

ALPHA IVF GROUP BERHAD
(REGISTRATION NO. 202101005100 (1405399-X))
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT 2016)

PROSPECTUS



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ALPHA IVF GROUP BERHAD
(REGISTRATION NO. 202101005100 (1405399-X))
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT 2016)

INITIAL PUBLIC OFFERING (“IPO”) OF 1,458,000,000 ORDINARY SHARES IN ALPHA IVF GROUP BERHAD (“ALPHA IVF” OR “COMPANY”) (“IPO SHARES”) IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR ITS ENTIRE ISSUED ORDINARY SHARES ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING A PUBLIC ISSUE OF 364,500,000 NEW SHARES (“ISSUE SHARES”) AND OFFER FOR SALE OF 1,093,500,000 EXISTING SHARES (“OFFER SHARES”) INVOLVING:

- (I) AN INSTITUTIONAL OFFERING OF 1,239,300,000 IPO SHARES (COMPRISING 1,093,500,000 OFFER SHARES AND 145,800,000 ISSUE SHARES) TO INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY, MALAYSIA; AND
- (II) A RETAIL OFFERING OF 218,700,000 ISSUE SHARES TO THE DIRECTORS, ELIGIBLE EMPLOYEES AND ELIGIBLE PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF ALPHA IVF AND ITS SUBSIDIARIES (“GROUP”), AND THE MALAYSIAN PUBLIC

AT AN IPO PRICE OF RM0.32 PER IPO SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter

Co-Bookrunner



AmInvestment Bank Berhad
Registration No. 197501002220 (23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



UOB Kay Hian Securities (M) Sdn Bhd
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED OUR IPO. THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF OUR IPO AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” SET OUT IN SECTION 9 OF THIS PROSPECTUS, COMMENCING ON PAGE 208.

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS IS DATED 1 MARCH 2024



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MALAYSIA

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WEBSITE : WWW.ALPHAIVFGROUP.COM

All defined terms used in this Prospectus are defined under “Presentation of Information”, “Definitions” and “Glossary of Technical Terms”.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

AmlInvestment Bank Berhad, being our Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

It is to be noted that the role of UOB Kay Hian Securities (M) Sdn Bhd in our IPO is limited to being Co-Bookrunner.

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Securities for the listing of and quotation for our Shares (as defined herein). Admission to the Official List (as defined herein) of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company, or our Shares.

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

This Prospectus, together with the Application Forms (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 (“**CMSA**”) for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any person in relation to our Company.

Shares listed on Bursa Securities are offered to the public premised of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA is responsible.

Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Offerors, Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter have not authorised anyone to provide any information or to make any representation not contained in this Prospectus.

Investors should note that any agreement by the Sole Underwriter named in this Prospectus to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

This Prospectus is prepared and published solely for our IPO under the laws of Malaysia. It does not comply with the laws of any countries or jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, Promoters, Offerors, Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter, and Co-Bookrunner named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit a public offering of our Shares based on this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase any Shares offered under our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and the Application Form would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to.

We will further assume that you had accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection therewith. However, we reserve the right in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor the Directors, Promoters, Offerors, Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised to note that the internet is not a fully secure medium and that your Internet Share Application (as defined herein) is subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House (as defined herein), a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail. The Electronic Prospectus submitted to the Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third-party internet sites (“**Third-Party Internet Sites**”), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third-Party Internet Sites. As such, we are not responsible for any availability of, or the content or any data, files or other material provided on the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to other parties;
- (b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and
- (c) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party’s personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Event	Time / date
Issuance of the Prospectus/Opening of application for our IPO Shares	10.00 a.m., 1 March 2024
Closing of application for our IPO Shares	5.00 p.m., 8 March 2024
Balloting of applications for our IPO Shares	12 March 2024
Allotment/Transfer of our IPO Shares to successful applicants	20 March 2024
Listing on the ACE Market of Bursa Securities	22 March 2024

If there is any change to the timetable, we will advertise the notice of changes in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia and will make the relevant announcements through Bursa Securities.

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PRESENTATION OF INFORMATION

Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

All references to “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “Alpha IVF” and “our Company” in this Prospectus are to Alpha IVF Group Berhad. Unless otherwise stated, references to “our Group” are to our Company and our subsidiary companies taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our management.

All references to “you” are to our prospective investors.

In this Prospectus, all references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. Any discrepancies in the tables between amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the “Definitions” section and technical terms used herein are defined in the “Glossary of Technical Terms” section appearing after that section. Words denoting the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact, but that number is usually rounded. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the market and industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted from the independent market research report prepared by Vital Factor Consulting Sdn Bhd (“**Vital Factor**”). In compiling its data for the review, Vital Factor had relied on its research methodology, industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate.

The Information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and should not be relied upon.

Reference to the “LPD” in this Prospectus is to 4 February 2024, being the latest practicable date prior to the registration of this Prospectus with the Bursa Securities.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and do not guarantee future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our future overall business development and operations plans;
- (ii) our future earnings, cash flow and liquidity;
- (iii) potential growth opportunities;
- (iv) our ability to pay dividends;
- (v) our business strategies, trends and competitive position; and
- (vi) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitation:

- (i) the general economic, business, social, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation and regulation;
- (iii) interest rates, tax rates and exchange rates;
- (iv) the competitive environment in the industry in which we operate;
- (v) reliance on approvals, licenses and permits;
- (vi) availability and fluctuations in prices of medical supplies;
- (vii) fixed and contingent obligations and commitments;
- (viii) any pandemic outbreaks; and
- (ix) any other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 of this Prospectus on "Risk Factors" and Section 12 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". Due to these and other uncertainties, we cannot give any assurance that the forward-looking statements made in this Prospectus will be realised.

Such forward-looking statements are made only as at the date of this Prospectus. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

DEFINITIONS

The following terms in this Prospectus bear the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP

Alhaya	:	Alhaya International Women's Specialists Sdn Bhd (Registration No. 198501011182 (143634-W)), a 51.00%-owned subsidiary of Alpha KL
Alpha Group or Group	:	Collectively, Alpha IVF, Alpha KL, Alpha Singapore, Genesis and Alhaya
Alpha IVF or Company	:	Alpha IVF Group Berhad (Registration No. 202101005100 (1405399-X))
Alpha KL	:	Alpha International Women's Specialists Sdn Bhd (Registration No. 201101010321 (938460-K)), a wholly-owned subsidiary of Alpha IVF
Alpha Singapore	:	Alpha International Women's Specialists (Singapore) Pte Ltd (Unique Entity Number: 201837990G), a 76.51%-owned subsidiary of Alpha IVF
Genesis	:	Genesis Specialists Sdn Bhd (Registration No. 201501023534 (1148863-U)), a wholly-owned subsidiary of Alpha IVF

GENERAL

ACE Market	:	ACE Market of Bursa Securities
ACE Specialists	:	ACE Specialists Sdn Bhd (Registration No. 201701044571 (1258744-X))
Act	:	Companies Act 2016
ADA	:	Authorised depository agent
Admission	:	Admission of our Shares to the Official List
Alpha IVF Share(s) or Share(s)	:	Ordinary share(s) in our Company
Alphastem	:	Alphastem Sdn Bhd (Registration No. 201601039910 (1210851-P))
AmInvestment Bank or Principal Adviser or Sponsor or Lead Bookrunner or Sole Underwriter	:	AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Printed application form for the application of IPO Shares accompanying this Prospectus
ATM	:	Automated teller machine

DEFINITIONS (CONT'D)

Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
Baby Xort	:	Baby Xort Sdn Bhd (Registration No. 201401036094 (1112231-T))
Board	:	Board of directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CDS	:	Central depository system
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of our Company
Cornerstone Investors	:	Collective, abrdn Malaysia Sdn Bhd, AHAM Asset Management Berhad, AIA Bhd, Eastspring Investments Berhad, Hong Leong Asset Management Bhd, Kenanga Investors Berhad, Lion Global Investors Limited and Value Partners Hong Kong Limited
COS	:	Cost of sales
DDLSS	:	Dato' Dr. Lee Soon Soo, Colin
Director(s)	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
DNPW	:	Dr. Ng Peng Wah
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/ or an electronic storage medium, including but not limited to CD-ROMs (<i>compact disc read-only memory</i>)
Electronic Share Application	:	Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, the Directors, employees and persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering
EPF	:	Employees Provident Fund
EPS	:	Earnings per share
Equity Guidelines	:	Equity Guidelines issued by the SC
Financial Periods Under Review	:	FYE 2020, FYE 2021, FYE 2022, FYE 2023 and FPE 2023
First Stage SSA	:	Share sale agreement dated 27 October 2022 entered into between Alpha IVF and the First Stage Vendors for the First Stage Restructuring
First Stage Restructuring or Acquisition	:	Collectively, the acquisition of the entire issued share capital of Alpha KL, the entire issued share capital of Genesis, and 76.51% of the issued and paid-up capital of Alpha Singapore from the respective First Stage Vendors, as further described in Section 6.1.2 of this Prospectus

DEFINITIONS (CONT'D)

First Stage Vendors	:	Collectively, DDLSS, Alphastem, Lee Soon Ai, Dr. Leong Wai Yew, Dr. Tan Chong Seong, Dr. Lim Yong Kuei and DNPW
FPE	:	5-month financial period ended 31 October
FYE	:	Financial year ended or ending 31 May, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards issued by the International Accounting Standards Board
IMR Report	:	Independent market research report titled “Assessment of the Assisted Reproductive Service Industry” prepared by Vital Factor
Institutional Offering	:	Institutional offering of 1,239,300,000 IPO Shares comprising: <ul style="list-style-type: none"> (i) 607,500,000 Offer Shares made available to identified Bumiputera investors approved by MITI; and (ii) 631,800,000 IPO Shares made available to institutional and selected investors, at the IPO Price, subject to the clawback and reallocation provisions
Internet Participating Financial Institution	:	Participating financial institution in the Internet Share Application
Internet Share Application	:	Application for our IPO Shares under the Public Issue through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale
IPO Price	:	RM0.32 per IPO Share under the Public Issue and Offer for Sale
IPO Share(s)	:	Collectively, Issue Share(s) and Offer Share(s)
Issue Share(s)	:	New Shares to be issued by our Company pursuant to the Public Issue
Issuing House and Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
Key Senior Management	:	Key senior management personnel of our Group comprising DDLSS, DNPW, Siddhartha Mishra, Lee Soon Ai, Berlinda Soo Ching Ching, and Siska Dewanty Hernando
Key Technical Personnel	:	Key technical personnel of our Group, namely Low Sin Yee
KL International Hospital	:	KL International Hospital Sdn Bhd (Registration No. 202001031685 (1388005-T))
KL Wellness City	:	KL Wellness City Sdn Bhd (Registration No. 201601039615 (1210556-A))
Listing	:	Admission to the Official List and the listing of and quotation for our enlarged total number of Alpha Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	4 February 2024, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities
LPS	:	Loss per share

DEFINITIONS (CONT'D)

Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia but excluding Directors of the Group, the Company's Substantial Shareholders and persons connected with either of them
Market Day(s)	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading in securities
Master Cornerstone Placement Agreement	:	Master cornerstone placement agreement dated 15 February 2024 entered into between our Company, the Offerors, the Lead Bookrunner, the Co-Bookrunner and the Cornerstone Investors as detailed in Section 4.3.1 of this Prospectus.
MCCG	:	Malaysian Code on Corporate Governance
MFRS	:	Malaysian Financial Reporting Standards
MIA	:	Malaysian Institute of Accountants
MITI	:	Ministry of Investment, Trade and Industry (formerly known as Ministry of International Trade and Industry)
MOH	:	Ministry of Health of Malaysia
NA	:	Net assets attributable to our Group
NBV	:	Net book value
N.E.C.	:	Not elsewhere classified
Offer for Sale	:	Offer for sale of 1,093,500,000 Offer Shares by the Offerors to institutional and selected investors, including Bumiputera investors approved by MITI under the Institutional Offering
Offer Share(s)	:	The existing Shares to be offered by the Offerors pursuant to the Offer for Sale
Offerors	:	Collectively, DDLSS, DNPW, Lee Soon Ai, ACE Specialists, Dr. Leong Wai Yew, Dr. Lau Soon Yen, Dr. Tan Chong Seong and Dr. Lim Yong Kuei
Official List	:	A list specifying all securities which have been admitted for listing and have not been removed from Bursa Securities
Participating Financial Institution	:	Participating financial institution for the Electronic Share Application
PAT	:	Profit after tax
PATAMI	:	Profit after tax and minority interest
PBT	:	Profit before tax
Pink Form Allocations	:	The allocation of 24,300,000 Issue Shares to the Eligible Persons
Placement Agreement	:	Placement agreement to be entered into between our Company, the Offerors, the Lead Bookrunner and the Co-Bookrunner in respect of such number of IPO Shares to be offered under the Institutional Offering
Promoter(s)	:	Collectively, DDLSS, DNPW and Lee Soon Ai
Prospectus	:	This prospectus dated 1 March 2024 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC

DEFINITIONS (CONT'D)

Public Issue	:	The public issue of 364,500,000 Issue Shares comprising the Retail Offering and a portion of the Institutional Offering
RCCPS	:	Redeemable convertible cumulative preference shares
Reporting Accountants CROWE	or	Crowe Malaysia PLT (Registration No. (201906000005 (LLP0018817-LCA) & AF 1018))
Retail Offering	:	Retail offering of 218,700,000 Issue Shares comprising: <ul style="list-style-type: none"> (i) 24,300,000 Issue Shares made available for application by the Eligible Persons; and (ii) 194,400,000 Issue Shares made available for application by the Malaysian Public, at the IPO Price per IPO Share, payable in full upon application, subject to clawback and reallocation provisions
Retail Underwriting Agreement	:	Retail underwriting agreement dated 15 February 2024 entered into between our Company and the Sole Underwriter for the underwriting of the Issue Shares under the Retail Offering
RNCPS	:	Redeemable non-convertible cumulative preference shares
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Second Stage SSAs	:	Collectively, the share sale agreements entered into between each of the Second Stage Purchasers and the Second Stage Vendor for the Second Stage Restructuring
Second Stage Restructuring	:	The acquisition of a total of 55,230,763 Shares by the Second Stage Purchasers from the Second Stage Vendor, being part of the purchase consideration he received in the First Stage Restructuring, pursuant to the Second Stage SSAs, as further described in Section 6.1.2 of this Prospectus
Second Stage Purchasers	:	Collectively, Dr. Lam Wei Kian, Dr. Tan Chong Seong, Lee Soon Ai, Dr. Leong Wai Yew, DNPW and Siow Fei Foong
Second Stage Vendor	:	DDLSS
Share Consolidation	:	Consolidation of 1.366366367 existing Shares into 1 Share, as set out in Section 6.1.4 of this Prospectus
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SOCISO	:	Social Security Organisation Malaysia, also known as PERKESO (Pertubuhan Keselamatan Sosial)
Sterling or Independent Internal Control Consultants	:	Sterling Business Alignment Consulting Sdn Bhd (Registration No. 200401015607 (654110-P)), an Independent Internal Control Consultants company, which was appointed to assess and review the state of internal controls, risk management and corporate governance of our Group
sq ft	:	Square feet
Subsidiaries	:	Collectively, Alpha KL, Alpha Singapore, Genesis and Alhaya
Substantial Shareholder(s)	:	Collectively, DDLSS, DNPW, Lee Soon Ai, ACE Specialists and Dr. Leong Wai Yew
Third Stage SSA	:	Share sale agreement dated 27 October 2022 entered into between the Third Stage Purchaser and the Third Stage Vendors for the Third Stage Restructuring

DEFINITIONS (CONT'D)

Third Stage Restructuring	:	The acquisition of a total of 803,394,102 Shares by the Third Stage Purchaser from the Third Stage Vendors, being part of the purchase consideration, they received in the First Stage Restructuring and/or Second Stage Restructuring, pursuant to the Third Stage SSAs, as further described in Section 6.1.2 of this Prospectus
Third Stage Purchaser	:	ACE Specialists
Third Stage Vendors	:	Collectively, DDLSS, Dr. Lam Wei Kian, Dr. Lau Soon Yen, DNPW, Dr Leong Wai Yew and Dr. Tan Chong Seong
UOBKH or Co Bookrunner	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
Vital Factor or Independent Business and Market Research Consultants	:	Vital Factor Consulting Sdn Bhd (Registration No. 199301012059 (266797-T))

CURRENCIES AND UNITS

IDR	:	Indonesian Rupiah, the lawful currency of Indonesia
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD	:	Singapore Dollar, the lawful currency of Singapore
%	:	Per centum

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GLOSSARY OF TECHNICAL TERMS

This glossary contains the explanation of certain terms used throughout this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings usage of these terms.

- Andrology** : The branch of medical science that deals with diseases and conditions specific to men including the male reproductive system and function.
- Assisted reproductive services (ARS)** : Services to assist infertile woman and/or man for the woman to achieve pregnancy through non-natural means. The key part of ARS involves working with sperm and/or eggs and/or embryos in a laboratory, and subsequently returning the sperm or embryo to the woman's uterus or fallopian tube.
- Assisted reproductive technology (ART)** : The method or technology used in assisting infertile woman and/or man for the woman to achieve clinical pregnancy through working with sperm and/or eggs and/or embryos in a laboratory. The main ART are in vitro fertilisation (IVF) and intracytoplasmic sperm injection (ICSI).
- ART also includes, among others, ovarian stimulation, ovulation induction, egg retrieval, testicular sperm extraction, intrauterine insemination, gamete intrafallopian transfer, embryo transfer, preimplantation genetic testing and cryopreservation
- Cryopreservation** : Cryopreservation is a process of freezing and storing in very low temperatures, and thawing of biological materials such as eggs, sperms and embryos without or with minimum harm to the biological materials.
- In cryopreservation, the freezing process is critical to avoid damage to the biological materials due to the crystallisation of liquids in the organism (liquids in the cytoplasm) or the solution surrounding the organism. Ice crystals may pierce cell membranes or damage other parts of a cell such as the nucleus, which is damaging to the living organism. Cryopreservation also includes the thawing process to avoid damage to the biological materials.
- The cryopreservation method we use is based on a vitrification method which enables living cells to be cooled in the absence of ice formation to safely cryopreserve and thaw cellular living organisms.
- Eggs** : In the context of this Prospectus, it refers to the female cells from the ovaries that are capable of fertilisation with sperm to form embryos that ultimately becomes babies.
- Electrophoresis** : In the context of this Prospectus, it is a laboratory technique used to separate and analyze DNA molecules based on their size.
- Embryo** : In the context of this Prospectus, it is a general term to refer to a fertilised egg to include its first day as a zygote, day five or six as blastocyte and up to eight weeks after fertilisation.
- Embryology** : It is a branch of biology and medicine relating to the formation, growth, and development of embryos.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

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- Endometriosis** : A medical condition where cells similar to the lining of the inner wall of the uterus (endometrium) grow outside the uterus. Among others, the growth can cover the ovaries and fallopian tubes causing difficulties in the woman getting pregnant.
- Fluorescent in-situ hybridisation** : A laboratory method that uses fluorescence dyes to map the presence or absence of specific DNA sequences in a cell. Commonly used to detect genetic abnormalities in the cells of embryos as part of preimplantation of embryos in ART.
- Follicle-stimulation hormone (FSH)** : In woman, it is a hormone that stimulates the growth and development of the follicles in the ovaries. In man, it stimulates the growth and development of sperm.
- Gamete** : A reproductive cell. In the context of this Prospectus, it refers to the female egg or the male sperm.
- Gamete intrafallopian transfer (GIFT)** : GIFT is a process that 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.
- GIFT serves as an alternative treatment to the normal IVF procedure of transferring the blastocyst which is commonly five to six days after fertilisation, into the uterus.
- In vitro** : A Latin word meaning “in glass” commonly taken to mean procedures involving living specimens conducted outside the body of a living organism. In the context of this Prospectus, it is used in combination with the word fertilisation, as in “in vitro fertilisation”, representing a type of ART where part of the assisted reproductive procedure includes procedures done outside the body such as retrieving matured eggs from the woman’s body and sperm from the man, fertilising and culturing the embryo in a petri dish in a laboratory, and subsequently transferring the embryo to the uterus.
- Intracytoplasmic sperm injection (ICSI)** : It is a technique used in IVF treatment where a single sperm is injected directly into a matured egg to cause fertilisation. This process is carried out in a laboratory.
- Intrauterine insemination (IUI)** : It is an assisted reproductive technology or medical fertility treatment to help people overcome difficulties in getting the woman pregnant. It involves placing sperm directly into the uterus to increase the chances of fertilisation.
- In-vitro fertilisation (IVF)** : It is an assisted reproductive technology or medical fertility treatment to help people overcome difficulties in getting the woman pregnant. It involves the fertilisation of an egg by sperm outside the body, culturing the fertilised eggs for up to 7 days (blastocysts), and subsequently transferring the blastocysts into the uterus.
- Other variation of IVF includes gamete intrafallopian transfer (GIFT) and zygote intrafallopian transfer (ZIFT) as well as additional procedures including intracytoplasmic sperm injection (ICSI). See GIFT, ZIFT and ICSI for more details.
- Medical specialist** : In the context of this PCP, it refers to medical doctors that are also qualified and registered in a specialisation such as obstetrics and gynaecology.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Next-generation sequencing (NGS)	:	A technology used to perform PGT 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.
Obstetrics and gynaecology (O&G)	:	A medical specialisation focusing on the health of the female reproductive system, care of women during pregnancy and childbirth as well as a short period immediately after childbirth (post-partum period).
Oocyte	:	A female reproductive cell known as an egg cell or ovum contained in the ovaries of women. In the context of the Prospectus, it is referred to as an immature egg and is not yet ready for fertilisation.
OPU	:	Oocyte Pick-up
Preimplantation genetic testing (PGT)	:	A test which involves 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.
Polymerase chain reaction (PCR)	:	It is a laboratory technique to make copies of a specific DNA sequence.
Pregnant	:	The state of a woman from successful implantation of the embryo into the uterus wall till the birth of the child.
Sperm	:	Male reproductive cell that originates in the testicles, and is tasked with the intention of fertilising an egg for procreation.
Vitrification	:	A method to rapidly cool eggs and embryos in the absence of formation of ice crystals that may cause damage to the eggs or embryos.
Zygote intrafallopian transfer (ZIFT)	:	ZIFT is a process where the zygote (a single-cell fertilised egg approximately one day after fertilisation) is transferred into the fallopian tube for further development.

ZIFT serves as an alternative treatment to the normal IVF procedure of transferring the blastocyst which is commonly five to six days after fertilisation, into the uterus.

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Gender)	Designation	Nationality	Address
Dato' Dr. Tan Kee Kwong (M)	Independent Non-Executive Chairman	Malaysian	Unit 22-2, Mont Kiara Banyan Jalan Kiara 50480 Kuala Lumpur Wilayah Persekutuan Malaysia
DDLSS (M)	Non-Independent Executive Director / Group Managing Director	Malaysian	No. 38, Jalan TR 7/2 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan Malaysia
DNPW (M)	Non-Independent Executive Director	Malaysian	1 Denai Bayu 22 Sri Tanjung Pinang 10470 George Town Pulau Pinang Malaysia
Datuk Lee Say Tshin (M)	Independent Non-Executive Director	Malaysian	37, Jalan Setiabakti Bukit Damansara 50490 Kuala Lumpur Wilayah Persekutuan Malaysia
Sia Bee Keng (F)	Independent Non-Executive Director	Malaysian	No. 9, Jalan Kelab Golf 13/6F Kelab Golf S.A.A.S 40100 Shah Alam Selangor Darul Ehsan Malaysia
Tung Fook Heng (M)	Independent Non-Executive Director	Malaysian	No 33, Persiaran Bukit Kecil 3 Taman Sri Nibong 11900 Pulau Pinang Malaysia

M = Male

F = Female

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1. CORPORATE DIRECTORY (CONT'D)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Tung Fook Heng	Chairman	Independent Non-Executive Director
Datuk Lee Say Tshin	Member	Independent Non-Executive Director
Sia Bee Keng	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Sia Bee Keng	Chairman	Independent Non-Executive Director
Datuk Lee Say Tshin	Member	Independent Non-Executive Director
Tung Fook Heng	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Datuk Lee Say Tshin	Chairman	Independent Non-Executive Director
Sia Bee Keng	Member	Independent Non-Executive Director
Tung Fook Heng	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARY** : Leong Sue Ching
No. 9A, Jalan Medan Tuanku
Medan Tuanku, 50300 Kuala Lumpur
Wilayah Persekutuan
Malaysia
- Professional qualification: Chartered Secretary, Malaysian Institute of Chartered Secretaries and Administrators (“**MAICSA**”)
(Membership No.: MAICSA 7040814)
(SSM Practising Certificate No.: 201908001823)
- Tel : (603) 2691 8996
Fax : (603) 2698 6996
- REGISTERED OFFICE** : No. 9A, Jalan Medan Tuanku
Medan Tuanku, 50300 Kuala Lumpur
Wilayah Persekutuan
Malaysia
- Tel : (603) 2691 8996
Fax : (603) 2698 6996
- HEAD OFFICE** : G01, Ground Floor
Encorp Strand Mall
Jalan PJU 5/22, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia
- Tel : (603) 6141 6166
Fax : (603) 6141 6066
Email : IR@alphaivfgroup.com
Website : www.alphaivfgroup.com
- PRINCIPAL ADVISER,
SPONSOR, LEAD
BOOKRUNNER AND SOLE
UNDERWRITER** : AmInvestment Bank Berhad
Level 21, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
- Tel : (603) 2036 2633
Fax : (603) 2070 2170
- CO-BOOKRUNNER** : UOB Kay Hian Securities (M) Sdn Bhd
Suite 19.03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Wilayah Persekutuan
Malaysia
- Tel : (603) 2147 1900

1. CORPORATE DIRECTORY (CONT'D)

- AUDITORS AND REPORTING ACCOUNTANTS** : Crowe Malaysia PLT
Level 16, Tower C Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Malaysia
- Tel : (603) 2788 9999
- Partner-in-charge : Elvina Tay Choon Choon
- Professional Qualification : Association of Chartered Certified Accountants qualification, Fellow member of the Association of Chartered Certified Accountants, United Kingdom (“FCCA”) (FCCA Membership No.: 0291393)
- Member of the Malaysia Institute of Accountants (“MIA”) (MIA Membership No.: 26789)
- LEGAL ADVISERS** : *To our Group as to Malaysian law*
- Wong Beh & Toh
Peti #30, Level 19, West Block
Wisma Golden Eagle Realty
142-C Jalan Ampang
50450 Kuala Lumpur
Wilayah Persekutuan
Malaysia
- Tel : (603) 2713 6050
Fax : (603) 2713 6052
- : *To the Lead Bookrunner, Sole Underwriter and Co-Bookrunner as to Malaysian law*
- Mah-Kamariyah & Philip Koh
3A07 Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
- Tel : (603) 7956 8686
Fax : (603) 7956 2208
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
- Tel : (603) 7931 3188
- Person-in-charge : Wooi Tan
- Professional Qualification : Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia, Bachelor of Science from The University of New South Wales, Australia and a Fellow of the Australian Marketing Institute, and Institute of Managers and Leaders, Australia

1. CORPORATE DIRECTORY (CONT'D)

(Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner)

ISSUING HOUSE AND SHARE REGISTRAR : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel : (603) 2783 9222

LISTING SOUGHT : ACE Market of Bursa Securities

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 11 January 2024 (“**Approval Letter**”), approved our Admission and Listing. The approval from Bursa Securities is subject to compliance with the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submission of the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares;	To be complied.
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied.
3.	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	Complied.
4.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied.
5.	Furnish to Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Alpha IVF on the first day of Listing;	To be complied.
6.	In relation to the IPO to be undertaken by Alpha IVF, to announce at least 2 market days prior to the Listing date, the result of the IPO including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of Alpha IVF arising from the IPO, if any. AmInvestment Bank to ensure that the overall distribution of Alpha IVF’s securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied.
7.	Alpha IVF / AmInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval upon the admission of Alpha IVF to the Official List of the ACE Market.	To be complied.

2. APPROVALS AND CONDITIONS (CONT'D)

Bursa Securities had, also vide the Approval Letter, approved the relief sought by our Company from complying with Rules 3.15(4)(a) and 3.15(4)(b) of the Listing Requirements. The details of the relief sought are as follows:-

Reference	Details of relief granted
Rules 3.15(4)(a) and 3.15(4)(b) of the Listing Requirements	Relief from complying with the requirements in respect of placement of the IPO Shares under the Institutional Offering to the following persons connected to the Lead Bookrunner:- <ul style="list-style-type: none"> (i) AmFunds Management Berhad; and (ii) AmIslamic Funds Management Sdn Bhd.

2.1.2 SC

Our Listing is exempt under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 15 January 2024, approved the resultant equity structure of our Company under the equity requirement for public listed companies pursuant to our Listing, subject to compliance with the following conditions:

No.	Details of conditions imposed	Status of compliance
	Alpha IVF allocating Shares equivalent to 12.50% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	To be complied.
	Alpha IVF is to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied.

The effects of our Listing on the equity structure of our Company are as follows:

Category of shareholders	As at the date of this Prospectus		After our Listing	
	No. of Shares	% of issued Shares	No. of Shares	% of enlarged issued Shares
Bumiputera				
- Bumiputera investors approved by the MITI	-	-	⁽¹⁾ 607,500,000	12.50
- Bumiputera public investors via balloting	-	-	⁽¹⁾ 97,200,000	2.00
Total Bumiputera	-	-	704,700,000	14.50
Non-Bumiputera	3,922,927,352	87.26	⁽²⁾ 3,722,091,585	76.59
Total Malaysian	3,922,927,352	87.26	4,426,791,585	91.09
Foreigners	⁽³⁾ 572,572,648	12.74	⁽³⁾ 433,208,415	8.91
Total	4,495,500,000	100.00	4,860,000,000	100.00

2. APPROVALS AND CONDITIONS (CONT'D)

Notes:

- (1) Assuming that all Shares allocated to Bumiputera investors to be approved by MITI under the Institutional Offering and Bumiputera public investors via balloting under the Retail Offering are fully subscribed.
- (2) Assuming all the remaining IPO Shares are fully subscribed by Malaysian investors who are non-Bumiputera.
- (3) Being the Shares held by Lee Soon Ai, our Promoter, Substantial Shareholder and Key Senior Management, who is a Singaporean.

2.1.3 MITI

MITI had, vide its letter dated 27 October 2023, stated that it has taken note and has no objection to our Listing.

2.2 MORATORIUM ON OUR SHARES

2.2.1 Specified Shareholders Moratorium

2.2.1.1 In compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of the Shares held by DDLSS, DNPW, Lee Soon Ai and ACE Specialists (collectively, referred to as the “**Specified Shareholders**”) as follows:

- (i) the moratorium applies to the Specified Shareholders’ entire shareholdings in our Company for a period of six months from the date of our Listing (“**First 6-Month Moratorium**”);
- (ii) upon the expiry of the First 6-Month Moratorium, our Company must ensure that the Specified Shareholders’ aggregate shareholdings amounting to at least 45% of the enlarged issued share capital of our Company (adjusted for any bonus issue or subdivision of shares) remain under moratorium for another period of 6 months (“**Second 6-Month Moratorium**”); and
- (iii) on the expiry of the Second 6-Month Moratorium, and subject to Rule 3.19(1)(d) of the Listing Requirements, the Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their Shares held under moratorium.

(collectively referred to as the “**Specified Shareholders Moratorium**”)

The details of the Specified Shareholders and their Shares which will be subject to the abovesaid moratorium are as set out below:

Specified Shareholders	Under First 6-Month Moratorium		Under Second 6-Month Moratorium		Year 2		Year 3	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
DDLSS	1,653,058,442	34.01	1,156,313,497	23.79	672,451,854	13.84	188,590,212	3.88
⁽²⁾ ACE Specialists	444,864,512	9.15	444,864,512	9.15	444,864,512	9.15	444,864,512	9.15
Lee Soon Ai	433,208,415	8.91	303,029,055	6.24	176,225,955	3.63	49,422,855	1.02
DNPW	404,278,989	8.32	282,792,937	5.82	164,457,680	3.38	46,122,423	0.95
Total	2,935,410,358	60.40	2,187,000,000	45.00	1,458,000,001	30.00	729,000,002	15.00

Notes:

- (1) Based on the enlarged total number of 4,860,000,000 Shares after our IPO.
- (2) Kindly refer to Section 5.1.2(iv) of this Prospectus for the details of ACE Specialists.

2. APPROVALS AND CONDITIONS (CONT'D)

2.2.1.2 Pursuant to Rule 3.19(2) of the Listing Requirements, where the specified shareholder is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their shares in the unlisted corporation for the period stipulated in Rule 3.19(1) of the Listing Requirements.

Accordingly, in compliance with Rule 3.19(2) of the Listing Requirements, all the shareholders of ACE Specialists⁽¹⁾ (being the Specified Shareholder) undertake that they will not sell, transfer or assign their entire shareholdings in ACE Specialists during the moratorium period set out in Section 2.2.1.1 above.

Note:

(1) The shareholders of ACE Specialists and their shareholdings in ACE Specialists as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
DDLSS	Malaysian	474,609	65.64	-	-
DNPW	Malaysian	115,957	16.04	-	-
Dr. Leong Wai Yew	Malaysian	91,684	12.68	-	-
Dr. Lau Soon Yen	Malaysian	35,068	4.85	-	-
Dr. Tan Chong Seong	Malaysian	5,739	0.79	-	-

2.2.2 Pre-Listing Investors Moratorium

Pursuant to Rule 3.19A of the Listing Requirements, Dr. Lam Wei Kian and Siow Fei Foong (collectively, referred to as the "Pre-Listing Investors") are deemed pre-listing investor and a moratorium will be imposed on the sale, transfer or assignment of shares held by them for a period of 6 months from the date of admission of our Company to the Official List of Bursa Securities ("Pre-Listing Investors Moratorium").

The Pre-Listing Investors Moratorium shall be as follows:-

Pre-Listing Investors	6-Month Moratorium	
	No. of Shares	(1)%
Dr. Lam Wei Kian	2,164,576	0.04%
Siow Fei Foong	732,297	0.02%

Note:

(1) Based on the enlarged total number of 4,860,000,000 Shares after our IPO.

2. APPROVALS AND CONDITIONS (CONT'D)

2.2.3 Voluntary Shareholders Moratorium

In addition to the above, Dr. Leong Wai Yew, Dr. Lau Soon Yen, Dr. Tan Chong Seong and Dr. Lim Yong Kuei (collectively, referred to as the “**Voluntary Shareholders**”) have voluntarily undertaken to not sell, transfer or assign their entire shareholdings in our Company for a period of 6 months from the date of our Listing.

The Voluntary Shareholders Moratorium shall be as follows:-

Voluntary Shareholders	6-Month Moratorium	
	No. of Shares	(1)%
Dr. Leong Wai Yew	319,651,833	6.58%
Dr. Lau Soon Yen	122,264,725	2.52%
Dr. Tan Chong Seong	20,007,192	0.41%
Dr. Lim Yong Kuei	1,769,019	0.04%

Note:

(1) *Based on the enlarged total number of 4,860,000,000 Shares after our IPO.*

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO comprises the Public Issue of 364,500,000 Issue Shares and Offer for Sale of 1,093,500,000 Offer Shares at the IPO Price of RM0.32 per IPO Share, payable in full on application and is subject to the terms and conditions of this Prospectus. In summary, subject to the clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus, the IPO Shares will be allocated in the following manner:

Category	Offer for sale		Public Issue		Total	
	No. of Shares	(1)% of our enlarged issued Shares	No. of Shares	(1)% of our enlarged issued Shares	No. of Shares	(1)% of our enlarged issued Shares
Retail Offering						
Eligible Persons	-	-	24,300,000	0.5	24,300,000	0.5
Malaysian Public (via balloting)						
- Bumiputera	-	-	97,200,000	2.0	97,200,000	2.0
- Non-Bumiputera	-	-	97,200,000	2.0	97,200,000	2.0
Sub-total	-	-	218,700,000	4.5	218,700,000	4.5
Institutional Offering						
Bumiputera investors approved by the MITI	607,500,000	12.5	-	-	607,500,000	12.5
Other institutional and selected investors	486,000,000	10.0	145,800,000	3.0	631,800,000	13.0
Sub-total	1,093,500,000	22.5	145,800,000	3.0	1,239,300,000	25.5
Total	1,093,500,000	22.5	364,500,000	7.5	1,458,000,000	30.0

Note:

(1) Based on the enlarged total number of 4,860,000,000 Shares after our IPO.

Our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of Listing.

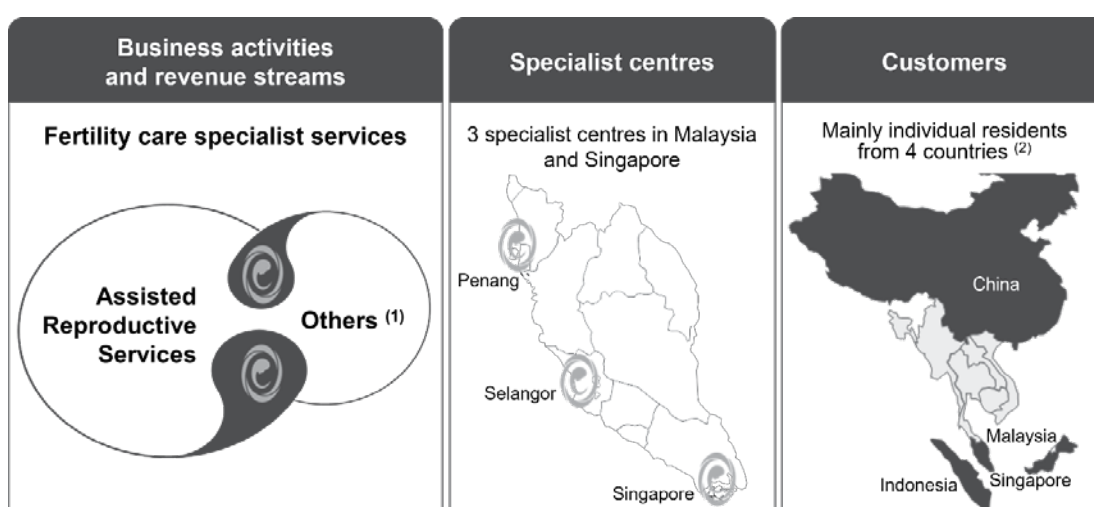
Further details on our IPO and moratorium on our Shares are set out in Sections 4.3 and 2.2 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.2 BACKGROUND AND OVERVIEW

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 business model of our Group is depicted as follows:



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 charges and related services.
- (2) Based on at least 15% of our total revenue for any of the Financial Periods Under Review.

Further details on our Group and business are set out in Sections 6 and 7 of this Prospectus.

3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths are as follows:

- (i) 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;
- (ii) We have qualified and experienced medical specialists, laboratory scientists and healthcare support staff in Malaysia and Singapore;
- (iii) 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;

3. PROSPECTUS SUMMARY (CONT'D)

- (iv) Medical tourism serves as one of our major drivers of growth as well as enlarging our addressable markets from foreign countries;
- (v) Our specialist centres are well equipped to provide a range of assisted reproductive services to help achieve patients' objective of getting pregnant; and
- (vi) 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

Further details on our competitive strengths are set out in Section 7.3 of this Prospectus.

3.4 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:



Further details on our business strategies and plans, and the IMR Report are set out in Sections 7.21 and 8 of this Prospectus, respectively.

3.5 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. A summary of the key risk factors is set out below:

- (i) We are highly dependent on our Executive Director, Key Senior Management and skilled personnel;
- (ii) Our operations are reliant on certain approvals, licences, permits and certificates;
- (iii) 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;

3. PROSPECTUS SUMMARY (CONT'D)

- (iv) We are dependent on certain major suppliers for medications and medical consumables for our assisted reproductive services; and
- (v) 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.

Further details on the risks faced by our business and operations, the industry we operate in and our Shares are set out in Section 9 of this Prospectus.

3.6 IMPACT OF COVID-19 ON OUR BUSINESS

Effect of COVID-19 on our business operations

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.

For our operations in Malaysia, our business is categorised as essential services, and thus we were able to continue operations during the MCO 1.0 period. We had implemented measures for our business operations in response to the COVID-19 pandemic to safeguard and protect our customers and employees. 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 SOPs, including specified workforce capacity during the respective periods.

Similarly for our Singapore operations, 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.

Effect of COVID-19 on our financial performance

Our business was 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 foreign customers 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 from outside Malaysia 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.

Further details on the impact of COVID-19 pandemic to our business and operations are set out in Section 7.16 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.7 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and/or Substantial Shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name / Nationality / Country of Incorporation	Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Promoters and substantial shareholders								
DDLSS / Malaysian	2,184,851,489	48.60	(3) 587,978,541	13.08	1,653,058,442	34.01	(3) 444,864,512	9.15
Lee Soon Ai / Singaporean	572,572,648	12.74	-	-	433,208,415	8.91	-	-
DNPW / Malaysian	534,336,553	11.89	-	-	404,278,989	8.32	-	-
Substantial shareholders								
ACE Specialists / Malaysia	587,978,541	13.08	-	-	444,864,512	9.15	-	-
Dr. Leong Wai Yew / Malaysian	422,484,629	9.40	-	-	319,651,833	6.58	-	-

Notes:

(1) Based on the total number of 4,495,500,000 Shares before our IPO.

(2) Based on the enlarged total number of 4,860,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his shareholdings in ACE Specialists pursuant to Section 8 of the Act.

Further details on our Promoters and Substantial Shareholders are set out in Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.8 DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

Our Directors, Key Senior Management and Key Technical Personnel are as follows:

Name	Designation
<u>Directors</u>	
Dato' Dr Tan Kee Kwong	Independent Non-Executive Chairman
DDLSS	Non-Independent Executive Director / Group Managing Director
DNPW	Non-Independent Executive Director
Datuk Lee Say Tshin	Independent Non-Executive Director
Sia Bee Keng	Independent Non-Executive Director
Tung Fook Heng	Independent Non-Executive Director
<u>Key Senior Management</u>	
DDLSS	Group Managing Director / Medical Director of Alpha KL
DNPW	Medical Director of Genesis
Siddhartha Mishra	Group Chief Operating Officer
Lee Soon Ai	Director of Operations of Alpha Singapore
Berlinda Soo Ching Ching	Group Chief Financial Officer
Siska Dewanty Hernando	Group Business Development Manager
<u>Key Technical Personnel</u>	
Low Sin Yee	Group Chief Embryologist

Further details on our Directors, Key Senior Management and Key Technical Personnel are set out in Section 5 of this Prospectus.

3.9 UTILISATION OF PROCEEDS

We expect to use the gross proceeds from the Public Issue of approximately RM116.64 million in the following manner:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM'000	%
Establishing new medical centres, satellite clinics and sales representative offices	Within 36 months	72,800	62.41
Expansion and upgrade of existing medical centres, facilities and corporate office	Within 36 months	15,700	13.46
Research and development	Within 36 months	2,200	1.89
General working capital	Within 36 months	17,140	14.69
General corporate purposes	Within 36 months	2,600	2.23
Defraying the listing expenses	Within 1 month	6,200	5.32
Total		116,640	100.00

3. PROSPECTUS SUMMARY (CONT'D)

There is no minimum subscription in terms of proceeds to be raised from our IPO. The total proceeds from the Offer for Sale of approximately RM349.9 million based on the IPO Price of RM0.32 for each IPO Share will accrue entirely to the Offerors. Further details on our use of proceeds from the Public Issue are set out in Section 4.7 of this Prospectus.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out our selected historical combined and consolidated financial data for the years / periods indicated.

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 October 2022	FPE October 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

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.

3. PROSPECTUS SUMMARY (CONT'D)

	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FPE October 2022	FPE October 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 October 2022	FPE October 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

Selected 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
Total non-current assets	56,719	67,110	60,394	33,475	33,304
Total current asset	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

3. PROSPECTUS SUMMARY (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
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
Total non-current liabilities	25,420	27,277	24,243	20,676	16,529
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
Selected Financial Data	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
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.

3.11 DIVIDEND POLICY

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.

3. PROSPECTUS SUMMARY (CONT'D)

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.

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.

Further details on our dividend policy are set out in Section 12.7 of this Prospectus.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The period for Application will open at 10.00 a.m. on 1 March 2024 and will remain open until 5.00 p.m. on 8 March 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time / date
Issuance of the Prospectus/Opening of application for our IPO Shares	10.00 a.m. / 1 March 2024
Closing of application for our IPO Shares	5.00 p.m. / 8 March 2024
Balloting of applications for our IPO Shares	12 March 2024
Allotment/Transfer of our IPO Shares to successful applicants	20 March 2024
Listing on the ACE Market	22 March 2024

If there is any change to the timetable, we will advertise the notice of changes in widely circulated Bahasa Malaysia and English daily newspapers in Malaysia and will make the relevant announcements through Bursa Securities.

4.3 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus. Our IPO consists of the Institutional Offering and the Retail Offering for a total of 1,458,000,000 IPO Shares, representing 30.00% of our enlarged Issued Shares.

4.3.1 Institutional Offering

The Institutional Offering involves the offering of 1,239,300,000 IPO Shares (comprising 1,093,500,000 Offer Shares and 145,800,000 Issue Shares), representing approximately 25.50% of our enlarged issued Shares at the IPO Price, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, in the following manner:-

- (i) 607,500,000 Offer Shares, representing approximately 12.50% of our enlarged Issued Shares to Bumiputera investors approved by the MITI; and
- (ii) 631,800,000 IPO Shares, representing approximately 13.00% of our enlarged Issued Shares to institutional and selected investors (other than Bumiputera investors approved by the MITI).

As part of the Institutional Offering, on 15 February 2024, our Company, the Offerors, the Lead Bookrunner, the Co-Bookrunner and the Cornerstone Investors have entered into the Master Cornerstone Placement Agreement where the Cornerstone Investors have agreed to acquire, subject to the terms of the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements, an aggregate of 408,000,000 IPO Shares, representing 8.39% of our enlarged issued Shares at the IPO Price. None of the Cornerstone Investors will individually acquire or subscribe for 5.0% or more of our enlarged issued Shares under the cornerstone placement agreements.

4. DETAILS OF OUR IPO (CONT'D)

The cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

4.3.2 Retail Offering

The Retail Offering involves the offering of 218,700,000 Issue Shares, representing approximately 4.5% of our enlarged issued Shares at the IPO Price, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, in the following manner:

(i) Allocation to Eligible Persons

24,300,000 Issue Shares, representing approximately 0.50% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares to be allocated
Our Directors ⁽¹⁾	4	5,050,000
Eligible employees of our Group ⁽²⁾	144	19,250,000
Eligible persons who have contributed to the success of our Group ⁽³⁾	Up to 80	
Total	Up to 228	24,300,000

Notes:

(1) *None of our Non-Independent Directors or Promoters will be allocated any Issue Shares under the Pink Form Allocations. The allocation to our Independent Directors is based on, among others, their respective roles and responsibilities in our Company and collectively a total of 5,050,000 Issue Shares have been allocated to them as follows:*

Name	Designation	No. of Issue Shares allocated
<i>Dato' Dr. Tan Kee Kwong</i>	<i>Independent Non-Executive Chairman</i>	<i>600,000</i>
<i>Datuk Lee Say Tshin</i>	<i>Independent Non-Executive Director</i>	<i>3,350,000</i>
<i>Sia Bee Keng</i>	<i>Independent Non-Executive Director</i>	<i>800,000</i>
<i>Tung Fook Heng</i>	<i>Independent Non-Executive Director</i>	<i>300,000</i>
Total		5,050,000

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4. DETAILS OF OUR IPO (CONT'D)

- (2) *The allocation to the eligible employees of our Group, who are full-time employees, are based on amongst others, length of service, job grade and job responsibilities, performance and past contribution to our Group. A total of 5,630,000 Issue Shares have been allocated to our Key Senior Management and Key Technical Personnel as follows:*

Name	Designation	No. of Issue Shares allocated
<u>Key Senior Management</u>		
Siddhartha Mishra	Group Chief Operating Officer	3,330,000
Berlinda Soo Ching Ching	Group Chief Financial Officer	650,000
Siska Dewanty Hernando	Group Business Development Manager	650,000
<u>Key Technical Personnel</u>		
Low Sin Yee	Group Chief Embryologist	1,000,000
Total		5,630,000

DDLSS, DNPW and Lee Soon Ai who are also our Key Senior Management have not been allocated any Issue Shares under the Pink Form Allocations.

- (3) *Persons who have contributed to the success of our Group include business contacts, customers, contractors and suppliers. The number of Issue Shares to be allocated to those persons who have contributed to the success of our Group are based on amongst others, the nature and their terms of their business relationship with us, length of relationship as well as their level of contribution and support to our Group.*

Save for the allocation made available for application as disclosed in Section 4.3.2(i) of this Prospectus, it is not known to our Company as to whether any of the Substantial Shareholders, Directors, Key Senior Management or Key Technical Personnel have the intention to subscribe for our IPO Shares.

Our Company is also not aware as to whether there is any person intending to subscribe for more than 5.00% of our IPO Shares.

(ii) Allocation via balloting to the Malaysian Public

194,400,000 Issue Shares, representing approximately 4.00% of our enlarged Issued Shares, are reserved for application by the Malaysian Public by way of balloting, of which 97,200,000 Issue Shares shall be set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

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4. DETAILS OF OUR IPO (CONT'D)

In summary, subject to the clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus, the IPO Shares will be allocated in the following manner:-

Category	Offer for sale		Public Issue		Total
	No. of Shares	% of our enlarged issued Shares	No. of Shares	% of our enlarged issued Shares	
Retail Offering					
Eligible Persons	-	-	24,300,000	0.5	24,300,000
Malaysian Public (via balloting)	-	-	97,200,000	2.0	97,200,000
- Bumiputera	-	-	97,200,000	2.0	97,200,000
- Non-Bumiputera	-	-	218,700,000	4.5	218,700,000
Sub-total					4.5
Institutional Offering					
Bumiputera investors approved by the MITI	607,500,000	12.5	-	-	607,500,000
Other institutional and selected investors	486,000,000	10.0	145,800,000	3.0	631,800,000
Sub-total	1,093,500,000	22.5	145,800,000	3.0	1,239,300,000
Total	1,093,500,000	22.5	364,500,000	7.5	1,458,000,000
Total					30.0

Note that the number of Shares allocated in Public Issue portion (7.5%) is lower than of Offer for Sale portion (22.5%). The basis and weightage of allocation for our Public Issue were arrived at after taking into consideration, amongst others, the funding required by our Group as well as to achieve at least 30% public shareholding spread.

4. DETAILS OF OUR IPO (CONT'D)

4.3.3 Clawback and reallocation

The Institutional Offering and the Retail Offering will be subject to the following clawback and reallocation provisions:

- (i) if the Issue Shares allocated to the Eligible Persons are under-subscribed, such Issue Shares may be allocated to the other Malaysian institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at our absolute discretion;
- (ii) if our Offer Shares allocated to Bumiputera investors approved by the MITI are under-subscribed ("**MITI Tranche**"), such Offer Shares may be allocated to other Malaysian institutional investors under the Institutional Offering

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for Issue Shares by the Malaysian Public under the Retail Offering, the Offer Shares will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera public investors under the Retail Offering via balloting process as mentioned in Section 4.3.2(ii) of this Prospectus, and thereafter to the other Malaysian Public under the Retail Offering;

- (iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iv) subject to item (i) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, the Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any Issue Shares not taken up by any of the Eligible Persons ("**Excess Shares**") will be made available for application by the other Eligible Persons who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

- (a) firstly, allocation on a pro-rata basis to eligible employees of our Group who have applied for the Excess Shares based on the number of Excess Shares applied for;
- (b) secondly, allocation of any surplus Excess Shares after (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Shares based on the number of Excess Shares applied for; and
- (c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept any Excess Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Shares thereafter, such balance will be made available for clawback and reallocation as described in item (i) above, with any remaining Issue Shares to be underwritten by the Sole Underwriter.

4. DETAILS OF OUR IPO (CONT'D)

4.3.4 Offerors

The details of the Offerors and Offer Shares to be offered by each Offeror as well as their respective shareholdings in our Company as at the date of this Prospectus and after our IPO are as follows:

Name	Address	Nature of relationship with our Group	Before our IPO		Offer for Sale		After our IPO	
			No. of Shares	(1)%	No. of Shares	(2)(3)%	No. of Shares	(2)%
DDLSS	No. 38, Jalan TR 7/2 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Malaysia	Promoter, Substantial Shareholder, Director, Key Senior Management and medical consultant	2,184,851,489	48.60	531,793,047	10.94	1,653,058,442	34.01
ACE Specialists	F-3-10 Boulevard Business Park Off Jalan Kuching 51200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Malaysia	Substantial Shareholder	587,978,541	13.08	143,114,029	2.94	444,864,512	9.15
Lee Soon Ai	No. 38, Jalan TR 7/2 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Malaysia	Promoter, Substantial Shareholder and Key Senior Management	572,572,648	12.74	139,364,233	2.87	433,208,415	8.91
DNPW	1, Denai Bayu 22 Sri Tanjung Pinang 10470 George Town Pulau Pinang Malaysia	Promoter, Substantial Shareholder, Director, Key Senior Management and medical consultant	534,336,553	11.89	130,057,564	2.68	404,278,989	8.32

4. DETAILS OF OUR IPO (CONT'D)

Name	Address	Nature of relationship with our Group	Before our IPO		Offer for Sale		After our IPO	
			No. of Shares	(1)%	No. of Shares	(2)(3)%	No. of Shares	(2)%
Dr. Leong Wai Yew	No. 40B, Jalan TR 2/2 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Malaysia	Substantial Shareholder and medical consultant	422,484,629	9.40	102,832,796	2.12	319,651,833	6.58
Dr. Lau Soon Yen	No 17, Jalan Hijau Satu Taman Hijau Jelutong 11600 George Town Pulau Pinang Malaysia	Shareholder and medical consultant	161,597,594	3.59	39,332,869	0.81	122,264,725	2.52
Dr. Tan Chong Seong	No. 3 Jalan Damar SD 15/2 Bandar Sri Damansara 52200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Malaysia	Shareholder and medical consultant	26,443,556	0.59	6,436,364	0.13	20,007,192	0.41
Dr. Lim Yong Kuei	52A, Lorong Ah Soo Water Terrace 534171 Singapore	Shareholder and medical consultant	2,338,117	0.05	569,098	0.01	1,769,019	0.04
Total			4,492,603,127	99.94	1,093,500,000	22.50	3,399,103,127	69.94

Notes:

- (1) Based on our issued share capital of 4,495,500,000 Shares before our IPO.
(2) Based on enlarged issued share capital of 4,860,000,000 Shares after our IPO.

4. DETAILS OF OUR IPO (CONT'D)

- (3) *The percentage of Offer for Sale of the Offerors based on issued share capital of 4,495,500,000 Shares before our IPO are as follows:*

Name	Offer for Sale	
	No. of Shares	%
DDLSS	531,793,047	11.83
ACE Specialists	143,114,029	3.18
Lee Soon Ai	139,364,233	3.10
DNPW	130,057,564	2.89
Dr. Leong Wai Yew	102,832,796	2.29
Dr. Lau Soon Yen	39,332,869	0.87
Dr. Tan Chong Seong	6,436,364	0.14
Dr. Lim Yong Kuei	569,098	0.01
Total	1,093,500,000	24.32

4.3.5 Rationale for the Listing

The rationale for our Listing is as follows:

- (i) to enhance our Company's corporate profile and stature to gain recognition through the listing status which is expected to enhance our Company's reputation and market credibility;
- (ii) to provide our Company with financial flexibility by accessing the capital market to raise funds for future business expansion and growth;
- (iii) to enable our Group to raise proceeds to be utilised in the manner as set out in Section 4.7 of the Prospectus;
- (iv) to allow the investing community, including the Malaysian Public and Eligible Persons to participate in the Group's continuing growth by way of equity participation;
- (v) to allow staff and doctors to have ownership of our Company; and
- (vi) to assist our Group to attract and retain talents.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

4.4.1 Share capital

Upon the completion of our IPO, our share capital would be as follows:

	No. of Shares	RM
Issued share capital as at the date of this Prospectus	4,495,500,000	5,528,251
New Shares to be issued under the Public Issue	364,500,000	114,197,712 ⁽¹⁾
Enlarged issued share capital upon Listing	4,860,000,000	119,725,963

4. DETAILS OF OUR IPO (CONT'D)

Note:

(1) *Calculated based on the IPO Price and after deducting the estimated listing expenses of approximately RM2.4 million which is directly attributable to the Public Issue and allowed to be debited against the share capital of our Company.*

The Offer for Sale would not have any effect on our issued share capital as the Offer Shares are already in existence prior to our IPO.

4.4.2 Classes of shares and ranking

As at the date of this Prospectus and upon the completion of our IPO, we only have one class of shares, being ordinary shares in our Company.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing issued Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders will, in proportion to the number of Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, a resolution put to the vote of the meeting shall be decided by way of poll. Each shareholder will be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative will have 1 vote. On a poll, each shareholder present either in person, by proxy, by attorney or other duly authorised representative will have 1 vote for each Share held or represented.

4.4.3 Minimum level of subscription

There is no minimum subscription level in terms of proceeds to be raised by us from our IPO. However, in order to comply with the public spread requirement of Bursa Securities, the minimum subscription level in terms of number of Shares will be the number of Shares required to be held by public shareholders in order to comply with the minimum public spread requirement under the Listing Requirements or as approved by Bursa Securities.

Pursuant to the Listing Requirements, a minimum of 25% of our enlarged issued Shares are required to be held by a minimum number of 200 public shareholders holding not less than 100 Shares at the point of our Listing.

In the event that the public spread requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full (without interest or any share of revenue or benefit arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

4. DETAILS OF OUR IPO (CONT'D)

4.5 BASIS OF ARRIVING AT THE IPO PRICE

4.5.1 IPO Price

This IPO Price of RM0.32 per Share was determined and agreed upon between our Directors, together with the Sole Principal Adviser, Sponsor, Lead Bookrunner, Sole Underwriter and Co Bookrunner after considering, among others, the following:

- (i) the Group's competitive strength and advantages as well as their future plans and strategies;
- (ii) the overview and prospects of its industry;
- (iii) the price-to-earnings multiple ("**PE Multiple**") of the indicative IPO Price of approximately 29.2 times based on the Group's earnings per Share of approximately RM0.01 for FYE 2023, calculated based on the Group's audited PATAMI for FYE 2023 of RM53.2 million and enlarged total number of 4,860,000,000 Shares upon completion of the Listing; and
- (iv) prevailing market conditions which include among others, market performance of companies involved in healthcare service business which are listed on Bursa Securities, current market trends and investors' sentiments.

4.5.2 Expected market capitalisation

Based on the IPO Price, the total market capitalisation of our Company upon our Listing would be approximately RM1,555,200,000.00.

4.6 DILUTION

Dilution is the amount by which the IPO price paid by retail, institutional and selected investors for our Shares exceeds our pro forma combined NA per Share after our IPO. Our NA per Share was RM0.0140, based on our latest audited NA as at 31 October 2023 and the number of Shares outstanding immediately prior to our IPO of 4,495,500,000 Shares.

Upon issuance of the IPO Shares and after adjusting for effects of the utilisation of gross proceeds raised from our IPO, our pro forma combined NA per Share as at 31 October 2023 would be approximately RM0.0314 per Share based on our Company's enlarged total number of 4,860,000,000 Shares. This represents an immediate increase in NA per Share of RM0.3060 to our existing shareholders and an immediate dilution in NA per Share of RM0.2886, representing a 90.19% dilution to our new investors.

The table below illustrates such dilution on a per Share basis:

	<u>RM</u>
IPO Price	0.32000
NA per Share as at 31 October 2023	0.01400
Pro forma NA per Share as at 31 October 2023 after the IPO and use of proceeds from our Public Issue	0.03140
Increase in pro forma NA per Share to our existing shareholders	0.30600
Dilution in pro forma NA per Share to new investors	0.28860
Dilution in pro forma NA per Share to new investors as percentage of the IPO Price	90.19%

4. DETAILS OF OUR IPO (CONT'D)

Save as disclosed below, none of our Promoters, Substantial Shareholders, Directors, Key Senior Management or persons connected with them have acquired or have entered into any transaction which grants them the right to acquire any of our Shares in the past 3 years prior to the date of this Prospectus:

Promoters, Substantial Shareholders and Directors	⁽¹⁾ No. of Shares subscribed/acquired before our IPO	Total consideration (RM)	Effective cash cost per Share (RM)
DDLSS	⁽²⁾ 2,610,835,152	3,210,623	0.0012
DNPW	^{(3),(4)} 628,631,238	10,355,371	0.0165
Lee Soon Ai	⁽³⁾ 572,572,648	2,452,232	0.0043
ACE Specialists	⁽⁵⁾ 587,978,540	723,055	0.0012
Dr. Leong Wai Yew	^{(3),(6)} 497,040,741	3,086,235	0.0062

Notes:

- (1) The number of shares has been adjusted to take into consideration the Share Consolidation that was effected on 7 August 2023 for comparable purposes.
- (2) Includes 1 incorporation Share and Shares received pursuant to the First Stage Restructuring. DDLSS had subsequently disposed a total of 425,983,662 Shares (after adjusting for the Share Consolidation) to the Second Stage Purchasers and ACE Specialists pursuant to the Second Stage Restructuring and Third Stage Restructuring.
- (3) Includes Shares acquired/received pursuant to the First Stage Restructuring and Second Stage Restructuring. The consideration for the Shares received pursuant to the Second Stage Restructuring have been computed on the basis of the IPO Price of RM0.32 less an assumed 7.08% discount being the holding cost from the date they received the Shares to the listing of our Company pursuant to the Second Stage SSAs.
- (4) DNPW had subsequently disposed a total of 94,294,686 Shares (after adjusting for the Share Consolidation) to Ace Specialists pursuant to the Third Stage Restructuring.
- (5) Shares acquired pursuant to the Third Stage Restructuring (after adjusting for the Share Consolidation).
- (6) Dr. Leong Wai Yew had subsequently disposed a total of 74,556,111 Shares (after adjusting for the Share Consolidation) to ACE Specialists pursuant to the Third Stage Restructuring.

4.7 UTILISATION OF PROCEEDS

Based on the IPO Price of RM0.32, the proceeds to be raised from the Public Issue is RM116.64 million and is expected be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM'000	%
Establishing new medical centres, satellite clinics and sales representative offices	Within 36 months	72,800	62.41
Expansion and upgrade of existing medical centres, facilities and corporate office	Within 36 months	15,700	13.46
Research and development	Within 36 months	2,200	1.89
General working capital	Within 36 months	17,140	14.69
General corporate purposes	Within 36 months	2,600	2.23
Defraying the listing expenses	Within 1 month	6,200	5.32
Total		116,640	100.00

4. DETAILS OF OUR IPO (CONT'D)

4.7.1 Establishing new medical centres, satellite clinics and sales representative offices

We intend to expand domestically and abroad by setting-up 2 new specialist centres in Malaysia, 1 new specialist centre in Indonesia and 1 new specialist centre in Cambodia or Laos. To support our venture into Indonesia, we also intend to set-up 4 satellite clinics in major cities in Indonesia. We also intend to set up 2 sales representative offices in China to establish a direct presence there.

(i) Set-up two (2) new 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 2 new assisted reproductive services specialist centres in Malaysia

The 2 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.

We are 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 are expected to commence operation by the end of FYE 2025 and FYE 2026 respectively.

Our total estimated costs of setting up the 2 new specialist centres in Malaysia are set out below:

	<u>Estimated cost</u>
	RM'000
Estimated capital expenditure:	24,000
- <i>Renovation and interior fit-out</i>	12,000
- ⁽¹⁾ <i>Purchase of laboratory equipment and medical devices</i>	9,000
- ⁽²⁾ <i>Purchase of IT systems</i>	3,000
Estimated working capital:	8,000
- ⁽³⁾ <i>Rental</i>	1,800
- ⁽⁴⁾ <i>Medical consultants and related personnel costs</i>	4,600
- ⁽⁵⁾ <i>Others</i>	1,600
Total	<u>32,000</u>

Notes:

- (1) *Include purchase of time-lapse incubator, ICSI chamber, IVF chamber, micromanipulator, laser system, semen analyser, cryopreservation storage tank, next-generation sequencing system, ultrasound machine, data logger system as well as other miscellaneous tools and equipment.*
- (2) *Include purchase of software and setting up of IT network comprising the purchase of computer hardware and related equipment.*
- (3) *Rental of premises is estimated based on Initial rental deposit and utilities, and rental for a period of 12 months on floor space ranging from 7,000 sq. ft to 10,000 sq. ft per centre.*
- (4) *This is estimated based on hiring of 2 medical consultants and 36 related personnels for a period of up to 2 years.*
- (5) *Include working capital for the purchase of medical supplies, consumables and other general operational expenses including marketing and administration cost.*

4. DETAILS OF OUR IPO (CONT'D)

(ii) Set-up one (1) specialist centre and four (4) 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.

New specialist centre in Indonesia

The new specialist centre in Indonesia will be a full-fledge centre to provide a wide range of assisted reproductive services including IVF treatment and other assisted reproductive services 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. The new specialist centre in Indonesia is expected to commence operation by the end of FYE 2025.

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.

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 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.

Our total estimated costs of setting up a new specialist centre and four satellite clinics in Indonesia are as set out below:

	Estimated cost (RM'000)
One new specialist centre in Indonesia:	17,100
- Construction and interior fit-out	6,400
- Purchase of laboratory equipment and medical devices	6,700
- ⁽¹⁾ Medical personnel and supporting staff cost	1,900
- ⁽²⁾ Purchase of IT systems	1,500
- ⁽³⁾ Others	600
Four Satellite clinics in Indonesia:	⁽⁶⁾7,000
- Renovation and interior fit-out	⁽⁶⁾ 2,400
- ⁽⁴⁾ Rental	⁽⁶⁾ 1,000
- ⁽⁵⁾ Medical personnel and supporting staff cost	⁽⁶⁾ 1,200
- Purchase of laboratory equipment and medical devices	⁽⁶⁾ 800
- ⁽²⁾ Purchase of IT systems	⁽⁶⁾ 800

4. DETAILS OF OUR IPO (CONT'D)

	Estimated cost (RM'000)
- ⁽³⁾ Others	⁽⁶⁾ 800
Total	24,100

Notes:

- (1) *This estimate is based on hiring 25 medical personnel and supporting staffs for half a year.*
- (2) *Include purchase of software, setting up of IT network, purchase of computer hardware and related equipment and others.*
- (3) *Include working capital for the purchase of medical supplies, consumables and other general operational expenses including marketing and administration cost.*
- (4) *Rental of premise is estimated based on initial rental deposit and utilities, and rental for a period of 12 months on floor space of approximately 1,500 sq. ft.*
- (5) *This estimate is based on hiring of 20 medical personnel and supporting staffs for 1 year.*
- (6) *Total estimated cost for four satellite clinics.*

As at the LPD, we have identified a potential location in Bali, Indonesia for the new specialist centre.

On 22 December 2023, we entered into an agreement with PT Hotel Indonesia Natour (“HIN”) (“**Agreement**”) 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 to set up a new specialist centre. HIN operates in the field of hospitality services and is a state-owned enterprise under the holding company PT Aviasi 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 the leasing of the land.

We have not identified any other alternative location to set up a specialist centre in Indonesia save as mentioned above.

(iii) Set-up one (1) specialist centre in Cambodia or Laos

We plan to set-up a new specialist centre in Cambodia or Laos, of which the exact country has yet to be determined as at the LPD. The new specialist centre in Cambodia or Laos will be a full-fledge centre to provide a wide range of assisted reproductive services including IVF treatment and other assisted reproductive services 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.

4. DETAILS OF OUR IPO (CONT'D)

Our total estimated costs of setting up a new specialist centre in Cambodia or Laos are as set out below:

	Estimated cost (RM'000)
One new specialist centre in Cambodia or Laos:	
- Renovation and interior fit-out	4,000
- Purchase of laboratory equipment and medical devices	4,500
- ⁽¹⁾ Medical personnel and supporting staff cost	2,400
- ⁽²⁾ Purchase of IT systems	1,400
- ⁽³⁾ Rental	1,000
- ⁽⁴⁾ Others	600
Total	13,900

Notes:

- (1) *This estimate is based on hiring 20 medical personnel and supporting staffs for 1 year.*
- (2) *Include purchase of software, setting up of IT network, purchase of computer hardware and related equipment and others.*
- (3) *Rental of premise is estimated based on initial rental deposit and utilities, and rental for a period of 12 months on floor space of approximately 8,000 sq. ft..*
- (4) *Include working capital for the purchase of medical supplies, consumables and other general operational expenses including marketing and administration cost.*

(iv) Set-up two (2) 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 to 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 to promote our assisted reproductive services in China. The two sales office is planned to be established by the end of 2024.

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4. DETAILS OF OUR IPO (CONT'D)

Our total estimated costs of setting up two sales representative offices in China are as set out below:

	Estimated cost (RM'000)
Two sales office in China:	
- ⁽¹⁾ Supporting staff, marketing executives and administrative staff cost	1,260
- ⁽²⁾ Rental	600
- Renovation and interior fit-out	600
- General operational and administrative expenses	240
- Purchase of IT systems ⁽³⁾	100
Total	2,800

Notes:

- (1) This estimate is based on hiring of 6 supporting staff, four marketing executives and 2 administrative staff for 3 years.
- (2) Rental of premise is estimated based on initial rental deposit and utilities, and rental for a period of 12 months on floor space of approximately 1,000 sq. ft..
- (3) Include purchase of software, setting up of IT network, purchase of computer hardware and related equipment and others.

If the actual cost for establishing new medical centres, satellite clinics and sales representative offices is higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the cost for establishing new medical centres, satellite clinics and sales representative offices is lower than budgeted, the excess will be used for working capital purposes.

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4. DETAILS OF OUR IPO (CONT'D)

4.7.2 Expansion 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 one 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 equipment and medical devices. We plan to allocate RM8.45 million for the purchase of the new laboratory equipment and medical devices (including time-lapse incubator, next-generation sequencing system and PCR machine, micromanipulator, ICSI Chamber, microscope, laser biopsy system as well as consumables and surgical instruments) which will be funded through IPO proceeds for our operations in Malaysia and Singapore as below:

	Alpha KL	Genesis	Alpha Singapore	Total
Estimated cost (RM'000)	5,500	2,700	250	8,450
Expected timing to commence the upgrade		Q3 2024		
Expected timing to complete the upgrade		Q3 2026		

(ii) IT systems

We plan to purchase and upgrade our existing 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 as follows:
 - improve patient support services;
 - facilitate centralised data management and storage including patient information, medical history, bills and visits;
 - appointment scheduling;
 - system configuring to facilitate data analytics; and
 - improve efficiency of back-office account reporting operations.
- 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 for our existing operations in Malaysia and Singapore as below:

Purchase and upgrade of IT system by centres	Estimated cost (RM'000)	Expected timing to commence the upgrade
Alpha KL	3,600	Q1 to Q3 2024
Genesis	350	Q1 to Q3 2024
Alpha Singapore	100	Q1 to Q3 2024
Total	4,050	

4. DETAILS OF OUR IPO (CONT'D)

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 around 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 as below:

Renovation and expansion by specialist centres	Estimated cost (RM'000)		
	Genesis	Alpha KL	Total
Preliminaries	130	80	210
Building works	360	250	610
Mechanical and electrical works	255	180	435
Interior design	180	100	280
IT system and security system	80	60	140
Fittings and furnitures	236	100	336
Others (including signboard and contingencies)	159	30	189
Total	1,400	800	2,200

The renovation and expansion works for the specialist centres are expected to commence operation by Q2 to Q3 2024.

(iii) 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 for a period of 12 months.

4. DETAILS OF OUR IPO (CONT'D)

Total estimated cost for expansion and upgrade of facilities

The total estimated cost for the expansion and upgrade of existing specialist centres, facilities and corporate office is as set out below:

Expansion and upgrade of existing specialist centres, facilities and corporate office	Estimated cost (RM'000)			Total
	Alpha KL	Genesis	Alpha Singapore	
Laboratory and medical facilities	5,500	2,700	250	8,450
IT systems	3,600	350	100	4,050
Corporate office	1,000	-	-	1,000
Renovation and expansion of existing facilities	800	1,400	-	2,200
Total	10,900	4,450	350	15,700

If the actual cost for the expansion and upgrade of existing specialist centres, facilities and corporate office is higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the cost for the expansion and upgrade of existing specialist centres, facilities and corporate office is lower than budgeted, the excess will be used for working capital purposes.

4.7.3 Research and development

We intend to expand our R&D including expansion of R&D team 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. The expansion in R&D resources enable us to keep up to date with the latest development in assisted reproductive services to support our business growth.

The estimated cost for the expansion of our R&D resources is RM2.20 million as set out below:

	Estimated cost (RM'000)	Expected timing to commence
Expansion of R&D resources		
- Expansion of R&D team (up to 6 personnel)	1,400	Q2 2024 to Q2 2026
- ⁽¹⁾ Purchase of laboratory equipment for R&D	800	Q2 2024 to Q2 2026
Total	2,200	

Note:-

(1) The new laboratory equipment for R&D will be used to measure the biological abnormality in oocytes, examination of quality of semen and sperm as well as equipment to perform laboratory fertilisation of eggs.

If the actual cost of our R&D activities is higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the cost of R&D activities is lower than budgeted, the excess will be used for working capital purposes.

4.7.4 General working capital

To support the corporate and business expansion of the Group, the Group intends to employ 15 additional personnel ranging from C-suite executives to support staff. These new staff will only be focusing on the business operation, investor relations and business expansion of the Group. Approximately RM10.55 million will be utilised for the payment of salaries and remuneration to these new staff over 36 months from our Listing.

4. DETAILS OF OUR IPO (CONT'D)

We have also allocated RM6.59 million for other general working capital purposes which includes purchase of medical supplies and consumables, payment of existing staff costs which include staff salaries, remuneration and contributions to the relevant bodies, and office related expenses such as rental, utilities and maintenance of property, plant and equipment. The actual breakdown of the working capital mentioned above cannot be determined at this juncture as it will depend on, among others, the actual operating and funding requirements at the time of usage.

If our Group is unable to recruit suitable personnel to occupy the various positions and utilise the proceeds for payment of salaries and remuneration to new staff, the excess proceeds allocated will be utilised for other working capital purposes as set out in the preceding paragraph above.

4.7.5 General corporate purposes

We intend to carry out marketing activities to promote our services while at the same time, increase the market awareness of our Group 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 as set out below:

	<u>Estimated cost (RM'000)</u>	<u>Expected timing to commence</u>
Marketing activities		
- <i>Marketing activities for Malaysia market</i>	2,100	Q2 2024 to Q4 2026
- <i>Marketing activities for foreign market</i>	500	Q2 2024 to Q4 2026
Total	<u>2,600</u>	

If the actual cost of marketing activities is higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the cost of marketing activities is lower than budgeted, the excess will be used for working capital purposes.

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4. DETAILS OF OUR IPO (CONT'D)

4.7.6 Defraying the listing expenses

Our listing expenses are estimated to be RM6.20 million, details of which are as follows:

	Estimated cost (RM'000)
(1)Professional fees	3,171
Fees to authorities	85
Underwriting, placement and brokerage fees	2,144
(2)Printing, advertising and other incidental charges relating to our Listing	800
Total	6,200

Notes:

- (1) *Includes professional and advisory fees for, among others, Principal Adviser, Solicitors, Reporting Accountants, IMR and other professional advisers.*
- (2) *Other incidental or related expenses in connection with our IPO, which include translators, media related expenses and IPO event expenses.*

If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

Pending the eventual utilisation of proceeds from the Public Issue for the abovementioned purposes, the funds will be placed in short term deposits with licensed financial institutions or short-term money market instruments.

Our Company will not be receiving any proceeds from the Offer for Sale. The total proceeds from the Offer for Sale of approximately RM349.9 million based on the IPO Price of RM0.32 for each Offer Share will accrue entirely to the Offerors. The Offerors will be bearing their own placement fee in relation to the Offer for Sale.

Upon completion of our Listing, pursuant to Paragraph 8.24 of the Listing Requirements, we will seek our shareholders' approval if we propose to make a material change (i.e. 25% or more of the total proceeds received) to the use of proceeds raised from the Public Issue.

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4. DETAILS OF OUR IPO (CONT'D)

4.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.8.1 Brokerage fee

We will pay brokerage in respect of the Issue Shares under the Retail Offering at the rate of 1.00% of the IPO Price in respect of all successful Applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

4.8.2 Underwriting commission

Our Sole Underwriter have agreed to underwrite for the Issue Shares under the Retail Offering for an underwriting commission at the rate of 1.00% (exclusive of applicable tax) of the IPO Price multiplied by the total number of Issue Shares under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.8.3 Placement fee

The Offerors for the Offer Shares and us for the Issue Shares will pay the Lead Bookrunner and Co-Bookrunner a placement fee of 1.50% (exclusive of applicable tax) of the IPO Price multiplied by the number of IPO Shares sold under the Institutional Offering in accordance with the terms of Placement Agreement.

In addition, we will pay the Lead Bookrunner a fee of zero-point one five percent (0.15%) (exclusive of applicable tax) of the IPO Price multiplied by the number of IPO Shares sold under the Institutional Offering in accordance with the terms of Placement Agreement upon the successful completion of our Listing.

4.9 SALIENT TERMS OF THE RETAIL UNDERWRITING AGREEMENT AND PLACEMENT AGREEMENT

4.9.1 Underwriting

We have entered into the Retail Underwriting Agreement with our Sole Underwriter to underwrite 218,700,000 IPO Shares, upon the terms and subject to the conditions as set out in the Retail Underwriting Agreement.

The salient terms of the Retail Underwriting Agreement are as follows:

- (i) The underwriting obligations of the Sole Underwriter are conditional upon certain conditions precedent being fulfilled or waived on or prior to the closing date of the Retail Offering as stated in this Prospectus or such other date as may be extended from time to time by our Company with the agreement of the Sole Underwriter.
- (ii) The Sole Underwriter may by notice to our Company given at any time before the date of Listing, terminate, cancel and withdraw their underwriting commitment if:
 - (a) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Retail Underwriting Agreement which is not capable of remedy or, if capable of remedy is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated by the Sole Underwriter to our Company in writing or as stipulated in the written notice informing our Company of such breach or by the Closing Date, whichever is earlier;
 - (b) there is failure on the part of our Company to perform any of our obligations contained in the Retail Underwriting Agreement;

4. DETAILS OF OUR IPO (CONT'D)

- (c) there is withholding of information from the Sole Underwriter which is required to be disclosed pursuant to the Retail Underwriting Agreement which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, or could be expected to have a prospective material adverse effect and/or change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following: (a) the condition (financial or otherwise), contractual commitments, general affairs, management, business, assets, liquidity, liabilities, prospects, earnings, shareholders' equity, business undertakings, properties or results of operations of our Company and/or our Group; (b) the ability of our Company and/or the Offerors to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus, the Placement Agreement or the Retail Underwriting Agreement; (c) the ability of our Company and/or our Group to conduct its businesses as described in this Prospectus; or (d) our IPO ("**Material Adverse Effect**"), on the business or operations of our Group, the success of our IPO, or the distribution or sale of our Shares issued or offered under our IPO;
- (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Group;
- (e) the closing date of the application of our Shares does not occur within three (3) months from the date of the Retail Underwriting Agreement, subject to the extension of the Closing Date which is approved by the Sole Underwriter;
- (f) the occurrence of any force majeure event or any event or series of events beyond the reasonable control of the Sole Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), pandemic, epidemic, acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which would have or can reasonably be expected to have a Material Adverse Effect or which has or is likely to have the effect of making any obligation under the Retail Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of the underwritten Shares;
- (g) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Sole Underwriter would have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (i) on or after the date of the Retail Underwriting Agreement; and
 - (ii) prior to the closing date of the Retail Offering,

lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

4. DETAILS OF OUR IPO (CONT'D)

- (h) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have Material Adverse Effect on our Group and/or materially prejudice the business or the operations of our Group, the success of our IPO, or the Listing or market conditions generally or which has or is likely to have the effect of making the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (i) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities;
- (j) any government requisition or occurrence of any other nature which would have or is likely to have a Material Adverse Effect on the business, operations and/or financial position or prospects of our Group or the success of our IPO;
- (k) the Public Issue and/or Offer for Sale is stopped or delayed by our Company, the Offerors or any relevant authorities for any reason whatsoever (unless such delay has been approved by the Sole Underwriter);
- (l) any commencement of legal proceedings or action against any member of our Group or the Offerors or any of their directors, which in the opinion of the Sole Underwriter, would have or is likely to have a Material Adverse Effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our Shares;
- (m) any of the resolutions or approvals referred to in the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is likely to have a Material Adverse Effect;
- (n) if the SC or any other relevant authority issues an order pursuant to any Malaysian Law such as to make it impracticable to market our IPO or to allot and/or transfer our Shares;
- (o) any other event in which a Material Adverse Effect has occurred or which in the opinion of the Sole Underwriter is likely to occur;
- (p) if the obligations of the Sole Underwriter to subscribe for and/or procure subscriptions for the Underwritten Shares is or becomes prohibited by any statute, order, rule, directive or regulation amended, supplemented or introduced after the date of the Retail Underwriting Agreement by any legislative, executive or regulatory body or authority of any jurisdiction; or
- (q) in the event that the Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Sole Underwriter or does not take place within three (3) months from the date of the Retail Underwriting Agreement or such other extended date as may be agreed in writing by the Sole Underwriter.

4.9.2 Placement

We and the Offerors expect to enter into the Placement Agreement with the Lead Bookrunner and Co-Bookrunner in relation to the placement of 1,239,300,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus. We and the Offerors will be requested to give various representations, warranties and undertakings, and to indemnify the Lead Bookrunner and Co-Bookrunner against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Retail Underwriting Agreement as set out in Section 4.9.1 of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.9.3 Lock-up arrangement

- (i) We have agreed that, subject to our IPO, we shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, for a period from the date of the lock-up letter until the date falling six (6) months from the date of our Listing, directly or indirectly:
 - (a) issue, allot, offer, sell, contract to sell, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, create or agree to create any encumbrance, transfer, or dispose, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any of our Shares being issued, offered and sold by our Company in connection with the IPO;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any of our Shares being issued, offered and sold by our Company in connection with the IPO;
 - (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities, provided that the foregoing shall not apply to any of our Shares being issued, offered and sold by our Company in connection with the IPO;
 - (d) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above; or
 - (e) take any action designed, or which has constituted or will constitute or might reasonably be expected to cause or result in the stabilisation or manipulation of the price of our Shares.

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4. DETAILS OF OUR IPO (CONT'D)

- (ii) Our Specified Shareholders, who are also our Offerors, namely DDLSS, DNPW, Lee Soon Ai and ACE Specialists have agreed that subject to our IPO, they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, for a period from the date of the lock-up letter until the end of the Specified Shareholders Moratorium as set out in Section 2.2.1.1 of this Prospectus, directly or indirectly:
- (a) offer, pledge, sell, contract or offer to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for our Shares or are substantially similar to, our Shares (or any interest therein or in respect thereof)) (i) held by them, directly or indirectly, as at the date hereof, (ii) acquired by them, directly or indirectly, after the date hereof and until and including the date of our Listing or with respect to which such Specified Shareholder has or between the date hereof and the date of our Listing acquires the power of disposition, (iii) our Shares being offered and sold by the Specified Shareholders in connection with our IPO and such Shares that are offered, issued or sold by the Company pursuant to our IPO (our Shares referred to in (i) and (ii), excluding (iii) shall be referred to as the "**Specified Shareholders Lock-Up Shares**"), regardless of whether any such transaction is to be settled by the delivery of the Specified Shareholders Lock-Up Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Specified Shareholders Lock-Up Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Specified Shareholders Lock-Up Shares) regardless of whether any such transaction is to be settled by the delivery of the Specified Shareholders Lock-Up Shares or such other securities, in cash or otherwise;
 - (c) deposit any of the Specified Shareholders Lock-Up Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Specified Shareholders Lock-Up Shares) in any depository receipt facilities;
 - (d) sell, transfer or otherwise dispose of any interest in any shares in any company or entity controlled by them which is directly, or through another company or other entity indirectly, the beneficial owner of the Specified Shareholders Lock-Up Shares;
 - (e) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (d) above; or
 - (f) take any action designed, or which has constituted or will constitute or might reasonably be expected to cause or result in the stabilisation or manipulation of the price of our Shares.

Our Specified Shareholders further agreed that save for our Shares that are offered, issued or sold by the Company pursuant to our IPO, they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, during the lock-up period as set out above, make any demand for or exercise any right with respect to, the registration of any Shares or any security convertible into or exercisable or exchangeable for Shares.

4. DETAILS OF OUR IPO (CONT'D)

- (iii) Our remaining Offerors (other than the Specified Shareholders), namely Dr. Leong Wai Yew, Dr. Lau Soon Yen, Dr. Tan Chong Seong and Dr. Lim Yong Kuei have agreed that subject to our IPO, they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, for a period from the date of the lock-up letter until the date falling six (6) months from the date of our Listing, directly or indirectly:
- (a) offer, pledge, sell, contract or offer to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for our Shares or are substantially similar to, our Shares (or any interest therein or in respect thereof)) (i) held by them, directly or indirectly, as at the date hereof, (ii) acquired by them, directly or indirectly, after the date hereof and until and including the date of our Listing or with respect to which such Offeror has or between the date hereof and the date of our Listing acquires the power of disposition, (iii) our Shares being offered and sold by the Offerors in connection with our IPO and such Shares that are offered, issued or sold by the Company pursuant to our IPO (our Shares referred to in (i) and (ii), excluding (iii) shall be referred to as the "**Offerors Lock-Up Shares**"), regardless of whether any such transaction is to be settled by the delivery of the Offerors Lock-Up Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Offerors Lock-Up Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Offerors Lock-Up Shares) regardless of whether any such transaction is to be settled by the delivery of the Offerors Lock-Up Shares or such other securities, in cash or otherwise;
 - (c) deposit any of the Offerors Lock-Up Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Offerors Lock-Up Shares) in any depository receipt facilities;
 - (d) sell, transfer or otherwise dispose of any interest in any shares in any company or entity controlled by them which is directly, or through another company or other entity indirectly, the beneficial owner of the Offerors Lock-Up Shares;
 - (e) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (d) above; or
 - (f) take any action designed, or which has constituted or will constitute or might reasonably be expected to cause or result in the stabilisation or manipulation of the price of our Shares.

Our remaining Offerors above further agreed that save for our Shares that are offered, issued or sold pursuant by the Company to our IPO, they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, during the lock-up period as set out above, make any demand for or exercise any right with respect to, the registration of any Shares or any security convertible into or exercisable or exchangeable for Shares.

4. DETAILS OF OUR IPO (CONT'D)

- (iv) Our Pre-Listing Investors, namely Dr. Lam Wei Kian and Siow Fei Foong have agreed that subject to our IPO, they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, for a period from the date of the lock-up letter until the date falling six (6) months from the date of our Listing, directly or indirectly:
- (a) offer, pledge, sell, contract or offer to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for our Shares or are substantially similar to, our Shares (or any interest therein or in respect thereof)) (i) held by them, directly or indirectly, as at the date hereof, (ii) acquired by them, directly or indirectly, after the date hereof and until and including the date of our Listing or with respect to which such Pre-Listing Investor has or between the date hereof and the date of our Listing acquires the power of disposition, (iii) our Shares being offered and sold by the Pre-Listing Investors in connection with our IPO and such Shares that are offered, issued or sold by the Company pursuant to our IPO (our Shares referred to in (i) and (ii), excluding (iii) shall be referred to as the "**Pre-Listing Investors Lock-Up Shares**"), regardless of whether any such transaction is to be settled by the delivery of the Pre-Listing Investors Lock-Up Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Pre-Listing Investors Lock-Up Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Pre-Listing Investors Lock-Up Shares) regardless of whether any such transaction is to be settled by the delivery of the Pre-Listing Investors Lock-Up Shares or such other securities, in cash or otherwise;
 - (c) deposit any of the Pre-Listing Investors Lock-Up Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Pre-Listing Investors Lock-Up Shares) in any depository receipt facilities;
 - (d) sell, transfer or otherwise dispose of any interest in any shares in any company or entity controlled by them which is directly, or through another company or other entity indirectly, the beneficial owner of the Pre-Listing Investors Lock-Up Shares;
 - (e) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (d) above; or
 - (f) take any action designed, or which has constituted or will constitute or might reasonably be expected to cause or result in the stabilisation or manipulation of the price of our Shares.

Our Pre-Listing Investors further agreed that save for our Shares that are offered, issued or sold by the Company pursuant to our IPO, they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, during the lock-up period as set out above, make any demand for or exercise any right with respect to, the registration of any Shares or any security convertible into or exercisable or exchangeable for Shares.

4. DETAILS OF OUR IPO (CONT'D)

- (v) DNPW, Dr. Leong Wai Yew, Dr. Lau Soon Yen and Dr. Tan Chong Seong, whom are shareholders of ACE Specialists ("**ACE Specialists Shareholders**"), have agreed that subject to our IPO, they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, for a period from the date of the lock-up letter until the end of the Specified Shareholders Moratorium as set out in Section 2.2.1.1 of this Prospectus, directly or indirectly:
- (a) offer, pledge, sell, contract or offer to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any shares in ACE Specialists ("**ACE Specialists Shares**") including any interest therein (or any securities convertible into or exercisable or exchangeable for the ACE Specialists Shares or are substantially similar to, the ACE Specialists Shares (or any interest therein or in respect thereof)) (i) held by them, directly or indirectly, as at the date hereof, (ii) acquired by them, directly or indirectly, after the date hereof and until and including the date of our Listing or with respect to which such ACE Specialists Shareholders has or between the date hereof and the date of our Listing acquires the power of disposition, (the ACE Specialists Shares referred to in (i) and (ii) shall be referred to as the "**ACE Specialists Lock-Up Shares**"), regardless of whether any such transaction is to be settled by the delivery of the ACE Specialists Lock-Up Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ACE Specialists Lock-Up Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the ACE Specialists Lock-Up Shares) regardless of whether any such transaction is to be settled by the delivery of the ACE Specialists Lock-Up Shares or such other securities, in cash or otherwise;
 - (c) sell, transfer or otherwise dispose of any interest in any shares in any company or entity controlled by them which is directly, or through another company or other entity indirectly, the beneficial owner of the ACE Specialists Lock-Up Shares;
 - (d) deposit any of the ACE Specialists Lock-Up Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the ACE Specialists Lock-Up Shares) in any depository receipt facilities;
 - (e) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (d) above; or
 - (f) take any action designed, or which has constituted or will constitute or might reasonably be expected to cause or result in the stabilisation or manipulation of the price of our Shares and/or the ACE Specialists Shares.

The ACE Specialists Shareholders further agreed that they shall not without the prior written consent of the Lead Bookrunner and Co-Bookrunner, during the lock-up period as set out above, make any demand for or exercise any right with respect to, the registration of any ACE Specialists Shares or any security convertible into or exercisable or exchangeable for the ACE Specialists Shares.

4. DETAILS OF OUR IPO (CONT'D)

4.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS (which is operated by Bursa Depository). This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain the Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to the respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place on the second (2nd) Market Day following the transaction date.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

5.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters and/or Substantial Shareholders' shareholdings

The details of our Promoters and/or Substantial Shareholders and their respective shareholdings in our Company before and after our IPO (assuming all 1,458,000,000 IPO Shares are fully subscribed for) are as follows:

Promoters and/or Substantial Shareholders	Nationality / Country of Incorporation	Before our IPO			After our IPO		
		Direct No. of Shares	Indirect No. of Shares	(¹)% (¹)%	Direct No. of Shares	Indirect No. of Shares	(²)% (²)%
Promoters and Substantial Shareholders							
DDLSS	Malaysian	2,184,851,489	(³) 587,978,541	48.60	1,653,058,442	(³) 444,864,512	34.01
Lee Soon Ai	Singaporean	572,572,648	-	12.74	433,208,415	-	8.91
DNPW	Malaysian	534,336,553	-	11.89	404,278,989	-	8.32
Substantial Shareholders							
ACE Specialists	Malaysia	587,978,541	-	13.08	444,864,512	-	9.15
Dr. Leong Wai Yew	Malaysian	422,484,629	-	9.40	319,651,833	-	6.58

Notes:

(1) Based on the total number of 4,495,500,000 Shares prior to our IPO.

(2) Based on the enlarged total number of 4,860,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his shareholdings in ACE Specialists pursuant to Section 8 of the Act.

Our Promoters and Substantial Shareholders have the same voting rights with other shareholders of our Company as all our Shares before and after our IPO are of the same class.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.1.2 Profiles of our Promoters and/or Substantial Shareholders

The profiles of our Promoters and/or Substantial Shareholders are as follows:

(i) DDLSS

DDLSS is our Promoter, Substantial Shareholder and Non-Independent Executive Director, Group Managing Director and Medical Director of Alpha KL. The profile of DDLSS is set out in Section 5.2.2(ii) of this Prospectus.

(ii) DNPW

DNPW is our Promoter, Substantial Shareholder, Non-Independent Executive Director and Medical Director of Genesis. The profile of DNPW is set out in Section 5.2.2(iii) of this Prospectus.

(iii) Lee Soon Ai

Lee Soon Ai is our Promoter, Substantial Shareholder and Director of Operations of Alpha Singapore. The profile of Lee Soon Ai is set out in Section 5.4.3(ii) of this Prospectus.

(iv) ACE Specialists

ACE Specialists, a company incorporated on 5 December 2017 as a limited liability company in Malaysia under the Act is our Substantial Shareholder.

ACE Specialists is principally engaging in activities of holding companies as well as other human health services.

As at the LPD, the issued share capital of ACE Specialists is RM723,057.00 comprising 723,057 ordinary shares. The shareholders and their respective shareholding in ACE Specialists as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
DDLSS	Malaysian	474,609	65.64	-	-
DNPW	Malaysian	115,957	16.04	-	-
Dr. Leong Wai Yew	Malaysian	91,684	12.68	-	-
Dr. Lau Soon Yen	Malaysian	35,068	4.85	-	-
Dr. Tan Chong Seong	Malaysian	5,739	0.79	-	-

As at the LPD, the directors of ACE Specialists are DDLSS and DNPW.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

(v) Dr. Leong Wai Yew

Dr. Leong Wai Yew, a Malaysian male aged 50, is our Substantial Shareholder. He is a medical consultant of our Group. He graduated with a Bachelor of Doctor of Medicine from the National University of Malaysia in 1999. During his tenure in the National Health Service, he pursued his Master of Medicine in Obstetrics and Gynaecology from the National University of Malaysia in 2007 and served as an Obstetrician and Gynaecologist in Hospital Tuanku Ja'afar. In 2009, he left Hospital Tuanku Ja'afar and joined Tropicana Medical Centre (*now known as Thomson Hospital*). In July 2011, he left Tropicana Medical Centre and joined Alpha KL as a resident medical specialist.

5.1.3 Changes in our Promoters' and/or Substantial Shareholders' shareholding in our Company

Save for the First Stage Restructuring, Second Stage Restructuring, Third Stage Restructuring and Share Consolidation as detailed in Sections 6.1.2 and 6.1.3 of this Prospectus, there has been no change in our Promoters' and/or our Substantial Shareholders' shareholdings in our Company since incorporation.

5.1.4 Persons exercising control over the corporation

Save for our Promoters and ACE Specialists, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. There is no arrangement between our Company and our shareholders with any third parties, the operation of which may result in a change in control of our Company.

5.1.5 Amounts and/or benefits paid or intended to be paid or given

Save as disclosed below and Sections 10 and 12.7 of this Prospectus, there is no amount or benefits that has been paid or intended to be paid or given to our Promoters and/or Substantial Shareholders within the two (2) years preceding the date of this Prospectus.

Name	FYE 2022 ⁽¹⁾ (RM'000)	FYE 2023 ⁽¹⁾ (RM'000)	1 June 2023 up to LPD ⁽¹⁾ (RM'000)
DDLSS	4,719	4,493	17,886
DNPW	975	2,706	5,825
Lee Soon Ai	1,353	11,295	4,463
ACE Specialists	-	-	4,104
Dr Leong Wai Yew	2,669	12,672	4,852

Note:

(1) The type of amounts and/or benefits which have been paid to our Promoters and/or Substantial Shareholders including directors' fees, salaries, bonuses, statutory contributions and dividends.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.2 BOARD OF DIRECTORS

5.2.1 Directors' shareholdings

The details of our Directors and their respective shareholdings in our Company before and after our IPO (assuming full subscription of the Issue Shares allocated for our Directors under the Pink Form Allocations) are as follows:

Name	Nationality	Before our IPO			After our IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
Dato' Dr. Tan Kee Kwong	Malaysian	-	-	-	-	(4) 600,000	-
DDLSS	Malaysian	2,184,851,489	48.60	(3) 587,978,541	13.08	1,653,058,442	34.01
DNPW	Malaysian	534,336,553	11.89	-	-	404,278,989	8.32
Datuk Lee Say Tshin	Malaysian	-	-	-	-	(4) 3,350,000	-
Sia Bee Keng	Malaysian	-	-	-	-	(4) 800,000	-
Tung Fook Heng	Malaysian	-	-	-	-	(4) 300,000	-

Notes:

[^] negligible

(1) Based on the total number of 4,495,500,000 Shares prior to the IPO.

(2) Based on the enlarged total number of 4,860,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his shareholdings in ACE Specialists pursuant to Section 8 of the Act.

(4) Assuming the eligible Directors fully subscribe for their respective entitlements under the Pink Form Allocation

Subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, our Directors may also subscribe for additional excess Shares under those allocated for other Eligible Persons as well as the Issue Shares under the Public Issue. None of our Directors are representatives of our corporate shareholder.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.2.2 Profiles of our Directors

The profiles of our Directors are as follows:

(i) **Dato' Dr. Tan Kee Kwong**

Dato' Dr. Tan Kee Kwong, a Malaysian male aged 77, is our Independent Non-Executive Chairman. He was appointed to our Board on 21 August 2023.

He graduated with a Bachelor of Medicine and Bachelor of Surgery from the Faculty of Medicine, University of Malaya in June 1973.

He joined the government service as a Medical Officer in 1974 until 1977. Thereafter, he served as a Medical Officer with the British National Health Service until 1980. From 1981 to 1983, he volunteered as a rural health officer in Southern Sudan, Africa. From 1983 to 1985, he worked as a local doctor at Klinik TAR as well as Sentosa Medical Centre. In 1985, he commenced private medical general practice until 1999, when he was made a Deputy Minister in the Ministry of Land and Cooperative Development, a post he held until 2004. He served as a Member of Parliament for Segambut, Kuala Lumpur from 1995 until 2008 and later served as a Member of Parliament for Wangsa Maju, Kuala Lumpur from 2013 until 2018.

He was appointed as an Independent Director of TMC Life Sciences Berhad in June 2005 until his resignation in January 2019. He is currently President of Victoria Institution Old Boys' Association (VIOBA). He is also an Independent Non-Executive Director of Malayan United Industries Bhd.

Please refer to Section 5.2.3 of this Prospectus for details of Dato' Dr. Tan Kee Kwong's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

(ii) **DDLSS**

DDLSS, a Malaysian male aged 66, is our Promoter, Substantial Shareholder, Non-Independent Executive Director, Group Managing Director and Medical Director of Alpha KL. He was appointed to our Board on 10 February 2021.

He graduated with a Bachelor of Medicine and Bachelor of Surgery from University of New South Wales, Sydney, Australia in February 1983. He furthered his studies and graduated with Diploma in Acupuncture from Scientific Acupuncture Research Centre, Singapore in August 1984. He obtained his Master of Medicine from National University of Singapore in 1991. He obtained membership of the Royal College of Obstetricians and Gynaecologists in May 1991 and was admitted as Fellow of International College of Surgeons in 1992. Due to his significant contribution to Obstetricians and Gynaecologists through research, teaching and publications, he was elected to be Fellow of Royal College of Obstetricians and Gynaecologists since 2013. He was certified as a specialist in Obstetrics and Gynaecology in the National Specialist Register by the MOH and Academy of Medicine of Malaysia in July 2007.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

He has over 40 years of experience in the medical industry. He began his career at the Westmead Hospital, Sydney, Australia as a Houseman from January 1983 until January 1984. In October 1984, he joined the General Hospital in Johor Bahru, Malaysia as an Obstetrics and Gynaecology Medical Officer. In November 1985, he joined the District Hospital Batu Pahat, Johor, Malaysia as a Medical Officer. In November 1987, he joined the General Hospital in Malacca, Malaysia as a Medical Officer Trainee under the Department of Obstetrics and Gynaecology. In August 1988, he joined the National University Hospital, Singapore as a Resident under the Department of Obstetrics and Gynaecology. He was then promoted to Senior Resident in December 1991 and subsequently promoted to Registrar in January 1992. He was also Tutor in the Faculty of Medicine in National University of Singapore. In February 1993, he worked at Lembaga Penduduk dan Pembangunan Keluarga Negara (LPPKN), Selangor as a Visiting Consultant.

In June 1994, he founded Damansara Fertility Clinic. In July 1997, he founded Damansara Women's Specialist Centre / Damansara Fertility Centre (*now known as TMC Fertility Centre*) and Tropicana Medical Centre (*now known as Thomson Hospital*). TMC Fertility Centre and Tropicana Medical Centre are part of TMC Life Sciences Berhad, which was listed on the MESDAQ Market (*now known as ACE Market*) of Bursa Securities in 2005. From June 2005 until August 2010, he was the managing director and major shareholder of TMC Life Sciences Berhad. He led the planning and setting up of Tropicana Medical Centre and all its branches in Penang, Johor Bahru, Kuantan, Kepong, Puchong and Sibu. He also provided continuous training to the doctors, embryologists and other laboratory staffs of Tropicana Medical Centre and all the branches. During his tenure in TMC Life Sciences Berhad, he was responsible in leading and ensuring the successful operations of Fertility, Obstetrical & Gynaecological services of TMC Life Sciences Berhad at Tropicana Medical Centre and all the branches. He was also actively involved in conducting and leading all R&D activities and scientific publications. Being the managing director of TMC Life Sciences Berhad, he initiated and led the successful listing of the company on the MESDAQ Market of Bursa Securities in 2005. TMC Life Sciences Berhad was transferred to the Main Board (*now known as Main Market*) of Bursa Securities in 2008. He was also responsible in overseeing all regulatory, compliance & governance matters of TMC Life Sciences Berhad and its subsidiaries, including dealing with all relevant government authorities. In August 2010, he resigned as director of TMC Life Sciences Berhad and sold his stake in the company.

In March 2011, Alpha KL was incorporated and subsequently in June 2011, DDLSS commenced its fertility business where he was the first Resident Consultant Specialist in Gynaecology, specialising in fertility treatments and assumed the role of Medical Director of Alpha KL. He is our Group Managing Director where he is responsible for the overall administrative management and operations in our Group. As Medical Director of Alpha KL, he is responsible for the overall care and clinical practice carried out in Alpha KL including making decisions and recommendations for the improvement of policies and procedures and ensuring the consistent implementation of best practice throughout Alpha KL.

DDLSS is the brother of Lee Soon Ai.

Please refer to Section 5.2.3 of this Prospectus for details of DDLSS's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

(iii) DNPW

DNPW, a Malaysian male aged 69, is our Promoter, Substantial Shareholder, Non-Independent Executive Director and Medical Director of Genesis. He was appointed to our Board on 1 January 2023.

He graduated with a Bachelor of Medicine and Bachelor of Surgery from the University of Malaya in June 1981. He obtained his Degree of Master of Medicine (Obstetrics and Gynaecology) from the National University of Singapore in July 1991. He also obtained his membership under the Royal College of Obstetrics and Gynaecology, England in November 1991.

He has over 42 years of experience in the medical industry. He began his career at the General Hospital Penang in May 1981 as a Houseman in the departments of paediatrics, medicine, surgery and obstetrics and gynaecology on a rotation basis. He then became a Medical Officer in the surgical department of General Hospital Penang in May 1982. He left General Hospital Penang and joined University Hospital Kuala Lumpur (*now known as University Malaya Medical Centre*) in August 1982 as a Medical Officer and underwent anaesthetic training. Around June 1986, he left University Hospital Kuala Lumpur. In 1988, he took a training position in National University Hospital, Singapore under the obstetrics and gynaecology department until he obtained his Master in July 1991. He then continued with National University Hospital, Singapore as a Specialist before joining Hospital Lam Wah Ee in Penang as a Consultant Specialist in Obstetrics and Gynaecology in May 1992. In 1993, he set up the department of In-Vitro Fertilisation in Hospital Lam Wah Ee and was the Head of the Department, where he was responsible for training the embryologists, the quality control of the IVF laboratory and introduction of new IVF technologies to the hospital for optimum pregnancy results. In June 2017, he left Hospital Lam Wah Ee and joined Genesis as the Medical Director in June 2017, where he is responsible for the overall care and clinical practice carried out in Genesis including making decisions and recommendations for the improvement of policies and procedures and ensuring the consistent implementation of best practice throughout Genesis.

Please refer to Section 5.2.3 of this Prospectus for details of DNPW's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

(iv) Datuk Lee Say Tshin

Datuk Lee Say Tshin, a Malaysian male aged 71, is our Independent Non-Executive Director. He was appointed to our Board on 21 August 2023.

He graduated with a Bachelor of Economics (Hons) from University Malaya in June 1975. He then joined HSBC in Malaysia (*now known as HSBC Bank Malaysia Berhad*) and became a veteran banker with approximately 48 years of experience in the banking industry. His last position in HSBC Bank Malaysia Berhad was the Managing Director of Strategic Business Development which was prior to his retirement in June 2013.

He currently holds the position of Vice Chairman, Strategic Initiatives for HSBC Bank Malaysia Berhad and Director and Chairman of Investor Relations & Strategic Partnership Committee of the Malaysia-China Business Council. He is also an Independent Non-Executive Chairman of CJ Century Logistics Holdings Berhad, Independent Non-Executive Director of Padini Holdings Berhad and Independent Non-Executive Director of IGB REIT Management Sdn Bhd.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Please refer to Section 5.2.3 of this Prospectus for details of Datuk Lee Say Tshin's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

(v) **Sia Bee Keng**

Sia Bee Keng, a Malaysian female aged 65, is our Independent Non-Executive Director. She was appointed to our Board on 21 August 2023.

She graduated with Bachelor of Laws (Hons) from University Malaya in August 1983. She was admitted as an Advocate and Solicitor of the High Court of Malaya in March 1984 and has been a member of the Malaysian Bar since 1984.

She has over 39 years of experience in the legal profession. She completed her pupillage in L.S. Tan & Co. in March 1983 and commenced her legal career as a Legal Assistant in the firm, resigning from the firm in July 1984. She joined Nazri Aziz & Wong as a Legal Associate in August 1984. She was admitted as a Partner of the firm in January 1990 and has been practising in the firm since then. Throughout her working experience as a legal practitioner, she has been involved in, among others, financing documentation and land matters.

Please refer to Section 5.2.3 of this Prospectus for details of Sia Bee Keng's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

(vi) **Tung Fook Heng**

Tung Fook Heng, a Malaysian male aged 67, is our Independent Non-Executive Director. He was appointed to our Board on 21 August 2023.

He attained his A-Levels from the Associated Examining Board, United Kingdom in 1979 and obtained his Diploma in Accounting from The London Chamber of Commerce & Industry, United Kingdom in 1980. He was admitted as an Associate of the Chartered Institute of Management Accountants in 2017, entitled to hold and use the designation of Chartered Management Accountant as well as Chartered Global Management Accountant. In 2018, he was awarded ASEAN Chartered Professional Accountant. He was also admitted as a Chartered Accountant under the MIA in 2018 and obtained the MIA public practising certificate in 2022. He was also certified as Professional Member of the Institute of Internal Auditors Malaysia in 2022.

He began his career at Hewlett Packard Malaysia as an Assistant Accountant from 1981 until 1990. He joined Ferringhi Beach Hotel as a Finance Executive from 1991 to 1994. He joined Bayview Hotel in January 1995 as a Financial Controller until November 1995.

He joined Universal Furniture China in China as a Financial Controller in December 1995 where he was responsible for company's finance and accounting, human resources as well as purchasing and production quality assurance. He left the company in May 2001 and joined Lyman Agro Division in Indonesia as Group Financial Controller in June 2001 where his responsibilities were to monitor company's performance by overseeing all strategic business units and departments. He left the company in July 2009. He then joined PT Khaleda Agroprima Malindo in Indonesia as General Manager of Finance Department in August 2009. He was responsible for the company's finance and accounting, procurement as well as IT department. He also performed risk management and had oversight of good corporate governance practice in the company.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

He left the company in January 2019 and joined Honda Myanmar Company Limited in Myanmar in February 2019 as the Chief Financial Officer. He also performed the tasks of a group financial controller for the company to which he was responsible for the implementation of Environmental, Social and Governance (ESG), internal controls, risk management and digital transformation. He left the company in September 2019 and returned to Malaysia.

He joined TAR Riverwalk Sdn Bhd in October 2019 as a Finance Director where he was responsible for investment evaluations as well as asset management of the company. He left TAR Riverwalk Sdn Bhd in November 2021 and took a career break until December 2022. In January 2023, he was appointed as a Director of Mybizpartner Sdn Bhd which was involved in providing accounting, payroll and financial consulting services.

He is currently an Independent Non-Executive Director of Ni Hsin Group Berhad.

Please refer to Section 5.2.3 of this Prospectus for details of Tung Fook Heng's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.2.3 Principal directorships and principal business activities of our Directors outside our Group

Save as disclosed below, none of our Directors have any principal directorship and principal business activity performed outside our Group in the past 5 years up to the LPD:

(i) Dato' Dr. Tan Kee Kwong

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Malayan United Industries Berhad	Investment holding company. Its subsidiaries are involved in the business of retailing, hotels, food & confectionery, financial services and property development	Independent Non-Executive Director	3 January 2007	-	-	-
<u>Past involvement</u>						
Bayu Damai Sdn Bhd	Construction of building N.E.C.	Director	1 August 2018	27 October 2020	-	-
Lifestrands Genomics Sdn Bhd	Business of operating genomics and genetics laboratory in providing laboratory screening, diagnostic services and research and development	Independent Non-Executive Director	30 November 2016	30 July 2020	-	-
Solar Drop Box Sdn Bhd	Manufacture of other special purpose machinery N.E.C. (Dissolved on 12 September 2022)	Director and Shareholder	9 March 2021	Not applicable (Dissolved on 12 September 2022)	50.00	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
(ii) DDLSS						
<u>Present involvement</u>						
ACE Specialists	Investment holding with investment in our Company	Director and Shareholder	5 December 2017	-	65.64	-
Alphastem	To carry out the business of an investment holding company	Director and Shareholder	30 November 2016	-	79.11	-
Archestem Pte Ltd, Singapore	Acquisition and restructuring of biotech companies	Director and Shareholder	9 November 2015	-	40.00	-
Cartherics Pty Ltd, Australia	Development of novel, "off-the-shelf" (allogeneic) immune cell therapy products for the treatment of cancer	Director and Shareholder	15 December 2016	-	9.94	6.05 ⁽¹⁾
CLSS Medical Sdn Bhd	Business management consultancy services	Director and Shareholder	18 December 2019	-	50.00	-
CNPS Data Processing Sdn Bhd (formally known as CNPS Associates Sdn Bhd ⁽⁴⁾)	Data processing activities	Shareholder	-	-	0.35	-
Imax Land (Australia) Pty Ltd, Australia	Operation of land development	Director and Shareholder	27 April 2015	-	0.00012	-
Imax Land Sdn Bhd	Investment holding company (dormant)	Director and Shareholder	9 January 2012	-	80.00	-
Juara Leso Sdn Bhd	Property investment and letting of property	Director and Shareholder	21 July 2008	-	49.00	-
KLWC Hospitality Sdn Bhd*	Real estate activities with own or leased property N.E.C.; management of real estate on a fee or contract basis	Director	4 March 2022	-	-	100.00 ⁽²⁾

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
KL International Hospital*	Hospital with multidisciplinary specialist medical services	Director	7 October 2020	-	-	100.00 ⁽²⁾
KL Wellness City (H) Sdn Bhd	Business of real estate activities with own or leased property N.E.C.	Director	7 July 2020	-	-	100.00 ⁽²⁾
KL Wellness City	Property and healthcare related developer	Director and Shareholder	28 November 2016	-	86.94 ⁽³⁾	-
Maximum Chapter Sdn Bhd	Property investment and letting of property	Director and Shareholder	24 August 2010	-	50.00	-
<u>Past involvement</u>						
CNPS Data Processing Sdn Bhd (formally known as CNPS Associates Sdn Bhd ⁽⁴⁾)	Data processing activities	Director	7 September 2015	23 August 2023	-	-

Notes:

- * As at the LPD, the company is yet to commence its business operation.
- (1) Deemed interested by virtue of his shareholding in Archestem Pte Ltd.
- (2) Deemed interested by virtue of his shareholding in KL Wellness City pursuant to Section 8 of the Act.
- (3) In addition to his direct shareholdings, DDLSS also has shares in KL Wellness City pledged with Amsec Nominees (Tempatan) Sdn Bhd representing 2.49% equity interest in KL Wellness City.
- (4) On 29 August 2023, Naslim Sdn Bhd changed its name to CNPS Associates Sdn Bhd. Subsequently on 5 September 2023, CNPS Associates Sdn Bhd changed its name to CNPS Data Processing Sdn Bhd.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

(iii) DNPW

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
ACE Specialists	Investment holding with investment in our Company	Director and Shareholder	10 November 2022	-	16.04	-
Alphastem	To carry out the business of an investment holding company	Shareholder	-	-	15.89	-
Sanjai Jaya Sdn Bhd	Property development	Director and Shareholder	24 March 2000	-	66.66	-
<u>Past involvement</u>						
PW NG Medical Services Sdn Bhd	Specialised medical services	Director and Shareholder	27 October 2021	Not applicable (Dissolved on 29 August 2022)	100.00	-
P.W. NG Consultancy Sdn Bhd	Specialised medical services	Director and Shareholder	20 May 1992	Not applicable (Dissolved on 26 April 2021)	50.00	-

(iv) Datuk Lee Say Tshin

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Chen Guan M&E (Sarawak) Sdn Bhd	Construction of other engineering projects n.e.c.	Director	23 May 2023	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
CJ Century Logistics Holdings Berhad	Investment holding company. Its subsidiaries are involved in land and marine transportation, stevedoring and warehousing, providing total logistics solutions, courier services, logistics services, feed manufacturing, freight transportation, comprehensive total information technology services, storage, brokerage of forwarding transportation, forwarding services and warehouse and storage services	Independent Non-Executive Director	31 October 2016	-	-	-(1)(2)
Freedom Cap Sdn Bhd	Information technology and the internet (dormant)	Director	21 May 2018	-	-	-
IGB REIT Management Sdn Bhd	Manager of IGB Real Estate Investment Trust	Independent Non-Executive Director	1 November 2023	-	-	-
Kumpulan Brad Sdn Bhd	Property investment	Director / Shareholder	22 July 2010	-	33.00	-
LSL Venture Sdn Bhd	Wholesale of consumer goods	Shareholder	-	-	20.00	-
Luxhome Property Sdn Bhd	Property developers	Director	10 November 2014	-	-	-
Malaysia-China Business Council	To promote trading related activities	Director	3 September 2020	-	-	-
MALC Management Holdings Sdn Bhd	Construction of property development and property management	Shareholder	-	-	5.00	-
Padini Holdings Berhad	Investment holding company. Its subsidiaries are dealers of ladies' shoes and accessories, garments and ancillary products, children's garments and accessories and involved in the provision of management services and electronic commerce	Independent Non-Executive Director	1 July 2023	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
Permata CNA Development Sdn Bhd	Property developers	Shareholder	-	-	10.00	-
Promedius Sdn Bhd	Training and consultation services; employment and recruitment	Director / Shareholder	11 September 2019	-	25.00	-
Rich Province Sdn Bhd	Property development and management of agro and agriculture based business	Shareholder	-	-	10.58	-
Sage Legacy Sdn Bhd	Export and import palm oil	Director / Shareholder	13 April 2017	-	50.00	-
Susur Saujana Sdn Bhd	Export and import of sugar; consultancy services and rental of property	Director / Shareholder	2 May 2008	-	50.00	-
Urus Pasifik Sdn Bhd	Property investment	Shareholder	-	-	1.00	-
Virofuel (M) Sdn Bhd	Conversion of solid waste to alternative fuels (In the midst of winding up, expected to be completed by 2024)	Shareholder	-	-	13.55	-
<u>Past involvement</u>						
Amazing Enigma Sdn Bhd	The company has not commenced business	Director	2 March 2015	Not applicable (Dissolved on 7 October 2019)	-	-
Bos Wealth Management Malaysia Berhad	Establishment, management and distribution of unit trust funds; management of private investment mandates	Director	14 November 2014	29 November 2019	-	-
Global Project Engineering Holding Sdn Bhd	Dormant	Director	27 May 2013	Not applicable (Dissolved on 26 November 2019)	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
Meat Afdal Sdn Bhd	Export and import of meat n.e.c.	Director	17 February 2012	Not applicable (Dissolved on 6 July 2022)	-	-
Organica Biotech Sdn Bhd	Distribution of and trading in bio-organic products	Director	27 May 2016	25 March 2019	-	-
IOI Properties Group Berhad	Investment holding company. Its subsidiaries are involved in property development, property investments and hospitality and leisure	Director	22 August 2013	31 December 2022	-	-
Teletime Network Sdn Bhd	Wholesale of a variety of goods without any particular specialisation n.e.c.; construction of buildings n.e.c.	Director	15 September 2014	Not applicable (Dissolved on 13 November 2020)	-	-
Virofuel (M) Sdn Bhd	Conversion of solid waste to alternative fuels (In the midst of winding up, expected to be completed by 2024)	Director	18 July 2016	25 March 2019	-	-

Notes:

- (1) Deemed interested by virtue of the shareholdings of his son, Gary Lee Yung Hui pursuant to Section 8 of the Act.
- (2) Negligible

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

(v) Sia Bee Keng						
Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
NazriWong Sdn Bhd	Letting of commercial properties and related services	Director and Shareholder	28 April 1995	-	10.00	-
<u>Past involvement</u>						
-	-	-	-	-	-	-
(vi) Tung Fook Heng						
Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Mybizpartner Sdn Bhd	Accounting and corporate consultancy	Director	2 January 2023	-	-	-
Ni Hsin Group Berhad	Investment holding company. Its subsidiaries are involved in the manufacturing of premium stainless steel multi-ply cookware.	Independent Executive Director	10 January 2023	-	-	-
Pro Fit Outsourcing Bhd	To provide services relating to finance, payroll and treasury; corporate advisory and consultancy services	Director and Shareholder	2 January 2023	-	51.00	-
<u>Past involvement</u>						
-	-	-	-	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Our Executive Director, DDLSS, is not actively involved in any other principal business activities outside our Group. His involvement in the aforesaid companies is minimal. 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 contribution and daily ability to perform his roles and responsibilities to our Group.

Our Executive Director, DNPW, is not actively involved in any other principal business activities outside our Group. His involvement in the aforesaid companies is minimal and will not affect his contributions and daily ability to perform his roles and responsibilities to our Group.

In addition, the said involvement of our Executive Directors also does not give rise to any actual or potential conflict of interest situation with our business. Further details on conflict of interest situation is set out in Section 11 of this Prospectus. As such, our Board is of the view that although they are involved in other businesses as set out above, they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties as our Directors. Our Non-Executive Directors' involvement in other principal business activities outside our Group as stated above will not affect their ability to perform their commitment and responsibilities as well as their contribution to our Group in their respective roles as our Directors.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.2.4 Remuneration and material benefits-in-kind of our Directors

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2023 and proposed FYE 2024 are as follows:

Name	Directors' Fee		Salaries (RM'000)	Medical Fees (RM'000)	(1)Bonuses (RM'000)	(2)Statutory Contributions (RM'000)	Allowance (RM'000)	Benefits in- kind (RM'000)	Total (RM'000)
	(RM'000)	(RM'000)							
FYE 2023⁽³⁾									
Dato' Dr. Tan Kee Kwong	-	-	-	-	-	-	-	-	-
DDLSS	39	1,800	1,439 ⁽⁴⁾	-	343	-	-	-	3,621
DNPW	-	100	2,594 ⁽⁴⁾	-	4	-	-	-	2,698
Datuk Lee Say Tshin	-	-	-	-	-	-	-	-	-
Sia Bee Keng	-	-	-	-	-	-	-	-	-
Tung Fook Heng	-	-	-	-	-	-	-	-	-
Proposed to be paid for FYE 2024									
Dato' Dr. Tan Kee Kwong	⁽⁵⁾⁵⁴	-	-	-	-	-	6	-	60
DDLSS	-	2,565	2,060 ⁽⁴⁾	-	489	-	-	-	5,114
DNPW	-	240	2,630 ⁽⁴⁾	-	10	-	-	-	2,880
Datuk Lee Say Tshin	⁽⁵⁾⁴⁵	-	-	-	-	-	6	-	51
Sia Bee Keng	⁽⁵⁾⁴⁵	-	-	-	-	-	6	-	51
Tung Fook Heng	^{(5)49.5}	-	-	-	-	-	6	-	55.5

Notes:

(1) Bonuses for FYE 2024 are not included in the table above as such bonuses to our Executive Directors, if any, will be determined later subject to the recommendation of our Remuneration Committee and approval by our Board.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

- (2) *Including contributions to EPF and SOCSO.*
- (3) *All the remuneration and material benefits-in-kind for FYE 2023 (which are based on the audited financial statements for the FYE 2023) have been paid as at the LPD.*
- (4) *The medical fees payable to DDLSS and DNPW are for the provision of medical consultancy services by DDLSS and DNPW to Alpha KL and Genesis respectively.*
- (5) *The Directors' fees are pro-rated after taking into consideration the date of appointment of the Directors to our Board.*

The remuneration for our Directors (in his/her capacity as a director or as an employee) must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Director's fees and benefits must, if required, be approved by our shareholders at a general meeting. The remuneration for each of our Directors is subject to annual review by our Remuneration Committee.

5.3 BOARD PRACTICES

5.3.1 Board

Our Board is committed to inculcating good corporate governance practices in our Group from time to time in accordance with the practices and guidance based on the MCCG. Our Board believes that corporate governance is extremely important to the success of our Group's business.

Our Board has the overall responsibility for the long-term success of our Group and delivery of sustainable value to our stakeholders. Our Board must act with integrity, lead by example, keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of our Company. In discharging its fiduciary duties and responsibilities, our Board has adopted a charter which sets out, among others, the following:

- (i) Understand shareholders' expectations and contribute to the development of strategies of our Group in their best interest to enhance shareholders' value including taking into consideration the integration of strategies on environmental, social and governance;
- (ii) Identify the principal risks and key performance indicators of our Group's businesses, including sustainability risks, and ensure that appropriate systems are implemented to manage these risks;
- (iii) Review the adequacy and the integrity of our Group's risk management framework, internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (iv) Establish an effective risk management and internal control framework, determine our Group's level of risk tolerance and actively identify, assess and monitor key business risks;
- (v) Develop succession plan for Board members and key management;
- (vi) Ensure key management has the necessary skills and experience;
- (vii) Delegate certain responsibilities to the various Board Committees with clearly defined terms of reference to assist our Board in the discharge of its responsibilities;
- (viii) Ensure that financial statements are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements and approve financial statements for declaration to Bursa Securities on quarterly and annual basis;

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

- (ix) Oversee corporate governance and compliance matters;
- (x) Adopt performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the Group's business;
- (xi) Review and address sustainability risks including climate-related risks and opportunities in an integrated and strategic manner to support our Group's long-term strategy and success;
- (xii) Set corporate values and clear lines of responsibility and accountability that are communicated throughout our Group;
- (xiii) Ensure that the operations of our Group are conducted prudently within the framework of laws and policies;
- (xiv) Ensure that adequate framework and control systems are in place to safeguard the interests of our Group;
- (xv) Establish and review the Code of Conduct and Ethics, and together with management implements its policies and procedures, which include measures in managing conflict of interest, preventing the abuse of power, corruption, insider trading and money laundering to ensure high standards of integrity, ethics and corporate behavior in the conduct of business;
- (xvi) Establish, review and together with management implements Policies and Procedures on anti-money laundering and terrorism financing, anti-bribery and corruption as well as Whistleblowing;
- (xvii) Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate; and
- (xviii) Ensure that the company has in place procedures to enable effective communication with shareholders and stakeholders.

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office are as follows:

<u>Name</u>	<u>Age</u>	<u>Designation</u>	<u>Date of appointment as Director</u>	<u>Date of expiration of the current term in office</u>	<u>Approximate no. of years in office as at the LPD</u>
Dato' Dr. Tan Kee Kwong	77	Independent Non-Executive Chairman	21 August 2023	At the Annual General Meeting of our Company to be held in year 2024	Less than 1 year
DDLSS	66	Non-Independent Executive Director	10 February 2021	At the Annual General Meeting of our Company to be held in year 2026	3 years
DNPW	69	Non-Independent Executive Director	1 January 2023	At the Annual General Meeting of our Company to be held in year 2026	1 year 1 month
Datuk Lee Say Tshin	71	Independent Non-Executive Director	21 August 2023	At the Annual General Meeting of our Company to be held in year 2025	Less than 1 year

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

<u>Name</u>	<u>Age</u>	<u>Designation</u>	<u>Date of appointment as Director</u>	<u>Date of expiration of the current term in office</u>	<u>Approximate no. of years in office as at the LPD</u>
Sia Bee Keng	65	Independent Non-Executive Director	21 August 2023	At the Annual General Meeting of our Company to be held in year 2025	Less than 1 year
Tung Fook Heng	67	Independent Non-Executive Director	21 August 2023	At the Annual General Meeting of our Company to be held in year 2024	Less than 1 year

As at the LPD, our Company has adopted all the relevant recommended MCCG best practices in terms of the Board and Board Committee composition except having a Board comprising at least 30% women directors. In this regard, our Company endeavours to comply with such recommendation within two years following our Listing.

5.3.2 Audit and Risk Management Committee

The current members of our Audit and Risk Management Committee are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Tung Fook Heng	Chairman	Independent Non-Executive Director
Datuk Lee Say Tshin	Member	Independent Non-Executive Director
Sia Bee Keng	Member	Independent Non-Executive Director

The key duties and responsibilities of our Audit and Risk Management Committee are, among others, the following:

- (i) To review the appointment, compensation, performance, qualification and independence of the external auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services.
- (ii) To review and recommend the quarterly and annual financial statements for approval by the Board before the announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements.
- (iii) To conduct periodic reviews of the involvements of the Chief Executive Officer and Executive Directors in the companies outside of our Group, in which they have executive functions to ensure that it does not affect their role and responsibilities within our Group.
- (iv) To review and monitor any related party transaction/business dealings entered into by our Group and any conflict of interest situation and potential conflict of interest that arose, persist or may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts, in order to ensure that they are conducted on arms' length basis and based on terms that are fair to our Group.
- (v) To oversee and recommend the risk management framework, policies and procedures, strategies, key risk indicators, risk appetite and tolerance levels of our Group, and any proposed changes thereto, for the Board's approval.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

- (vi) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategies, operational, financial, compliance and sustainability risk.
- (vii) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks.
- (viii) To set reporting guidelines for the Management to report to the committee on the effectiveness of our Group's management of its business risks, and to review the risk profile of our Group and evaluate the measure taken to mitigate such business risks.
- (ix) To review the adequacy of the Management's response to issues identified in risk registers, ensuring that the risks are managed within our Group's risk appetite.
- (x) To perform the oversight function over the administration of whistleblowing policy that is approved and adopted by our Board and to protect the values of transparency, integrity, impartiality and accountability where our Group conducts its business and affairs.
- (xi) To enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds our Group's credibility to all the stakeholders.
- (xii) To oversee specific risk management concerns raised by the Management, amongst others, through review of the Management's periodic reports on our Group's risk exposures and the action plans established to mitigate the significant risks identified.
- (xiii) To prepare the annual Audit and Risk Management Committee report to our Board for inclusion in the Annual Report and to review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the Annual Report.
- (xiv) To review the Statement on Risk Management and Internal Control in the Company's Annual Report to ensure relevant information as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (xv) To do the following, in relation to the internal audit function:-
 - (a) Consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal.
 - (b) Review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
 - (c) Review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors.
 - (d) Consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings.
 - (e) Review and decide on the budget allocated to the internal audit function.
 - (f) Appraise or assess the performance of members of the internal audit function.
 - (g) Monitor the overall performance of the Company's internal audit function.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

- (h) To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the bylaws of ESOS of our Company, if any.
- (i) To report to relevant authorities on any matter reported by it to our Board which has not been satisfactorily resolved and resulting in a breach of any regulations.
- (j) To perform such other functions as may be requested by our Board.

5.3.3 Remuneration Committee

The current members of our Remuneration Committee are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Sia Bee Keng	Chairman	Independent Non-Executive Director
Datuk Lee Say Tshin	Member	Independent Non-Executive Director
Tung Fook Heng	Member	Independent Non-Executive Director

The key duties and responsibilities of our Remuneration Committee are, among others, the following:

- (i) To formulate and recommend a framework of remuneration for the Executive Directors and Key Senior Management for our Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain the Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including the Director's fees, salaries, allowances, bonuses, options and benefit-in-kind.
- (ii) To determine the remuneration of Executive Directors and Key Senior Management and at the expense of our Company, review, assess and recommend to our Board the remuneration packages in all forms, with other independent professional advice or outside advice as necessary. The remuneration package should be structured such that it is competitive.
- (iii) To review and recommend to our Board the remuneration packages of Non-Executive Directors, which shall be subject to shareholders' approval at the annual general meeting, based on the level of expertise, commitment and responsibilities undertaken.
- (iv) To recommend and advise our Board on the remuneration and terms of conditions (and where appropriate, severance payments) of our Executive Directors (including Group Managing Director).
- (v) To establish a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and Key Senior Management, taking into consideration the following:-
 - (a) In the case of Executive Directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual contribution, as well as Company's strategy and performance. In determining the appropriate level of remuneration for directors and senior management, our Board should also take into consideration the company's performance in managing material sustainability risks and opportunities.
 - (b) In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the non-executive concerned. The remuneration and incentives for INED shall not conflict with their obligations to bring objective and independent judgement to our Board.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

- (vi) Where possible, and allow it to meet its duties, the Remuneration Committee should seek comparative information on remuneration and conditions if service in comparable organisations, within and without sectors of industry.
- (vii) When considering severance payments, the Remuneration Committee should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that public opinion might deem to be excessive.
- (viii) To recommend the engagement of external professional advisors to assist and/or advise the Committee and our Board, on remuneration matters, where necessary.
- (ix) To carry out other responsibilities, functions or assignments as may be defined by our Board from time to time. Directors, whether executive or non-executive, should abstain from discussion and from participating in decisions of their own remuneration packages.

5.3.4 Nomination Committee

The current members of our Nomination Committee are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Datuk Lee Say Tshin	Chairman	Independent Non-Executive Director
Sia Bee Keng	Member	Independent Non-Executive Director
Tung Fook Heng	Member	Independent Non-Executive Director

The key duties and responsibilities of our Nomination Committee are, among others, the following:

- (i) To recommend and nominate new candidate(s) to our Board and Key Senior Management, contingent on satisfactory evaluation of the candidates based on the Company's Fit and Proper Policy, Conflict of Interest Policy and in the case of candidates for the position of Independent Non-Executive Directors ("**INED**") of the Company, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from INED.
- (ii) To recommend the Directors to sit on respective Board Committees.
- (iii) To make appropriate recommendations to our Board on matters of renewal or extension of Directors' term and re-election of retiring Directors, contingent on satisfactory evaluation of our Directors based on our Company's Fit and Proper Policy, and taking into consideration the current composition and the tenure of each Director on our Board.
- (iv) To consider, in making its recommendations, candidates for directorships and, within the bounds of practicability, by any other senior executive or any Director or Major Shareholder and to take steps to ensure that women candidates are sought as part of its recruitment exercise.
- (v) To assess directors and key senior management on an ongoing basis, taking into account the performance of each individual in managing our Group's material sustainability risks and opportunities.
- (vi) To assess the effectiveness of our Board as a whole, the Board Committees and the contribution of each individual Director via a formal and objective annual evaluation.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

- (vii) To identify and recommend the appropriate continuing education/training programmes for our Board members and key senior management, and facilitate induction programmes for newly appointed Board members.
- (viii) In developing its procedures and making recommendations to our Board, the Nomination Committee will take into account of:-
 - (a) the provisions in the Company's Constitution, the Companies Act 2016, the Bursa Malaysia Securities Berhad Listing Requirements and other laws and regulations, if any, in respect of the appointment, removal, etc of directors;
 - (b) the need for our Board to operate an open and transparent appointment process; and
 - (c) the overall structure, size, diversity (including gender diversity), composition and balance of the Board.
- (ix) To review succession planning of our Board, Board Committees and Key Senior Management.
- (x) Our Board, subject to the assessment of the Committee, shall provide justification and seek annual shareholders' approval at an Annual General Meeting through a two-tier voting process in accordance with Practice 5.3 of MCCG in the event it intends to retain an Independent Director, a person who has served in that capacity for a cumulative term of nine (9) years.
- (xi) To prepare and review the report of the Nomination Committee in accordance with Rule 15.08A(3) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

5.3.5 Management succession planning

We recognise the importance of management succession for business continuity. Hence, our Group has established the following with the aim of retaining our key management staff and at the same time, grooming our lower and middle management:-

- (i) identifying and grooming promising internal candidates by providing them structured career planning which includes continuous training to further develop their skills for leadership role within our Group;
- (ii) encouraging our lower and middle management staff to gradually assume the responsibilities of our key management personnel;
- (iii) providing competitive remuneration and employee benefits;
- (iv) implementing an employee's shares scheme pursuant to our Listing, subject to our shareholders' approval; and
- (v) if need to, recruiting new qualified and competent personnel with knowledge and expertise of our business to enhance our operations.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.4 KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

5.4.1 Key Senior Management's and Key Technical Personnel's shareholdings

The details of our Key Senior Management and Key Technical Personnel and their respective shareholdings in our Company before and after our IPO (assuming full subscription of the Issue Shares allocated for our Key Senior Management and Key Technical Personnel under the Pink Form Allocations) are as follows:

Name	Designation	Nationality	Before our IPO		After our IPO					
			Direct	Indirect	Direct	Indirect				
			No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%		
Key Senior Management										
DDLSS	<ul style="list-style-type: none"> • Group Managing Director • Medical Director of Alpha KL 	Malaysian	2,184,851,489	48.60	(3)587,978,541	13.08	1,653,058,442	34.01	(3)444,864,512	9.15
DNPW	Medical Director of Genesis	Malaysian	534,336,553	11.89	-	-	404,278,989	8.32	-	-
Siddhartha Mishra	Group Chief Operating Officer	Indian	-	-	-	-	(4) 3,330,000	^	-	-
Lee Soon Ai	Director of Operations of Alpha Singapore	Singaporean	572,572,648	12.74	-	-	433,208,415	8.91	-	-
Berlinda Ching Ching	Group Chief Financial Officer	Malaysian	-	-	-	-	(4) 650,000	^	-	-
Siska Dewanty Hernando	Group Business Development Manager	Indonesian	-	-	-	-	(4) 650,000	^	-	-
Key Technical Personnel										
Low Sin Yee	Group Chief Embryologist	Malaysian	-	-	-	-	(4) 1,000,000	^	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Notes:

[^] Negligible

(1) Based on the total number of 4,495,500,000 Shares prior to our IPO.

(2) Based on the enlarged total number of 4,860,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his shareholdings in ACE Specialists pursuant to Section 8 of the Act.

(4) Assuming the Key Senior Management and Key Technical Personnel fully subscribe for their respective entitlements under the Pink Form Allocation.

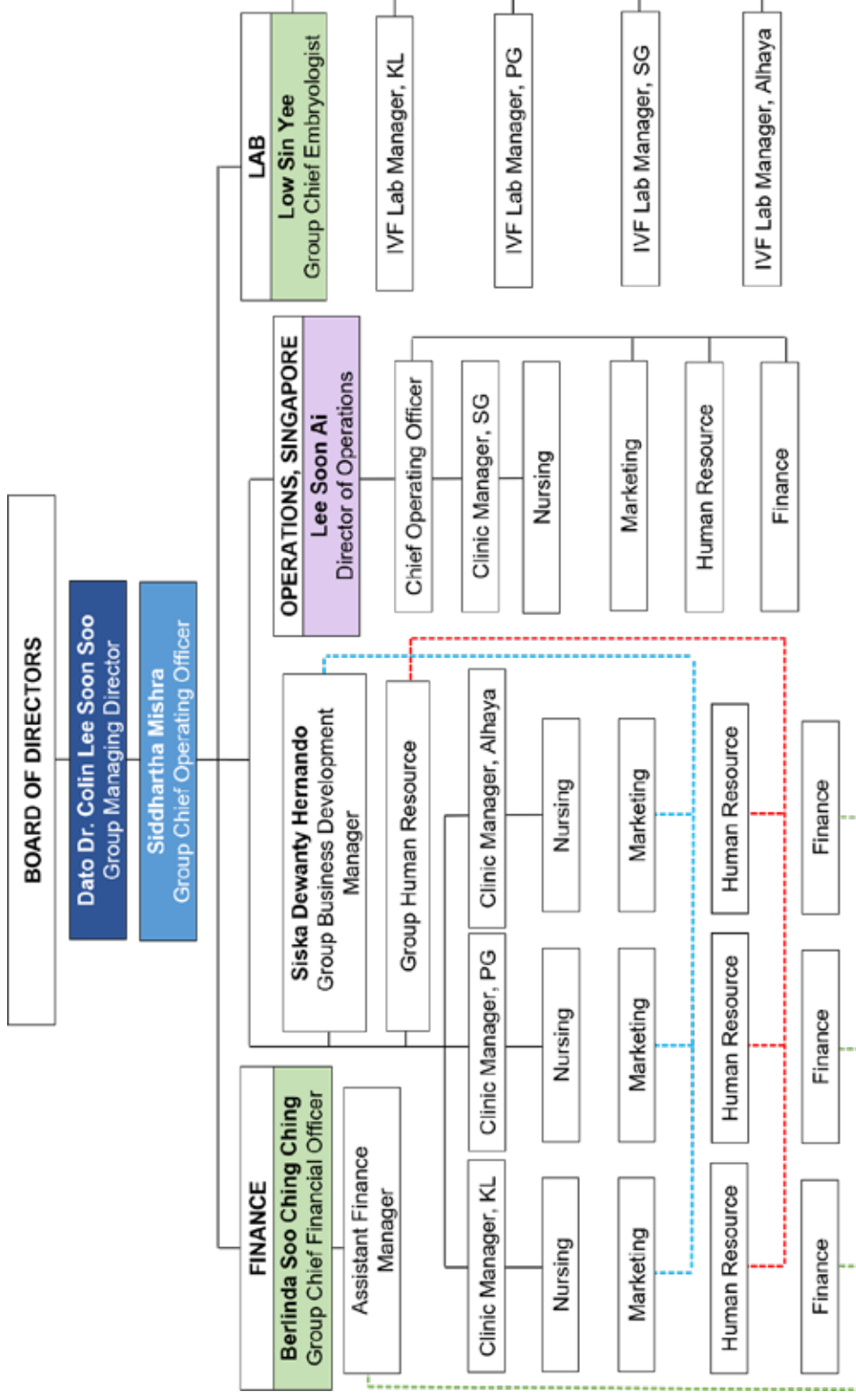
None of our Key Senior Management and Key Technical Personnel are representatives of any corporate shareholders.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.4.2 Management Reporting Structure

Our Group's management reporting structure is as follows:



5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.4.3 Profiles of our Key Senior Management and Key Technical Personnel

The profiles of DDLSS and DNPW are set out in Sections 5.2.2(ii) and 5.2.2(iii) of this Prospectus and the profiles of our other Key Senior Management and Key Technical Personnel are as follows:

(i) Siddhartha Mishra

Siddhartha Mishra, an Indian male aged 48, is our Group Chief Operating Officer. He is responsible to develop, establish and ensure adherence to operating policies and procedures of our Group.

He graduated with a Bachelor of Commerce from Guru Ghasidas University (now known as Guru Ghasidas Vishwavidyalaya), India in August 1997 and later obtained his Master of International Business from Devi Ahilya Vishwavidyalaya (formerly known as University of Indore), India in June 1999. He furthered his studies and obtained his Post Graduate Diploma in Hospital & Health Care Management from Symbiosis Centre of Health Care, India in May 2003. He also obtained a Master of Business Administration from Indian Institute of Technology Bombay and Washington University in St Louis in February 2017.

He began his career in the corporate relations department of Apollo Hospitals-Bilaspur, India as a Trainee Executive in October 2001. He was promoted to the position of Executive in April 2003 and Assistant Manager in July 2005. During his tenure with the Apollo Group, he was responsible for planning, designing & executing the Senior Citizen Health Plan, as well as coordinating patient care and information flow for Apollo Heart Plan. He led all aspects of operations for a multi-speciality 275-bed tertiary care private hospital. He was also pivotal in establishing large corporate relationships while also facilitating & organizing events, meets and conferences for greater brand visibility. He left the hospital in September 2005.

In October 2005, he joined Inlaks & Budhrani Hospital, M.N.Budhrani Cancer Institute & SVMC Heart Institute, India as General Manager. He was responsible for promoting hospital services & tertiary care medical services with an objective of improving profitability. He contributed to turning around the hospital operations, successfully achieving improved occupancy and increased revenue. He introduced the automation across the hospital operations, leading to reduced waiting time, improved revenue leakage and better monitoring & control. He also played a vital role in expansion of the operations by leading the initiative for establishing the heart institute. He left the hospital in July 2007.

In August 2007, he joined Institute of Naturopathy & Yogic Sciences, Manav Charitable Hospital & Jindal Charitable Hospital, India as Chief Operating Officer - Hospitals. His role included designing financial models to transform the hospital units into self-sustaining operations. He has also initiated and led the application of ISO certifications and improving the overall patient experience across the units. He left the hospital in November 2007.

In December 2007, he joined Apollo BSR Hospitals, India as General Manager. He managed teams of clinicians, admin and operational staff and improved quality outcomes for patients. He was responsible for preparing the business roadmap and driving the organic as well as inorganic expansion of the hospital. He structured the business units to allow each department to become an individual profit centre and was also involved in liaising with government stakeholders and corporate clients. He left the hospital in May 2008.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

In June 2008, he joined Quinnox Consultancy Services Limited, India as Project Manager. In November 2008, he was transferred to OHUM Healthcare Ltd, India, a company set up by the owner of Quinnox Consultancy Services Limited where he assumed the same position in the company. He was promoted to the position of Head of Business Consulting in November 2009 and Vice President – Clinical Transformation (Middle East, Africa) in September 2011 where he was responsible for developing hospital and healthcare technology start up involving internal and external stakeholders. He facilitated operational improvements and enhanced quality of patient care at client hospitals with transformational technologies. He also led the business in India and later expanding the business to US, Jordan, Turkey and Philippines. He left the company in November 2016.

In December 2016, he was appointed as Chief Executive Officer of SD Global Technologies Sdn Bhd (now known as Hati International Sdn Bhd) where he focused on development of new technology applications in healthcare & emerging technologies for other sectors. He was responsible for the strategy development across all core business functions. He left the company in October 2021.

In November 2021, he joined VMware Malaysia Sdn Bhd (a subsidiary of VMware, Inc.) as Industry Practice Director for Healthcare & Life Sciences for APJ (Asia Pacific & Japan). He was responsible in driving the business for health care providers, life sciences organizations, and pharmaceutical companies. He advised senior executives and hospital boards to invest in digital transformation programs within the hospitals, and also advised hospitals by introducing best practice from healthcare industry for the region. He also led large-scale consulting and transformation projects with Tier 1 consulting organizations to provide industry projections. He left the company in December 2023.

In January 2024, he joined Alpha IVF as our Group Chief Operating Officer where he assumed his current responsibilities.

He has no family relationship with the Promoters, Substantial Shareholders, Directors, Key Senior Management or Key Technical Personnel of our Group.

Please refer to Section 5.4.4 of this Prospectus for details of Siddhartha Mishra's principal business activities performed outside our Group as at the LPD.

(ii) Lee Soon Ai

Lee Soon Ai, a Singaporean female aged 71, is our Promoter, Substantial Shareholder and Director of Operations of Alpha Singapore.

She completed the Association of Chartered Certified Accountants (“ACCA”) course with Stamford College, Singapore in 1974 and obtained her Master of Business Administration (MBA) from Maastricht School of Management, Netherlands in September 1996. She was admitted as a Member of the ACCA in 1977 and as a Fellow Member of ACCA in September 1982. She was also admitted as a Registered Accountant under the Institute of Singapore Chartered Accountants in August 1983. She became a Chartered Accountant of Singapore in July 2013.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

She began her career as an Audit Assistant and was subsequently promoted to an Audit Manager at Heng Liang & Associates from 1973 to 1978. She was responsible for planning and organising teams for field audits. She then worked as the Chief Accountant in Robin Dredging (Pte) Ltd in Dubai, United Arab Emirates in 1978 where she oversaw the finance department. After completing her one-year contract with Robin Dredging (Pte) Ltd, she moved on to Salam Studio & Stores, which was a conglomerate in Doha, Qatar, as a Senior Accountant from 1979 to 1982 where she was in charge of the full set of accounts. While she was with Salam Studio & Stores, she co-founded Middle East Pest Control Services in Doha, Qatar.

In 1983, she worked as the Group Financial Controller and the Group Company Secretary of Exclusiv Auto Pte. Ltd in Singapore. She left the company in January 1987. From January 1987 to May 2007, she worked in the Housing and Development Board of Singapore where she was in charge of various portfolios such as financial and management reports, cash flow management, project feasibility studies, finance staff management, insurance risk management and systems development. Thereafter, she went for early retirement in May 2007. She resumed her career in July 2011 where she is a Consultant to Alpha KL. She provides value added services and directions to all departments of Alpha KL, such as finance department, operations team, human resources, laboratory and marketing department. In March 2020, she was appointed as Director of Operations in Alpha Singapore, where she oversees the administrative management and operations of non-medical and non-laboratory matters in Alpha Singapore.

Lee Soon Ai is the sister of DDLSS.

Please refer to Section 5.4.4 of this Prospectus for details of Lee Soon Ai's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

(iii) **Berlinda Soo Ching Ching**

Berlinda Soo Ching Ching, a Malaysian female aged 52, is our Group Chief Financial Officer. She oversees the accounting and finance operations of our Group. She has been entrusted to undertake the full spectrum of accounting and finance functions of our Group covering financial reporting, taxation, financial planning and management, corporate finance and treasury.

She graduated with a Bachelor of Business in Accounting from Charles Sturt University, Australia in September 1995. She is a Certified Practising Accountant under the CPA Australia (*previously known as Australian Society of Certified Practising Accountants*) since March 2002. She is also a qualified Chartered Accountant under the MIA since September 2007.

She has over 27 years of working experience in the industries of hospitality, education, courier and property development. She led the finance and accounting department as well as the operations, administration, treasury management, statutory reporting and compliance teams.

She began her career at Pricewaterhouse as an Audit Assistant in March 1996 and was subsequently promoted to a Senior Auditor in 1998, where she was involved in planning and administration of assignments. She left the firm in 1999.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

She joined Concorde Inn Sepang KLIA, a member of the Hotel Properties Limited (“HPL”) group as an Accountant in 1999. She was re-assigned and promoted several times within HPL group before leaving the group in April 2011. Her last position with the group was an Assistant Financial Controller in Concorde Hotel Kuala Lumpur, where she led a team of 15 members in the day-to-day running of the finance department (inclusive of credit control, information technology, purchasing and receiving) of the hotel.

In May 2011, she joined Kheng Hoe & Partners as a General Manager where she managed finance, human resources, administrative, information technology and marketing matters of the firm. She left the firm in July 2011 and took a short career break. She resumed her career in February 2012 as a Finance Manager in Deloitte Malaysia where she managed finance and administrative matters for Deloitte Malaysia and led the finance team in the systems, applications and products (SAP) and shared services units. She left Deloitte Malaysia in October 2012. In November 2012, she joined IACT College as a Finance Manager where she managed finance, treasury and administrative matters of the college. She left the college in October 2015 and joined ULearn Technology Sdn Bhd as a Finance and Admin Manager where she led the finance, administration and human resources departments to improve and execute operational processes. She left the company in May 2016.

She joined Airpak Express (M) Sdn Bhd in May 2016 as Finance Controller where she led the finance, human resources and administrative departments of the company. She left the company in October 2018.

Subsequently, she joined Nationwide Express Courier Services Bhd from October 2018 to December 2019 as the Group General Manager in finance, accounts & revenue assurance division, Mygres Ceramiche Sdn Bhd from January 2020 to November 2020 as the Finance Director and EcoFirst Consolidated Bhd from May 2021 to November 2022 as the Financial Controller, where she held positions with similar job functions and assumed similar responsibilities such as planning, reviewing and strategising operational processes.

In December 2022, she joined Alpha KL as the Chief Financial Officer. In September 2023, she was redesignated as the Group Chief Financial Officer of Alpha IVF where she assumed her current responsibilities.

She has no family relationship with the Promoters, Substantial Shareholders, Directors, Key Senior Management or Key Technical Personnel of our Group.

As at the LPD, she does not hold directorship in any private limited companies.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

(iv) Siska Dewanty Hernando

Siska Dewanty Hernando, an Indonesian female aged 43, is our Group Business Development Manager. She is responsible for developing growth strategy focused both on financial gain and market expansion as well as promoting Alpha IVF's products and/or services to address various clientele objectives.

She graduated with a Diploma in Marketing from the London Chamber of Commerce and Industry, United Kingdom in September 2000. She further graduated with a Bachelor Degree in International Business from the University of New Brunswick, Canada in May 2011.

She has over 17 years of experience in senior marketing and business development roles which covers the areas of sorting and analysing medical records from potential patients and coordinating referrals to related specialists for treatment recommendation, staff training and coaching to establish a modern working culture with patient-centric focus, led the marketing and business development by establishing business networks, formulating marketing strategies and organised events to drive business growth.

She began her career at PT Bluescope Lysaght in Indonesia as an Internal Sales from November 2002 to April 2004 where she was responsible for coordinating the sales team by managing schedules, communicating information to the sales team and coordinating work processes. She took a career break between May 2004 to January 2006. In February 2006, she joined Parkway Group Healthcare in Singapore as a Guest Relation Officer where she attended to and assisted international patients of the hospitals in Parkway Group Healthcare to ensure best service culture. She was promoted to a Medical Information Officer in March 2007 where she was responsible for achieving key performance indices in converting various medical inquiries from the group's regional offices, representatives as well as business partners into medical appointments with the relevant medical specialist in an efficient and timely manner. She left the group in June 2007.

She joined Orthopaedic International in Singapore in June 2007 as a Clinic Assistant where she was responsible for handling the appointment centre, managing patient flows in the clinic, providing assistance to the doctors in the consultation room during medical procedures and liaising with other stakeholders. In January 2010, she was promoted to a Marketing Manager where she coordinated and managed the marketing needs of the orthopaedic group both locally and internationally. She set up the company's website, coordinated marketing talks by the doctors and managed the referral base for the international patients. She left the group in January 2013.

She took a short career break and joined Alpha KL in May 2013 as a Deputy Centre Manager where she assisted Centre Manager in managing daily operational duties of Alpha KL. She left Alpha KL in December 2013 and joined The Beacon Laureate Sdn Bhd in January 2014 as an Operations Manager where she led the operation team in managing the daily operation. She left the company in August 2015.

In September 2015, she re-joined Alpha KL as Business Development Manager. In September 2023, she was redesignated as the Group Business Development Manager of Alpha IVF where she assumed her current responsibilities.

She has no family relationship with the Promoters, Substantial Shareholders, Directors, Key Senior Management or Key Technical Personnel of our Group.

Please refer to Section 5.4.4 of this Prospectus for details of Siska Dewanty Hernando's principal business activities performed outside our Group as at the LPD.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

(v) Low Sin Yee

Low Sin Yee, a Malaysian female aged 45, is our Group Chief Embryologist. She oversees the embryology team and their training.

She graduated with a Bachelor in Applied Biology (Biotechnology) from University of Science Malaysia, Penang in August 2003. She further graduated with a Degree of Master of Science in Clinical Embryology from University of Leeds, United Kingdom in November 2022.

She began her career at Damansara Women's Specialist Centre / Damansara Fertility Centre (*now known as TMC Fertility Centre*) as a Trainee Embryologist in May 2003 where she attended the trainee programme and thereafter assisted in setting up the IVF lab procedure. In April 2004, she was transferred to Tropicana Medical Centre (*now known as Thomson Hospital*) as an Embryologist pursuant to an internal restructuring in TMC Life Sciences Berhad. She was then promoted to a Senior Embryologist in April 2008, where she was responsible for setting up the IVF lab procedure as well as training the embryology team in the company. She left the company in March 2011.

She joined Alpha KL in May 2011 as an IVF Lab Manager where in addition to her responsibilities on training, she assisted in administrative start up work in the fertility centre. In January 2016, she was re-designated as Senior Embryologist, where she was responsible for training the embryology team. She left Alpha KL in October 2017 and joined IVF Nexus Sdn Bhd in November 2017 as a Senior Embryologist where her responsibilities included handling embryology services, assisting in all other aspects of the IVF laboratory, keeping abreast with reproductive technologies and techniques and training to the team. She left the company in February 2021.

She re-joined Alpha KL as a Senior Embryologist in February 2021 where she undertook comparable responsibilities to those she held before departing Alpha KL in 2017. In 1 June 2023, she was promoted to Group Chief Embryologist of Alpha KL. In 1 September 2023, she was redesignated as the Group Chief Embryologist of Alpha IVF where she assumed her current responsibilities.

She has no family relationship with the Promoters, Substantial Shareholders, Directors or Key Senior Management of our Group.

As at the LPD, she does not hold directorship in any private limited companies.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.4.4 Principal directorships and principal business activities of our Key Senior Management and Key Technical Personnel outside our Group

Save for the involvement of DDLSS and DNPW which are detailed in Section 5.2.3 and save as disclosed below, none of our Key Senior Management and Key Technical Personnel have any principal directorship and principal business activity performed outside our Group in the past 5 years up to the LPD:

(i) Siddhartha Mishra

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Sincere Acres Sdn Bhd	Holding company of Hati International Sdn Bhd, which is a healthcare IT and consulting company	Shareholder	-	-	1.99	-
<u>Past involvement</u>						
-	-	-	-	-	-	-

(ii) Lee Soon Ai

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
East Connect	Consultancy service	Sole Proprietor	12 May 2014	-	100.00	-
KL Wellness City	Property and healthcare related developer	Shareholder	-	-	0.58 ⁽¹⁾	-
<u>Past involvement</u>						
-	-	-	-	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

Notes:

(1) *In addition to her direct shareholdings, Lee Soon Ai also has shares in KL Wellness City pledged with Amsec Nominees (Tempatan) Sdn Bhd representing 0.02% equity interest in KL Wellness City. In addition, Lee Soon Ai holds 19.00% of RCCPS in KL Wellness City as at the LPD*

(iii) Siska Dewanty Hernando

Company	Principal activities	Position held	Date of appointment	Date of resignation	Equity interest held	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
My Capital City Sdn Bhd	Investment holding company. Its subsidiary is involved in the business of DNA testing services	Shareholder	-	-	0.44	-
<u>Past involvement</u>						
-	-	-	-	-	-	-

Our Board is of the view that the involvement of our Key Senior Management and Key Technical Personnel in business activities outside our Group, if any, will not affect their continued contributions to the day-to-day management of our Group and does not give rise to any actual or potential conflict of interest situation with our business, as:

- (a) the principal activities of these companies are not similar to our Group's business nor are they customers or suppliers to our Group; and
- (b) the management and day-to-day operations of these businesses or corporations are managed by the other shareholders or have their own independent management team.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.4.5 Remuneration and material benefits-in-kind of our Key Senior Management and Key Technical Personnel

Save as disclosed in Section 5.1.5 and 5.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Key Senior Management and Key Technical Personnel for services rendered in all capacities to our Group for FYE 2023 and proposed for FYE 2024 are as follows:

Name	Remuneration band	
	FYE 2023 (Actual)	FYE 2024 (Proposed to be paid)
	(RM'000)	(RM'000)
Siddhartha Mishra	-	250 - 300
Lee Soon Ai	450 - 500	500 - 550
Berlinda Soo Ching Ching	100 - 150	250 - 300
Siska Dewanty Hernando	200 - 250	200 - 250
Low Sin Yee	150 - 200	150 - 200

All the remuneration and material benefits-in-kind for FYE 2023 (which are based on the audited financial statements for the FYE 2023) have been paid as at the LPD. The remuneration package for our Key Senior Management and Key Technical Personnel (including bonuses, if any) is subject to the recommendation of our Remuneration Committee and approval by our Board.

5.5 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

Save as disclosed below, there are no other family relationships and/or association between any of our Directors, Promoters, Substantial Shareholders, Key Senior Management and Key Technical Personnel as at the LPD:

- (i) DDLSS, who is our Director, Promoter, Substantial Shareholder and Key Senior Management, is a brother of Lee Soon Ai.
- (ii) Lee Soon Ai, who is our Promoter, Substantial Shareholder and Key Senior Management, is a sister of DDLSS.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (CONT'D)

5.6 DECLARATIONS BY OUR DIRECTORS, PROMOTERS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

As at LPD, none of our Directors, Promoters, Key Senior Management and Key Technical Personnel is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
- (ii) such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

5.7 SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or Key Senior Management or Key Technical Personnel with our Group which provide for benefits upon termination of employment.

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6. INFORMATION OF OUR GROUP

6.1 OUR GROUP

6.1.1 Information on our Company

Our Company was incorporated in Malaysia under the Act on 10 February 2021 as a private limited company with the name of Alpha IVF Group Sdn Bhd and was subsequently converted to a public limited company on 21 August 2023.

We are principally an investment holding company and are engaged in the provision of management services. 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, our Group has two specialist centres in Malaysia and one specialist centre in Singapore which focuses on in-vitro fertilisation (IVF) services. In addition, our Group provides other assisted reproductive procedures including intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperms and embryos to support our assisted reproductive services. There has been no material change in the manner in which we conduct our business since the incorporation of our Company up to the LPD.

Please refer to Section 7.1 of this Prospectus for further information of our Group's history and background.

6.1.2 Corporate exercises

6.1.2.1 Internal restructuring exercise

We had in October 2022, completed the following restructuring exercises:-

(a) First Stage Restructuring

On 27 October 2022, Alpha IVF entered into the First Stage SSA with the First Stage Vendors for First Stage Restructuring for a total consideration of RM5,528,250.00, which was fully satisfied via issuance of 6,142,500,000 new Shares at an issue price of RM0.0009 per Share.

The total purchase consideration of RM5,528,250.00 for the First Stage Restructuring was on a "willing-buyer willing-seller" basis based on the cumulative paid-up share capital of Alpha KL, Alpha Singapore and Genesis as follows:

	Paid-up share capital
	RM
Alpha KL	3,334,547.63
Alpha Singapore	523,774.92
Genesis	1,669,927.45
	5,528,250.00

The allocation of the consideration was based on the collective PAT of Alpha KL, Alpha Singapore and Genesis from the months of June 2022 till August 2022 of RM13,092,170.00.

6. INFORMATION OF OUR GROUP (CONT'D)

The number of shares acquired by Alpha IVF from the respective First Stage Vendors in each of the abovementioned companies and number of new Shares issued to them pursuant to the First Stage Restructuring are as follows:

(i) Alpha KL

First Stage Vendors	Alpha KL		Consideration	
	No. of shares	%	RM	No. of new Shares
Alphastem	1,488,000	62.00	2,067,419.53	2,297,132,809
Lee Soon Ai	456,000	19.00	633,564.05	703,960,054
Dr. Leong Wai Yew	432,000	18.00	600,218.57	666,909,525
Dr. Tan Chong Seong	24,000	1.00	33,345.48	37,050,529
Total	2,400,000	100.00	3,334,547.63	3,705,052,917

(ii) Alpha Singapore

First Stage Vendors	Alpha Singapore		Consideration	
	No. of shares	%	RM	No. of new Shares
Alphastem	9,196,800	48.00	328,590.12	365,100,135
DDLSS	3,403,200	17.76	121,592.07	135,102,294
Lee Soon Ai	1,800,000	9.39	64,282.40	71,424,891
Dr. Leong Wai Yew	100,000	0.52	3,559.83	3,955,372
Dr. Lim Yong Kuei	80,000	0.42	2,875.25	3,194,725
Dr. Tan Chong Seong	50,000	0.26	1,779.92	1,977,686
DNPW	30,000	0.16	1,095.33	1,217,038
Total	14,660,000	76.51	523,774.92	581,972,141

(iii) Genesis

First Stage Vendor	Genesis		Consideration	
	No. of shares	%	RM	No. of new Shares
Alphastem	1,000,000	100.00	1,669,927.45	1,855,474,942

The First Stage Vendors have simultaneously entered into a shareholder agreement to reallocate the Shares received pursuant to the First Stage Restructuring among themselves based on the collective PAT of Alpha KL, Alpha Singapore and Genesis for the six months starting from the first day of the month following the IPO, subject to a 15% maximum upside and downside capping on the said collective PAT. However, the total shareholdings of the First Stage Vendors would not change pursuant to the reallocation of Shares. The reallocation of Shares will take place after 6 months from the date of our Listing and such reallocation will not effect the Shares held under moratorium by the First Stage Vendors.

6. INFORMATION OF OUR GROUP (CONT'D)

Prior to the completion of the First Stage Restructuring, Alphastem undertook a renunciation of 4,517,707,886 Shares it received in the First Stage Restructuring to DDLSS, DNPW and Dr. Lau Soon Yen ("**Alphastem Renunciation**") in the manner as follows:

Alpha IVF		
Shareholders	No. of Shares	(1) %
DDLSS	3,432,255,045	55.88
DNPW	825,686,349	13.44
Dr. Lau Soon Yen	259,766,492	4.23
Total	4,517,707,886	73.55

Note:

(1) Based on the total number of 6,142,500,001 Shares after the First Stage Restructuring.

The Alphastem Renunciation was made to DDLSS, DNPW and Dr Lau Soon Yen's based on a negotiated willing buyer-willing seller basis.

Upon completion of Alphastem Renunciation and First Stage Restructuring, the shareholders of Alpha IVF are as follows:

Alpha IVF		
Shareholders	No. of Shares	(1) %
DDLSS	3,567,357,340	58.08
DNPW	826,903,387	13.46
Lee Soon Ai	775,384,945	12.62
Dr. Leong Wai Yew	670,864,897	10.92
Dr. Lau Soon Yen	259,766,492	4.23
Dr. Tan Chong Seong	39,028,215	0.64
Dr. Lim Yong Kuei	3,194,725	0.05
Total	6,142,500,001	100.00

Note:

(1) Based on the total number of 6,142,500,001 Shares after the First Stage Restructuring.

Completion of the First Stage SSA in respect of the First Stage Restructuring took place simultaneously with its date of execution on 27 October 2022. Thereafter, Alpha KL and Genesis became wholly owned subsidiaries of Alpha IVF, and Alpha IVF holds 76.51% of the issued and paid-up capital of Alpha Singapore.

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6. INFORMATION OF OUR GROUP (CONT'D)

(b) Second Stage Restructuring

On 27 October 2022, simultaneously with the completion of the First Stage Restructuring, the Second Stage Purchasers entered into the Second Stage SSAs with the Second Stage Vendor (DDLSS) for the Second Stage Restructuring, separately, for a total purchase consideration of RM9,009,360.03, which was fully satisfied via cash.

The total purchase consideration of RM9,009,360.03 for the Second Stage Restructuring was arrived based on a “willing-buyer willing-seller” basis based on the targeted IPO price of RM0.18 per Share less 5% discount per annum prorated being holding cost from the date of purchase until the date of listing. Should the actual listing date be before or after the first anniversary of the Second Stage SSAs, the discount for holding cost will be adjusted to reflect the holding period. Such targeted price was based on the management’s estimated valuation of the Group and number of issued Shares then which was prior to the Share Consolidation. Nonetheless, such targeted IPO price would eventually be adjusted to the actual IPO price as described below.

Upon the Listing, the price per Share will be adjusted by such amount equivalent to the difference of the targeted IPO Price and the actual IPO price. Payment by any party pursuant to this shall be made to the other party within a period of 2 Market Days from the date on which the Listing takes place.

The number of Shares acquired by the respective Second Stage Purchasers from the Second Stage Vendor (DDLSS) are as follows:

Second Stage Purchasers	No. of Shares	(1) %	Consideration (RM)
DNPW	32,037,194	0.521	5,478,360.00
Dr. Leong Wai Yew	8,274,854	0.135	1,415,000.03
Lee Soon Ai	6,959,064	0.113	1,000,000.00
Dr. Lam Wei Kian	3,479,533	0.057	500,000.00
Dr. Tan Chong Seong	3,479,533	0.057	500,000.00
Siow Fei Foong	1,000,585	0.016	116,000.00
Total	55,230,763	0.899	9,009,360.03

Note:

(1) Based on the total number of 6,142,500,001 Shares after the First Stage Restructuring.

Completion of the Second Stage SSAs in respect of the Second Stage Restructuring took place simultaneously with its date of execution on 27 October 2022. Notwithstanding the completion of the Second Stage SSAs and Second Stage Restructuring, the adjustment to the price per share will be subject to adjustment post the Listing as described above as the price will be adjusted based on the actual IPO Price.

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6. INFORMATION OF OUR GROUP (CONT'D)

(c) Third Stage Restructuring

On 27 October 2022, simultaneously with the completion of the First Stage Restructuring and Second Stage Restructuring, the Third Stage Purchaser entered into the Third Stage SSA with the Third Stage Vendors for a total consideration of RM723,055.00, which was fully satisfied via issuance of new ordinary shares in the Third Stage Purchaser (“**ACE Share(s)**”) at an issue price of RM1.00 per ACE Share.

The total purchase consideration of RM723,055.00 or RM0.0009 per Share for the Third Stage Restructuring was arrived based on a “willing-buyer willing-seller” basis. Such consideration of RM0.0009 per Share was the issue price of the Shares issued to the First Stage Vendors pursuant to the First Stage Restructuring.

The number of Shares acquired by the Third Stage Purchaser from the respective Third Stage Vendors and the provisional entitlement of each of the Third Stage Vendors to the number of new ACE Shares issued to them pursuant to the Third Stage Restructuring are as follows:

Third Stage Vendors	Alpha IVF		Consideration	
	No. of Shares	⁽¹⁾ %	RM	No. of new ACE Shares
DDLSS	526,818,986	8.577	474,137	474,137
DNPW	128,841,087	2.098	115,957	115,957
Dr. Leong Wai Yew	101,870,963	1.658	91,684	91,684
Dr. Lau Soon Yen	38,964,974	0.634	35,068	35,068
Dr. Tan Chong Seong	6,376,162	0.104	5,739	5,739
Dr. Lam Wei Kian	521,930	0.008	470	470
Total	803,394,102	13.079	723,055	723,055

Note:

(1) Based on the total number of 6,142,500,001 Shares after the First Stage Restructuring.

The Third Stage Vendors have simultaneously entered into a shareholder agreement to reallocate the ACE Shares among themselves based on the collective PAT of Alpha KL, Alpha Singapore and Genesis for the six months starting from the first day of the month following the IPO, subject to a 15% maximum upside and minimum downside capping on the said collective PAT.

Completion of the Third Stage SSA in respect of the Third Stage Restructuring took place simultaneously with its date of execution on 27 October 2022.

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6. INFORMATION OF OUR GROUP (CONT'D)

6.1.2.2 Investment in Alhaya

Alpha KL had on 26 October 2022, subscribed for 1,099,730 shares in Alhaya, representing 43.07% equity interest in Alhaya for a cash consideration of RM1.00 per share in Alhaya. On 7 November 2022, Alpha KL acquired an additional 202,398 shares in Alhaya for RM1.00 per share from DDLSS, increasing its total equity interest in Alhaya to 51.00% ("**Alhaya Investment**").

The remaining 49.00% shareholding in Alhaya was held by Dr. Surinder Singh A/L Ranbir Singh, Chong Sook Lan, Dr. Haris Bin Hamzah, Serene Image Sdn Bhd, Cheong Wee Ban and Dr. Wan Syahirah Binti Yang Mohsin. On 28 June 2023, Dr. Surinder Singh A/L Ranbir Singh transferred his shares held in Alhaya to Dr. Wan Syahirah Binti Yang Mohsin, Cheong Wee Ban, Dr. Ong Kok Soon, Dr. Tan Chong Seong, Dr. Lam Wei Kian, Dominic Francis Lim Jern Jian and Brendan Francis Lim Jern Zhen. Thereafter, Dr. Surinder Singh A/L Ranbir Singh ceased to hold any shares in Alhaya. ("**Alhaya Transfer**").

The shareholders and their respective shareholdings in Alhaya before and after the Alhaya Transfer are as follows:-

<u>Shareholders</u>	<u>Before Alhaya Transfer (%)</u>	<u>After Alhaya Transfer (%)</u>
Alpha KL	51.00	51.00
Dr. Surinder Singh A/L Ranbir Singh	23.00	-
Dr. Wan Syahirah Binti Yang Mohsin	3.00	15.00
Cheong Wee Ban ⁽¹⁾	4.90	6.90
Chong Sook Lan ⁽¹⁾	6.10	6.10
Dr. Haris Bin Hamzah	6.00	6.00
Serene Image Sdn Bhd	6.00	6.00
Dr. Ong Kok Soon	-	3.00
Dr. Tan Chong Seong	-	2.00
Dr. Lam Wei Kian	-	2.00
⁽¹⁾ Dominic Francis Lim Jern Jian	-	1.00
⁽¹⁾ Brendan Francis Lim Jern Zhen	-	1.00

Note:

(1) Their shareholdings are only in the capacity of an investor.

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6. INFORMATION OF OUR GROUP (CONT'D)

6.1.3 Consolidation of Shares

We undertook a share consolidation of 6,142,500,001 existing Shares into 4,495,500,000 Shares, on the basis of 1.366366367 existing Shares into 1 Share. The Share Consolidation was effected on 7 August 2023. The purpose of the Share Consolidation is to rationalise the share capital to our Company by reducing the number of Alpha Shares issued in anticipation of our listing on the ACE Market of Bursa Securities. Our Promoters' and substantial shareholders' shareholdings in our Company after the Share Consolidation are as follows:

Name	Before Share Consolidation			After Share Consolidation		
	Direct		Indirect	Direct		Indirect
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
DDLSS	2,985,307,591	48.60	(3)803,394,102	13.08	2,184,851,489	48.60
DNPW	730,099,494	11.89	-	-	534,336,553	11.89
Lee Soon Ai	782,344,009	12.74	-	-	572,572,648	12.74
ACE Specialists	803,394,102	13.08	-	-	587,978,541	13.08
Dr. Leong Wai Yew	577,268,788	9.40	-	-	422,484,629	9.40
					(3)587,978,541	13.08

Notes:

- (1) Based on the total number of 6,142,500,001 Shares before the Share Consolidation.
- (2) Based on the total number of 4,495,500,000 Shares after the Share Consolidation but prior to the IPO.
- (3) Deemed interested by virtue of his shareholdings in ACE Specialists pursuant to Section 8 of the Act.

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6. INFORMATION OF OUR GROUP (CONT'D)

6.1.4 Share capital

As at the date of this Prospectus, our issued share capital is RM5,528,251.00, comprising 4,495,500,000 Shares.

Save as disclosed below, there has been no change in our issued share capital since the date of our incorporation up to the LPD:

Date	No. of Shares allotted	Consideration	Cumulative issued share capital	
			RM	No. of Shares
10 February 2021	1	Cash	1	1
27 October 2022	⁽¹⁾ 6,142,500,000	Otherwise than cash	5,528,251	6,142,500,001
7 August 2023	Share Consolidation	Otherwise than cash	5,528,251	4,495,500,000

Note:

(1) Issued pursuant to the First Stage Restructuring undertaken by our Company, further details of which are set out in Section 6.1.2.1 of this Prospectus.

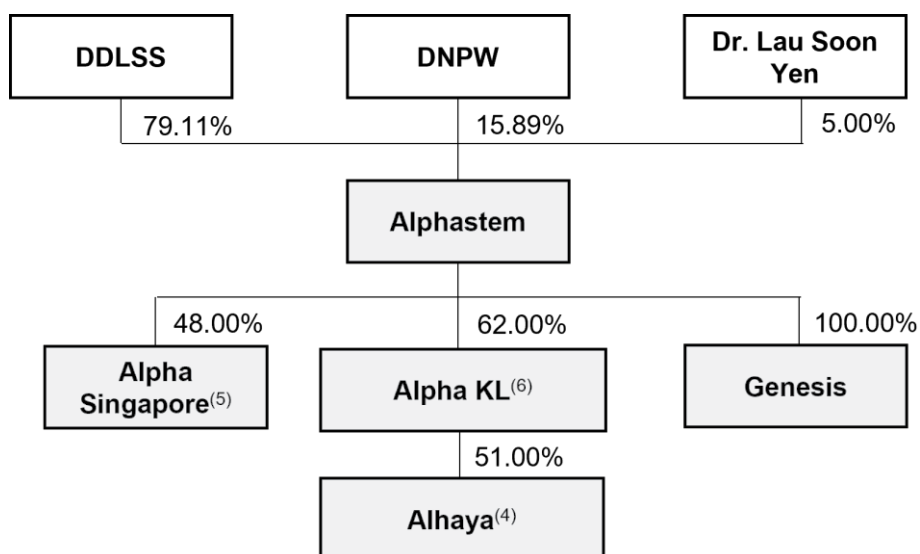
Upon the completion of our IPO, our enlarged issued share capital will increase to RM113,135,963 comprising 4,860,000,000 Shares.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

6.2 OUR GROUP STRUCTURE

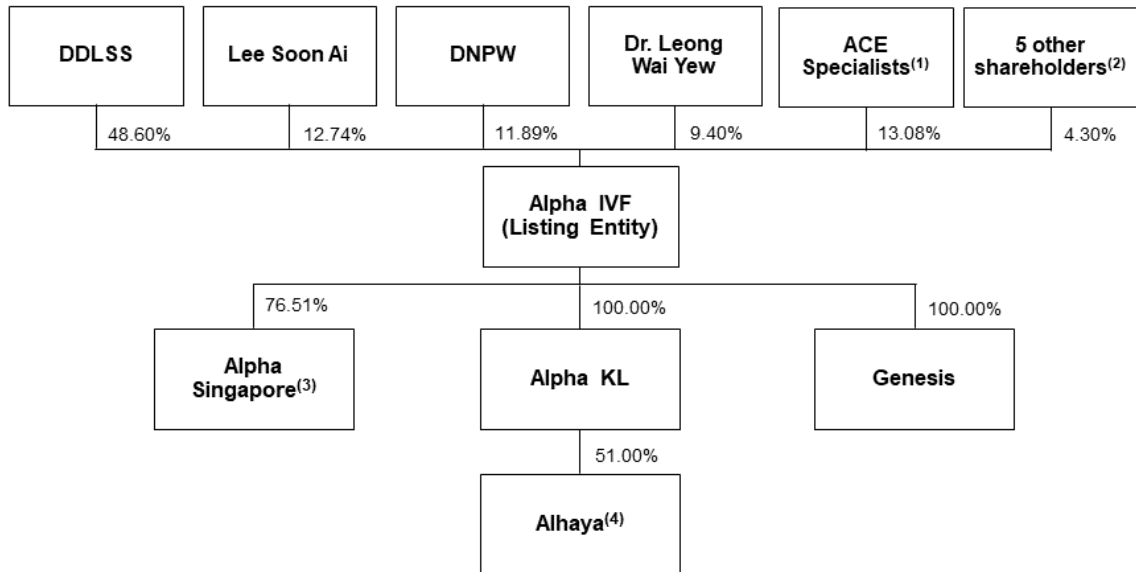
Our Group structure and shareholding structure before and after the Listing are as follows:

Before the internal restructuring exercise

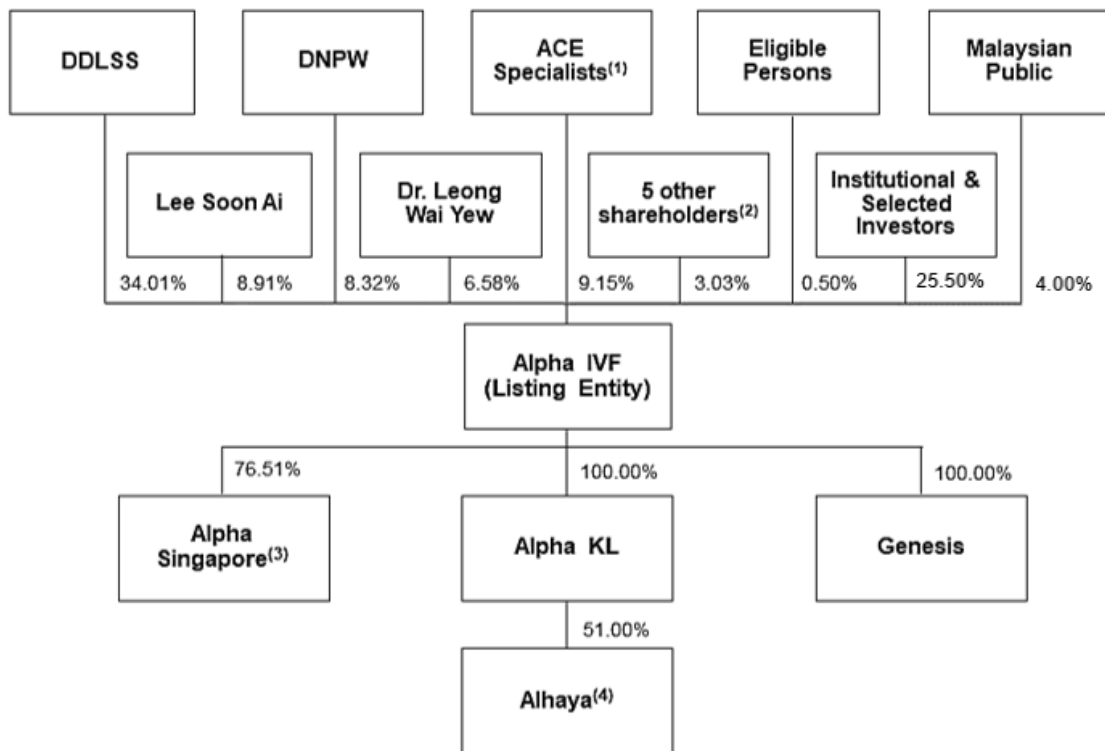


6. INFORMATION OF OUR GROUP (CONT'D)

After the internal restructuring exercise / Before Listing



After Listing



Notes:

(1) Kindly refer to Section 5.1.2(iv) of this Prospectus for the details of ACE Specialists.

6. INFORMATION OF OUR GROUP (CONT'D)

- (2) *The 5 other shareholders and their respective shareholdings in our Company before and after the Listing are as follows:*

<u>5 other shareholders</u>	<u>Before Listing (%)</u>	<u>After Listing (%)</u>
<i>Dr. Lau Soon Yen</i>	3.59	2.52
<i>Dr. Tan Chong Seong</i>	0.59	0.41
<i>Dr. Lim Yong Kuei</i>	0.05	0.04
<i>Dr. Lam Wei Kian</i>	0.05	0.04
<i>Siow Fei Foong</i>	0.02	0.02

- (3) *The remaining 23.49% shareholding in Alpha Singapore is held by Dr. Tan Heng Hao, a medical consultant of Alpha Singapore.*
- (4) *Please refer to Section 6.1.2.2 of this Prospectus for the remaining shareholders of Alhaya.*
- (5) *Before the internal restructuring exercise, the remaining 52.00% in Alpha Singapore was held by the following:-*

<u>Other shareholders</u>	<u>Shareholdings (%)</u>
<i>Dr. Tan Heng Hao</i>	23.49
<i>DDLSS</i>	17.76
<i>Lee Soon Ai</i>	9.39
<i>Dr. Leong Wai Yew</i>	0.52
<i>Dr. Lim Yong Kuei</i>	0.42
<i>Dr. Tan Chong Seong</i>	0.26
<i>DNPW</i>	0.16

- (6) *Before the internal restructuring exercise, the remaining 38.00% in Alpha KL was held by the following:-*

<u>Other shareholders</u>	<u>Shareholdings (%)</u>
<i>Lee Soon Ai</i>	19.00
<i>Dr. Leong Wai Yew</i>	18.00
<i>Dr. Tan Chong Seong</i>	1.00

6.3 OUR SUBSIDIARIES

Our Subsidiaries as at the LPD are as follows:

<u>Name / Registration No.</u>	<u>Date / Place of incorporation</u>	<u>Effective equity interest (%)</u>	<u>(1)Principal activities/ place of business</u>
Alpha KL 201101010321 (938460-K)	30 March 2011 Malaysia	100.00	Provision of assisted reproductive services / Malaysia

6. INFORMATION OF OUR GROUP (CONT'D)

Name / Registration No.	Date / Place of incorporation	Effective equity interest (%)	(1)Principal activities/ place of business
Alpha Singapore 201837990G	8 November 2018 Singapore	76.51	Provision of assisted reproductive services / Singapore
Genesis 201501023534 (1148863-U)	18 June 2015 Malaysia	100.00	Provision of assisted reproductive services / Malaysia
Alhaya 198501011182 (143634-W)	15 August 1985 Malaysia	51.00	Provision of assisted reproductive services / Malaysia

Note:-

(1) For information purposes, the principal activities of the subsidiaries based on their respective financial statements are as follows:-

Name	Principal activities
Alpha KL	Running a women's specialists centre and as medical consultants
Alpha Singapore	Running a women's specialist centre, as medical consultants and providing fertility treatments, women-related healthcare, and medical services.
Genesis	Providing specialised medical services
Alhaya	Providing fertility, gynaecological and obstetric treatment and related services

As at the LPD, we do not have any joint venture or associated company.

Further details of our Subsidiaries as at the LPD are set out below:

6.3.1 Alpha KL

Alpha KL was incorporated in Malaysia on 30 March 2011 under the Companies Act 1965 as a private limited liability company and is deemed registered under the Act.

The principal place of business of Alpha KL is G01, Ground Floor Encorp Strand Mall, Jalan PJU 5/22, Kota Damansara Petaling Jaya, 47810 Selangor. As at the LPD, the issued share capital of Alpha KL is RM2,400,000 comprising 2,400,000 ordinary shares. There is no change in the issued share capital of Alpha KL from FYE 2020 to FYE 2022 and up to the LPD.

Alpha KL is our wholly-owned subsidiary. As at the LPD, Alpha KL has one (1) subsidiary, Alhaya which Alpha KL holds 51% equity interest in Alhaya.

As at the LPD, the directors of Alpha KL are DDLSS and Lee Soon Ai.

As at the LPD, Alpha KL does not have any outstanding warrants, options, convertible securities and uncalled capital.

6. INFORMATION OF OUR GROUP (CONT'D)

6.3.2 Alpha Singapore

Alpha Singapore was incorporated in Singapore on 8 November 2018 under the Singapore Companies Act (Chapter 50) as a private limited liability company.

The principal place of business is 101 Irrawaddy Road, #12-07 to 14, Royal Square at Novena, Singapore 329565. As at the LPD, the issued share capital of Alpha Singapore is SGD1,000,000 comprising 19,160,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Alpha Singapore from FYE 2020 to FYE 2022 and up to the LPD:

Date	No. of Shares allotted	Consideration	Cumulative issued share capital	
			SGD	No. of Shares
18 July 2019	420,000	Cash	1,260,000	1,260,000
9 September 2019	840,000	Cash	2,100,000	2,100,000
12 September 2019	16,800,000	Otherwise than cash	2,100,000	18,900,000
29 November 2019	260,000	Cash	2,360,000	19,160,000
24 June 2021	Capital reduction	Cash	1,000,000	19,160,000

Alpha Singapore is our 76.51%-owned subsidiary. As at the LPD, Alpha Singapore does not have any subsidiary and associated company.

As at the LPD, the directors of Alpha Singapore are DDLSS, Lee Soon Ai and Dr. Tan Heng Hao.

As at the LPD, Alpha Singapore does not have any outstanding warrants, options, convertible securities and uncalled capital.

6.3.3 Genesis

Genesis was incorporated in Malaysia on 18 June 2015 under the Companies Act 1965 as a private limited liability company and is deemed registered under the Act.

The principal place of business of Genesis is Level 7, Unit L7-01, Gurney Paragon, 163D Persiaran Gurney, Georgetown 10250 Pulau Pinang. As at the LPD, the issued share capital of Genesis is RM1,000,000 comprising 1,000,000 ordinary shares. There is no change in the issued share capital of Genesis from FYE 2020 to FYE 2022 and up to the LPD.

Genesis is our wholly-owned subsidiary. As at the LPD, Genesis does not have any subsidiary and associated company.

As at the LPD, the directors of Genesis are DDLSS, DNPW and Dr. Haris bin Hamzah.

As at the LPD, Genesis does not have any outstanding warrants, options, convertible securities and uncalled capital.

6.3.4 Alhaya

Alhaya was incorporated in Malaysia on 15 August 1985 under the Companies Act 1965 as a private limited liability company with the name of Pantai – Pivet Laboratory Sdn Bhd and is deemed registered under the Act. It changed its name to Pivet Laboratory (Malaysia) Sdn Bhd, Subang Fertility Centre Sdn Bhd and Alhaya International Women's Specialists Sdn Bhd on 21 June 1986, 9 September 1997 and 12 July 2021, respectively.

6. INFORMATION OF OUR GROUP (CONT'D)

The principal place of business of Alhaya is KPJ Damansara Specialist Hospital 2, Kuala Lumpur. As at the LPD, the issued share capital of Alhaya is RM2,501,383.00 comprising 2,553,193 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Alhaya from FYE 2020 to FYE 2022 and up to the LPD:

Date	No. of Shares allotted	Consideration	Cumulative issued share capital	
			RM	No. of Shares
11 November 2020	67,860	Otherwise than cash	183,910	167,860
9 November 2021	67,860	Otherwise than cash	183,910	235,720
26 October 2022	2,317,473	Cash & otherwise than cash	2,501,383	2,553,193

Alhaya is our 51.00% owned subsidiary held through Alpha KL. As at the LPD, Alhaya does not have any subsidiary and associated company.

As at the LPD, the directors of Alhaya are DDLSS, DNPW and Dr. Haris Bin Hamzah.

As at the LPD, Alhaya does not have any outstanding warrants, options, convertible securities and uncalled capital.

6.4 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, we do not have any other material investments and/or divestitures for the Financial Periods Under Review and up to the LPD:

- (a) the Alhaya Investment which was funded via internally generated funds as detailed in Section 6.1.2.2 of this Prospectus; and
- (b) On 25 September 2019, Alpha KL subscribed for 26,000,000 RNCPS in KL Wellness City 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 the 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.

6.5 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the LPD, there were:

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) no public take-over offers by our Company in respect of other companies' shares.

6. INFORMATION OF OUR GROUP (CONT'D)

6.6 MATERIAL PROPERTIES

6.6.1 Properties owned by our Group

As at the LPD, we do not have any material property owned by our Group.

6.6.2 Properties rented by our Group

As at the LPD, the details of the material properties rented by our Group are set out below:

Tenant / Landlord	Postal address	Description/ Existing use	Tenure	Built-up area	Date of issuance of CF / CCC / CSC*	Rental per month
Malaysia						
1. Alpha KL / Encorp Strand Mall Sdn Bhd	Lots G01, G02 & G03, Ground Floor, Strand Mall, Jalan PJU 5/22, Encorp Strand, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor	3-storey shopping mall / Used for the operation of the office, healthcare facility, laboratories and wellness centre	15 January 2022 to 14 January 2025	26,221 sq ft	CCC dated 1 November 2016	RM57,686.20
2. Genesis / Hunza Properties (Penang) Sdn Bhd	L7.01, Level 7, Gurney Paragon Mall, Persiaran Gurney, 10250 Penang	21-storey commercial building / Used for the operation of a fertility and day care centre	1 January 2022 to 31 December 2024	11,931 sq ft	CF dated 29 April 2013	1 st year: RM36,747.48 2 nd and 3 rd year: RM40,422.23
3. Alhaya / Rawang Specialist Hospital Sdn Bhd	Level 3, KPJ Damansara Specialist Hospital 2, Bukit Lanjau, 60000 Kuala Lumpur	15-storey specialist hospital / To be used for the operation of a fertility centre ⁽¹⁾	12 May 2023 to 11 May 2026	5,560 sq ft	CCC dated 8 September 2020	RM26,410.00
Singapore						
4. Alpha Singapore / Ho Hup Novena Pte Ltd	101 Irrawaddy Road, #12-07 to 14, Royal Square at Novena, Singapore 329565	21-storey commercial building / Used for the operation of healthcare facility, laboratories and wellness centre	17 August 2022 to 16 August 2025	5,297 sq ft	CSC dated 27 March 2018	SGD44,494.80

6. INFORMATION OF OUR GROUP (CONT'D)

Note:

* 'CF' / 'CCC' / 'CSC' denotes certificate of fitness, certificate of completion and compliance, and its equivalent being the certificate of statutory completion in Singapore, respectively.

(1) Alhaya has not commenced operations at KPJ Damansara Specialist Hospital 2 as at the LPD. Alhaya has obtained an approval from the MOH for Alhaya to construct a private ambulatory care centre, pending the issuance of licence by the MOH. As at the LPD, the aforementioned specialist centre rented by Alhaya is under-going renovation and fit-out works and is expected to commence operations by first quarter of 2024.

6.7 MAJOR APPROVALS, LICENCES AND PERMITS

Details of the major approvals, licences and permits obtained by our Group for the operation of our business and the status of compliance as at the LPD are as set out below:

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
1.	Alpha KL	MOH	Licence to operate and to provide private ambulatory care centre known as "Alpha IVF & Women's Specialists (Kota Damansara)" with the following healthcare services and facilities: Type of Healthcare Services	Licence No.: 931005-00197-03/2023 Serial No.: 007014 & 020951	20 July 2023 / 24 July 2023 to 23 July 2025	Foreign equity participation is subject to the approval of the foreign equity participation committee in Private Healthcare Facilities and Services, MOH.	Complied.
			(i) ambulatory care services: gynaecology and reproductive health				
			(ii) support services: anaesthesia services, nursing, embryology laboratory, andrology laboratory, sterilisation				
			(iii) specialist outpatient services: gynaecology and reproductive health				

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
			Type of Facilities				
			(i) 2 operation rooms (minor)				
			(ii) 1 embryo transfer				
			(iii) 1 embryology laboratory				
			(iv) 1 andrology laboratory				
			(v) 2 recovery beds				
			(vi) 14 daycare beds				
			(vii) 1 mastubatorium room				
			(viii) 9 consultation rooms				
			(ix) 1 ultrasound room				
			(x) central sterile supply services (CSSU)				
			(xi) 11 counselling room				
			Person in charge:				
			DDLSS				
2.	Alpha KL	Petaling Jaya City Council	Trade, Business and Industrial Licence for clinical activities and placement of advertisements	Licence Account No.: L2540000608025	18 December 2023 / 1 January 2024 to 31 December 2024	Nil.	N/A
				Application No.: EL2540000610369			
3.	Alpha KL	Reproductive Technology Accreditation Committee ('RTAC')	RTAC licence as an RTAC accredited Assisted Reproductive Technology (ART) unit	N/A	27 April 2023 / 1 June 2023 to 31 May 2024	Nil.	N/A
4.	Alpha KL	Music Authors' Copyright Protection Berhad	Music licence for the public performance of copyrighted music	Licence No.: A0006383	5 December 2023 / 1 January 2024 to 31 December 2024	Nil.	N/A

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
5.	Alpha KL	Public Performance Malaysia Berhad	Music Copyright Licence	Application No.: C22004601	1 October 2023 / 1 October 2023 to 30 September 2024	Nil.	N/A
6.	Alpha KL	Recording Performers Malaysia Berhad	Music licence	Licence No.: LN-1001388	1 August 2023 / 1 August 2023 to 31 July 2024	Nil.	N/A
7.	Alpha KL	Personal Data Protection Commissioner	Certificate of Registration issued pursuant to the Personal Data Protection Act 2010	Registration No: UC-SB06082020-00006/1	19 August 2022 / 19 August 2022 to 18 August 2024	Nil.	N/A
8.	Alpha KL	Department of Occupational Safety and Health ("DOSH")	Certificate of Fitness under the Factories and Machinery Act 1967 for Autoclave Boiler -103/276 kilo pascal with 0.003 square metre heating surface, located at Lot G01, G02 & G03, Ground Floor, Strand Mall, Jalan PJU 5/22, Encorp Strand Kota Damansara 47810 Petaling Jaya, Selangor	Certificate No.: PMD-SL/23 342500	15 April 2023 / 15 April 2023 to 12 July 2024	Nil.	N/A
9.	Alpha KL	Medicine Advertisements Board ("MAB")	Certificate of Approval for advertisement on all media (except radio) using Malay language	Approval Serial No.: KKLIU 0091/2022	4 January 2022 / 4 January 2022 to 31 December 2024	Nil.	N/A
			Certificate of Approval for advertisement on all media (except radio) using English and Malay languages	Approval Serial No.: KKLIU 2154/2022	25 July 2022 / 25 July 2022 to 31 December 2024		

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
			Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: - KKLIU 3727/2022 - KKLIU 3728/2022 - KKLIU 3729/2022	23 December 2022 / 23 December 2022 to 31 December 2024		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: KKLIU 0221/2023	17 January 2023 / 17 January 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: KKLIU 0223/2023	18 January 2023 / 18 January 2023 to 31 December 2025		
			Certificate of Approval for advertisement on internet using English language	Approval Serial No.: KKLIU 0194/2023	20 January 2023 / 20 January 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: - KKLIU 0492/EXP 31.12.2025 - KKLIU 0493/EXP 31.12.2025	17 February 2023 / 17 February 2023 to 31 December 2025		
			Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: - KKLIU 0558/EXP 31.12.2025 - KKLIU 0559/EXP 31.12.2025 - KKLIU 0560/EXP 31.12.2025	22 February 2023 / 22 February 2023 to 31 December 2025		

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
			Certificate of Approval for advertisement on all media (except radio) using English, Chinese and Indonesian language	Approval Serial No.: KKLIU 0563/EXP 31.12.2025	23 February 2023 / 23 February 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using English language	Approval Serial No.: - KKLIU 1915 / EXP 31.12.2025 - KKLIU 1916 / EXP 31.12.2025	4 July 2023 / 4 July 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: - KKLIU 1917 / EXP 31.12.2025 - KKLIU 1918 / EXP 31.12.2025	4 July 2023 / 4 July 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: KKLIU 0068 / EXP 31.12.2026	4 January 2024 / 4 January 2024 to 31 December 2026		
			Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: KKLIU 0084 / EXP 31.12.2026	5 January 2024 / 5 January 2024 to 31 December 2026		
			Certificate of Approval for advertisement on radio using Malay language	Approval Serial No.: - KKLIU 0203 / EXP 31.12.2026 - KKLIU 0209 / EXP 31.12.2026	12 January 2024 / 12 January 2024 to 31 December 2026		
			Certificate of Approval for advertisement on radio using English language	Approval Serial No.: KKLIU 0894 / EXP 31.12.2025	5 April 2023 / 5 April 2023 to 31 December 2025		

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
			Certificate of Approval for advertisement on radio using English language	Approval Serial No.: KKLIU 0895 / EXP 31.12.2025	24 March 2023 / 24 March 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: KKLIU 1157 / EXP 31.12.2025	11 April 2023 / 11 April 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: KKLIU 1171 / EXP 31.12.2025	12 April 2023 / 12 April 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using English language	Approval Serial No.: - KKLIU 2399 / EXP 31.12.2025 - KKLIU 2405 / EXP 31.12.2025	4 September 2023 / 4 September 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using English language	Approval Serial No.: KKLIU 2642 / EXP 31.12.2025	29 September 2023 / 29 September 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using English language	Approval Serial No.: KKLIU 2805 / EXP 31.12.2025	12 October 2023 / 12 October 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Malay language	Approval Serial No.: - KKLIU 2988 / EXP 31.12.2025 - KKLIU 2990 / EXP 31.12.2025	25 October 2023 / 25 October 2023 to 31 December 2025		

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
			Certificate of Approval for advertisement on radio using Malay language	Approval Serial No.: - KKLIU 3269 / EXP 31.12.2025 - KKLIU 3274 / EXP 31.12.2025	22 November 2023 / 22 November 2023 to 31 December 2025		
			Certificate of Approval for advertisement on all media (except radio) using English and Malay languages	Approval Serial No.: KKLIU 3541 / EXP 31.12.2025	19 December 2023 / 19 December 2023 to 31 December 2025		
			Certificate of Approval for advertisement on radio using Chinese language	Approval Serial No.: KKLIU 3551 / EXP 31.12.2025	19 December 2023 / 19 December 2023 to 31 December 2025		

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
10.	Genesis	MOH	<p>Licence to operate and to provide private ambulatory care centre known as "Genesis IVF & Women's Specialist Centre" with the following healthcare services and facilities:</p> <p>Type of Healthcare Services</p> <ul style="list-style-type: none"> (i) ambulatory care services: reproductive health (ii) support services: anaesthesia services, nursing, embryology laboratory, andrology laboratory, sterilisation (iii) specialist outpatient services: obstetrics & gynaecology and reproductive health. <p>Type of Facilities</p> <ul style="list-style-type: none"> (i) 4 specialist clinics (ii) 4 counselling rooms (iii) 1 operation room (minor) (iv) 1 embryology laboratory (v) 1 andrology laboratory (vi) daycare wards (7 beds in open ward and 3 single-bedded rooms) 	<p>Licence No.: 930704-00155-03/2023</p> <p>Serial No.: 006961 & 020620</p>	<p>19 June 2023 / 24 June 2023 to 23 June 2025</p>	<p>Nil.</p>	<p>N/A</p>
11.	Genesis	Pulau Pinang City Council	<p>Business premise licence</p>	<p>Licence Account No.: KOM00009696</p> <p>Bill No.: LC2022072268</p>	<p>6 December 2023 / 6 December 2023 to 31 December 2024</p>	<p>Nil.</p>	<p>N/A</p>

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
12.	Genesis	DOSH	Certificate of Fitness under the Factories and Machinery Act 1967 for Autoclave Boiler 276 kilo pascal with 0.01 square metre heating surface, located at Level 7, Unit L7-01, Gurney Paragon, Jalan Kelawai, 10250, Pulau Pinang, Pulau Pinang	Certificate No.: PMD-PP/23121153	9 May 2023 / 9 May 2023 to 7 August 2024	Nil.	N/A
13.	Genesis	Personal Data Protection Commissioner	Certificate of Registration issued pursuant to the Personal Data Protection Act 2010	Registration No: UC-SB10082020-00006/1	8 September 2022 / 8 September 2022 to 7 September 2024	Nil.	N/A
14.	Genesis	MAB	Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: KKLIIU 2518/2022	30 August 2022 / 30 August 2022 to 31 December 2024	Nil.	N/A
			Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: - KKLIIU 2718/2022 - KKLIIU 2719/2022 - KKLIIU 2720/2022 - KKLIIU 2730/2022 - KKLIIU 2731/2022	13 September 2022 / 13 September 2022 to 31 December 2024		
			Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: KKLIIU 3586/2022	13 December 2022 / 13 December 2022 to 31 December 2024		
			Certificate of Approval for advertisement on website using English language	Approval Serial No.: KKLIIU 0338 / EXP 31.12.2025	28 February 2023 / 28 February 2023 to 31 December 2025		

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
15.	Alhaya	Personal Data Protection Commissioner	Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: KKLIU 1593 / EXP 31.12.2025	25 May 2023 / 25 May 2023 to 31 December 2025		
			Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: KKLIU 1437 / EXP 31.12.2025	15 May 2023 / 15 May 2023 to 31 December 2025		
			Certificate of Approval for advertisement on all media (except radio) using English language	Approval Serial No.: KKLIU 2803 / EXP 31.12.2025	12 October 2023 / 12 October 2023 to 31 December 2025		
15.	Alhaya	Personal Data Protection Commissioner	Certificate of Registration issued pursuant to the Personal Data Protection Act 2010	Registration No.: UH-SB06072023-01041	23 August 2023 / 23 August 2023 to 22 August 2025	Nil.	N/A
16.	Alpha Singapore	Ministry of Health Singapore	License to provide a licensable healthcare service - Outpatient Medical Service with the mode of service delivery as permanent premises, and to carry out the specified service - Endoscopic Service as part of its Outpatient Medical Service	Licence No.: L/19M0262/MDS/002/232	21 September 2023 / 21 September 2023 to 20 September 2025	Nil.	N/A
17.	Alpha Singapore	Ministry of Health Singapore	License to provide a licensable healthcare service - Outpatient Medical Service with the mode of service delivery as temporary premises ⁽¹⁾	Licence No.: T/19M0262/MDS/003/232	21 September 2023 / 21 September 2023 to 20 September 2025	Nil.	N/A
18.	Alpha Singapore	Ministry of Health Singapore	License to provide a licensable healthcare service - Outpatient Medical Service with the mode of service delivery as remote delivery ⁽¹⁾	Licence No.: R/19M0262/MDS/004/232	21 September 2023 / 21 September 2023 to 20 September 2025	Nil.	N/A

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Company	Issuing authority	Type of approvals/ licences/ permits	Registration/ Certificate/ Permit no.	Date of issue / Valid period	Major conditions imposed	Compliance status
19.	Alpha Singapore	Ministry of Health Singapore	Medical Clinic license to operate a medical clinic, Alpha Women's Specialists ⁽²⁾	Licence 19M0340/02/215 No.:	6 December 2021 / 24 December 2021 to 23 December 2026 Nil.	Nil.	N/A
20.	Alpha Singapore	Ministry of Health Singapore	License to provide a licensable healthcare service - Assisted Reproductive Service with the mode of service delivery as permanent premises, and to carry out the specified service - PGT-M/SR as part of its Assisted Reproductive Service	Licence L/19M0262/ARS/002/232 No.:	21 September 2023 / 21 September 2023 to 20 September 2025 Nil.	Nil.	N/A
21.	Alpha Singapore	RTAC	RTAC licence as an RTAC accredited Assisted Reproductive Technology (ART) unit	N/A	30 August 2023 / 30 August 2023 to 31 August 2025 Nil.	Nil.	N/A
22.	Alpha Singapore	National Environmental Agency	Ultrasound Machine Licence under the Radiation Protection Act authorising to have in possession a non-ionising radiation irradiating apparatus for the purpose of medical diagnostic.	N2/12373/0004	16 January 2023 / 20 January 2023 to 16 March 2024 Nil.	Nil.	N/A

Note:

- (1) *There has been a change from the repealed PHMC Act, where healthcare providers were licensed based solely on physical premises. These licences are now issued to Alpha Singapore under the HCSA for various modes of service delivery used to provide licensable healthcare services. Please refer to Section 6.8.2 of this Prospectus for further information of regulatory requirements governing our Group in Singapore*
- (2) *While this licence was issued under PHMC Act, it will only be renewed under HCSA upon expiry of the same. Please refer to Section 6.8.2 of this Prospectus for further information of regulatory requirements governing our Group in Singapore.*

The aforementioned approvals, licences and permits held by our Group are subject to periodic or annual renewal. Our Group will commence the renewal process of the aforementioned approvals, licences and permits immediately upon the opening of the renewal period. Furthermore, our Group has not experienced any difficulties in renewing its approvals, licences and permits in the past and have not experienced, nor do we anticipate any major difficulties in obtaining the respective approvals and renewals within the respective validity period which may impact our Group's business operations.

6. INFORMATION OF OUR GROUP (CONT'D)

6.8 MATERIAL REGULATORY REQUIREMENTS

Our business operations in Malaysia and Singapore are regulated and governed by laws and regulations in Malaysia and Singapore. The following is an overview of the regulatory requirements governing our Group which are material to our business operations. As at the LPD, save for the past non-compliances by our Group as disclosed in Section 6.9 of the Prospectus, our Group complies with the material regulatory requirements as disclosed in the Prospectus.

6.8.1 Malaysia Legislation

(a) Private ambulatory care centre

Private ambulatory care centres are regulated by MOH in accordance with Private Healthcare Facilities and Services Act 1998 (“**PHFSA**”) and its relevant regulations, including Private Healthcare Facilities and Services (Private Hospitals and Other Private Healthcare Facilities) Regulations 2006 (“**Private Hospital Regulation**”).

Under PHFSA, no one shall establish or maintain any private healthcare facilities including amongst others, a private hospital, a private psychiatric hospital, a private ambulatory care centre, a private nursing home and any other private healthcare facility or service or health related service as the MOH may specify, from time to time, by notification in the Gazette without an approval or a licence being granted by the Director General of Health of Malaysia (“**DGHM**”).

The term “private ambulatory care centre” is defined under PHFSA as any premises, other than a government ambulatory care centre, private medical clinic or private dental clinic, primarily used or intended to be used for the purpose of performing any procedure related to the practice of medicine in any of its disciplines or any dental procedure and with continuous relevant private healthcare services, including nursing services whenever a patient is in the premises, and in which healthcare, beds or other accommodation for the stay of anyone patient for a period of not more than 23 hours is provided and from which patients are either discharged in an ambulatory condition without requiring constant or continuous care or supervision and without danger to the continued well-being of the patient or transferred to a hospital.

In addition, PHFSA requires the licensee of a private healthcare facility or service to establish a Medical Advisory Committee whose members shall be registered medical practitioners representing all medical practitioners practising in the facility or service to advise the board of management, the licensee and person in charge on all aspects relating to medical practice.

A person who establishes, maintain, operate or provide any private healthcare facility or private medical clinic without a licence or certificate of registration from the DGHM shall commit an offence under the PHFSA. Failure to comply with the registration requirement under Section 5 of the PHFSA will result in a fine not exceeding RM500,000 and for a continuing offence, to a fine not exceeding RM5,000 for every day which the offence continues after conviction. Further, where such offence is committed by a body corporate, the person responsible for the body corporate shall also be guilty of the offence and be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding six (6) years or to both and for a continuing offence, to a fine not exceeding RM1,000 for every day which the offence continues after conviction.

(b) Medical practitioner

A medical practitioner is required to register with the Malaysian Medical Council in order to practice medicine in Malaysia pursuant to the Medical Act 1971 (“**MA 1971**”).

6. INFORMATION OF OUR GROUP (CONT'D)

Pursuant to the MA 1971, any fully registered person who desires to practise as a medical practitioner after the 31st day of December of any year shall, not later than the 1st day of December of that year, make an application for a certificate to practise as a medical practitioner during the ensuing year. Upon such application, the Registrar of Medical Practitioner shall issue a certificate (to be styled "annual practising certificate") authorising the applicant to practise as a medical practitioner during the year for which the certificate is issued. Any fully registered person who fails to apply for an annual practising certificate within the period stipulated under the MA 1971, may on making an application in such form and on payment of such additional fee, be granted an annual practising certificate for the ensuing year. As at the LPD, our consultants and medical officers hold and maintain valid annual practising certificate.

It is also provided under the MA 1971 that no person whose name has not been entered into the register shall practise as a specialist in that specialty. Any person who practices without registration with the Malaysian Medical Council shall be subjected to the disciplinary jurisdiction of the Malaysian Medical Council.

(c) Ancillary laws and regulations

Private healthcare providers in Malaysia are also subject to other ancillary laws and regulations which include, amongst others, the following:

- (i) The Medicines (Advertisement and Sale) Act 1956 and its relevant regulations and guidelines including, Medicine Advertisements Board Regulations 1976 and the Advertising Guidelines for Healthcare Facilities and Services regulates the advertisement and dissemination of information in relation to healthcare matters to general public. The information provided in the advertisements must be factually accurate and capable of being substantiated. It must not be exaggerated, false, misleading or deceptive. The authenticity and the accuracy of the information imparted in the advertisements should be verifiable by the Medicine Advertisements Board;
- (ii) Approvals, permits and licences are also required for the premises, facilities and use of equipment of private hospitals which include, among others:
 - (a) certificate of fitness to occupy building by the local authority;
 - (b) fire certificate by the Fire Department in accordance with the Fire Services Act 1998 and Fire Services (Fire Certificate) Regulations 2011;
 - (c) certificate of fitness by the Department of Occupational Safety and Health Malaysia in accordance with the Factories and Machinery Act 1967 and Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970;
- (iii) The Prevention and Control of Infectious Diseases Act 1988, which regulates the surveillance and disease control and prevention activities;
- (iv) The Allied Health Profession Act 2016 ("**AHPA 2016**"), which applies to the profession of allied health, namely any profession which has a direct or an indirect effect on patient care or on the health of an individual or the population, as set out in the Second Schedule to the AHPA 2016. AHPA 2016 complements the MA 1971 which regulates medical practitioners;
- (v) The Environmental Quality Act 1974 and its relevant regulation, Environmental Quality (Scheduled Wastes) Regulations 2005 which controls the disposal of the clinical waste arising from medical, nursing or similar practices; and

6. INFORMATION OF OUR GROUP (CONT'D)

- (vi) The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions and to provide for matters connected therewith and incidental thereto.

6.8.2 Singapore Legislation

(a) Private Hospitals and Medical Clinics Act 1980 of Singapore (“PHMC Act”)

The Ministry of Health of Singapore is the regulatory authority tasked with administering and overseeing healthcare institution licensing compliance. Broadly, there are four (4) types of licences issued by the MOH, which are private hospitals, medical clinics, clinical laboratories and healthcare establishments.

Under Section 5(1) of the PHMC Act, no premises or conveyance shall be used as a private hospital, medical clinic, clinical laboratory or healthcare establishment except under the authority and in accordance with the terms and conditions of a licence issued by the Director of Medical Services. Section 5(2) of the PHMC Act provides that if a private hospital, medical clinic, clinical laboratory or healthcare establishment is not licenced or is used otherwise than in accordance with the terms and conditions of its licence, every person having the management or control thereof shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding two (2) years or to both.

(b) Private Hospitals and Medical Clinics Regulations of Singapore (“PHMC Regulations”)

The PHMC Regulations sets out the obligations of all licensees under the PHMC Act which all licensees must comply with in respect of any matter relating to the management, operation, maintenance or use of any private hospital, medical clinic, clinical laboratory or healthcare establishment. Section 60 of the PHMC Regulations provides that any person who contravenes any of the provision of the PHMC Regulations or who fails to comply with any direction issued by the Director under the PHMC Regulations shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000 or to imprisonment for a term not exceeding twelve (12) months or to both.

A Medical Clinic License is issued by the Ministry of Health of Singapore to operate a medical clinic in Singapore. A Special Care Services licenses is required for a holder of Medical Clinic License intending to establish any special care service as specified in the Third Schedule of the PHMC Regulations. The special care services specified in the Third Schedule of the PHMC Regulations relevant to the scope and nature of our medical clinics in Singapore are:-

- (i) assisted reproduction services; and
- (ii) pre-implantation genetic testing for monogenic or single gene defects and pre-implantation

All our medical clinics in Singapore hold licences issued by the Ministry of Health of Singapore which are subject to the provisions of the PHMC Act, the PHMC Regulations and any directions or guidelines as may be given or issued from time to time by the Director of Medical Services (“DMS”).

6. INFORMATION OF OUR GROUP (CONT'D)

(c) Healthcare Services Act 2020 (“HCSA”)

The HCSA has replaced the repealed PHMC Act on 18 December 2023.

Under Section 8(1) of the HCSA, a person must not provide a licensable healthcare service (“LHS”) unless that person is authorised by a licence under the HCSA or is exempt under the HCSA in relation to that LHS. Under Section 8(2) of the HCSA, if a person contravenes Section 8(1) of the HCSA, the person shall be guilty of an offence and liable on conviction (a) to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 2 years or to both, (b) if the person has any previous qualifying conviction, to a fine not exceeding \$200,000 or to imprisonment for a term not exceeding 2 years or to both.

Under Section 9(1) of the HCSA, a licensee must not provide a LHS (i) at any permanent premises in Singapore that is not an approved permanent premises, (ii) use any conveyance that is not an approved conveyance or (iii) by another service delivery mode that is not approved under the HCSA, for the provision of the LHS. Section 9(2) of the HCSA provides that if a licensee contravenes Section 9(1) of the HCSA, the licensee shall be guilty of an offence and shall be liable on conviction (a) in the case of a first offence, to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 12 months or to both; and (b) if the licensee has a previous qualifying conviction, to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

Under Section 9A of the HCSA, any specified service for the LHS requires approval for the provision of the specific services. A licensee that contravenes subsection (2) shall be guilty of an offence and shall be liable on conviction (a) to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 2 years or to both; and (b) in the case of a second or subsequent offence, to a fine not exceeding \$200,000 or to imprisonment for a term not exceeding 2 years or to both.

There is no material impact on the business operations and financial performance of Alpha Singapore in respect of the replacement of PHMC Act to HCSA in Singapore on 18 December 2023.

(d) Healthcare Services (General) Regulations 2021 (“HSCA Regulations”)

The HSCA Regulations sets out the obligations of all licensees under the HCSA, including matters relating to the license, and the premises, conveyances and equipment of the licensee, prescription of medicinal and health products and service standards of the licensee, which all licensees must comply. Section 50 of the HSCA Regulations provides that any person who contravenes the regulations stated therein shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 12 months or to both, and in the case of a continuing offence, to a further fine not exceeding \$1,000 for every day or part of a day during which the offence continues after conviction.

Please refer to Section 6.7 of this Prospectus on the major approvals, licences and permits obtained by our Group for the operation of our business.

6. INFORMATION OF OUR GROUP (CONT'D)

6.9 ADDITIONAL DISCLOSURES

6.9.1 Past material non-compliance incident

(a) Permit for renovation for Alpha KL

The Uniform Building By-Laws 1984 (“**UBBL**”) enacted under the SDBA, amongst others, provides under Section 70 of SDBA that sketch plans may be submitted to the local authority for any minor erections, minor alterations and additions in lieu of the approved plans. The local authority may issue permits to carry out such works if they comply with the requirements of the UBBL, or if it deems necessary, to require the submission of normal building plans for the works involved. Any person who erects the building in contravention of SDBA or any of UBBL would result in an offence, which upon conviction, would result in the person being liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both and shall also be liable to a further fine not exceeding RM1,000 for every day that the offence is continued after conviction.

Our Group had in 2019 carried out renovations to the current tenanted premises of Alpha KL at Kota Damansara for the purpose of operating the business for Alpha IVF and Women’s Specialist Centre. The renovations had included, amongst others, the construction of a mezzanine floor within the said premises (collectively, “**Renovation KD**”).

However, no approval was sought from the local authority for Renovation KD at that point in time as our Group was not made aware of the need for such approval under the relevant laws and regulations in relation to such Renovation KD.

Upon discovery of the above non-compliance, our Group had taken steps to rectify the non-compliance and had submitted an application in relation to the Renovation KD to Petaling Jaya City Council (“**MBPJ**”). On 20 July 2023, our Group obtained a permit in relation to Renovation KD from MBPJ, which expired on 31 December 2023. As at the LPD, our Group had then obtained a renewed permit and it is valid from 1 February 2024 until 31 December 2024, which is to be renewed annually.

For information, Alpha KL has been compounded under Section 70(13) of SDBA with a fine of RM25,000 for construction carried out without the approval of MBPJ, which amount has been paid by our Group on 20 July 2023. There would not be any material adverse impact on Alpha KL’s business operations and financial conditions in respect of the amount of the compound paid.

(b) National Assisted Reproductive Technology (ART) Policy (“**National ART Policy**”)

In 2021, the MOH published the National ART Policy to serve as a policy for all personnel, both public and private involved in all aspects of ART practices in Malaysia. Under the National ART Policy, gamete and embryo donations for fertilisation are prohibited. In addition, stored gametes and embryos are only allowed for own personal use, and not for donation or commercialisation.

For the FYE 31 May 2022 and FYE 31 May 2023, the Group generated a total revenue of RM6.61 million, representing 7.26% of the Group’s revenue and RM14.76 million, representing 10.74% of the Group’s revenue respectively from the provision of IVF and related services pursuant to gamete and embryo donations.

6. INFORMATION OF OUR GROUP (CONT'D)

We wish to highlight that with effect as at 30 August 2023, Alpha KL and Genesis have ceased their gamete and embryos donation services, and stored gametes and embryos will no longer be used for donation. The National ART Policy is not legislation and there is no provision for penalties for non-compliance. Our Board is of the view that there will not be any imposition of penalties and/or fines on our Group. As at the LPD, no penalties or sanctions have been imposed on the Group by MOH for the provision of gamete and embryo donations prior to its cessation.

In this regard, even if the Group does not provide the services of gamete or embryo donation, the Group is of the view that there will not be a material adverse impact on the Group's operations and financial performance for not providing these services after taking into consideration their track record, reputation, innovation of IVF services and success rate in the industry.

For information, gamete and embryo donations are permitted in Singapore.

(c) Permit for renovation for Genesis

Section 79(1) of the Street, Drainage and Building Act 1974 ("**SDBA**") provides that no person shall erect or cause or permit to be erected any building any partition, compartment, gallery, loft, roof, ceiling or other structure without having the prior written permission of the local authority. Any person who fails to do so shall be liable on conviction to a fine not exceeding RM500 and shall also be liable to a further fine not exceeding RM100 for every day during which the offence is continued after conviction.

Our Group had carried out renovations from end of 2016 to mid of 2017 to the current tenanted premises of Genesis at Penang for the purpose of operating the business of Genesis IVF and Women's Specialist Centre ("**Renovation Penang**"). Our Group had on 14 August 2023 submitted the updated plans of the rented premises to Penang Island City Council ("**MBPP**") to regularise the Renovation Penang. Our Group has subsequently received the approval for the Renovation Penang from MBPP as of 19 December 2023.

In the event that MBPP imposes a penalty on the non-compliance, the maximum penalty amount payable under Section 79(4) of SDBA is RM500, subject to further fine not exceeding RM100 for every day during which the offence is continued after conviction. The cost of rectification (i.e. obtaining relevant permits) is not expected to be material. However, should there be a disruption to Genesis' operations, there could be material impact on our Group's business operations and financials of which the quantum of the impact is unascertainable. Nevertheless, our Group endeavours to comply with the relevant laws and regulations in relation to Renovation Penang, if and where required. As at the LPD, no fine has been imposed on Genesis nor has any order been issued by the regulatory authority in relation to Renovation Penang.

For the avoidance of doubt, to the best of our Group's knowledge, any change to the interior layout of the specialist centres does not require MOH's approval. To date, our Group has never experienced any difficulty in renewing and maintaining the approvals, permits or licences required to operate the specialist centres. Should there be any additional terms and conditions imposed at a later stage, our Group endeavours to comply accordingly.

6. INFORMATION OF OUR GROUP (CONT'D)

6.9.2 Private healthcare regulations

The medical specialists in Alpha KL had in the past not complied with the Private Healthcare Facilities and Services (Private Hospitals and Other Private Healthcare Facilities) Regulations 2006 (“**Private Healthcare Regulations**”) in respect of consultation fees charged. For information purposes, the total consultation fees charged which were not in compliance with the Private Healthcare Regulations represented less than 12.0% and 0.5% of the total consultation fees charged and our Group’s revenue for the FYE May 2020, respectively, and less than 5.0% and 0.5% of the total consultation fees charged and our Group’s revenue for the past 3 financial years ended May 2023, respectively.

Failure to comply with the fee schedule prescribed under the Private Healthcare Regulations amounts to an offence and attracts a penalty on conviction, in the case of a natural person, to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 3 months or to both and for a continuing offence to a fine not exceeding RM500 for every day or part of a day during which the offence continues after conviction; and in the case of a body corporate, to a fine not exceeding RM30,000 and in the case of a continuing offence, to a fine not exceeding RM2,000 for every day or part of a day during which the offence continues after conviction. The penalty for the body corporate is a compoundable offence and a compound may be offered up to half the value of the fine of RM30,000. However, no penalty in relation to such non-compliances has been imposed on Alpha KL or its medical specialists to date.

Nonetheless, as from 26 October 2023, consultation fees charged by the medical specialists in Alpha KL are in compliance with the Private Healthcare Regulations. All the medical specialists, nurses as well as cashiers of our Group have been informed of the fees schedule prescribed under the Private Healthcare Regulations. Currently, all fees charged / to be charged by the medical specialists were / will be checked by the nurses and subsequently the cashiers to ensure that that the fees are within the Private Healthcare Regulations and any fees exceeding what is stated in the Private Healthcare Regulations will not be allowed. The Group is of the view that the non-compliance is not expected to have a material impact on the profitability of the Group after considering inter-alia that no penalty in relation to such non-compliances has been imposed on Alpha KL or its medical specialists to date and that the Group has subsequently adhered to the Private Healthcare Regulations.

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6. INFORMATION OF OUR GROUP (CONT'D)

6.10 EMPLOYEES AND CONSULTANTS

6.10.1 Employees

As at the LPD, our Group has a total workforce of 144 employees, and the breakdown are as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023		As at the LPD		
	Malaysia	Singapore	Malaysia	Singapore	Malaysia	Singapore	Malaysia	Singapore	Malaysia	Singapore	Total
Medical:											
Consultant O&G specialist	3	-	3 ⁽¹⁾	3	-	-	-	-	-	-	-
Embryologists	17	4	21	23	5	21	24	4	28	26	4
Geneticists	2	-	2	1	-	2	2	-	2	2	-
Anaesthesiologists	1	-	1 ⁽¹⁾	1	-	-	-	-	-	-	-
Nurses	21	4	25	20	6	18	21	6	27	23	7
Clinical support (Pharmacy, Clinic, Lab, OT)	17	3	20	16	3	18	17	4	21	25	3
Others (Assistant Psychologist)	1	-	1	-	-	-	-	-	-	-	-
Non - Medical:											
Key Senior Management	3	1	4	4	1	4	5	1	6	6	1
Finance	6	-	6	6	1	7	8	1	9	8	1
Operation (Centre Manager, Assistant Centre Manager)	3	1	4	3	-	2	2	1	3	4	-

6. INFORMATION OF OUR GROUP (CONT'D)

	FYE 2020		FYE 2021		FYE 2022		FYE 2023		As at the LPD		
	Malaysia	Singapore	Malaysia	Singapore	Malaysia	Singapore	Malaysia	Singapore	Malaysia	Singapore	Total
Administration and human resource	3	-	3	-	2	-	5	-	6	-	6
Marketing and customer care	6	-	6	-	6	-	10	-	10	-	10
Operation Support (Cashier, Cust Service, Receptionist)	9	1	7	1	6	1	8	1	13	2	15
Others (Information Technology, Maintenance)	4	-	3	-	4	-	3	-	3	-	3
TOTAL	96	14	110	17	90	18	105	18	126	18	144

Note:

(1) *Excluding the consultant O&G specialists / anaesthesiologists who are on non-employment contracts. In FYE 2022, the 3 consultant O&G specialists / anaesthesiologists of our Group have been reclassified and entered into separate contracts with our Group to provide their services on a non-employment basis. For avoidance of doubt, there is no reduction of number of consultants in our Group. Further details are set out in Section 6.10.2 of this Prospectus.*

As at the LPD, we have a total of 140 permanent employees and 4 contractual employees. As at the LPD, our Group has 2 foreign employees in Malaysia, of which all these employees have valid permits to work in Malaysia.

None of our employees belong to any labour union. During the Financial Periods Under Review and up to the LPD, there was no major industrial dispute involving our employees.

6. INFORMATION OF OUR GROUP (CONT'D)

6.10.2 Consultants

The breakdown of our resident and visiting consultants (consisting of O&G specialists, anaesthesiologist and urologist) are as follows:

Category	FYE 2020	FYE 2021	FYE 2022	FYE 2023	As at the LPD
(1) Resident consultants	10	10	10	12	12
Visiting consultants	2	2	3	3	3
TOTAL	12	12	13	15	15

Note:

(1) Including DDLSS and DNPW who are our employees.

Resident consultants and visiting consultants are doctors who provide their expertise to our Group on a non-employment contract basis as at the LPD. Resident consultants are doctors who provide their consultant services only or primarily at our specialist centres whereas visiting consultants are doctors who provide their consultant services at other medical centres besides our specialist centres.

Our Board is of the view that there are sufficient O&G specialists for our Group's business operations.

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6. INFORMATION OF OUR GROUP (CONT'D)



6.11 DEPENDENCY ON LICENCES, PATENTS, CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS

As at the LPD, saved as disclosed in Section 6.7, 6.12 and Section 14.7 of this Prospectus, we are not dependent on any licences, patents, contracts, agreements or other arrangements.

The medical contracts entered into by our medical specialists and our Group are not deemed materially dependent contracts. The medical contracts are generally not considered commercial contracts as the same are not business arrangements which we depend on for our revenue. Further, the medical contracts entered into between our Group and the medical specialists are mainly to govern the employer employee relationship between our Group with any of our employee. In the event of the loss of any medical specialists engaged under the said agreements, they may be replaced by hiring suitable candidates.

6.12 TRADEMARK

We have registered the following trademark with the Intellectual Property Corporation of Malaysia:

Trademark	Registrant	Application No.	Class	Validity
	Alpha KL	2021012732	(1)44	3 May 2021 – 3 May 2031
				

Note:

(1) Description of the class which the trademark is registered is as follows:

Medical services; medical clinic services; medical assistance services; medical care services; medical services relating to human fertility, reproduction, assisted conception, ovulation induction, intra uterine insemination, in vitro fertilisation, intra-cytoplasmic sperm injection, egg donation, sperm donation, gamete intrafallopian transfer, sperm donation, egg donation, pre-implantation genetic testing and diagnosis, implantation optimisation, egg freezing, ovarian rejuvenation with Platelet Rich Plasma (PRP), artificial intelligence based enhanced embryo selection, saviour sibling, obstetric and gynaecological services, laparoscopic surgery and hysteroscopic surgery; andrology and embryology medical assistance; human fertility treatment services; genetic testing for medical purposes; providing information about medical services and human fertility services; counselling services relating to human fertility; all included in Class 44.

As at the LPD, save as disclosed above, no other intellectual and industry property has been registered by our Group.

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.

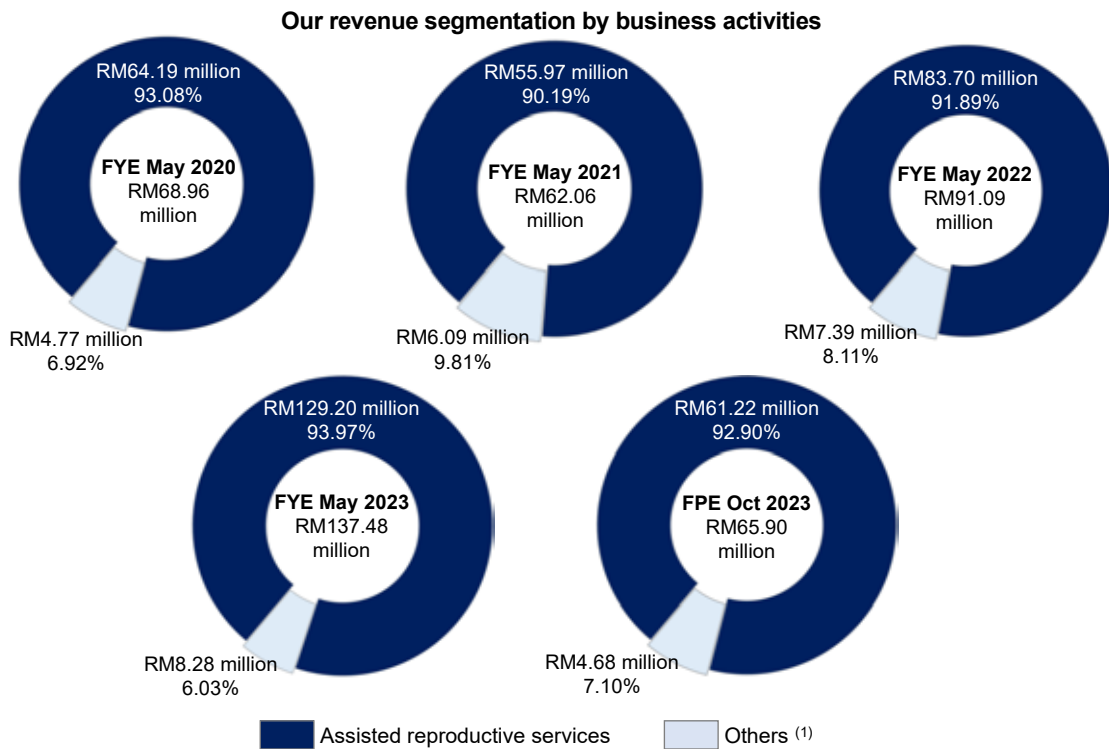
7. BUSINESS OVERVIEW (CONT'D)

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.

7. BUSINESS OVERVIEW (CONT'D)

(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 trophoctoderm (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 trophoctoderm 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 assess 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

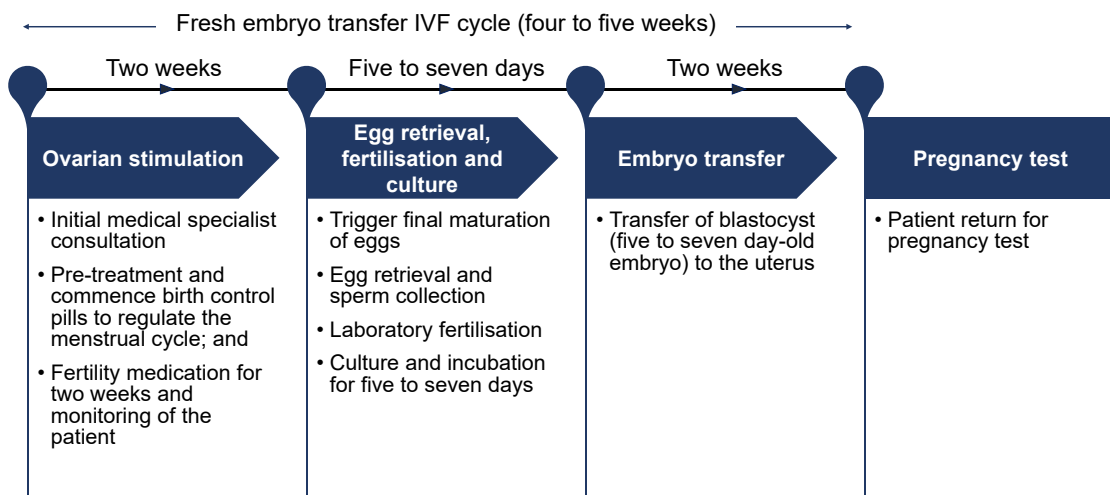
7.5.3.1 IVF procedures

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.

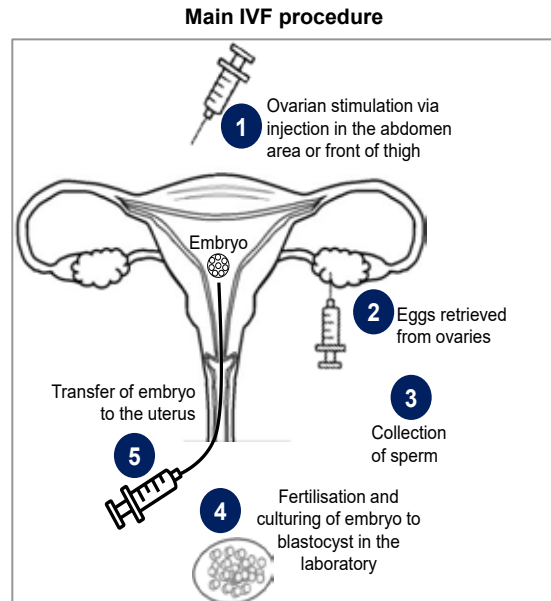
There are two types of IVF cycle. The first type involves the end-to-end procedures involving fresh embryo transfer process. Another type of IVF cycle commences with the use of frozen embryo transfer.

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

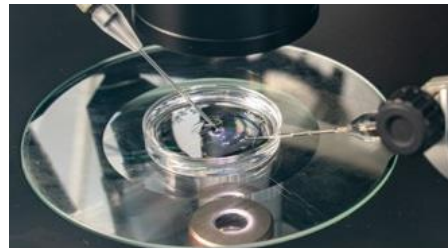
We also provide alternative and/or additional IVF procedures which may be appropriate for some of our patients. These services are optional and will depend very much on the condition of the patient and will only be carried out in agreement with the patient. These alternatives or additional procedures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

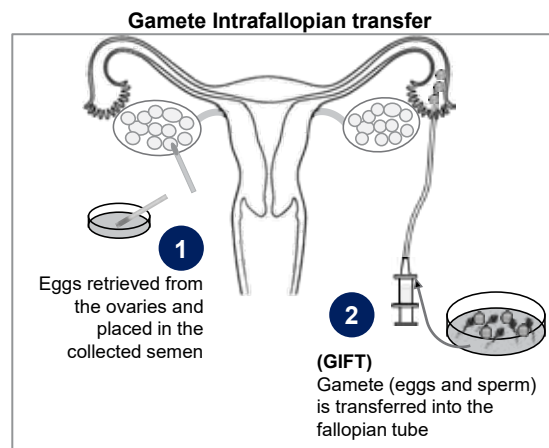
PIEZO-ICSI



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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.

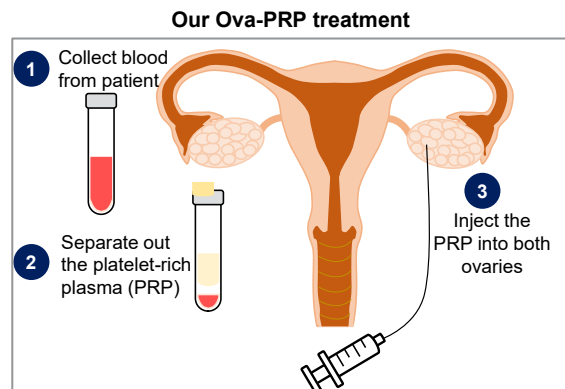
7.5.3.3 Rejuvenation therapy

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
	Some examples of the effects of chromosomal structural rearrangement include miscarriage, stillbirth, difficulties in getting pregnant.
Preimplantation genetic testing for human leukocyte antigen (PGT-HLA)	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.

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.

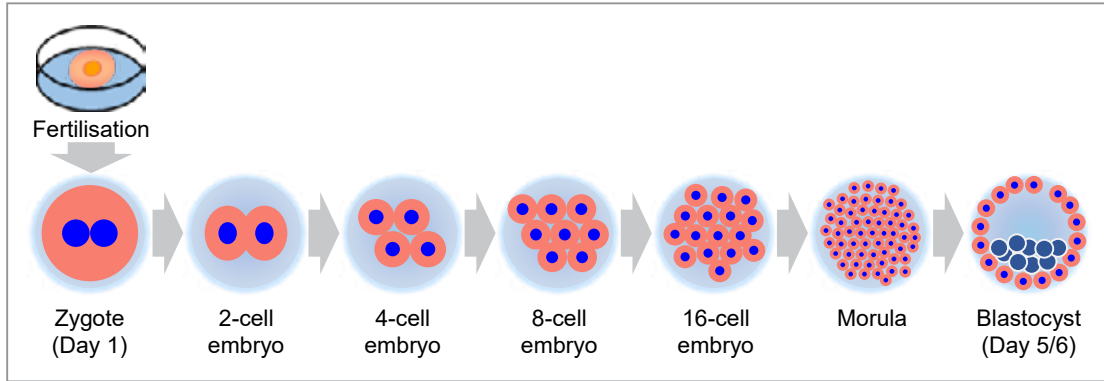
One of our Time-Lapse Incubator



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

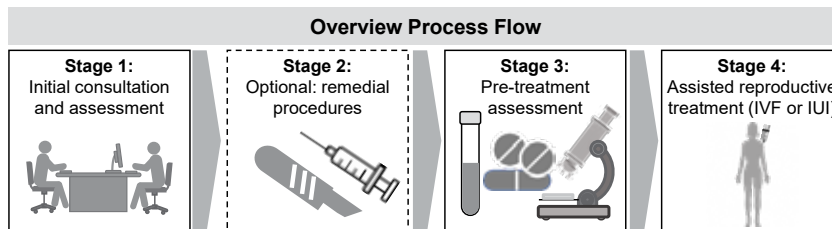
Location	101 Irrawaddy Road, #12-07 to 14, Royal Square at Novena, Singapore 329565
Facility licence status	Medical clinic
Approximate built-up area	5,297 sq. ft.
Facilities	<ul style="list-style-type: none"> • 1 operating theatres • 4 consultation rooms • 6 beds • 1 embryology laboratory • 1 andrology 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

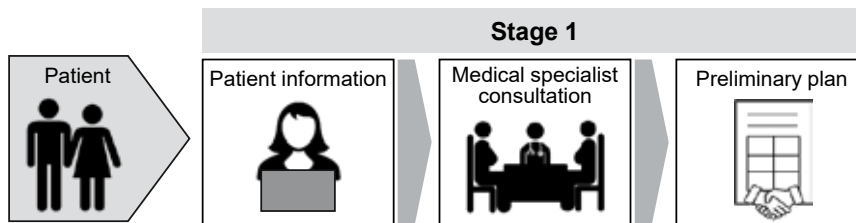
7.12.1 Overall Process Flow

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.

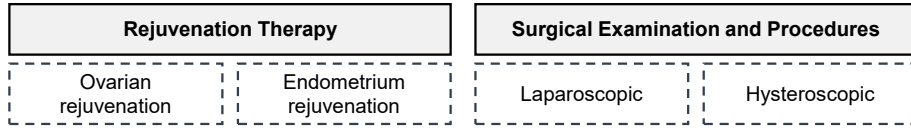
7.12.3 Stage 2: Remedial procedures

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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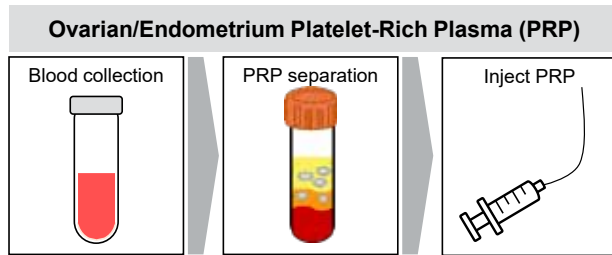
7. BUSINESS OVERVIEW (CONT'D)

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.

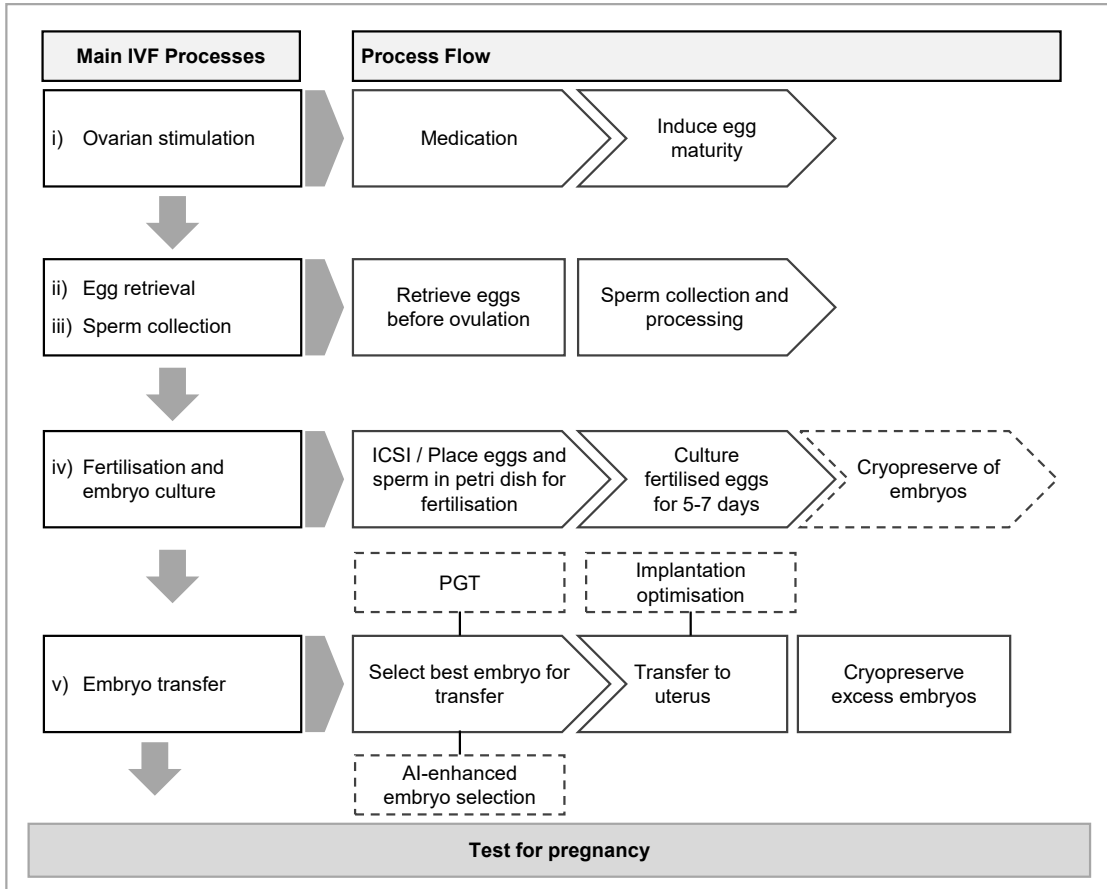
7.12.5 Stage 4: Assisted reproductive treatment – IVF

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.

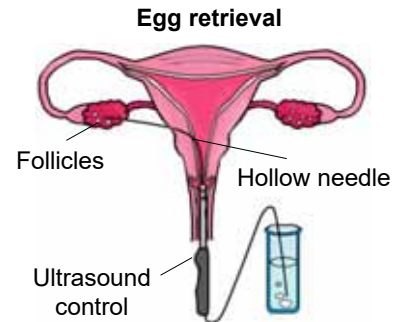
Follow-up appointments will be arranged throughout the stimulation phase. We will carry out ultrasounds scan on the patient to monitor the development of the eggs. Depending on the conditions of the patient, we may adjust their medication if required. Medication to prevent ovulation will also be prescribed.

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.

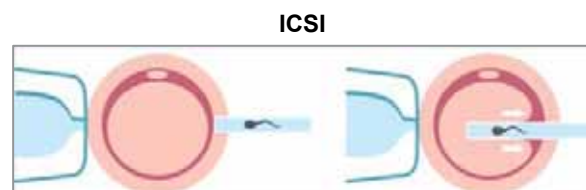
iv) Fertilisation and embryo culture

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.

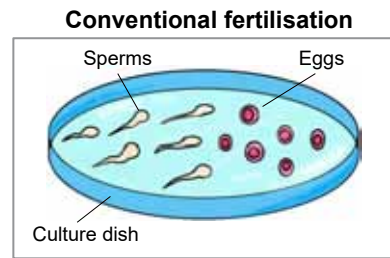
Fertilisation under IVF is carried out in the laboratory. Two methods of fertilisation are carried out in our laboratory as follows:

- **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.

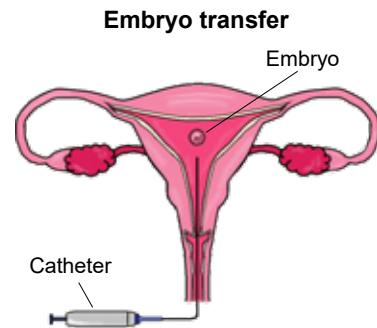
V) Embryo transfer process

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

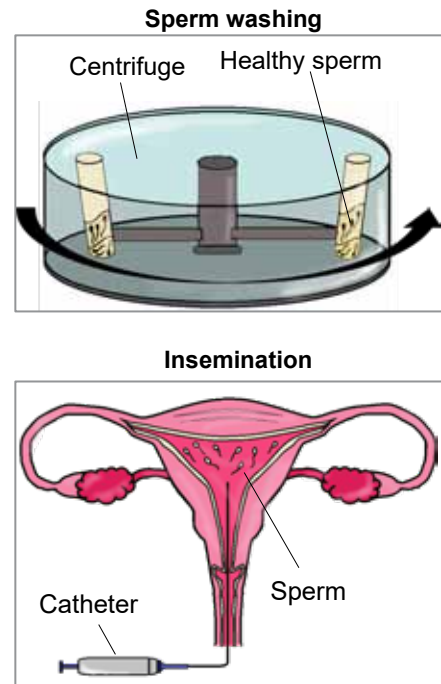
We will monitor the ovulation cycle of the patient to decide on the day to perform the insemination procedure. Timing is a critical factor for a successful IUI procedure. As the viability of sperm deteriorates within a short time, insemination is performed closer to or during the ovulation day and has 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) 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
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Jalan PJU 5/22
Kota Damansara
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Selangor

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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 Technologies
- 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.

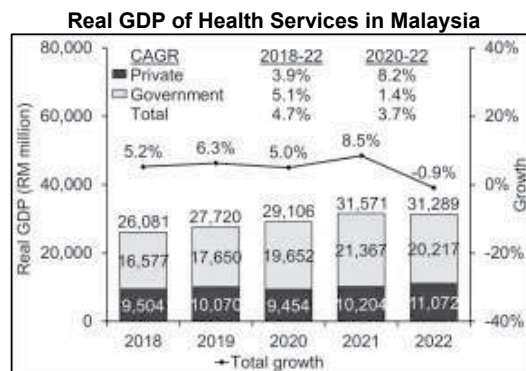
4. PERFORMANCE OF ARS

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.



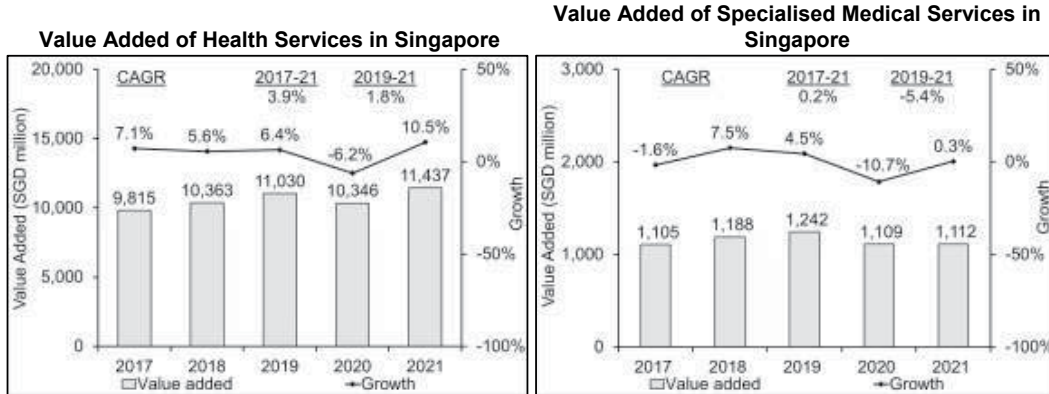
CAGR= Compound annual growth rate. Government health sector refers to public health sector. (Source: Department of Statistics Malaysia (DOSM))

- 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)

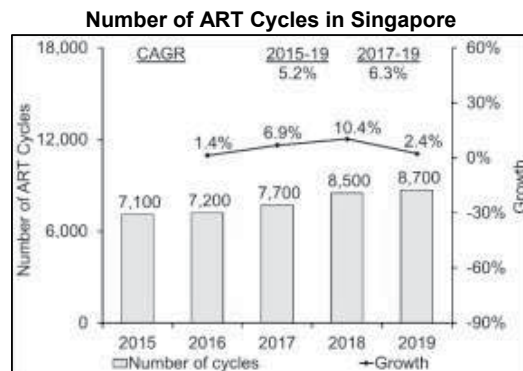


Latest available statistics. Specialised medical services is one of the segments within health services, no further segmentation is available. (Source: Singapore Department of Statistics (SDOS))

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)

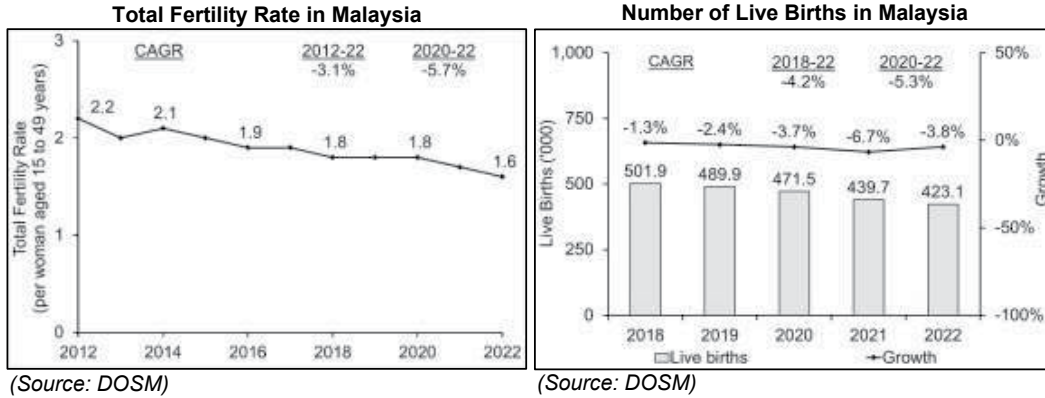
5. FACTORS CONTRIBUTING TO THE DEMAND FOR ARS

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.

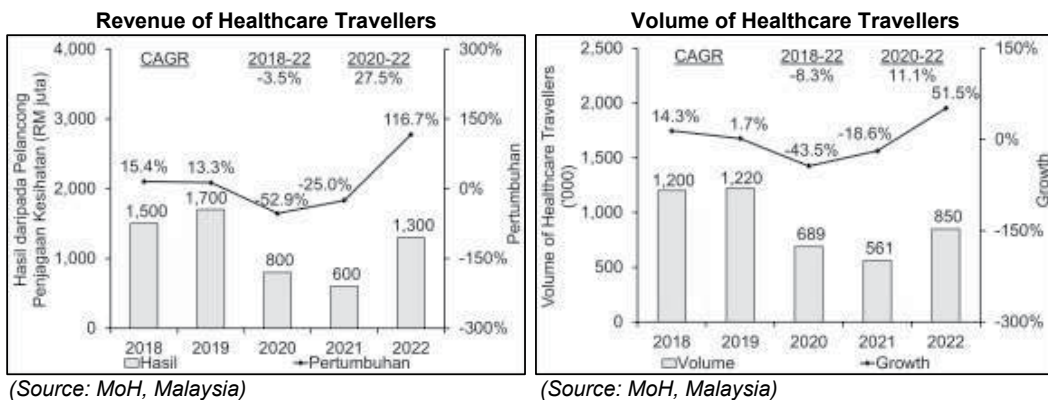
8. INDUSTRY OVERVIEW (CONT'D)



- 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).



- 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)

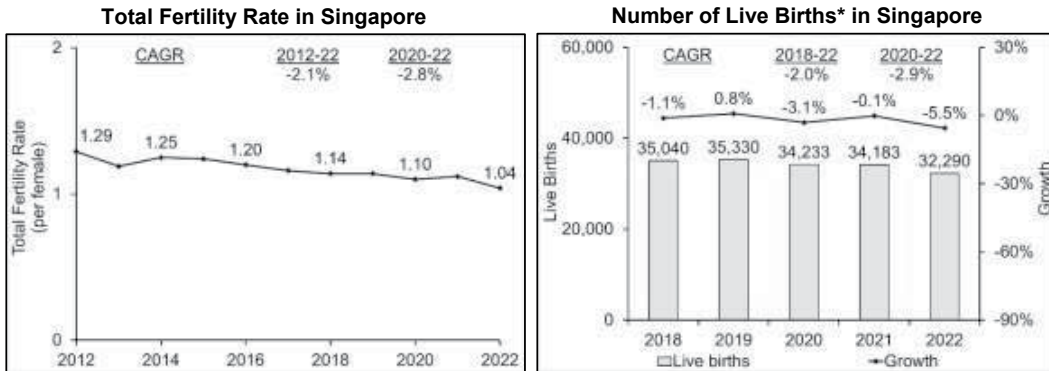


5.1.3 Incentives and Drivers

- 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 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2023 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 No.	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
(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	-
									(0.005% of the Group's Revenue)

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	
(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"> 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 		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		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:

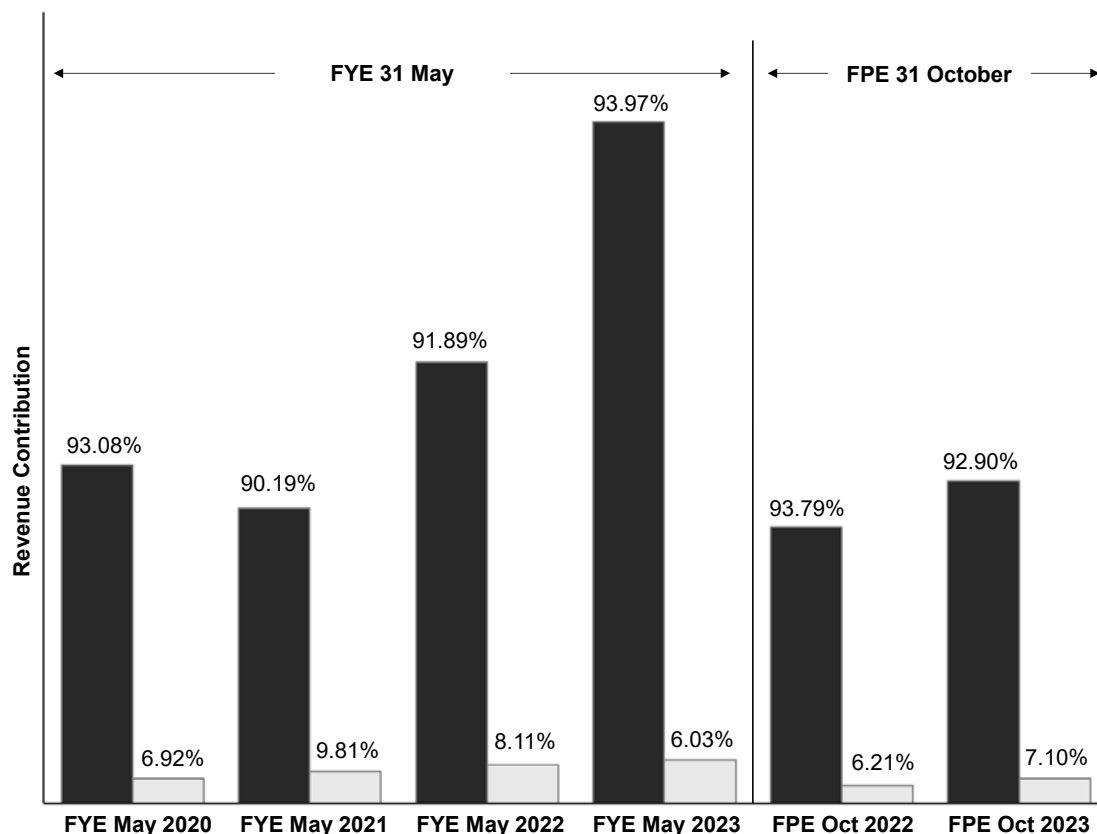
- * *A positive change in value indicates that the value of the RM depreciated relative to the SGD, while a negative change in value indicates that the value of the RM appreciated relative to the SGD.*
- (1) *Average exchange rate used for combined and consolidated statements of profit or loss and other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

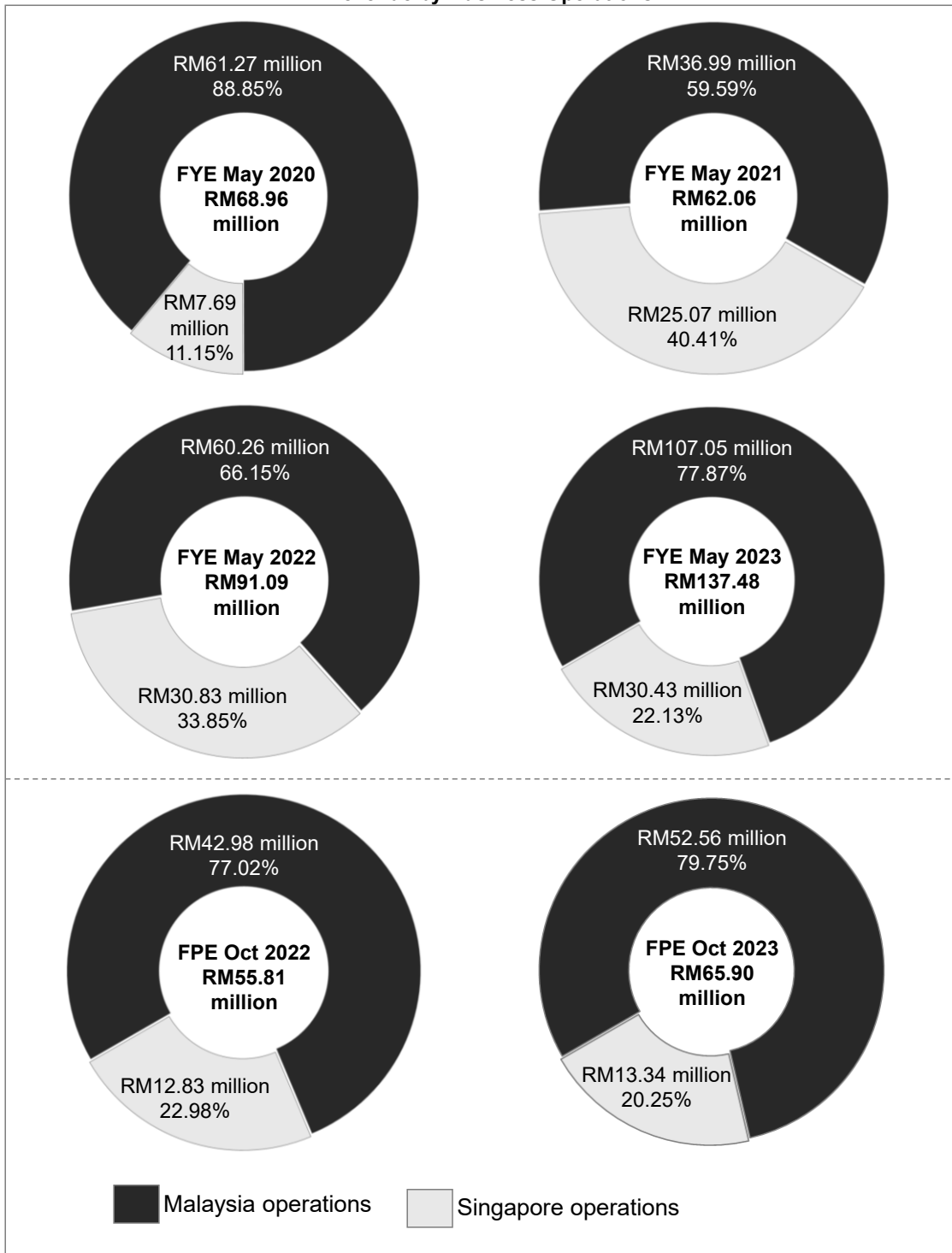
In addition, we provided specialist medical services to patients at third-party medical service providers' premises, laboratory and related services such as pathology related test. The revenue of these services is recognised upon services rendered.

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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
<i>(1)Others</i>	3,355	4.86	2,328	3.75	4,591	5.03	7,117	5.17
<i>(2)Others</i>	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
<i>(1)Others</i>	513	0.73	1,526	2.46	1,844	2.02	1,736	1.26
<i>(2)Others</i>	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)

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- (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:

	<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
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:

	<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
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
	RM'000	RM'000	RM'000
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	-
	<u>2,793</u>	<u>2,793</u>	<u>-</u>

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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12. FINANCIAL INFORMATION (CONT'D)

12.10 REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



05 FEB 2024

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

Dear Sirs/Madam,

**ALPHA IVF GROUP BERHAD (“ALPHA IVF” OR “THE COMPANY”)
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Alpha IVF and its subsidiaries (collectively known as “the Group”) as at 31 October 2023 together with the accompanying notes thereon (as set out in Appendix A, for which we have stamped for the purpose of identification), prepared by the Board of Directors of the Company.

The Pro Forma Consolidated Statements of Financial Position have been prepared for inclusion in the Prospectus in connection with the listing and quotation of the entire enlarged issued share capital in Alpha IVF on the ACE Market of Bursa Malaysia Securities Berhad (“the Listing”).

The application criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position are prepared in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants (“Guidance Note”).

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position as at 31 October 2023 as if the events have occurred or the transactions have been undertaken throughout the financial period. As part of this process, information about the Group’s financial position as at 31 October 2023 has been extracted by the Board of Directors from the Group’s audited financial statements as at 31 October 2023.

12. FINANCIAL INFORMATION (CONT'D)



THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

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

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

12. FINANCIAL INFORMATION (CONT'D)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose stated above, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

Elvina Tay Choon Choon
03329/10/2025 J
Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

ALPHA IVF GROUP BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023



APPENDIX A

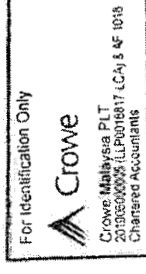
	Audited	Pro Forma I	Pro Forma II	Pro Forma III
	As At 31.10.2023 RM	After Adjustment for Material Subsequent Event RM	After Pro Forma I and Public Issue RM	After Pro Forma II and Utilisation of Proceeds RM
ASSETS				
NON-CURRENT ASSETS				
Equipment	5,236,324	5,236,324	5,236,324	5,236,324
Right-of-use assets	17,077,776	17,077,776	17,077,776	17,077,776
Goodwill	8,931,239	8,931,239	8,931,239	8,931,239
Deferred tax assets	2,058,914	2,058,914	2,058,914	2,058,914
	33,304,253	33,304,253	33,304,253	33,304,253
CURRENT ASSETS				
Inventories	2,685,841	2,685,841	2,685,841	2,685,841
Trade receivables	1,645,406	1,645,406	1,645,406	1,645,406
Other receivables, deposits and prepayments	2,375,646	2,375,646	2,375,646	2,267,758
Short-term investments	29,232,292	29,232,292	29,232,292	29,232,292
Fixed deposits with a licensed bank	5,280,735	5,280,735	5,280,735	5,280,735
Cash and bank balances	30,569,116	7,860,103	124,500,103	119,738,603
	71,789,036	49,080,023	165,720,023	160,850,635
	105,093,289	82,384,276	199,024,276	194,154,888
TOTAL ASSETS				

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

ALPHA IVF GROUP BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023 (CONT'D)



APPENDIX A

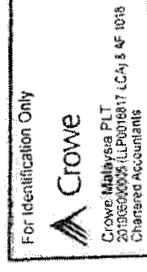
	Note	Audited As At 31.10.2023 RM	Adjustment for Material Subsequent Event RM	Adjustment for Material Subsequent Event RM	Pro Forma I After Adjustment for Material Subsequent Event RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	Pro Forma II	After Pro Forma II and Utilisation of Proceeds RM	Pro Forma III
EQUITY AND LIABILITIES											
EQUITY											
Share capital	7.3	5,528,251	-	-	5,528,251	116,640,000	122,168,251	(2,442,288)	119,725,963	119,725,963	
Retained profits	7.4	34,323,669	(21,982,995)	-	12,340,674	-	12,340,674	(2,427,100)	9,913,574	9,913,574	
Reorganisation reserve		22,499,105	-	-	22,499,105	-	22,499,105	-	22,499,105	22,499,105	
Foreign exchange translation reserve		591,882	-	-	591,882	-	591,882	-	591,882	591,882	
Equity attributable to owners of the Company		62,942,907	-	-	40,959,912	-	157,599,912	-	152,730,524	152,730,524	
Non-controlling interests	7.5	2,494,429	(726,018)	-	1,768,411	-	1,768,411	-	1,768,411	1,768,411	
TOTAL EQUITY		65,437,336			42,728,323		159,368,323		154,498,935	154,498,935	
NON-CURRENT LIABILITIES											
Lease liabilities		15,372,966	-	-	15,372,966	-	15,372,966	-	15,372,966	15,372,966	
Deferred tax liabilities		79,528	-	-	79,528	-	79,528	-	79,528	79,528	
Provision for restoration costs		1,076,355	-	-	1,076,355	-	1,076,355	-	1,076,355	1,076,355	
		16,528,849			16,528,849		16,528,849		16,528,849	16,528,849	

12. FINANCIAL INFORMATION (CONT'D)

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ALPHA IVF GROUP BERHAD

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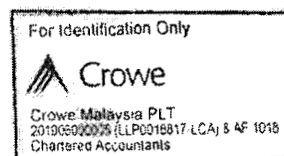


PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023 (CONT'D)

	Audited	Pro Forma I	Pro Forma II	Pro Forma III
	As At 31.10.2023 RM	Adjustment for Material Subsequent Event RM	Adjustment for Material Event Subsequent RM	After Pro Forma I and Public Issue RM
	Note		After Adjustment for Material Event Subsequent RM	After Pro Forma II and Utilisation of Proceeds RM
CURRENT LIABILITIES				
Trade payables		-	2,792,724	2,792,724
Other payables and accruals		-	4,969,410	4,969,410
Contract liabilities		-	5,462,021	5,462,021
Amount owing to directors		-	49,278	49,278
Lease liabilities		-	2,629,608	2,629,608
Dividend payable		-	1,228,875	1,228,875
Current tax liabilities		-	5,995,188	5,995,188
			23,127,104	23,127,104
TOTAL LIABILITIES			39,655,953	39,655,953
TOTAL EQUITY AND LIABILITIES			105,093,289	194,154,888
Number of ordinary shares	7.3	-	4,495,500,000	4,860,000,000
Net assets per ordinary share (RM)			0.0140	0.0314

12. FINANCIAL INFORMATION (CONT'D)

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ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

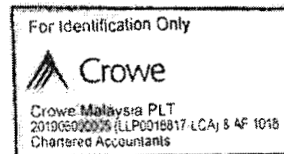
1. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

Alpha IVF or the Company	:	Alpha IVF Group Berhad (Registration No: 202101005100 (1405399 - X))
Alpha IVF Group or the Group	:	Alpha IVF and its subsidiaries, collectively
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998 - W))
Eligible Persons	:	Collectively, the Directors, employees and persons who have contributed to the success of the Group who are eligible to participate in the Retail Offering
Institutional Offering	:	Institutional offering of 1,239,300,000 IPO Shares comprising: <ul style="list-style-type: none"> (i) 607,500,000 Offer Shares made available to identified Bumiputera investors approved by MITI; and (ii) 631,800,000 IPO Shares made available to institutional and selected investors, at the IPO Price, subject to the clawback and reallocation provisions
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	RM0.32 per IPO Share under the Public Issue and Offer for Sale
IPO Share(s)	:	Collectively, Issue Share(s) and Offer Share(s)
Issue Share(s)	:	New Shares to be issued by the Company pursuant to the Public Issue
Listing	:	Admission to the Official List and the listing of and quotation for the enlarged total number of Alpha Shares on the ACE Market

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

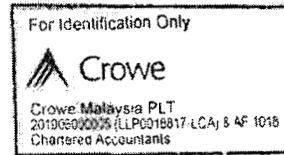
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

1. ABBREVIATIONS (CONT'D)

Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia but excluding Directors of the Group, the Company's Substantial Shareholders and persons connected with either of them
MITI	:	Ministry of Investment, Trade and Industry (formerly known as Ministry of International Trade and Industry)
Offer for Sale	:	Offer for sale of 1,093,500,000 Offer Shares by the Offerors to institutional and selected investors, including Bumiputera investors approved by MITI under the Institutional Offering
Offer Share(s)	:	The existing Share(s) to be offered by the Offerors pursuant to the Offer for Sale
Offerors	:	Collectively, Dato' Dr. Lee Soon Soo, Dr. Ng Peng Wah, Lee Soon Ai, ACE Specialists Sdn Bhd, Dr. Leong Wai Yew, Dr. Lau Soon Yen, Dr. Tan Chong Seong and Dr. Lim Yong Kuei
Official List	:	A list specifying all securities which have been admitted for listing and have not been removed from Bursa Securities
Prospectus	:	Prospectus to be issued by the Company
Public Issue	:	Public issue of 364,500,000 Issue Shares comprising the Retail Offering and a portion of the Institutional Offering
Retail Offering	:	Retail offering of 218,700,000 Issue Shares comprising: <ul style="list-style-type: none"> (i) 24,300,000 Issue Shares made available for application by the Eligible Persons; and (ii) 194,400,000 Issue Shares made available for application by the Malaysian Public, at the IPO Price per IPO Share, payable in full upon application, subject to clawback and reallocation provisions
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD	:	Singapore Dollar, the lawful currency of Singapore
Substantial Shareholder(s)	:	Collectively, Dato' Dr. Lee Soon Soo, Dr. Ng Peng Wah, Lee Soon Ai, Ace Specialists Sdn Bhd and Dr. Leong Wai Yew

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

**APPENDIX A****ALPHA IVF GROUP BERHAD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023****2. INTRODUCTION**

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 October 2023 ("the Pro Forma Consolidated Statements of Financial Position") together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus to be issued by the Company in connection with the IPO of 1,458,000,000 ordinary shares in conjunction with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position are prepared based on the audited consolidated statements of financial position of the Group as at 31 October 2023, which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the financial statements and accounting policies of the Group.

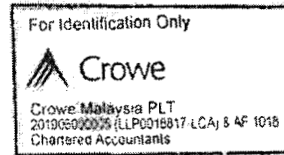
The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, are prepared solely to illustrate the impact of the events and transactions set out in Notes 4, 5, 6 and 7 to the Pro Forma Consolidated Statements of Financial Position as at 31 October 2023 had the events occurred or transactions been undertaken as at 31 October 2023.

The Pro Forma Consolidated Statements of Financial Position are not necessary indicative of the financial position that would have been attained had the Listing actually occurred at the respective dates.

The financial statements used in the preparation of the Pro Forma Consolidated Statements of Financial Position as at 31 October 2023 are not subject to any qualification, modification or disclaimer of opinion.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

**APPENDIX A****ALPHA IVF GROUP BERHAD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023****4. MATERIAL SUBSEQUENT EVENT OCCURRING AFTER 31 OCTOBER 2023**Pre-IPO Dividends

- (i) On 17 January 2024, a subsidiary of the Company, Alpha International Women's Specialists (Singapore) Pte. Ltd. declared a second single-tier interim dividend of approximately 16.13 sen (SGD0.046) per ordinary share amounting to RM3,090,753 (SGD881,360) in respect of the financial year ending 31 May 2024, payable to the shareholders on 24 January 2024 for shares registered as at 17 January 2024, where RM726,018 (SGD207,031) of the second single-tier interim dividend were attributable to the non-controlling interests.
- (ii) On 23 January 2024, the Board of Directors of the Company declared a second single-tier interim dividend of 0.489 sen per ordinary share amounting to RM21,982,995 in respect of the financial year ending 31 May 2024, payable on 24 January 2024, to shareholders whose names registered in the Register of Members at the close of business on 23 January 2024.

The Pre-IPO Dividends are illustrated in the Pro Forma in accordance with Paragraph 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines.

5. LISTING SCHEME

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:-

5.1 IPO

The Company proposes to undertake the IPO of 1,458,000,000 IPO Shares, representing 30.00% of the enlarged total number of Shares in the manner set out below:-

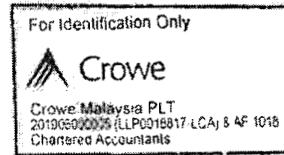
(i) Public Issue

Public issue of 364,500,000 Issue Shares in Alpha IVF, representing 7.50% of the Company's enlarged issued share capital upon Listing at IPO Price.

Upon completion of the Public Issue, the Company's entire enlarged issued share capital of RM119,725,963 comprising 4,860,000,000 Shares shall be listed on the ACE Market of Bursa Securities.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)

**APPENDIX A****ALPHA IVF GROUP BERHAD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023****5. LISTING SCHEME (CONT'D)**

The following proposals were undertaken in conjunction with, and as an integral part of the Listing (Cont'd):-

5.1 IPO (Cont'd)**(ii) Offer for Sale**

The Offerors will undertake an offer for sale of 1,093,500,000 Offer Shares, representing 22.50% of the Company's enlarged issued share capital upon Listing at IPO Price.

The Offer for Sale does not have any impact on the Pro Forma Consolidated Statements of Financial Position as at 31 October 2023.

5.2 Listing

The admission to the official list and the listing and quotation of the entire enlarged issued share capital of Alpha IVF of RM119,725,963, comprising 4,860,000,000 Shares on the ACE Market of Bursa Securities will be sought.

6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**6.1 Pro Forma I**

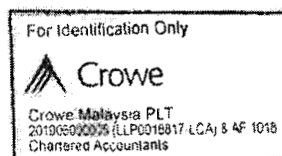
Pro Forma I incorporates the effects of the Material Subsequent Event as set out in Note 4 to the Pro Forma Consolidated Statements of Financial Position.

6.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue as set out in Note 5.1(i) to the Pro Forma Consolidated Statements of Financial Position.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

6. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the Utilisation of Proceeds from the Public Issue. The proceeds from Public Issue will be utilised as follows:-

Details of utilisation	RM	%	Estimated timeframe for utilisation from the date of Listing
Establishing new medical centres, satellite clinics and sales representative offices #	72,800,000	62.41	Within 36 months
Expansion and upgrade of existing medical centres, facilities and corporate office #	15,700,000	13.46	Within 36 months
Research and development #	2,200,000	1.89	Within 36 months
General working capital #	17,140,000	14.69	Within 36 months
General corporate purposes #	2,600,000	2.23	Within 36 months
Defraying the listing expenses *^	6,200,000	5.32	Within 1 month
Total	116,640,000	100.00	

Notes:-

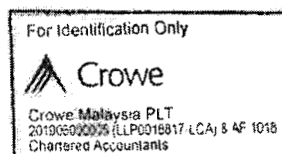
As at latest practicable date of the Prospectus, the Group did not enter into any contractual binding arrangements or issued any purchase orders in relation to the above purposes. Accordingly, the use of proceeds earmarked for these purposes are not reflected in the Pro Forma Consolidated Statements of Financial Position.

* If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

^ The estimated listing expenses of RM2,442,288 directly attributable to the Public Issue will be set off against share capital. The remaining estimated listing expenses of RM3,757,712 that is attributable to the Listing will be charged to the profit or loss. As at 31 October 2023, the Group has paid RM1,438,500 of listing expenses of which RM1,330,612 has been recognised in the profit or loss and RM107,888 is recognised in the prepayment.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

7. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

7.1 Other receivables, deposits and prepayments

	Note	RM
As at 31 October 2023/As per Proforma I and II		2,375,646
Less: Prepaid listing expenses	6.3	(107,888)
As per Pro Forma III		<u>2,267,758</u>

7.2 Cash and bank balances

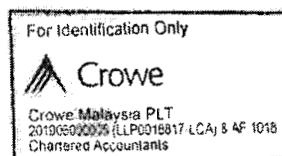
	Note	RM
As at 31 October 2023		30,569,116
Adjustment for Material Subsequent Event:		
- Dividend declared and paid to non-controlling interests	4(i)	(726,018)
- Dividend declared and paid by the Company	4(ii)	(21,982,995)
As per Proforma I		<u>7,860,103</u>
Add: Proceeds from Public Issue	5.1(i)	116,640,000
As per Proforma II		<u>124,500,103</u>
Less: Remaining estimated listing expenses ^	6.3	(4,761,500)
As per Pro Forma III		<u>119,738,603</u>

Note:-

^ RM1,438,500 of the estimated listing expenses have been paid by the Group.

12. FINANCIAL INFORMATION (CONT'D)

Registration No: 202101005100 (1405399 - X)



APPENDIX A

ALPHA IVF GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

7. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

7.3 Share capital

	Note	Number of Ordinary Shares	Amount of Share Capital RM
As at 31 October 2023/As per Pro Forma I		4,495,500,000	5,528,251
Add: Public Issue	5.1(i)	364,500,000	116,640,000
As per Proforma II		4,860,000,000	122,168,251
Less: Estimated listing expenses	6.3	-	(2,442,288)
As per Pro Forma III		4,860,000,000	119,725,963

7.4 Retained profits

	Note	RM
As at 31 October 2023		34,323,669
Adjustment for Material Subsequent Event: - Dividend declared and paid by the Company	4(ii)	(21,982,995)
As per Pro Forma I and II		12,340,674
Less: Estimated listing expenses	6.3	(2,427,100)
As per Pro Forma III		9,913,574

7.5 Non-controlling interests

	Note	RM
As at 31 October 2023		2,494,429
Adjustment for Material Subsequent Event: - Dividend declared and paid to non-controlling interests	4(i)	(726,018)
As per Pro Forma I, II and III		1,768,411

12. FINANCIAL INFORMATION (CONT'D)

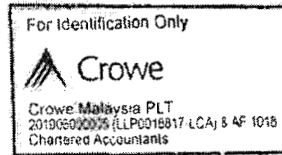
Registration No: 202101005100 (1405399 - X)

ALPHA IVF GROUP BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Alpha IVF Group Berhad in accordance with a resolution dated **05 FEB 2024**

On behalf of the Board of Directors,



APPENDIX A

A handwritten signature in black ink, appearing to read "Lee Soon Soo".

Dato' Dr. Lee Soon Soo

A handwritten signature in black ink, appearing to read "Ng Peng Wah".

Dr. Ng Peng Wah

13. ACCOUNTANTS' REPORT



Registration No: 202101005100 (1405399 - X)

ACCOUNTANTS' REPORT

05 FEB 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 Darul Ehsan.

Dear Sirs/Madam,

**REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED
 IN THE ACCOUNTANTS' REPORT OF ALPHA IVF GROUP BERHAD ("THE COMPANY" OR
 "ALPHA IVF")**

OPINION

We have audited the combined and consolidated financial information of Alpha IVF Group Berhad and its subsidiaries (collectively referred to as "the Group") which comprise the combined statements of financial position as at 31 May 2020, 31 May 2021, 31 May 2022 and the consolidated statements of financial position as at 31 May 2023, 31 October 2023, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 May 2020, 31 May 2021, 31 May 2022 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial year ended 31 May 2023 and for the five-month financial period ended 31 October 2023, and notes to the combined and consolidated financial statements, including a summary of significant accounting policies as set out on pages 4 to 127.

The historical financial information has been prepared for inclusion in the prospectus of Alpha IVF in connection with the listing of and quotation for the entire enlarged issued share capital of Alpha IVF on the ACE Market of Bursa Malaysia Securities Berhad ("the Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Guidelines") and is given for the purpose of complying with the Guidelines and for no other purpose.

In our opinion, the combined and consolidated financial information gives a true and fair view of the financial position of the Group as at 31 May 2020, 31 May 2021, 31 May 2022, 31 May 2023 and 31 October 2023, and of its financial performance and its combined cash flows for each of the financial years ended 31 May 2020, 31 May 2021, 31 May 2022 and consolidated cash flows for the financial year ended 31 May 2023 and for the financial period ended 31 October 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

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

Page 1

13. ACCOUNTANTS' REPORT (CONT'D)



Independence and Other Ethical Responsibilities

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors of the Company are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the financial information that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

13. ACCOUNTANTS' REPORT (CONT'D)


REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL INFORMATION (CONT'D)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the prospectus of Alpha IVF in connection with the listing of and quotation for the entire enlarged issued shares of Alpha IVF on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

Elvina Tay Choon Choon
03329/10/2025 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Audited				As at 31 October 2023 RM
		2020 RM	2021 RM	2022 RM	2023 RM	
ASSETS						
NON-CURRENT ASSETS						
Equipment	4	15,024,291	13,197,282	7,842,219	4,181,991	5,236,324
Right-of-use assets	5	15,196,042	17,762,518	15,800,357	18,210,241	17,077,776
Other investment	6	26,000,000	26,000,000	26,000,000	-	-
Goodwill	7	-	8,931,239	8,931,239	8,931,239	8,931,239
Deferred tax assets	8	498,103	1,219,142	1,820,711	2,151,573	2,058,914
		56,718,436	67,110,181	60,394,526	33,475,044	33,304,253
CURRENT ASSETS						
Inventories	9	1,235,717	2,141,973	1,793,493	2,689,833	2,685,841
Trade receivables	10	499,714	1,115,901	1,478,720	1,275,421	1,645,406
Other receivables, deposits and prepayments	11	6,762,334	10,231,201	11,021,112	2,830,211	2,375,646
Current tax assets		1,847,791	682,811	22,904	-	-
Short-term investments	12	6,138,068	2,099,318	12,071,514	27,050,391	29,232,292
Fixed deposits with a licensed bank	13	-	626,379	958,410	8,579,863	5,280,735
Cash and bank balances		1,762,478	8,225,998	19,337,586	19,951,929	30,569,116
		18,246,102	25,123,581	46,683,739	62,377,648	71,789,036
TOTAL ASSETS		74,964,538	92,233,762	107,078,265	95,852,692	105,093,289

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Audited			
	Note	2020 RM	As at 31 May 2021 RM	2022 RM	As at 31 October 2023 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	5,016,237	6,075,955	4,097,907	5,528,251
Retained profits		11,839,870	4,838,505	13,583,100	34,323,669
Reorganisation reserve	15	-	22,669,534	22,669,534	22,499,105
Foreign exchange translation reserve	16	41,695	125,989	116,608	591,882
Equity attributable to owners of the Company		16,897,802	33,709,983	40,467,149	62,942,907
Non-controlling interests	17	11,461,181	14,861,349	18,499,850	2,494,429
TOTAL EQUITY		28,358,983	48,571,332	58,966,999	65,437,336
NON-CURRENT LIABILITIES					
Lease liabilities	18	14,049,915	16,596,466	14,536,965	15,372,966
Borrowings	19	11,077,247	10,153,213	8,844,525	3,029,245
Deferred tax liabilities	8	-	108,925	224,274	143,500
Provision for restoration costs	20	292,654	418,359	637,635	1,076,355
		25,419,816	27,276,963	24,243,399	20,676,012

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		----- Audited ----->			
		----- As at 31 May ----->		----- As at 31 October ----->	
	Note	2020	2021	2022	2023
		RM	RM	RM	RM
CURRENT LIABILITIES					
Trade payables	21	1,574,439	1,757,596	2,108,716	3,159,193
Other payables and accruals	22	10,862,965	3,433,267	5,252,506	4,880,865
Contract liabilities	23	1,455,586	3,046,138	4,712,826	5,186,217
Amount owing to directors	24	324,208	102,488	102,488	49,278
Lease liabilities	18	1,649,313	2,009,515	2,170,728	2,429,214
Borrowings	19	5,319,228	5,544,261	4,792,395	1,320,000
Dividend payable	25	-	-	2,900,000	-
Current tax liabilities		-	492,202	1,828,208	3,597,371
		21,185,739	16,385,467	23,867,867	20,622,138
TOTAL LIABILITIES		46,605,555	43,662,430	48,111,266	41,298,150
TOTAL EQUITY AND LIABILITIES		74,964,538	92,233,762	107,078,265	95,852,692
					23,127,104
					39,655,953
					105,093,289

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2020		2021		Audited		Financial Year Ended ("FYE") 31 May		Unaudited		Five-month Period		Audited	
		RM	RM	RM	RM	2022	2023	2022	2023	31 October	2022	2023	31 October	2023	
		<----->		----->		<----->		----->		<----->		<----->		<----->	
		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May		Financial Year Ended ("FYE") 31 May	
REVENUE	26	68,954,834	62,063,402	91,093,603	137,479,016	55,805,112	65,903,545								
COST OF SALES		(38,742,467)	(34,631,878)	(44,570,228)	(60,837,330)	(24,430,883)	(28,330,916)								
GROSS PROFIT		30,212,367	27,431,524	46,523,375	76,641,686	31,374,229	37,572,629								
OTHER INCOME		1,326,301	2,356,021	1,360,136	12,551,021	11,848,850	803,451								
		31,538,668	29,787,545	47,883,511	89,192,707	43,223,079	38,376,080								
ADMINISTRATIVE EXPENSES		(21,995,430)	(10,396,673)	(12,640,002)	(17,264,579)	(6,672,569)	(8,023,962)								
OTHER EXPENSES		(4,694,869)	(13,159,579)	(3,965,620)	(3,692,235)	(1,496,947)	(1,667,137)								
FINANCE COSTS		(1,134,035)	(1,395,647)	(1,349,604)	(1,017,027)	(465,583)	(357,998)								
PROFIT BEFORE TAXATION	27	3,714,334	4,835,646	29,928,285	67,218,866	34,587,980	28,326,983								
INCOME TAX EXPENSE	28	(255,737)	(2,530,542)	(6,943,924)	(12,429,253)	(5,638,067)	(7,122,238)								
PROFIT AFTER TAXATION		3,458,597	2,305,104	22,984,361	54,789,613	28,949,913	21,204,745								

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

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

	Note	←----- Audited -----→		Unaudited		Audited Five-month Period ←----- FPE 31 October -----→
		2020 RM	2021 RM	2022 RM	2023 RM	
OTHER COMPREHENSIVE INCOME						
Item that Will be Reclassified Subsequently to Profit or Loss						
Foreign currency translation differences		90,088	175,613	(19,543)	508,678	112,514
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		3,548,685	2,480,717	22,964,818	55,298,291	21,317,259
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-						
Owners of the Company		2,467,977	(3,078,599)	14,306,001	53,242,615	20,655,183
Non-controlling interests		990,620	5,383,703	8,678,360	1,546,998	549,562
		3,458,597	2,305,104	22,984,361	54,789,613	21,204,745
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-						
Owners of the Company		2,512,896	(2,994,305)	14,296,620	53,631,805	20,741,267
Non-controlling interests		1,035,789	5,475,022	8,668,198	1,666,486	575,992
		3,548,685	2,480,717	22,964,818	55,298,291	21,317,259
EARNINGS/(LOSS) PER SHARE (SEN)						
- Basic	29	29.12	(15.70)	45.42	1.46	0.46
- Diluted	29	29.12	(15.70)	45.42	1.46	0.46

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Audited	Note	Share Capital RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 1.6.2019		2,809,588	(3,224)	9,371,893	12,178,257	8,034,855	20,213,112
Profit after taxation for the financial year		-	-	2,467,977	2,467,977	990,620	3,458,597
Other comprehensive income for the financial year:		-	44,919	-	44,919	45,169	90,088
- Foreign currency translation differences		-	44,919	-	44,919	45,169	90,088
Total comprehensive income for the financial year		-	44,919	2,467,977	2,512,896	1,035,789	3,548,685
Contributions by owners:							
- Issuance of ordinary shares by Alpha International Women's Specialists Pte. Ltd. ("AIWSS")	14	2,206,649	-	-	2,206,649	2,390,537	4,597,186
Balance at 31.5.2020/1.6.2020		5,016,237	41,695	11,839,870	16,897,802	11,461,181	28,358,983

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2020/1.6.2020		5,016,237	-	41,695	11,839,870	16,897,802	11,461,181	28,358,983
(Loss)/Profit after taxation for the financial year		-	-	-	(3,078,599)	(3,078,599)	5,383,703	2,305,104
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	-	84,294	-	84,294	91,319	175,613
Total comprehensive income/ (expenses) for the financial year		-	-	84,294	(3,078,599)	(2,994,305)	5,475,022	2,480,717
Incorporation of the Company	14	1	-	-	-	1	-	1
Issuance of ordinary shares by Alhaya International Women's Specialists Sdn. Bhd. ("AHIWS")	14	59,717	-	-	-	59,717	8,143	67,860
Acquisition of a subsidiary	14	1,000,000	22,669,534	-	-	23,669,534	-	23,669,534
Dividend issued/paid by subsidiaries to:								
- former holding company		-	-	-	(3,922,766)	(3,922,766)	-	(3,922,766)
- non-controlling interests		-	-	-	-	-	(2,082,997)	(2,082,997)
Total contributions by and distributions to owners		1,059,718	22,669,534	-	(3,922,766)	19,806,486	(2,074,854)	17,731,632
Balance at 31.5.2021/1.6.2021		6,075,955	22,669,534	125,989	4,838,505	33,709,983	14,861,349	48,571,332

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2021/1.6.2021		6,075,955	22,669,534	125,989	4,838,505	33,709,983	14,861,349	48,571,332
Profit after taxation for the financial year		-	-	-	14,306,001	14,306,001	8,678,360	22,984,361
Other comprehensive expense for the financial year:		-	-	(9,381)	-	(9,381)	(10,162)	(19,543)
- Foreign currency translation differences								
Total comprehensive (expenses)/ income for the financial year		-	-	(9,381)	14,306,001	14,296,620	8,668,198	22,964,818
Changes in ownership interests that do not result in a loss of control	14	(3,678)	-	-	5,416	1,738	(1,738)	-
Dividend issued/paid by subsidiaries to:								
- Former holding company		-	-	-	(5,566,822)	(5,566,822)	-	(5,566,822)
- Non-controlling interests		-	-	-	-	-	(2,889,058)	(2,889,058)
Share capital reduction of a subsidiary	14	(1,974,370)	-	-	-	(1,974,370)	(2,138,901)	(4,113,271)
Total distributions to owners		(1,978,048)	-	-	(5,561,406)	(7,539,454)	(5,029,697)	(12,569,151)
Balance at 31.5.2022/1.6.2022		4,097,907	22,669,534	116,608	13,583,100	40,467,149	18,499,850	58,966,999

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2022/1.6.2022		4,097,907	22,669,534	116,608	13,583,100	40,467,149	18,499,850	58,966,999
Profit after taxation for the financial year		-	-	-	53,242,615	53,242,615	1,546,998	54,789,613
Other comprehensive income for the financial year: - Foreign currency translation differences		-	-	389,190	-	389,190	119,488	508,678
Total comprehensive income for the financial year		-	-	389,190	53,242,615	53,631,805	1,666,486	55,298,291
Issuance of ordinary shares by the Company	14	5,528,250	-	-	-	5,528,250	-	5,528,250
Issuance of ordinary shares by AHIWS	14	1,099,730	-	-	-	1,099,730	1,217,743	2,317,473
Dividend paid by subsidiaries to: - Former holding company		-	-	-	(38,059,724)	(38,059,724)	-	(38,059,724)
- Non-controlling interests		-	-	-	-	-	(22,666,369)	(22,666,369)
Total contributions by and distributions to owners		6,627,980	-	-	(38,059,724)	(31,431,744)	(21,448,626)	(52,880,370)
Acquisition of non-controlling interests		-	-	-	(5,839,351)	(5,839,351)	4,377,038	(1,462,313)
Dilution of interests in a subsidiary		-	-	-	137,441	137,441	(137,441)	-
Total changes in ownership interests in subsidiaries		-	-	-	(5,701,910)	(5,701,910)	4,239,597	(1,462,313)
Effect of acquisition of common control subsidiaries	14	(5,197,636)	(170,429)	-	-	(5,368,065)	-	(5,368,065)
Balance at 31.5.2023		5,528,251	22,499,105	505,798	23,064,081	51,597,235	2,957,307	54,554,542

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2023/1.6.2023		5,528,251	22,499,105	505,798	23,064,081	51,597,235	2,957,307	54,554,542
Profit after taxation for the financial period		-	-	-	20,655,183	20,655,183	549,562	21,204,745
Other comprehensive income for the financial period: - Foreign currency translation differences		-	-	86,084	-	86,084	26,430	112,514
Total comprehensive income for the financial period		-	-	86,084	20,655,183	20,741,267	575,992	21,317,259
Dividends: - by the Company - by the subsidiaries to non-controlling interests	31	-	-	-	(9,395,595)	(9,395,595)	-	(9,395,595) (1,038,870)
Total contributions by and distributions to owners		-	-	-	(9,395,595)	(9,395,595)	(1,038,870)	(10,434,465)
Balance at 31.10.2023		5,528,251	22,499,105	591,882	34,323,669	62,942,907	2,494,429	65,437,336

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Unaudited	Note	Share Capital RM	Reorganisation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profit/ (Accumulated Loss) RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.5.2022/1.6.2022		4,097,907	22,669,534	116,608	13,583,100	40,467,149	18,499,850	58,966,999
Profit after taxation for the financial period		-	-	-	28,394,739	28,394,739	555,174	28,949,913
Other comprehensive income for the financial period: - Foreign currency translation differences		-	-	241,748	-	241,748	74,221	315,969
Total comprehensive income for the financial period		-	-	241,748	28,394,739	28,636,487	629,395	29,266,882
Issuance of ordinary shares by the Company	14	5,528,250	-	-	-	5,528,250	-	5,528,250
Issuance of ordinary shares by AHIWS	14	1,099,730	-	-	-	1,099,730	1,217,743	2,317,473
Dividend paid by subsidiaries to: - former holding company		-	-	-	(38,059,724)	(38,059,724)	-	(38,059,724)
- non-controlling interests		-	-	-	-	-	(22,666,369)	(22,666,369)
Total contribution by and distributions to owners		6,627,980	-	-	(38,059,724)	(31,431,744)	(21,448,626)	(52,880,370)
Acquisition of non-controlling interests		-	-	-	(5,839,351)	(5,839,351)	4,377,038	(1,462,313)
Dilution of interests in a subsidiary		-	-	-	137,441	137,441	(137,441)	-
Total changes in ownership interests in subsidiaries		-	-	-	(5,701,910)	(5,701,910)	4,239,597	(1,462,313)
Effect of acquisition of common control subsidiaries	14	(5,197,636)	(170,429)	-	-	(5,368,065)	-	(5,368,065)
Balance at 31.10.2022		5,528,251	22,499,105	358,356	(1,783,795)	26,601,917	1,920,216	28,522,133

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

	←----- Audited -----→		←----- FPE 31 October -----→	
	2020 RM	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	3,714,334	4,835,646	29,928,285	67,218,866
Adjustments for:-				
Bad debts written off	(115,918)	(45,287)	-	47,799
COVID-19-related rent concessions	6,338,412	5,244,635	5,797,035	4,631,486
Depreciation of equipment	1,865,632	1,946,311	2,250,370	2,357,088
Depreciation of right-of-use assets	1,351	23,572	551	-
Equipment written off	-	-	-	-
Fair value gain on other investment	1,134,035	1,395,647	1,349,604	(11,279,993)
Interest expense	-	-	-	465,583
Loss on remeasurement of previously held equity interest	-	9,442,012	-	-
(Gain)/Loss on disposal of equipment	(4,991)	(53,028)	888	(14,124)
Interest income	(122,371)	(141,215)	(541,729)	(956,265)
Operating profit before working capital changes	12,810,484	22,648,293	38,785,004	63,021,884
Decrease/(Increase) in inventories	126,333	(171,901)	355,458	(872,506)
Decrease/(Increase) in trade and other receivables	7,897,361	(3,684,842)	(3,080,380)	8,464,063
Increase/(Decrease) in trade and other payables	4,896,759	(8,081,923)	2,082,967	697,889
(Decrease)/Increase in contract liabilities	(585,834)	1,583,806	1,656,028	462,434
CASH FROM OPERATIONS	25,145,103	12,293,433	39,799,077	71,773,764
			26,275,704	31,059,135
			(547,228)	12,099
			9,179,050	124,983
			617,137	(343,143)
			291,044	263,208
			35,815,707	31,116,282

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited			Unaudited		Audited	
		2020 RM	2021 RM	2022 RM	Five-month period FPE 31 October 2022 RM	Five-month period FPE 31 October 2023 RM		
CASH FROM OPERATIONS								
Income tax paid		25,145,103	12,293,433	39,799,077	71,773,764	31,116,282		
Income tax refunded		(1,474,060)	(1,100,137)	(5,667,067)	(11,168,507)	(5,307,023)		
Interest paid		-	17,547	186,986	-	568,775		
		(42,718)	(1,676)	(28)	-	-		
NET CASH FROM OPERATING ACTIVITIES		23,628,325	11,209,167	34,318,968	60,605,257	26,378,034		
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES								
Acquisition of a subsidiary	30	-	2,568,846	-	-	-		
Additional investment in an existing subsidiary		-	-	-	(202,398)	(202,398)		
Proceeds from disposal of equipment		5,355	107,212	160	19,096	32		
Proceeds from disposal of investment in a subsidiary		100	-	-	-	-		
Interest income		122,371	141,215	541,729	956,265	723,798		
Proceeds from share capital reduction of a subsidiary to non-controlling interests		-	-	(2,138,901)	-	-		
Purchase of equipment		(11,995,410)	(356,014)	(394,722)	(866,229)	(2,953,190)		
Purchase of other investment		(26,000,000)	-	-	-	-		
(Additions to)/Withdrawal of fixed deposits with tenure more than 3 months		-	(626,379)	626,379	-	-		
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(37,867,584)	1,834,880	(1,365,355)	(93,266)	(2,229,360)		

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited			Unaudited	
		2020 RM	2021 RM	2022 RM	Five-month Period FPE 31 October 2022 RM	Audited Five-month Period FPE 31 October 2023 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES						
Proceeds from issuance of ordinary shares:						
- the Company		-	1	-	-	-
- a subsidiary		4,597,186	-	-	977,233	-
Dividend paid by the Company		-	-	-	-	(8,166,720)
Dividend paid by subsidiaries to former holding company and non-controlling interest		-	(6,005,763)	(5,555,880)	(26,346,100)	(1,038,870)
Proceeds from drawdown	32(b)	10,104,114	-	-	-	-
Interest paid	32(b)	(1,081,202)	(1,361,865)	(1,326,463)	(460,948)	(265,990)
Repayment of term loans	32(b)	(278,877)	(846,928)	(914,802)	(5,402,197)	(4,349,245)
Repayment of revolving credits	32(b)	-	-	-	(3,021,305)	-
Repayment of lease liabilities	32(b)	(1,299,112)	(1,639,873)	(2,000,687)	(893,484)	(1,004,127)
Repayment to directors	32(b)	-	(152,655)	-	(23,925)	-
Repayment of hire purchase	32(b)	(702,246)	(776,502)	(1,144,469)	(92,338)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		11,339,863	(10,783,585)	(10,942,301)	(35,263,064)	(14,824,952)

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	←----- Audited ----->		Unaudited		Audited	
		2020	2021	2022	2023	Five-month Period	2023
		RM	RM	RM	RM	RM	RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,899,396)	2,260,462	22,011,312	22,606,175	(2,340,995)	9,323,722
EFFECT OF FOREIGN EXCHANGE TRANSLATION		29,972	162,691	32,499	608,498	443,276	176,238
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		10,769,970	7,900,546	10,323,699	32,367,510	32,367,510	55,582,183
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	32(d)	7,900,546	10,323,699	32,367,510	55,582,183	30,469,791	65,082,143

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

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Alpha IVF was incorporated in Malaysia on 10 February 2021 with a total paid-up share capital of RM1 comprising 1 ordinary share as a private limited company with the name of Alpha IVF Group Sdn. Bhd. and was subsequently converted to a public limited company on 21 August 2023. The Company is principally engaged in the business of investment holdings and business management consultancy services.

The Company was incorporated for the purpose of acquiring the combining entities, Alpha International Women's Specialists Sdn. Bhd. ("AIWS"), AIWSS, Genesis Specialists Sdn. Bhd. ("GS") and AHIWS pursuant to the acquisition as disclosed in Note 38 to the financial statements.

The registered office and principal place of business are as follows:-

Registered office : No.9A, Jalan Medan Tuanku,
Medan Tuanku, 50300 Kuala Lumpur,
W.P Kuala Lumpur, Malaysia.

Principal place of business : G01, Ground Floor,
Encorp Strand Mall,
Jalan PJU 5/22, Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

The information of entities within the combined and consolidated financial statements is as follows:-

- (a) AIWS was incorporated in Malaysia on 30 March 2011 as a private limited liability company and is principally engaged in the business of operating women's specialists centre and provision of medical consultants.
- (b) AIWSS was incorporated in Singapore on 8 November 2018 as a private limited liability company and is principally engaged in the business of operating a women's specialists centre, as medical consultants and providing fertility treatments, women-related healthcare and medical services.
- (c) GS was incorporated in Malaysia on 18 June 2015 as a private limited liability company and is principally engaged in the business of providing specialised medical services.
- (d) AHIWS was incorporated in Malaysia on 15 August 1985 as a private limited liability company and is principally engaged in the business of providing fertility, gynaecological and obstetric treatment and related services.

The Company and the above entities are collectively defined as "**the Group**".

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION**

The combined and consolidated financial statements of the Group are prepared based on the financial statements for the relevant financial years/period as follows:-

	<----- FYE 31 May ----->				FPE 31 October 2023
	2020	2021	2022	2023	
Alpha IVF	(i)	√	√	@, ^	^
AIWS	√	√	√	@, ^	^
AIWSS	√	√	√	@, ^	^
GS	(ii)	√	√	@, ^	^
AHIWS	√	√	√	#, ^	^

(i) No financial statements are available for Alpha IVF as the Company was incorporated on 10 February 2021.

(ii) No financial statements are available for GS as GS was acquired and became a wholly-owned subsidiary on 22 March 2021.

√ The combined financial statements of the Group include the financial statements of these combining entities for the respective financial years.

@ During the FYE 31 May 2023, Alpha IVF acquired AIWS, AIWSS and GS for a total purchase consideration of RM5,528,250 as disclosed in Note 38 to the financial statements.

During the FYE 31 May 2023, AIWS acquired AHIWS for a total consideration of RM1,302,128 as disclosed in Note 38 to the financial statements.

^ The consolidated financial statements of the Group are prepared for the respective financial year/period. The basis of consolidation is disclosed in Note 3.2 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the date of incorporation of entities within the Group. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

The combined and consolidated financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with MFRS, IFRS and Prospectus Guidelines issued by the Securities Commission Malaysia.

- 2.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17: Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

- 2.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liabilities in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of equipment and right-of-use assets as at the reporting date is disclosed in Notes 4 and 5 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(b) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of goodwill as at the reporting date is disclosed in Note 7 to the financial statements.

(c) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 10 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (Cont'd)***(e) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and liabilities as at the reporting date are as follows:-

	←----- Audited -----→				As at 31 October 2023
	←----- As at 31 May -----→				
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Current tax assets	1,847,791	682,811	22,904	-	-
Current tax liabilities	-	492,202	1,828,208	3,597,371	5,995,188

(f) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 8 to the financial statements.

(g) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made are disclosed in Note 30 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(h) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.2 BASIS OF CONSOLIDATION

The combined and consolidated financial statements include the financial statements of the Group made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are combined and consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the combined and consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 BASIS OF CONSOLIDATION (CONT'D)****(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the reporting period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party or parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full reporting period.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 BASIS OF CONSOLIDATION (CONT'D)****(c) Non-controlling Interests**

Non-controlling interests are presented within equity in the combined and consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 GOODWILL**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

3.4 FUNCTIONAL AND FOREIGN CURRENCIES**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The combined and consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)****(c) Foreign Operations**

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the combined and consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the combined and consolidated statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the combined and consolidated statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)*Debt Instruments (Cont'd)*

(i) Amortised Cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 FINANCIAL INSTRUMENTS (CONT'D)****(c) Equity Instruments**

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 EQUIPMENT**

All items of equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all equipment is stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation on equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computers and software	20% to 40%
Clinical equipment	10%
Furniture and fittings	20%
Laboratory and operating theatre equipment	15% to 20%
Medical equipment	15% to 20%
Motor vehicles	20%
Office equipment	20%
Renovation	20%
Signboard	20%

Capital work-in-progress included in equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

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

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 LEASES**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the combined and consolidated statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 CONTRACT LIABILITY

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the combined and consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.11 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 IMPAIRMENT (CONT'D)****(a) Impairment of Financial Assets (Cont'd)**

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the combined and consolidated statements of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an assets is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss of the impairment loss is treated as a revaluation increase.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites to an acceptable condition. The provision is measured at the present value of the compounded future expenditure at current prices and is recognised as part of the cost of the relevant asset. The capitalised cost is depreciated over the expected life of the asset.

3.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

3.14 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.14 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.15 OPERATING SEGMENTS**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.16 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all potential dilutive ordinary shares.

3.17 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.18 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

The fair value for measurement and disclosure purposes in these combined and consolidated financial statements is determined on such a basis, except for leasing transactions (MFRS 16) and measurement that have some similarities to fair value but are not fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

3.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)**

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Rendering of In Vitro Fertilisation ("IVF") and Ancillary Services

Revenue from IVF and ancillary services comprise assisted reproductive, implantation optimisation, preimplantation genetic testing and other medical services. Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(b) Sales of Pharmaceutical Products

Revenue from sale of pharmaceutical products is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the fertility centre. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery.

(c) Rendering of Freezing Services

Revenue is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.20 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Lease Income

Rental income is accounted for on a straight-line method over the lease term.

(c) Government Grant Income

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the combined and consolidated statements of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT

Audited	Computers and software	Clinical equipment	Furniture and fittings	Laboratory and operating theatre equipment	Medical equipment	Motor vehicles	Office equipment	Renovation	Signboard	Capital work-in-progress	Total
<i>Carrying amount</i>	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1.6.2019	126,724	80,107	34,124	3,851,661	163,605	494,262	92,402	3,202	11,848	4,448,083	9,306,018
Additions	551,613	-	3,735,432	3,725,215	35,724	5,200	390,723	3,498,094	53,409	-	11,995,410
Disposal	-	-	-	-	-	-	(364)	-	-	-	(364)
Write off	-	-	-	-	-	-	(1,351)	-	-	-	(1,351)
Reclassification	-	-	350,000	198,910	-	-	-	3,899,173	-	(4,448,083)	-
Depreciation charges	(188,323)	(25,566)	(1,174,489)	(2,319,890)	(82,086)	(299,998)	(137,253)	(2,091,975)	(18,832)	-	(6,338,412)
Foreign currency translation differences	-	-	16,630	27,643	-	-	2,678	16,039	-	-	62,990
At 31.5.2020/ 1.6.2020	490,014	54,541	2,961,697	5,483,539	117,243	199,464	346,835	5,324,533	46,425	-	15,024,291

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

Audited	Computers and software	Clinical equipment	Furniture and fittings	Laboratory and operating theatre equipment	Medical equipment	Motor vehicles	Office equipment	Renovation	Signboard	Total
Carrying amount	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31.5.2020/ 1.6.2020	490,014	54,541	2,961,697	5,483,539	117,243	199,464	346,835	5,324,533	46,425	15,024,291
Additions	56,627	-	4,154	145,003	880	-	88,133	61,217	-	356,014
Disposals	-	-	-	(54,184)	-	-	-	-	-	(54,184)
Write off	(4,701)	-	(372)	(168)	-	-	(6,618)	(2,023)	(9,690)	(23,572)
Depreciation charges	(158,152)	(25,567)	(862,848)	(2,269,210)	(42,907)	(151,255)	(156,244)	(1,569,311)	(9,141)	(5,244,635)
Acquisition of a subsidiary (Note 30)	-	-	161,613	2,421,161	-	-	196,834	312,679	-	3,092,287
Foreign currency translation differences	-	-	11,851	21,023	-	-	2,797	11,410	-	47,081
At 31.5.2021/ 1.6.2021	383,788	28,974	2,276,095	5,747,164	75,216	48,209	471,737	4,138,505	27,594	13,197,282
Additions	25,044	-	15,144	255,808	-	-	98,599	127	-	394,722
Disposals	-	-	-	(969)	-	-	(79)	-	-	(1,048)
Write off	-	-	-	-	-	-	(551)	-	-	(551)
Depreciation charges	(148,825)	(25,566)	(947,325)	(2,612,628)	(41,775)	(45,523)	(247,661)	(1,717,051)	(10,681)	(5,797,035)
Foreign currency translation differences	-	-	11,499	23,768	-	-	2,868	10,714	-	48,849
At 31.5.2022/ 1.6.2022	260,007	3,408	1,355,413	3,413,143	33,441	2,686	324,913	2,432,295	16,913	7,842,219

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

<u>Audited</u> <i>Carrying amount</i>	Computers and software RM	Clinical equipment RM	Furniture and fittings RM	Laboratory and operating theatre equipment RM	Medical equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Capital work-in- progress RM	Total RM
At 31.5.2022/ 1.6.2022	260,007	3,408	1,355,413	3,413,143	33,441	2,686	324,913	2,432,295	16,913	-	7,842,219
Additions	153,724	-	4,186	304,188	320,000	-	48,451	27,180	8,500	-	866,229
Disposals	-	-	-	(751)	(3,933)	-	(288)	-	-	-	(4,972)
Depreciation charges	(146,952)	(2,334)	(856,302)	(1,853,337)	(62,173)	(1,040)	(166,812)	(1,531,429)	(11,107)	-	(4,631,486)
Foreign currency translation differences	-	-	25,531	53,901	-	-	6,713	23,856	-	-	110,001
At 31.5.2023/ 1.6.2023	266,779	1,074	528,828	1,917,144	287,335	1,646	212,977	951,902	14,306	-	4,181,991
Additions	36,630	-	400	1,151,988	-	-	34,093	80,669	-	1,649,410	2,953,190
Disposals	-	-	-	(252)	-	-	(103)	-	-	-	(355)
Write off	-	-	-	(456)	-	-	-	-	-	-	(456)
Reclassification	-	-	-	-	-	-	-	(13,300)	-	13,300	-
Depreciation charges	(72,025)	(92)	(364,472)	(725,237)	(27,846)	(433)	(61,536)	(659,551)	(5,159)	-	(1,916,351)
Foreign currency translation differences	-	-	3,373	10,494	-	-	1,424	3,014	-	-	18,305
At 31.10.2023	231,384	982	168,129	2,353,681	259,489	1,213	186,855	362,734	9,147	1,662,710	5,236,324

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

	Computers and software RM	Clinical equipment RM	Furniture and fittings RM	Laboratory operating theatre equipment RM	Medical equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Total RM
Audited										
As at 31 May 2020	954,073	406,792	4,266,002	12,718,085	1,022,790	2,184,836	578,455	9,069,775	71,908	31,272,716
At cost	(464,059)	(352,251)	(1,304,305)	(7,234,546)	(905,547)	(1,985,372)	(231,620)	(3,745,242)	(25,483)	(16,248,425)
Accumulated depreciation	490,014	54,541	2,961,697	5,483,539	117,243	199,464	346,835	5,324,533	46,425	15,024,291
Carrying amount										
As at 31 May 2021	967,266	406,792	5,270,851	18,518,746	1,019,421	1,847,736	1,541,929	9,271,152	53,409	38,897,302
At cost	(583,478)	(377,818)	(2,994,756)	(12,771,582)	(944,205)	(1,799,527)	(1,070,192)	(5,132,647)	(25,815)	(25,700,020)
Accumulated depreciation	383,788	28,974	2,276,095	5,747,164	75,216	48,209	471,737	4,138,505	27,594	13,197,282
Carrying amount										
As at 31 May 2022	992,310	406,792	5,358,048	18,768,950	1,019,421	1,847,736	1,646,112	9,312,763	53,409	39,405,541
At cost	(732,303)	(403,384)	(4,002,635)	(15,355,807)	(985,980)	(1,845,050)	(1,321,199)	(6,880,468)	(36,496)	(31,563,322)
Accumulated depreciation	260,007	3,408	1,355,413	3,413,143	33,441	2,686	324,913	2,432,295	16,913	7,842,219
Carrying amount										
As at 31 May 2023	1,146,034	406,792	5,494,462	19,290,267	1,309,921	1,847,736	1,714,912	9,466,455	61,909	40,738,488
At cost	(879,255)	(405,718)	(4,965,634)	(17,373,123)	(1,022,586)	(1,846,090)	(1,501,935)	(8,514,553)	(47,603)	(36,556,497)
Accumulated depreciation	266,779	1,074	528,828	1,917,144	287,335	1,646	212,977	951,902	14,306	4,181,991
Carrying amount										

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

<u>Audited</u>	Computers and software RM	Clinical equipment RM	Furniture and fittings RM	Laboratory and operating theatre equipment RM	Medical equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Capital work-in- progress RM	Total RM
As at 31 October 2023	1,182,664	406,792	5,543,934	20,495,135	1,309,921	1,847,736	1,758,107	9,580,773	61,909	1,662,710	43,849,681
At cost	(951,280)	(405,810)	(5,375,805)	(18,141,454)	(1,050,432)	(1,846,523)	(1,571,252)	(9,218,039)	(52,762)	-	(38,613,357)
Accumulated depreciation											
Carrying amount	231,384	982	168,129	2,353,681	259,489	1,213	186,855	362,734	9,147	1,662,710	5,236,324

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. EQUIPMENT (CONT'D)

- (a) Included in the carrying amount of equipment at the end of the reporting period are the following assets held under hire purchase arrangements:-

	----- Audited ----->				As at 31 October 2023 RM
	<----- As at 31 May ----->				
	2020 RM	2021 RM	2022 RM	2023 RM	
Furniture and fittings	-	8,913	7	-	-
Laboratory and operating theatre equipment	837,000	843,694	107	-	-
Medical equipment	-	37,420	8	-	-
Motor vehicles	120,738	44,482	-	-	-
Office equipment	-	12,238	-	-	-
	<u>957,738</u>	<u>946,747</u>	<u>122</u>	<u>-</u>	<u>-</u>

- (b) Included in the carrying amount of equipment at the end of the reporting period are the following assets held in trusts:-

	----- Audited ----->				As at 31 October 2023 RM
	<----- As at 31 May ----->				
	2020 RM	2021 RM	2022 RM	2023 RM	
Motor vehicles - a third party	120,738	44,482	-	-	-
	<u>120,738</u>	<u>44,482</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS

	Apartment RM	Office and fertility centres RM	Office equipment RM	Medical equipment RM	Total RM
Audited					
<i>Carrying amount</i>					
At 1.6.2019	-	16,809,871	22,767	106,529	16,939,167
Addition	46,804	-	-	-	46,804
Depreciation charges	(20,477)	(1,819,468)	(3,790)	(21,897)	(1,865,632)
Foreign currency translation differences	-	74,617	200	886	75,703
At 31.5.2020/1.6.2020	26,327	15,065,020	19,177	85,518	15,196,042
Acquisition of a subsidiary (Note 30)	-	4,435,354	-	-	4,435,354
Depreciation charges	(26,327)	(1,877,705)	(4,564)	(37,715)	(1,946,311)
Foreign currency translation differences	-	76,820	186	427	77,433
At 31.5.2021/1.6.2021	-	17,699,489	14,799	48,230	17,762,518
Addition	-	196,497	-	-	196,497
Depreciation charges	-	(2,207,390)	(4,646)	(38,334)	(2,250,370)
Foreign currency translation differences	-	91,545	204	(37)	91,712
At 31.5.2022/1.6.2022	-	15,780,141	10,357	9,859	15,800,357
Addition	-	3,823,730	-	-	3,823,730
Depreciation charges	-	(2,342,092)	(4,898)	(10,098)	(2,357,088)
Modification of lease liabilities	-	682,451	-	-	682,451
Foreign currency translation differences	-	260,061	491	239	260,791
At 31.5.2023/1.6.2023	-	18,204,291	5,950	-	18,210,241
Depreciation charges	-	(1,178,679)	(2,143)	-	(1,180,822)
Reassessment (Note 20)	-	(28,309)	-	-	(28,309)
Foreign currency translation differences	-	76,558	108	-	76,666
At 31.10.2023	-	17,073,861	3,915	-	17,077,776

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****5. RIGHT-OF-USE ASSETS (CONT'D)**

The Group leases apartment, office and fertility centres, office equipment and medical equipment of which the leasing activities are summarised below:-

- | | |
|--|--|
| (i) Apartment | The Group leases an apartment that run for Nil (31.5.2023 - Nil, 31.5.2022 - Nil, 31.5.2021 - 2 and 31.5.2020 - 2) years, with an option to renew the lease after that date. |
| (ii) Office and fertility centres | The Group leases office and fertility centres that run for 3 years, with an option to renew the lease after that date. |
| (iii) Office equipment and medical equipment | The Group leases several assets such as photocopier and medical equipment with lease terms that run between 3 and 5 years. |

6. OTHER INVESTMENT

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October
	2020 RM	2021 RM	2022 RM	2023 RM	2023 RM
Unquoted redeemable non-convertible cumulative preference shares, at cost	26,000,000	26,000,000	-	-	-
Unquoted redeemable convertible cumulative preference shares, at cost	-	-	26,000,000	-	-
	<u>26,000,000</u>	<u>26,000,000</u>	<u>26,000,000</u>	<u>-</u>	<u>-</u>

- (a) On 28 February 2022, the Group has exercised the right to the option to convert 26,000,000 of the redeemable non-convertible cumulative preference shares ("RNCPS") into redeemable convertible cumulative preference shares ("RCCPS") at RM1 per RCCPS.
- (b) On 19 October 2022, the subsidiary, AIWS declared and approved for payment of dividend in specie to all ordinary shareholders of AIWS whose names are registered in the Register of Members at the close of business on 19 October 2022 by way of transfer of its RCCPS. The RCCPS has been revalued to fair value of RM37,279,993 and AIWS realised a fair value gain of RM11,279,993.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

7. GOODWILL

- (a) The carrying amount of goodwill amounted to RM8,931,239 is derived from acquisition of a cash-generating unit, GS.
- (b) The Group has assessed the recoverable amounts of goodwill allocated. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 1 year (31.5.2023 - 1 year, 31.5.2022 - 1 year, 31.5.2021 - 5 years and 31.5.2020 - Nil). The key assumptions used in the determination of the recoverable amounts 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 %
Gross margin	-	30	40	59	56
Growth rate	-	5	43	36	8
Discount rate	-	11.12	11.05	10.29	13.26

- (i) Budgeted gross margin Management determines budgeted gross margin based on past performance and its expectations of market development.
- (ii) Growth rate Based on the expected projection of the provision of specialised medical services.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.
- (c) The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and is based on both external sources and internal historical data.
- (d) Management believes that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit carrying amount to exceed its recoverable amount.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

8. DEFERRED TAX ASSETS/(LIABILITIES)

	----- Audited -----				As at 31 October 2023 RM
	----- As at 31 May -----				
	2020 RM	2021 RM	2022 RM	2023 RM	
Deferred tax assets	498,103	1,219,142	1,820,711	2,151,573	2,058,914
Deferred tax liabilities	-	(108,925)	(224,274)	(143,500)	(79,528)
	<u>498,103</u>	<u>1,110,217</u>	<u>1,596,437</u>	<u>2,008,073</u>	<u>1,979,386</u>

The movements in deferred taxation during the reporting periods are as follows:-

	----- Audited -----				As at 31 October 2023 RM
	----- As at 31 May -----				
	2020 RM	2021 RM	2022 RM	2023 RM	
At beginning of the financial year/period	17,873	498,103	1,110,217	1,596,437	2,008,073
Recognised in profit or loss (Note 28):					
- Contract liabilities	601,062	-	192,286	51,961	55,745
- Equipment	(190,048)	(106,450)	242,114	202,664	(86,284)
- Provision for restoration costs	69,216	-	57,504	22,655	4,244
- Unabsorbed capital allowances	-	-	-	35,639	-
- Unused tax losses	-	-	-	109,954	-
	<u>480,230</u>	<u>(106,450)</u>	<u>491,904</u>	<u>422,873</u>	<u>(26,295)</u>
Acquisition of a subsidiary (Note 30):					
- Contract liabilities	-	227,802	-	-	-
- Equipment	-	466,925	-	-	-
- Provision for restoration costs	-	26,312	-	-	-
	-	721,039	-	-	-
Exchange difference	-	(2,475)	(5,684)	(11,237)	(2,392)
At end of the financial year/period	<u>498,103</u>	<u>1,110,217</u>	<u>1,596,437</u>	<u>2,008,073</u>	<u>1,979,386</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

9. INVENTORIES

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Trading goods	860,046	1,055,414	933,151	1,126,869	1,002,894
Consumables	375,671	1,086,559	860,342	1,562,964	1,682,947
	<u>1,235,717</u>	<u>2,141,973</u>	<u>1,793,493</u>	<u>2,689,833</u>	<u>2,685,841</u>
Recognised in profit or loss:- Inventories recognised as cost of sales	10,508,231	10,595,676	14,198,530	24,300,293	12,095,704

10. TRADE RECEIVABLES

The Group's normal trade credit terms range from 7 to 30 (31.5.2023 - 7 to 30, 31.5.2022 - 7 to 30, 31.5.2021 - 7 to 30 and 31.5.2020 - 7 to 30) days.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Other receivables:-					
Third parties	3,831,092	126,442	10,012	75,374	108
Amount owing by former holding company	1,697,784	8,468,848	8,874,908	-	-
	<u>5,528,876</u>	<u>8,595,290</u>	<u>8,884,920</u>	<u>75,374</u>	<u>108</u>
Deposits	758,562	975,589	820,071	785,858	1,072,563
Prepayments	474,896	660,322	1,316,121	1,968,979	1,302,975
	<u>6,762,334</u>	<u>10,231,201</u>	<u>11,021,112</u>	<u>2,830,211</u>	<u>2,375,646</u>

The amount owing by former holding company was non-trade in nature, bore an effective interest rate of Nil (31.5.2023 - Nil, 31.5.2022 - 4.05%, 31.5.2021 - 4.05% and 31.5.2020 - 4.05%) per annum, unsecured and repayable on demand. The amount owing was settled in cash.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****12. SHORT-TERM INVESTMENTS**

	----- Audited ----->				As at 31 October 2023 RM
	----- As at 31 May ----->				
	2020 RM	2021 RM	2022 RM	2023 RM	
Money market funds, at fair value	6,138,068	2,099,318	12,071,514	27,050,391	29,232,292

13. FIXED DEPOSITS WITH A LICENSED BANK

The interest rate profile and maturity periods of fixed deposits with a licensed bank at the end of reporting period are as follows:-

	----- Audited ----->				As at 31 October 2023
	----- As at 31 May ----->				
	2020	2021	2022	2023	
Effective interest rates	Nil	0.5%	0.6%	2.95% to 3.40%	2.30% to 2.90%
Maturity periods (days)	Nil	180	90	5 - 92	9 - 20

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL

	←----->	Audited	----->	----->
	2020	2021	As at 31 May 2022	As at 31 October 2023
	←----->	←----->	←----->	←----->
	Number Of Shares			
Issued and Fully Paid-Up				
Ordinary Shares				
At beginning of the financial year/period	1,979,200	10,772,800	11,832,518	6,142,500,001
Issuance of new shares by AIWSS:				
- ordinary shares	729,600	-	-	-
- bonus shares	8,064,000	-	-	-
Issuance of new shares by AHIWS	-	59,717	59,717	1,099,730
Incorporation of the Company	-	1	-	-
Acquisition of a subsidiary	-	1,000,000	-	-
Change in ownership interests that do not result in loss of control	-	-	(5,036)	-
Issuance of new shares by the Company	-	-	-	-
Effect of acquisition of common control subsidiaries	-	-	6,142,500,000	-
Share consolidation by the Company	-	-	-	(1,647,000,001)
At end of the financial year/period	<u>10,772,800</u>	<u>11,832,518</u>	<u>11,887,199</u>	<u>4,495,500,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL (CONT'D)

	Audited			
	2020	2021	2022	2023
	As at 31 2020	As at 31 May 2021	As at 31 May 2022	As at 31 October 2023
	Number Of Shares			
Companies:-				
The Company	-	1	1	4,495,500,000
AIWS	1,488,000	1,488,000	1,488,000	-
AIWSS	9,196,800	9,196,800	9,196,800	-
GS	-	1,000,000	1,000,000	-
AHIWS	88,000	147,717	202,398	-
At end of the financial year/period	10,772,800	11,832,518	11,887,199	6,142,500,001
	4,495,500,000	4,495,500,000	4,495,500,000	4,495,500,000

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL (CONT'D)

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	<-----	-----	-----	-----	----->
	<-----	-----	-----	-----	----->
	<-----	-----	-----	-----	----->
	<-----	-----	-----	-----	----->
Issued and Fully Paid-Up					
Ordinary Shares					
At beginning of the financial year/period	2,809,588	5,016,237	6,075,955	4,097,907	5,528,251
Issuance of new shares by AIWSS	2,206,649	-	-	-	-
Issuance of new shares by AHIWS	-	59,717	-	1,099,730	-
Incorporation of the Company	-	1	-	-	-
Acquisition of a subsidiary	-	1,000,000	-	-	-
Share capital reduction of a subsidiary	-	-	(1,974,370)	-	-
Change in ownership interests that do not result in loss of control	-	-	(3,678)	-	-
Issuance of new shares by the Company	-	-	-	5,528,250	-
Effect of acquisition of common control subsidiaries	-	-	-	(5,197,636)	-
At end of the financial year/period	5,016,237	6,075,955	4,097,907	5,528,251	5,528,251

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL (CONT'D)

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- Audited ----->				
	<-----	As at 31 May			----->
Companies:-					
The Company	-	1	1	5,528,251	5,528,251
AIWS	1,488,000	1,488,000	1,488,000	-	-
AIWSS	3,426,113	3,426,113	1,451,743	-	-
GS	-	1,000,000	1,000,000	-	-
AHIWS	102,124	161,841	158,163	-	-
At end of the financial year/period	5,016,237	6,075,955	4,097,907	5,528,251	5,528,251

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****14. SHARE CAPITAL (CONT'D)**

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) On 18 July 2019, the subsidiary, AIWSS issued a total of 420,000 new ordinary shares for a cash consideration of RM1,270,275 (SGD420,000) where 201,600 new ordinary shares for a cash consideration of RM609,732 (SGD201,600) were attributable to the Group.
- (c) On 9 September 2019, the subsidiary, AIWSS issued a total of 840,000 new ordinary shares for a cash consideration of RM2,540,550 (SGD840,000) where 403,200 new ordinary shares for a cash consideration of RM1,219,464 (SGD403,200) were attributable to the Group.
- (d) On 12 September 2019, the subsidiary, AIWSS had issued a total of 16,800,000 bonus shares for every one fully paid ordinary share with no consideration for the holder of shares as at the date where 8,064,000 bonus shares were attributable to the Group.
- (e) On 29 November 2019, the subsidiary, AIWSS issued a total of 260,000 new ordinary shares for a cash consideration of RM786,361 (SGD260,000) where 124,800 new ordinary shares for a cash consideration of RM377,453 (SGD124,800) were attributable to the Group.
- (f) On 11 November 2020, the subsidiary, AHIWS issued a total of 67,860 new ordinary shares for a cash consideration of RM67,860 where 59,717 new ordinary shares for a cash consideration of RM59,717 were attributable to the Group.
- (g) On 10 February 2021, the Company issued a total of 1 new ordinary shares for a cash consideration of RM1.
- (h) On 22 March 2021, the former holding company owned by the common director had acquired additional equity interests in GS for a total consideration of RM8,145,256. Arising from the acquisition, GS with 1,000,000 ordinary shares amounting to RM1,000,000 were attributable to the Group. The details of the acquisition are disclosed in Note 30 to the financial statements.
- (i) On 24 June 2021, the subsidiary, AIWSS returned the excess capital of RM4,113,271 (SGD1,360,000) to its shareholders by way of capital reduction without change of issuance shares. The excess capital of RM1,974,370 which equivalent to 48% equity interests were attributable to the Group. The number of issued shares of 19,160,000 and 48% equity interest in AIWSS remain unchanged.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****14. SHARE CAPITAL (CONT'D)**

- (j) On 9 November 2021, the subsidiary, AHIWS issued a total of 67,860 bonus shares on the basis of 0.40465 bonus shares for every one existing ordinary share held by the Register of Members as at the date where 59,717 bonus shares were attributable to the Group.
- (k) On 10 November 2021, a common director of the Group transferred a total of 5,036 ordinary shares of AHIWS for a cash consideration of RM3,678 to non-controlling interest. Following the transfer, the equity interest owned by the Group has been diluted from 88% to 86%.
- (l) On 26 October 2022, the subsidiary, AHIWS issued a total of 2,317,473 new ordinary shares for a total consideration of RM2,317,473 where 1,099,730 new ordinary shares of RM1,099,730 were attributable to the Group.
- (m) On 27 October 2022, the Company acquired 100% equity interest in AIWS, 76.51% equity interest in AIWSS and 100% equity interest in GS for a total consideration of RM5,528,250 which was satisfied via the issuance of 6,142,500,000 new ordinary shares of the Company.
- (n) On 7 August 2023, the Company consolidated the entire 6,142,500,001 ordinary shares into 4,495,500,000 ordinary shares on the basis of 1.3664 existing shares into 1 share.
- (o) The new ordinary shares and bonus shares issued rank equally in all respects with the existing ordinary shares of the Company.

For the purpose of this report, the total number of shares as at 31 May 2020, 31 May 2021 and 31 May 2022 represent the total aggregate number of issued and fully paid-up shares of all combined entities within the Group.

15. REORGANISATION RESERVE

The reorganisation reserve arose from the difference between the carrying value of the investments and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

16. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Audited			
	2020	As at 31 May 2021	2022	As at 31 October 2023
	RM	RM	RM	RM
AIWS	9,001,171	10,841,642	15,435,023	-
AIWSS	2,469,227	4,030,132	3,086,931	1,969,261
AHIWS	(9,217)	(10,425)	(22,104)	844,142
	11,461,181	14,861,349	18,499,850	2,494,429
Effective Equity Interest	%	%	%	%
AIWS	38	38	38	-
AIWSS	52*	52*	52*	23.49
AHIWS	12	12	14	49
	100	100	100	100

* Although the Group owned less than half of the voting power in AIWSS, the Group has determined that there is a de facto control over AIWSS on the basis that remaining voting rights in this investee are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively. The common director also has control over the operational and management policies in AIWSS.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- AIWS ----->				
	----- Audited ----->				
	----- As at 31 May ----->				
<u>At end of the year/period</u>					
Non-current assets	44,351,085	40,702,799	37,882,666	-	-
Current assets	16,475,399	15,254,981	30,274,731	-	-
Non-current liabilities	(19,253,080)	(17,865,267)	(16,258,032)	-	-
Current liabilities	(17,886,113)	(9,561,876)	(11,280,884)	-	-
Net assets	23,687,291	28,530,637	40,618,481	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	2020 RM	2021 RM	2022 RM	2023 RM	FPE 31 October 2023 RM
	<-----<	<-----<	<-----<	<-----<	<-----<
			AIWS		
			Audited		
			----->		
			FYE 31 May		
			----->		
<u>Financial Year/Period Ended</u>					
Revenue	61,267,863	34,790,829	44,394,238	-	-
Profit for the financial year/period	5,650,779	4,843,346	12,087,844	-	-
Total comprehensive income	5,650,779	4,843,346	12,087,844	-	-
Total comprehensive income attributable to non-controlling interests	2,147,296	1,840,471	4,593,381	-	-
Net cash from/(for)operating activities	21,158,309	(255,311)	17,590,880	-	-
Net cash (for)/from investing activities	(30,952,410)	(146,632)	14,351	-	-
Net cash from/(for) financing activities	7,795,221	(2,902,060)	(2,591,180)	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	2020	2021	2022	2023	As at 31 October 2023
	RM	RM	RM	RM	RM
<u>At end of the financial year/period</u>					
Non-current assets	12,277,317	9,654,400	7,153,684	4,883,147	3,647,950
Current assets	1,737,880	7,555,820	9,595,690	12,606,625	12,268,754
Non-current liabilities	(6,166,736)	(5,030,848)	(3,781,818)	(2,614,884)	(1,872,691)
Current liabilities	(3,099,947)	(4,429,118)	(7,031,150)	(6,491,488)	(7,019,202)
Net assets	4,748,514	7,750,254	5,936,406	8,383,400	7,024,811

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	2020 RM	2021 RM	2022 RM	2023 RM	FPE 31 October 2023 RM
	<----- AIWSS ----->				
	<----- Audited ----->				
	<----- FYE 31 May ----->				
Financial Year/Period Ended					
Revenue	7,686,971	25,077,862	30,837,180	30,425,747	13,345,858
(Loss)/Profit for the financial year/period	(2,234,037)	6,831,890	7,874,847	6,884,416	2,952,175
Total comprehensive (expenses)/income	(2,143,949)	7,007,503	7,855,304	7,393,094	3,064,689
Total comprehensive (expenses)/income attributable to non-controlling interests	(1,114,853)	3,643,902 (2,082,997)	4,084,758 (2,889,058)	1,736,638 (2,571,972)	719,896 (1,038,870)
Dividends paid to non-controlling interests	-				
Net cash from operating activities	2,413,208	11,083,849	13,221,099	9,117,389	4,757,297
Net cash for investing activities	(6,916,710)	(54,166)	(208,574)	(22,748)	(50,318)
Net cash from/(for) financing activities	3,638,011	(5,674,861)	(11,489,678)	(6,653,717)	5,249,634

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

		<-----<	----->	----->	----->
	2020	2021	2022	2023	As at 31 October 2023
	RM	RM	RM	RM	RM
	<-----<	----->	----->	----->	----->
	2020	2021	2022	2023	As at 31 October 2023
	RM	RM	RM	RM	RM
<u>At end of the financial year/period</u>					
Non-current assets	90,034	54,628	19,223	3,671,854	5,220,774
Current assets	166,343	46,833	249,464	1,997,388	1,759,855
Non-current liabilities	-	-	-	(3,460,097)	(3,437,773)
Current liabilities	(333,199)	(188,338)	(426,573)	(192,726)	(1,820,118)
Net (liabilities)/assets	<u>(76,822)</u>	<u>(86,877)</u>	<u>(157,886)</u>	<u>2,016,419</u>	<u>1,722,738</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

17. NON-CONTROLLING INTERESTS (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	<-----<	<-----<	<-----<	<-----<	<-----<
<u>Financial Year/Period Ended</u>	2020	2021	2022	2023	FPE 31
	RM	RM	RM	RM	October
	RM	RM	RM	RM	2023
	RM	RM	RM	RM	RM
Revenue	-	14,562	27,186	11,118	3,301
Profit/(Loss) for the financial year/period	41,855	(77,915)	(71,009)	(143,168)	(293,681)
Total comprehensive income/(expenses)	41,855	(77,915)	(71,009)	(143,168)	(293,681)
Total comprehensive income/(expenses) attributable to non-controlling interests	5,023	(9,350)	(9,941)	(70,152)	(143,904)
Net cash (for)/from operating activities	(6,463)	(37,755)	237,031	(686,833)	1,166,940
Net cash for investing activities	-	-	-	(19,260)	(1,678,997)
Net cash from financing activities	-	-	-	2,076,963	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

18. LEASE LIABILITIES

	←-----<	----- Audited ----->			----->
	2020 RM	As at 31 2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
At beginning of the financial year/period	16,988,877	15,699,228	18,605,981	16,707,693	18,859,452
Acquisition of a subsidiary (Note 30)	-	4,507,713	-	-	-
Additions	46,804	-	-	3,413,366	-
COVID-19 related rent concessions	(115,918)	(45,287)	-	-	-
Interest expense recognised in profit or loss	648,617	674,528	725,843	691,250	322,441
Changes due to lease modification	-	-	-	682,451	-
Repayment of principal	(1,299,112)	(1,639,873)	(2,000,687)	(2,233,073)	(1,004,127)
Repayment of interest expense	(648,617)	(674,528)	(725,843)	(677,739)	(254,078)
Exchange difference	78,577	84,200	102,399	275,504	78,886
At end of the financial year/period	<u>15,699,228</u>	<u>18,605,981</u>	<u>16,707,693</u>	<u>18,859,452</u>	<u>18,002,574</u>
Analysed by:-					
Current liabilities	1,649,313	2,009,515	2,170,728	2,429,214	2,629,608
Non-current liabilities	14,049,915	16,596,466	14,536,965	16,430,238	15,372,966
	<u>15,699,228</u>	<u>18,605,981</u>	<u>16,707,693</u>	<u>18,859,452</u>	<u>18,002,574</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

19. BORROWINGS

	←----- Audited -----→				
	←----- As at 31 May -----→				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Non-current					
Term loans	10,654,285	9,993,096	8,844,525	3,029,245	-
Hire purchase payables	422,962	160,117	-	-	-
	<u>11,077,247</u>	<u>10,153,213</u>	<u>8,844,525</u>	<u>3,029,245</u>	<u>-</u>
Current					
Term loans	1,630,722	1,444,983	1,678,752	1,320,000	-
Hire purchase payables	688,506	1,076,690	92,338	-	-
Revolving credits	3,000,000	3,020,971	3,021,305	-	-
Bank overdraft	-	1,617	-	-	-
	<u>5,319,228</u>	<u>5,544,261</u>	<u>4,792,395</u>	<u>1,320,000</u>	<u>-</u>

- (a) The term loans and revolving credits of the Group were secured by:-
- (i) Debt Service Reserve Account with minimum balance to be maintained by the Group amounting to RM775,000; and
 - (ii) a joint and several guarantee of the directors and the former holding company.
- (b) The bank overdraft was secured by a pledge of properties of a director and a joint and several guarantee of the directors.
- (c) In the previous financial years, the term loan of the Group was secured by a pledge of third party's properties.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

19. BORROWINGS (CONT'D)

(d) The interest rate profile of the borrowings of the Group was summarised below:-

	Interest Rate	Effective Interest Rates				As at 31 October 2023
		As at 31 May 2020	As at 31 May 2021	As at 31 May 2022	As at 31 May 2023	
		%	%	%	%	%
Term loans	Floating	4.58 - 5.17	3.92 - 4.05	3.92 - 4.33	4.75	Nil
Hire purchase payables	Fixed	3.60 - 6.78	3.60 - 7.33	4.85 - 7.24	Nil	Nil
Revolving credits	Floating	4.05	4.05	4.05	Nil	Nil
Bank overdraft	Floating	Nil	6.67	Nil	Nil	Nil

20. PROVISION FOR RESTORATION COSTS

	Audited				As at 31 October 2023
	As at 31 May				
	2020	2021	2022	2023	
	RM	RM	RM	RM	RM
At beginning of the financial year/period	282,539	292,654	418,359	637,635	1,073,029
Acquisition of a subsidiary (Note 30)	-	114,570	-	-	-
Provision made during the financial year	-	-	196,497	410,364	-
Reassessment during the financial period	-	-	-	-	(28,309)
Unwinding of discount factor	10,115	11,135	22,779	11,240	23,645
Foreign currency translation differences	-	-	-	13,790	7,990
At end of the financial year/period	292,654	418,359	637,635	1,073,029	1,076,355

In accordance with the terms and conditions of the office and fertility centres lease agreements, the Group has an obligation to dismantle and remove structures on site and restore those sites at the end of the lease terms to an acceptable condition consistent with the lease agreements.

13. ACCOUNTANTS' REPORT (CONT'D)**ALPHA IVF GROUP BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****20. PROVISION FOR RESTORATION COSTS (CONT'D)**

The provision is estimated using the assumption that restoration will only take place upon expiry of the lease terms. Details of the lease terms and discount rates used to determine the obligation as at the reporting date are as follows:-

	←----- Audited ----->				
	←----- As at 31 May ----->				As at 31
	2020	2021	2022	2023	October 2023
Lease terms (years)	17	13 to 16	12 to 15	11 to 15	10 to 15
Discount rate (%) per annum	3.58	3.58	3.58 to 3.83	3.73 to 4.75	3.73 to 5.15

While the provision is based on the best estimate of future costs and the economic lives of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

21. TRADE PAYABLES

- (a) The normal trade credit terms granted to the Group range from 30 to 90 (31.5.2023 - 30 to 90, 31.5.2022 - 30 to 90, 31.5.2021 - 30 to 90 and 31.5.2020 - 30 to 60) days.
- (b) Included in trade payables of the Group is amount owing to related parties amounting to RM83,449 (31.5.2023 - RM99,046, 31.5.2022 - RM12,842, 31.5.2021 - RM30,498 and 31.5.2020 - RM39,664).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

22. OTHER PAYABLES AND ACCRUALS

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Other payables:-					
Third parties	412,325	543,835	1,238,509	1,262,312	1,115,231
Shareholders	-	-	-	20,000	532,000
Related parties	52,000	88,327	-	12,000	-
Goods and services tax payable	144,232	209,690	291,126	317,324	228,260
	608,557	841,852	1,529,635	1,611,636	1,875,491
Deposits received	-	-	35,000	-	-
Accruals	10,254,408	2,591,415	3,687,871	3,269,229	3,093,919
	<u>10,862,965</u>	<u>3,433,267</u>	<u>5,252,506</u>	<u>4,880,865</u>	<u>4,969,410</u>

The amount owing to shareholders is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

23. CONTRACT LIABILITIES

	----- Audited ----->				
	----- As at 31 May ----->				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
IVF and ancillary and freezing services	1,455,586	3,046,138	4,712,826	5,186,217	5,462,021

- (a) The contract liabilities primarily relate to advance considerations received from customers for IVF and ancillary and freezing services. The amount will be recognised as revenue when the performance obligations are satisfied.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

23. CONTRACT LIABILITIES (CONT'D)

(b) The changes to contract liability balances during the financial year/period are summarised below:-

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- Audited ----->				
	<----- As at 31 May ----->				
At beginning of the financial year/period	-	1,455,586	3,046,138	4,712,826	5,186,217
Acquisition of a subsidiary (Note 30)	-	836,018	-	-	-
Revenue recognised in profit or loss during the financial year/period	-	(1,454,773)	(3,043,944)	(4,722,590)	(5,191,003)
Advances received for future performance obligations	1,455,586	2,210,120	4,712,826	5,185,024	5,462,021
Exchange difference	-	(813)	(2,194)	10,957	4,786
At end of the financial year/period	<u>1,455,586</u>	<u>3,046,138</u>	<u>4,712,826</u>	<u>5,186,217</u>	<u>5,462,021</u>

(c) As at the end of the reporting period, the transaction price allocated to the unsatisfied performance obligation of contracts is as disclosed in Note 23(a) and (b) above. The performance obligation is expected to be recognised within 12 (31.5.2023 - 12, 31.5.2022 - 12, 31.5.2021 - 12 and 31.5.2020 - 12) months.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

24. AMOUNT OWING TO DIRECTORS

	←----- Audited -----→				
	←----- As at 31 May -----→				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
Non-trade balances:					
- interest-free	170,348	102,488	102,488	49,278	49,278
- interest- bearing loan	153,860	-	-	-	-
	<u>324,208</u>	<u>102,488</u>	<u>102,488</u>	<u>49,278</u>	<u>49,278</u>

- (i) The non-trade balances are unsecured and repayable on demand.
- (ii) In FYE 2020, the interest-bearing loan was unsecured and bore an interest rate of 2% per month.
- (iii) The amount owing is to be settled in cash.

25. DIVIDEND PAYABLE

	←----- Audited -----→				
	←----- As at 31 May -----→				As at 31 October 2023
	2020 RM	2021 RM	2022 RM	2023 RM	RM
First single-tier interim dividend of RM2.90 per ordinary share	-	-	2,900,000	-	-
First single-tier interim dividend of 0.209 sen per ordinary share	-	-	-	-	1,228,875
	<u>-</u>	<u>-</u>	<u>2,900,000</u>	<u>-</u>	<u>1,228,875</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

26. REVENUE

	←-----> 2020 RM	←-----> 2021 RM	-----> Audited FYE 31 May 2022 RM	-----> 2023 RM	←-----> Unaudited FPE 31 October 2022 RM	←-----> Audited 31 October 2023 RM
Revenue from Contracts with Customers						
<u>Recognised at a point in time</u>						
IVF and ancillary services	52,014,430	46,418,797	66,990,452	99,334,426	40,445,686	47,093,890
Sales of goods	12,817,689	11,720,339	18,032,900	29,107,455	11,724,195	14,459,485
	64,832,119	58,139,136	85,023,352	128,441,881	52,169,881	61,553,375
<u>Recognised over time</u>						
Freezing services	4,122,715	3,924,266	6,070,251	9,037,135	3,635,231	4,350,170
	68,954,834	62,063,402	91,093,603	137,479,016	55,805,112	65,903,545

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 35 to the financial statements.

(b) The information on transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at the reporting date is disclosed in Note 23(c) to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION

	2020 RM	2021 RM	Audited FYE 31 May 2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
Profit before taxation is arrived at after charging/(crediting):-	187,338	243,067	168,260	207,442	52,920	59,167
Auditors' remuneration	-	-	-	418,606	178,255	222,994
- statutory audit	-	-	-	-	-	-
- special audit	-	-	-	-	-	-
- overprovision in the previous financial year	742,613	953,929	1,378,806	(16,168)	842,451	899,286
Anaesthetist fees	-	-	-	47,799	-	-
Bad debts written off	-	-	-	-	-	-
COVID-19 related rent concessions	115,918	45,287	-	-	-	-
Depreciation:						
- equipment	6,338,412	5,244,635	5,797,035	4,631,486	1,990,980	1,916,351
- right-of-use assets	1,865,632	1,946,311	2,250,370	2,357,088	952,825	1,180,822
Directors' remuneration (Note 33)	17,787,450	8,889,397	12,309,742	15,079,784	6,386,630	6,816,788
Doctors' fee (including key management personnel as disclosed in Note 33)	9,614,695	9,811,753	14,461,263	19,569,212	8,387,471	8,922,037
Equipment written off	1,351	23,572	551	-	-	456
	1,351	23,572	14,461,263	19,569,212	8,387,471	8,922,037

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION (CONT'D)

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited <---- FPE 31 October 2022 RM	Audited <---- FPE 31 October 2023 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-						
Interest expenses:						
- bank overdraft	42,718	1,676	28	-	-	-
- hire purchase payables	92,281	26,168	43,256	1,044	1,044	-
- lease liabilities	648,617	674,528	725,843	691,250	277,605	322,441
- revolving credits	69,000	20,971	121,500	9,321	9,321	-
- term loans	198,299	658,116	436,198	304,172	172,978	11,912
- unwinding of discount factor	10,115	11,135	22,779	11,240	4,635	23,645
- amount due to a director	73,005	3,053	-	-	-	-
Lease expenses:						
- short-term leases	44,600	38,000	1,800	-	-	-
- low-value assets	-	424	16,912	17,587	7,342	7,082
Loss on remeasurement of previously held equity shares	-	9,442,012	-	-	-	-
(Gain)/Loss on disposal of equipment	(4,991)	(53,028)	888	(14,124)	644	323
Realised loss/(gain) in foreign exchange	4,255	5,235	(3,589)	2,871	3,088	18,790

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION (CONT'D)

	2020 RM	2021 RM	Audited FYE 31 May 2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited 31 October 2023 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-	6,083,794	5,773,875	8,901,479	10,924,678	4,104,190	4,560,734
Staff costs (including other key management personnel as disclosed in Note 33):	1,753,669	1,122,408	1,272,161	1,260,787	480,808	548,186
- salaries and other benefits			(6,906)	9,813	9,813	-
- defined contribution benefits			-	(11,279,993)	(11,279,993)	-
Fair value loss/(gain) on short-term investments	1,379	5,802	(462,626)	(46,667)	(25,863)	-
Fair value gain on other investment	-	-	-	-	-	-
Government grant income	(227,165)	(545,578)	(51,282)	(224,413)	(50,092)	(402,826)
Interest income:	(106,774)	(31,157)	(349,417)	(206,616)	(206,616)	-
- short-term investments	-	(27,688)	(141,030)	(525,236)	(185,607)	(320,972)
- other receivables	(15,597)					
- bank balances						
Lease income:	(437,424)	(913,904)	(2,500)	(6,000)	(2,500)	(1,000)
- lab equipment	(156,376)	(326,714)	-	(7,380)	(6,150)	-
- office	(54,784)	(103,458)	-	-	-	-
- utilities						

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE

	Audited		Unaudited		Audited	
	FYE 31 May		FPE 31 October		2023	
	2021	2022	2022	2022	2022	2023
	RM	RM	RM	RM	RM	RM
Current tax expense:-						
Malaysia:						
- current financial year/period	751,011	6,024,393	12,593,764	5,204,937	6,456,882	
- (over)/underprovision in the previous financial year/period	(15,044)	(67,755)	(1,337,325)	(47,937)	-	
- underprovision in the prior financial years	-	-	-	-	3,749	
	735,967	5,956,638	11,256,439	5,157,000	6,460,631	
Foreign:						
- current financial year/period	-	1,477,297	1,609,049	649,612	624,539	
- under/(over)provision in the previous financial year/period	-	1,893	(13,362)	(11,912)	10,773	
	-	1,479,190	1,595,687	637,700	635,312	
	735,967	7,435,828	12,852,126	5,794,700	7,095,943	
Deferred tax (Note 8):						
- current financial year/period	(110,992)	(614,503)	(445,582)	(64,419)	(66,364)	
- recognition of deferred tax assets previously not recognised	-	-	(90,720)	-	-	
- (under)/overprovision in the previous financial year/period	(369,238)	122,599	113,429	(92,214)	92,659	
	(480,230)	(491,904)	(422,873)	(156,633)	26,295	
	255,737	6,943,924	12,429,253	5,638,067	7,122,238	

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited ← FPE 31 May → 2022 RM	Unaudited ← FPE 31 October → 2023 RM
Profit before taxation	3,714,334	4,835,646	29,928,285	67,218,866	34,587,980	28,326,983
Tax at the statutory tax rate of 24%	891,440	1,160,555	7,182,788	16,132,528	8,301,115	6,798,479
Tax effects of:-						
Non-deductible expenses	645,827	2,878,577	520,732	1,026,085	582,834	557,695
Non-taxable income	(115,459)	(161,948)	(109,396)	(2,757,757)	(2,802,696)	(109,583)
Tax incentives	(1,196,492)	(342,755)	(54,078)	(57,016)	(56,095)	(59,935)
(Over)/Underprovision of current tax:						
- in the previous financial year/period	(15,044)	8	(65,862)	(1,350,687)	(59,849)	10,773
- in the prior financial years	-	-	-	-	-	3,749
(Under)/Overprovision of deferred tax in the previous financial year/period	(369,238)	-	122,599	113,429	(92,214)	92,659
Differential in tax rates:						
- a local subsidiary	(42,000)	-	-	-	-	-
- a foreign subsidiary	156,383	(527,541)	(662,459)	(586,609)	(235,028)	(246,479)
Deferred tax assets not recognised during the financial year/period	316,612	13,200	9,600	-	-	74,880
Recognition of deferred tax assets previously not recognised	-	-	-	(90,720)	-	-
Utilisation of deferred tax assets previously not recognised	(16,292)	(489,554)	-	-	-	-
Income tax expense for the financial year/period	255,737	2,530,542	6,943,924	12,429,253	5,638,067	7,122,238

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year/period. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE (CONT'D)

The temporary differences attributable to the deferred tax assets which are not recognised in the financial statements are as follows:-

	2020	2021	2022	2023	Unaudited FPE 31 October 2022	Audited 31 October 2023
	RM	RM	RM	RM	RM	RM
Unused tax losses:						
- expires year of assessment 2028	256,000	256,000	256,000	-	256,000	-
- expires year of assessment 2030	-	7,000	7,000	-	7,000	-
- expires year of assessment 2031	-	7,000	7,000	-	7,000	-
- expires year of assessment 2032	-	5,000	3,000	-	3,000	-
- expires year of assessment 2034	-	-	-	-	-	172,000
- foreign entity	2,039,808	-	-	-	-	-
Unabsorbed capital allowances	27,000	63,000	105,000	-	113,000	140,000
	2,322,808	338,000	378,000	-	386,000	312,000

Based on Malaysia's current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment, whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of a subsidiary in Singapore is subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation of the respective countries in which the subsidiary operates.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

29. EARNINGS/(LOSS) PER SHARE

	←-----> 2020	-----> Audited FYE 31 May 2021	-----> 2022	-----> 2023	-----> Unaudited FPE 31 October 2022	-----> Audited October 2023
Profit/(Loss) attributable to owners of the Company (RM)	2,467,977	(3,078,599)	14,306,001	53,242,615	28,394,739	20,655,183
Weighted average number of ordinary shares in issue	8,476,349	19,610,236	31,499,670	3,657,143,981	213,297,814	4,495,500,000
Basic earnings/(loss) per share (sen)	29.12	(15.70)	45.42	1.46	13.31	0.46

The Group has not issued any potential dilutive ordinary shares and hence, the diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

30. ACQUISITION OF A SUBSIDIARY

- (i) On 22 March 2021, the former holding company owned by the common director had acquired an additional 57.25% equity interests in GS for a total consideration of RM8,145,256. Consequently, from the additional acquisition, GS became a wholly-owned subsidiary of the former holding company.

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

(a) Identifiable Assets Acquired and Liabilities Assumed

	The Group 2021
	RM
Equipment (Note 4)	3,092,287
Right-of-use assets (Note 5)	4,435,354
Deferred tax assets (Note 8)	721,039
Inventories	729,325
Trade and other receivables	375,621
Current tax assets	531,518
Cash and bank balances	2,568,846
Lease liabilities (Note 18)	(4,507,713)
Hire purchase payables	(901,841)
Provision for restoration costs (Note 20)	(114,570)
Trade and other payables	(797,565)
Contract liabilities (Note 23(b))	(836,018)
	<hr/>
Net identifiable assets acquired	5,296,283

(b) Cash Flows Arising from Acquisition

	The Group 2021
	RM
Net cash inflow from the acquisition of a subsidiary	2,568,846

(c) Goodwill Arising from Acquisition

	The Group 2021
	RM
Total consideration transferred	8,145,256
Add: Fair value of existing equity in the former associate	6,082,266
Less: Fair value of net identifiable assets acquired	(5,296,283)
	<hr/>
Goodwill arising from the acquisition of a subsidiary	8,931,239

- (ii) On 27 October 2022, the Company entered into a corporate reorganisation and share swap arrangement with the existing shareholders of AIWS, AIWSS and GS. The details are disclosed in Note 38 to the combined and consolidated financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

31. DIVIDEND

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
First single-tier interim dividend of 0.209 sen per ordinary share	-	-	-	-	-	9,395,595

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	2020 RM	2021 RM	Audited FYE 31 May 2022 RM	Audited 2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
Right-of-use assets						
Cost of right-of-use assets acquired (Note 5)	46,804	-	196,497	3,823,730	-	-
Less: Capitalisation through provision for restoration cost (Note 20)	-	-	(196,497)	(410,364)	-	-
Less: Addition of new lease liabilities (Note 18)	(46,804)	-	-	(3,413,366)	-	-
	-	-	-	-	-	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
Audited						
31 May 2020						
At 1 June 2019	170,348	5,613,630	1,813,714	-	16,988,877	24,586,569
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	153,860	6,950,254	-	3,000,000	-	10,104,114
Repayment of principal	-	(278,877)	(702,246)	-	(1,299,112)	(2,280,235)
Repayment of interests	(73,005)	(198,299)	(92,281)	(69,000)	(648,617)	(1,081,202)
	80,855	6,473,078	(794,527)	2,931,000	(1,947,729)	6,742,677
<u>Other Changes</u>						
Acquisition of new leases	-	-	-	-	46,804	46,804
COVID-19-related rent concessions	-	-	-	-	(115,918)	(115,918)
Foreign exchange difference	-	-	-	-	78,577	78,577
Interest expense recognised in profit or loss	73,005	198,299	92,281	69,000	648,617	1,081,202
	73,005	198,299	92,281	69,000	658,080	1,090,665
At 31 May 2020	324,208	12,285,007	1,111,468	3,000,000	15,699,228	32,419,911

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
31 May 2021						
At 1 June 2020	324,208	12,285,007	1,111,468	3,000,000	15,699,228	32,419,911
<u>Changes in Financing Cash Flows</u>						
Repayment of principal	(152,655)	(846,928)	(776,502)	-	(1,639,873)	(3,415,958)
Repayment of interests	(3,053)	(658,116)	(26,168)	-	(674,528)	(1,361,865)
	(155,708)	(1,505,044)	(802,670)	-	(2,314,401)	(4,777,823)
<u>Other Changes</u>						
Acquisition of a subsidiary	-	-	901,841	-	4,507,713	5,409,554
Capitalisation of amount owing to director	(67,860)	-	-	-	-	(67,860)
COVID-19-related rent concessions	-	-	-	-	(45,287)	(45,287)
Foreign exchange difference	(1,205)	-	-	-	84,200	82,995
Interest expense recognised in profit or loss	3,053	658,116	26,168	20,971	674,528	1,382,836
	(66,012)	658,116	928,009	20,971	5,221,154	6,762,238
At 31 May 2021	102,488	11,438,079	1,236,807	3,020,971	18,605,981	34,404,326

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
31 May 2022						
At 1 June 2021	102,488	11,438,079	1,236,807	3,020,971	18,605,981	34,404,326
<u>Changes in Financing Cash Flows</u>						
Repayment of principal	-	(914,802)	(1,144,469)	-	(2,000,687)	(4,059,958)
Repayment of interests	-	(436,198)	(43,256)	(121,166)	(725,843)	(1,326,463)
<u>Other Changes</u>						
Foreign exchange difference	-	-	-	-	102,399	102,399
Interest expense recognised in profit or loss	-	436,198	43,256	121,500	725,843	1,326,797
At 31 May 2022	102,488	10,523,277	92,338	3,021,305	16,707,693	30,447,101

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
Audited						
31 May 2023						
At 1 June 2022	102,488	10,523,277	92,338	3,021,305	16,707,693	30,447,101
<u>Changes in Financing Cash Flows</u>						
Repayment of principal	(23,925)	(6,174,032)	(92,338)	(3,021,305)	(2,233,073)	(11,544,673)
Repayment of interests	-	(304,172)	(1,044)	(9,321)	(677,739)	(992,276)
	(23,925)	(6,478,204)	(93,382)	(3,030,626)	(2,910,812)	(12,536,949)
<u>Other Changes</u>						
Issuance of ordinary shares	(29,285)	-	-	-	-	(29,285)
Foreign exchange difference	-	-	-	-	275,504	275,504
Acquisition of new lease	-	-	-	-	3,413,366	3,413,366
Modification of lease	-	-	-	-	682,451	682,451
Interest expense recognised in profit or loss	-	304,172	1,044	9,321	691,250	1,005,787
	(29,285)	304,172	1,044	9,321	5,062,571	5,347,823
At 31 May 2023	49,278	4,349,245	-	-	18,859,452	23,257,975

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Unaudited 31 October 2022	Amount Owing to Directors RM	Term Loans RM	Hire Purchase Payables RM	Revolving Credits RM	Lease Liabilities RM	Total RM
At 1 June 2022	102,488	10,523,277	92,338	3,021,305	16,707,693	30,447,101

Changes in Financing Cash Flows

Repayment of principal	(23,925)	(5,402,197)	(92,338)	(3,021,305)	(893,484)	(9,433,249)
Repayment of interests	-	(172,978)	(1,044)	(9,321)	(277,605)	(460,948)
	(23,925)	(5,575,175)	(93,382)	(3,030,626)	(1,171,089)	(9,894,197)

Other Changes

Issuance of ordinary shares	(29,285)	-	-	-	-	(29,285)
Foreign exchange difference	-	-	-	-	218,903	218,903
Interest expense recognised in profit or loss	-	172,978	1,044	9,321	277,605	460,948
	(29,285)	172,978	1,044	9,321	496,508	650,566

At 31 October 2022

49,278	5,121,080	-	-	-	16,033,112	21,203,470
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13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Amount Owing to Directors RM	Term Loans RM	Lease Liabilities RM	Total RM
31 October 2023				
At 1 June 2023	49,278	4,349,245	18,859,452	23,257,975
<u>Changes in Financing Cash Flows</u>				
Repayment of principal	-	(4,349,245)	(1,004,127)	(5,353,372)
Repayment of interests	-	(11,912)	(254,078)	(265,900)
<u>Other Changes</u>	-	(4,361,157)	(1,258,205)	(5,619,362)
Foreign exchange difference	-	-	78,886	78,886
Interest expense recognised in profit or loss	-	11,912	322,441	334,353
	-	11,912	401,327	413,239
At 31 October 2023	49,278	-	18,002,574	18,051,852

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	←----->	Audited ----->	----->	----->	----->	----->	----->	----->	----->
	2020	2021	2022	2023	2022	2023	2022	2023	2023
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Interest paid on lease liabilities	648,617	674,528	725,843	677,739	277,605	254,078	277,605	254,078	254,078
Payment of lease liabilities	1,299,112	1,639,873	2,000,687	2,233,073	893,484	1,004,127	893,484	1,004,127	1,004,127
Payment of short-term leases	44,600	38,000	1,800	-	-	-	-	-	-
Payment of low-value assets	-	424	16,912	17,587	7,342	7,082	7,342	7,082	7,082
	<u>1,992,329</u>	<u>2,352,825</u>	<u>2,745,242</u>	<u>2,928,399</u>	<u>1,178,431</u>	<u>1,265,287</u>	<u>1,178,431</u>	<u>1,265,287</u>	<u>1,265,287</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the followings:-

	2020 RM	2021 RM	2022 RM	2023 RM	Unaudited FPE 31 October 2022 RM	Audited October 2023 RM
Fixed deposits with a licensed bank	-	626,379	958,410	8,579,863	3,357,094	5,280,735
Cash and bank balances	1,762,478	8,225,998	19,337,586	19,951,929	27,061,349	30,569,116
Bank overdraft	-	(1,617)	-	-	-	-
Short-term investments	6,138,068	2,099,318	12,071,514	27,050,391	51,348	29,232,292
	7,900,546	10,950,078	32,367,510	55,582,183	30,469,791	65,082,143
Less: Fixed deposits with tenure of more than 3 months	-	(626,379)	-	-	-	-
	7,900,546	10,323,699	32,367,510	55,582,183	30,469,791	65,082,143

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year/period are as follows:-

	←----- Audited -----→	←----- Audited -----→	←----- Unaudited -----→	Audited
	2020	FYE 31 May 2021	2022	FPE 31 October 2023
	RM	RM	RM	RM
<u>Directors of the Group</u>				
Short-term employee benefits:				
- fees	319,107	549,563	670,356	267,970
- salaries, bonuses and other benefits	12,513,951	2,458,562	2,605,799	1,083,031
	12,833,058	3,008,125	3,276,155	1,351,001
Defined contribution benefits	1,601,527	419,183	463,135	160,062
Doctors' fee*	3,352,865	5,462,089	8,570,452	5,305,725
Total directors' remuneration (Note 27)	17,787,450	8,889,397	12,309,742	6,816,788
<u>Other key management personnel</u>				
Salaries, bonuses and other benefits	108,627	311,337	379,350	301,276
Defined contribution benefits	13,044	36,576	43,806	36,000
Total compensation for other key management personnel	121,671	347,913	423,156	337,276

* Included in doctors' fee is an amount received on behalf by CLSS Medical Sdn. Bhd. amounting to Nil (31.5.2023 - Nil, 31.10.2022 - Nil, 31.5.2022 - Nil, 31.5.2022 - RM600,172, 31.5.2021 - RM725,288 and 31.5.2020 - RM468,185).

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors who are the key management personnel and entities within the same group of companies.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following transactions with the related parties during the financial year/period:-

	2020		2021		2022		2023		Unaudited FPE 31 October 2022		Audited 2023	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<u>Former Holding Company</u>												
Interest income received/receivable from	-	82,370	349,417	206,616	206,616	206,616	-	-	206,616	-	-	-
Advances to	(225,742)	(8,067,059)	(56,644)	(12,350,000)	(12,350,000)	(12,350,000)	-	-	(12,350,000)	-	-	-
Dividend paid/payable to	-	(3,922,766)	(5,566,822)	(38,059,724)	(38,059,724)	(38,059,724)	-	-	(38,059,724)	-	-	-
<u>Directors</u>												
Administrative fee income charged to	-	11,312	70,021	75,216	75,216	75,216	-	-	32,533	29,498	-	-
Advances from	769,300	-	-	49,278	49,278	49,278	-	-	49,278	-	-	-
Consultancy services provided from	(3,109,913)	(5,054,526)	(8,260,917)	(11,970,572)	(11,970,572)	(11,970,572)	-	-	(5,065,205)	(5,468,578)	-	-
<u>Related parties</u>												
Expenses charged to	337	50,440	142,871	16,332	16,332	16,332	-	-	12,302	-	-	-
IVF and storage services provided to	-	-	649,319	991,518	991,518	991,518	-	-	453,400	193,250	-	-
Sales of equipment to	-	-	-	19,000	19,000	19,000	-	-	-	-	-	-
Sales to	418,341	-	3,127	263	263	263	-	-	263	105	-	-
Consultancy services provided from	(853,278)	(729,608)	(893,212)	(256,800)	(256,800)	(256,800)	-	-	(131,520)	(71,040)	-	-
Marketing administrative service fees paid to	-	-	-	-	-	-	-	-	-	-	-	(100)
Purchase from	(40,854)	(65,518)	(99,571)	(40,588)	(40,588)	(40,588)	-	-	(20,000)	(10,294)	-	-
Sperm sorting services provided from	(1,336,638)	(98,252)	(135,757)	(332,624)	(332,624)	(332,624)	-	-	(102,744)	(216,511)	-	-
Investment in RNCPS	(26,000,000)	-	-	-	-	-	-	-	-	-	-	-

The outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS

Segment information has not been prepared as the Group's business is focused only in the business of operating women's specialists centre and provision of medical consultants and specialised medical services.

The Group Managing Director reviews the business performance of the Group as a whole and management monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

35.1 BUSINESS SEGMENT

The Group operates predominantly in one business segment in Malaysia and Singapore. Accordingly, the information by business segments is not presented.

35.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the services are performed.

Non-current assets are determined according to the country where these assets are located. The amount of non-current assets do not include financial instruments and deferred tax assets.

	Note	←----- Audited ----->		←----- Unaudited ----->	
		2020 RM	2021 RM	2022 RM	2023 RM
<u>Revenue</u>					
Malaysia	(a)	61,267,863	36,985,540	60,256,423	107,053,269
Singapore		7,686,971	25,077,862	30,837,180	30,425,747
		<u>68,954,834</u>	<u>62,063,402</u>	<u>91,093,603</u>	<u>137,479,016</u>
				<u>42,979,224</u>	<u>52,557,687</u>
				<u>12,825,888</u>	<u>13,345,858</u>
				<u>55,805,112</u>	<u>65,903,545</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION (CONT'D)

	←----- 2020 RM	----- Audited FYE 31 May 2021 RM	----- 2022 RM	----- 2023 RM	←----- Unaudited FPE 31 October 2022 RM	----- Audited October 2023 RM
<u>Non-current assets</u>						
Malaysia	17,943,016	30,236,639	25,420,131	26,440,324	23,942,428	27,597,389
Singapore	12,277,317	9,654,400	7,153,684	4,883,147	6,220,098	3,647,950
	<u>30,220,333</u>	<u>39,891,039</u>	<u>32,573,815</u>	<u>31,323,471</u>	<u>30,162,526</u>	<u>31,245,339</u>

(a) The revenue is derived from services performed in Malaysia to both local and foreign patients.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION (CONT'D)

The information on the disaggregation of revenue based on geographical region is summarised below:-

	←----- 2020 RM	←----- Audited FYE 31 May 2021 RM	←----- 2022 RM	←----- 2023 RM	←----- Unaudited FPE 31 October 2022 RM	←----- Audited October 2023 RM
<u>At point in time</u>						
Malaysia	57,178,730	33,471,267	55,168,604	99,314,520	39,841,304	48,804,394
Singapore	7,653,389	24,667,869	29,854,748	29,127,361	12,328,577	12,748,981
	64,832,119	58,139,136	85,023,352	128,441,881	52,169,881	61,553,375
<u>Over time</u>						
Malaysia	4,089,133	3,514,273	5,087,819	7,738,749	3,137,920	3,753,293
Singapore	33,582	409,993	982,432	1,298,386	497,311	596,877
	4,122,715	3,924,266	6,070,251	9,037,135	3,635,231	4,350,170
	68,954,834	62,063,402	91,093,603	137,479,016	55,805,112	65,903,545

35.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

36. CAPITAL COMMITMENT

	←-----	Audited	-----→	As at 31	October
	←-----	As at 31 May	-----→	2023	2023
	2020	2021	2022	2023	2023
	RM	RM	RM	RM	RM
Purchase of equipment	-	-	-	2,760,762	2,226,667

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

37.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

- (a) **Market Risk**
- (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Australian Dollar ("AUD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	USD RM	SGD RM	TOTAL RM
Audited			
31 May 2020			
<u>Financial Assets</u>			
Trade receivables	-	407,437	407,437
Other receivables	-	129,313	129,313
Cash and bank balances	-	259,633	259,633
	-	796,383	796,383
<u>Financial Liabilities</u>			
Trade payables	128,893	388,047	516,940
Other payables and accruals	-	1,058,553	1,058,553
Amount owing to a director	-	153,860	153,860
	128,893	1,600,460	1,729,353
Net financial liabilities	(128,893)	(804,077)	(932,970)
Less: Net financial liabilities denominated in the entity's functional currency	-	804,077	804,077
Currency Exposure	(128,893)	-	(128,893)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	USD RM	SGD RM	TOTAL RM
Audited			
31 May 2021			
<u>Financial Assets</u>			
Trade receivables	-	857,128	857,128
Other receivables	-	43,737	43,737
Fixed deposits with a licensed bank	-	626,379	626,379
Cash and bank balances	-	5,116,507	5,116,507
	-	6,643,751	6,643,751
<u>Financial Liabilities</u>			
Trade payables	29,421	353,567	382,988
Other payables and accruals	-	1,643,939	1,643,939
	29,421	1,997,506	2,026,927
Net financial (liabilities)/assets	(29,421)	4,646,245	4,616,824
Less: Net financial assets denominated in the entity's functional currency	-	(4,646,245)	(4,646,245)
Currency Exposure	(29,421)	-	(29,421)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited

31 May 2022

Financial Assets

Trade receivables	-	-	-	1,166,270	1,166,270
Fixed deposits with a licensed bank	-	-	-	958,410	958,410
Cash and bank balances	-	-	-	6,337,524	6,337,524
	-	-	-	8,462,204	8,462,204

Financial Liabilities

Trade payables	6,493	-	-	472,103	478,596
Other payables and accruals	8,600	5,497	2,821,339	-	2,835,436
	15,093	5,497	3,293,442	-	3,314,032
Net financial (liabilities)/assets	(15,093)	(5,497)	5,168,762	-	5,148,172
Less: Net financial assets denominated in the entity's functional currency	-	-	(5,168,762)	-	(5,168,762)
Currency Exposure	(15,093)	(5,497)	-	-	(20,590)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited

31 May 2023

Financial Assets

Trade receivables	-	-	823,954	823,954
Fixed deposits with a licensed bank	-	-	8,579,863	8,579,863
Cash and bank balances	-	-	1,905,617	1,905,617
	-	-	11,309,434	11,309,434

Financial Liabilities

Trade payables	75,020	12,677	491,500	579,197
Other payables and accruals	-	-	1,796,274	1,796,274

75,020 12,677 2,287,774 2,375,471

(75,020) (12,677) 9,021,660 8,933,963

- - (9,021,660) (9,021,660)

(75,020) (12,677) - (87,697)

Currency Exposure

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	USD RM	SGD RM	TOTAL RM
Audited			
31 October 2023			
<u>Financial Assets</u>			
Trade receivables	-	1,122,348	1,122,348
Fixed deposits with a licensed bank	-	5,280,735	5,280,735
Cash and bank balances	-	4,899,841	4,899,841
	-	11,302,924	11,302,924
<u>Financial Liabilities</u>			
Trade payables	107,275	475,886	583,161
Other payables and accruals	-	2,251,947	2,251,947
	107,275	2,727,833	2,835,108
Net financial (liabilities)/assets	(107,275)	8,575,091	8,467,816
Less: Net financial assets denominated in the entity's functional currency	-	(8,575,091)	(8,575,091)
Currency Exposure	(107,275)	-	(107,275)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)**

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)**(i) Foreign Currency Risk (Cont'd)***Foreign Currency Risk Sensitivity Analysis*

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	←	←	←	←	←
	----- Audited ----->				
Effects on Profit After Taxation/ Other Comprehensive Income					
Increase of 100 basis points	(152,850)	(144,607)	(135,446)	(43,492)	-
Decrease of 100 basis points	152,850	144,607	135,446	43,492	-

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk related to the trade receivables at the end of the reporting period are as follows:-

	----- Audited ----->				
	<-----As at 31 May ----->				As at 31 October
	2020	2021	2022	2023	2023
Number of customers	1	3	4	4	4
Concentration of credit risk	51%	70%	68%	65%	71%

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when the receivable is in significant financial difficulties.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

Trade receivables

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for its trade receivables. To measure the expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

Allowance for Impairment Losses

The Group believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****37. FINANCIAL INSTRUMENTS (CONT'D)**

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with a Licensed Bank, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited					
31 May 2020					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	15,699,228	19,485,616	2,298,794	9,532,912	7,653,910
Term loans	12,285,007	14,964,564	6,756,215	3,898,629	4,309,720
Hire purchase payables	1,111,468	1,169,224	737,216	432,008	-
Trade payables	1,574,439	1,574,439	1,574,439	-	-
Other payables and accruals	10,718,733	10,718,733	10,718,733	-	-
Revolving credits	3,000,000	3,000,000	3,000,000	-	-
Amount owing to directors	324,208	324,208	324,208	-	-
	44,713,083	51,236,784	25,409,605	13,863,549	11,963,630

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited					
31 May 2021					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	18,605,981	22,840,701	2,737,318	9,105,452	10,997,931
Term loans	11,438,079	13,741,067	1,880,503	7,823,905	4,036,659
Hire purchase payables	1,236,807	1,284,451	1,117,238	167,213	-
Trade payables	1,757,596	1,757,596	1,757,596	-	-
Other payables and accruals	3,223,577	3,223,577	3,223,577	-	-
Revolving credits	3,020,971	3,020,971	3,020,971	-	-
Amount owing to directors	102,488	102,488	102,488	-	-
Bank overdraft	1,617	1,617	1,617	-	-
	39,387,116	45,972,468	13,841,308	17,096,570	15,034,590

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited					
31 May 2022					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	16,707,693	20,224,694	2,806,762	8,843,279	8,574,653
Term loans	10,523,277	12,449,581	2,113,498	6,900,526	3,435,557
Hire purchase payables	92,338	93,382	93,382	-	-
Trade payables	2,108,716	2,108,716	2,108,716	-	-
Other payables and accruals	4,926,380	4,926,380	4,926,380	-	-
Revolving credits	3,021,305	3,021,305	3,021,305	-	-
Amount owing to directors	102,488	102,488	102,488	-	-
Dividend payable	2,900,000	2,900,000	2,900,000	-	-
	40,382,197	45,826,546	18,072,531	15,743,805	12,010,210

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited					
31 May 2023					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	18,859,452	23,462,919	3,003,843	8,246,382	12,212,694
Term loans	4,349,245	4,627,411	1,497,852	3,129,559	-
Trade payables	3,159,193	3,159,193	3,159,193	-	-
Other payables and accruals	4,563,541	4,563,541	4,563,541	-	-
Amount owing to directors	49,278	49,278	49,278	-	-
	30,980,709	35,862,342	12,273,707	11,375,941	12,212,694

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited					
31 October 2023					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	18,002,574	22,287,914	3,282,844	7,533,813	11,471,257
Trade payables	2,792,724	2,792,724	2,792,724	-	-
Other payables and accruals	4,741,150	4,741,150	4,741,150	-	-
Amount owing to directors	49,278	49,278	49,278	-	-
Dividend payable	1,228,875	1,228,875	1,228,875	-	-
	26,814,601	31,099,941	12,094,871	7,533,813	11,471,257

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- Audited ----->				
	<----- As at 31 May ----->				
Lease liabilities	15,699,228	18,605,981	16,707,693	18,859,452	18,002,574
Terms loans	12,285,007	11,438,079	10,523,277	4,349,245	-
Hire purchase payables	1,111,468	1,236,807	92,338	-	-
Revolving credits	3,000,000	3,020,971	3,021,305	-	-
Bank overdrafts	-	1,617	-	-	-
Less: Cash and cash equivalents	32,095,703 (7,900,546)	34,303,455 (10,323,699)	30,344,613 (32,367,510)	23,208,697 (55,582,183)	18,002,574 (65,082,143)
Net debts/(Net cash)	24,195,157	23,979,756	(2,022,897)	(32,373,486)	(47,079,569)
Total equity	28,358,983	48,571,332	58,966,999	54,554,542	65,437,336
Debt-to-equity ratio	0.85	0.49	*	*	*

* Not applicable as the Group's cash and cash equivalents exceeded its borrowings.

There was no change in the Group's approach to capital management during the financial year/period.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	----- Audited ----->				
	<-----	As at 31 May	-----	-----	-----
Financial Assets					
<u>Fair Value Through Profit or Loss</u>					
Short-term investments	6,138,068	2,099,318	12,071,514	27,050,391	29,232,292
<u>Amortised Cost</u>					
Other investment	26,000,000	26,000,000	26,000,000	-	-
Trade receivables	499,714	1,115,901	1,478,720	1,275,421	1,645,406
Other receivables	5,528,876	8,595,290	8,884,920	75,374	108
Fixed deposits with a licensed bank	-	626,379	958,410	8,579,863	5,280,735
Cash and bank balances	1,762,478	8,225,998	19,337,586	19,951,929	30,569,116
	33,791,068	44,563,568	56,659,636	29,882,587	37,495,365

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2020	2021	2022	2023	As at 31 October 2023
	RM	RM	RM	RM	RM
	←	←	←	←	←
	----- Audited -----				
	←	←	←	←	←
	2020	2021	2022	2023	As at 31 October 2023
	RM	RM	RM	RM	RM
Financial Liability					
<u>Amortised Cost</u>					
Term loans	12,285,007	11,438,079	10,523,277	4,349,245	-
Hire purchase payables	1,111,468	1,236,807	92,338	-	-
Trade payables	1,574,439	1,757,596	2,108,716	3,159,193	2,792,724
Other payables and accruals	10,718,733	3,223,577	4,926,380	4,563,541	4,741,150
Revolving credits	3,000,000	3,020,971	3,021,305	-	-
Amount owing to directors	324,208	102,488	102,488	49,278	49,278
Bank overdraft	-	1,617	-	-	-
Dividend payable	-	-	2,900,000	-	1,228,875
	29,013,855	20,781,135	23,674,504	12,121,257	8,812,027

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020 RM	2021 RM	2022 RM	2023 RM	As at 31 October 2023 RM
	←	←	←	←	←
	----- Audited -----				
Financial Assets					
Fair Value Through Profit or Loss					
Net gains recognised in profit or loss	106,774	31,157	58,188	214,600	402,826
<u>Amortised Cost</u>					
Net gains recognised in profit or loss	9,901	104,823	494,036	11,963,783	321,152
Financial Liability					
<u>Amortised Cost</u>					
Net losses recognised in profit or loss	(479,559)	(674,593)	(597,393)	(317,145)	(30,882)

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

Audited	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
31 May 2020								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	6,138,068	-	-	-	-	6,138,068	6,138,068
<u>Financial Liability</u>								
Term loans	-	-	-	-	12,285,007	-	12,285,007	12,285,007
Hire purchase payables	-	-	-	-	1,137,461	-	1,137,461	1,111,468
	-	-	-	-	13,422,468	-	13,422,468	13,396,475

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
Audited								
31 May 2021								
Financial Asset								
Short-term investments:								
- money market funds	-	2,099,318	-	-	-	-	2,099,318	2,099,318
Financial Liability								
Term loans	-	-	-	-	11,438,079	-	11,438,079	11,438,079
Hire purchase payables	-	-	-	-	1,237,271	-	1,237,271	1,236,807
	-	-	-	-	12,675,350	-	12,675,350	12,674,886

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
Audited								
31 May 2022								
Financial Asset								
Short-term investments:								
- money market funds	-	12,071,514	-	-	-	-	12,071,514	12,071,514
Financial Liability								
Term loans	-	-	-	-	10,523,277	-	10,523,277	10,523,277
Hire purchase payables	-	-	-	-	94,945	-	94,945	92,338
	-	-	-	-	10,618,222	-	10,618,222	10,615,615

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
Audited								
31 May 2023								
Financial Asset								
Short-term investments:								
- money market funds	-	27,050,391	-	-	-	-	27,050,391	27,050,391
<u>Financial Liability</u>								
Term loans	-	-	-	-	4,349,245	-	4,349,245	4,349,245

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
Audited								
31 October 2023								
Financial Asset								
Short-term investments:								
- money market funds	-	29,232,292	-	-	-	-	29,232,292	29,232,292

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were enter into.
- (ii) There were no transfers between level 1 and level 2 during the financial year/period.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

- (i) The fair value of hire purchase that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.
- (ii) The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

38. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- (a) Prior to the Proposed Listing, the Company has acquired AIWS (100%), AIWSS (76.51%), GS (100%) and AHIWS (51.00%). On 27 October 2022, the Company had entered into a Share Sale Agreement for the acquisition of AIWS, AIWSS and GS through issuance of new ordinary shares as shown below. The Share Sale Agreement was completed on 27 October 2022.

	AIWS	AIWSS	GS	Total
Purchase consideration (RM)	3,334,548	523,775	1,669,927	5,528,250
Issuance of new ordinary shares (number of shares)	3,705,052,917	581,972,141	1,855,474,942	6,142,500,000
Issue price per shares (RM)	0.0009	0.0009	0.0009	0.0009

AIWS had on 26 October 2022, subscribed for 1,099,730 shares in AHIWS, representing 43.07% equity interest in AHIWS for a cash consideration of RM1.00 per share in AHIWS. On 7 November 2022, AIWS acquired an additional 202,398 shares in AHIWS for RM1.00 per share increasing its total equity interest in AHIWS to 51.00%.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****38. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (CONT'D)**

- (b) On 22 December 2023, the Company 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 to set up a new specialist centre. 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. The Company had on 27 December 2023 paid HIN a booking fee of Indonesian Rupiah 11,880,000,000 (approximately RM3.65 million) to reserve the land for leasing. The leasing of the said land is subject to announcement by HIN on the selected tenant for the said land and, if the Company is selected, the execution of a definitive agreement between the Company and HIN.
- (c) On 23 January 2024, the Company declared a second single-tier interim dividend of 0.489 sen per ordinary share amounting to RM21,982,995 in respect of the financial year ending 31 May 2024, payable on 24 January 2024, to shareholders whose names are registered in the Register of Members at the close of business on 23 January 2024.

13. ACCOUNTANTS' REPORT (CONT'D)

ALPHA IVF GROUP BERHAD**STATEMENT BY DIRECTORS**

We, Dato' Dr. Lee Soon Soo and Dr. Ng Peng Wah, being two of the directors of Alpha IVF Group Berhad, state that, in the opinion of the directors, the combined and consolidated financial statements set out on pages 4 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the Group as of 31 May 2020, 31 May 2021, 31 May 2022 and consolidated financial position of the Group as of 31 May 2023, 31 October 2023 and of its combined financial performance and combined cash flows for the financial years ended 31 May 2020, 31 May 2021, 31 May 2022 and consolidated financial performance and consolidated cash flows for the financial year ended 31 May 2023 and for the financial period ended 31 October 2023.

Signed in accordance with a resolution of the directors dated

05 FEB 2024



Dato' Dr. Lee Soon Soo



Dr. Ng Peng Wah

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) The details of the share capital of our Company and our Subsidiaries as at the date of this Prospectus and the changes in their respective share capital for the Financial Periods Under Review are as set out in Sections 6.1.4 and 6.3 of this Prospectus.
- (iii) None of the share capital of our Group is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (iv) As at the date of this Prospectus, save for the Issue Shares reserved for Eligible Persons as disclosed in Section 4 of this Prospectus, there is currently no other scheme involving our Directors or employees in the capital of our Group.
- (v) As at the date of this Prospectus, our Group does not have any outstanding convertible securities, options, warrants or uncalled capital.

14.2 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined or the context otherwise requires:

14.2.1 Transfer of securities

Clause 45 – Transfer of Deposited Securities

Subject to the Applicable Laws and this Constitution, the transfer of any Deposited Securities of the Company, shall be made by way of book entry by Bursa Depository in accordance with the Rules and notwithstanding the Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

14.2.2 Transmission of securities

Clause 59 – Transmission of Securities from Foreign Register

Where:-

- (i) the securities of the Company are listed on another stock exchange; and
- (ii) the Company is exempted from compliance with Section 14 of the SICDA or Section 29 of the Securities Industry (Central Depositories)(Amendment)(No. 2) Act 1998 as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of other stock exchange, to the register of holders maintained by the register of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

14. ADDITIONAL INFORMATION (CONT'D)

14.2.3 Remuneration of our Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clauses 144 - 146 – Remuneration of Director

144. The fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director shall be determined annually by an ordinary resolution of the Company in meeting of Members and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:-
- (i) fees payable to non-executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover; and
 - (ii) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.
145. The Directors shall be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or meeting of Members or otherwise howsoever incurred in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other things required of him as a Director of the Company.
146. If any Director, being willing, shall be called upon to perform extra services, or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company which in the opinion of the Directors are outside his ordinary duties as a Director, he may be paid such extra or special remuneration as the Directors may determine provided always that the extra or special remuneration payable to:-
- (i) a non-executive director shall not be by a commission on or percentage of profits or turnover;
 - (ii) an executive director shall not include commission on or percentage of turnover.

Clause 186 – Remuneration (Managing Director)

The remuneration of Managing Director shall subject to the terms of any agreement entered into in any particular case and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

14. ADDITIONAL INFORMATION (CONT'D)**14.2.4 Voting and borrowing powers of our Directors****Clause 155 – Directors' Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party subject to the Applicable Laws as they may think fit PROVIDED ALWAYS that nothing contained in these Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company or subsidiaries' undertaking, property or any mortgage or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any unrelated third party.

Clauses 178 and 179 – Directors' Participation and Voting

178. Subject to the Act, a Director shall not participate in the deliberation and voting in respect of any discussion pertaining to the contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that company or as a holder of shares or other securities in that other company (and if he shall do so, his vote shall not be counted), nor shall his vote be counted for the purpose of any resolution regarding the same.
179. Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or where any decision is taken upon any contract or arrangement in which he is any way interested provided always that he has complied with all relevant provisions of the Act and this Constitution.

Clause 181 – Voting Rights under Certain Circumstances

Subject to the Act, a Director may vote in respect of:-

- (i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to obligations undertaken by him for the benefit of the Company; or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

14. ADDITIONAL INFORMATION (CONT'D)

14.2.5 Share capital and variation of rights

Clause 8 – Class of Shares

The capital of the Company shall consist of ordinary shares.

The shares issued by the Company shall constitute the share capital of the Company. The shares in the original or any increased capital may be divided into several classes and and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions as to dividend, voting, capital or otherwise.

Clause 13 – Authority to Allot and Issue Shares

Subject to the prior approval of the Members of the Company in meeting of Members and to the provisions of the Act and to the conditions, restrictions and limitations expressed in this Constitution, the Directors may exercise the power of the Company to allot, grant options over shares or otherwise dispose of the shares in the Company to such person or persons on such terms and conditions with such preferred or deferred or other special rights and at such times as the Directors may determine proper, PROVIDED ALWAYS that:-

- (i) the pricing, issuance and/or placement of shares or convertible Securities shall be in compliance with and not in contravention of the provisions of the Listing Requirements;
- (ii) no issue of shares including any issue arising from convertible Securities shall be made which will have the effect of transferring a controlling interest in the Company to any person or corporation;
- (iii) the rights attaching to the shares of a class other than ordinary shares shall be expressed in this Constitution or in the resolution creating the same; and
- (iv) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the meeting of Members has approved the specific allotment to be made to such Director.

Clause 14 and 15 – Issue of New Shares/ Convertible Securities

Subject to any direction to the contrary that may be given by the Company in a meeting of Members, all new shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meetings of Members in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ration which the new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Subject to Listing Requirements and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the total number of those shares or other securities with rights of conversion to ordinary shares exceeds the prescribed limit as permitted under the Listing Requirements and set by the Exchange from time to time except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue.

14. ADDITIONAL INFORMATION (CONT'D)**Clause 19 – Modification of Class Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders representing not less than seventy-five per centum (75%) of the total voting rights of the Members of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. The provisions of this Constitution relating to general meetings shall apply so far as they are capable of application and with any necessary changes to every such separate meeting for a variation of class rights except that:-

- (i) for a meeting other than adjourned meeting, two members of the class present, in person or by proxy, who together represent at least one-third of the voting rights of the class shall form the quorum;
- (ii) for an adjourned meeting, one member of the class present, in person or by proxy shall form the quorum; and
- (iii) any holder of shares of that class, present in person or by proxy, may demand a poll.

Notwithstanding the above, where that class of shares only has one member, one member personally present at the meeting shall constitute a quorum. To every such special resolution, the provisions of the Act shall apply with such adaptations as are necessary.

Clause 20 – Alteration of Rights by Issue of New Shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

14.2.6 Alteration of capital**Clause 11A – Power to Alter Capital**

The Company may alter its share capital by passing an ordinary resolution to:-

- (i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (ii) convert all or any of its paid-up shares into stock and may re-convert that stock into paid-up shares or subject to the Act, reclassify any class of shares into other class of shares; or
- (iii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. Any resolution whereby any share is subdivided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return or capital, voting or otherwise over the other or others of such shares.

14. ADDITIONAL INFORMATION (CONT'D)

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities, including any limitations on the right of non-resident or non-Malaysian shareholders to hold or exercise voting rights on our Shares, which imposed by Malaysian law or by our Constitution.

14.5 EXCHANGE CONTROLS

(i) Malaysia

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

(ii) Singapore

Under Singapore laws, there are no restrictions or time frame on the repatriation or remittance of profits, whether in the form of dividends or interests, or capital (meaning funds in general, instead of share capital of the Alpha Singapore) into or out of Singapore, or significant restrictions on remittances, capital movements and foreign currency exchange transactions, by a company incorporated in Singapore to its shareholder(s) or holding company incorporated outside Singapore, subject to anti-money laundering; counter-financing of terrorism; taxation related considerations under the relevant and applicable Singapore laws. Repatriation of profits and remittance of funds out of a company's share capital is entirely dependent on the ability of such company to pay funds to its shareholder(s) in accordance with its constitution and the provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**").

Under section 403 of the Singapore Companies Act, Alpha Singapore may only pay dividends to its shareholders out of profits of the company. Alpha Singapore may declare dividends in accordance with its constitution and the directors may make a recommended rate to be paid as dividends, which will be voted on and approved by shareholders at its annual general meeting.

14. ADDITIONAL INFORMATION (CONT'D)

Currently, Singapore adopts the one-tier corporate taxation system whereby any dividends paid on or after 1 January 2008 by any company resident in Singapore is exempt from income tax so long as said dividend is not paid wholly or in part out of income exempted from tax. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

14.6 MATERIAL LITIGATION

Our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of our Group as at the LPD.

14.7 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for the Financial Periods Under Review and up to the LPD:

- (i) Share sale agreement dated 27 October 2022 entered into between our Company and the First Stage Vendors for the Acquisition, which was completed on 27 October 2022. Please refer to Section 6.1.2 of this prospectus for further details of the Acquisition;
- (ii) Shareholders' agreement dated 27 October 2022 entered into between our Company and ACE Specialists, DDLSS, Lee Soon Ai, Dr. Leong Wai Yew, Dr. Tan Chong Seong, DNPW, Dr. Lau Soon Yen, Dr. Timothy Lim Yong Kuei, Dr. Lam Wei Kian and Siow Fei Foong in relation to the regulation of rights and obligations of the shareholders of our Company;
- (iii) Supplemental agreement dated 5 July 2023 to the shareholders' agreement dated 27 October 2022 (as mentioned in Section 14.7(ii) above) entered into between our Company and ACE Specialists, DDLSS, Lee Soon Ai, Dr. Leong Wai Yew, Dr. Tan Chong Seong, DNPW, Dr. Lau Soon Yen, Dr. Timothy Lim Yong Kuei, Dr. Lam Wei Kian and Siow Fei Foong in relation to the cessation of our Company as a party to the abovementioned Shareholders' Agreement dated 27 October 2022 and our Company shall be treated as never having been bound to observe and comply with any of the provisions contained therein;
- (iv) Shareholders' Agreement dated 26 October 2022 entered into between Alhaya and Alpha KL, Dr. Surinder Singh A/L Ranbir Singh, Dr. Haris Bin Hamzah, Dr. Wan Syahirah Binti Yang Mohsin, Serene Image Sdn Bhd, Cheong Wee Ban and Chong Sook Lan in relation to the regulation of rights of the shareholders of Alhaya⁽¹⁾;
- (v) Memorandum of Understanding dated 6 September 2023 entered into between Alpha KL and PT Hotel Indonesia Natour in relation to the parties' intention to explore a possible future business cooperation plan to establish a fertility treatment medical centre or hospital in the area of Special Economic Zone in Sanur, Bali ("**Project Bali**"). The Memorandum of Understanding is in force for a period of 6 months from its signing date and/or until PT Hotel Indonesia Natour has awarded a successful candidate, whichever earlier;

14. ADDITIONAL INFORMATION (CONT'D)

- (vi) Minutes of Agreement dated 22 December 2023 entered into between our Company and PT Hotel Indonesia Natour in relation to the agreed commercial terms on Project Bali, which will be further stipulated in a land lease agreement to be negotiated and signed by the parties ("**Definitive Agreement**"). Our Company had on 27 December 2023 paid PT Hotel Indonesia Natour a booking fee of IDR11.88 billion (equivalent to approximately RM3.65 million) to reserve a plot of land measuring approximately 6,000 square metres in the Special Economic Zone in Sanur, Bali for lease, pending execution of the Definitive Agreement; and
- (vii) Retail Underwriting Agreement dated 15 February 2024 between our Company and the Sole Underwriter to underwrite 218,700,000 IPO Shares under the Retail Offering at an underwriting commission calculated at the rate of 1.00% (exclusive of applicable tax) of the IPO Price multiplied by the total number of IPO Shares underwritten under the Retail Offering;
- (viii) Master cornerstone placement agreement dated 15 February 2024 entered into between our Company, the Offerors, the Lead Bookrunner, the Co-Bookrunner and the Cornerstone Investors, under which the Cornerstone Investors have agreed to acquire and/or subscribe for an aggregate of 408,000,000 IPO Shares pursuant to the Institutional Offering, representing 8.39% of our enlarged issued Shares at the IPO Price, subject to the conditions as set out in the Master Cornerstone Placement Agreement and the relevant individual cornerstone placement agreements;
- (ix) Lock-up letter dated 15 February 2024 issued by our Company to the Lead Bookrunner and the Co-Bookrunner in relation to the lock-up arrangement for our IPO and our Listing, details of which are set out in Section 4.9.3 of this Prospectus.

Note:

- (1) Pursuant to Alhaya Transfer, Dr. Surinder Singh A/L Ranbir Singh had ceased to hold any shares in Alhaya. Thereafter, Dr. Tan Chong Seong, Dr. Lam Wei Kian, Dr. Ong Kok Soon, Dominic Francis Lim Jern Jian and Brendan Francis Lim Jern Zhen had agreed to be deemed as parties and bound of the terms and conditions of the Shareholders' Agreement dated 26 October 2022 by virtue of their Deeds of Ratification and Accession dated 12 June 2023. Please refer to Section 6.1.2.2 of this Prospectus for further details of Alhaya Transfer.

14.8 CONSENTS

The written consent of our Principal Adviser, Sponsor, Lead Bookrunner, Sole Underwriter, Co-Bookrunner, Company Secretary, Legal Advisers, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Statements of Financial Position of our Group and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Independent Business and Market Research Consultants for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

14. ADDITIONAL INFORMATION (CONT'D)

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at 9A, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Wilayah Persekutuan, during office hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as included in Section 12.10 of this Prospectus;
- (iii) Accountants' Report referred to in Section 13 of this Prospectus;
- (iv) the letters of consent referred to in Section 14.8 of this Prospectus;
- (v) material contracts referred to in Section 14.7 of this Prospectus;
- (vi) audited financial statements of our Company for the FYE 31 May 2020, FYE 31 May 2021, FYE 31 May 2022, FYE 31 May 2023 and FPE 31 October 2023;
- (vii) audited financial statements of our subsidiaries for the FYE 31 May 2020, FYE 31 May 2021, FYE 31 May 2022 and FYE 31 May 2023; and
- (viii) IMR Report as included in Section 8 of this Prospectus.

14.10 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

AmlInvestment Bank, being our Principal Adviser, Sponsor, Lead Bookrunner and Sole Underwriter in relation to our IPO, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

(The rest of this page has been intentionally left blank)

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 1 March 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 8 March 2024

In the event of any changes to the date and/or time for closing, we will advertise the notice of changes in widely circulated daily Bahasa Malaysia and English newspapers in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Institutional Offering

Institutional and selected investors (other than Bumiputera investors approved by the MITI) being allocated our IPO Shares under the Institutional Offering will be contacted directly by the Lead Bookrunner and Co-Bookrunner and should follow the instructions as communicated by the Lead Bookrunner and Co-Bookrunner.

Bumiputera investors approved by the MITI who have been allocated the IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

Institutional and selected investors and Bumiputera investors approved by MITI may apply for our IPO Shares offered to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.2.2 Retail Offering

Applications must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and Category of Investors	Application Method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance ("**Detailed Procedures**") accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each Applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) you must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) you must submit the Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in those documents and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of this printed Prospectus from our Company at no cost and are given an option to have this printed Prospectus delivered to them free of charge, or to obtain this printed Prospectus from our Company, our Issuing House, AmInvestment Bank, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

Each Application for our IPO Shares must be made using the correct type of Application Form. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.32 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 762**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
 (Registration No. 197101000970 (11324-H))
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite
 Avenue 3, Bangsar South
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) or **DELIVERY BY HAND AND DEPOSIT** in the drop-in boxes provided at the following address:

Tricor Customer Service Centre
 Unit G-3, Ground Floor
 Vertical Podium
 Avenue 3, Bangsar South
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 8 March 2024 or by such other time and date specified in any change to the date or time for closing of the applications for our IPO Shares.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (*formerly known as CGS-CIMB Securities Sdn Bhd*), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Our Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House, at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of Applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://tiih.online> within 1 Market day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Retail Underwriting Agreement.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/ registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House, as per items (i) and (ii) above (as the case may be).
- (iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful Applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House, by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at our Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.