INFORMATION (CONT'D)

(b) Revenue by operational countries

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia operations	61,268	88.85	36,986	59.59	60,257	66.15	107,053	77.87
Assisted reproductive services	58,577	84.95	35,485	57.17	57,888	63.55	103,703	75.43
<i>Procedures</i>	22,189	32.18	11,154	17.97	17,387	19.09	32,641	23.74
<i>Stimulation drugs</i>	11,496	16.67	7,296	11.75	12,314	13.52	23,220	16.89
<i>Doctors' fees</i>	9,135	13.25	6,217	10.02	9,636	10.58	14,679	10.68
<i>PGT</i>	8,313	12.06	4,976	8.02	8,872	9.74	18,308	13.32
<i>Cryopreservation</i>	4,089	5.92	3,514	5.66	5,088	5.59	7,738	5.63
⁽¹⁾ Others	3,355	4.86	2,328	3.75	4,591	5.03	7,117	5.17
⁽²⁾ Others	2,691	3.90	1,501	2.42	2,369	2.60	3,350	2.44
⁽³⁾Singapore operations	7,687	11.15	25,077	40.41	30,837	33.85	30,426	22.13
Assisted reproductive services	5,606	8.13	20,488	33.01	25,814	28.34	25,492	18.54
<i>Procedures</i>	2,107	3.06	9,426	15.19	11,665	12.81	10,870	7.91
<i>Stimulation drugs</i>	1,321	1.92	4,425	7.13	5,719	6.28	5,888	4.28
<i>Doctors' fees</i>	1,631	2.37	4,701	7.57	5,604	6.15	5,700	4.15
<i>PGT</i>	-	-	-	-	-	-	-	-
<i>Cryopreservation</i>	34	0.05	410	0.66	982	1.08	1,298	0.94
⁽¹⁾ Others	513	0.73	1,526	2.46	1,844	2.02	1,736	1.26
⁽²⁾ Others	2,081	3.02	4,589	7.40	5,023	5.51	4,934	3.59
Group revenue	68,955	100.00	62,063	100.00	91,094	100.00	137,479	100.00

12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
Malaysia operations	42,979	77.02	52,558	79.75
Assisted reproductive services	41,813	74.93	50,347	76.39
<i>Procedures</i>	13,341	23.91	15,287	23.20
<i>Stimulation drugs</i>	9,307	16.68	11,829	17.95
<i>Doctors' fees</i>	6,202	11.11	6,606	10.02
<i>PGT</i>	6,913	12.39	9,599	14.57
<i>Cryopreservation</i>	3,138	5.62	3,753	5.69
<i>(1)Others</i>	2,912	5.22	3,273	4.96
<i>(2)Others</i>	1,166	2.09	2,211	3.36
(3)Singapore operations	12,826	22.98	13,346	20.25
Assisted reproductive services	10,526	18.86	10,877	16.51
<i>Procedures</i>	4,469	8.01	4,599	6.98
<i>Stimulation drugs</i>	2,417	4.33	2,631	3.99
<i>Doctors' fees</i>	2,417	4.33	2,240	3.40
<i>PGT</i>	-	-	-	-
<i>Cryopreservation</i>	497	0.89	597	0.91
<i>(1)Others</i>	726	1.30	810	1.23
<i>(2)Others</i>	2,300	4.12	2,469	3.74
Group revenue	55,805	100.00	65,904	100.00

PGT = pre-implantation genetic testing

12. FINANCIAL INFORMATION (CONT'D)

Notes:

- (1) *Includes revenue from operating theatre facility fees and laboratory tests.*
- (2) *Include specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.*
- (3) *Alpha Singapore commenced operations in November 2019 (during FYE May 2020).*

New patient registration, OPU and embryo transfer performed by operational countries:-

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023
Malaysia operations				
New patient registrations	3,316	2,803	2,900	4,254
- Alpha KL	1,742	2,015	1,922	2,652
- Genesis #	1,574	788	978	1,602
Stimulation and pick-up (OPU pick-up)	2,039	1,108	1,371	2,440
- Alpha KL	1,191	782	854	1,400
- Genesis #	848	326	517	1,040
Number of embryo transfer procedure performed	1,918	875	1,211	2,157
- Alpha KL	978	543	730	1,007
- Genesis #	940	332	481	1,150
Singapore operations				
New patient registrations	671	780	648	578
Stimulation and pick-up (OPU pick-up)	69	284	309	260
Number of embryo transfer procedure performed	60	303	383	340

12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022	FPE October 2023
Malaysia operations		
New patient registrations	1,793	1,630
- Alpha KL	1,091	870
- Genesis	702	760
Stimulation and pick-up (OPU pick-up)	1,040	1,125
- Alpha KL	587	634
- Genesis	453	491
Number of embryo transfer procedure performed	858	973
- Alpha KL	380	509
- Genesis	478	464
Singapore operations		
New patient registrations	237	232
Stimulation and pick-up (OPU pick-up)	110	106
Number of embryo transfer procedure performed	144	137

No revenue was recognised from Genesis in FYE May 2020 as the acquisition of Genesis as a wholly-owned subsidiary was completed on 22 March 2021 (FYE May 2021).

12. FINANCIAL INFORMATION (CONT'D)**FYE May 2021 compared to FYE May 2020**

Our total revenue decreased by RM6.89 million or 9.99% to RM62.06 million in FYE May 2021 (FYE May 2020: RM68.96 million). This was primarily due to a decrease in revenue from our Malaysia operations due to the lower assisted reproductive services rendered arising from various COVID-19 containment measures implemented in Malaysia.

Malaysia operations

Revenue from our Malaysia operations decreased by RM24.28 million or 39.63% to RM36.99 million in FYE May 2021 (FYE May 2020: RM61.27 million). This was mainly affected by the business interruptions such as border closures which resulted in the delay in foreign patients seeking treatment in our Malaysia operations. This was also reflected in the revenue contribution from foreign customers which decreased by RM29.21 million or 93.02% to RM2.19 million in FYE May 2021 (FYE May 2020: RM31.41 million) for our Malaysia operations. Meanwhile the revenue contribution from domestic residents increased by RM4.97 million or 16.71% to RM34.71 million in FYE May 2021 (FYE May 2020: RM29.74 million), mainly attributed to increase in local marketing activities for our Malaysia operations.

For our Malaysia operations, the revenue from assisted reproductive services decreased by RM23.09 million or 39.42% to RM35.49 million in FYE May 2021 (FYE May 2020: RM58.58 million), mainly due to the lower number of IVF stimulation and pick-up, and ancillary services rendered arising from the COVID-19 pandemic conditions. This was reflected in the decline in the number of IVF stimulation and pick-up performed which fell by 45.66% to 1,108 in FYE May 2021 (FYE May 2020: 2,039). IVF stimulation and pick-up services have higher pricing compared to other services such as doctor consultation and PGT services. Generally, the price of IVF stimulation and pick-up services are inclusive of charges for various services including ovarian stimulation, egg and sperm retrieval, fertilisation of embryos, embryo transfers and others. Please refer to Section 7.2.5.1 of this Prospectus for further details.

Revenue from others also decreased by RM1.19 million or 44.22% to RM1.50 million in FYE May 2021 (FYE May 2020: RM2.69 million), mainly due to a decline in the laboratory and related services as well as provision of specialist medical services at the third-party medical service providers' premises due to the COVID-19 pandemic conditions.

Singapore operations

The decrease in our Group revenue was partially moderated by revenue growth from our Singapore operations in FYE May 2021 with the commencement of our Singapore operations in November 2019 (during FYE May 2020). Revenue from our Singapore operations increased by RM17.39 million or 226.23% to RM25.08 million in FYE May 2021 (FYE May 2020: RM7.69 million). The growth was mainly driven by the traction gained following the opening of Alpha Singapore's specialist centre in November 2019, as reflected in the increase in the new patient registrations from 671 in FYE May 2020 to 780 patients in FYE May 2021.

Revenue from assisted reproductive services in Singapore increased by RM14.88 million or 265.47% to RM20.49 million in FYE May 2021 (FYE May 2020: RM5.61 million). This was also reflected in an increase in the number of IVF stimulation and pick-up performed, which increased by 311.59% to 284 in FYE May 2021 (FYE May 2020: 69).

While revenue growth from others also increased by RM2.51 million or 120.52% to RM4.59 million in FYE May 2021 (FYE May 2020: RM2.08 million), which was mainly contributed by higher specialist medical services rendered commonly in relation to obstetrics and gynecology related surgeries and procedures. These services were provided to patients at third-party medical service providers' premises in Singapore.

12. FINANCIAL INFORMATION (CONT'D)

FYE May 2022 compared to FYE May 2021

Our total revenue increased by RM29.03 million or 46.78% to RM91.09 million in FYE May 2022 (FYE May 2021: RM62.06 million). This was mainly driven by the higher demand for our assisted reproductive services in both our Malaysia and Singapore operations as set out below:

Malaysia operations

Revenue from our Malaysia operations increased by RM23.27 million or 62.92% to RM60.26 million in FYE May 2022 (FYE May 2021: RM36.99 million). This was mainly due to the fact that a full year's revenue of RM15.84 million from our operations in Penang was captured in FYE May 2022 as compared to the 2-month revenue of RM2.18 million in FYE May 2021 pursuant to the completion of the acquisition of Genesis as a wholly-owned subsidiary on 22 March 2021.

Furthermore, the growth was partly attributed to the higher number of IVF stimulation and pick-up and ancillary services rendered which was mainly contributed by foreign customers following the relaxation of containment measures in Malaysia. Revenue contribution from foreign customers increased by RM7.93 million or 361.59% to RM10.12 million for FYE May 2022 (FYE May 2021: RM2.19 million), mainly from Indonesia following the re-opening of international borders of Indonesia and Malaysia. Domestic residents continued to be the main contributor driving our revenue growth during FYE May 2022. Revenue from domestic patients increased by RM14.64 million or 42.17% to RM49.35 million in FYE May 2022 (FYE May 2021: RM34.71 million), mainly attributed to increase in local marketing activities for our Malaysia operations.

Revenue from assisted reproductive services in Malaysia increased by RM22.40 million or 63.13% to RM57.89 million in FYE May 2022 (FYE May 2021: RM35.49 million). This was mainly contributed by the revenue of RM15.40 million from assisted reproductive services from Genesis in FYE May 2022 compared to RM2.03 million for the 2-month revenue in FYE May 2021 pursuant to the acquisition of Genesis. In addition, the revenue growth from the provision of assisted reproductive services in Malaysia was also driven by the higher number of IVF stimulation and pick-up, doctor consultation fees and related ancillary services including pre-implantation genetic testing performed, cryopreservation and laboratory tests. This was reflected in the number of IVF stimulation and pick-up performed which increased by 23.74% to 1,371 in FYE May 2022 (FYE May 2021: 1,108).

Revenue from others also increased by RM0.87 million or 57.83% to RM2.37 million in FYE May 2022 (FYE May 2021: RM1.50 million) and this was mainly contributed by increase in laboratory and related services following the higher number of IVF stimulation and pick-up performed as discussed above.

Singapore operations

Revenue from our Singapore operations increased by RM5.76 million or 22.97% to RM30.84 million in FYE May 2022 (FYE May 2021: RM25.07 million), mainly attributed to the higher demand for assisted reproductive services as reflected in the higher number of IVF stimulation and pick-up in Singapore in FYE May 2022.

Revenue from assisted reproductive services in Singapore increased by RM5.33 million or 26.00% to RM25.81 million in FYE May 2022 (FYE May 2021: RM20.49 million). This was driven by the increase in the number of IVF stimulation and pick-up performed by 8.80% to 309 in FYE May 2022 (FYE May 2021: 284). The number of IVF stimulation and pick-up performed increased from 69 in FYE May 2020 to 284 in FYE May 2021 and 309 in FYE May 2022.

12. FINANCIAL INFORMATION (CONT'D)

Revenue from others also increased by RM0.43 million or 9.46% to RM5.02 million in FYE May 2022 (FYE May 2021: RM4.59 million) and this was mainly contributed by the provision of specialist medical services including commonly in relation to obstetrics and gynecology related surgeries and procedures to patients at third-party medical service providers' premises in Singapore.

FYE May 2023 compared to FYE May 2022

Our total revenue increased by RM46.39 million or 50.92% to RM137.48 million in FYE May 2023 (FYE May 2022: RM91.09 million). This was mainly driven by the higher demand for our assisted reproductive services in our Malaysia operations as set out below:

Malaysia operations

Revenue from our Malaysia operations increased by RM46.80 million or 77.66% to RM107.05 million in FYE May 2023 (FYE May 2022: RM60.26 million), mainly driven by demand of assisted reproductive services at our 2 specialist centres in Malaysia.

Within our Malaysia operations, revenue from the provision of assisted reproductive services increased by RM45.82 million or 79.14% to RM103.70 million in FYE May 2023 (FYE May 2022: RM57.89 million) which was driven by the higher demand for IVF stimulation and pick-up and ancillary services rendered. This has resulted in higher revenue contribution from stimulation and pick-up procedures, doctor consultation fees and related ancillary services including PGT performed, cryopreservation and laboratory tests. This was reflected in the number of IVF stimulation and pick-up performed which increased by 77.97% to 2,440 in FYE May 2023 (FYE May 2022: 1,371). The increase in demand of our services in Malaysia was mainly contributed by foreign customers mainly from Indonesia, followed by Singapore, China, and others.

Revenue from others also increased by RM0.98 million or 41.41% to RM3.35 million in FYE May 2023 (FYE May 2022: RM2.37 million) and this was mainly contributed by laboratory and related services including micro-sorting analysis and charges for services including injections, ultrasound services, urine tests, and nursing care.

Singapore operations

Revenue from our Singapore operations decreased by RM0.41 million or 1.33% to RM30.43 million in FYE May 2023 (FYE May 2022: RM30.84 million) which was mainly attributed to the lower assisted reproductive services rendered.

The revenue from the assisted reproductive services in Singapore decreased by RM0.32 million or 1.25% to RM25.49 million in FYE May 2023 (FYE May 2022: RM25.81 million) which was resulted from the lower number of IVF stimulation and pick-up procedures performed. This was reflected in the decrease in number of IVF stimulation and pick-up procedures performed by 15.86% to 260 in FYE May 2023 (FYE May 2022: 309). The decrease in number of IVF stimulation and pick-up procedures performed in Singapore was mainly due to the upliftment of COVID-19 containment measures where patients from Singapore have the option to carry out assisted reproductive services in foreign countries including Malaysia. In addition, the strong Singapore dollar relative to some neighbouring countries has encouraged potential patients to seek assisted reproductive services in other countries including Malaysia. The upliftment of COVID-19 containment measures has benefited our Malaysia specialist centres. In FYE May 2023, under our Malaysia operations, revenue contributed by customers from Singapore increased by 158.32% to RM4.74 million in FYE May 2023 (FYE May 2022: RM1.83 million).

Revenue from others also decreased by RM0.09 million or 1.77% to RM4.93 million in FYE May 2023 (FYE May 2022: RM5.02 million) which was due to lower related services rendered as well as lower specialist medical services rendered at third-party medical service providers' premises.

12. FINANCIAL INFORMATION (CONT'D)

FPE October 2023 compared to FPE October 2022

Our total revenue increased by RM10.10 million or 18.10% to RM65.90 million in FPE October 2023 (FPE October 2022: RM55.81 million). This was mainly driven by the higher demand for our assisted reproductive services in our Malaysia operations as set out below:

Malaysia operations

Revenue from our Malaysia operations increased by RM9.58 million or 22.29% to RM52.56 million in FPE October 2023 (FPE October 2022: RM42.98 million), mainly driven by demand of assisted reproductive services at our 2 specialist centres in Malaysia.

Within our Malaysia operations, revenue from the provision of assisted reproductive services increased by RM8.53 million or 20.41% to RM50.35 million in FPE October 2023 (FPE October 2022: RM41.81 million) which was driven by the higher demand of IVF stimulation and pick-up and ancillary services rendered resulted in higher revenue contribution from PGT performed, stimulation and pick-up procedures and related ancillary services. This was reflected in the number of IVF stimulation and pick-up performed which increased by 8.17% to 1,125 in FPE October 2023 (FPE October 2022: 1,040).

The increase in demand for our services in Malaysia was mainly contributed by foreign customers, where revenue from foreign customers increased by RM8.21 million or 38.39% to RM29.61 million in FPE October 2023 (FPE October 2022: RM21.40 million).

Revenue from others also increased by RM1.05 million or 89.62% to RM2.21 million in FPE October 2023 (FPE October 2022: RM1.17 million) and this was mainly contributed by laboratory and related services including micro-sorting analysis and charges for services including injections, ultrasound services, urine tests, and nursing care.

Singapore operations

Revenue from our Singapore operations increased by RM0.52 million or 4.05% to RM13.35 million in FPE October 2023 (FPE October 2022: RM12.83 million), mainly attributed to the increase in revenue derived from assisted reproductive services.

Revenue from assisted reproductive services in Singapore increased by RM0.35 million or 3.33% to RM10.88 million in FPE October 2023 (FPE October 2022: RM10.53 million), mainly contributed by higher revenue from the sales of stimulation drugs and cryopreservation services, as well as partly attributed to the appreciation of the SGD relative to the RM as our services rendered were transacted in SGD which were translated and reported in RM. This appreciation of the SGD relative to the RM was reflected in the increase of 6.85% in the average exchange of RM to the SGD of RM3.4396 in FPE October 2023 compared to RM3.2192 in FPE October 2022. The number of IVF stimulation and pick-up performed declined by 3.64% to 106 in FPE October 2023 (FPE October 2022: 110).

Revenue from other services rendered increased by RM0.17 million or 7.35% to RM2.47 million in FPE October 2023 (FPE October 2022: RM2.30 million) which was attributed to higher revenue from the specialist medical services rendered to patients at third-party medical service providers' premises in Singapore.

12. FINANCIAL INFORMATION (CONT'D)

12.2.4 Cost of Sales

(a) Cost of sales by components

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Doctors' fees and laboratory staff costs	13,604	35.11	14,102	40.72	21,635	48.54	27,757	45.63
<i>Doctors' fees</i>	9,616	24.82	9,812	28.33	14,462	32.45	19,569	32.17
<i>Laboratory staff costs</i>	3,988	10.29	4,290	12.39	7,173	16.09	8,188	13.46
Medication and consumables	10,611	27.39	8,923	25.77	14,423	32.36	24,412	40.12
<i>Medication</i>	5,544	14.31	6,115	17.66	8,676	19.47	13,251	21.78
<i>Consumables</i>	5,067	13.08	2,808	8.11	5,747	12.89	11,161	18.34
⁽¹⁾ Laboratory test charges	6,237	16.10	6,984	20.17	2,514	5.64	2,912	4.79
Depreciation	3,527	9.11	3,508	10.12	4,084	9.16	3,354	5.51
⁽²⁾ Medical service fees	4,763	12.29	954	2.75	1,379	3.10	1,997	3.28
⁽³⁾ Others	-	-	161	0.46	536	1.20	405	0.67
Total cost of sales	38,742	100.00	34,632	100.00	44,570	100.00	60,837	100.00

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12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
Doctors' fees and laboratory staff costs	11,337	46.40	12,174	42.97
Doctors' fees	8,387	34.33	8,922	31.49
Laboratory staff costs	2,950	12.07	3,252	11.48
Medication and consumables	9,449	38.68	12,147	42.88
Medication	5,482	22.44	6,678	23.57
Consumables	3,967	16.24	5,469	19.31
(1)Laboratory test charges	1,214	4.97	1,445	5.10
Depreciation	1,457	5.96	1,450	5.12
(2)Medical service fees	842	3.45	899	3.17
(3)Others	132	0.54	216	0.76
Total cost of sales	24,431	100.00	28,331	100.00

Notes:

- (1) This refers to laboratory tests performed by external parties including tests and analysis including pathology related and blood tests, embryology services and fertility related tests as well as micro-sorting analysis.
- (2) For FYE May 2020, it comprises RM4.02 million remuneration paid to DDLSS, being a percentage of the total medical proceeds of Alpha KL, as the founder of the business of Alpha KL and his contribution to Alpha KL as well as anaesthetic fees. The said remuneration payment to DDLSS was only incurred in FYE May 2020 and is not a subsisting arrangement. As for FYE May 2021, FYE May 2022, FYE May 2023, FPE October 2022 and FPE October 2023, it includes anaesthetic fees.
- (3) Include isolation package costs pertaining to hotel accommodation provided to our foreign patients and others.

12. FINANCIAL INFORMATION (CONT'D)

(b) Cost of sales by business activities

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Assisted reproductive services	35,689	92.12	31,712	91.57	40,975	91.93	57,030	93.74
⁽¹⁾ Others	3,053	7.88	2,920	8.43	3,595	8.07	3,807	6.26
Total	38,742	100.00	34,632	100.00	44,570	100.00	60,837	100.00

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
Assisted reproductive services	22,724	93.01	26,394	93.16
⁽¹⁾ Others	1,707	6.99	1,937	6.84
Total	24,431	100.00	28,331	100.00

Note:

(1) Include specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.

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12. FINANCIAL INFORMATION (CONT'D)

(c) Cost of sales by operational countries

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia operations	32,286	83.34	21,108	60.95	27,871	62.53	43,726	71.87
Assisted reproductive services	30,360	78.37	20,597	59.47	27,403	61.48	43,241	71.07
⁽¹⁾ Others	1,926	4.97	511	1.48	468	1.05	485	0.80
Singapore operations	6,456	16.66	13,524	39.05	16,699	37.47	17,111	28.13
Assisted reproductive services	5,329	13.75	11,115	32.09	13,572	30.45	13,790	22.67
⁽¹⁾ Others	1,127	2.91	2,409	6.96	3,127	7.02	3,321	5.46
Group cost of sales	38,742	100.00	34,632	100.00	44,570	100.00	60,837	100.00

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
Malaysia operations	17,095	69.97	20,674	72.97
Assisted reproductive services	16,950	69.38	20,423	72.09
⁽¹⁾ Others	145	0.59	251	0.88
Singapore operations	7,336	30.03	7,657	27.03
Assisted reproductive services	5,774	23.64	5,971	21.07
⁽¹⁾ Others	1,562	6.39	1,686	5.96
Group cost of sales	24,431	100.00	28,331	100.00

Note:

(1) Include specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.

12. FINANCIAL INFORMATION (CONT'D)

Our cost of sales mainly consists of the following:

(i) **Doctors' fees and laboratory staff costs**

Doctors' fees and laboratory staff costs were one of the main components of our cost of sales, which accounted for 35.11%, 40.72%, 48.54%, 45.63% and 42.97% of our total cost of sales for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

Doctors' fees

Fees to our doctors are mainly for the provision of consultancy services and treatment services performed. All of our doctors are contracted doctors. The types of compensations for our doctors are mainly based on fee for services which consist of a portion of the fees charged for treatment provided by the doctor and fixed monthly income (where applicable) as stipulated in the contracts with the doctors.

For FYE May 2021, doctors' fees increased by RM0.20 million or 2.04% to RM9.81 million (FYE May 2020: RM9.62 million). This was mainly contributed by higher specialist medical services rendered at third-party medical service providers' premises in Singapore.

For FYE May 2022, doctors' fees increased by RM4.65 million or 47.39% to RM14.46 million (FYE May 2021: RM9.81 million). This was mainly due to the fact that a full year of doctors' fees from our operations in Penang of RM1.77 million was captured in FYE May 2022 as compared to 2 months of doctors' fees of RM0.25 million in FYE May 2021 pursuant to the completion of the acquisition of Genesis as a wholly-owned subsidiary on 22 March 2021. In addition, the increase in doctors' fees was also partly attributed by the higher services rendered by the doctors in Malaysia and Singapore operations. This is also reflected in the growth in revenue by 46.78% in FYE May 2022.

Doctors' fees increased by RM5.11 million or 35.31% to RM19.57 million in FYE May 2023 (FYE May 2022: RM14.46 million). This was mainly attributed to higher contribution from doctors' fees from our Malaysia operations arising from increase in services rendered from our 2 specialist centres in Malaysia. This was also reflected in the revenue growth of 77.66% from our Malaysia operations in FYE May 2023.

For FPE October 2023, doctors' fees increased by RM0.54 million or 6.38% to RM8.92 million (FPE October 2022: RM8.39 million). This was mainly attributed to higher contribution from doctors' fees from our Malaysia operations arising from increase in services rendered from our 2 specialist centres in Malaysia. This was also reflected in the revenue growth of 22.29% from our Malaysia operations in FPE October 2023.

Laboratory staff costs

Our laboratory staff costs consist of salaries, bonuses, statutory contributions and other expenses for our Malaysia and Singapore operations.

For FYE May 2021, our laboratory staff costs increased by RM0.30 million or 7.57% to RM4.29 million (FYE May 2020: RM3.99 million). This was mainly contributed by the increase in laboratory staff costs from our Singapore operations due to the fact that a full year laboratory staff costs of RM2.53 million was captured in FYE May 2021 compared to the 7-month laboratory costs of RM1.39 million in FYE May 2020. Our Singapore operations commenced in November 2019. The increase in laboratory staff costs was partially offset by the decrease of RM0.84 million in laboratory staff costs from our Malaysia operations due to decrease in incentive payment for our laboratory staff in KL.

12. FINANCIAL INFORMATION (CONT'D)

For FYE May 2022, our laboratory staff costs increased by RM2.88 million or 67.20% to RM7.17 million (FYE May 2021: RM4.29 million). This was mainly due to the fact that a full year of laboratory staff costs of RM1.50 million was captured for our operations in Penang pursuant to the completion of the acquisition of Genesis on 22 March 2021. The increase in FYE May 2022 was also partly contributed by the increase in number of laboratory staff, salary increments and incentives to our laboratory staff in KL and Singapore.

Laboratory staff costs increased by RM1.02 million or 14.15% to RM8.19 million in FYE May 2023 (FYE May 2022: RM7.17 million) mainly attributed to increase in laboratory staff costs from our specialist centre in Malaysia arising from salary increments, bonus and incentives to our laboratory staff.

For FPE October 2023, our laboratory staff costs increased by RM0.30 million or 10.24% to RM3.25 million (FPE October 2022: RM2.95 million), mainly attributed to salary increments and incentives to our laboratory staff for our Malaysia operations.

(ii) Medication and consumables

Medication and consumables consist of drugs that are used for the IVF ovarian stimulation process as well as consumables for our procedures, which accounted for 27.39%, 25.77%, 32.36%, 40.12% and 42.88% of our total cost of sales for the FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

For FYE May 2021, the medication and consumables costs decreased by RM1.69 million or 15.91% to RM8.92 million (FYE May 2020: RM10.61 million), as our business operations were affected as a result of the various COVID-19 containment measures implemented in Malaysia. This was also reflected in the decrease in our revenue from assisted reproductive services by 39.42% in our Malaysia operations in FYE May 2021.

For FYE May 2022, the medication and consumable costs increased by RM5.50 million or 61.64% to RM14.42 million (FYE May 2021: RM8.92 million). This was due to the fact that the RM3.76 million in medication and consumables costs for the full year of FYE May 2022 was captured from our Penang operations as compared to RM0.51 million for the 2 months of costs in FYE May 2021 pursuant to the completion of the acquisition of Genesis on 22 March 2021.

The increase in medication and consumable costs was also attributed to the higher sales of medication and the usage of consumables for our operations in KL and Singapore arising from the higher demand for our assisted reproductive services. This was reflected in the revenue growth of 46.78% and with a higher number of IVF stimulation and pick-up performed for the FYE May 2022.

Medication and consumable costs increased by RM9.99 million or 69.26% to RM24.41 million in FYE May 2023 (FYE May 2022: RM14.42 million) arising from higher assisted reproductive services rendered from our 2 specialist centres in Malaysia. This was also reflected in the revenue growth of 77.66% from our Malaysia operations in FYE May 2023.

For FPE October 2023, the medication and consumable costs increased by RM2.70 million or 28.55% to RM12.15 million (FPE October 2022: RM9.45 million) arising from higher assisted reproductive services rendered from our 2 specialist centres in Malaysia. This was also reflected in the revenue growth of 22.29% from our Malaysia operations in FPE October 2023.

12. FINANCIAL INFORMATION (CONT'D)

(iii) Laboratory test charges

The laboratory test expenses mainly refer to fees charged by external laboratory service providers for carrying out tests and analyses including pathology related test such as general blood tests and micro-sorting analysis. The laboratory test costs accounted for 16.10%, 20.17%, 5.64%, 4.79% and 5.10% of our total cost of sales for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

For FYE May 2021, the laboratory test costs increased by RM0.75 million or 11.98% to RM6.98 million (FYE May 2020: RM6.24 million). This was mainly attributed to embryology services as well as pathology related and blood tests during the FYE May 2021. The higher laboratory test charges for FYE May 2020 and FYE May 2021 was mainly for our Malaysia operations which accounted for RM6.05 million and RM6.39 million for FYE May 2020 and FYE May 2021 respectively.

For FYE May 2022, the laboratory test costs decreased by RM4.47 million or 64.00% to RM2.51 million (FYE May 2021: RM6.98 million) as we started to carry out the embryology services at our laboratory in Alpha KL. Between February 2020 and February 2021, we engaged an external embryology service provider for our embryology services, and we were charged a service fee for the said services. Subsequently, we ceased the engagement of the external embryology services provider for our Malaysia operations as we have started to carry out these services at our own laboratory.

Laboratory test costs increased by RM0.40 million or 15.83% to RM2.91 million in FYE May 2023 (FYE May 2022: RM2.51 million) which was mainly due to the higher blood tests and some fertility-related tests that were carried out by third-party laboratories. This was arising from higher assisted reproductive services rendered from our 2 specialist centres in Malaysia as reflected in our revenue growth from our Malaysia operations.

For FPE October 2023, the laboratory tests costs increased by RM0.23 million or 19.03% to RM1.45 million (FPE October 2022: RM1.21 million) which was mainly attributed to higher expenditure on blood tests and some fertility-related tests that were carried out by third-party laboratories. This was arising from higher assisted reproductive services rendered from our 2 specialist centres in Malaysia as reflected in our revenue growth of 22.29% from our Malaysia operations.

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12. FINANCIAL INFORMATION (CONT'D)**(iv) Depreciation costs**

The depreciation costs mainly comprise the depreciation of clinical and medical equipment as well as laboratory and operating theatre equipment. The depreciation costs accounted for 9.11%, 10.12%, 9.16%, 5.51% and 5.12% of our total cost of sales for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

For FYE May 2021, the depreciation costs decreased by RM0.02 million or 0.54% to RM3.51 million (FYE May 2020: RM3.53 million), mainly attributed to the lower depreciation charges arising from laboratory equipment.

For FYE May 2022, the depreciation costs increased by RM0.58 million or 16.42% to RM4.08 million (FYE May 2021: RM3.51 million). This was mainly contributed by our operations in Penang as a result of the 12 months depreciation costs captured for FYE May 2022 pursuant to the acquisition of Genesis on 22 March 2021.

Depreciation costs decreased by RM0.73 million or 17.87% to RM3.35 million in FYE May 2023 (FYE May 2022: RM4.08 million) mainly arising from lower depreciation of equipment from our operations in Malaysia.

For FPE October 2023, the depreciation costs decreased by RM0.01 million or 0.48% to RM1.45 million (FPE October 2022: RM1.46 million), as some of the equipment for our Malaysia operations were fully depreciated.

(v) Medical services fees and others**Medical services fees**

The medical services fees comprise remunerations paid to DDLSS in for FYE May 2020 and anaesthetic fee for FYE May 2021, FYE May 2022, FPE October 2022 and FPE October 2023. The medical services fees accounted for 12.29%, 2.75%, 3.10%, 3.28% and 3.17% of our total cost of sales for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

For FYE May 2021, the provision of medical service fees decreased by RM3.81 million or 79.97% to RM0.95 million (FYE May 2020: RM4.76 million). This was mainly due to the absence of RM4.02 million pertaining to the remuneration paid to DDLSS.

For FYE May 2022, the provision of medical services fees increased by RM0.43 million or 44.55% to RM1.38 million (FYE May 2021: RM0.95 million) arising from payment of anaesthetic fees to external anaesthesiologists to perform the services at our premises in Malaysia and Singapore.

Medical services fees increased by RM0.62 million or 44.82% to RM2.00 million in FYE May 2023 (FYE May 2022: RM1.38 million) which was contributed by higher anaesthetic fees arising from the increase in assisted reproductive services rendered for our Malaysia operations.

For FPE October 2023, the provision of medical service fees increased by RM0.06 million or 6.77% to RM0.90 million (FPE October 2022: RM0.84 million), which was contributed by anaesthetic fees arising from increase in assisted reproductive services rendered for our Malaysia operations.

12. FINANCIAL INFORMATION (CONT'D)

Other cost of sales

Other cost of sales comprises mainly isolation package costs pertaining to hotel accommodation provided to our foreign patients and other costs related to our assisted reproductive services. Other costs accounted for 0.46%, 1.20%, 0.54% and 0.76% of our total cost of sales for FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively.

In FYE May 2020, there was no other cost of sales. For FYE May 2021, other cost of sales was RM0.16 million, mainly comprising costs related to isolation package provided to foreign patients.

For FYE May 2022, the other cost of sales increased by RM0.38 million or 232.92% to RM0.54 million (FYE May 2021: RM0.16 million), mainly attributed to other costs related to our assisted reproductive services as well as costs related to isolation package provided to foreign patients. Other cost of sales decreased by RM0.13 million or 24.44% to RM0.41 million in FYE May 2023 (FYE May 2022: RM0.54 million) mainly due to lower costs for lower isolation package costs.

For FPE October 2023, the other cost of sales increased by RM0.08 million or 63.64% to RM0.22 million (FPE October 2022: RM0.13 million) which was mainly contributed by various cost of sales including visa extension for patient, nursing service fees and external operating theatre facility fees.

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12. FINANCIAL INFORMATION (CONT'D)

12.2.5 Segmental Analysis by GP

(a) GP and GP margin by business activities

	FYE May 2020			FYE May 2021			FYE May 2022			FYE May 2023		
	GP RM'000	GP margin %	% of GP	GP RM'000	GP margin %	% of GP	GP RM'000	GP margin %	% of GP	GP RM'000	GP margin %	% of GP
Assisted reproductive services	28,494	44.39	94.31	24,261	43.34	88.44	42,726	51.05	91.84	72,165	94.16	55.86
<i>Procedures, diagnostic and ancillary services</i>	18,943	46.66	62.69	15,141	45.42	55.19	29,463	58.43	63.33	52,177	68.08	65.46
Medication	7,274	56.75	24.08	5,605	47.82	20.43	9,357	51.89	20.12	15,856	20.69	54.48
Doctors' consultation fees	2,277	21.15	7.54	3,515	32.20	12.82	3,907	25.63	8.39	4,132	5.39	20.28
⁽¹⁾ Others	1,718	36.00	5.69	3,171	52.06	11.56	3,797	51.37	8.16	4,477	5.84	54.04
Group	30,212	43.81	100.00	27,432	44.20	100.00	46,523	51.07	100.00	76,642	100.00	55.75

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12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022		FPE October 2023	
	GP RM'000	GP margin %	GP RM'000	GP margin %
Assisted reproductive services	29,615	94.39	34,830	92.70
Procedures, diagnostic and ancillary services	21,580	68.78	25,439	67.71
Medication	6,242	19.90	7,781	20.71
Doctors' consultation fees	1,793	5.71	1,610	4.28
(1)Others	1,759	5.61	2,743	7.30
Group	31,374	100.00	37,573	100.00
				57.01

Note:

(1) Includes GP contribution from the provision of specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.

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12. FINANCIAL INFORMATION (CONT'D)

(b) GP and GP margin by operational countries

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023		
	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	
Malaysia operations	28,981	95.93	15,878	57.88	32,385	69.61	63,328	82.63	59.16
Assisted reproductive services	28,216	93.40	14,887	54.27	30,484	65.52	60,463	78.89	58.30
<i>Procedures, diagnostic and ancillary services</i>	20,289	67.15	10,280	37.48	22,422	48.20	45,385	59.22	68.97
Medication	6,550	21.68	3,601	13.12	6,398	13.75	12,649	16.50	54.47
Doctors' consultation fees	1,377	4.57	1,006	3.67	1,664	3.58	2,429	3.17	16.55
⁽¹⁾ Others	765	2.53	991	3.61	1,901	4.09	2,865	3.74	85.52

12. FINANCIAL INFORMATION (CONT'D)

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023		
	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	
Singapore operations ⁽³⁾	1,231	4.07	11,554	42.12	14,138	30.39	13,314	17.37	43.76
Assisted reproductive services	277	0.92	9,374	34.17	12,242	26.31	11,702	15.27	45.90
Procedures, diagnostic and ancillary services	(2)(1,346)	(4.46)	4,861	17.72	7,041	15.13	6,791	8.86	48.84
Medication	724	2.40	2,004	7.30	2,959	6.36	3,208	4.19	54.48
Doctors' consultation fees	899	2.98	2,509	9.15	2,242	4.82	1,703	2.22	29.88
⁽¹⁾ Others	954	3.15	2,180	7.95	1,896	4.08	1,612	2.10	32.67
Group	30,212	100.00	27,432	100.00	46,523	100.00	76,642	100.00	55.75

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12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022		FPE October 2023	
	GP RM'000	GP margin % of GP	GP RM'000	GP margin % of GP
Malaysia operations	25,884	82.50	31,884	84.86
Assisted reproductive services	24,863	79.25	29,923	79.64
<i>Procedures, diagnostic and ancillary services</i>	18,843	60.06	22,593	60.13
<i>Medication</i>	4,935	15.73	6,373	16.96
<i>Doctors' consultation fees</i>	1,085	3.46	957	2.55
Others ⁽¹⁾	1,021	3.25	1,961	5.22
Singapore operations ⁽³⁾	5,490	17.50	5,689	15.14
Assisted reproductive services	4,752	15.15	4,907	13.06
<i>Procedures, diagnostic and ancillary services</i>	2,737	8.72	2,846	7.57
<i>Medication</i>	1,307	4.17	1,408	3.75
<i>Doctors' consultation fees</i>	708	2.26	653	1.74
⁽¹⁾ Others	738	2.35	782	2.08
Group	31,374	100.00	37,573	100.00
				57.01

Note:

- (1) Includes GP contribution from the provision of specialist medical services to patients at third-party medical service providers' premises, laboratory and related services.
- (2) The negative GP and GP margin was mainly due to the fact that only 7 months of revenue was recognised during FYE May 2020 as Alpha Singapore only commenced operations in November 2019.
- (3) Generally, the lower GP margin for Singapore operations compared to Malaysia operations was mainly contributed to the higher average cost of sales per stimulation and pick-up performed in Singapore.

12. FINANCIAL INFORMATION (CONT'D)

FYE May 2021 compared to FYE May 2020

Our total GP decreased by RM2.78 million or 9.20% to RM27.43 million in FYE May 2021 (FYE May 2020: RM30.21 million) and this was mainly due to a decrease in GP from our Malaysia operations which were adversely affected by the COVID-19 containment measures. Our total GP margin improved slightly from 43.81% in FYE May 2020 to 44.20% in FYE May 2021 and this was mainly driven by the business growth from our Singapore operations with a higher number of IVF stimulation and pick-up performed.

Malaysia operations

The GP from our Malaysia operations decreased by RM13.10 million or 45.21% to RM15.88 million in FYE May 2021 (FYE May 2020: RM28.98 million). This was mainly due to the lower number of IVF stimulation and pick-up performed and related medical ancillary services provided arising from the business interruptions caused by border closures due to COVID-19 conditions as discussed earlier.

The GP from assisted reproductive services for our Malaysia operations fell by RM13.33 million or 47.24% to RM14.89 million in FYE May 2021 (FYE May 2020: RM28.22 million). This was also reflected in the decline in the revenue from the provision of assisted reproductive services for our Malaysia operations which fell by 39.42% in FYE May 2021.

The GP from others increased by RM0.23 million or 29.54% to RM0.99 million in FYE May 2021 (FYE May 2020: RM0.77 million) mainly contributed by the GP from laboratory and related services.

GP margin from our Malaysia operations declined from 47.30% in FYE May 2020 to 42.93% in FYE May 2021 due to the higher unit operating costs arising from the lower number of IVF stimulation and pick-up performed and ancillary services rendered during FYE May 2021. The reduction in services rendered had contributed to the higher average unit costs comprising various components such as medication, laboratory staff costs and depreciation, laboratory test costs, and doctors' fees. For our operations in Malaysia, the average cost of sales per stimulation and pick-up performed increased by 24.85% in FYE May 2021.

The GP margin from others for Malaysia operations improved from 28.42% in FYE May 2020 to 66.02% in FYE May 2021 mainly due to lower cost related to laboratory and other services.

Singapore operations

The decrease in our Group GP was partially moderated by the GP growth from our Singapore operations in FYE May 2021. The GP for our Singapore operations increased by RM10.32 million or 838.59% to RM11.55 million in FYE May 2021 (FYE May 2020: RM1.23 million). The improvement was driven by the traction gained following the commencement of our specialist centre operations in November 2019 (during the FYE May 2020).

The GP for assisted reproductive services in our Singapore operations improved from RM0.28 million in FYE May 2020 to a GP of approximately RM9.37 million in FYE May 2021. This is also reflected in the revenue growth of 265.47% from our assisted reproductive services in Singapore with the increase in the number of IVF stimulation and pick-up performed by 311.59% in FYE May 2021.

The GP from others increased by RM1.23 million or 128.51% to RM2.18 million in FYE May 2021 (FYE May 2020: RM0.95 million), mainly contributed by higher specialist medical services rendered to patients in Singapore at third-party medical service providers' premises relating to obstetrics and gynaecology related surgeries and procedures. This was reflected in the revenue growth for others in FYE May 2021.

12. FINANCIAL INFORMATION (CONT'D)

The GP margin for our Singapore operations also improved from 16.01% in FYE May 2020 to 46.07% in FYE May 2021. This was contributed by the increase in the GP margin for assisted reproductive services from 4.94% in FYE May 2020 to 45.75% in FYE May 2021 arising from only 7 months of operations for the FYE May 2020 with a lower number of IVF stimulation and pick-up performed then. The improvement in GP margin was contributed by the higher number of IVF stimulation and pick-up performed in Singapore resulting from the traction gained from the opening of a new specialist centre in Singapore as mentioned above. The higher number of IVF stimulation and pick-up performed and services rendered contributed to the improvement in the average unit costs for our Singapore operations where the average cost of sales per stimulation and pick-up performed decreased by 49.32% to RM0.04 million per IVF stimulation and pick-up performed in FYE May 2021 (FYE May 2020: RM0.08 million).

The GP margin from others in Singapore improved from 45.83% in FYE May 2020 to 47.51% in FYE May 2021 which was mainly contributed by higher specialist medical services rendered at the third-party medical service providers' premises.

FYE May 2022 compared to FYE May 2021

Our total GP increased by RM19.09 million or 69.59% to RM46.52 million (FYE May 2021: RM27.43 million). The improvement in GP is driven by the growth in our assisted reproductive services in Malaysia and Singapore operations with the higher number of IVF stimulation and pick-up performed and ancillary services rendered.

Malaysia operations

The GP from our Malaysia operations increased by RM16.51 million or 103.96% to RM32.39 million in FYE May 2022 (FYE May 2021: RM15.88 million). This was contributed by our assisted reproductive services with a higher number of assisted reproductive services rendered to customers including domestic residents as well as foreigners. The GP growth also partly due to fact that the inclusion of the full year results from Genesis with a GP of RM6.83 million in FYE May 2022 compared to RM1.25 million for the 2-month GP pursuant to the completion of the acquisition of Genesis during FYE May 2021. This was also reflected in the recognition of full year's revenue of RM15.83 million from our operations in Penang captured in FYE May 2022 compared to the 2-month revenue of RM2.18 million in FYE May 2021.

The GP from assisted reproductive services increased by RM15.60 million or 104.77% to RM30.48 million in FYE May 2022 (FYE May 2021: RM14.89 million), which was mainly driven by the recovery in our Malaysia operations following the relaxation of containment measures. This was also reflected in the revenue growth of 63.13% or RM22.40 million, while GP grew 104.77% or RM15.60 million from assisted reproductive services in our Malaysia operations in FYE May 2022 as well as the increase in the number of IVF stimulation and pick-up performed by 23.74% in Malaysia. Furthermore, the increase in GP was partly contributed by the inclusion of GP from our Genesis as mentioned above.

The GP from others increased by RM0.91 million or 91.83% to RM1.90 million in FYE May 2022 (FYE May 2021: RM0.99 million), mainly contributed by higher other fees collected pertaining to laboratory and related services following the increase in IVF stimulation and pick-up performed as discussed above. This was also reflected in the revenue growth of RM0.87 million from others in our Malaysia operations in FYE May 2022.

The GP margin for our Malaysia operations improved from 42.93% in FYE May 2021 to 53.75% in FYE May 2022, mainly driven by the higher number of IVF stimulation and pick-up performed and ancillary services rendered including preimplantation genetic tests and cryopreservation services. The increased services rendered contributed to the improvement in the GP margin which was reflected in the average revenue per stimulation and pick-up increased by 31.84% in FYE May 2022.

12. FINANCIAL INFORMATION (CONT'D)

The GP margin from others improved from 66.02% in FYE May 2021 to 80.24% in FYE May 2022, which was mainly contributed by higher laboratory and related services rendered following the increase in the number of IVF stimulation and pick-up performed during FYE May 2022 as discussed above.

Singapore Operations

The GP from our Singapore operations increased by RM2.58 million or 22.36% to RM14.14 million in FYE May 2022 (FYE May 2021: RM11.55 million). The GP growth was contributed by the higher number of IVF stimulation and pick-up performed and ancillary services rendered.

The GP from assisted reproductive services in Singapore increased by RM2.87 million or 30.60% to RM12.24 million in FYE May 2022 (FYE May 2021: RM9.37 million) driven by the higher number of IVF stimulation and pick-up performed. This was also reflected in the revenue growth of 26.00% or RM5.33 million, while GP grew 30.61% or RM2.87 million from assisted reproductive services.

The GP from others decreased by RM0.28 million or 13.03% to RM1.90 million in FYE May 2022 (FYE May 2021: RM2.18 million), mainly due to higher cost related to specialist medical services performed at third-party medical service providers' premises for our Singapore operations.

The GP margin of assisted reproductive services improved from 45.75% in FYE May 2021 to 47.43% in FYE May 2022. The improvements were contributed by a higher number of IVF stimulation and pick-up performed and ancillary services rendered during the FYE May 2022 where the number of IVF stimulation and pick-up performed increased by 8.80%. The GP margin from others decreased from 47.51% in FYE May 2021 to 37.74% in FYE May 2022 mainly due to higher cost related to specialist medical services performed at third-party medical service providers' premises as discussed above.

FYE May 2023 compared to FYE May 2022

Our total GP increased by RM30.12 million or 64.74% to RM76.64 million in FYE May 2023 (FYE May 2022: RM46.52 million). The improvement in GP is driven by the growth in our assisted reproductive services in Malaysia operations with the higher number of IVF stimulation and pick-up performed and ancillary services rendered. Our GP margin for procedures, diagnostic and ancillary services improved from 58.43% in FYE May 2022 to 65.46% in FYE May 2023, mainly contributed by a higher number of IVF stimulation and pick-up performed during the FYE May 2023 where the number of IVF stimulation and pick-up performed increased by 60.71%.

Malaysia operations

The GP from our Malaysia operations increased by RM30.94 million or 95.55% to RM63.33 million in FYE May 2023 (FYE May 2022: RM32.39 million). This was contributed by our assisted reproductive services with a higher number of assisted reproductive services rendered to customers where the increase was mainly from foreigners.

The GP from assisted reproductive services increased by RM29.98 million or 98.34% to RM60.46 million in FYE May 2023 (FYE May 2022: RM30.48 million) which was mainly driven by higher demand from the assisted reproductive services rendered including IVF stimulation and pick-up performed and ancillary services rendered. This was also reflected in the revenue growth of 77.66% in FYE May 2023 from our Malaysia operations arising from the increase in the number of IVF stimulation and pick-up performed by 77.97% from our 2 specialist centres in Malaysia.

GP from others increased by RM0.96 million or 50.71% to RM2.87 million in FYE May 2023 (FYE May 2022: RM1.90 million) mainly contributed by other fees collected pertaining to laboratory and related services following the increase in IVF stimulation and pick-up performed as discussed above.

12. FINANCIAL INFORMATION (CONT'D)

The GP margin of assisted reproductive services improved from 52.66% in FYE May 2022 to 58.30% in FYE May 2023. The improvements were mainly contributed by a higher number of IVF stimulation and pick-up performed during the FYE May 2023 where the number of IVF stimulation and pick-up performed increased by 77.97%. For our Malaysia operations, the average cost of sales per stimulation and pick-up performed was RM0.02 million per IVF stimulation and pick-up performed in FYE May 2023. The GP margin from others increased from 80.24% in FYE May 2022 to 85.52% in FYE May 2023, mainly attributed to the higher fees collected for laboratory and related services.

Singapore operations

The GP from our Singapore operations decreased by RM0.82 million or 5.83% to RM13.31 million in FYE May 2023 (FYE May 2022: RM14.14 million), mainly attributed to lower number of assisted reproductive services rendered. This was reflected in the decrease in revenue by 1.33% from our Singapore operations in FYE May 2023, and the decrease in the number of IVF stimulation and pick-up procedures performed by 15.86% in FYE May 2023.

GP from others decreased by RM0.28 million or 14.98% to RM1.61 million in FYE May 2023 (FYE May 2022: RM1.90 million) which was mainly due to the lower GP contribution from specialist medical services provided to patients at third-party medical service providers' premises.

The GP margin of assisted reproductive services decreased from 47.43% in FYE May 2022 to 45.90% in FYE May 2023, mainly due to the lower number of IVF stimulation and pick-up performed which increased the average cost of sales per stimulation and pick-up performed. For our operations in Singapore, the average cost of sales per IVF stimulation and pick-up performed increased by 20.76% from RM0.04 million per IVF stimulation and pick-up performed in FYE May 2022 to RM0.05 million per IVF stimulation and pick-up performed in FYE May 2023. The GP margin from others also decreased from 37.74% in FYE May 2022 to 32.67% in FYE May 2023.

FPE October 2023 compared to FPE October 2022

Our total GP increased by RM6.20 million or 19.76% to RM37.57 million in FPE October 2023 (FPE October 2022: RM31.37 million). The improvement in GP is mainly driven by the growth in our assisted reproductive services in Malaysia operations with the higher number of IVF stimulation and pick-up performed and ancillary services rendered.

Malaysia operations

The GP from our Malaysia operations increased by RM6.00 million or 23.18% to RM31.88 million in FPE October 2023 (FPE October 2022: RM25.88 million). This was also reflected in the increase in our revenue growth from assisted reproductive services.

The GP from assisted reproductive services increased by RM5.06 million or 20.35% to RM29.92 million in FPE October 2023 (FPE October 2022: RM24.86 million), mainly driven by higher demand from the assisted reproductive services rendered including IVF stimulation and pick-up performed as well as ancillary services rendered. This was also reflected in the revenue growth of 22.29% in FPE October 2023 from our Malaysia operations.

The GP from others increased by RM0.94 million or 92.07% to RM1.96 million in FPE October 2023 (FPE October 2022: RM1.02 million), mainly contributed by other fees collected pertaining to laboratory and related services following the increase in IVF stimulation and pick-up performed as discussed above.

12. FINANCIAL INFORMATION (CONT'D)

The GP margin from assisted reproductive services remained relatively consistent at 59.46% in FPE October 2022 and 59.43% in FPE October 2023. The GP margin from others for Malaysia operations improved from 87.56% in FPE October 2022 to 88.69% in FPE October 2023 which was mainly attributed to the higher fees collected for laboratory and related services.

Singapore operations

The GP from our Singapore operations increased by RM0.20 million or 3.62% to RM5.69 million in FPE October 2023 (FPE October 2022: RM5.49 million). This was mainly contributed by higher GP from assisted reproductive service.

The GP for assisted reproductive services in our Singapore operations increased by RM0.16 million or 3.26% to RM4.91 million in FPE October 2023 (FPE October 2022: RM4.75 million). This is also reflected in the revenue growth of 3.33% from our assisted reproductive services in Singapore which was attributed to higher sales of simulation drugs and cryopreservation services as well as partly attributed to the appreciation of SGD against RM in FPE October 2023 as our services rendered were transacted in SGD which were translated and reported in RM.

The GP from others increased by RM0.04 million or 5.96% to RM0.78 million in FPE October 2023 (FPE October 2022: RM0.74 million), mainly contributed by higher revenue from specialist medical services rendered to patients in Singapore at third-party medical service providers' premises. This was reflected in the revenue growth for others of 7.35% in FPE October 2023.

The GP margin from assisted reproductive services remained relatively consistent at 45.15% in FPE October 2022 and 45.11% in FPE October 2023. The GP margin from others for Singapore operations declined from 32.09% in FPE October 2022 to 31.67% in FPE October 2023 which was mainly due to higher cost related to specialist medical services performed at third-party medical service providers' premises.

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12. FINANCIAL INFORMATION (CONT'D)

12.2.6 Other Income

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
(1) Fair value gain on other investment	-	-	-	-	-	-	11,280	89.87
(2) Interest income	122	9.20	141	5.98	542	39.85	956	7.62
(3) Government grant income	227	17.12	546	23.17	463	34.04	47	0.37
(4) Sundry income	286	21.57	226	9.59	288	21.18	183	1.46
Rental/leasing income	649	48.94	1,344	57.05	3	0.22	13	0.11
- (5) Rental of laboratory equipment	438	33.03	914	38.80	3	0.22	6	0.05
- (5) Office space	156	11.76	327	13.88	-	-	7	0.06
- (5) Utilities	55	4.15	103	4.37	-	-	-	-
(6) Others	42	3.17	99	4.21	64	4.71	72	0.57
Total	1,326	100.00	2,356	100.00	1,360	100.00	12,551	100.00

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12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
(1) Fair value gain on other investment	11,280	95.20	-	-
(2) Interest income	442	3.73	724	90.16
(3) Government grant income	26	0.22	-	-
(4) Sundry income	76	0.64	56	6.97
Rental/leasing income	9	0.07	1	0.13
- (5) Rental of laboratory equipment	3	0.02	1	0.13
- (5) Office space	6	0.05	-	-
- (5) Utilities	-	-	-	-
(6) Others	16	0.14	22	2.74
Total	11,849	100.00	803	100.00

Notes:

- (1) This refers to the fair value gain of RM11,279,993 arising from the revaluation of 26,000,000 RCCPS held by Alpha KL on 29 August 2022.
- On 25 September 2019, Alpha KL subscribed for 26,000,000 RNCPS at RM1.00 per RNCPS. On 28 February 2022, the 26,000,000 RNCPS held by Alpha KL was converted into RCCPS at RM1.00 per RCCPS.
- On 19 October 2022, Alpha KL declared a payment of dividend in specie to all ordinary shareholders of Alpha KL by way of transfer of the 26,000,000 RCCPS held in KL Wellness City. On 25 August 2023, Alpha KL ceased to hold any RCCPS in KL Wellness City.
- (2) Including interest income from bank balances, short term investments and other receivables. Interest income from other receivables of RM0.08 million, RM0.35 million and RM0.21 million for FYE May 2021, FYE May 2022 and FYE May 2023 were mainly from interest received from amount owing by the former holding company (Alphastem Sdn Bhd) with an interest rate of 4.05% per annum. The amount owing by the former holding company have been subsequently settled during the FYE May 2023.

12. FINANCIAL INFORMATION (CONT'D)

- (3) *This was pertaining to grants from government under various wage subsidy programmes for Malaysia and Singapore operations as well as subsidy programme to promote the use of IT solution for Singapore operations. In FYE May 2023, it also include rental relief subsidy programme for Singapore operations.*
- (4) *Sundry income mainly includes charges of time costs, administrative charges, rental rebate and others for the Financial Periods Under Review, and a one-off reversal of management fee charged amounting to RM0.10 million in FYE May 2020.*
- (5) *For FYE May 2020 and FYE May 2021, the rental/leasing income including rental of laboratory equipment, office space and utilities was from an external laboratory service provider from our Malaysia operations. For FYE May 2023 and FPE October 2022, the rental/leasing income of office space was from a related-party, namely Baby Xort. For FYE May 2022, FYE May 2023, FPE October 2022 and FPE October 2023, rental of laboratory equipment relates to income from the storage of eggs, sperms and gametes. Please refer to Section 10.1.1 of this Prospectus for further details.*
- (6) *Others include doctor administrative fees, sponsorship from vendor including milk distribution and COVID-19 vaccination, gain on disposal assets and realised gain on foreign exchanges.*

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12. FINANCIAL INFORMATION (CONT'D)

FYE May 2021 compared to FYE May 2020

Our other income increased by RM1.03 million or 77.68% to RM2.36 million in FYE May 2021 (FYE May 2020: RM1.33 million), mainly contributed by higher rental income from laboratory equipment that was leased to an external laboratory service provider (IVF Nexus Sdn Bhd) from our Malaysia operations. IVF Nexus Sdn Bhd was operated by our then ex-employees. The rental of laboratory to IVF Nexus is to ensure uninterrupted accessibility to the embryology services provided by the ex-employees subsequently to their resignation from our Group where initially they did not have any laboratory equipment. The increase in rental income of laboratory equipment was due to the fact that 4 months rental income was captured in FYE May 2020 compared to 8 months rental income captured in FYE May 2021. The said rental arrangement was for the period between February 2020 (FYE May 2020) and February 2021 (FYE May 2021).

The increase was also partly contributed by higher government grant income received relating to wage subsidy programmes for our Malaysia and Singapore operations.

FYE May 2022 compared to FYE May 2021

Our other income decreased by RM1.00 million or 42.28% to RM1.36 million in FYE May 2022 (FYE May 2021: RM2.36 million), mainly contributed by lower rental income. The lower rental income was mainly due to termination of rental agreement for the lease of laboratory equipment to an external laboratory service provider from our Malaysia operations as the laboratory equipment was utilised to carry out laboratory related works internally. The termination was based on mutual agreement between our Group and the external laboratory service provider.

FYE May 2023 compared to FYE May 2022

Our other income increased by RM11.19 million or 822.87% to RM12.55 million in FYE May 2023 (FYE May 2022: RM1.36 million) which was mainly attributed to the fair value gain of RM11.28 million on other investment pertaining to the revaluation of RCCPS held by Alpha KL.

FPE October 2023 compared to FPE October 2022

Our other income decreased by RM11.05 million or 93.22% to RM0.80 million in FPE October 2023 (FPE October 2022: RM11.85 million) mainly due to no fair value gain on other investment in FPE October 2023 compared to the fair value gain of RM11.28 million on other investment pertaining to the revaluation of RCCPS held by Alpha KL.

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12. FINANCIAL INFORMATION (CONT'D)

12.2.7 Administrative and other expenses

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative expenses:								
(1)Directors' remuneration	(2)10,414	39.02	3,415	14.50	3,851	23.19	3,474	16.58
(3)Staff costs	3,850	14.42	2,606	11.06	3,000	18.07	3,998	19.08
Merchant facility and bank related charges	717	2.69	847	3.60	906	5.46	1,246	5.95
Professional fees	884	3.31	265	1.12	799	4.81	2,288	10.92
Marketing and promotional expenses	3,522	13.20	915	3.88	781	4.70	1,984	9.47
Insurance	394	1.48	519	2.20	779	4.69	867	4.14
Housekeeping and waste disposal	334	1.25	381	1.62	528	3.18	620	2.96
Maintenance and upkeep expenses	446	1.67	367	1.56	672	4.05	983	4.69
Utilities	360	1.35	375	1.59	560	3.37	643	3.06
(4)Others	1,074	4.02	707	3.01	764	4.60	1,162	5.53
Sub-total	21,995	82.41	10,397	44.14	12,640	76.12	17,265	82.38
Other expenses:								
Depreciation	4,677	17.52	3,683	15.63	3,964	23.87	3,634	17.34
- Depreciation of equipment	3,943	14.77	3,113	13.21	3,112	18.74	2,721	12.98
- Depreciation of ROU	734	2.75	570	2.42	852	5.13	913	4.36

12. FINANCIAL INFORMATION (CONT'D)

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
(5) Loss on remeasurement of previously held equity shares	-	-	9,442	40.08	-	-	-	-
(6) Others	18	0.07	35	0.15	2	0.01	58	0.28
Sub-total	4,695	17.59	13,160	55.86	3,966	23.88	3,692	17.62
Total	26,690	100.00	23,557	100.00	16,606	100.00	20,957	100.00

FPE October 2022		FPE October 2023	
RM'000	%	RM'000	%

Administrative expenses:

(1) Directors' remuneration	1,448	17.72	1,511	15.59
(3) Staff costs	1,636	20.02	1,857	19.16
Merchant facility and bank related charges	435	5.33	610	6.29
Professional fees	671	8.21	904	9.33
Marketing and promotional expenses	831	10.18	965	9.96
Insurance	320	3.92	422	4.35
Housekeeping and waste disposal	255	3.12	243	2.51
Maintenance and upkeep expenses	377	4.62	443	4.57
Utilities	280	3.42	270	2.79

12. FINANCIAL INFORMATION (CONT'D)

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
⁽⁴⁾ Others	420	5.14	799	8.25
Sub-total	6,673	81.68	8,024	82.80
Other expenses:				
Depreciation	1,487	18.20	1,647	16.99
- Depreciation of equipment	1,132	13.86	1,166	12.03
- Depreciation of ROU	355	4.34	481	4.96
⁽⁵⁾ Loss on remeasurement of previously held equity shares	-	-	-	-
⁽⁶⁾ Others	10	0.12	20	0.21
Sub-total	1,497	18.32	1,667	17.20
Total	8,170	100.00	9,691	100.00

Notes:

- (1) Includes salaries, bonuses, statutory contributions and other expenses for our Directors.
- (2) For FYE May 2020, the higher director remuneration was mainly attributed to bonus payment amounting to RM5.99 million to directors.
- (3) Includes salaries, bonuses, statutory contributions and other expenses for all our employees.
- (4) Includes office related expenses such as printing expenses and stationery and centre refreshment as well as business licence fees, tax penalty relating to the underestimation of tax payable, training fees, transportation services expenses, petrol and parking fees and other miscellaneous expenses such as recruitment expenses, fees for tax agent and stamping fees. Tax penalty incurred amounted to 0.35% (RM0.06 million), less than 0.01% (RM672) and 0.75% (RM0.07 million) of our total administrative and other expenses for FYE May 2022, FYE May 2023 and FPE October 2023 respectively. There was no tax penalty incurred for FYE May 2020, FYE May 2021 and FPE October 2022.
- (5) This was arising from the remeasurement of equity interest of Genesis at the end of the reporting period.
- (6) Includes loss in foreign exchange, property, plant and equipment written off as well as loss on disposal of property, plant and equipment.

12. FINANCIAL INFORMATION (CONT'D)**FYE May 2021 compared to FYE May 2020**

Our administrative and other expenses decreased by RM3.13 million or 11.74% to RM23.56 million in FYE May 2021 (FYE May 2020: RM26.69 million). This was mainly attributed to the following:

- decrease in directors' remuneration by RM7.00 million due to no bonus payment to directors in FYE May 2021;
- decrease in marketing and promotional expenses by RM2.61 million due to lower marketing related activities as a result of the various COVID-19 containment measures implemented in Malaysia;
- decrease in staff costs by RM1.24 million mainly due to no bonus payments;
- decrease in depreciation by RM0.99 million mainly due to lower depreciation of equipment including furniture and fittings, motor vehicles and renovation during the FYE May 2021;
- decrease in legal and professional fees by RM0.62 million attributed to lower consultant services fees and audit fee in FYE May 2021.

The decrease was partially offset by an increase in other expenses relating to the loss on remeasurement of previously held equity shares amounting to RM9.44 million arising from the remeasurement of equity interest of Genesis at the end of the reporting period.

FYE May 2022 compared to FYE May 2021

Our administrative and other expenses decreased by RM6.95 million or 29.51% to RM16.61 million in FYE May 2022 (FYE May 2021: RM23.56 million). This was mainly attributed to the previous loss on remeasurement arising from remeasurement of equity interest of Genesis as mentioned above.

The decrease was partially offset by an increase of the following:

- increase in professional fees by RM0.53 million mainly attributed to legal and professionals, auditor fees incurred pertaining to our IPO exercise;
- increase in directors' remuneration by RM0.44 million due to bonus payment to directors;
- increase in staff costs by RM0.39 million mainly attributed to higher bonus payment as well as a full year's staff costs in Penang captured in FYE May 2022 as compared to the 2-month staff costs in FYE May 2021. Nevertheless, our staff cost for FYE May 2022 was lower compared to staff cost in FYE May 2020, mainly due to lower bonus payment in FYE May 2022.

FYE May 2023 compared to FYE May 2022

Our administrative and other expenses increased by RM4.35 million or 26.20% to RM20.96 million in FYE May 2023 (FYE May 2022: RM16.61 million). This was mainly attributed to the increase in marketing and promotional expenses by RM1.20 million arising from higher marketing related activities, an increase in professional fees by RM1.49 million pertaining to our IPO expenses as well as increase in staff cost by RM1.00 million mainly attributed to salary increments and higher bonus payment.

12. FINANCIAL INFORMATION (CONT'D)

FPE October 2023 compared to FPE October 2022

Our administrative and other expenses increased by RM1.52 million or 18.62% to RM9.69 million in FPE October 2023 (FPE October 2022: RM8.17 million). This was mainly attributed to the following:

- increase in other administrative expenses by RM0.38 million which include among others, travel expenses, office expenses, recruitment expenses, license fees and tax penalty relating to late payment of tax installment;
- increase in professional fees by RM0.23 million which was the cost incurred pertaining to our IPO exercise; and
- increase in staff costs by RM0.22 million mainly attributed to salary increments and increase in staff headcount.

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12. FINANCIAL INFORMATION (CONT'D)

12.2.8 Finance Costs

	FYE May 2020		FYE May 2021		FYE May 2022		FYE May 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on:								
Lease liabilities	649	57.23	675	48.35	726	53.78	691	67.94
Term loan	198	17.46	658	47.13	436	32.30	304	29.89
Revolving credits	69	6.08	21	1.50	122	9.04	9	0.88
Hire purchases	92	8.11	26	1.86	43	3.19	1	0.11
⁽¹⁾ Others	126	11.12	16	1.16	23	1.69	12	1.18
Total	1,134	100.00	1,396	100.00	1,350	100.00	1,017	100.00

	FPE October 2022		FPE October 2023	
	RM'000	%	RM'000	%
Interest expense on:				
Lease liabilities	278	59.66	322	89.94
Term loan	173	37.12	12	3.35
Revolving credits	9	1.93	-	-
Hire purchases	1	0.21	-	-
⁽¹⁾ Others	5	1.08	24	6.71
Total	466	100.00	358	100.00

12. FINANCIAL INFORMATION (CONT'D)

Note:

(1) *Includes interest expense on amount owing to directors, bank overdraft and unwinding of discount factor in relation to the provision for restoration cost (i.e. the adjustment of the present value of future restoration expenses, after accounting for time value of money). The interest expense on amount owing to directors of Alpha Singapore was RM73,005 (FYE May 2020) and RM3,053 (FYE May 2021), which was bearing an interest rate of 2% per month for FYE May 2020 and FYE May 2021. As at the LPD, the amount owing to directors has been settled.*

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12. FINANCIAL INFORMATION (CONT'D)

FYE May 2021 compared to FYE May 2020

Our total finance costs increased by RM0.26 million or 23.10% to RM1.40 million in FYE May 2021 (FYE May 2020: RM1.13 million) and this was mainly contributed by higher interest expense on term loans by RM0.46 million arising from higher utilisation of term loans during the FYE May 2021. The term loan was mainly utilised for working capital.

The increase was partially offset by the decrease in interest expense on hire purchases by RM0.07 million due to lower outstanding of hire purchases during the FYE May 2021. The hire purchase facilities were mainly for the purchase of motor vehicles and medical equipment, furniture and renovation for our operations.

FYE May 2022 compared to FYE May 2021

Our total finance costs decreased by RM0.05 million or 3.30% to RM1.35 million in FYE May 2022 (FYE May 2021: RM1.40 million) and this was mainly contributed by a lower interest expense on term loans by RM0.22 million. This was due to the higher repayment of term loans and lower effective interest rates charged on term loans during the FYE May 2022.

The decrease was partially moderated by an increase in interest expenses on revolving credits by RM0.10 million arising from the higher utilisation of revolving credits for working capital coupled with a higher effective interest rate charged on the outstanding revolving credits.

FYE May 2023 compared to FYE May 2022

Our finance costs decreased by RM0.33 million or 24.67% to RM1.02 million in FYE May 2023 (FYE May 2022: RM1.35 million) and this was mainly attributed to the repayment of term loans, revolving credits and hire purchases during the FYE May 2023. As at 31 May 2023, all outstanding hire purchases and revolving credits have been settled.

FPE October 2023 compared to FPE October 2022

Our total finance cost decreased by RM0.11 million or 23.18% to RM0.36 million in FPE October 2023 (FPE October 2022: RM0.47 million) which was mainly contributed by a lower interest expense on term loans by RM0.16 million as it was fully settled in FPE October 2023. As at 31 October 2023, all outstanding bank borrowings have been settled.

12.2.9 PBT, PAT and effective tax rate

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2022	FPE Oct 2023
PBT RM'000	3,714	4,836	29,928	67,219	34,588	28,327
PBT margin	5.39%	7.79%	32.85%	48.89%	61.98%	42.98%
PAT RM'000	3,459	2,305	22,984	54,790	28,950	21,205
PAT margin	5.02%	3.71%	25.23%	39.85%	51.88%	32.18%
Taxation RM'000	256	2,531	6,944	12,429	5,638	7,122
- <i>Malaysia operations</i>	256	1,827	5,355	10,926	4,993	6,553

12. FINANCIAL INFORMATION (CONT'D)

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2022	FPE Oct 2023
- Singapore operations	-	704	1,589	1,503	645	569
Effective tax rates %	6.89%	52.34%	23.20%	18.49%	16.30%	25.14%
- Malaysia operations	4.30%	27.10%	26.16%	18.57%	15.99%	26.42%
- Singapore operations	-	9.34%	16.79%	17.92%	19.21%	16.16%
Statutory tax rates %						
- Malaysia operations	24%	24%	24%	24%	24%	24%
- Singapore operations	17%	17%	17%	17%	17%	17%

FYE May 2021 compared to FYE May 2020

Our PBT increased by RM1.12 million or 30.21% to RM4.84 million in FYE May 2021 (FYE May 2020: RM3.71 million). In FYE May 2020, our PBT margin was lower at 5.39% mainly due to higher administrative and other expenses attributed to higher director remuneration. Please refer to Section 12.2.7 of this Prospectus for further details on our administrative and other expenses. Our PBT margin also improved from 5.39% in FYE May 2020 to 7.79% in FYE May 2021. The improvements in PBT and PBT margin were mainly attributed to the higher other income mainly arising from leasing income from laboratory equipment higher government grant income received relating to wage subsidy programmes for our Malaysia and Singapore operations.

Our PAT decreased by RM1.15 million or 33.36% to RM2.31 million in FYE May 2021 (FYE May 2020: RM3.46 million). Our PAT margin also declined from 5.02% in FYE May 2020 to 3.71% in FYE May 2021. This was mainly due to the higher income tax expenses for our Malaysia operations, where our income tax expense from Malaysia operations increased to RM1.83 million in FYE May 2021 compared to RM0.26 million in FYE May 2020. This was mainly attributed to higher non-deductible expenses which amounted to RM2.89 million in FYE May 2021 compared to RM0.65 million in FYE May 2020.

For FYE May 2020, our Group's effective tax rates was 6.89% mainly attributed to tax incentives of RM1.20 million in FYE May 2020 for our Malaysia operations arising from tax incentives for export of private healthcare services. The tax incentives for export of private healthcare services given was an exemption on the payment of income tax equivalent to 100% of the value of increased export of services to be set-off against up to 70% of statutory income during the year of assessment 2018 to year of assessment 2022, subject to the following conditions:

- (a) At least 10% of its total patients who have obtained private healthcare services each year of assessment are comprised of qualified healthcare travellers; and
- (b) At least 10% of its gross income in each year of assessment is derived from qualified healthcare travellers.

For FYE May 2021, our Group's effective tax rates was 52.34% which was mainly attributed to the higher non-deductible expenses which amounted to RM2.89 million in FYE May 2021 related to the remeasurement of equity interest of Genesis.

12. FINANCIAL INFORMATION (CONT'D)

FYE May 2022 compared to FYE May 2021

Our PBT increased by RM25.09 million or 518.86% to RM29.93 million for FYE May 2022 (FYE May 2021: RM4.84 million). Our PBT margin improved from 7.79% in FYE May 2021 to 32.85% in FYE May 2022. The improvements were mainly contributed by the higher GP contribution where our overall GP increased by RM19.09 million and 69.59% in FYE May 2022 on the back of business growth in FYE May 2022. The improvements were also partly attributed to lower administrative and other expenses which collectively declined by RM6.95 million or 29.51% in FYE May 2022.

Our PAT increased by RM20.68 million or 897.14% to RM22.98 million for FYE May 2022 (FYE May 2021: RM2.31 million). Our PAT margin also improved from 3.71% in FYE May 2021 to 25.23% in FYE May 2022. The improvements in PAT and PAT margin were mainly attributed to the improvement of our financial results as reflected in the overall revenue and GP growth of 46.78% and 69.59% in FYE May 2022 respectively.

For FYE May 2022, our Group's effective tax rates was 23.20% which was mainly attributed to lower non-deductible expenses.

FYE May 2023 compared to FYE May 2022

Our PBT increased by RM37.29 million or 124.60% to RM67.22 million in FYE May 2023 (FYE May 2022: RM29.93 million). Our PBT margin improved from 32.85% in FYE May 2022 to 48.89% in FYE May 2023. The improvements were mainly contributed by the higher GP contribution where our overall GP increased by RM30.12 million or 64.74% to RM76.64 million in FYE May 2023 on the back of business growth in FYE May 2023. The improvements were also partly attributed to the increase in other income by RM11.19 million in FYE May 2023.

Our PAT increased by RM31.81 million or 138.38% to RM54.79 million in FYE May 2023 (FYE May 2022: RM22.98 million). Our PAT margin also improved from 25.23% in FYE May 2022 to 39.85% in FYE May 2023. The improvements in PAT margin were mainly attributed to the improvement of our financial results as reflected in the overall revenue and GP growth of 50.92% and 64.74% in FYE May 2023 respectively.

For FYE May 2023, our Group's effective tax rates was 18.49% which was mainly attributed to non-taxable income in respect of a fair value gain on other investment of RM2.71 million in FYE May 2023, reversal of a prior year overprovision of current tax in the previous financial years which amounting to RM1.35 million in FYE May 2023 as well as the differential in tax rates of a foreign subsidiary.

FPE October 2023 compared to FPE October 2022

Our PBT decreased by RM6.26 million or 18.10% to RM28.33 million in FPE October 2023 (FPE October 2022: RM34.59 million). Our PBT margin decreased from 61.98% in FPE October 2022 to 42.98% in FPE October 2023. This was mainly due to the decrease in other income and higher administrative and other expenses.

Our PAT decreased by RM7.75 million or 26.75% to RM21.21 million in FPE October 2023 (FPE October 2022: RM28.95 million). Our PAT margin decreased from 51.88% in FPE October 2022 to 32.18% in FPE October 2023. This was mainly due to the higher income tax expenses, where our income tax expense increased to RM7.12 million in FPE October 2023 compared to RM5.64 million in FPE October 2022. This was mainly attributed to lower non-taxable income which amounted to RM0.11 million in FPE October 2023 compared to RM2.80 million in FPE October 2022.

For FPE October 2023, our Group's effective tax rates was 25.14% which was mainly attributed to higher non-deductible expenses.

12. FINANCIAL INFORMATION (CONT'D)

12.3 SIGNIFICANT FACTORS AFFECTING OUR GROUP'S OPERATIONS AND FINANCIAL PERFORMANCE

(i) The demand for our assisted reproductive services may be subjected to demographic trends and the performance of the healthcare travel industry

Infertility is one of the main factors driving the demand for assisted reproductive services. The fertility rate has been declining in Malaysia and Singapore. Between 2020 and 2022, the fertility rate in Malaysia declined at an average annual rate of 5.7% between 2020 and 2022. Similarly, the fertility rate in Singapore also declined at an average annual rate of 2.8% between 2020 and 2022. (*Source: IMR Report*) If there is an improvement in fertility rates, overall demand for assisted reproductive services may be reduced.

Furthermore, the demand for assisted reproductive services is also driven by the performance of the healthcare travel industry as fertility treatments are among the most commonly sought-after treatments for healthcare travellers in Malaysia. During the COVID-19 pandemic conditions, our business was affected by various containment measures implemented including restricted movement and border closures in Malaysia and this was reflected in the decrease in the revenue derived from foreigners by 93.02% to RM2.19 million in FYE May 2021 (FYE May 2020: RM31.41 million) for our Malaysia operations.

As such, there can be no assurance that changes in, among others, demographic trends such as improvement in fertility rate or decline in the healthcare travel industry resulting from border closures, changes in regulation framework and competition from other countries may have a negative impact on the demand for assisted reproductive services in Malaysia will not materially affect our business operations and financial performance.

(ii) Our business and financial performance are dependent on our medical specialists and embryologists

Our business is dependent on its medical specialist doctors for the following:

- licence for the operation of its ambulatory care centres in Malaysia and specialist centres in Singapore;
- provision of assisted reproductive services; and
- provision of medical services.

We are also dependent on embryologists to carry certain procedures including the following:

- selection of matured eggs for fertilisation;
- injection of sperm into the matured egg for ICSI;
- fertilisation, culture and incubation of fertilised eggs;
- monitoring of embryo development; and
- selection of embryos for transfer or cryopreservation

In the event we are unable to retain our existing medical specialists and embryologists or unable to attract and employ medical specialists and embryologists, this may have an unfavourable impact or hinder the continued success of our business operations as well as our financial performance. Furthermore, we cannot assure that their replacements would be prompt or that their replacements would be able to make similar or increased contributions to our business operations.

12. FINANCIAL INFORMATION (CONT'D)

(iii) Our business operations and financial performance may be affected by a prolonged or resurgence of the COVID-19 pandemic or emergency of other epidemics or pandemics

The spread or outbreak of the COVID-19 or any other contagious or virulent diseases may potentially affect our business operations. Our business operations were affected due to various COVID-19 pandemic containment measures between 2020 and 2021. For FYE May 2020, FYE May 2021 and FYE May 2022, the first three financial years of the COVID-19 pandemic, our revenue derived from foreigners for our Malaysia operations accounted for 45.54% (RM31.41 million) and 3.53% (RM2.19 million), 11.11% (RM10.12 million) of our total revenue respectively. During the COVID-19 pandemic conditions, our business was affected by various containment measures implemented including restricted movement and border closures in Malaysia. As such, there is no assurance that similar future outbreaks with restrictive measures such as MCO would not adversely affect our business operations, results of operations or the implementation of our business strategies and plans. Please refer to Section 9.1.5 of this Prospectus for further details on relating risk factors.

(iv) Impact of interest rates

All of our bank borrowings are interest-bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on term loans, revolving credits and hire purchases that are granted by banks and financial institutions. For the Financial Periods Under Review, we incurred finance costs of RM1.13 million, RM1.40 million, RM1.35 million, RM1.02 million and RM0.36 million for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively. Our interest coverage ratio for the Financial Periods Under Review was 4.28 times, 4.46 times, 23.17 times, 67.10 and 80.13 times for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 respectively. As at 31 October 2023, all our bank borrowings have been settled.

In this respect, any increase in drawdown of borrowings and/or interest rates may adversely impact on our financial performance. If we fail or encounter difficulties in meeting our financial obligations when they fall due, this will result in a financial distress condition which will affect our operations and financial performance.

For the Financial Periods Under Review and up to the LPD, we have not defaulted on any payments of either the principal or interests in relation to our borrowings.

(v) Impact of government / economic / fiscal / monetary policies

We are involved in assisted reproductive services industry where our business is subject to risks relating to government, economic, fiscal or monetary policies. Any adverse developments in the government policies, economic conditions or fiscal or monetary policies in Malaysia and Singapore could unfavourably affect our financial and business prospects. Please refer to Section 9.2.3 of this Prospectus for further details.

(vi) Impact of foreign exchange

We are exposed to foreign currency fluctuations mainly SGD arising from our operations in Singapore where our subsidiary, Alpha Singapore's accounting system and financial statements are denominated in SGD. Any unfavourable movement in exchange rates between RM and other foreign currencies would have a negative impact on our financial performance.

12. FINANCIAL INFORMATION (CONT'D)

The breakdown of our revenue and purchases transacted in RM and SGD for the Financial Periods Under Review are set out below:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	68,955	62,063	91,094	137,479	65,904
- RM	61,268	36,986	60,257	107,053	52,558
- SGD	7,687	25,077	30,837	30,426	13,346
Purchases	17,457	17,015	17,957	30,200	14,483
- RM	15,753	12,736	12,913	25,342	12,358
- SGD	1,704	4,279	5,044	4,858	2,125

For the Financial Periods Under Review, the details of our foreign exchange gains and losses are set out below:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Realised gain / (loss) on foreign exchange	(4)	(5)	4	(3)	(19)

Our business is subject to risks related to any unfavorable foreign currency exchange rate fluctuations which may materially affect our financial performance. As at the LPD, we do not have any foreign currency forward hedging contracts.

(vii) Impact of inflation

Our financial performance for the Financial Years under Review was not materially affected by the impact of inflation in Malaysia and Singapore.

12.4 LIQUIDITY AND CAPITAL RESOURCES

(i) Working capital

Our business is financed by a combination of internal and external sources of funds. Internal sources of funds comprised cash generated from our business operations while our external sources of funds mainly consist of banking facilities from financial institutions. These funds are mainly used to finance our business operations and growth.

12. FINANCIAL INFORMATION (CONT'D)

Based on the statements of our financial position:

- (i) cash and cash equivalent of RM65.08 million as at 31 October 2023; and
- (ii) working capital of RM48.66 million, being the difference between the current assets of RM71.79 million and current liabilities of RM23.13 million as at 31 October 2023.

As at the LPD, we do not have any credit and banking facilities.

After taking into consideration the funding requirements for our committed capital expenditures, our strategies and plans as set out in Section 7.21 of this Prospectus, our existing level of cash and bank balances and deposits with licensed banks, credit facilities available for utilisation, potential dividend distribution, expected cash flows to be generated from our operations and the estimated net proceeds from the Public Issue, our Board is of the view that we have sufficient working capital for 12 months from the date of this Prospectus.

(ii) Cash flows

The following is a summary of our combined and consolidated statements of cash flow for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023. This should be read in conjunction with the Accountants' Report as set out in Section 13 of this Prospectus.

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	23,628	11,209	34,319	60,605	26,378
Net cash (for)/from investing activities	(37,867)	1,835	(1,365)	(93)	(2,229)
Net cash from/(for) financing activities	11,340	(10,784)	(10,943)	(37,906)	(14,825)
Net (decrease)/increase in cash and cash equivalents	(2,899)	2,260	22,011	22,606	9,324
Effect of foreign exchange translation	30	163	33	608	176
Cash and cash equivalents at the beginning of the financial year/period	10,770	7,901	10,324	32,368	55,582
Cash and cash equivalents at the end of the financial year/period	<u>7,901</u>	<u>10,324</u>	<u>32,368</u>	<u>55,582</u>	<u>65,082</u>

12. FINANCIAL INFORMATION (CONT'D)**(a) Net cash from operating activities****FYE May 2020**

For FYE May 2020, our net cash from operating activities was RM23.63 million after taking into account the following:

- Decrease of RM7.90 million in trade and other receivables mainly due to the repayment from the amount owing by former holding company, Alphastem. As at the LPD, the outstanding amount owing by Alphastem has been settled.
- Increase of RM4.90 million in trade and other payables mainly attributed to higher accruals arising from accrued bonuses of RM8.60 million.
- Decrease of RM0.59 million in contract liabilities due to lower advance payments received from customers pertaining to ancillary services including testing and cryopreservation services as our business operations were affected by the MCO that started in March 2020 pursuant to the COVID-19 pandemic conditions.
- Decrease of RM0.13 million in inventories mainly due to lower purchases were made toward the end of financial year as our business operations were affected pursuant to the COVID-19 pandemic condition as mentioned above.
- Others include income tax paid of RM1.47 million and interest paid of RM0.04 million.

FYE May 2021

For FYE May 2021, our net cash from operating activities were RM11.21 million after taking into account the following:

- Decrease of RM8.08 million in trade and other payables arising from lower accruals pertaining to accrued bonuses. As at 31 May 2021, the accruals were lower at RM2.59 million (As at 31 May 2020: RM10.25 million).
- Increase of RM3.68 million in trade and other receivables mainly attributed to higher amount owing by former holding company arising from RM6.77 million of advances made to holding company during the FYE May 2021. As at the LPD, the outstanding amount owing has been settled.

The increase was also partly attributed to the higher outstanding balances of trade receivables mainly contributed by third party private hospitals including Mount Alvernia Hospital and Parkway Hospitals Singapore Pte Ltd from our Singapore operations. As at 31 May 2021, the outstanding trade receivables was higher at RM1.12 million. (As at 31 May 2020: RM0.50 million).

- Increase of RM1.58 million in contract liabilities due to higher advance payments received from customers arising from higher demand of ancillary services including testing and cryopreservation services for our Malaysia operations including Genesis pursuant to the completion of its acquisition in March 2021.
- Others include net income tax paid of RM1.08 million.

12. FINANCIAL INFORMATION (CONT'D)

FYE May 2022

For FYE May 2022, our net cash from operating activities were RM34.32 million after taking into account the following:

- Increase of RM2.08 million in trade and other payables was mainly attributed to higher accrued bonuses and doctors' fees.
- Increase of RM3.08 million in trade and other receivables was mainly attributed to the following:
 - higher prepayment mainly arising from professional fees paid pertaining to our IPO exercise.
 - higher amount owing by former holding company arising from loans made to the holding company during the FYE May 2022. As at the LPD, the outstanding amount owing has been settled. Please refer to Section 10.2.2 of the Prospectus for further details.
 - This was also partly attributed to the higher outstanding balances of trade receivables, mainly contributed by third party private medical service provider for our Singapore operations. As at 31 May 2022, the outstanding trade receivables was higher at RM1.48 million. (As at 31 May 2021: RM1.12 million).
- Increase of RM1.66 million in contract liabilities due to higher advance payments received from customers arising from the higher demand of ancillary services including testing and cryopreservation services mainly from our Malaysia operations.
- Decrease of RM0.36 million in inventories mainly due to higher utilisation of medication and consumables arising from higher assisted reproductive services rendered in FYE May 2022 as reflected in our revenue growth of 46.78% in FYE May 2022.
- Net income tax paid of RM5.48 million.

FYE May 2023

For FYE May 2023, our net cash from operating activities was RM60.61 million after taking into consideration the following:

- Decrease in trade and other receivables by RM8.46 million which was mainly due to the full settlement of amount owing by former holding company, Alphastem during the FYE May 2023.
- Increase in trade and other payables by RM0.70 million which was mainly attributed to the amount payable to Zuellig Group, Biomarketing Services (M) Sdn Bhd and LAB IVF Group for the purchase of medication and consumables which was subsequently settled after the FYE May 2023.
- Increase in contract liabilities by RM0.46 million due to higher advance payments received from customers arising from the higher demand of ancillary services including testing and cryopreservation services.
- Increase in inventories by RM0.87 million mainly due to higher purchases of medication and consumables during the FYE May 2023.

12. FINANCIAL INFORMATION (CONT'D)

- Others include net income tax paid of RM11.17 million.

FPE October 2023

For October 2023, our net cash from operating activities were RM26.38 million after taking into account the following:

- Decrease of RM0.34 million in trade and other payables mainly attributed to lower outstanding balance for trade payables as at 31 October 2023 due to timely payment to our suppliers;
- Increase of RM0.26 million in contract liabilities attributed to higher advance payments received from customers arising from the higher demand of ancillary services including testing and cryopreservation services.
- Decrease of RM0.12 million in trade and other receivables mainly attributed to lower prepayments in relation to laboratory consumables;
- Decrease in inventories of RM0.01 million mainly due to higher utilisation of medication and consumables arising from higher assisted reproductive services rendered as reflected in our revenue growth of 18.10% in FPE October 2023.
- Net income tax paid of RM4.74 million.

(b) Net cash used in investing activities**FYE May 2020**

For FYE May 2020, our Group's net cash for investing activities was RM37.87 million and this was mainly attributed to the following:

- RM26.00 million used for the subscription of 26,000,000 RNCPS in KL Wellness City at RM1.00 per RNCPS by Alpha KL. On 28 February 2022, the 26,000,000 RNCPS held by Alpha KL was converted in to RCCPS at RM1.00 per RCCPS. Subsequently on 19 October 2022, Alpha KL declared a payment of dividend in specie to the shareholders of Alpha KL by way of transfer of the RCCPS. Please refer to Note 6 of Section 13 of this Prospectus for further details on the investment.
- RM12.00 million used for the purchase of equipment mainly including:
 - RM3.76 million was used for the purchase of laboratory, operating theatre and medical equipment, mainly new equipment purchased for the set-up of our specialist centre in Singapore (RM2.99 million) as well as additional equipment for Alpha KL (RM0.77 million). Alpha Singapore commenced operations in November 2019.
 - RM3.50 million for the renovation of the 2 specialist centres including facilities expansion in Alpha KL (RM1.71 million) and for new set-up of Alpha Singapore (RM1.79 million).
 - RM4.68 million for the purchase of furniture and fittings, computer and software as well as office equipment for the facilities expansion in Alpha KL (RM2.54 million) as well as for the new set-up of Alpha Singapore (RM2.14 million).

This was partially offset by the interest income of RM0.12 million.

12. FINANCIAL INFORMATION (CONT'D)

FYE May 2021

For FYE May 2021, our Group's net cash from investing activities was RM1.83 million and this was mainly attributed to the following:

- RM2.57 million of net cash inflow from the acquisition of the Genesis pursuant to the acquisition in March 2021.
- Others include interest income of RM0.14 million and RM0.11 million of proceeds from the disposal of equipment mainly laboratory and operating theatre equipment.

This was partially offset by RM0.36 million used for the purchase of equipment including laboratory and operating theatre equipment mainly for our operations in Malaysia, namely Alpha KL as well as additions to fixed deposits with licensed banks with tenure more than 3 months amounting to RM0.63 million.

FYE May 2022

For FYE May 2022, our Group's net cash for investing activities was RM1.36 million and this was mainly attributed to the following:

- RM2.14 million of proceeds from share capital reduction of a subsidiary to non-controlling interest in relation to the return of excess capital (RM4.11 million (SGD 1.36 million)) to the shareholders of Alpha Singapore on 24 June 2021. Of which, RM1.97 million (equivalent to 48% equity interest) were attributable to the Group.
- RM0.39 million used for the purchase of equipment including RM0.26 million for the purchase of laboratory and operating theatre equipment for Alpha KL and Alpha Singapore.

This was partially offset by the interest income of RM0.54 million as well as withdrawal of fixed deposits of RM0.63 million with licensed bank with tenure more than 3 months.

FYE May 2023

For FYE May 2023, our Group's net cash for investing activities was RM0.09 million and this was attributed to RM0.87 million used for the purchase of equipment including the purchase of laboratory and operating theatre equipment as well as medical equipment for Alpha KL, Alpha Singapore and Genesis. It was also partly attributed to the additional investment of RM0.20 million in Alhaya.

This was partially offset by interest income of RM0.96 million arising from bank balances, short term investments and other receivables.

FPE October 2023

For FPE October 2023, our Group's net cash for investing activities was RM2.23 million and this was mainly attributed to RM2.95 million used for renovation of Alhaya specialist centre as well as the purchase of equipment mainly laboratory and operating theatre equipment for Alpha KL, Alpha Singapore, Genesis and Alhaya.

This was partially offset by the interest income of RM0.72 million.

12. FINANCIAL INFORMATION (CONT'D)**(c) Net cash from financing activities****FYE May 2020**

For FYE May 2020, our Group's net cash from financing activities was RM11.34 million and this was mainly due to the following:

- RM10.10 million of proceeds drawdown from the following:
 - RM6.95 million drawdown from term loans for working capital purchases which were mainly used to fund the purchase of laboratory, operating theatre and medical related equipment and renovation.
 - RM3.00 million drawdown from the revolving credit, mainly used for our working capital to pay suppliers for the purchases of medication and consumables.
 - RM0.15 million advances from directors for working capital. As at the LPD, the advances have been settled.
- Proceeds from issuance of shares of RM4.60 million for the purchase of equipment and renovation of Alpha Singapore.

This was partially offset by the following:

- RM1.30 million used for the repayment of leased liabilities which were mainly rental payments for a specialist centre in Malaysia.
- RM1.08 million of interest paid including RM0.65 million of interest on lease liabilities pertaining to rental payments as well as RM0.07 interest paid relating to amount owing to Directors.
- Others including RM0.70 million for the repayment of hire purchases and RM0.28 million for the repayment of term loans.

FYE May 2021

For FYE May 2021, our Group's net cash for financing activities was RM10.78 million and this was mainly due to the following:

- RM6.01 million used for the dividend payments by subsidiaries to former holding company and non-controlling interest shareholders.
- RM1.64 million used for the repayment of leased liabilities mainly rental payments for our 2 specialist centres in Malaysia including Genesis pursuant to the acquisition in March 2021 and 1 specialist centre in Singapore which commenced operations in November 2019.
- RM1.36 million of interest paid mainly including RM0.67 million of interest on lease liabilities pertaining to rental payments, RM0.68 million of interest expense on bank borrowings including term loans and hire purchase payables.
- Others including RM0.78 million for the repayment of hire purchases and RM0.85 million for the repayment of term loans as well as RM0.15 million for the repayment to directors pertaining to the settlement of advances as mentioned earlier.

12. FINANCIAL INFORMATION (CONT'D)

FYE May 2022

For FYE May 2022, our Group's net cash for financing activities was RM10.94 million and this was mainly due to the following:

- RM5.56 million used for the dividend payments by subsidiaries to former holding company and non-controlling interest shareholders.
- RM2.00 million used for the repayment of leased liabilities mainly rental payments for our 2 specialist centres in Malaysia and 1 specialist centre in Singapore.
- RM1.33 million of interest paid including RM0.73 million of interest on lease liabilities pertaining to rental payments, RM0.60 million of interest expense on bank borrowings including term loans, hire purchase payables and revolving credit.
- Others including RM1.14 million for the repayment of hire purchases and RM0.91 million for the repayment of term loans.

FYE May 2023

For FYE May 2023, our Group's net cash used for financing activities was RM37.91 million and this was mainly due to the following:

- RM26.35 million used for the dividend payments by subsidiaries to former holding company and non-controlling interest shareholders.
- RM9.28 million used for the repayment of term loans, revolving credits and hire purchase amounting to RM6.17 million, RM3.02 million and RM0.09 million respectively.
- RM2.23 million used for the repayment of lease liabilities mainly rental payments for our specialist centres in Malaysia and Singapore.

FPE October 2023

For FPE October 2023, our Group's net cash for financing activities was RM14.82 million and this was mainly due to the following:

- RM8.17 million used for the dividend payment to shareholders.
- RM4.35 million used for the repayment of bank borrowings.
- RM1.04 million used for the dividend payments by subsidiaries to non-controlling interest shareholders.
- RM1.00 million used for the repayment of lease liabilities mainly rental payments for our 2 specialist centres in Malaysia and 1 specialist centre in Singapore.
- RM0.26 million of interest paid including RM0.25 million of interest on lease liabilities pertaining to rental payments, RM0.01 million of interest expense on term loans.

12. FINANCIAL INFORMATION (CONT'D)

(iii) Bank borrowings

We do not have outstanding bank borrowings as at 31 October 2023. Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the bank borrowings for the Financial Periods Under Review and up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Group. As at the LPD, our Group did not use any credit facilities.

(iv) Treasury policies and objectives

Our Group's operations have been funded by shareholders' equity and cash generated from our operations as well as external sources of funds for the Financial Periods Under Review. The external sources of funds consist primarily of borrowings from financial institutions. The normal credit terms granted by our suppliers range from 30 days to 90 days.

(v) Financial instruments for hedging purposes

For Financial Periods Under Review and as at the LPD, our Group does not have any financial instrument for hedging purposes.

(vi) Contingent liabilities

As at the LPD, there is no indirect and/or material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group.

(vii) Material litigation, claims or arbitration

As at the LPD, we are not involved in any legal actions, proceedings, prosecution or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or our financial position, and our Directors are not aware of any legal proceedings, pending or threatened, or of any fact to give rise to any legal proceedings which may have a material adverse effect on our business or financial position.

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12. FINANCIAL INFORMATION (CONT'D)

(viii) Capital expenditure and divestitures

Capital expenditure

Our Group's capital expenditure for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023, FPE October 2023 and as at LPD, are as follows:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023	1 Nov 2023 and up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(1)Capital work-in-progress	-	-	-	-	1,649	1,278
Laboratory, operating theater and medical equipment	3,761	146	256	624	1,152	1,933
Office equipment, computers and software	942	145	124	202	71	180
Furniture and fittings	3,735	4	15	4	#	21
Renovation	3,498	61	#	27	81	-
Others	(2)59	-	-	(2)9	-	-
Total	11,995	356	395	866	2,953	3,412

= less than RM1,000.

Note:

- (1) Capital work-in-progress was pertaining to the renovation for Alhaya specialist centre.
(2) In FYE May 2020, others include signboard and motor vehicles. For FYE May 2023, others include signboard.

FYE May 2020

For FYE May 2020, our Group's capital expenditure of RM12.00 million was funded through a combination of bank borrowings and internally generated funds. This mainly comprised the following:

- RM3.76 million for the purchase of laboratory, operating theatre and medical equipment which were mainly new equipment purchased for the set-up of our specialist centre in Singapore (RM2.99 million) as well as additional equipment for our operations at Alpha KL (RM0.77 million). Alpha Singapore commenced operations in November 2019.
- RM3.50 million for the renovation of the 2 specialist centres including facility expansion in Alpha KL (RM1.71 million) and the new set-up of Alpha Singapore (RM1.79 million).
- RM4.68 million for the purchase of furniture and fittings, computer and software as well as office equipment for the facility expansion in Alpha KL (RM2.54 million) as well as for the new set-up of Alpha Singapore (RM2.14 million).

12. FINANCIAL INFORMATION (CONT'D)

FYE May 2021

For FYE May 2021, our Group's capital expenditure of RM0.36 million including RM0.15 million for the purchase of equipment including laboratory and operating theatre equipment mainly for our operations in Malaysia, namely Alpha KL.

FYE May 2022

For FYE May 2022, our Group's capital expenditure of RM0.39 million including RM0.26 million for the purchase of laboratory and operating theatre equipment for Alpha KL and Alpha Singapore.

FYE May 2023

For FYE May 2023, our Group's capital expenditure of RM0.87 million for the purchase of laboratory and operating theatre equipment as well as medical equipment for Alpha KL, Alpha Singapore and Genesis.

FPE October 2023

For FPE October 2023, our Group's capital expenditure of RM2.95 million including RM1.65 million capital work-in-progress for the renovation of Alhaya specialist centre and RM1.15 million for the purchase of laboratory, operating theater and medical equipment.

Capital divestitures

Our Group's capital divestitures for FYE May 2020, FYE May 2021, FYE May 2022, FYE May 2023, FPE October 2023 and as at LPD, are as follows:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023	1 Nov 2023 and up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Furniture and fittings	-	-	-	-	-	7
Laboratory, operating theater and medical equipment	-	54	1	5	#	-
Office equipment	#	-	#	#	#	-
Total	#	54	1	5	#	7

= less than RM1,000.

For the Financial Periods Under Review and up to the LPD, we do have material capital divestitures.

12. FINANCIAL INFORMATION (CONT'D)

(ix) Material capital commitment

Our capital commitment as at the LPD is as follow:

	Source of funds		
	Capital commitment	Internally generated funds /borrowings	IPO proceeds
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Approved and/or contracted for:			
Set-up of Alhaya specialist centre	(1) 526	526	-
Approved but not contracted for:			
Set-up of Alhaya specialist centre	(1)5,209	5,209	-
Set-up of 2 new specialist centres in Malaysia	32,000	-	32,000
Expansion and upgrades existing specialist centres, facilities and corporate office	15,700	-	15,700
Set-up of 1 specialist centre ⁽²⁾ and 4 satellite clinics in Indonesia	24,100	-	24,100
Set-up of 1 specialist centre in Cambodia or Laos	13,900	-	13,900
Set-up of 2 sales representative office in China	2,800	-	2,800
Total	94,235	5,735	88,500

Note:

(1) The total estimated cost for the establishing of Alhaya specialist centre is RM11.00 million. As at LPD, we have incurred RM5.27 million pursuant to the commencement of renovation and fit-out works.

(2) For information purpose, on 27 December 2023, we paid a booking fee of IDR11.88 billion (approximately RM3.65 million) to reserve the land for leasing. This booking fee was paid using internally generated funds and does not form part of the capital commitment as shown in the table above. Please refer to Sections 4.7.1(ii) and 7.21.2.1 of the Prospectus for further details on the new specialist centre in Indonesia. Please refer to Section 14.7 for further details on the agreement.

(x) Key financial ratios

Our key financial ratios for the Financial Periods Under Review are as follows:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
⁽¹⁾ Average trade receivables turnover period (days)	2	5	5	4	3
⁽²⁾ Average trade payables turnover period (days)	22	18	16	16	16

12. FINANCIAL INFORMATION (CONT'D)

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
(3)Average inventory turnover period (days)	12	18	16	13	15
(4)Current ratio (times)	0.86	1.53	1.96	3.02	3.10
(5)Gearing ratio (times)	0.58	0.32	0.23	0.08	-

Notes:

- (1) Computed based on average trade receivables over total revenue and multiplied by 365 days/153 days.
- (2) Computed based on average trade payables over total cost of sales and multiplied by 365 days/153 days.
- (3) Computed based on average inventories over total cost of sales and multiplied by 365 days/153 days.
- (4) Computed based on the current assets over the current liabilities as at the respective financial year/period.
- (5) Computed based on the total bank borrowings over the total equity as at the respective financial year.

(a) Trade receivables

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
(1)Average trade receivables	415	808	1,298	1,377	1,460
Revenue	68,955	62,063	91,094	137,479	65,904
(2)Average trade receivable turnover period (days)	2	5	5	4	3

Notes:

- (1) Computed as below

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	329	500	1,116	1,479	1,275
Closing trade receivables	500	1,116	1,479	1,275	1,645
Average trade receivables	415	808	1,298	1,377	1,460

- (2) Computed based on average trade receivables over total revenue and multiplied by 365 days/153 days.

12. FINANCIAL INFORMATION (CONT'D)

We deal with our customers on credit terms. The credit terms that we generally grant to our customers are as follows:

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
Normal credit terms (days)	(1)7 to 30	(1)7 to 30	(1)7 to 30	(1)7 to 30	(1)7 to 30

Note:

(1) Credit term of 7 days is for individual customers where payment institutions require approximate 7 days to process the payment made by the individual customers.

Our average trade receivables turnover period was 2 days in FYE May 2020 which increased to 5 days in FYE May 2021 and FYE May 2022. The increase was mainly attributed to amount owing to our Singapore operations by a few third-party private hospitals which required more time to process the payments. This was related to specialist medical services rendered including obstetrics and gynaecology related surgeries and procedures to patients at third-party hospitals in Singapore.

Our average trade receivables turnover period improved from 5 days in FYE May 2022 to 4 days in FYE May 2023 and 3 days in FPE October 2023, mainly attributed to timely collection from customers.

The ageing analysis of our trade receivables as at 31 October 2023 and the subsequent collections up to the LPD are set out below:

	<u>Trade receivables as at 31 October 2023</u>	<u>Subsequent collections as at the LPD</u>	<u>Net trade receivables after collections as at the LPD</u>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Not past due	1,190	1,159	31
Past due:			
1 -30 days	94	70	24
31 -60 days	46	46	-
61 -90 days	59	59	-
More than 90 days	256	177	79
	<u>1,645</u>	<u>1,511</u>	<u>134</u>

As at LPD, RM1.51 million or 91.85% of our trade receivables as at 31 October 2023 has been collected. The remaining outstanding amount of RM0.13 million that falls within the credit period accounted for 23.13% (RM0.03 million) of the remaining outstanding amount, while 76.87% (RM0.10 million) has exceeded credit period, mainly past due amount from few third-party private hospitals.

12. FINANCIAL INFORMATION (CONT'D)

(b) Trade payables

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(1)Average trade payables	2,354	1,666	1,934	2,634	2,976
Cost of sales	38,742	34,632	44,570	60,837	28,331
(2)Average trade payable turnover period (days)	22	18	16	16	16

Notes:

(1) Computed as below

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Opening trade payables	3,134	1,574	1,758	2,109	3,159
Closing trade payables	1,574	1,758	2,109	3,159	2,793
Average trade payables	2,354	1,666	1,934	2,634	2,976

(2) Computed based on average trade payables over total cost of sales and multiplied by 365 days/153 days.

The normal payment period granted to us by our creditors is as follows:

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
Normal credit terms (days)	30 to 60	30 to 90	30 to 90	30 to 90	30 to 90

Our average trade payables turnover period improved from 22 days in FYE May 2020 to 18 days in FYE May 2021. This was mainly attributed to lower past due amount owing to suppliers attributed to lower purchases during the end of FYE May 2021. Our Malaysia operations was affected by the COVID-19 pandemic conditions which resulted in lower assisted reproductive services being rendered and this was also reflected in the decrease in our revenue by 39.63% in FYE May 2021.

Our average trade payables turnover period improved from 18 days in FYE May 2021 to 16 days in FYE May 2022. Our average trade payables turnover period for FYE May 2023 and FPE October 2023 maintained at 16 days which is within the normal credit terms.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our trade payables as at 31 October 2023 and the subsequent payments up to the LPD are set out below:

	Trade payables as at 31 October 2023	Subsequent payments as at the LPD	Net trade payables after payments as at the LPD
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Not past due	2,444	2,444	-
Past due:			
1 -30 days	286	286	-
31 -60 days	35	35	-
61 -90 days	8	8	-
More than 90 days	20	20	-
	2,793	2,793	-

As at the LPD, all trade payables as at 31 October 2023 has been subsequently settled.

(c) Inventory turnover ratio

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
⁽¹⁾ Average inventories	1,299	1,689	1,968	2,242	2,688
Closing inventories:	1,236	2,142	1,793	2,690	2,686
<i>Finished goods</i>	860	1,055	933	1,127	1,003
<i>Consumables</i>	376	1,087	860	1,563	1,683
Cost of sales	38,742	34,632	44,570	60,837	28,331
⁽²⁾ Average inventory turnover period (days)	12	18	16	13	15

Notes:

(1) Computed as below

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<i>Opening inventories</i>	1,362	1,236	2,142	1,793	2,690
<i>Closing inventories</i>	1,236	2,142	1,793	2,690	2,686
<i>Average inventories</i>	1,299	1,689	1,968	2,242	2,688

12. FINANCIAL INFORMATION (CONT'D)

(2) *Computed based on average inventories over total cost of sales and multiplied by 365 days/153 days.*

Our average inventory turnover ratio increased from 12 days in FYE May 2020 to 18 days in FYE May 2021. This was mainly attributed to higher inventories at the end of FYE May 2021 resulting from lower assisted reproductive services rendered during the financial year as our business operations were affected by COVID-19 pandemic conditions in Malaysia. This was reflected in the decrease in our revenue by 39.63% for our Malaysia operations in FYE May 2021. This was partially moderated by the revenue growth of 226.23% from our Singapore operations in FYE May 2021 following the commencement in November 2019.

Our average inventory turnover ratio decreased from 18 days in FYE May 2021 to 16 days in FYE May 2022 due to lower inventories resulting from the higher assisted reproductive services rendered during the financial year. This was reflected in the revenue growth of 62.92% and 22.97% for our Malaysia and Singapore operations in FYE May 2022 respectively.

Our average inventory turnover ratio decreased from 16 days in FYE May 2022 to 13 days in FYE May 2023, mainly attributed to higher consumption of medications and consumables arising from higher assisted reproductive services rendered in FYE May 2023. This was also reflected in our revenue growth of 50.92% in FYE May 2023.

Our average inventory turnover ratio increased from 13 days in FYE May 2023 to 15 days in FPE October 2023, attributed to higher purchases at the end of FPE October 2023.

(d) Current ratio

	<u>FYE May 2020</u>	<u>FYE May 2021</u>	<u>FYE May 2022</u>	<u>FYE May 2023</u>	<u>FPE Oct 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current assets	18,246	25,124	46,684	62,378	71,789
Current liabilities	21,186	16,385	23,868	20,622	23,127
Current ratio (times)	0.86	1.53	1.96	3.02	3.10

Our current ratio improved from 0.86 times as at 31 May 2020 to 1.53 times as at 31 May 2021 which was mainly due to lower current liabilities. This was attributed to lower accruals of RM2.59 million as at 31 May 2021 compared to RM10.25 million as at 31 May 2020 pertaining to lower accrued bonuses and doctor's fee during the FYE May 2021. The low current ratio of 0.86 times as at 31 May 2020 was due to the accruals of RM10.25 million in the FYE May 2020 pertaining to accrued bonuses of RM8.60 million.

Our current ratio improved further from 1.53 times as at 31 May 2021 to 1.96 times as at 31 May 2022 which was mainly attributed to the following:

- higher cash and bank balances of RM19.34 million as at 31 May 2022 compared to RM8.23 million as at 31 May 2021. This was mainly contributed by our business growth where our revenue increased by 46.78% in FYE May 2022.
- higher short-term investments of RM12.07 million as at 31 May 2022 compared to RM2.10 million as at 31 May 2021, mainly arising from investment in money market funds.

12. FINANCIAL INFORMATION (CONT'D)

Our current ratio improved further from 1.96 times as at 31 May 2022 to 3.02 times as at 31 May 2023 which was mainly attributed to higher short-term investments of RM27.05 million as at 31 May 2023 compared to RM12.07 million as at 31 May 2022, mainly arising from investment in money market funds.

Our current ratio improved further from 3.02 times as at 31 May 2023 to 3.10 times as at 31 October 2023 which was mainly attributed to higher cash and bank balances of RM30.57 million as at 31 October 2023 compared to RM19.95 million as at 31 May 2023.

(e) Gearing ratio

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
⁽¹⁾ Bank borrowings	16,396	15,697	13,637	4,349	-
Total equity	28,359	48,571	58,967	54,555	65,437
⁽²⁾ Gearing ratio (times)	0.58	0.32	0.23	0.08	-

Notes:

- (1) Refers to total interest-bearing bank borrowings (including term loans, revolving credits, hire purchases and bank overdrafts).
- (2) Based on total bank borrowings over total equity.

Our gearing ratio improved from 0.58 times as at 31 May 2020 to 0.32 times as at 31 May 2021 mainly attributed to reorganisation reserve of RM22.67 million arising from the restructuring exercise of subsidiaries upon the consolidation under merger accounting. This had contributed to a higher equity at RM48.57 million as at 31 May 2021.

Our gearing ratio improved from 0.32 times as at 31 May 2021 to 0.23 times as at 31 May 2022, mainly attributed to higher retained profits resulting from an improvement in earnings from our business operations where our PAT increased to RM22.98 million in FYE May 2022 (FYE May 2021: RM2.31 million). Our retained profits were higher at RM13.58 million as at 31 May 2022 compared to RM4.84 million as at 31 May 2021.

Our gearing ratio improved from 0.23 times as at 31 May 2022 to 0.08 times as at 31 May 2023 mainly attributed to the repayment of term loans, hire purchase payables and revolving credits during FYE May 2023. As at 31 May 2023, all outstanding hire purchases and revolving credits have been settled.

As at 31 October 2023, there were no outstanding bank borrowings.

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12. FINANCIAL INFORMATION (CONT'D)

12.5 TREND ANALYSIS

As at the LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources, save as disclosed in this section and Sections 7.16, 9 and 12 of this Prospectus;
- (ii) material commitment for capital expenditure, save as disclosed in Sections 12.4 (ix) of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section as well as Sections 7.16, 9 and 12 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save as disclosed in this section and Sections 7.16, 9 and 12 of this Prospectus; and
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined and consolidated financial statements not indicative of the future financial performance and position, save as disclosed in this Section and Sections 7.16, 9 and 12 of this Prospectus.

However, our Board foresees certain risk factors as set out in Section 9 of this Prospectus that may affect our future financial condition and results of operations.

Our Board is optimistic about the future prospects of our Group after taking into account the overview of assisted reproductive services in Malaysia and Singapore as set out in Section 8 of this Prospectus, our competitive advantages and key strengths as set out in Section 7.3 of this Prospectus and our business strategies as set out in Section 7.21 of this Prospectus.

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12. FINANCIAL INFORMATION (CONT'D)

12.6 ORDER BOOK

We do not maintain any order book as we are mainly involved in the provision of assisted reproductive services where the fees are charged and paid upon services rendered. This includes doctor consultation fees and the completion of medical procedures or analytical tests, and the sales of stimulation drugs and medication.

In addition, our cryopreservation services comprise an initial commencement fixed fee and a yearly storage fee. The initial commencement fixed fee is paid before the commencement of the cryopreservation service rendered, and the yearly storage fee is paid in advance yearly, which is recognised on a monthly basis. In this respect, the cryopreservation fees are paid in advance prior to performing the services, which is classified under contract liabilities. The revenue will be recognised when the performance obligations are satisfied upon services rendered. As at 31 October 2023, our contract liabilities amounting to RM5.46 million mainly attributed to our cryopreservation services.

12.7 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

It is the intention of our Board to recommend and distribute dividend of at least 60.00% of our annual audited PAT attributable to the shareholders of our Group. This will allow our shareholders to participate in our Group's profit. Any dividend declared will be subject to the approval of our Board.

Notwithstanding our intentions above, as a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions we receive from our subsidiaries. The payment of dividends by our subsidiaries is subject to their profitability and financial condition and shall have regard to their working capital needs, capital expenditure plans, availability of cash to fund such dividends or other distributions, the covenants in their existing loan agreements (if any), which restrict the payment of dividends or other distributions until such loans are fully settled (or unless the prior approval of the lenders is obtained), and/or other agreements to which any of our subsidiaries are parties to and any other relevant factors that their respective boards of directors deem relevant.

In addition to the factors above which may affect the ability of our subsidiaries to pay dividends to us, our Board will also take into consideration, among others, the following factors in recommending dividends for the year:

- (i) our results of operations and cash flow;
- (ii) our expected financial performance and working capital needs;
- (iii) our future prospects;
- (iv) our capital expenditures and other investment plans;
- (v) other investment and growth plans;
- (vi) any material impact of tax laws and other regulatory requirements; and
- (vii) the general economic and business conditions and other factors deemed relevant by our Board.

12. FINANCIAL INFORMATION (CONT'D)

You should note that this dividend policy merely describes our Company's present intention and shall not constitute a legally binding obligation on our Company or legally binding statement in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. Investors should not treat the statement as an indication of our Group's future dividend policy. No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future. Please refer to Section 9 of this Prospectus for further details of the risk factor which may affect our ability to pay dividends.

Subject to the Companies Act 2016, our Company, in general meeting, may from time to time approve a dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Companies Act 2016, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (i) our Company is, or would after the payment be unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than its liabilities.

The dividends declared and paid by our Group for the Financial Periods Under Review and up to the LPD are set out below:

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE Oct 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	6,006	8,456	60,726	10,434
Dividends paid	-	6,006	5,556	63,626	9,206
- Cash consideration	-	6,006	5,556	26,346	9,206
- ⁽¹⁾ paid in specie	-	-	-	37,280	-
PAT	3,459	2,305	22,984	54,790	21,205
⁽²⁾ Dividend payout ratio	-	260.56%	24.17%	116.13%	43.41%

Notes:

(1) Alpha KL declared dividends through payment in specie to the shareholders of Alpha KL by way of issuance of RCCPS. Please refer to Section 13 Note 6 of this Prospectus for further details on the dividend payment in specie.

(2) Computed as dividends paid divided by PAT.

The dividends declared and paid for the FYE May 2021, FYE May 2022, FYE May 2023 and FPE October 2023 were funded via internally generated funds.

Our Group has declared a dividend of RM9,395,594.98 on 9 October 2023 for the Financial Year Ending 31 May 2024, which was paid on 30 October 2023. We have also declared dividend of RM21,982,995.00 on 23 January 2024 for the Financial Year Ending 31 May 2024, which was paid on 24 January 2024. The above dividends were funded via internally generated funds.

12. FINANCIAL INFORMATION (CONT'D)

12.8 CAPITALISATION AND INDEBTEDNESS

The table below presents our consolidated capitalisation and indebtedness as at 7 January 2024 and on the assumption that our IPO, Listing and use of proceeds had occurred on 7 January 2024.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 7 January 2024 and is provided for illustrative purposes only:

	Actual As at 7 January 2024	Adjusted for the material subsequent event	Adjusted for our IPO and Listing	Adjusted for our IPO, Listing and utilisation of proceeds
	Unaudited	Unaudited	Unaudited	Unaudited
	RM	RM	RM	RM
<u>Indebtedness</u>				
Current				
<u>Unsecured and Unguaranteed</u>				
Lease liabilities	2,665,117	2,665,117	2,665,117	2,665,117
Non-Current				
<u>Unsecured and Unguaranteed</u>				
Lease liabilities	14,845,450	14,845,450	14,845,450	14,845,450
Total indebtedness	17,510,567	17,510,567	17,510,567	17,510,567
<u>Capitalisation</u>				
Share capital	5,528,251	5,528,251	122,168,251	119,725,963
Reserves	67,053,854	45,070,859 ⁽¹⁾	45,070,859	42,643,759
Equity attributable to owners of the Company/Net assets	72,582,105	50,599,110	167,239,110	162,369,722⁽²⁾
Non-controlling interests	2,618,840	1,892,822	1,892,822	1,892,822
Total capitalisation and Indebtedness	92,711,512	70,002,499	186,642,499	181,773,111
Gearing ratio⁽³⁾ (times)	0.24	0.35	0.10	0.11

Notes:

(1) Dividend of RM21,982,995 declared and paid.

(2) After taking into account the estimated listing expenses of RM2,442,288 directly attributable to the Public Issue which will be set off against share capital and the remaining estimated listing expenses of RM3,757,712 that is attributable to the Listing will be charged to the Statements of Profit or Loss and Other Comprehensive Income.

(3) Computed based on total indebtedness over net assets.

12. FINANCIAL INFORMATION (CONT'D)

12.9 SIGNIFICANT CHANGES

There has been no significant changes that have occurred which may have a material effect on the financial position and results of our Group since 1 November 2023 up to the date of this Prospectus.

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